

Organizational Culture and Performance of Small and Medium Enterprises Financing by Commercial Banks in Kenya Empirical Review

Waithera Samuel Maina
Phd student-Kenyatta University, Kenya

Dr Rosemarie Wanyoike
Lecturer-Kenyatta University, Kenya

Abstract: The role of commercial banks in financial intermediation in growing economy cannot be underrated. Commercial banks have become aggressive and have continued to increase their footprint to increase financial inclusion in the economy by widening their network. Despite these effort commercial banks performances in financing SMEs that are considered as the engine of social economic development of Kenya still remain wanting. In the modern uncertain, volatile and dynamic business environment that is coupled by advancement in technology, there is need for commercial banks to learn how to evolve and find a niche in the competitive Small and Medium enterprise financing market. The role of organizational culture in enhancing organizational performance has received mixed reactions in literature. It is on this premise that this empirical review was conceived. The objective of the review was to establish the link between organizational culture and performance of SMEs financing in the context of commercial banks in Kenya. The study was grounded on the iceberg theory of organizational culture and the sustainable balanced score card to anchor performance of SMEs financing in Kenya. The study adopted adaptability and involvement as constructs of organizational culture. The reviewed literature revealed that an organizational culture that emphasizes on adaptability and employee involvement is able to propel an organization to high sustained performance despite operating in an uncertain and unprecedented socio-economic environment. The review concluded that a commercial bank's strong culture can assist it in accepting and taking prudent risks, conceive new ideas that meets SMEs today's and future financial needs. The study recommends that organizations should seek to establish a strong positive culture that fosters adaptability and involvement for it to achieve sustained organizational performance.

Key words: performance, organizational culture, adaptability, involvement

1. Introduction

Small and medium enterprises play a vital role in modern day economies due to job creation and economic development. SMEs account for over 90-99% of business and more than 67% of employment globally (Eniola et al., 2019). Formal SMEs contribute about 40% of national income in developing economies. By 2030 about 600 million jobs will be needed to absorb the growing global workforce and this makes SMEs development a high priority for many governments globally. It is noted that 7 out of 10 formal jobs generated by SMEs (WB). SMEs extends technical innovation in the national economy as the many jobs come from the new and innovative discoveries arising from SMEs (Savlovski and Robu 2011) Savlovski further posit that SMEs have the ability to prevent the adverse effect the monopolies and oligopolies can have by restricting their dominance in the market place. Competition is enhanced in the market by bringing a variety of new products to the market, a role performed by SMEs Robu(2013). Owing to the aforementioned benefits SMES are regarded as the catalyst of economic growth in any developing county(Sing et al 2008).

There is no agreed definition of Small and Medium enterprises globally. The definition is different from country to country. The most common factor used in defining SMEs is the independent firms which employ fewer than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union. However, some countries set the limit at 200 employees, while the United States considers SMEs to include firms with fewer than 500 employees (OECD,2005). A small business has less than 300 employees (Liu, X. 2008). It is noted that what is regarded as an SME in China is a large enterprise compared to other countries. In Kenya a small enterprise has between\$5000 and \$50000 annual turnover and employs 10-49 people (micro and small enterprise act 2002). Medium enterprises have a turnover of \$50000 and \$8

million and employ 50-99 people.

SMEs are the majority businesses in China and are a key to its economic development as they attribute 99.6% of China companies to SMEs, offer more than 90% of jobs and hold more than 70 per cent of patents. The companies give more than 60 per cent of county's GDP and contribute more than 50 per cent of the taxes (Guo et al 2017). In India SMEs contributed 28.77 percent of the GDP in 2016 and constitutes over 80% of the total number of industries and produce over 8000 value added products. In South Africa SMEs contributes 34% to the GDP and make up 90 % of formal business (Collins, T;2019). SMEs make up 97% of the total entrepreneurial activities in Nigeria and are attributed to 87% employment and a meager 10% contribution to the GDP (Eniola et al., 2019).

SMEs constitutes 98% of all businesses in Kenya, creating 30% of all jobs annually as well as contributing 3% in GDP. (CBK,2017). SMEs are recognized to support the Kenyan economy by contributing to industrialization and income generation. To realize the Kenyan vision 2030 for the country to be an industrialized and be a middle income nation that provide a high quality life to all citizens by 2030, the role of SMEs is deeply rooted in the economic blueprint (Miranville, 2020). United Nation 2030 Agenda for Sustainable Development urges the international communities to encourage the formalization and development of micro, small and medium sized enterprises. Despite this benefits SMEs globally encounter a lot of challenges; access to finance, lack of training, inadequate government regulation, infrastructure, market and technology (Ogbokor & Ngeendepi, 2012).

Empirical evidence identifies the challenges experienced by SMEs in Africa as access to finance, electricity supply, poor management, lack of competency, negative perception, access to reliable information, lack of government support and corruption (Hatega, 2007, WB, 2010, WB2006, Sha et al, 2013, Muriithi, 2013, Boen et al, Benzing & Chu, 2012). In light of the importance of SMEs a study was conducted to rank the challenges encountered from the most difficult to the least. Access to finance was ranked as the most difficult in starting and running a business followed by access to market, pricing of products or services, obtaining payment for outstanding invoices, dealing with legal or government or administrative matters, obtaining and paying for business permits, finding suppliers and being alone as entrepreneurs respectively (Spaggiari, 2018). In cognizant of this fact the government of Kenya has instituted measures in supporting the SMEs. Enactment of the Micro and Small Enterprises Act 2002, establishment of youth and women fund, promotion of "Buy Kenya Build Kenya" as well as supporting the Technical Vocational Education and Training institution. The Banking (amendment) Act 2016 that introduced interest rate cap was meant to improve access to finance. Viffa Consult 2018, established that SMES find it very difficult (32%), difficult (45%), normal (5%) and neither difficult nor easy (17.5%) to access finance from financial service providers. The study also revealed that out of the SMEs that had managed to access credit, 22.5% borrowed from commercial banks, 22.5% from SACCOs, 16.67% mobile money, 11.11% loan sharks 40% from family, friend and owners. The finances sought could be utilized for expansion, marketing, and purchase of new equipment, new product development and processing existing business orders.

Many studies have focused on the challenges SMEs face in accessing credit from the SMEs perspective. Little empirical evidence focus on the supply side; why commercial banks find it difficult to serve the SMEs. From the commercial banks perspective, the pain points the banks face include credit risk, external environment, technology adoption, client engagement, competition, lack internal capacity, scaling, funding, SME capacity building, product design partnerships and strategy alignment (WB, 2018). Ekpu Victor (2016) did a study on the determinant of Bank involvement with SMEs and found that on the supply side bank's organizational structure, risk appetite, cost factors, market structure, type of lending technology adopted and the lending infrastructure affected their performance.

Commercial banks have individually and collectively taken organizational development intervention that aim at strategically aligning themselves to the market. SMEs offer a great opportunity for commercial banks in Kenya. Since the interest rate cap in 2016 the performance of commercial banks has declined. In 2017, 23 out of 43 commercial banks reported negative growth in profitability while in 2018, 18 institutions reported negative growth in profitability for a second consecutive year (TBK, 2017, TBK 2018). Banks in Kenya have continued to employ strategic interventions that include mergers and acquisition, corporate rebranding (change of corporate colors and logos) as well as reframing the corporate mission without bearing fruits. Organizational culture has been identified to influence performance in telecom industries in Pakistan (Mashal, A & Saima S, 2017). This study seek to fill the gap in knowledge by establishing the relationship between organizational culture and performance of SMEs financing by commercial banks in Kenya.

Organizational culture has been defined as a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation

to those problems (Valas & Raghunathan, 2018). Fitria, (2018) posits that organization culture is a collection of norms and values that govern the way people act and behave in the organization. Organizational culture is defined based on four traits; involvement, consistency, adaptability and mission (Denison & Mishra, 1995b). Involvement and adaptability are indicators of flexibility, openness and responsiveness and are strong indicators of growth while consistency and mission are measures of integration, direction and vision and are predictors of profitability (Denison & Mishra, 1995a). Involvement and adaptability has an external focus while consistency and involvement have an internal focus. (Cameron & Quinn, 1999) came up with dimensions of organizational culture as market culture, adhocracy culture, clan culture and hierarchy culture. Market culture is concerned with goal achievement and the organization is characterized by emphasis on productivity, effectiveness competitiveness and result optimization; any relationship is viewed to with market terms and in transactions. Adhocracy culture is viewed as dynamic, original, entrepreneurial, innovative, risk taking, prepared for change, aggressive and flexible. Clan culture is family oriented, trustworthy closeness, empowerment and community oriented while hierarchy culture is featured with high level of bureaucracy, driven by rules; the organization is highly structured and control emanates from a chain of command that is very strict (Felipe et al., 2017).

There are a total of 39 commercial banks in Kenya; 2 local public commercial banks (5.1%), 20 local private commercial banks (51.3%) and 17 foreign commercial banks (43.6) with a total net assets of 5.4 trillion as per December 2020. Nine large banks had combined market share of 74.55%, Nine medium sized with 17.21% market share and 21 small banks with a combined market share of 8.24% (CBK, 2020). It has been established that commercial banks have to play a pivotal role in the realization of Kenya's Vision 2030 through the re-allocation of resources: from depositors to investors through the lending mechanism. According to CBK (2020) financial institutions had lent Ksh638 billions to MSMEs by December 2020, commercial banks had lent Ksh605 billion (95%) while microfinance had lent 33 billions (5%) that shows the role the commercial banks can play in supporting SMEs. The government has continued to scale its effort in supporting the commercial banks in order for them to increase their banking support to the SMEs. The deposits for SMEs held by commercial bank was Ksh577.6 billions (14%) out of the entire liabilities held by commercial banks. The total income generated from SMEs declined from 74.1 billions (20.7% of the banking sector's total income) in 2017 to 66.8 billions (11.3%) within a period of three years (CBK, 2020). In the realization that the commercial banks have a key role in thriving of the economy, the government through the Central Bank has encouraged the commercial banks to be innovative and leverage on technology to come up customer centric products that will increase SMEs uptake of formal finance. Commercial banks have different organizational culture orientations that is identified to shape the approach that firm's approach the market. A good organizational culture enable an organization to withstands crises by harnessing the necessary knowledge resources that results to efficient, effective processes and innovations that maintain a firm's sustained competitive growth and continuity (Imron et al., 2021). This empirical review seek to establish the relationship between the organizational culture and performance of SMEs financing by Commercial Bank in Kenya.

Problem Statement

SMEs form the backbone of most economies and investment in this sector will significantly increase employment level and wealth creation that will propel the country to realization of Kenya Vision 2030. The SMEs financing gap in Africa is estimated to be \$331 billion. In Kenya SMEs deposits held by commercial bank was Ksh577.6 billions (14%) that declined from 585.8 billion (20.2%) for the entire liabilities held by commercial banks by 2020. The total income generated from SMEs declined from 74.1 billions (20.7% of the banking sector's total income) in 2017 to 66.8 billions (11.3%) within a period of three years (CBK, 2020). Commercial banks loan portfolio had 5,774 accounts with a value of 2,300 millions written off in 2020 despite the efforts in lowering the interest rate as a result of amendment of Finance Act 2019 that anticipated to improve credit access by the SMEs by capping the rate at 14.5 percent. (Republic of Kenya, 2019). In realization of this, the government through the Central bank has continued to encourage the banks to be aggressive and align their product to the needs of various SMEs customer segments. A firm's chosen culture determine it's approach and success in the market place (Felipe et al., 2017). It is noted that for an organization to remain competitive in today's turbulent, uncertain business environment, it is imperative that it develop capabilities that enable it to adapt and offer quick solutions to market dynamics (Felipe et al., 2017). It is upon this premise that this study is necessitated to establish how an organization's culture impact the performance of SMEs financing in Kenya.

Joseph and Kibera (2019) did a study on organizational culture and performance of micro-finance in Kenya. The study adopted the Competing Value Framework which consider organizational culture as having two dimensions; internal focus and environmental focus. The study found that a strong organizational culture that is

aligned to the firm's structure and strategy is a source of sustainable competitive advantage and superior performance.

Giao et al., (2020) did a study on how organizational culture enhance organizational commitment in the Telcom industry in Vietnam. The study adopted training and development, reward and recognition, organizational communication and teamwork as measures of organizational culture. The study found that organization culture significantly affect organizational commitment. A study done by Caliskan and Zhu(2020) to establish the relationship between organization culture and educational innovations in Turkish Higher Education found that an organizational culture can be a facilitator or barrier to educational innovations. An organizational culture facilitates an organization performance through enabling creation, accepting and implementation of new ideas and it can also be a barrier as hierachial structure and authoritarian management can discourage high performance. (Felipe et al., 2017) did a study to establish how organizational culture dimensions in the CVF impact on the organization agility. The study found that the four dimensions significantly impact on horganizational agility. Hierachial culture was found to have significant effect which contradict previous studies. It was noted that in times of crisis hierachial culture inherent features lead to agile organizations that make them remain stable and orderly and make them respond quickly to any threat and critical situations. The reviewed studies reveals conflicting results and therefore this study aims at establishing the relationship between organization culture and performance of SMEs financing.

Shea et al., (2021) did a study on organization culture and performance in information technology companies in India. The study used cooperative culture, innovative culture, consistent culture and effectiveness culture as dimensions of organization culture. The study found that the various dimensions of organizational culture positively and significantly impact on organizational performance mediated by knowledge management practises. (Shamsuddin et al., 2020) did a study on the effect of organizational culture on employees performance among public servants at Kelaotan state department office in Malaysia. The study employed involvement and adaptability as parameters oof organizational culture. It established that adaptability culture has stronger impact on performance compared v to iinvolvement culture . Aadtblity culture results to superior level of employee performance. (Zeb et al., 2021) did a study employing the CVF of organizational culture; clan culture, adhocracy, hierarchy and market culture dimensions on 446 employees of Pakistan Electric Power Company. It was found that adhocracy culture has the highest impact on performance and autocratic culture has a negative effect on performance. It wa established that adaptability(hierarchy) have the best o-rganizational output than organizations that emphasize stability(hierarchy) culture. The current study seek to use adaptability and involvement consistency as measures of organizational culture.

The empirical review done has revealed that most research has been done in developed countries and there is few research from the developing countries like Kenya. (Shea et al., 2021) did a study on organization culture and performance in information technology companies in India. (Zeb et al., 2021) did a study employing the CVF of organizational culture on employees of Pakistan Electric Power Company. (Giao et al., 2020) did a study on how organizational culture enhance organizational commitment in the Telcom industry in Vietnam (Shamsuddin et al., 2020) did a study on the effect of organizational culture on employees performance among public servants at Kelaotan state department office in Malaysia (Joseph & Kibera, 2019) did a study on organizational culture an performance of micro-finance institutions in Kenya. There is scanty literature on commercial banking industry especially from a developing country. This study seek to fill this empirical gap by establishing the relationship between organizational culture and SMEs financing by commercial banks in Kenya.

Objectives of the Study

1.4.1 General Objective

The study aims at establishing the relationship between organizational culture and the sustainable performance of small and medium enterprises financing by commercial banks in Kenya.

1.4.2 Specific Objectives

This study seeks to achieve the following objectives

- i. To determine the relationship between adaptability and performance of SMEs financing by commercial banks in Kenya
- ii. To determine the relationship between involvement and performance of SMEs financing by commercial banks in Kenya

1.4.3 Research Hypothesis

The study will seek to answer the following questions.

- i. There is positive relationship between adaptability and performance of commercial banks SMEs financing in Kenya
- ii. There is positive relationship between involvement and performance of commercial banks SMEs financing in Kenya

2. Literature Review

This chapter explores the literature review on the organizational culture and the performance of SMEs financing by commercial banks. It gives a summary of what other researchers have found on this area. It includes both the theoretical and empirical review of literature.

Theoretical Review

The underpinning theories for this study were iceberg theory and sustainable balance scorecard theory.

1. Iceberg theory

The theory was postulated by Edgar Schein (1992). Schein likened the elements of organizational culture to that of an iceberg. The peak of the iceberg which is the most visible portion even from a distance is the organization's artifacts that are the most visible manifestation of the organization. The artifact often undeciphered and inadequately represent an organization culture just like the peak of an iceberg inadequately represent the true size of the iceberg, the bulk is hidden beneath the surface of the organization. Organization values can give a better understanding of an organization culture. Espoused values are those values that an organization publicly acknowledge and support. Theories in-use are underlying values which are less visible and are actually governed behavior. The essence of organization culture is taken for granted assumptions. This provides consistency for its members, order and structure, boundaries, ground rules, membership criterion, reward and punishment, communication pattern and use of power. Assumptions define effective performance, they identify appropriate internal personnel relationships and they limit organization's strategy. The theory is used to anchor the organizational culture which is the explanatory variable in the current study.

2. Sustainable Balanced Scorecard

SBC borrows heavily on the work of Kaplan and Norton that came up with the Balanced score card as an evaluation tool comprising of the financial perspective, customer perspective, internal business perspective and innovation & learning perspective (Schaltegger & Lüdeke-Freund, 2012). The SBC adds a fifth perspective in cognizance to the dynamics of the modern business environment that demands organizations to be conscious of the business sustainability. Sustainability in the corporate world refers to economic, social and environmental sustainability. Economic, social and environmental sustainability business activities should support the entity's purpose of existence (Hussainy, 2020). The SBC model developed by Rabbani that consists of the following; Economic, social, environmental, internal process and learning & growth perspectives will be used in evaluation the performance of commercial banks SME financing in this study (Tuğçe & Vayvay, 2016). This model anchors the performance of SMEs financing by commercial bank in Kenya.

Empirical Review

Imran and Ismail, (2021) did a study to establish the influence of organizational culture on organizational performance of public banking sector in Pakistan. The study used adaptability, involvement, consistency and mission as measures of organizational culture. The study found that employee involvement cultures within the decision making endeavor in the banking industry increases the efficiency of the organizations. It also established that adaptability culture has a positive significant effect on organizational performance. The current study seeks to establish the relationship between involvement and adaptability as dimensions of organizational culture in commercial banks in Kenya.

Grass et al., (2020) did a study on empowerment dynamic and team adaptability using three companies in Europe. The objective was to establish how adaptability emerges via interactional dynamics in agile teams that forms an innovative culture. The study employed purposive sampling where the participating organizations were selected and thereafter the participant from this organization was selected. The study found that teams in an organization can adapt through involvement that makes the empowered through training and granting them more responsibility.

Kassem et al., (2019) assessed the impact of organizational culture on achieving business excellence with the moderating role ICT in United Arab Emirates in both service and manufacturing industries. A sample of 448

managers was used from nine companies that had won Sheikh Khalifa Excellence Award for the previous three years. The study found that adaptability culture had the highest impact on customer results. It also found that involvement has a positive significant impact on customer results. The current study proposes to use a stratified random sampling to get representatives from managers, bank officers from commercial banks in Kenya.

Cheema and Abbas, (2017) conducted a study to establish the impact of organizational culture on performance of banks in Pakistan with organizational commitment as mediator. The study sampled 331 respondents from six commercial banks listed at Karach Stock Exchange. The study found that the culture of organization is a powerful phenomenon which can be used to increase organizational performance. Adaptability is focused by successful organizations by providing fast and prompt solutions to external signs. Adaptive organizations are customer focused, have learnt the needs of the customers, try to satisfy them and aim to exceed their customers' expectations. The current study will assess the impact of organizational culture in commercial banks in Kenya.

Nikpour, A(2017) did a study on the impact of organizational culture on organization performance in the education offices of Kerman province in Iran with a sample of 376 educational officials' selected using simple random sampling. The study used involvement, consistency adaptability and missions as dimensions of organizational culture. The research employed descriptive and correlational study where the results showed that there is positive relationship between organizational culture and organizational performance. The current proposes use of stratified random sampling where managers, officers and SMEs clients form different strata. The study will focus on commercial banks in Kenya.

Boylan and Turner, (2017) did a case study on development of organizational adaptability for complex environment in the United States Army Command and General Staff College. The study identifies various dimensions of adaptability as individual adaptability and organizational adaptability. Individual adaptability entails a mindset and cognitive ability that integrates intuitions, critical and creative capability that is coupled with self-awareness and social skills. Organizational adaptability is an attitude that pervades the entire organization where expectations are sets individually and collectively to adjust to the ever-changing environment with a purpose achieving today's objective and simultaneously anticipating future problems in unpredictable, complex, volatile and ambiguous business environment. Organizational adaptability is characterized by accepting and taking prudent risks, consideration of new idea, and promotion of collaboration, supporting good ideas and rewarding individual adaptability. The study reveals that without an organization being able to identify a change in the environment it cannot adapt to the change effectively and therefore pursuit of adaptability will make it thrive in unfamiliar and turbulent business environment.

Scholar, (2020) did a study on employee participation on management. The research was a case study of a New Motors Manufacturing Inc which a GM-Toyota joint Venture where both primary and secondary data was used with a sample of 100 employees was chosen using easy technique. The study found that employee participation in management reduces industrial unrest and gives positive outlook of management in the industry, creates a team spirit and c-operation and reduces alienation and increase personal fulfillment that ultimately influence efficiency in direct and indirect ways in an organization. The current study focuses in several commercial banks and will utilize secondary data.

García et al.,(2019) did a cross sectional study on employee involvement and job satisfaction among millennial generation in 11 firms in different industries from the five main cities middle-income country of Colombia, South America. The study focused on employee involvement at task, team and company level. It was found that the different forms of participation in job-related decisions, inclusion of employees in company level decisions presented the greatest positive impact on job satisfaction, followed by participation in main tasks and lastly teamwork activities. The current study focuses on employee involvement in a developing country, Kenya and specifically in the commercial banking sector.

Tian and Zhai, (2019) did an empirical study on the impact employee involvement in decision making and the organizational performance in China. The study was based on survey of 2400 firms drawn from the 15 provinces in China comprising 12 manufacturing sectors and 3 service sector in China. The utilized the resource based theory and organizational learning theory to anchor the study where the study was confined with participative decision making at the corporate level only and performance was measures using profitability only. The study posits that in participative decisions making, where decisions are made jointly by subordinates and managers' organizational performance in terms of profit gains is enhanced and on the contrary where decisions are made exclusively by employees' performance is minimal. The current study will measure involvement at main task, team level and corporate level within the banking industry in Kenya.

Basheer et al.,(2019) conducted a study on employee voice determinants and organizational innovation in the textile industry in Pakistan. The researcher did a cross sectional study with a sample of 227 collected using simple random sampling. Employee's voice determinant was determined using involvement and participation. The results indicated that involvement and participation and positive significant impact on innovation. The study concluded that organizations employees know the ground realities more that the senior managers and they are able to provide suggestion, ideas and thoughts and if the top managers support them the employees will be more involved and participate more in giving solutions to the problems facing the organization.

Rasheed et al., (2017) explored the role of employee voice between high performance work system and organizational innovation in small and medium enterprises in Pakistan. The study used a quantitative strategy and cross sectional survey to gather the data from a sample of 239 randomly selected firm's .It is noted that in order to promote organizational innovation and adaptability the people in an organization should take an active role in decision making. The study reveals that employee voice behavior enhances innovation in SMEs and the there is a need for employee involvement at all levels to participate in providing creative solutions and fresh ideas as well as giving input in detecting and correcting mistakes in strategy formulation and therefor enhances organizational performance.

Summary of Gaps in empirical Review

Dimensions of Organizational culture		Author	Focus of the study	Findings	Research gaps	Focus of the current study
Adaptability	1.	Imran & Ismail., (2021)	A study to establish the influence of organizational culture on organizational performance of public banking sector in Pakistan	The study found that organizational culture has a positive relationship on customer service effectiveness.	The study focused on public banking sector in Pakistan only.	The current study will focus on all commercial banks financing SMEs in Kenya.
	2.	Grass et al., (2020)	A study on empowerment dynamic and team adaptability using three companies in Europe	The study found that adaptability culture had the highest impact on customer results.	The study employed purposive sampling where the participating organizations were selected and thereafter the participants were selected.	The current study proposes the use of stratified simple sampling technique
	3.	Kassem et al.,(2019)	Assessed the impact of organizational culture on achieving business excellence with the moderating role ICT in United Arab Emirates in both service and manufacturing industries.	The study found that adaptability culture had the highest impact on customer results .It also found that involvement has a positive significant impact on customer results.	The study was based in United Arab Emirates in both service and manufacturing industries with sample of 448 managers from nine companies that had won Sheikh Khalifa Excellence Award for the previous three years.	The current study proposes to use a stratified random sampling to get representatives from managers, bank and officers from commercial banks in Kenya.
	4.	Cheema & Abbas,(2017)	The study was done to establish the impact of organizational culture on performance of banks in Pakistan.	The study found that the adaptive culture is a powerful phenomenon which can be used to increase organizational	The study sampled 331 respondents from six commercial banks listed at Karach Stock	The current study will proposes sampling all commercial banks financing SMEs

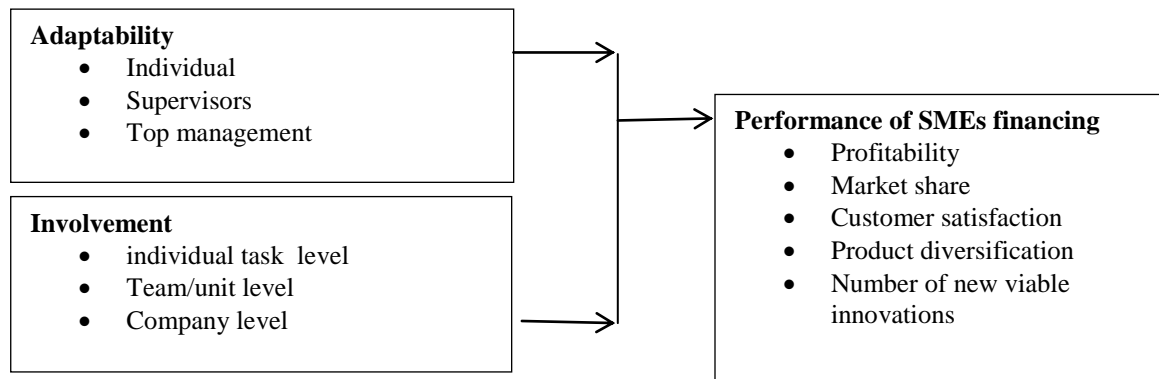
				performance	Exchange	
	5.	Nikpour, A (2017)	did a study on the impact of organizational culture on organization performance in the education offices of Kerman province in Iran	The results showed that there is positive relationship between organizational culture and organizational performance	A sample of 376 educational officials' was selected using simple random sampling.	The current study proposes to use a stratified random sampling in commercial banks in Kenya
	6.	Boylan & Turner, (2017)	a case study on development of organizational adaptability for complex environment in the United States Army Command and General Staff College	The study reveals that without an organization being able to identify a change in the environment it cannot adapt to the change effectively and therefore pursuit of adaptability will make it thrive in unfamiliar and turbulent business environment.	Case study in a developed country	It will focus on several banks that do SMEs financing in Kenya
Involvement	1.	Scholar, (2020)	Employee participation on management; A case study of New Motors Manufacturing Inc	The study found that employee participation in management reduces industrial unrest and gives positive outlook of management in the industry, creates a team spirit and c-operation and increase personal fulfillment that ultimately influence efficiency in direct and indirect ways in an organization.	A case study of New Motors Manufacturing Inc - GM-Toyota joint Venture A sample of 100 employees was chosen using easy technique	It will focus on several banks doing SMEs financing in Kenya
	2.	García et al., (2019)	Employee involvement and job satisfaction among millennial generation.	It was found that the different forms of participation in job-related decisions, inclusion of employees in company	The study was conducted in a middle-income country of Colombia, South	The current study focuses on employee involvement in a developing country, Kenya and

				level decisions presented the greatest positive impact on job satisfaction, followed by participation in main tasks and lastly teamwork activities..	America. It was based on millennial only	specifically in the commercial banking sector considering the entire working demographic.
	3.	Tian & Zhai, (2019)	An empirical study on the impact employee involvement in decision making and the organizational performance in China	The study concludes that in participative decisions making, where decisions are made jointly by subordinates and managers', performance in terms of profit gains is enhanced and on the contrary where decisions are made exclusively by employees' performance is minimal.	The study was confined with participative decision making at the corporate level only and performance was measured using profitability only.	The current study will measure involvement at main task, team level and corporate level within the banking industry in Kenya. Performance is measured using profitability, market share, customer satisfaction.
	4.	Basheer et al., (2019)	a study on employee voice determinants and organizational innovation in the textile industry in Pakistan	The results indicated that involvement and participation and positive significant impact on innovation	The researcher did a cross sectional study with a sample of 227 collected using simple random sampling	The current study proposes to use a stratified random sampling in commercial banks in Kenya
	5.	Rasheed et al.,(2017)	Explored the role of employee voice between high performance work system and organizational innovation.	to promote organizational innovation and adaptability the people in an organization should take an active role in decision making	The study focused on SMEs in Pakistan.	The study focuses on Commercial Banks in Kenya.

Conceptual Framework

**INDEPENDENT VARIABLE
 ORGANIZATIONAL CULTURE**

DEPENDENT VARIABLE



Summary of theoretical and empirical review

This empirical review seeks to establish the how organizational culture impact on the performance of SMEs financing in the context of Commercial Banks in Kenya. The review is grounded on the Iceberg theory that supports the independent variable; organizational culture. The theory posits that an organization is made of elements that can be easily identified; office location and physical appearance in terms of colors and symbols, employee dress code, amenities and the people. It is noted that it is the hidden part that determine the success of organizations in the dynamic business environment. This part consist of the organizational purpose, work ethic, core values, learning opportunities, authority in decisions making, interactions in workplace and ability to take risk and innovate. The hidden part consists of the unique organizational capability that cannot be easily replicated and provide competitive edge. Sustainable balanced score card is used expound on the performance of SMEs financing by commercial banks in Kenya which is dependent variable in this study. The theory gives insight on what organization should seek to measure their performance in order to have a sustained high performance over time. An organization should utilize it identified capability and seek to satisfy it stakeholders that seek economic, social, environment, efficiency to remain relevant. An organizational culture that emphasis involvement and adaptability was evaluated in this study and performance evaluated using the sustainable balance score card metrics.

3. Research Methodology

This literature review used secondary data from industry annual reports by individual Banks, Kenya Association of Bankers, Central Bank of Kenya, International Monetary Fund, and World Bank. The theoretical and empirical review will be used to draw conclusions and recommendations.

4. Conclusion and Recommendations

Conclusions

The study objective was to establish the relationship between organizational culture and the sustainable performance of small and medium enterprises financing by commercial banks in Kenya. The country’s economic journey and realization of the Vision, 2030 to become a middle-income economy and the attainment of the sustainable development goal is hugely pegged on the prosperity and success of SMEs. The commercial banks role in financing these economic engines requires a conscious effort. From the reviewed literature it can be established that organizational success is highly dependent on the established organizational culture .An organization culture that fosters adaptability at task, team and organizational level result to development of innovative capability that drives an organization in tough business environment by coming up with creative and innovative solutions that are customer centric. It is noted that a strong organizational culture transforms individual know-how to a firm’s knowledge. An organization is able to institute a culture that pervades the entire organization where every member can contribute to the organization being able to adjust to ever-changing needs of the SMEs with a purpose of achieving the established needs of the moment and activating its ability to predict future problems and prepare to

offer customized solutions. Commercial banks strong culture can assist it in accepting and taking prudent risks, conceive new ideas that meets today's business needs .A firm's organization culture is its soul; it is not visible, cannot be imitated and can only be manifested through its agility and ability to meets its economic, social and environmental demands.

Recommendations

The study recommends that the commercial banks in Kenya should focus to establish a strong organizational culture of adaptability and involvement. Organizations should seek to encourage adaptability at all levels in an organization; individual, supervisors should allow experimentation and reward new ideas, top managers should have capability to anticipate for the uncertainty and be willing to take prudent risks being conscious of the demand placed on the organizations by the various stakeholders in modern business environment.

The study also recommends that commercial banks top management should encourage involvement through participative decision making. Employees at the lower level are able to interact with SMEs customer and know their needs and therefore can offer constructive suggestions, ideas and thoughts that will enable formulation of sound strategic decisions that are in line with the needs of the clients.

References

- [1]. Basheer, M. F., Saleem, M., Hameed, W. U., & Hassan, M. M. (2019). Employee voice determinants and organizational innovation: Does the role of senior manager matter? *Hamdard Islamicus*, 42(1), 326–342.
- [2]. Boylan, S. A., & Turner, K. A. (2017). Developing Organizational Adaptability for Complex Environment. *Journal of Leadership Education*, 16(2), 183–198. <https://doi.org/10.12806/v16/i2/t2>
- [3]. Caliskan, A., & Zhu, C. (2020). Organizational culture and educational innovations in Turkish higher education: Perceptions and reactions of students. *Educational Sciences: Theory and Practice*, 20(1), 20–39. <https://doi.org/10.12738/jestp.2020.1.003>
- [4]. Cameron, K. S., & Quinn, R. E. (1999). *DIAGNOSING AND CHANGING The Competing Values Framework*. 1–12.
- [5]. CBK. (2020). *CENTRAL BANK OF KENYA a Bank Supervision Annual Report 2020*.
- [6]. Cheema, A. M., & Abbas, M. (2017). Organizational culture impact on banking performance in presence of organizational commitment: A case of banking sector of Pakistan. *International Journal of Applied Business and Economic Research*, 15(18), 67–83.
- [7]. Denison, D. R., & Mishra, A. K. (1995a). Toward a Theory of Organizational Culture and Effectiveness. *Organization Science*, 6(2), 204–223. <https://doi.org/10.1287/orsc.6.2.204>
- [8]. Denison, D. R., & Mishra, A. K. (1995b). Toward a Theory of Organizational Culture and Effectiveness. *Organization Science*, 6(2), 204–223. <https://doi.org/10.1287/orsc.6.2.204>
- [9]. Eniola, A. A., Olorunleke, G. K., Akintimehin, O. O., Ojeka, J. D., & Oyetunji, B. (2019). The impact of organizational culture on total quality management in SMEs in Nigeria. *Heliyon*, 5(8), e02293. <https://doi.org/10.1016/j.heliyon.2019.e02293>
- [10]. Felipe, C. M., Roldán, J. L., & Leal-Rodríguez, A. L. (2017). Impact of organizational culture values on organizational agility. *Sustainability (Switzerland)*, 9(12). <https://doi.org/10.3390/su9122354>
- [11]. Fitria, H. (2018). The influence of organizational culture and trust through the teacher performance in the private secondary school in Palembang. *International Journal of Scientific and Technology Research*, 7(7), 82–86.
- [12]. García, G. A., Gonzales-Miranda, D. R., Gallo, O., & Roman-Calderon, J. P. (2019). Employee involvement and job satisfaction: a tale of the millennial generation. *Employee Relations*, 41(3), 374–388. <https://doi.org/10.1108/ER-04-2018-0100>
- [13]. Giao, H. N. K., Vuong, B. N., & Tung, D. D. (2020). A model of organizational culture for enhancing organizational commitment in telecom industry: Evidence from Vietnam. *WSEAS Transactions on Business and Economics*, 17, 215–224. <https://doi.org/10.37394/23207.2020.17.23>
- [14]. Grass, A., Backmann, J., & Hoegl, M. (2020). From Empowerment Dynamics to Team Adaptability: Exploring and Conceptualizing the Continuous Agile Team Innovation Process. *Journal of Product Innovation Management*, 37(4), 324–351. <https://doi.org/10.1111/jpim.12525>
- [15]. Hussainy, S. S. (2020). *International Journal of Business and Applied Social Science International*. *Journal of Business and Applied Social Science*, January, 40–46.
- [16]. Imran, M., & Ismail, F. (2021). The dimensions of organizational culture influence on organizational

- performance in Pakistan's public banking sector. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, 2007, 3380–3390.
- [17]. Imron, M. A., Munawaroh, Iswadi, U., Farida, R. D. M., Paramarta, V., Sunarsi, D., Akbar, I. R., Effendy, A. A., Siagian, A. O., & Masriah, I. (2021). Effect of organizational culture on innovation capability employees in the knowledge sharing perspective: Evidence from digital industries. *Annals of the Romanian Society for Cell Biology*, 25(2), 4189–4203.
- [18]. Johnson, S. L. (2019). Authentic Leadership Theory and Practical Applications in Nuclear Medicine. *Journal of Nuclear Medicine Technology*, 47(3), 181–188. <https://doi.org/10.2967/jnmt.118.222851>
- [19]. Joseph, O. O., & Kibera, F. (2019). Organizational Culture and Performance: Evidence From Microfinance Institutions in Kenya. *SAGE Open*, 9(1). <https://doi.org/10.1177/2158244019835934>
- [20]. Kaplan, R. S., & Norton, D. P. (2001). Transforming the balanced scorecard from performance measurement to strategic management: Part I. *Accounting Horizons*, 15(1), 87–104. <https://doi.org/10.2308/acch.2001.15.1.87>
- [21]. Kassem, R., Ajmal, M., Gunasekaran, A., & Helo, P. (2019). Assessing the impact of organizational culture on achieving business excellence with a moderating role of ICT: An SEM approach. *Benchmarking*, 26(1), 117–146. <https://doi.org/10.1108/BIJ-03-2018-0068>
- [22]. Miranville, A. (2020). Annual report 2019. *AIMS Mathematics*, 5(1), i–v. <https://doi.org/10.3934/math.2020i>
- [23]. Nikpour, A. (2017). The impact of organizational culture on organizational performance: The mediating role of employee's organizational commitment. *International Journal of Organizational Leadership*, 6(1), 65–72. <https://doi.org/10.33844/ijol.2017.60432>
- [24]. Rasheed, M. A., Shahzad, K., Conroy, C., Nadeem, S., & Siddique, M. U. (2017). Exploring the role of employee voice between high-performance work system and organizational innovation in small and medium enterprises. *Journal of Small Business and Enterprise Development*, 24(4), 670–688. <https://doi.org/10.1108/JSBED-11-2016-0185>
- [25]. Republic of Kenya. (2019). The Finance Act, 2019 (Kenya Gazette Supplement No.178 (Acts No. 23)). 178(178). http://kenyalaw.org/kl/fileadmin/pdfdownloads/AmendmentActs/2019/FinanceAct_No23of2019.PDF
- [26]. Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring organizational performance: Towards methodological best practice. *Journal of Management*, 35(3), 718–804. <https://doi.org/10.1177/0149206308330560>
- [27]. Schaltegger, S., & Lüdeke-Freund, F. (2012). The Sustainability Balanced Scorecard: Concept and the Case of Hamburg Airport. In *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2062320>
- [28]. Scholar, P. G. (2020). "EMPLOYEE PARTICIPATION ON MANAGEMENT " TOYOTA. IX(Vi), 6749–6756.
- [29]. Shamsuddin, N., Anual, N., Kozako, I. N. A. M. F., Ibrahim, S. N. S., & Karim, Z. H. (2020). The Effects Of Organizational Culture On Employee Performance Among Public Servants At a Kelantan State Government Office. *Journal of Contemporary Social Science Research*, 4(2), 12–20.
- [30]. Shea, T., Usman, S. A., Arivalagan, S., & Parayitam, S. (2021). “Knowledge management practices” as moderator in the relationship between organizational culture and performance in information technology companies in India. *VINE Journal of Information and Knowledge Management Systems*. <https://doi.org/10.1108/VJIKMS-12-2020-0232>
- [31]. Singh, S., Darwish, T. K., & Potočník, K. (2016). Measuring Organizational Performance: A Case for Subjective Measures. *British Journal of Management*, 27(1), 214–224. <https://doi.org/10.1111/1467-8551.12126>
- [32]. Spaggiari, B. L. (2018). Assessment of the Sustainable Performance of SME Finance Service Providers. 8.
- [33]. Tian, X., & Zhai, X. (2019). Employee involvement in decision-making: the more the better? *International Journal of Manpower*, 40(4), 768–782. <https://doi.org/10.1108/IJM-05-2017-0090>
- [34]. Tuğçe, Z., & Vayvay, Ö. (2016). The Fifth Pillar of the Balanced Scorecard : Sustainability. *Procedia - Social and Behavioral Sciences*, 235(October), 76–83. <https://doi.org/10.1016/j.sbspro.2016.11.027>
- [35]. Valas, S., & Raghunathan, R. (2018). Assessing Organization Culture – A Review on the OCAI Instrument. *International Conference on Management and Information Systems*, 182–188.
- [36]. Zeb, A., Akbar, F., Hussain, K., Safi, A., Rabnawaz, M., & Zeb, F. (2021). The competing value framework model of organizational culture, innovation and performance. *Business Process Management Journal*, 27(2), 658–683. <https://doi.org/10.1108/BPMJ-11-2019-0464>
-

- [37]. Basheer, M. F., Saleem, M., Hameed, W. U., & Hassan, M. M. (2019). Employee voice determinants and organizational innovation: Does the role of senior manager matter? *Hamdard Islamicus*, 42(1), 326–342.
- [38]. Boylan, S. A., & Turner, K. A. (2017). Developing Organizational Adaptability for Complex Environment. *Journal of Leadership Education*, 16(2), 183–198. <https://doi.org/10.12806/v16/i2/t2>
- [39]. Caliskan, A., & Zhu, C. (2020). Organizational culture and educational innovations in Turkish higher education: Perceptions and reactions of students. *Educational Sciences: Theory and Practice*, 20(1), 20–39. <https://doi.org/10.12738/jestp.2020.1.003>
- [40]. Cameron, K. S., & Quinn, R. E. (1999). *DIAGNOSING AND CHANGING The Competing Values Framework*. 1–12.
- [41]. CBK. (2020). *CENTRAL BANK OF KENYA Bank Supervision Annual Report 2020*.
- [42]. Cheema, A. M., & Abbas, M. (2017). Organizational culture impact on banking performance in presence of organizational commitment: A case of banking sector of Pakistan. *International Journal of Applied Business and Economic Research*, 15(18), 67–83.
- [43]. Denison, D. R., & Mishra, A. K. (1995a). Toward a Theory of Organizational Culture and Effectiveness. *Organization Science*, 6(2), 204–223. <https://doi.org/10.1287/orsc.6.2.204>
- [44]. Denison, D. R., & Mishra, A. K. (1995b). Toward a Theory of Organizational Culture and Effectiveness. *Organization Science*, 6(2), 204–223. <https://doi.org/10.1287/orsc.6.2.204>
- [45]. Eniola, A. A., Olorunleke, G. K., Akintimehin, O. O., Ojeka, J. D., & Oyetunji, B. (2019). The impact of organizational culture on total quality management in SMEs in Nigeria. *Heliyon*, 5(8), e02293. <https://doi.org/10.1016/j.heliyon.2019.e02293>
- [46]. Felipe, C. M., Roldán, J. L., & Leal-Rodríguez, A. L. (2017). Impact of organizational culture values on organizational agility. *Sustainability (Switzerland)*, 9(12). <https://doi.org/10.3390/su9122354>
- [47]. Fitria, H. (2018). The influence of organizational culture and trust through the teacher performance in the private secondary school in Palembang. *International Journal of Scientific and Technology Research*, 7(7), 82–86.
- [48]. García, G. A., Gonzales-Miranda, D. R., Gallo, O., & Roman-Calderon, J. P. (2019). Employee involvement and job satisfaction: a tale of the millennial generation. *Employee Relations*, 41(3), 374–388. <https://doi.org/10.1108/ER-04-2018-0100>
- [49]. Giao, H. N. K., Vuong, B. N., & Tung, D. D. (2020). A model of organizational culture for enhancing organizational commitment in telecom industry: Evidence from Vietnam. *WSEAS Transactions on Business and Economics*, 17, 215–224. <https://doi.org/10.37394/23207.2020.17.23>
- [50]. Grass, A., Backmann, J., & Hoegl, M. (2020). From Empowerment Dynamics to Team Adaptability: Exploring and Conceptualizing the Continuous Agile Team Innovation Process. *Journal of Product Innovation Management*, 37(4), 324–351. <https://doi.org/10.1111/jpim.12525>
- [51]. Hussainy, S. S. (2020). International Journal of Business and Applied Social Science International. *Journal of Business and Applied Social Science*, January, 40–46.
- [52]. Imran, M., & Ismail, F. (2021). The dimensions of organizational culture influence on organizational performance in Pakistan's public banking sector. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, 2007, 3380–3390.
- [53]. Imron, M. A., Munawaroh, Iswadi, U., Farida, R. D. M., Paramarta, V., Sunarsi, D., Akbar, I. R., Effendy, A. A., Siagian, A. O., & Masriah, I. (2021). Effect of organizational culture on innovation capability employees in the knowledge sharing perspective: Evidence from digital industries. *Annals of the Romanian Society for Cell Biology*, 25(2), 4189–4203.
- [54]. Johnson, S. L. (2019). Authentic Leadership Theory and Practical Applications in Nuclear Medicine. *Journal of Nuclear Medicine Technology*, 47(3), 181–188. <https://doi.org/10.2967/jnmt.118.222851>
- [55]. Joseph, O. O., & Kibera, F. (2019). Organizational Culture and Performance: Evidence From Microfinance Institutions in Kenya. *SAGE Open*, 9(1). <https://doi.org/10.1177/2158244019835934>
- [56]. Kaplan, R. S., & Norton, D. P. (2001). Transforming the balanced scorecard from performance measurement to strategic management: Part I. *Accounting Horizons*, 15(1), 87–104. <https://doi.org/10.2308/acch.2001.15.1.87>
- [57]. Kassem, R., Ajmal, M., Gunasekaran, A., & Helo, P. (2019). Assessing the impact of organizational culture on achieving business excellence with a moderating role of ICT: An SEM approach. *Benchmarking*, 26(1), 117–146. <https://doi.org/10.1108/BIJ-03-2018-0068>
- [58]. Miranville, A. (2020). Annual report 2019. *AIMS Mathematics*, 5(1), i–v. <https://doi.org/10.3934/math.2020i>

- [59]. Nikpour, A. (2017). The impact of organizational culture on organizational performance: The mediating role of employee's organizational commitment. *International Journal of Organizational Leadership*, 6(1), 65–72. <https://doi.org/10.33844/ijol.2017.60432>
- [60]. Rasheed, M. A., Shahzad, K., Conroy, C., Nadeem, S., & Siddique, M. U. (2017). Exploring the role of employee voice between high-performance work system and organizational innovation in small and medium enterprises. *Journal of Small Business and Enterprise Development*, 24(4), 670–688. <https://doi.org/10.1108/JSBED-11-2016-0185>
- [61]. Republic of Kenya. (2019). *The Finance Act, 2019 (Kenya Gazette Supplement No.178 (Acts No. 23))*. 178(178). http://kenyalaw.org/kl/fileadmin/pdfdownloads/AmendmentActs/2019/FinanceAct_No23of2019.PDF
- [62]. Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring organizational performance: Towards methodological best practice. *Journal of Management*, 35(3), 718–804. <https://doi.org/10.1177/0149206308330560>
- [63]. Schaltegger, S., & Lüdeke-Freund, F. (2012). The Sustainability Balanced Scorecard: Concept and the Case of Hamburg Airport. In *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2062320>
- [64]. Scholar, P. G. (2020). "EMPLOYEE PARTICIPATION ON MANAGEMENT" TOYOTA. IX(Vi), 6749–6756.
- [65]. Shamsuddin, N., Anual, N., Kozako, I. N. A. M. F., Ibrahim, S. N. S., & Karim, Z. H. (2020). The Effects Of Organizational Culture On Employee Performance Among Public Servants At a Kelantan State Government Office. *Journal of Contemporary Social Science Research*, 4(2), 12–20.
- [66]. Shea, T., Usman, S. A., Arivalagan, S., & Parayitam, S. (2021). "Knowledge management practices" as moderator in the relationship between organizational culture and performance in information technology companies in India. *VINE Journal of Information and Knowledge Management Systems*. <https://doi.org/10.1108/VJIKMS-12-2020-0232>
- [67]. Singh, S., Darwish, T. K., & Potočnik, K. (2016). Measuring Organizational Performance: A Case for Subjective Measures. *British Journal of Management*, 27(1), 214–224. <https://doi.org/10.1111/1467-8551.12126>
- [68]. Spaggiari, B. L. (2018). *Assessment of the Sustainable Performance of SME Finance Service Providers*. 8.
- [69]. Tian, X., & Zhai, X. (2019). Employee involvement in decision-making: the more the better? *International Journal of Manpower*, 40(4), 768–782. <https://doi.org/10.1108/IJM-05-2017-0090>
- [70]. Tuğçe, Z., & Vayvay, Ö. (2016). The Fifth Pillar of the Balanced Scorecard: Sustainability. *Procedia - Social and Behavioral Sciences*, 235(October), 76–83. <https://doi.org/10.1016/j.sbspro.2016.11.027>
- [71]. Valas, S., & Raghunathan, R. (2018). Assessing Organization Culture – A Review on the OCAI Instrument. *International Conference on Management and Information Systems*, 182–188.
- [72]. Zeb, A., Akbar, F., Hussain, K., Safi, A., Rabnawaz, M., & Zeb, F. (2021). The competing value framework model of organizational culture, innovation and performance. *Business Process Management Journal*, 27(2), 658–683. <https://doi.org/10.1108/BPMJ-11-2019-0464>