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**EFFECTS OF POWER DISTANCE ON ICT  
STRATEGIC ALIGNMENT IN KENYA'S  
COMMERCIAL BANKS**

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## EFFECTS OF POWER DISTANCE ON ICT STRATEGIC ALIGNMENT IN KENYA'S COMMERCIAL BANKS

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### Abstract

**Purpose:** The purpose of this study was to investigate the effects of power distance on ICT strategic alignment in Kenya's commercial banks.

**Methodology:** The study adopted the positivism research philosophy and descriptive correlational research design. The study's population was the 43 commercial banks registered and licensed to operate in Kenya. To select the sample, the study used Yamane (2001) to calculate a sample of 215 senior managers of commercial banks. Further, the study used purposive sampling technique to select the managers to be included in the sample. The study used primary data for analysis which was collected using self-administered questionnaires. The study used three types of data analysis methods namely, descriptive analysis, factor analysis and multiple linear regression. The results from descriptive analysis were presented in form of frequencies, percentages and graphs, while the results from regression analysis were presented in tables.

**Results:** The findings revealed that power distance explained 55% of the changes in ICT strategy alignment in commercial banks in Kenya. Further, the results revealed that the F-Critical,  $F_{0.05, 1, 169}$  was 6.635. Since F calculated, 206.773, was greater than F-Critical,  $F_{0.05, 1, 169}$ , 6.635, the study concluded that the model was satisfactory. In addition, the results showed that the relationship between power distance and ICT strategic alignment was negative and significant. This was supported by a beta coefficient of -0.304 and P-value of 0.000.

**Unique contribution to theory, practice and policy:** Following the study results, it was recommended that commercial banks top management should create a working environment where employees can feel free to express their concerns. This will ensure that there is good interaction between the employees and the management. This will result to improved ICT strategy alignment.

Further, the study recommended that commercial banks should review their management policy. They should consider establishing a middle power distance management system as opposed to low or high power distance extremes.

**Keywords:** *power distance, ICT, strategic alignment, commercial banks*

## 1.0 INTRODUCTION

### 1.1 Background of the Study

Since the publication of Alfred Chandler's *Strategy and Structure* (Chandler, 1962), students of business policy and organizations have argued that a firm's strategy, its structure, and its managerial processes have to 'fit' with one another (Milgrom & Roberts, 1995). The positive performance impact of a co-alignment between the environment and strategy of a business is an important theoretical proposition in strategic management (Venkatraman & Prescott, 1990). Invariably, ICT forms a key component in managerial process enablement. Over the years, enterprises have recognized the importance of Information and Communications Technology (ICT) in providing unprecedented opportunity to achieving enterprise goals and objectives. It is worth noting that ICT enables companies to reduce their transaction costs thereby increasing productivity and widens the geographical scope of the potential market (Kramer, Beth & Katz, 2007).

Increased application of ICT by commercial banks in Kenya has been necessitated by growing competition from Telecommunication companies, micro finance institutions and savings and credit cooperative societies and in addition a tougher business environment precipitated by regulatory controls for example interest capping among other factors. This has resulted in significant investments in ICT since commercial banks consider ICT as a strategic asset in achieving comparative advantage (Njuki, Okoth, Mutua & Mwangómbe, 2013). Given the increased role played by ICT, it is vital to ensure that ICT strategy among commercial banks is aligned with business strategies to have sustainable service improvement that ultimately raises performance. Alignment should be both internal and external to the organization. Aligning ICT strategy with external environment implies that ICT strategies should be aligned with industry and technology while internal alignment implies aligning ICT processes and infrastructure with business strategies (Chan & Reich, 2007).

People in large-PDI (Power Distance Index) cultures believe that power should be distributed unequally while people in small-PDI cultures believe that power should be distributed relatively equally. PDI conceptualization relates to obedience, verbal expression, and injustice (Merkin, 2006). Obedience is not common among individuals from small-PDI cultures. This is because they value participation in decision making. They also question authority and challenge the status quo for the sake of being fair. Significant emotional distance separating individuals of different status groups such as subordinates from superiors is maintained in high PDI society. Individuals from large-PDI cultures, receive more social support for conformity and acceptance of injustice and aim to preserve existing and informal structures in the organization. Analogously different organizations exhibit different levels of PDI. How then does PDI influence the interrelations required in strategy making, strategy implementation and hence strategic alignment within an organization and particularly in the financial sector?

According to the Bank Supervision Report (2014), Kenya's banking sector continued to leverage on robust Information and Communication Technology platforms in the provision of

quality banking services that are efficient and on a wider scope. Apart from the traditional Automated Teller Machine (ATMs) services, bank customers can receive other banking services such as mobile and internet banking. Further, robust ICT platforms have enabled banks to roll out agency banking services where customers can carry out banking services such as deposits and withdrawals from a third party contracted by the bank and such transactions are seamlessly posted into customers' accounts.

However, the percentage of the adults excluded from financial services, 25.4 percent, is still alarming. More needs to be done to ensure that almost all if not all are included in the financial system. The investment in ICT is based on the ICT strategy that the bank adopts (Njuki, Okoth, Mutua & Mwangómbe, 2013). Robust ICT platforms are supported by stable and efficient core banking systems. The commercial banks business strategies are mainly driven by the capabilities of these core banking systems and other integrated systems. The capability of these systems enables banks to roll out different products and services to their customers. The huge percentage of the excluded 25.4 percent suggests that more needs to be done in terms of strategies to close the gap between ICT initiatives and business objectives.

## **1.2 Problem Statement**

Financial industry practitioners as well as anecdotal evidence suggests that there are organizational cultural challenges that result in dissonance between ICT strategy alignment and organizational strategy in many commercial banks in Kenya. The dissonance manifests itself in missed business opportunities resultant from project delays or failure to meet project objectives. From research done by this researcher on ICT strategy implementation in Kenya, most commercial banks are experiencing numerous challenges in their quest to effectively implement their ICT strategy.

The role of information and communications technology in enabling businesses to achieve their goals and objectives cannot be over emphasized and consequently ICT has a critical role in the mobilization of a business strategy. As noted earlier, well aligned ICT strategy enables organizations to reduce transaction costs, increase productivity creating and widen geographical scope thus enhancing its competitive advantage (Kramer, Beth & Katz, 2007) whereas in contrast, misalignment of ICT strategy with other business strategies may result to insufficient value addition to a business and reduce capacity of a business to realize its full potential (Ewing, Chevrollier, Quigless, Verghese, & Leenderste, 2012).

Information technology effectiveness should translate to tangible business performance. Business performance underlies a lot of the research in strategic management. It is imperative to have a broad conceptualization of performance underpinned by indicators of operational performance concerted with indicators of financial performance. This will give credence to business performance based on indicators such as market-share, product innovation, time to market, manufacturing value-added, product quality, marketing effectiveness, and technological adaptation to business processes (Mitra, Sambamurthy & Westerman, 2011). This approach to business performance assessment will require adaptation of business best practices and regular bench marking.

It is noted that commercial banks in Kenya have invested heavily in ICT with the aim of increasing their competitive advantage but investment in ICT is based on the ICT strategy that the bank adopts (Njuki *et al.*, 2013). Commercial banks strive to align their ICT strategy with other business strategies but the alignment is influenced by various factors among them organizational culture (Shamekh, 2008). These same factors could have a bearing on misalignment of ICT strategy among commercial banks. This misalignment manifests itself in non-achievement of set goals contributing to 25 percent of the Kenyan population being totally excluded from the financial sector (CBK, 2014). Moreover, misalignment of ICT with business strategies has serious consequences such as inability of a business to reach its full potential.

The dissonance in ICT strategy can further lead to higher operating costs, failure to replace expensive labor-led processes with lower-cost automation, incorrect and ineffective focusing of IT-related resources, higher overall costs and erosion of stakeholder value over time (Al-Hatmi, 2012) leading to competitive disadvantage. This implies that if factors that influence ICT strategic alignment are investigated, policies could be designed in a way that ICT strategy misalignment is reduced enabling commercial banks to not only reach a larger population of the un-banked but also increase their profitability.

Kamau (2004) focused on the use of information and technology in training while Fridah (2007) focused on strategic response of commercial banks to the environmental changes. These authors however did not particularly investigate the role of organizational culture on strategic alignment in commercial banks. Additionally, Kiptui (2014) investigated the role of organizational culture on performance while Muthoni (2012) investigated the role of organizational culture on strategy implementation among commercial banks in Kenya. Chege (2014) focused on Information Technology (IT) strategic alignment in Cooperative Bank but the author did not investigate factors that influence strategic alignment in commercial banks in Kenya. Nonetheless, to the best of this study's researcher's knowledge there is little evidence based on research on the effect of organizational culture on ICT strategic alignment among commercial banks in Kenya.

According to Scott (2014), every organization has unique circumstances making it difficult to have identical results when similar initiatives are undertaken in different organizations. These unique circumstances are embodied in different ways and organizational culture is one of them. Hofstede's (2010) framework articulating dimensions of culture presents us with a framework to interrogate the cultural orientation of financial institutions in Kenya and its role in strategy formulation and implementation.

Power distance as an element of organizational culture dimension, stands out as one of the important components that leaders can employ to sustain performance, build ethical and moral organizations and maintain competitive advantage. Various studies have investigated cultural dimensions versus power distance (PDI) (Hofstede, Hofstede & Minkov, 2010) with the objective of finding their influence on strategic alignment.

To understand how this affects strategic alignment, Luftman's (2000) strategic alignment maturity model accords us a tool to measure at what level of maturity each financial institution is at and therefore the impact on strategic alignment in terms of communication, partnership, IT value, skills, architecture and IT governance in commercial banks in Kenya.

### **1.3 Purpose of the Study**

To investigate the effect of power distance on ICT strategic alignment in Kenya's commercial banks

## 1.4 Research Question

What is the effect of power distance on ICT strategic alignment in Kenya's commercial banks?

## 2.0 LITERATURE REVIEW

### 2.1 Theoretical Framework

#### 2.1.1 Strategic Alignment Maturity Model

Many strategic alignment models seem to be based on the Strategic Alignment Model (SAM) developed by Henderson and Venkatraman (1993). The model proposes that a firm can achieve IT-business alignment by building linkages between four strategic domains namely business strategy, IT strategy, organizational and infrastructural processes, and Information Technology infrastructure and processes. Strategic Alignment Model (SAM) was developed by Henderson and Venkatraman (1993) who sought to support alignment of Information Technology to business strategy (figure 2.1). The authors argued that the inter-domain alignment could be pursued along strategic alignment and functional alignment. The authors noted that proper alignment of IT with business objectives would enable a firm to realize value from IT investments. However, for this to happen, the authors highlighted the need to understand the critical components of IT strategy. Additionally, Henderson and Venkatraman (1993) outlined four dominant alignment perspectives namely; strategic execution, technology transformation, competitive potential and service level. The drawbacks of this model are that it ignores factors that influence ICT strategic alignment such as culture, politics and finance among others. Thus, there is need to understand drivers of ICT strategic alignment to ensure continuous improvement in alignment.

#### 2.1.2 Hofstede's cultural dimensions

Power distance, is related to the inequalities which exist in different societies. Hofstede defined it as the extent to which a society accepts the facts that power in institutions and organizations is distributed unequally (1980). Then again, it is the extent to which subordinates' expression of disagreement with their supervisors is not expected and the supervisors, on the other hand, are not expected to consult with their subordinates in the decision-making process (Hofstede 2001 p.102).

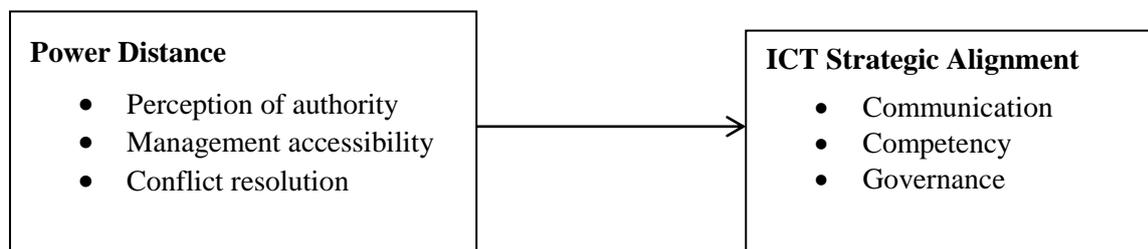
Power distance is the embodiment of how inequality is reflected in a society. In the organizational context, it reflects the relations between leaders and subordinates in the organization. This specifically relates to how willing employees are to accept that their boss has more power than they have. For instance, in high power-distance countries such as India, France and Poland (Hofstede, 2001), it is considered important to consult the boss before doing any jobs or before taking any decision whilst in low power-distance countries like Sweden and Denmark, employers expect subordinates to rely on their skills and initiate actions on their own.

Power distance to some extent defines the subordinate's desirability to question management's authority and the relationship between the manager's manager and accessibility and visibility to the subordinate. This defines how conflicts are resolved in an organization by either by compromise or through the exertion of power. This also defines how the organization is governed through formal procedures or ad hoc directives and manager's frequency in use of authority and power when dealing with employees.

## 2.2 Conceptual Framework

### Independent Variables

### Dependent Variable



**Figure 1: Conceptual Framework**

## 2.3 Empirical Literature

Hofstede (2011) asserts that power distance is a way to elucidate how differences are handled between groups existing in a system. It reflects a culture's attitude towards human inequality and it defines itself through a manager-subordinate relationship. Power distance can either be classified as low, mild or high (Lee et al., 2013). Where lower power distance exists, it creates a feeling among subordinates and their managers that they are equal and deserve equal rights and opportunities.

Lee et al. (2013) carried out a study on power-distance, gender and organizational justice. Using a sample of employees from Hong Kong, the authors tested the hypotheses that gender and power-distance orientation moderate the relationships between perceptions of justice and the organization (contract fulfillment) and the evaluation of authorities (trust in supervisor). They found that the relationship between contract fulfillment and procedural justice was higher for males than females. The relationship between trust in supervisors and procedural justice was found to be higher for those with low power-distance orientations as opposed to those with higher or mild power-distance orientations. In addition, the relationship between distributive justice and contract fulfillment was lower for those with high-power orientations. The discussion addresses the implication of including gender variables and power-distance in research on distributive and procedural justice.

As observed by Sornes et al. (2004), low power distance index indicates close working relationships between organizational groups, mutually dependent relationships between hierarchical levels and assertive behavior by subordinates. The authors also observed that ICT preferences and work tasks may also be initiated by subordinates and not necessarily by managers. Whenever this happens, there is higher communications maturity thanks to the more intensive and less formalized communication. In addition, a lower power distance indicator can result in less need for creating transparency, reports and procedures that enhance value measurement, consequently resulting in a lower maturity on this factor. It should be expected therefore, that in cultures with low power distance indicators there is need for a formalized architecture. Low power distance indicators lead to a high level of assertiveness that stimulates entrepreneurship and initiative in lower organizational levels. This can result in a high skills maturity.

According to other previous research; Dimitratos, Petrou, Plakoyiannaki and Johnson (2011), power distance has been shown to affect approaches to strategic planning. Countries with low power distance have a more participatory approach to strategy development. Prior studies have demonstrated that consultative strategic planning approach is essential for achieving strategic alignment as personnel are more likely to be enthusiastic in the implementation of those strategies. Conversely, in high power distance settings, business and IS (information system) personnel from different levels of an organization may be uncomfortable participating or contributing to strategy as a result of the lack of effective input from the lower ranks of the organization.

### 3.0 METHODOLOGY OF THE STUDY

The study adopted the positivism research philosophy and descriptive correlational research design. The study's population was the 43 commercial banks registered and licensed to operate in Kenya. To select the sample, the study used Yamane (2001) to calculate a sample of 215 senior managers of commercial banks. Further, the study used purposive sampling technique to select the managers to be included in the sample. The study used primary data for analysis which was collected using self-administered questionnaires. The study used three types of data analysis methods namely, descriptive analysis, factor analysis and multiple linear regression. The results from descriptive analysis were presented in form of frequencies, percentages and graphs, while the results from regression analysis were presented in tables.

### 4.0 RESULTS AND DISCUSSIONS

#### 4.1 Response Rate

Based on 43 banks and a target of 5 respondents per bank, a total of 215 questionnaires were administered out of which 171 of them were properly filled and returned. This represented an overall successful response rate of 79.53% as depicted in Table 1. According to Kothari (2004), a response rate of 50% or more is adequate for a descriptive study.

**Table 1: Response Rate**

Response Rate	Frequency	Percent
Returned	171	79.53%
Unreturned	44	20.47%
Total	215	100%

#### 4.2 Demographic Information

##### 4.2.1 Number of years worked in the banking industry

The study sought to establish the number of years the respondents had worked in the banking industry. Results in table 2 reveal that 28.1% of the respondents indicated 16-20 years, 25.1% indicated 11-15 years and 6-10 years respectively, 12.9% indicated 0-5 years while 8.8% indicated over 20 years. This implies that over 60% of the respondents had worked in the banking industry for over 10 years. This implies that the employees have a vast experience on matters pertaining to the industry, such as ICT strategic alignment. It further implies that the employees have acquired and adapted to the banking industry's cultures which are likely to influence ICT strategic alignment in the industry.

**Table 2: Number of years worked in the banking industry**

	Frequency	Percent
0-5 years	22	12.9
6-10 years	43	25.1
11-15 years	43	25.1
16-20 years	48	28.1
over 20 years	15	8.8
Total	171	100

#### 4.2.2 Age of the Respondents

The study sought to determine the age bracket of the respondents working in various banks. Results in table 3 reveal that 36.8% of the respondents stated 50-59 years, 30.4% stated 40-49 years, 15.8% stated 30-39 years while 17% stated 21-29 years. This implies that over 60% of the respondents were between the ages of 40-59 years. This implies that majority of the managers have gained tremendous experience given their advanced age. Further, this implies that the managers have learned and embraced the banking industry's culture, which is likely to influence their perception about ICT strategic alignment.

**Table 3: Age of the Respondents**

	Frequency	Percent
21-29 years	29	17
30-39 years	27	15.8
40-49 years	52	30.4
50-59 years	63	36.8
Total	171	100

#### 4.2.3 Gender of the Respondents

The study sought to determine the age bracket of the respondents working in various banks. Results in table 4 show that majority (64.9%) of the respondents were male while 35.1% were female. This implies that there is male dominance in the senior management of the commercial banks. However, the minimum gender threshold of 33% is adhered to. This is because the percentage representing female senior managers is 35.1%.

**Table 4: Gender of the Respondents**

	Frequency	Percent
Male	111	64.9
Female	60	35.1
Total	171	100

#### 4.2.4 Education Level of the Respondents

The study sought to determine the respondents' highest level of education. Results in table 5 shows that 50.3% of the respondents indicated masters level, 31.6% indicated bachelor level while 18.1% indicated PhD level. This implies that all the senior managers have a minimum of bachelor's degree. This implies that the managers have the necessary qualifications to service in their current managerial positions.

**Table 5: Education Level of the Respondents**

	Frequency		Percent
Bachelor	54		31.6
Masters	86		50.3
PhD	31		18.1
Total	171		100

### 4.3 Power Distance and ICT Strategy Alignment

#### 4.3.1 Descriptive Statistics

The respondents were requested to indicate their level of agreement on the statements on power distance. Results presented in Table 6 revealed that 46% (2.90+43.90) of the respondents disagreed that it is undesirable to question management authority, 41% disagreed that the manager's manager is accessible and visible to an employee, 46% agreed that conflicts are resolved by compromise, 87% agreed that the organization is governed through formal procedures while 70% agreed that managers frequently use authority and power when dealing with employees. Using a five-point scale Likert mean, the overall mean of the responses was 3.23 which indicates that majority of the respondents agreed to the statement of the questionnaire. Additionally, the standard deviation of 0.88 indicates that the responses were varied. The results herein imply that power distance influence ICT strategy alignment.

**Table 6: Power Distance**

Statements	Strongly disagree	disagree	neutral	agree	strongly agree	Mean	Std. dev
It is undesirable to question management authority	2.90%	43.90%	23.40%	25.70%	4.10%	2.84	0.98
The manager's manager is accessible and visible to an employee	8.80%	32.20%	24.00%	18.10%	17.00%	3.02	1.24
Conflicts are resolved by compromise	0.00%	17.50%	36.80%	45.60%	0.00%	3.28	0.75
The organization is governed through formal procedures	0.00%	2.90%	9.40%	67.30%	20.50%	4.05	0.64
Managers frequently use authority and power when dealing with employees	0.00%	29.80%	49.70%	17.50%	2.90%	2.94	0.77
Average						<b>3.23</b>	<b>0.88</b>

#### 4.3.2 Factor Analysis

Factor analysis was used to summarize data to be more manageable without losing any important information and therefore making it easier to test hypothesis (Field, 2009). According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.4 should lead to collection of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. The study therefore used sub constructs with values of 0.4 and above and dropped those with the values below 0.4.

Table 7 shows the set of sub variables under the variable power distance that had factor loadings. All the sub variables had values more than 0.4 and therefore they were accepted and thus no sub variable was dropped. The Kaiser-Mayor Oklin measures of sampling adequacy in Appendix VII (i) showed the value of test statistic of 0.7 which showed a high partial correlation and that factor analysis was appropriate.

**Table 7: Factor loading for the variable Power Distance**

Sub Variables	Factor Loading
It is undesirable to question management authority	0.527
The manager's manager is accessible and visible to an employee	0.605
Conflicts are resolved by compromise	0.7
The organization is governed through formal procedures	0.736
Managers frequently use authority and power when dealing with employees	0.642

### 4.3.3 Regression Analysis

The study sought to establish the relationship between power distance and ICT strategy alignment. An ordinary least square regression model was used. The results of the model summary are given in Table 8. The findings revealed that power distance explained 55% of the changes in ICT strategy alignment in commercial banks in Kenya while 45% of the changes in ICT strategy alignment in commercial banks was explained by other factors other than power distance aspect that were not included in the model.

**Table 8: Model Fitness**

Indicator	Coefficient
R	0.742
R Square	<b>0.550</b>
Adjusted R Square	0.548
Std. Error of the Estimate	0.192

Moreover, the model fitness was assessed by comparing the F critical and F calculated. The results for F-calculated are as presented in Table 9. The F-Critical,  $F_{0.05, 1, 169}$  was 6.635. Since F calculated, 206.773, was greater than F-Critical,  $F_{0.05, 1, 169}$ , 6.635, the study concluded that the model was satisfactory. This is further supported by a p-value of 0.000 which was less than the critical value also known as the probability value (p) which was statistically set at 0.05.

**Table 9: Analysis of Variance**

Indicator	Sum of Squares	Df	Mean Square	F	Sig.
Regression	7.649	1	7.649	206.773	0.000
Residual	6.252	169	0.037		
Total	13.901	170			

The results in Table 10 further presented coefficients of the regression model. These showed that the relationship between power distance and ICT strategy alignment was negative and significant. This was supported by a beta coefficient of -0.304 and P-value of 0.000. The findings implied that an increase in power distance led to a decrease in ICT strategy alignment.

The study findings concur with that of Sornes et al. (2004), who observed that low power distance index indicates close working relationships between organizational groups, mutually dependent relationships between hierarchical levels and assertive behavior by subordinates. The authors also observed that ICT preferences and work tasks may also be initiated by subordinates and not necessarily by managers. Whenever this happens, there is higher communications maturity thanks to the more intensive and less formalized communication. The study further concluded that low power distance indicates that there is need for a formalized architecture. Low power distance indicators lead to a high level of assertiveness that stimulates entrepreneurship and initiative in lower organizational levels.

This can result in a high skills maturity.

Further, the study findings agree with that of Wilson, Adaba and Slims (2014) who observed that the culture of low power distance in the headquarters is securely surrounded in the style of the management organizational structure and decision making process of the subordinate, which is believed to be located in a very high power distance structure. Wilson, Adaba and Slims (2014) found out that strategic alignment process of the Ghanaian subsidiary is affected highly by the power distance of the culture of the parent origin. They argued that, strategic alignment was affected by power distance under the pressure of decision making, management style, communication, processes and highly influences the organizational culture of the subsidiary.

**Table 10: Regression of Coefficients**

Variable	B	Std. Error	T	Sig.(p value)
(Constant)	5.054	0.070	72.395	0.000
Power Distance	-0.304	0.021	-14.380	0.000

The optimal model;

ICT Strategy Alignment = 5.054- 0.304 Power Distance

#### 4.3.4 Hypothesis Testing

*Ho: Power distance has no relationship with ICT strategic alignment in Kenya's commercial banks*

The null hypothesis was tested using the results of the regression model between power distance and ICT strategy alignment. The rejection criterion was based on the P-value of the regression model. A p-value less than 5% level of significance led to rejection of the null hypothesis while a p-value greater than 5% level of significance led to failure in rejection of the null hypothesis. Following the findings, the study rejected the null hypothesis that power distance has no relationship with ICT strategic alignment in commercial banks in Kenya. This is because the probability value (p-value = 0.000) was less than the critical value of 0.05 hence the study concluded that power distance influenced ICT strategy alignment in commercial banks in Kenya.

#### 4.3.5 Summary of the Study

The objective of the study was to establish the effect of power distance on ICT strategic alignment in Kenya's commercial banks. The study adopted a descriptive and explanatory survey design. Descriptive research helped to increase knowledge of the survey subjects. Explanatory design was used to connect ideas through analysis, with the aim of understanding the cause and effect between variables, and bring out the correlation. The target population of this study was all top management team of 43 commercial banks in Kenya. The top management team comprises of Chief Executive Officer, IT Directors, Human Resource Directors, Chief Finance Officer and Divisional Directors who are members of the executive management committees of the banks. Given that there are 43 commercial banks and an average of five executives reporting to the chief executive officer, the target population of this study was 215. The top management team was selected for the study because they are the decision makers in their respective institutions. They, therefore, have more knowledge and understating of their organizations' culture and ICT strategy alignment.

Primary data was collected for this study by use of a structured questionnaire and captured through a 5-point type Likert scale.

Descriptive statistics such as, mean and frequencies were used to perform data analysis. The mean scores were used to rate the factors in order of their importance. Statistical Package for Social Scientists (SPSS) was used to produce frequencies, descriptive and inferential statistics were used to derive conclusions and generalizations regarding the population. The particular descriptive statistics were frequencies, mean scores and standard deviation. The particular inferential statistic was regression and correlation analysis. The analysis of variance (ANOVA) was checked to reveal the overall model significance. A critical p value of 0.05 was used to determine whether the overall model was significant or not. The regression coefficient was checked to see whether the independent variable power distance, significantly affected the ICT strategy alignment. A critical p value of 0.05 and F statistic was used to determine whether the power distance is significant or not.

The findings indicated that 46% of the respondents noted that it is not undesirable to question management authority, 41% disagreed that the manager's manager is accessible and visible to an employee, 46% felt that conflicts are resolved by compromise, 87% pointed out that the organization is governed through formal procedures while 70% noted that managers frequently use authority and power when dealing with employees. The average response rate of 3.23 indicated that the respondents were agreeing on most statements on power distance. The standard deviation of 0.88 implied that the responses were not varied much.

## **5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Discussion**

The correlation analysis results revealed that power distance and ICT strategy alignment are negatively and significantly associated. Further results showed that power distance explained up to 55% of the changes in ICT strategy alignment in commercial banks in Kenya. The regression results further depicted a negative and significant relationship between power distance and ICT strategy alignment implying that an increase in power distance led to a decrease in ICT strategy alignment.

The findings of the study confirmed the findings of a study by Adaba, Wilson and slim (2014) who conducted a single case study of multinational organization of global telecommunications vendor headquarters in North Europe through an interpretive research programs. They confirmed that low power distance of the headquarters is embedded in the management style, organization structure and decision making processes of subsidiary which is deemed to be located in a high power distance. In their study, they found out that power distance had influence on efforts by organizations to achieve strategic alignment, as this dimension (power distance) is one of the most likely to influence information system management and strategic alignment practices. High power distance context is usually hierarchical, unequal and are highly structured.

According to Hofstede (2001), power distance leads to autocratic and controlling type of leadership. This leads to societies and, by our inference, to organizations that are generally more hierarchical and bureaucratic. The study reveals that organizations where the manager's manager is inaccessible and invisible to employees and where employees cannot question management, the organizations have poor ICT strategy alignment. By their very nature, these autocratic organizations have one way communication between management and lower cadre promoting dissonance in strategic objectives within departments in an organization. The

authoritarian decision making nature of a high power distance environment does not promote a participatory culture (Rodrigues, 1998). Power distance renders large communication gap between superiors and their subordinates because it is hard for the subordinates to air their views (Ghosh, 2011) in contrast to workers in low distance countries that follow a more egalitarian philosophy when making decisions. This assertion is in concurrence with our study which indicates that there is a negative correlation between power distance and ICT strategic alignment in commercial banks in Kenya.

The study results show that Commercial banks in Kenya with elevated levels of power distance are more likely to exhibit poor IT governance practice. These organizations have lower tendency to have collaborative planning sessions between IT department and other departments of the bank and are more likely not to have formal IT strategies. Their IT organization structures are more likely not to be informed by the organization strategy. These findings are collaborated by Weill and Ross (2000) who view IT governance as a framework specifying decision rights and accountability geared towards encouraging desirable behavior in the use of IT to support business.

Societies differ in their preference for formality and informality. In some societies, much is accomplished through informal means. In others, formal procedures are set forth and followed rigidly. High power distance organizations are governed through formal procedures and centralization. In these organizations, top managers make all important organizational decisions as opposed to low power organizations where decisions are diffused throughout the enterprise, with middle and lower-level managers actively participating in key decision making (Khatri, 2009). The study results imply that commercial banks in Kenya with relatively low levels of formal procedures exhibit higher levels of alignment of ICT strategy to the organizational strategy.

This above discussion shows for ICT strategy alignment to thrive in Kenyan Commercial Banks, it is desirable that the environment allows employees to question management authority such that they do not follow instructions blindly. The environment should be one that promotes conflict resolution through compromise instead of elaborate procedures. The organization should be less hierarchical with high levels of informality in procedures and an environment where managers don't always use authority and power to deal with employees.

## **5.2 Conclusions**

Based on the study findings, the study concluded that power distance was negatively associated with ICT strategy alignment. Furthermore, the study concluded that power distance explained a larger percentage of the changes in ICT strategy alignment compared to other organizational culture aspects. The study also concluded that there was a negative and significant relationship between power distance and ICT strategy alignment. This implied that an increase in power distance by 1 unit led to a decrease in ICT strategy alignment maturity by 0.304units.

Organizations with low power distance have less submissive employees and have higher numbers of employees participating in decision making. Due to good communication, coordination, team work, information sharing, integration of organizational activities these organizations have logically less hierarchical organizational structures. Commercial banks in Kenya with low power distance tendencies have more open door policies and have higher overall ICT strategy alignment to the organizational strategy. These banks are however slower in their decision-making processes.

### 5.3 Recommendations

Following the study results, it was recommended that commercial banks top management should create a working environment where employees can feel free to express their concerns. This will ensure that there is good interaction between the employees and the management. This will result to improved ICT strategy alignment. Further, the study recommended that commercial banks should review their management policy. They should consider establishing a middle power distance kind of management system as opposed to low or high power distance.

### 5.4 Recommendations for Further Studies

The study sought to investigate the role of power distance on ICT and Business strategy alignment in commercial banks in Kenya and therefore an area for further studies could consider the influence of power distance on ICT and Business strategy alignment in other financial institutions such as insurance firms. This would allow for comparison of the findings with those of the current study.

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