

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

The Role of Organization Culture on Effective Strategy Implementation among Commercial Banks in South Sudan

Akuei Mayen Akuei

DBA Research Scholar, United States International University, Sudan

Dr. Paul Katuse

Associate Professor, United States International University, Sudan

Dr. Keffah Njenga

Associate Professor, United States International University, Sudan

Abstract:

Effective strategy implementation is paramount in the financial performance of a company. It is vital in releasing the strategic goals set by the company. Strategic implementation is influenced by various factors such as culture, structure and skills among others. Nevertheless, the influence of organizational culture on effective strategy implementation remains understudied. Thus this study examines the effect of various dimensions of organization culture namely; dominant characteristics, organizational leaders, management of employees, organizational glue, strategic emphases and criteria of success on effective strategy implementation in South Sudan commercial banks. To achieve these objectives the study uses both descriptive and explanatory research designs. The study targets top and middle managers of 29 commercial banks in South Sudan. To select the sample, the study used Yamane (2001) to calculate a sample of 168 top and middle managers of commercial banks. Further, the study uses purposive sampling technique to select the managers to be included in the sample. Primary data was collected using questionnaires and data was analyzed using factor analysis and multiple linear regression model in statistical package for social scientist (SPSS). The study found that dominant characteristics have no significant influence on effective strategy implementation. Organizational Leadership was found to positively influence effective strategy implementation. Management of employees and organizational glue had no effect on effective strategy implementation. Moreover, strategic emphases had no significant relationship with effective strategy implementation. The study recommends that organizations should exemplify mentoring, entrepreneurship mentality, innovation and risk taking attitude. In addition, the leadership of the organization should embrace a no-nonsense, aggressive, result oriented focus, and organizing smooth running efficiency.

Keywords: South Sudan, strategy implementation, commercial banks, organizational culture.

1. Introduction

1.1. Background of the Study

The intense competition facing the banking sector has placed greater pressure on them to seek ways to achieve a sustained competitive advantage. Awward (2008), suggests that in order to remain relevant in the market, commercial banks have to continually review their strategic plans and formulate new competitive strategies to suit emerging trends in the market. However, the best formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented (Noble, 1999).

Organizational culture is created when there is a set of believes and values that are shared among employees of an organization (Austin, 2002). The organizational culture influences strategy implementation because it is the bedrock on which values, formal norms affecting goals and objectives are anchored. (Zona and Zattoni, 2007), and a successful firm's strategy must be favorably aligned with the external environment (Ndung'u, Machuki, & Murerwa, 2014). However, the role of organizational culture has been given limited research attention especially in South Sudan.

1.2. Problem Statement

Industry experts as well as anecdotal evidence suggest that effective strategy implementation is a major challenge facing commercial banks in South Sudan. From the exploratory research done by the researcher on strategy implementation in South Sudan, most of the commercial banks are experiencing numerous challenges in their quest to effectively implement their strategy. These challenges not only emerge from insecurity caused by war but also the cultural and organizational challenges. Given that South Sudan is the youngest nation in the world, a lot of institutions especially financial institutions encounter multiple challenges as they seek to make profit.

Kumar, Kee and Manshor (2004) argues that for banks and other financial institutions to accomplish high performance, they must effectively implement strategies to increase profitability and boost returns on equity while simplifying infrastructures that are too complex and expensive for current operations.

In spite of the knowledge that effective strategy implementation is a major challenge facing banks in South Sudan there are no known studies that have been done to investigate the problem. Indeed there are no available empirical studies that investigate the relationship between organization culture and effective strategy implementation in commercial banks. However, organization culture is a major determinant of effective strategy implementation (Van Buul, 2010). Understanding the relationship between organization culture and strategy implementation could unravel the reasons as to why commercial banks in South Sudan fail to effectively implement their strategies. Thus understanding the relationship between organizational culture and strategy implementation is not only urgent but also vital in devising appropriate policies in South Sudan. This study therefore addresses this research gap by investigating the relationship between organization culture and effective strategy implementation in order to provide relevant information that can be used in policy formulation.

1.3 General Objective

The general objective of this study is to investigate the relationship between organizational culture and effective strategy implementation among commercial banks in South Sudan.

1.4 Specific Objectives of the Study

Following the general objectives of this study, the specific objectives are:

- 1.4.1 To investigate the relationship between dominant characteristics and effective strategy implementation.
- 1.4.2 To examine the effect of organizational leaders on effective strategy implementation.
- 1.4.3 To establish the relationship between management of employees and effective strategy implementation.
- 1.4.4 To find out the relationship between organizational glue and effective strategy implementation.
- 1.4.5 To investigate the relationship between strategic emphases and effective strategy implementation.
- 1.4.6 To analyze the effect of criteria of success on effective strategy implementation.
- 1.4.7 To establish the moderating effect of central bank regulation on the relationship between organization culture and strategy implementation.

1.5 Hypotheses of the Study

The null hypotheses of this study are:

- 1.5.1 Dominant characteristics have no influence on effective strategy implementation.
- 1.5.2 Organizational leaders do not influence effective strategy implementation.
- 1.5.3 Management of employees does not influence effective strategy implementation.
- 1.5.4 Organizational glue does not influence effective strategy implementation.
- 1.5.5 Strategic emphases do not influence effective strategy implementation.
- 1.5.6 Criteria of success do not influence effective strategy implementation.
- 1.5.7 Central bank regulation does not have moderating effect on the relationship between organizational culture and effective strategy implementation.

2.1. Main Theories

The study made use of agency theory, game theory and stakeholder's theory to explain strategy implementation. The agency theory determines the extent to which a company's employee management strategy impacts firm financial performance. It explains the relationship in an organization relating to employees and the owners of the organization. It seeks to answer the question as to whether the firm's compensation package, human relations strategy, and/or its ability to challenge and motivate employees affect the enhancement of firm value.

Game theory plays a fundamental role in the modeling of the strategic interaction during strategic implementation process (Teece et al., 1997). In many applications of game theory, the game modeling interaction is taken as given and analyzed to predict the actions of individuals and the resulting outcome. Applying game theory in strategy implementation process, one thinks of the desired outcomes as the given and analyzes whether there exist game forms for which the strategic properties induce individuals to always choose actions that lead to the desired outcomes

Stakeholder theory is based on the fact that a corporation or firm has various stakeholders to whom the firm owes a special duty. Freedman (2003) modeled how stakeholders impacted the firm and how the firm impacts the stakeholders. The author argues that there are stakeholders who could affect the firm directly or indirectly. Therefore, a firm should come up with ways of rewarding its stakeholders since they play a critical role in the success of the firm.

2.2. Conceptual Framework

The conceptual framework is based on both theoretical and empirical literature reviewed. The study therefore, conjectures that organizational culture influence effectiveness of strategy implementation. These relationships are summarized where dimensions of organizational culture are dominant characteristics, organizational leaders, and management of employees, organizational glue,

strategic emphases and criteria of success while strategy implementation process involves policy formulation, policy implementation, resources, motivation and structural factors and central bank regulation is the moderating variable.

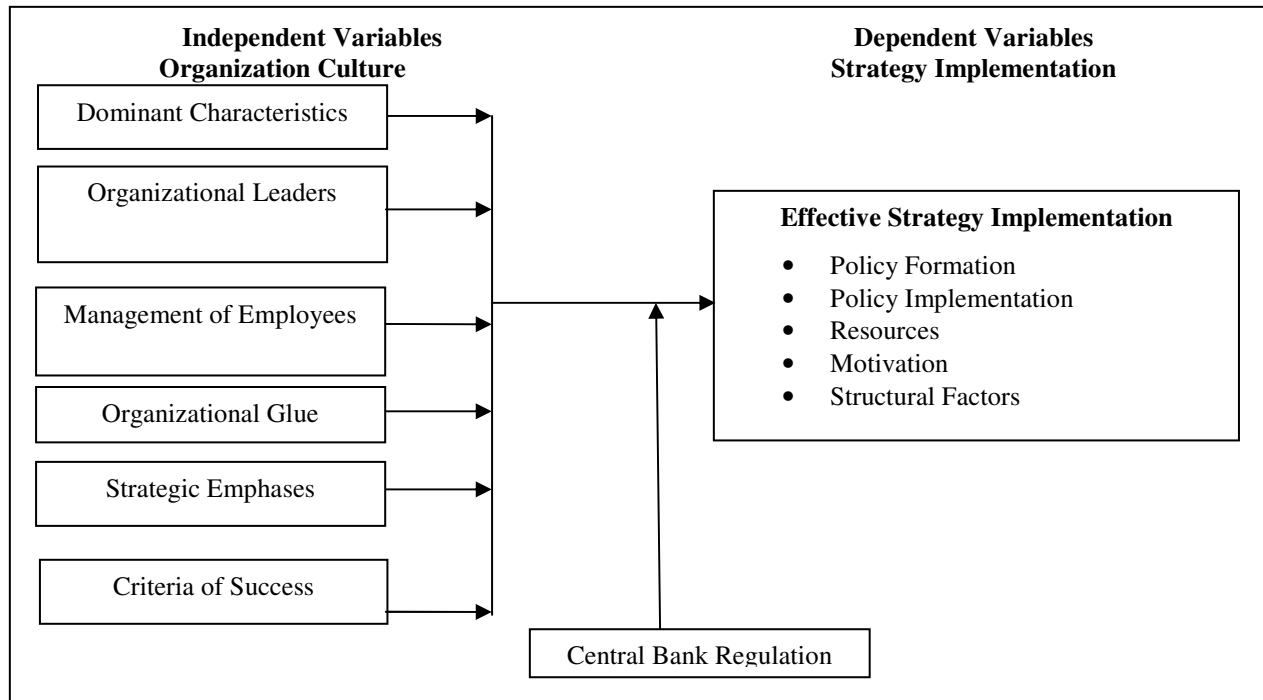


Figure 1: Conceptual Framework

3. Research Methodology

The research choose positivism and interpretivism as the best research philosophy to use is positivism and interpretivism to test the hypotheses and interpret the relationship. The research design used was descriptive and explanatory in nature. The study had a target population of this study is 29 commercial banks while focusing on 10 top and middle managers of each of the commercial banks. This results to a target population of 290 top and middle managers. A sample size of 168 top and middle managers of commercial banks in South Sudan was used in this study. A questionnaire that has closed and open ended questions was administered to collect data, which was later analyzed using SPSS and summarized for presentation in tables and figures.

4. Main Findings

The study sought to collect data from 168 bank employees. All the employees responded to our survey representing a 100 percent response rate. The study found that the modal class of the respondents was 30 to 39 years of age. The study also found that 69 percent of respondents were males. It was also found that 59% of the employees had a bachelor's degree. The study found that only the coefficient organizational culture which was statistically significant at 5 percent level. The positive relationship means that improving organizational leadership will improve the effectiveness of strategy implementation. However, the coefficients for dominant characteristics, organizational leadership, and management of employees, organizational glue, strategic emphases and success of criteria were found to be insignificant even at 10 percent level. This means that changes in any of these explanatory variables will have no effect on the effectiveness of strategy implementation.

5. Conclusions

The study concludes that the effects of dominant characteristics, organizational leadership, and management of employees, organizational glue, strategic emphases and success criteria respectively had no significant influence on the effective strategy implementation. The study also concludes that there is no moderating effect of central bank regulation on effective strategy implementation. As captured in findings there was no significant moderation effect of central bank regulation on effective strategy implementation. This means that changes in the central bank regulation will have no effect on the effectiveness of strategic implementation

6. Recommendations

The study recommends that to enhance effective strategy implementation, commercial banks should improve on organizational leadership as it was found to positively influence effective strategy implementation. This means that in order to improve the effectiveness of strategy implementation, organizations should exemplify mentoring, entrepreneurship mentality, innovation and risk taking attitude. The study also recommends that for robustness of the results, a study on whether and how organizational culture affects effective strategy implementation in the public service.

7. References

- i. Austin, W. J. (2002). *Strategic planning for smart leadership*. Stillwater, OK: New Forums Press.
- ii. Awward, A. (2008). The link between competitive priorities and competitive advantage. Paper Presented at the POMS 19th Annual Conference, La Jolla, California, USA from May 9-12, 2008
- iii. Freedman, M., (2003). The genius is in the implementation. *Journal of Business Strategy*, March- April, pp. 26-31.
- iv. Kumar M, Kee F, Manshor A. (2004). Determining the relative importance of critical factors in delivering service quality of banks- An application of dominance analysis in SERVQUAL model. *Journal of Marketing*, 58 (1), 25-31. MS 19th Annual Conference, La Jolla, California, USA from May 9-12, 2008
- v. Ndung'u, W. C., Machuki, V. N., & Murerwa, T. (2014). Response Strategies by Commercial Banks to Economic Changes in Kenya. *Journal of Economics and Sustainable Development*, 5(2): 137-153
- vi. Noble, C. (1999). Building the strategy implementation network. *Business Horizons-bloomington*, , 19-28.
- vii. Nyamberegera, S. M., Sparrow, P., & Daniels, K. (2000, August). The Impact of cultural value orientations on individual HRM preferences in developing countries: lessons from Kenyan organizations. *International Journal of Human Resource Management* 11(4): 639-663
- viii. Teece, D. J. (2003). Expert talent and the design of professional services firms. *Indust. Corporate Change* , 12(4): 895-916.
- ix. Van Buul, M. (2010). *Successful Strategy Implementation: A job for the internal Auditor?*, Master Thesis, University of Amsterdam, Netherlands