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Organizational Culture, Strategy Implementation and Commercial Bank Performance in Zimbabwe

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ABSTRACT

The study investigates the impact of organizational culture and strategy implementation on commercial bank performance in Zimbabwe. Using a four factor, six dimensional organizational culture index and an eight dimensional strategy implementation index to statistically measure culture and strategy implementation impact, the study employs ordinary least regression method to quantify and econometrically model the impact of the two variables on commercial bank performance. Data collection was achieved through questionnaire administration. The results of the study show that culture and strategy implementation have a statistically significant and positive impact on commercial bank performance. For banks which are regarded as performing (both average and high), organizational culture has strong positive effect on their performance while for smaller and poor performing banks, the effect of organizational culture was nearly neutral. Strategy implementation was also found to have strong positive effect in high performing banks and between neutral to negative effect in non-performing banks. The study concludes that the dynamic environment under which banks operate makes the impact of intangible resources differ across institutions. Based on the results of this study, it is recommended that leadership of commercial banks need to invest in creating a defining culture in banks and effective strategy implementation techniques. Utilizing such attributes remains a major determinant of commercial bank performance in Zimbabwe.

Keywords: Organizational Culture, Strategy Implementation, Organizational Performance
JEL Classifications: C39, L20

1. INTRODUCTION

Zimbabwe commercial banking institutions have registered mixed performances ever since the introduction of the multi-currency regime in February 2009. Resultantly, the commercial banking sector has generally been segmented into three groups: Highly performing banks (dominated by regional and international banks), average performing banks and non-performing banks (dominated by local banks). The major source of variation has always been attributed to the different amounts of physical, financial and human capital resources at each bank's disposal.

A closer analysis of these banks, however, indicates that the variation in performance can also be explained by intangible resource capabilities of these institutions. Culture and strategy execution ability are some of the important intangible capabilities of any organization which has a direct impact on an organisation's performance. The role of these soft attributes on commercial banks' performances has not been vigorously pursued.

Schein (1985) defines organizational culture as a pattern of basic assumptions - invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration. The pattern of these assumptions must have worked well enough to be taken as valid and hence to be taught to new members as the correct way to observe, think and feel in relation to such problems. The organization's culture and how it implements its strategy clearly should have some influence on its performance. Theoretical arguments support the idea that organizational culture is related to organizational performance (Yesil and Kaya 2013). While previously businesses were either unaware of culture's importance or believed it too hard to handle, nowadays they recognize that it can give some competitive advantage (Martins and Martins 2002). Organizational culture conveys a sense of identity for an organization's members, makes it easy to gain Member Commitment to something bigger than the self, enhances system stability and serves as a sense-making tool that can guide and shape members behavior (Alas et al. 2009, Cheung et al. 2012).

Although the varying performances of commercial banks in Zimbabwe in the multicurrency period has been attributed mainly to levels of capitalization, stability of the bank, size of the bank, liquidity; consideration has not been adequately made on the role of culture and strategy execution. Generally, commercial banks as service providers are affected by internal soft attributes, in the main culture and execution of their business approach, and this would reflect on the ultimate performance, whether financial or non-financial. Execution of strategy has always been influenced by the organization's shared values, beliefs and norms, which is the foundation from which strategy emerges. In other words strategy implementation, which results in high performance, is inextricably linked to an organization's culture. In order for strategy to receive sustained support and positively affect performance, it must be aligned with the organizational culture. An organization's performance requires a culture that is supportive of change and strategy implementation matrix that is adaptable to change as well.

Against this background this study examines the impact of organizational culture and strategy implementation on commercial bank performance in Zimbabwe. Using a combination of Van Muijen et al. (1999)'s competing value model as adapted from Quinn (1988) and Denison (1990)'s culture and effectiveness model, the study develops a culture index using four culture traits and strategy implementation index using eight dimensions to quantitatively characterize the relationship and impact of culture and strategy on commercial banks performance in Zimbabwe.

2. LITERATURE REVIEW

A considerable number of studies have been conducted to explore the relationship between organizational culture and performance of firms, yet empirical evidence remains inconclusive and diverse (Yesil and Kaya, 2013). However, the literature on organizational culture constantly reinforces the notion that organizational culture is necessary for effective functioning and performance of organizations (Yesil and Kaya, 2013). The discussion that follows looks closely at organizational culture and firm performance from both the theoretical and empirical perspectives.

2.1. Organization Culture

Organizational culture studies date back to the dawn of history and the concept has gained wide acceptance as a way to understand human systems (Sokro, 2012). Xiaoming, (2012) notes that, organizational culture came into prominence from the preponderance of Japan management styles but, there has been no consensus in literature on the definition of organizational culture (Barney, 1986; Abu-Jarad et al., 2010; Yesil and Kaya, 2013). Despite the wide and diverging perspectives from which the organizational culture construct is viewed from, there has been acceptance of certain attributes that constitute culture as judged from different explanations. This provides a basis upon which scholars have defined organizational culture.

Xiaoming (2012) classify the main definitions into several categories accounting for their core concerns namely: Basic assumptions (Schein, 1985; 1992), shared values (Peters and Waterman, 1982; Kim et al. 2004), beliefs and norms (Cole, 1997) of behavior. Cheung et al. (2012) contend that one of the most influential and pioneering works on organizational culture and leadership that gained so much recognition and readership was that developed by Schein (1985; 1990).

Schein (1985) submits that, organizational culture is a pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration. These assumptions must have worked well enough to be taken as valid and, therefore teachable to new members as the correct way to observe, think and feel in relation to those problems. From this dimension, Schein (1985) therefore proposes that for an assumption to be basic it should be something taken for granted, preconscious and invisible. Kim et al. (2004) defines organizational culture as the shared values and norms of the organizations members. Park et al. (2004) submits that organizational culture defines "the shared, basic assumptions that an organization learns while coping with the environment and solving problems of external adaptation and internal integration that are taught to new members as the correct way to solve those problems."

Similarly, Wiener and Vardi (1990) defined culture as a system of shared values which produce normative pressures on members of the organization. Gordon and Tomaso (1992) consider corporate culture to be the pattern of shared and stable beliefs and values that are developed within a company across time. Cole (1997) considered culture as a two tiered set of shared values, norms and beliefs within an organization. On the face, it is the explicit culture, which manifests itself in the 'official' organizational structure and communications while underneath it is the implicit culture that management and staff consider really important.

Xiaoming (2012) notes that, claims made by Schein (1985) come in handy in qualitative analysis especially those trying to draw a line between strong and weak cultures. A strong culture according to (Cheung et al., 2012) is one where the implicit and explicit assumptions in Schein (1985) are in harmony and is deeply entrenched and change-resistant. On the other hand, a weak culture is one that is loosely knit and where rules are imposed strictly on employees that may create diversity between the person's personal objectives and organizational goals (Shahzad et al., 2012).

Whilst there is still no consensus as to the definition of organizational culture, it is clear and evident from the literature that organizational culture encompasses basic assumptions (implicit and explicit), beliefs, norms, experiences and shared values that shape the behavior of people as they work towards the achievement of their goals both as individuals and as a team. In simple terms culture could be understood as acquired facts, explanations, ethics, beliefs, communication and behaviors of a large group of people, at the same time and same place (Shahzad et al., 2012). Therefore any attempt to measure organizational culture must take account of these constructs into consideration.

A number of models have been developed to explain and to try to measure the culture construct. These include Schein (1985)'s Three layer organizational model, Hofstede et al., (1990)'s Culture manifestation model, Kotter and Heskett (1992) Culture model, Denison (1990)'s Culture and effectiveness model and Van Muijen et al., (1999)'s focus questionnaire.

Schein (1985)'s model differentiates between the elements of culture by treating basic assumptions as the essence or the core of culture, and values and behaviors as observed manifestations of the cultural essence.

Hofstede et al., (1990) classify the manifestation of culture into four categories, namely symbols, heroes, rituals and values. Symbols are defined as words, gestures and pictures or objects that carry a particular meaning within a society. Heroes on the other hand consist of persons, alive or dead, real or imaginary, who possess characteristics highly respected in the culture and serve as behavioral role models.

Kotter and Heskett (1992) observed that culture has strata which differ "in terms of their visibility and their resistance to change." The deeper echelon is where culture defines values that are shared as a group and that persist even if the group membership changes and hence is difficult to change. On the shallow end is the visible stratum where culture defines the behavior patterns which even new people in an organization are bound to follow. The authors submit that causality can, however, run in the opposite direction, with behavior and practices influencing values.

The culture model developed by Denison (1990) is one that integrates culture and management practices, performance and effectiveness. This was accomplished by linking management practices to the organizational value system encompassing basic assumptions and ethics when studying culture and effectiveness. Denison asserts that management practices arise from the organization's value system and beliefs resulting in four governing culture traits namely involvement, adaptability, consistency and mission. Figure 1 illustrates the integration of the four culture traits.

Similarly, Van Muijen et al., (1999) introduced a new scale among many others called the focus questionnaire to measure organizational practices and values. Van Muijen et al., (1999) explained four orientations of organizational focus with respect to two-dimensions of organizational values, the flexibility versus control, and the internal versus external points of view. When the two dimensions of value are fused, as shown in Figure 2, four orientations of organizations are revealed, namely support, innovation, rules and goal.

Abu-Jarad et al. (2010) notes that organizational culture affects various employees and organization related outcomes. Theoretically, organizational culture exerts some influence on performance through various pathways which differ from one organization to another. Subject to the nature and complexity of the value system in an organization, culture effect can manifest through employee behavior, learning and development (Bollinger and Smith 2001; Saeed and Hassan 2000), creativity and innovation (Ahmed 1998; Martins and Terblanche 2003; Vincent et al., 2004) and knowledge management (Tseng, 2010).

Figure 1: Denison (1990)'s culture and effectiveness model

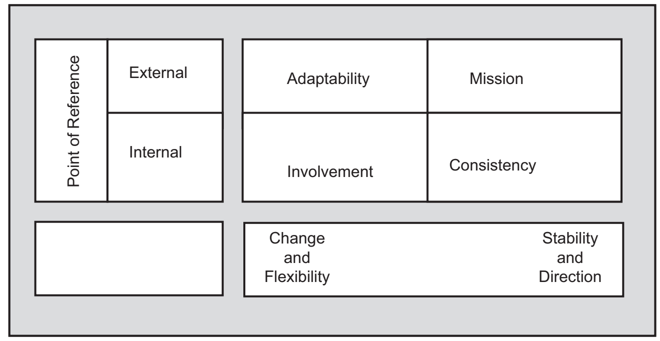
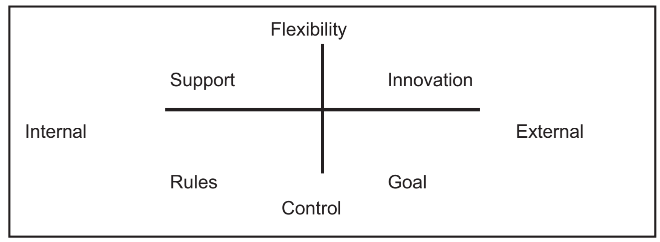


Figure 2: Van Muijen et al. (1999)'s competing value model (adapted from Quinn1988)



2.2. Organizational Performance

In general, organizational performance refers to the degree of accomplishment of the mission at work place that builds up an employee's job (Cascio, 2006). Marcoulides and Heck (1993) submit that performance reflects the extent of goal achievement in the organization's workforce, capital, marketing, and fiscal matters. Yesil and Kaya (2013) observe that several objective and subjective measures have been used in the literature to determine the level of organizational performance. Various studies on culture and performance relationship tend to use several performance measures (Abu-Jarad et al., 2010; Lim, 1995), however, Abu-Jarad et al., (2010) observed that financial profitability and growth measures are most common. In this study, return on assets (ROA), one of the key financial profitability measures is used in a similar way that Yesil and Kaya (2013) did among many others.

2.3. Organizational Culture: Performance Relationship

The link between organizational culture and firm financial performance has been explored from both the theoretical and empirical perspectives. In theory, there is a general reinforcement of the notion that organizational culture is related to organizational performance and effectiveness (Ahmed, 1998; Cameron and Quinn, 2006; Saffold, 1998; Zheng et al., 2010; Yesil and Kaya, 2013).

Organizational culture is arguably one of the key organizational assets associated with organizational effectiveness (Zheng et al., 2010), playing a crucial role in determining the effectiveness of organizations (Peters and Waterman, 1982), and stimulating or engendering many other activities that bring about corporate success (Oparanma, 2010). Whilst there are questions related to the culture-performance relationship, Ogbonna and Haris (2000) suggest that there is sufficient evidence for the hypothesized relationship between organizational culture and organizational performance, with Martins and Martins (2002) reporting that organizational culture gives some competitive advantage to the organization.

Empirically, a number of studies also provide evidence of the link between organizational culture and performance related outcomes and that the strength of cultural values was found to be correlated with ROA in manufacturing firms, growth in annual premiums and sum assured in insurance firms (Yesil and Kaya, 2013). Ogbonna and Haris, (2000) reported positive relationship between competitive and innovative cultures and organizational performance while Kim et al., (2004) reported that culture was found to impact a variety of organizational processes and performance. Marcoulides and Heck, (1993) found that organizational culture has a strong direct effect on organizational performance. Schneider (1990) also found that organizations that focus clearly on cultures are more successful since focused cultures provide better financial returns. Positive association between culture and performance was also documented in the results of Duke and Edet (2012).

The foregoing discussion reveals that, albeit there are variations from one study to the next in terms of organizational culture - performance link, there is general consensus that culture is related to performance. For purposes of this study therefore, the researcher presupposes that there is a unidirectional relationship from culture to performance on the basis that practitioners and academics have suggested that the performance of an organization is dependent on the degree to which the values of the culture are comprehensively shared (Denison, 1990).

2.4. Strategy Implementation, Culture and Organizational Performance

Strategy implementation is defined as an art of putting strategy and policies into tangible actions (Ibrahim et al., 2012) and is more important than the strategy itself (Schneider et al., 1991). This means that strategy implementation defines how well organizations achieve their objectives one of which is financial performance.

Strategy implementation is particularly important given the fact that not all employees are aware or understand the strategy. About 95% of company employees do not appreciate the strategy (Kaplan and Norton, 2001). This strategy - performance gap calls for robust implementation schemes in order to achieve desired objectives. It is basically the design of the implementation plan that makes it possible for those that understand strategy and those that do not understand it to work together towards a common goal.

Borrowing from Denison (1990)'s culture and effectiveness model, the role of culture in strategy implementation becomes apparent. The four culture traits (involvement, consistency, adaptability and mission) are integrated in an intricate manner that defines human capability, responsibility and responsiveness to both internal and external environment thereby producing a perfect recipe for strategy implementation. The intricate integration is further reinforced by Jooste and Fourie (2009) who came up with identifiable actions characterizing strategic leadership that positively contributes to effective strategy implementation. The actions were identified as strategic direction, balanced organizational controls, and effective management of the organization's resource portfolio, sustaining an effective culture and emphasizing ethical practices. Effective implementation of strategy manifests through good or exceptional organizational performance across all measures, financial or non-financial. Cultural dynamics have potential to threaten organizational performance in view of its intermediary role between strategic leadership and strategy implementation.

2.5. Conceptual Framework

From the foregoing enriching literature, the researcher conceptualizes the intimate link between organizational culture and performance via strategy implementation is as show in Figure 3.

Because culture is strong, deep rooted, invisible and intangible yet it binds people together, it brings leadership, ethics, strategy and performance all together in perfect unison as shown above. From the Figure 3, the researcher opines that culture has a two way interaction with strategic leadership, strategic direction, organizational control and strategy implementation. The two-way interactive process allows perfection, excellence, integration, problem solving and gradual improvement in the quality of decisions made. This invariably affects the overall organizational performance.

3. METHODOLOGY

The study examines the impact of organizational culture and strategy implementation on commercial bank performance in Zimbabwe. Using ROA as a measure of performance, organizational culture and strategy implementation indices were developed in order to statistically quantify the impact under examination.

3.1. Population and Sample

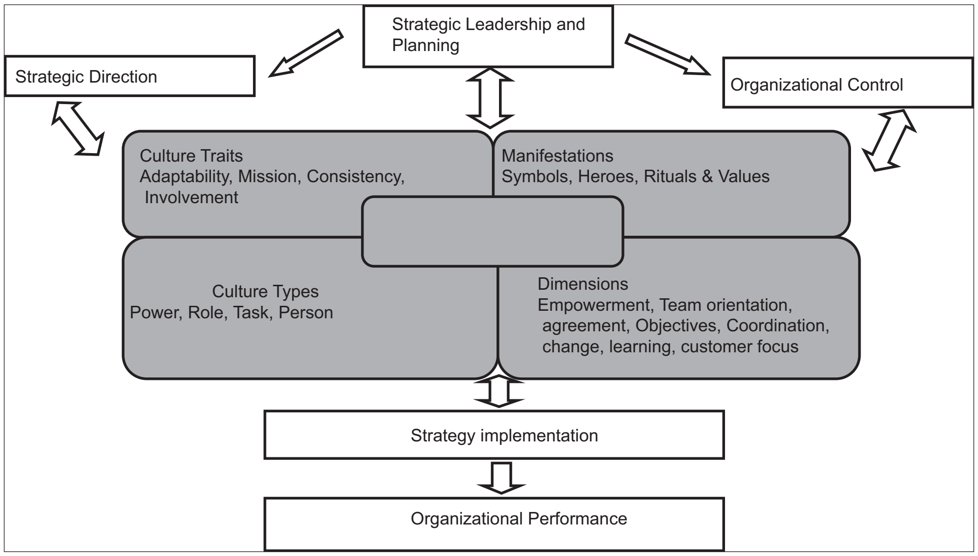
The study population is made up of managerial employees of 15 commercial banks operating in Zimbabwe from which a sample of 5 employees from each bank was taken making a total of 75. Sokro (2012) submits that sampling, a process through which individuals to participate in the research are selected (Parker, 1997) is often one of the most crucial steps in research. Padilla (2003) notes that a sample of 30 respondents is the minimum acceptable sample for a research and sample sizes of between 60 and 300 respondents are common.

The study grouped all commercial banks into performance clusters based on ROA and their classification follows a two stage process. First, a 3 year (2010-2012) industry ROA (IROA) was calculated based on published financial results for all the commercial banks to smoothen out inter-period variations using the following expression:

$$\mathrm{IROA} = \frac{1}{N}\left(\sum_{i=1}^{N} \mathrm{AROA}_i\right) \quad (1)$$

$$\mathrm{AROA}_i = \frac{1}{T}\left(\sum_{t=1}^{T} \mathrm{ROA}_t\right) \quad (2)$$

Figure 3: Interactive dynamics of culture, strategy implementation and performance



Author's own construct and conceptualization based on literature

Where N is the number of commercial banks in the industry, average ROA (AROA) is the 3 year average return on equity for each bank and T is the number of years in the review period.

Secondly, AROA was calculated for each individual bank for the same period. Using the three year period industry average as the measurement indicator, three performance clusters of banks were formed namely: Non-performing banks where AROA < 0; average performing banks were 0 < AROA < IROA and finally highly performing banks where AROA > IROA.

A total of 75 fully structured questionnaires were administered with each participating bank receiving 5 questionnaires. A questionnaire was used to get primary data from the respondents and it covered issues such as managerial level, bank shareholding and various other elements of the work place. The questionnaire also had questions on organizational culture across four main culture traits namely involvement (INV), adaptability (ADP), mission (MSN) and consistency (CON). Each of the four traits was examined on six dimensions all masked into a five level Likert Scale that ranged from strongly disagree (1) to strongly agree (5) in order to come up with a culture index (CUL). Strategy implementation was also examined across eight dimensions again masked on a five level Likert Scale from strongly disagree (1) to strongly agree (5) to come up with the strategy implementation index (SIM). The objective of using the Likert Scale was to make the data amenable to statistical analysis.

3.2. Estimation Model

The study employs a multivariate regression model to statistically examine the impact of organizational culture and strategy implementation on performance. The model takes the following functional form:

$$ROA_i = \beta_0 + \beta_1 CUL_i + \beta_2 SIM_i + \varepsilon_i \quad (3)$$

$$CUL_i = \frac{1}{NT}\left(\sum_{i=1}^{N} INV_i + \sum_{i=1}^{N} CON_i + \sum_{i=1}^{N} ADP_i + \sum_{i=1}^{N} MSN_i\right) \quad (4)$$

$$SIM_i = \frac{1}{K}\left(\sum_{k=1}^{K} D_k\right), i = 1, 2, 3 \ldots K \quad (5)$$

ROA_i: Return on assets (ROA) for bank i

CUL_i: Culture index average score for respondent i

SIM_i: Strategy implementation index average score for respondent i

N: Number of culture dimensions under each culture trait

T: Number of culture traits examined (involvement [INV], consistency [CON], adaptability [ADP]) and mission [MSN]).

D_k: The strategy implementation dimension

K: Number of strategy implementation dimensions examined

ε_i: White noise error term

β_{0-2}: Regression parameters

The idea is to assess how the bank's performance relates to different aspects of organizational culture and to strategy implementation. The objective of the simple regression analysis is to establish if culture and strategy implementation have any mathematical or scientific relationship with performance in the commercial banking industry in Zimbabwe.

4. EMPRICAL RESULTS

Study findings are based on the information gathered from 70 usable questionnaires that were satisfactorily completed and returned as summarized in Table 1.

The distribution of respondents across managerial level was such that 19% were executive managers, another 19% were senior managers, 47% were middle level managers and the balance of 16% comprised lower level management. The distribution was considered satisfactory and balanced for analysis.

4.1. Statistical Properties of Data

4.1.1. Descriptive statistics

Descriptive measures were extracted to examine if the distribution of the responses followed a normal distribution and shown in Table 2.

The mean, median and mode for the culture and strategy implementation scores were almost the same as shown above suggesting that the data were normally distributed. This is an important requirement before data can be used for statistical analysis.

4.1.2. Correlation

Results show that there is a strong positive correlation between ROA and culture (0.76) and also between ROA and strategy implementation (0.78) (Table 3). The magnitude of these correlation coefficients is indicative of the positive impact that culture and strategy implementation scores have on commercial bank performance as measured by ROA.

These correlation results confirm findings by Ogbonna and Harris (2000) and also Denison and Mishra (1995) which point to positive impact of culture variables on performance. This is also in line with the catalytic nature of organization culture on performance enhancement found by Cheung et al., (2012).

Table 1: Questionnaire distribution

Questionnaires	Number (%)		Number (%)
Administered	75 (100)	Returned	72 (100)
Returned	72 (96)	Spoiled	2 (3)
Unreturned	3 (4)	Usable	70 (97)

Table 2: Descriptive statistics

Measure	INV	CON	ADP	MSN	CUL	SIM	ROA
Mean	3.91	3.78	3.65	3.85	3.79	3.58	0.8%
Standard error	0.08	0.08	0.11	0.09	0.09	0.08	0.4%
Median	4.17	3.83	4.00	4.00	4.06	3.75	2.0%
Mode	4.17	4.33	4.33	4.67	4.13	3.75	3.1%
Standard deviation	0.67	0.71	0.93	0.76	0.72	0.67	3.3%
Sample variance	0.45	0.50	0.86	0.57	0.52	0.45	0.1%
Kurtosis	0.42	0.62	(0.15)	0.22	0.31	1.36	1.13
Skewness	(0.97)	(0.98)	(1.00)	(0.93)	(1.08)	(1.34)	(1.46)
Range	2.83	3.17	3.67	3.17	2.83	3.00	11.8%
Minimum	1.83	1.50	1.33	1.67	1.71	1.38	–7.0%
Maximum	4.67	4.67	5.00	4.83	4.54	4.38	4.8%
Sum	274	264	256	269	265	250	57.5%
Count	70	70	70	70	70	70	70

Table 3: Correlation matrix

Variables	*INV*	*CON*	*ADP*	*MSN*	*CUL*	*SIM*	*ROA*
Involvement	1.00						
Consistency	0.74	1.00					
Adaptability	0.73	0.77	1.00				
Mission	0.80	0.81	0.85	1.00			
CUL	0.88	0.90	0.91	0.94	1.00		
SIM	0.81	0.75	0.86	0.85	0.88	1.00	
ROA	0.63	0.67	0.80	0.72	0.76	0.78	1.00

4.2. Analysis of Results

The impact of organizational culture on performance was statistically examined using a multivariate ordinary least squares regression results of which are summarized Table 4.

The results in the Table 4 above indicate that the model used was a perfect fit with an F value of 57 and an R^2 of 0.6289 indicating that 63% of variation in bank performances could be explained by the explanatory variables. This points to the fact that culture and strategy implementation remains key variables in determining performance in banks. For individual variables, the coefficients are found to be positive and statistically significant, with P values of 0.052 and 0.002 for culture and strategy implementation respectively. These results reinforce the theoretically hypothesized relationship between culture and performance (Ahmed 1998; Cameron and Quinn 2006; Saffold 1998; Zheng et al 2010 and Yesil and Kaya 2013). The estimated model produced by this data is as follows:

$$ROA = -0.133 + 0.01413CUL + 0.02453SIM$$

Slope coefficients for both culture and strategy implementation are positive and this is indicative of the positive effect that the two variables have on ROA confirming findings by Ogbonna and Haris (2000) and Duke and Edet (2012). This implies that that an improvement in a bank's culture and strategy implementation results in performance enhancement. Relative comparison of the two explanatory variables, however, indicates that strategy implementation is more significant in explaining performance than culture.

4.2.1. Culture and performance

Disaggregating the culture index into the four culture traits and grouping the banks into performance clusters, results show that non-performing banks (AVG NP) scored lower than average performing (AVG AP) and highly performing banks (AVG HP) in all culture traits. This is illustrated in Figure 4.

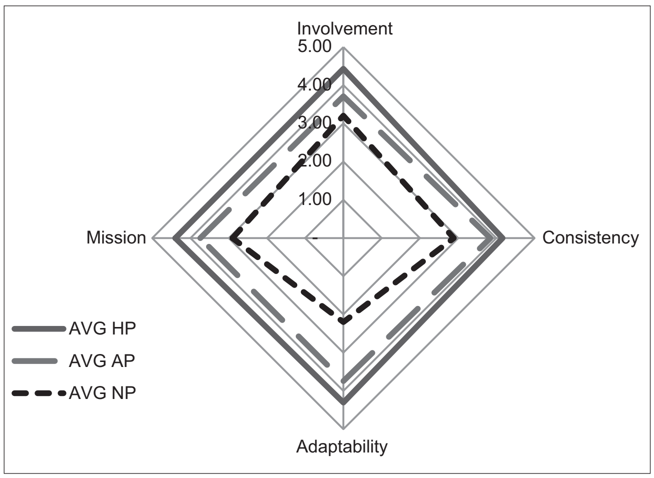
One aspect of the banking sector in Zimbabwe is its segmentation, probably into bigger banks and smaller banks. Fundamentally, the bigger banks segment is highly dominated by international banks while the other segment has local banks. This segmentation also defines how soft issues such as culture affect each of the banks in terms of perception by the banking public and subsequently performance. Big banks have capital and are least likely to be affected by cash shortages, liquidity challenges among other challenges as compared to smaller banks. As such, differentiation of their services is definitely along value added services and quality of service. In that case, culture becomes an integral part of their performance and a source of competitive advantage as observed by Martins and Martins (2002). For example, for banks such as Standard Chartered and Stanbic the quality of service is the basis for differentiating between them. Besides, customers naturally expect high and well-meaning culture practices from such banks.

Table 4: Multivariate OLS results

Regression statistics						
Multiple R				0.79302378		
R2				0.628886716		
Adjusted R2				0.617808707		
Standard error				0.020180126		
Observations				70		
ANOVA	**df**	**SS**	**MS**	**F**	**Significance F**	
Regression	2	0.046236874	0.0231184	56.76893	3.7885E-15	
Residual	67	0.027284911	0.0004072			
Total	69	0.073521786				
	Coefficients	**Standard error**	**t statistic**	**P value**	**Lower 95%**	**Upper 95%**
Intercept	–0.13300982	0.013477547	–9.868993	1.09E-14	–0.159911116	–0.106109
CUL	0.014126844	0.007154795	1.9744582	0.052454	–0.000154187	0.0284079
SIM	0.024534319	0.007679912	3.1946095	0.002135	0.009205151	0.0398635

OLS: Ordinary least squares

Figure 4: Culture traits across bank performance clusters



Culture has been the integral part of their identity and customers are highly expectant of exceptional culture practice from these banks.

Additionally, their employees have also adopted and inherited such a culture and it is now ingrained in them. They are encouraged to embrace it in order to sustain the already high quality of services which has helped to drive a high level of performance. Thus, the net effect of culture to high performing banks remains strongly positive. Any change in their culture practice is likely to affect performance as people may easily switch between these big banks.

On the other hand, small banks are always facing challenges such as cash shortages, inadequate capital and liquidity challenges, among others. For these banks, their performance is highly a factor of these critical issues than of soft issues such as culture. Demand for their service is mainly a result of the need for basic banking service regardless of quality of service. Characteristically, customers continue to endure long queues in banking halls, shortage of cash, unpleasant banking halls for some banks, but they continue to demand banking service. As such, soft issues, which include culture, are more or less neutral, in other words have no bearing or effect on these banks' performance. Leadership in these banks are more pre-occupied with addressing generic drivers of bank performance such as capital, liquidity among others, than to worry about soft issues such as culture.

4.2.2. Strategy implementation and performance

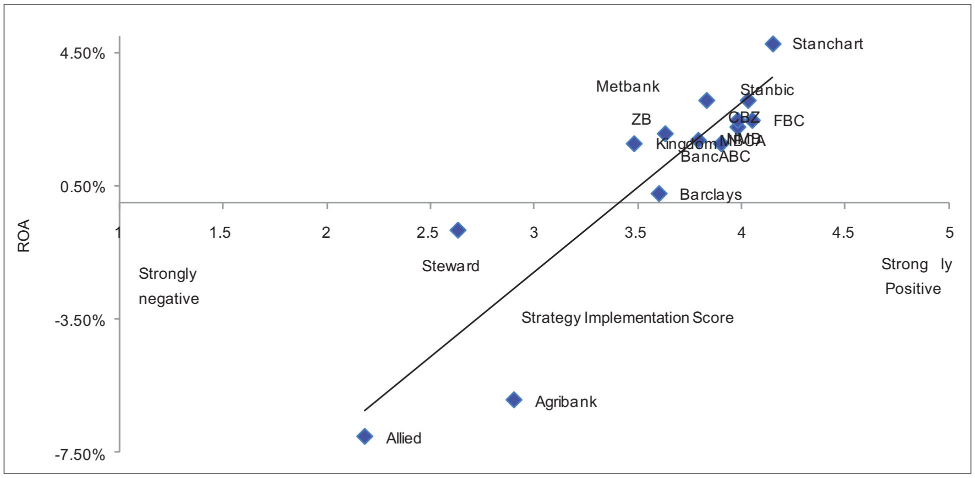
Results also reveal that non performing banks are associated with lower strategy implementation scores than average and high performers. This is indicative of the importance of strategy execution in performance of commercial banks in Zimbabwe. The association between strategy implementation index and bank performance is illustrated in Figure 5.

Implementation of strategy is part of an intertwined value chain of strategy process in organizations. When organizations are facing challenges, their strategies are different from those of organizations which are doing well. As such, the whole process from strategy formulation, implementation, monitoring are therefore different. For banks, just like any other organizations, when they are doing well, they are inclined to promote innovativeness, strive to increase business and they are highly consultative and involving in the formulation and implementation of strategy. In most cases, the strategies are effectively communicated and employees feel as part of the success of the organization and hence are ready and willing to implement the organization's strategy. Besides, such banks would have enough resources at their disposal for use in implementing their strategies. In that case, failing to implement a strategy becomes a matter of employees' capabilities.

For average performing banks, strategy implementation remains equally critical even as it is to highly performing banks as this was found to be positively and significantly related to performance. As such, these banks still require to carefully implement their strategies as these could easily reduce their performance. If the high effect level represents responsiveness, then it can be assumed that a poorly implemented strategy could heavily weigh down performance of currently performing banks than it is weighing down non performing banks.

To the contrary, leadership of struggling banks normally tends to implement strategies which may not be favorable to employees. These include cost cutting austerity measures, which in most cases compromise welfare of employees and in worst cases include reduction in remuneration. As such, employees are not motivated and may not want to embrace such strategies and more-so will be reluctant to implement them. This definitely has implications on a bank's performance. Evidently from the research

Figure 5: Strategy implementation scores across banks



findings, the current strategy implementation process is arguably weighing down performance of non-performing banks, as most respondents indicated effects which move away from neutral towards negativity.

In some cases, strategy implementation is also affected by prioritization of matters in organizations. For example, when executives decide to defer a benefit to employees and management in favor of their perks or a project deemed non-beneficial to the organization, implementation of such projects is likely to be affected. Bank leadership needs to show leadership skills where a balance of issues is required. In some cases, slow implementation of strategies is a matter of poor communication and lack of involvement as employees will feel that they are not part of the strategy and hence they do not own it. Effective leadership strive to get buy-in of employees in the strategy implementation process in order to ensure full implementation of any strategies at hand.

5. CONCLUSIONS

The study carries out an analysis of the impact of organizational culture and strategy implementation on commercial bank performance, using simple regression analysis and descriptive statistics. The research finds out that intangible resources (organizational culture and strategy implementation) matter on performance of commercial banks in Zimbabwe, particularly for high and average performing banks. For non-performing banks, the impact of culture and strategy execution is not apparent in view of the pressure that these banks will be facing in addressing some more basic fundamentals like capital base and liquidity.

The dynamic environment under which banks operates in makes the impact of intangible resources differ across institutions. In cases where the bank is facing challenges, particularly over a medium to long term, culture aspects of the bank at times do not matter. In such instances, performance is highly determined by tangible resources such as bank assets, capital and liquidity positions than by intangible attributes which include culture. Customers are not acquainted and concerned about good culture of these banks such that differentiation of banking service is based on tangible aspects of the banks than the intangible aspects. For performing banks, naturally, competitive advantage will be defined along intangibles, including culture, given that all other resources are available.

The bank's position really determines the efficiency and effectiveness of its strategy implementation. As banks' performance improves, intangible attributes begin to matter and a bank's performance will be linked to its intangible resources. Intangible resources are added dimensions for competitive advantage where other aspects of performance are optimally available at the bank's disposal.

Although not covered in this study, there seem to be a level or threshold of bank size or performance level above which intangible resources in the bank becomes a significant determinant of performance. In other words, at some level of operation, the bank's performance becomes highly dependent on its intangible attributes than the core tangible resources. Competitive advantage of big and highly performing banks rests in intangible resources, such as organizational culture, strategy implementation, among others since they compete more on quality of service than availability of tangible resources. However, for average sized banks, the mix and balance of tangible and intangible resources remain critical in sustaining performance.

On the strength of these findings, the study concludes that organizational culture and strategy execution are critical factors that determine commercial bank performance in Zimbabwe. The two variables exert a positive and significant impact on performance of commercial banks as measured by ROA.

On the basis of the study findings and conclusions, it is recommended that commercial banks in Zimbabwe need to consider intangible resources, culture in particular as equally important drivers of performance as tangible resources. In addition, leadership in commercial banks need to invest in creating a winning culture in banks or effective strategy implementation techniques and utilizing such attributes remains the major determinant of performance.

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