



EFFECT OF STRATEGIC KNOWLEDGE CAPABILITY ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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ABSTRACT

The turbulent business environment, global trends and the stringent competition in the market place have resulted into significant changes in the way firms operate. Some of these changes are those aimed at ensuring continued survival of the firm in the market place. Companies have had to adapt to these changes by making modifications in their internal environment in terms of innovation, increasing competitiveness, employee training, increasing flexibility, improving processes and business performance. At the center of all these changes is strategic knowledge capability. The question is; how do firms develop knowledge capability, and what is the effect of strategic knowledge capability on a firm's performance? This project sought to find out the relationship between strategic knowledge capability and performance in commercial banks in Kenya. The main objective was to analyze the relationship between strategic knowledge capability and firm performance. Specifically, the study sought to find out how organizational structure impacts on the performance of commercial banks in Kenya, establish the effect of organizational culture on this performance, determine the effect of people characteristics on performance, analyze how information technology influences performance in commercial banks in Kenya. The study employed the social survey methodology of study, using questionnaire as the main tool for data collection. The data collected was analyzed quantitatively using both descriptive and inferential statistics to help establish how possession of strategic knowledge capability affects the performance of commercial banks in Kenya. To actualize this, data was collected using a single questionnaire distributed to each of the Chief Executive Officers of all forty-two banks. A drop and pick later procedure for questionnaire administration was used to distribute them. Data gathered was then analyzed quantitatively using both descriptive and inferential statistical tools; specifically, Analysis of Variance (ANOVA).

Key Words: *organizational structure, organizational culture, people characteristics, information technology, Performance*

Introduction

For many years in the past, businesses operated in a way reminiscent of the industrial era. This is a period when the attitude of the manufacturer was that any goods they manufactured would find customers and indeed, they did. The situation is the same in the service sector. In the banking sector, for example, banks were the stone and mortar structures where all bank employees reported for work in the morning and sat in there all day waiting for customers to go to them for the services they had to offer. However, the knowledge era is now transforming the rules of business (Saint-Onge & Wallace, 2012). Goods are just not produced, the manufacturer must have the knowledge of what the customer needs now, and how these needs are going to change over time in order to remain relevant. Bankers are now out in the field, practically 'hawking' bank services and products to both existing and prospective bank customers.

In the business context of the knowledge era, the globalization of capital and its greater availability through a variety of channels, lack of funds is no longer a bottleneck to growth and sustainability. Most businesses possess sufficient capital, and for those that may have a constraint, there are numerous sources from where they can acquire this capital. However, there are too few opportunities to which to apply the capital available, and at the yield levels expected by investors. This means that the new bottleneck in business is the capabilities required to create new opportunities to which this financial capital can be applied (Saint-Onge & Armstrong, 2004). These capabilities come from the knowledge that a firm possesses and how the firm develops the ability to use it. The principal cause, therefore, for increasing concern with knowledge and knowledge management is the idea that knowledge and its application are the means by which creativity can be promoted (Nonaka & Nishiguchi, 2000), innovation facilitated (von Krogh, Ichijo & Nonaka, 2000), and competencies pulled in

such a way as to advance overall organizational performance whether in the public, private or not-for-profit sectors (Pitt & Clarke, 1999). As a result, knowledge capabilities must now move to the centre of the organization's strategic planning framework.

The banking sector in Kenya is one of the most profitable sectors in the country. Total profits for the sector show a growing trend. While many individual banks make large profits, some make large losses running into hundreds of millions of shillings. All the banks operating in the sector do so because they have a customer base. Furthermore, the country still has a large population of unbanked citizens from whom these banks can acquire more customers. However, for them to acquire these customers, the banks must possess the knowledge capability to attract them. Do they possess the strategic knowledge capability to give them a sustainable competitive advantage? How do the profitable banks develop this needed capability? A close look at the performance in the sector over the last ten years shows that the champions of previous years are currently trailing those they never thought were a threat. For example, Barclays Bank of Kenya dropped to position five in terms of profitability in the year 2014, and Standard Chartered bank to position three in the same year. These for a long time were industry leaders but are now trailing banks previously viewed as not being significant competition like Equity, KCB Bank and Co-operative banks. Ning, Fan and Feng (2006) in their conference paper on capability concluded that there are few empirical studies on the relationship between knowledge capability and organization performance. The aim of this project therefore, was to help fill this gap, and find out how commercial banks in Kenya develop strategic knowledge capability for sustainable competitive advantage.

Objectives of the Study

- To find out the effect of organization structure on performance of commercial banks in Kenya.
- To establish the effect of organization culture on the performance of commercial banks in Kenya.
- To determine the effect of people characteristics on performance in commercial banks in Kenya.
- To ascertain how the effect of information technology on performance of commercial banks in Kenya

Theoretical review

Organizational Structure

Organizational structure refers to both physical and non-physical divisions and barriers between employees in the organization that determine the flow of knowledge. This is both in terms of size of teams of employees working together and their geographical dispersion. This structure can either be centralized or decentralized. A centralized organizational structure is a setup in which employees sitting in one place work as a team. A decentralized one is one in which employees sit at different locations. Within the two, the structure could also be defined as formal or informal, where employees operate within well-defined rules and regulations, an organizational structure, and determined objectives and policies among other characteristics, or in a relaxed and less formalized structure respectively. All these structures determine how a firm handles its strategic knowledge capability agenda.

A centralized and informal organization structure allows people to freely share and come up with ideas to improve products, processes and systems, thereby encouraging the development of strategic knowledge capability. In an organization that is managing knowledge, the employees must be prepared to realize a different or partially changed

job description, which causes demand for knowledge, need for constant learning and sharing the knowledge. When employees work in teams like in a centralized structure more collaboration and more knowledge sharing will be experienced. There will be more deepening of knowledge by employees and strategic knowledge capability will be developed. Employees that have the flexibility to decide on how best to approach their work and still deliver within agreed schedule experience personal development of their knowledge capability and innovation. This flexibility allows employees to move across to other departments and share the knowledge they possess.

Organizational Culture

Organizational culture is defined as the deeply rooted values and beliefs that are shared by personnel in an organization (Sun, 2008). It forms the basis of and shapes employees attitudes, values and norms. Culture is important because it can affect all aspects of an organization's activities (Campbell, Stonehouse & Hoston, 2002). Culture is used as the correct way for new employees to behave, thereby, culture can perpetuate organizational survival and growth (Sun, 2008). It is, therefore, shared by employees and has an impact on the development of strategic knowledge capability within the organization. This impact can either be positive or negative and therefore, either strengthening or hindering the development of this capability. According to Campbell et al., (2002), culture can have an influence on employee motivation, employee morale and goodwill, productivity and efficiency, the quality of work, innovation and creativity and the attitude of employees in the workplace. Shaping an organization's cultural factors is central to the ability of the firm to manage knowledge effectively. Therefore, organizations should seek to promote and build the types of cultural values that support their specific strategic knowledge capability

objectives. There are certain organizational values that lead to different types of knowledge capability behaviour and yield varying outcomes. Therefore, values such as sharing, openness, and trust will lead to positive knowledge behaviours, which will lead to innovation and efficiency. Therefore, an organizational culture should provide support and incentives as well as encouraging knowledge-related activities by creating environments for knowledge exchange and accessibility.

Success of initiatives connected with knowledge management is conditioned by open relations between subordinates and superiors, awareness of mutual dependence, mutual exchange of information and experiences. This means that there has to exist trust between people in the organization. Trust concerns the relations between organization and employees based on mutual care. The effect of that is management trust in competences and skills of employees and resulting from that, a wide range of creativity freedom and self-control. As the firm gains and grows because of employees' faith in the organizational leader, their authority and the reality of their goals, and benefits from knowledge management are created.

People Characteristics

The people in an organization will determine both the organizational structure and organizational culture, thereby affecting the organization's ability to learn and innovate. Characteristics of employees help to shape an organization's innovative capability. Risk-takers or those willing and capable to operate outside accepted norms will potentially provide insights that are qualitatively different. Implementation of new solutions and daily challenges at work are laden with possibility of making a mistake. Drawing conclusions from mistakes made in the past is a lesson. Employees need to experience a context where they feel psychologically safe to learn and experiment with different ideas for organizational learning to be

effective (Naudé, 2012). In organizational behaviour, individuals have their own recollection of what has transpired within and between organizations and their personnel. They retain information based on their own direct experiences and observations (Lemon & Sahota, 2004) which is part of learning.

Differences arising from qualifications, skills of employees as perceived by them, norms and values may cause constructive conflicts. Contradictions may be the basis of deliberations on problem from totally different points of view, which stimulates mind to work and is an occasion to deepen the knowledge. High level of freedom of employees in the choice of working method, ways of operating equipment, features of results of actions and many others stimulates creative approach to task, learning, opinions and experiences exchange (Saint-Onge & Armstrong, 2004). When the source of promotion, criteria for taking decision about employment or co-operation are professional competence, and trainings of employees are treated as investments, knowledge acquires significance.

Information Technology

The successful implementation of knowledge strategy depends on the technological infrastructure of the firm. Full access to information needed for employees to fulfill their tasks, openness in communication processes, comfortable sharing of knowledge as well as creating knowledge by enterprise and employees through a network of contacts gives a possibility to use it fully. The best way to describe this relationship might be to describe information technology as a 'necessary but insufficient' condition for the success of the knowledge effort in any organization (Saint-Onge & Armstrong, 2004). Technology without knowledge to use it to gain sustainable competitive advantage is not in any way useful to the firm. The systems in an organization are just as good as the people who

use them. The firm must possess the necessary capability to put to good use of this technology. Information Technology is utilized to model, engineer or represent knowledge (Rohde & Sundaram, 2011). Technology is the ‘railroad’ upon which the knowledge network is built, and its mode of travel throughout the organization (Saint-Onge & Armstrong, 2004).

The Knowledge Strategy is only effective in creating value for the organization by leveraging the very significant investment made in technology. The key role of technology is to convey information in a manner that allows individuals and teams to translate it into knowledge. They do this by interacting with one another, internalizing the meaning, and gearing their courses of action accordingly. To convey the information in a manner conducive to this process, we need to a) coordinate the requirements of the Knowledge Strategy with b) the development of the Information Technology (IT) architecture and c) the on-going development of new applications. Organizational knowledge that firms possess is often a large and dynamic resource that requires large repositories in which to store and access it (Rohde et al., 2011). IT infrastructure, internet, group-ware tools and templates, are the means by which knowledge travels across the enterprise. There has been, to some extent, remains a tendency to see technology as the process whereby knowledge is created and shared (Lemon & Sahota, 2004). This view is becoming increasingly discredited as cultures of learning and innovation recognize that the appropriate role for technology is as a set of tools for storing data, facilitating data management and communicating explicit knowledge. It is only through using these tools in appropriate contexts that knowledge can be generated.

Table 1: Decisions that affect the organization are made by the top leadership

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	21.9	21.9	21.9

METHODOLOGY

This study adopted a descriptive research design. This is a positivist approach as it depends on quantifiable observations that lend themselves to statistical analysis. The population for this study was all banks registered in Kenya as at 31st December 2017. A census of all forty-two banks was conducted in which a questionnaire was distributed to each of the banks. The instrument for data collection was a questionnaire. This was done using 10 senior managers of KCB Bank Kenya with a view to test whether the questions made sense, if at all they were well constructed and easily understood.

RESEARCH FINDINGS

Organizational Structure

Respondents were asked several questions aimed at establishing their level of agreement or disagreement with the fact that organization structure has an effect on the performance of the organizations for which they work. This section had sixteen questions in total. Some of the questions included questions around the top leadership of the banks making decisions that affect the organization, opinions of all employees being considered before decisions that affect them and the organization are taken, that there are standards and procedures that guide all employees in performing their jobs, leaders and followers are skilled at reaching agreement even when there are diverse points of view and others. The information obtained for each question is presented in form descriptive statistics in the following section.

Agree	20	62.5	62.5	84.4
Strongly Agree	5	15.6	15.6	100.0
Total	32	100.0	100.0	

An analysis of the responses to the statement that decisions were made by top leadership in the organization showed that 87.5% of the respondents agreed or strongly agreed. Only 3.1% of the respondents disagreed, with 9.4% being neutral to this statement. This is expected in a regulated industry such as banking. Here, all new products, services, charges, location and type of channel of distribution must be approved by the regulatory authority; the Central Bank of Kenya, before they

are rolled out. As a result, the leadership of the bank, who are the link with the regulatory authority, will want to look at and approve every change before it is presented for approval. To operate in such a regulated environment without breach, banks must put in place mechanisms for channeling all ideas to a central repository or team, from where they are reviewed in detail for conformance.

Table 2: Solutions to issues are discussed and decisions reached jointly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.1	3.1	3.1
	Disagree	5	15.6	15.6	18.8
	Agree	18	56.3	56.3	75.0
	Strongly Agree	8	25.0	25.0	100.0
	Total	32	100.0	100.0	

At departmental level too, heads of department make decisions affecting their departments and employees working under them (see table 3 below). This can also be attributed to the stringent regulatory environment in the sector which makes it necessary for operations at all levels to be controlled. There is always the fear that an act of

omission committed by a member of the team may lead to sanction of the bank by the regulator. At the same time, a customer complaint in this sector is taken very seriously. This is because there is always a risk of such complaints affecting the reputation of the entire bank.

Table 3: Heads of departments make decisions affecting their departments and those who work under them

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	6.3	6.3	6.3
	Disagree	8	25.0	25.0	31.3
	Agree	15	46.9	46.9	78.1
	Strongly Agree	7	21.9	21.9	100.0
	Total	32	100.0	100.0	

On whether opinions of all employees are considered before decisions are taken, only 40.7% of the respondents agree, 28.2% disagreed and 31.3% were neutral. Notable here was the fact that the number of those who agreed with this statement are below half. It is not always possible

to consider opinions of everyone in a group before reaching a consensus. This would slow down the process of decision making and making it difficult for the banks to operate. In departments that have few employees, it may be possible to take into account all their opinions before making decisions.

In terms of rules and procedures, 62.6% of the respondents agreed with the fact that there were rules and procedures that guide decision making in the banks in Kenya. This was informed by the fact that banking as an industry is a high risk business and a mistake can turn out to be very costly. The

regulator has put in place several laws and guidelines that must be adhered to, and customers had increasingly become aware of their rights under these regulations such that failure to follow them can lead to sanctions.

Table 4: There are rules and procedures that guide decision making

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	9.4	9.4	9.4
	Disagree	8	25.0	25.0	34.4
	Neither Agree Nor Disagree	1	3.1	3.1	37.5
	Agree	14	43.8	43.8	81.3
	Strongly Agree	6	18.8	18.8	100.0
	Total	32	100.0	100.0	

Table 5: There are standards and procedures that guide all employees in their jobs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.1	3.1	3.1
	Disagree	1	3.1	3.1	6.3
	Agree	20	62.5	62.5	68.8
	Strongly Agree	10	31.3	31.3	100.0
	Total	32	100.0	100.0	

All the respondents agreed with the fact that rules and procedures guided all employees in the banking sector in performing their jobs. This was so because of the high levels of performance expected of employees in the banking sector. This was confirmed by the results shown in figure 5; Employees were expected to strictly adhere to these rules and procedures when performing their jobs. This was in line with the strict regulation that exists in the sector, and the sensitivity associated with the commodity that they deal with; money.

93.7% of the respondents agreed with the fact that their company has a strong sense of discipline arising out of close supervision. Leaders and followers in banks were skilled at reaching agreement when faced with varying ideas and

opinions. 81.3% of the respondents agreed with that fact, with only 9.4% disagreeing. No respondents disagreed strongly with this fact, with 9.4% of the respondents remaining neutral. This was supported by the confirmation that operations in banks were conducted in line with rules and procedures as earlier explained results in Table 5.

All respondents agreed with the fact that their organization was divided into departments that were headed by leaders that make decisions. Because of the bureaucracy that exists in the sector that required the Central Bank of Kenya to authorize any changes, it only made sense that all issues were decided by the leaders after reaching agreement with those they lead.

Table 6: My organization is divided into various departments headed by leaders that make decisions affecting them

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	1	3.1	3.1	3.1
	Disagree	7	21.9	21.9	25.0
	Agree	17	53.1	53.1	78.1
	Strongly Agree	7	21.9	21.9	100.0
	Total	32	100.0	100.0	

Banks were organized into functions made up of several departments under one leader. This was confirmed by 87.5% of the respondents. Only 6.3% of the respondents disagreed with this and another 6.3% were neutral.

Table 7: In my organization several departments form a function under one leader

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	6.3	6.3	6.3
	Disagree	10	31.3	31.3	37.5
	Agree	15	46.9	46.9	84.4
	Strongly Agree	5	15.6	15.6	100.0
	Total	32	100.0	100.0	

Each of the departments in the bank is made up of several teams of people as confirmed by 68.8% of respondents as per table 8. 18.8% of the respondents disagreed with this and 12.5% were neutral. The banking sector is made up of banks of different sizes. Some a large with branches spread in all towns of this country, others were represented in a few towns, while some have branches in Nairobi only. At the same time, some of the banks have very large head offices that are organized into different departments and housed in different buildings or different floors of the same building. When it comes to the individual teams

within departments, 68.8% of the respondents agreed with the fact that teams were made up of several people working together for a common goal. 18.8% of the respondents disagreed and 12.5% were neutral.

For the individual people in these teams, 87.5% of respondents agreed with the fact that these people possess different expertise, with a mere 6.1% disagreeing and 6.3 being neutral. This supported the fact that leaders and followers are skilled at reaching agreement when faced with differing opinions.

Table 8: The people in my team possess different expertise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.1	3.1	3.1
	Disagree	1	3.1	3.1	6.3
	Agree	18	56.3	56.3	62.5
	Strongly Agree	12	37.5	37.5	100.0
	Total	32	100.0	100.0	

Further, from figure 8, 75% of the respondents agreed with the statement that in their organizations there was good team work and cooperation among different teams. This is made possible by the fact that on department can have

several teams, and several departments come together to form a functions. Success can only be achieved if these teams see themselves as working towards a common goal. Only 3.1% disagreed with this with 21.9% being neutral.

According to the findings, banks were organized into several teams that are semi-autonomous. This is a statement that 71.9% of respondents agreed with. 12% disagreed with it and 15.6% were neutral. This will be true of the large banks that have several branches in different towns and several head office branches.

The responses in this section generally showed that the banking sector in Kenya had a formal organization structure. Decisions were mainly made by the top leadership and cascaded down to subordinates. There were also procedures and policies that guided behavior and work methodologies. Employees have therefore become skilled at arriving at solutions to issues facing them. The working environment is therefore regulated.

Organizational Culture

On organization culture, respondents were asked several questions aimed at gauging their level of agreement, neutrality or disagreement with the fact that organization culture has an effect on organization performance.

From the Table 9, 84.4% of the respondents agreed with the fact that their organization had a strong culture that was consistent, well-coordinated and well integrated. 615.6% disagreed, with none disagreeing strongly. Most of the banks have been in the country for many years now. Some are as old as one hundred years old. With all these years of being around, a culture that defines them and is shared among employees will emerge. The longer the time that the bank has been around, the stronger and more distinctive the culture will be.

Table 9: My organization has a strong, consistent and well-coordinated culture

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	15.6	15.6	15.6
	Agree	21	65.6	65.6	81.3
	Strongly Agree	6	18.8	18.8	100.0
	Total	32	100.0	100.0	

Table 10: People have shared values that act as the glue that holds them together

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	15.6	15.6	15.6
	Disagree	8	25.0	25.0	40.6
	Neither Agree Nor Disagree	1	3.1	3.1	43.8
	Agree	17	53.1	53.1	96.9
	Strongly Agree	1	3.1	3.1	100.0
	Total	32	100.0	100.0	

71.9% of respondents agreed that bank employees have a strong sense of belonging to their organizations. This was in line with the feeling of having a strong culture and shared values in earlier questions. It shows a work environment in which there is cohesiveness.

People Characteristics

On people characteristics, 71.9% of the respondents agreed with the statement that people in their organization were free to try out new ways of doing their job as evidenced in table 11. However, 28.1% of the respondents disagreed with the statement.

Table 11: People are free to try out new ways of doing their job

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.1	3.1	3.1

Disagree	8	25.0	25.0	28.1
Agree	17	53.1	53.1	81.3
Strongly Agree	6	18.8	18.8	100.0
Total	32	100.0	100.0	

On the question on idea generation, 75% of the respondents agreed with the statement that people in their organization always come up with new ideas that help improve work processes, procedures, systems and products. 25% of the respondents disagreed. Out of all the respondents, 9.4% agreed strongly with the statement.

When it comes to the question on taking advantage of arising opportunities to come up with suggestions, 87.5% of the respondents agreed with the statement that people in the organization will take up every opportunity they get to come up with suggestions on ways to improve work processes and products. Only 12.6% of the respondents disagreed with the statement. 81.3% of the respondents agreed that people in their organization proactively come up with solutions that help in meeting the needs of changing customer preferences and business environment. 40% of the respondents

agreed with the statement that people want to make a real contribution to the success of their organization, 31.3% of them disagreed, while 28.1 were neutral. 50% of the respondents agreed that most employees perceive themselves as avoiding risks and spending only a limited effort in their jobs. This could be due to the fact that the sector is so regulated that sanctions for mistakes can be very punitive. At the same time, the sensitivity of the product dealt in and of the customers they serve drives employees to take extra caution. 84.4% of the respondents agreed that people felt secure to make any suggestions that could help the organization achieve her goals. This could be as a result of the feeling that whatever suggestions they make will have to be vetted by the leadership of the bank and taken through regulatory scrutiny and sanction before being implemented.

Table 12: People feel secure to make any suggestions that can help the organization achieve her goals

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	6.3	6.3	6.3
	Disagree	3	9.4	9.4	15.6
	Agree	22	68.8	68.8	84.4
	Strongly Agree	5	15.6	15.6	100.0
	Total	32	100.0	100.0	

87.5% of the respondents agreed that people in their organization knew that they were expected to, and show patience and perseverance in achieving results and goals. 12.5% were neutral and none of the respondents disagreed with the statement.

From the results, almost all the respondent, 93.7% agreed that they were expected to have individual responsibility for the performance of their job, and

6.3% were neutral. This showed an industry in which employee know their work and go out to do it.

Information Technology

90.6% of the respondents agreed that their banks had systems to help serve customers effectively. Only 6.3% of the respondents were undecided.

Table 13: My Organization has Information Technology systems to help serve customers effectively

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	3.1	3.1	3.1

Neither Agree Nor Disagree	2	6.3	6.3	9.4
Agree	17	53.1	53.1	62.5
Strongly Agree	12	37.5	37.5	100.0
Total	32	100.0	100.0	

Further, the 81.3% of respondents agreed that their organizations had the willingness and ability to invest in new technology whenever the need arose (see table 14).

Table 14: My Organization has the willingness and ability to invest in new technology whenever the need arises

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	3	9.4	9.4	9.4
Neither Agree Nor Disagree	3	9.4	9.4	18.8
Agree	15	46.9	46.9	65.6
Strongly Agree	11	34.4	34.4	100.0
Total	32	100.0	100.0	

Almost the same number of respondents at 84.4 % agreed with the statement that their organizations had technology that supports employees to take charge of performing their jobs with ease. 31.3% of the respondents agreed strongly with this statement, which was a slight reduction from the previous question at 34.4%. This slight reduction means that employees expected more to be done in terms of information technology to help them perform better. 12.5% of the respondents were neutral to the statement.

Table 15: Has Technology that supports employees take charge of performing their jobs with ease

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	1	3.1	3.1	3.1
Neither Agree Nor Disagree	4	12.5	12.5	15.6
Agree	17	53.1	53.1	68.8
Strongly Agree	10	31.3	31.3	100.0
Total	32	100.0	100.0	

The percentage of respondents agreeing reduced further to 75% in table 15 when it came to the statement that their organization had technology that promotes efficiency in a modern work environment. However, those agreeing strongly remained the same at 34.4%. Notable is the fact that the number that disagreed with this statement remained the same, meaning that those undecided grew in number.

Table 16: Has the technology that promotes efficiency in a modern work environment

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	3	9.4	9.4	9.4
Neither Agree Nor Disagree	5	15.6	15.6	25.0
Agree	19	59.4	59.4	84.4
Strongly Agree	5	15.6	15.6	100.0

Total	32	100.0	100.0
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For information technology systems to remain relevant, they must be adaptable. 84.4% of the respondents surveyed as can be seen on table 16, agreed that the information technology systems in their organizations were adaptable to emerging trends.

Table 17: The information technology systems in my organization are adaptable to emerging trends

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	6.3	6.3	6.3
	Neither Agree Nor Disagree	3	9.4	9.4	15.6
	Agree	22	68.8	68.8	84.4
	Strongly Agree	5	15.6	15.6	100.0
	Total	32	100.0	100.0	

Further, 87.6% of the respondents agreed that the people in their organizations were empowered to use the information technology systems effectively. Only 9.4% disagreed, with 6.3% being undecided.

Table 18: My Organization has people that are empowered to use the information technology systems affectively

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	6.3	6.3	6.3
	Neither Agree Nor Disagree	2	6.3	6.3	12.5
	Agree	22	68.8	68.8	81.3
	Strongly Agree	6	18.8	18.8	100.0
	Total	32	100.0	100.0	

Performance

Both the results of the questionnaire and findings of studying secondary data, mainly the Central Bank of Kenya Annual Supervisory reports were presented. Table 19 showed that 93.8% of the respondents

surveyed agreed that their bank had clearly defined goals and strategic objectives that drive their performance. Half of these agreed strongly with this statement.

Table 19: My organization has clearly defined goals and strategic objectives that drive her performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	3.1	3.1	3.1
	Neither Agree Nor Disagree	1	3.1	3.1	6.3
	Agree	18	56.3	56.3	62.5
	Strongly Agree	12	37.5	37.5	100.0
	Total	32	100.0	100.0	

81.3% of the respondents agreed that their organization had a clear picture of its future outlook in terms of performance in relation to the

competition. It is important for a people in a given organization to have a clear picture of what it is that they are working to achieve.

Table 20: My organization has a clear picture of the organizations future outlook in terms of performance in relation to the competition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	12.5	12.5	12.5
	Neither Agree Nor Disagree	2	6.3	6.3	18.8
	Agree	20	62.5	62.5	81.3
	Strongly Agree	6	18.8	18.8	100.0
	Total	32	100.0	100.0	

90.7% of the respondents confirmed that their organization has a business strategy that is reviewed from time to time against performance and for relevance. 87.5% of all the respondents surveyed felt that their organization showed growth in customer numbers from year to year.

Results of Research Questions Testing

Parametric statistical methods call for the dependent variables to be approximately normally distributed for each category of the independent variable, in this case, performance and innovation respectively. To be able to test for this normality, the following numeric and visual outputs were investigated: (i) Skewness and Kurtosis Z-Values, which should be between -1.96 and +1.96, (ii) The

Table 21: Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Performance	.088	32	.200*	.977	32	.718

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

This was further confirmed by calculating the Skewness and Kurtosis p-values. These yield values of -0.290 and -0.232 respectively as calculated from the values in Table 22, both of which lie between -

Table 22: Descriptive Statistics

		Statistic	Std. Error
Performance	Mean	4.1302	.07557
	95% Confidence Interval for Mean		
	Lower Bound	3.9761	
	Upper Bound	4.2843	
	5% Trimmed Mean	4.1424	
	Median	4.1250	
Variance	.183		

Shapiro-Wilk test p-value that should be above 0.05 (Razali & Wah, 2011), and (iii) Histogram, Normal Q-Q plots and Box plots, which should visually indicate that the data are approximately normally distributed. The Skewness and Kurtosis Z-Values were also calculated by dividing their measure by their respective standard errors (Doane & Seward, 2011).

Test of Normality of Performance as a Dependent variable

The Kolmogorov-Smirnov significance value for this data is 0.200 ($\alpha > .05$), which is not statistically significantly different from normal distribution and therefore the null hypothesis is accepted i.e. the performance data is normally distributed.

1.96 and +1.96, and therefore, it can safely be assumed that the data for performance is approximately normally distributed.

Std. Deviation	.42751	
Minimum	3.08	
Maximum	4.83	
Range	1.75	
Interquartile Range	.67	
Skewness	-.290	.414
Kurtosis	-.232	.809

This is further confirmed by the Normal Q-Q plot as seen in figure 4.37 that show most of the dots running along the straight line.

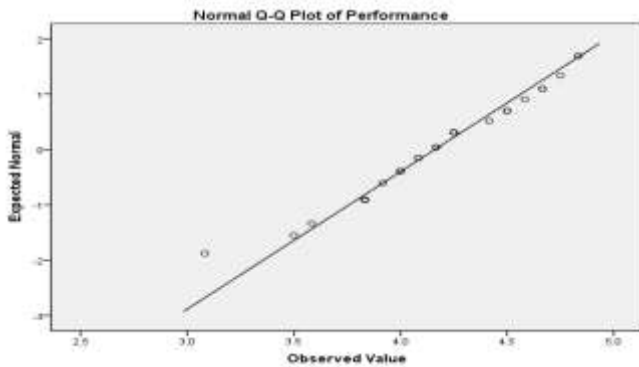


Figure 1: Normal Q-Q Plot

Testing For Multi-Collinearity in the Predictor Variables

Variance Inflation Factor (VIF) and tolerance were used to test for multi-collinearity among the predictor variables in the regression model. Multi-collinearity is problematic because it can increase the variance of the regression coefficients, making them unstable and difficult to interpret. Any variable with a VIF that exceeded 4 or a tolerance of 0.10 or less was to be excluded from the model (Pan & Jackson, 2008). For this model, the lowest VIF value was 1.017 for organization structure, and the highest at 3.537 for Information Technology, and the lowest tolerance was 0.283 for innovation. All the values for VIF and tolerance were quite acceptable. It is therefore concluded that the predictor variables in the model are moderately correlated and multi-collinearity is not a problem.

Table 23: Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	People Characteristics	.744	1.345
	Information Technology	.350	2.855
	Innovation	.283	3.537
	Organization Structure	.819	1.221
	Organization Culture	.983	1.017

a. Dependent Variable: Performance

Multi-collinearity is further confirmed not to be a problem by the correlation values between the predictor variables as shown in Table 24. Pearson correlation values range between -0.233 for organization structure and people characteristics to 0.153 between information technology and people

characteristics. This means that there is a weak negative to weak positive correlation respectively between the variables. The significance of all the correlations at values greater than 0.05 means that there is no statistically significant correlation between any two variables.

Table 24: Correlations of the Predictor Variables

Organization Structure	Organization Culture	People Characteristics	Information Technology

Organization Structure	Pearson	1	-.048	-.233	-.006
	Correlation				
	Sig. (2-tailed)		.795	.199	.974
	N	32	32	32	32
Organization Culture	Pearson	-.048	1	-.090	.038
	Correlation				
	Sig. (2-tailed)	.795		.623	.835
	N	32	32	32	32
People Characteristics	Pearson	-.233	-.090	1	.153
	Correlation				
	Sig. (2-tailed)	.199	.623		.403
	N	32	32	32	32
Information Technology	Pearson	-.006	.038	.153	1
	Correlation				
	Sig. (2-tailed)	.974	.835	.403	
	N	32	32	32	32

Results of Testing Research Question 1

The testing of this Research question relates to the research objective: "To find out the effect of organization structure on performance of commercial banks in Kenya." The following research question was formulated to help accomplish this objective;

Research Question 1: *What is the effect of organization structure on performance of commercial banks in Kenya?*

Simple linear regression was run with performance as the dependent variable and organization

structure as the predictor variable. From the ANOVA table, organization structure was found not to be a good predictor of performance in commercial banks in Kenya. Therefore, at a significance level of p-value = 0.500, which is greater than .05, the model is not significant at $F(1,30) = 0.466$, $P = 0.500$. This means that organization structure has no significant explanatory power over organizational performance in commercial banks in Kenya.

Table 25: ANOVA^a of the Regression of Organization Structure and Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.033	1	.033	.466	.500 ^b
	Residual	2.126	30	.071		
	Total	2.159	31			

a. Dependent Variable: Performance

b. Predictors: (Constant), Organization Structure

This is further confirmed by the model summary where the Adjusted R square value is small at -0.018 and thus not different from zero.

Table 26: Model Summary^a of the Regression of Organization Structure and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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1	.124 ^a	.015	-.018	.26620
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a. Predictors: (Constant), Organization Structure

The unstandardized coefficient for organization structure at -0.059 with a standard error of 0.086 was almost zero and therefore has no effect on the dependent variable, hence on the overall model. The level of the slope for organization structure is not significant because the t-test comparing that slope to zero is $t = -0.683$, which is so small, at a p -value = 0.500 which is greater than $\alpha = 0.05$. We

therefore fail to reject the null hypothesis that the coefficient for organization structure is zero, or that organization structure does not help to predict organizational performance. However, organization structure was still included in the regression model to adjust for that source of variance in the overall model.

Table 27: Coefficients^a of the Results of Regression of Organization Structure and Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	4.168	.334		12.486	.000
	Organization Structure	-.059	.086	-.124	-.683	.500

a. Dependent Variable: Performance

Results of Testing Research Question 2

The objective that led to the formation of the second question was: “To establish the effect of organization culture on the performance of commercial banks in Kenya, and the research question tested was:

Research Question 2: *What is the effect of organization culture on the performance of commercial banks in Kenya?*

The ANOVA for organization culture is not statistically significant at: $F(1,30) = 1.717$ and $p = 0.200$. It is therefore also not a good predictor of organizational performance.

Table 28: ANOVA^a of the regression of Organization Culture and Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.117	1	.117	1.717	.200 ^b
	Residual	2.042	30	.068		
	Total	2.159	31			

a. Dependent Variable: Performance

b. Predictors: (Constant), Organization Culture

The adjusted R square = 0.023, which means that 2.32% of the variance in organizational performance can be attributed to organization

culture. The variance in performance explained by organization culture is very small.

Table 29: Model Summary^a of the Regression of Organization Culture and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.233 ^a	.054	.023	.26089

a. Predictors: (Constant), Organization Culture

The Unstandardized coefficient of .077 is the slope of the beta for organization culture and 3.678 (the

constant), performance-intercept. The level of the slope for organization culture is not statistically

significant because the t-test comparing that slope to zero is $t = 1.311$ at a p -value = 0.200 which is greater than $\alpha = 0.05$. Organization culture too was

still included in the overall regression model to adjust for the variance arising as a result of the variable.

Table 30: Coefficients^a of the Results of the Regression of Organization Culture and Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.678	.207		17.747	.000
	Organization Culture	.077	.059	.233	1.311	.200

a. Dependent Variable: Performance

Results of Testing Research Question 3

The third objective of this study was to determine the effect of people characteristics on performance in commercial banks in Kenya. To achieve this, the following research question was formulated:

Research Question 3: *What is the effect of people characteristics on performance in commercial banks in Kenya?*

The ANOVA for people characteristics is significant at: $F(1,30) = 6.161$, $p = 0.019$. This makes it a good predictor of organizational performance.

Table 31: ANOVA^a of the Results of Regressing People Characteristics and Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.368	1	.368	6.161	.019 ^b
	Residual	1.791	30	.060		
	Total	2.159	31			

a. Dependent Variable: Performance

b. Predictors: (Constant), People Characteristics

The adjusted R square = 0.143, which means that 14.3% of the variance in organizational

performance can be attributed to characteristics of the people within the organization.

Table 32: Model Summary^a of the Results of Regressing People Characteristics and Performance

Model	R	R Square	Adjusted R	
			Square	Std. Error of the Estimate
1	.413 ^a	.170	.143	.24434

a. Predictors: (Constant), People Characteristics

The Unstandardized coefficient of 0.157 is the slope of beta for organization culture and 3.372 (the constant), performance-intercept. Using the general regression equation;

$Y = \beta_0 + \beta_1 X_3 + \epsilon$, the relationship between people characteristics and organizational performance can be given as:

Organizational Performance = 3.372 + 0.157 People Characteristics

Table 33: Coefficients^a for the results of Regressing People Characteristics and Performance

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			

1	(Constant)	3.372	.234		14.410	.000
	People Characteristics	.157	.063	.413	2.482	.019

a. Dependent Variable: Performance

The relationships between characteristics of people and both innovation and organizational performance respectively in commercial banks in Kenya were found to be statistically significant. People characteristics as a variable, was found to have a direct positive relationship with both innovation and organizational performance, explaining 15.1% and 14.3% respectively of their variance. This means that characteristics of people in the commercial banks in Kenya directly affect the innovation that takes place there, as well as organizational performance. It is worth noting that people characteristics explain a higher variance in innovation than in performance. This is because while performance is affected by other factors other than people such as systems, capital invested,

competitors and many others, innovation is majorly driven by people.

Results of Testing Research Question 4

This research question was put forward to test the objective: "To ascertain how information technology influences performance in commercial banks in Kenya."

Research Question 4 : *How does information technology influences performance in commercial banks in Kenya?*

The ANOVA for information technology is significant at: $F(1, 30) = 6.040$, $p = 0.020$, which makes information technology a very good predictor of organizational performance in commercial banks in Kenya.

Table 34: ANOVA^a of the Results of the Regression of Information Technology and Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.362	1	.362	6.040	.020 ^b
	Residual	1.797	30	.060		
	Total	2.159	31			

a. Dependent Variable: Performance

b. Predictors: (Constant), Information Technology

The adjusted R square = 0.140, means that 14% of the variance in organizational performance can be

attributed to information technology, with a variance of 0.24475.

Table 35: Model Summary^a of the Regression of Information Technology and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.409 ^a	.168	.140	.24475

a. Predictors: (Constant), Information Technology

The Unstandardized coefficient of 0.186 is the slope of beta for information technology and 3.193 (the constant), performance-intercept. The relationship

between information technology and organizational performance can be given as:

$$\text{Organizational Performance} = 3.193 + 0.186 \text{ Information Technology}$$

Table 36: Coefficients^a of the Regression Model of Information Technology and Performance

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	3.193	.308		10.368	.000
	Information Technology	.186	.076	.409	2.458	.020

a. Dependent Variable: Performance

Information technology was found to have a positive and statistically significant relationship with both innovation and organizational performance, explaining 56.5% and 16.8% respectively in their variance. Information technology has become a key driver in production, transforming economies and societies. And just like elsewhere in the world there has been extraordinary development of technology in Kenya, key among them being mobile commerce in a way only witnessed locally. The mobile telephone has revolutionized banking and finance as a whole. Other than the mobile phone, technology the world over determines how service is provided and the way customers interact with their service providers. It then becomes imperative that banks have no choice but to use technology both as a tool for innovation and as a means to attain sustainability. However, applying technology for competitive advantage requires strategic knowledge. This knowledge must be acquired and

continuously improved in line with the dynamic market place, hence development of knowledge capability. This study therefore further confirms the place of technology in innovation, and therefore organizational performance.

Multiple Linear Regression of Dependent, and Independent Variables

Table 37 shows that the overall model is statistically significant at $p = 0.015$ which is less than $\alpha = 0.05$. The related F value from the same table to assess the overall statistical significance of the model is:

$$R^2 = 0.578, (4, 27) = 9.263, P = 0.015 \text{ (Significant)}$$

Given that there are five variables, the 27 degrees of freedom (d) in the model were given by:

$$d = N - k - 1 = 32 - 4 - 1 = 27$$

Where:

N = the population of study

k = the number of variables under study

Table 37: ANOVA^a of the Regression of Predictor Variables and Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.772	4	.193	3.756	.015 ^b
	Residual	1.387	27	.051		
	Total	2.159	31			

a. Dependent Variable: Performance

b. Predictors: (Constant), Information Technology, Organization Structure, People Characteristics,

Organization Culture

The Adjusted R^2 value for the overall model is 0.262, which means that 26.2% of the variance in performance can generally be explained by

organization structure, organization culture, people characteristics, information technology and innovation that takes place in the organization.

Table 38: Model Summary^a of the Regression of Predictor Variables and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.598 ^a	.358	.262	.22665

a. Predictors: (Constant), Information Technology, Organization Structure, People Characteristics, Organization Culture

A look at the coefficients table 39 reveals that when all the predictor variables were regressed against the predicted variable, performance, Organization structure and organization culture were found to be

statistically insignificant. It is worth noting that, both People characteristics and information technology were statistically significant.

Table 39: Coefficients^a in the Regression of Predictor Variables and Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.545	.515		4.946	.000
	Organization Structure	-.010	.075	-.021	-.134	.895
	Organization Culture	.084	.052	.253	1.625	.116
	People Characteristics	.144	.061	.378	2.341	.027
	Information Technology	.155	.071	.342	2.185	.038

a. Dependent Variable: Performance

The relationship between the predictor variables and performance can be summarized as:

$$\text{Performance} = 2.545 - 0.010 \text{ Organization Structure} + 0.084 \text{ Organization Culture} + 0.144 \text{ People Characteristics} + 0.155 \text{ Information Technology}$$

Multiple Linear Regression of Predictor Variables, and Performance

The model that combines all the predictor and the dependent variable is significant at a value of $p = 0.027$.

Table 40: ANOVA^a of the Regression of Predictor Variables, and Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.799	5	.160	3.056	.027 ^b
	Residual	1.360	26	.052		
	Total	2.159	31			

a. Dependent Variable: Performance

b. Predictors: (Constant), Organization Culture, Organization Structure, People Characteristics, Information Technology

Innovation, organization structure, organization culture, people characteristics and information

technology combined explain 24.9% of the variance in organization performance.

Table 41: Model Summary^a of the Regression of Predictor Variables, and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.608 ^a	.370	.249	.22868

a. Predictors: (Constant), Organization Culture, Organization Structure, People Characteristics, Information Technology

Notable however, is the fact that when all the predictor variables and independent variable are regressed against organizational performance at the same time, none of the variables in the combined

model is significant. All the p-values are larger than $\alpha = 0.05$.

Summary of Findings

Organization Structure was found not to have any statistically significant influence on organizational performance. In fact, it was found to have a small negative influence on performance. This could be explained by the fact that knowledge management capability is developed through social interactions and flow of knowledge between individuals and departments. The organizational structure in banks is highly formalized, with documented procedures, processes and regulations guiding every action. The organizational structure is centralized with the leadership at every level making decisions on behalf of those they lead. Employees operate within laid down rules and follow clearly spelt out procedures to perform most of their duties. Such formal structures do not give employees the real freedom for idea generation and spontaneous behaviour that is necessary to stimulate ideas for innovation. Centralization where decision making power rests at higher hierarchical levels creates a non-participatory environment among the employees. Existing literature on knowledge management stresses the inseparable relationship between organizational culture and knowledge management. However, in this research, organizational culture was found not to be statistically significant in the relationship between strategic knowledge capability and performance in commercial banks in Kenya. Further, it had no statistically significant influence on innovation. This means that organization culture does not help grow strategic knowledge capability in commercial. Culture defines the process of creating and adopting new knowledge. However, from this research this is not the case in commercial banks in Kenya. Most banks have a strong, consistent and well-coordinated culture and also have unique behaviours that are strongly rooted in a set of core values. When new employees join an organization, they come with new knowledge acquired from their experiences and encounters

from their previous employers and interactions with people outside the bank they are joining. These new joiners form a good repository for new knowledge. However, if the culture in their new organization is rigid to outside influence, then the new employee may feel unwelcome at first, and unwilling to share any knowledge they may have. When an individual employee does not get a sense of belonging and accepted within the new group, their capability to contribute becomes limited.

No organization can generate knowledge if it has no qualified people. Staff through their own learning and interactions processes are a source of knowledge. People in an organization are the drivers of both organizational learning and innovation, and therefore the strategic knowledge capability of the firm. In any one organization, there are those who are willing to learn and others that are not. There are those who are daring enough to take risks which result in some very innovative products, services, systems and processes. In this study, people characteristics had a statistically significant relationship to performance in commercial banks in Kenya. The banking sector has many risk takers willing and capable of operating outside set norms within the industry. They are willing to venture into new places and try out new solutions to problems they face in the course of their work. These employees are willing to try out new ways of doing their job, they come up with new product and process ideas of ten, and feel secure to make suggestions for improvement. These employees see themselves as willing to take on the risk of trying out new ways of working, and appreciate their working environment as being conducive for the generation of ideas. These are the employees whose ability to think creatively, talents and experiences enable growth of strategic knowledge capability within their organization. These staff are ambitious and understand the competitive dynamics of their industry, and know that for them to stand out, they must become risk

takers. These employees are willing to do this, the regulations and regulators notwithstanding. The ambitious and risk taking employees know that in the sector in which they operate, only continuous creative ideas will ensure that their organization remain relevant and therefore they keep churning out new ideas.

Information technology had a statistically significant influence on performance in commercial banks in Kenya. Information technology in today's organization serves many purposes. It helps promote efficiency in the modern work environment, acts as a repository and quick reference point for information, helps to drive the training agenda of the firm and is central to the organization's performance. For these reasons, banks in Kenya have invested in information technology systems to help serve customers efficiently. The research also revealed that banks have the willingness and capability to invest in new technology whenever the need arises, and that the technology in which they have invested is also adaptable to the ever changing trends in this area. At the same time, banks have ensured that their employees are well empowered to use the technology, thereby growing their strategic knowledge capability in this area. However, this only goes for the technology that they already have. Today, the biggest competition wars in Kenya are now being fought on platform of mobile technology, specifically on mobile commerce. Through this technology, the fiercest competitors to banks have become mobile telephony service providers who are now providing money savings products, payment services, credit facilities and many other traditionally banking services at the press of a button.

Conclusion

There were four main conclusions that were drawn in this research. First, that there is a significant and positive relationship between information

technology and performance in commercial banks in Kenya. The banks need to leverage on this for competitive advantage. In Kenya, with the advent of mobile banking by the major mobile telephone service provider, Safaricom Limited, competition increased. The company was able to bring in its fold very many previously unbanked people and even eat into local money transfers service that was previously dominated by banks. The company is already venturing in the international space with presence already in neighbouring countries. Bank need to come up with strategies to make sure that they continue to grow capability in the area of technology to ensure sustainability. There is also a positive relationship between people characteristics and performance. There is still room for banks to continue growing the knowledge capability of their people. This can be done through strengthening the initiatives that they already have, while at the same time introducing new ones. For example, they can grow the information technology capability to help them leverage on this to come up with forward looking solutions to their customer needs.

Finally, there is no statistically significant relationship between organizational structure and organizational culture respectively and organization performance. As earlier stated, knowledge has become an important resource for firms. This means that it is important for every firm to develop their strategic knowledge capability by putting in place mechanisms to help them create, share and utilize knowledge. To develop strategic knowledge capability, a firm needs to adapt her organizational structure to facilitate and support this creation, sharing and utilization of knowledge. This is because several studies have revealed a positive relationship between organization structure and Knowledge Management. Therefore, creating a knowledge based organizational structure is very important for knowledge management process and development of strategic knowledge capability for sustainable competitive advantage. Several other studies too

have revealed a positive relationship between organization culture and organization performance. However, this study suggests that there is no statistically significant relationship between organization culture and strategic knowledge capability in commercial banks in Kenya.

Recommendations

Banks hold large volumes of data acquired over many years of their operations. This arises out of the fact that most bank customers hold more than one product and use various different services, sometimes severally each month. They also hold data for potential customers that approached them for various products and services that they were unable to provide at the time of request but could become useful later on in helping them come up with new products and services. Such data could also be used to get new customers when such services later on become a reality. Some of the banks in Kenya have been operating for over one hundred years, and have information in various forms spanning that period of time. This data is known as big data. Big data is high-volume, high-velocity and/or high-variety information assets that demand cost-effective, innovative forms of information processing that enable enhanced insight, decision making, and process automation. It is an evolving term that describes any voluminous amount of structured, semi-structured and unstructured data that has the potential to be mined for information. For this data to be useful to the banks, and to be used to grow their strategic

knowledge capability, there is a need for the wide variety and extremely large volume of data held to be integrated into systems capable of handling big data, and the velocity at which the data can be processed looked at in terms of the systems' capability to ensure that it can be accessed easily and with speed whenever the need arises. This is only possible if the banks possess the requisite organizational structure to manage and maintain this.

Employees are a key resource of the banks. They carry the strategic knowledge that drives innovation within those institutions. Even as the sector embraces technology and experiences and declining need for brick and mortar establishments, people will still be needed to come up with and drive innovations in this area. Growing their capability to keep up with the changing customer needs and business environment therefore is important. There is a need for continuous training to up-skill them to become technologically savvy. Further, there is a need to relook at the whole remuneration system for employees within the banking sector so as to promote healthy competition, while at the same time encouraging free sharing of information between them and further grow the strategic knowledge capability in the sector. As this happens, deliberate steps must be taken to grow their professional ethics which has a direct impact on corporate governance to avoid the large fines the sector has suffered in the recent past, especially in the United States of America and Europe.

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