EFFECTS OF ORGANIZATIONAL STRUCTURE ON STRATEGY IMPLEMENTATION: A SURVEY OF COMMERCIAL BANKS IN KENYA

BY

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MAY 2012
DECLARATION

Student’s Declaration
This research project is my original work and has not been presented to any other examination body for any award. No part of this research should be reproduced without my consent or that of Kenyatta University.

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DEDICATION

To my parents John Gituma and Magdalene Gituma for teaching me the values of hard-work, determination, persistence and positive thinking.

To my wife Rhoda Karimi and my sons Caleb Munene and Carson Mwenda for their encouragement and support in the course of my studies.
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My unqualified gratitude to the Almighty God for lavishly giving me the endurance, patience, resilience and grace to finish this program.

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ABSTRACT

The business environment is changing rapidly due to changes in the external environment and emergence of dynamic technological advancements. These changes require organizations to continually craft new strategies that can give them competitive advantages over the competition and also to enable them respond to the market demands accurately, effectively and efficiently. The Kenyan commercial banking sector has continued to witness phenomenal growth on various key fronts underpinned by an industry-wide branch network expansion strategy both in Kenya and the East African Community (EAC) member countries as well as automation of a large number of services. However, there are existing challenges as outlined in the CBK annual supervision report of 2010, which require commercial banks to be proactive and deliberate in developing and implementing appropriate strategies to enable them to survive in a highly volatile business environment. For this objective to be achieved, appropriate matching of structure and strategy is absolutely critical because the organizational structure of any organization plays a crucial role in the successful implementation of strategies, and hence the need to study “Effects of Organizational Structure on Strategy Implementation”. The aim of this survey study therefore was to establish whether the implementation of strategies is influenced by organizational structure factors. The specific objectives of the study were to determine whether communication, hierarchical levels, decision-making structure, and line-and-staff affect strategy implementation in the commercial banking sector. The study was anchored on the contingency theory that argues that there is no one best way of doing things advocated by Lawrence and Lorsch (1967). It was conceptualized within the dependent–independent variable components and their indicators. Higgins (2005) 8-S model describing the eight factors critical for effective strategy execution was used. The study’s research design was descriptive survey. The sampling frame was forty (40) commercial banks. Three commercial banks were randomly selected for piloting, one each from the three categories of commercial banks: large, medium, and small. The respondents were the heads of strategy and/or the in-charge of strategy implementation in the respective banks at the headquarters of all the commercial banks. Questionnaires were the key instrument used to obtain the primary data supported by comprehensive review of secondary information. A total of 38 questionnaires were filled. Data analysis constituted both qualitative and quantitative analysis, which was carried out using the Statistical Package for Social Sciences (SPSS). The analysis provided qualitative information in form of descriptive statistics such as percentages and means. Data was presented using statistical tables, bar graphs and pie-charts. The findings of the study revealed that organizational structure variables: communication, hierarchical levels, decision-making, and line-and-staff have great effect on strategy implementation thus calling for accurate matching of structure and strategy. The study findings will form a vital tool in decision making to the industry stakeholders such as managers, chief executive officers, and the boards of directors. They can also be generalized to other industries thus helping the management in those industries in making critical decisions with regard to strategy implementation. It is also hoped that the suggested research areas will offer opportunities for future research. Finally, the research findings will be useful to the government agencies when making policies or decisions related to commercial banking in Kenya.
# TABLE OF CONTENTS

DECLARATION .......................................................................................... II  
DEDICATION ............................................................................................ III  
ACKNOWLEDGEMENT .............................................................................. IV  
ABSTRACT .................................................................................................. V  
TABLE OF CONTENTS ............................................................................. VI  
LIST OF TABLES ....................................................................................... IX  
LIST OF FIGURES .................................................................................... X  
LIST OF ABBREVIATIONS ........................................................................ XI  
OPERATIONAL DEFINITION OF TERMS ................................................ XII  

CHAPTER ONE ........................................................................................... 13  
INTRODUCTION OF THE STUDY .............................................................. 13  
1.1 Introduction ......................................................................................... 13  
1.2 Background of the Study .................................................................... 13  
1.3 Configurations of Organizational Structures ....................................... 21  
1.4 Relationship between Strategy and Structure .................................... 23  
1.5 The Banking Industry ...................................................................... 25  
1.6 Statement of the Problem .................................................................. 28  
1.7 Research Objectives ........................................................................... 29  
1.8 Research Questions ........................................................................... 30  
1.9 Scope of the Study ............................................................................. 30  
1.10 Significance of the Study ................................................................. 30  
1.11 Delimitation and Limitations ............................................................ 30  

CHAPTER TWO ........................................................................................... 32  
LITERATURE REVIEW .............................................................................. 32  
2.1 Introduction ......................................................................................... 32  
2.2 The Concept of Strategy .................................................................... 32  
2.3 Overview of Strategic Management Process ........................................ 33
LIST OF TABLES

Table 1: Dependent and Independent Variables ................................................. 54
Table 2: Background Information ........................................................................ 58
Table 3: Usage of Various Communication Linkages ............................................. 60
Table 4: Rating the Efficiency of Various Communication Models in Strategy Implementation ........................................................................................................... 61
Table 5: Levels of Management and Number of Workers ..................................... 69
Table 6: Influence of Hierarchical Levels on Span of Control ......................... 69
Table 7: Factors Influencing Span of Control .................................................... 70
Table 8: Rank of factors influencing span of control ........................................... 71
Table 9: The Effects of the Span of Control on Strategy Implementation .......... 72
Table 10: The Effects of Decentralized Decision Making Structures ................. 75
Table 11: Factors Influencing Decision Making .................................................. 77
Table 12: Rank of Factors influencing Decision-making ...................................... 78
Table 13: Influence of Decision-making on Strategy Implementation ................ 78
Table 14: Grouping of Workers ........................................................................... 79
Table 15: Importance of Line and Staff .............................................................. 80
Table 16: Factors affecting Performance and Efficiency of Line and Staff .......... 81
LIST OF FIGURES

Figure 1: The Eight Ss Model ...................................................................................... 36
Figure 2: Conceptual Framework .............................................................................. 52
Figure 3: Factors Influencing Usage of Communication Linkages ....................... 63
Figure 4: Methods of Relaying Information ............................................................. 64
Figure 5: Factors Influencing Choice of Method to Relay Information in Banks ........ 65
Figure 6: Influence of Communication on Strategy Implementation ....................... 66
Figure 7: Type of Decision Making Structure .......................................................... 73
Figure 8: The Effects of Centralized Decision Making structures ......................... 74
LIST OF ABBREVIATIONS

CBK: Central Bank of Kenya
CEO: Chief Executive Officer
DTMs: Deposit Taking Microfinance Institutions
EAC: East African Community
HR: Human Resources
ICT: Information Communication Technology
IT: Information Technology
IMF: International Monetary Fund
MIS: Management Information Systems
PESTLE: Political, Economic, Socio-cultural, Technological, Legal, Ecological
PR: Public Relations
SWOT: Strengths, Weaknesses, Opportunities, Threats
OPERATIONAL DEFINITION OF TERMS

Authority: The right to take action in performing one’s job and the power to direct or delegate to subordinates the tasks to be performed.

Centralization: Occurs when authority is closely held at the top.

Decentralization: Occurs within an organization when authority is delegated throughout the organization.

Delegation: The grouping of organization’s jobs according to a plan that provides a system of coordination.

Departmentalization: Is the grouping of entity jobs according to a plan that provides a system of coordination.

Organizational structure: The formal system of task and reporting relationships that coordinates and motivates organizational members so that they work together to achieve organizational goals.

Span of control: The number of subordinates reporting directly to a manager or supervisor.

Strategy: The broad program of goals and activities required for a company to achieve success and it aligns the organization with the external environment.

Strategy Formulation: It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines.

Strategy Implementation: The process by which strategies and policies are put into action through the development and execution of programs.

Strategic Management: Is an on-going process to develop and revise future-oriented strategies that allow an organization to achieve its objectives, considering its capabilities, constraints, and the environment in which it operates.
CHAPTER ONE

INTRODUCTION OF THE STUDY

1.1 Introduction
This chapter highlights the background of the study, the statement of the problem, research objectives, research questions, scope of the study, significance of the study, and limitations.

1.2 Background of the Study
Business enterprises have been experiencing a myriad of challenges owing to the rapidly changing business environment and the ever changing customer needs and wants. These changes have been brought about by the high level of competition which has been fuelled by the advent of sophisticated modern technology that is critical in the production and distribution of goods and services of superior quality. Additionally, the explosion and the wide use of information communication technology (ICT) have enabled organizations to share information freely; form networks; enhance monitoring and control; and facilitate decision-making thus raising the competition bar (Kozma, 2005). This competition calls upon organizations to be very responsive to the market needs in order to fully satisfy their customers and also delight them. Consequently, organizations have to be alert, proactive, innovative, and strategic if they have to remain afloat in business. This requires organizations to constantly keep on adapting appropriate organizational structures that can support implementation of new strategies that would give them competitive advantages over the competitors and also enable them to respond to the market demands accurately, efficiently and effectively (Porter, 1985).

The new strategies require organizations to reorganize or restructure themselves internally in order to build capacities and competencies to allow and enhance their implementation. Some of the reorganization or restructuring would involve the changing and re-engineering of the organizational structure in order to match the new strategy (Chandler, 1962). However, Egelho (1982) argues that problems often occur in creating effective strategy and structure interfaces because there is a lag period between the time the new strategy is crafted and when an appropriate structure is developed. During this
time, the performance of the organization may decline thus placing it at serious competitive disadvantages. For instance, in environments of political turbulence and rapid technological change, the ability to implement new strategies quickly and effectively may be greatly hampered thus resulting to failure (Miles & Covin, 2002).

Previous generations of researchers used contingency theory to examine the fit between one aspect of a business unit's internal organization and its externally focused strategy (Galbraith, 1973). More recently, researchers have developed a configurational approach to evaluate the entire set of strategic and organizational choices made by business units (Doty & Glick, 1994). However, with rapid changes in the business environment, organizations are increasingly looking at human resources as a unique asset that can provide sustained competitive advantages by integrating competencies inside the organization and for matching employment capabilities with organizational strategy. This notwithstanding, strategy implementation still remains a key challenge for today’s organizations. There are many soft, hard and mixed factors that influence the success of strategy implementation ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control (Miles & Covin, 2002). But the big question is; how can we better understand these issues and their importance for successful strategy implementation based on organizational structure variables?

Firstly, based on the established traditions of the strategic management literature (Chandler, 1962), existing typologies on strategy tend to focus on operational issues such as the degree of autonomy and/or whether venture investments are intermediated or not. However, Miles & Covin (2002) argue that by focusing on these types of organizational or operational matters, there is a risk that researchers are placing the ‘cart before the horse’ and encouraging structural choices to guide strategy. Secondly, there is a surprising lack of systematic empirical evidence on the nature of organizational structure units, which influence strategy implementation (Heide et al., 2002). Factors relating to the organizational structure are the second most important strategy implementation barrier (Heide & Johannessen 2002). In support, Noble, (1999) sees a proper strategy-structure alignment as a necessary precursor to the successful implementation of new
business strategies and points out that change in the competitive environment require adjustments to the organizational structure. If a firm lags in making this realignment, it may exhibit poor performance and be at a serious competitive disadvantage.

1.2.1 Organizational Structure
Organizational structure is the formal system of task and reporting relationships that coordinates and motivates organizational members so that they work together to achieve organizational goals (Jones, 2003). Mullins (2007) and Storey et al (2001) describe the structure of an organization as the pattern of relationships between roles in an organization and its different parts. They see the purpose of this structure as serving to allocate work and responsibility in order to direct activities and achieve the organization’s goals. Thus, structure enables managers to plan, direct, organize and control the activities of the organization. Organizations should be structured in such a way that they can respond to pressure due to changes in the business environment and pursue any appropriate identified opportunities (Lorsch, 1967). Thompson (1997), notes that structure is the means by which an organization seeks to achieve its strategic objectives and implement strategies and strategic changes, and it is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered.

The structure of an organization is designed to breakdown how work is to be carried out in business units and functional departments. People work within the divisions and units and their actions take place within a defined framework of objectives, plans and policies. Successful strategy implementation depends to a large extent on how a firm is organized. Ohmae (1983) agrees that strategy and structure need to be matched and be supportive of each other in order to achieve the set objectives. The structure helps an organization to identify its activities and the way in which it will coordinate them to achieve the firm’s strategic objectives. It also provides the managers with the vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm’s capacity to achieve superior efficiency, quality, innovation, and customer responsiveness (Pearce & Robinson, 2002). Bowman (1998) explains that the structure of an organization is important because of its influence on the key processes which include:
decision-making, delegation, communication, quality assurance, operational planning and control, leadership, formal and informal power relationship, incentive systems, disciplinary procedures, and strategy implementation.

Organizational structure also refers to how individual and teamwork within an organization are coordinated (Ohmae, 1983). To achieve organizational goals and objectives, individual work needs to be coordinated and managed. Structure is a valuable tool in achieving coordination, as it specifies reporting relationships (who reports to whom), delineates formal communication channels, and describes how separate actions of individuals are linked together (Jones, 2003). Organizations can function within a number of different structures, each possessing distinct advantages and disadvantages. Although any structure that is not properly managed will be plagued with issues, some organizational models are better equipped for particular environments and tasks (Bowman, 1998).

Structure plays a very big role in influencing behavior. Peter Senge in The Fifth Discipline (1990) clearly articulates the fact that organizational design is a critical issue when trying to generate strategic action of a certain type. “Structure produces behavior and changing underlying structures can produce different patterns of behavior. In this sense, structural explanations are inherently generative” (Senge, 1990). Organizations are much more than simple reporting structures that include “who is accountable to whom.” Organizations must accommodate and support the way people work together – how they develop ideas, evolve plans and make decisions. These activities are influenced by structural considerations such as policies, rules and organizational norms (Senge 1990).

A number of writers have pointed out the importance of an organizational structure and the relationship between it and an organization’s strategy, size, technology, culture and environment (Burns and Stalker, 1961). Mintzberg (1989) has written extensively and significantly on the importance of organizational structure. Miller (1989) explored the importance of configurations of strategy and structure. Burns and Stalker (1961) concluded that if an organization is to achieve maximum performance, then its structure must fit with or match the rate of change in its environment. Handy (1990; 1993)
discussed the importance of culture in relation to the organizational design and structure and the need for new organizational forms. Pascale, Millem & Gioja (2000) considered design as the invisible hand that brings organizations to life and life to organizations. Storey et al (2001) argue that organizational structure and design are closely entwined with many aspects of human resource management.

1.2.2 Elements of Organizational Structure

Organizational structures are defined by four key elements as discussed hereunder:

1.2.2.1 Departmentalization

Departmentalization is the grouping of entity jobs according to a plan that provides a system of coordination (Lulwani, 2005). Organizational structures differ in terms of departmentalization, which is broadly categorized as either functional or divisional. Functional structures refer to the departmentation in which jobs are grouped based on similarity in functions (Lulwani, 2005). Such structures may have departments such as marketing, manufacturing, finance, accounting, human resources, and information technology. In these structures, each person serves a specialized role and handles large volumes of transactions. According to Fitzroy & Hulbert (2009), this type of structure permits economies of scale since the major role of the chief executive officer is ensuring integration among the departments. Lulwani (2005), states that employees are appointed in the organization based on skill and designated to the appropriate departments. In the commercial banking industry, functional organizational structure would be relevant since individually functioning units such as human resources, sales and marketing, credit departments, accounts and finance, are necessary (Wheelen & Hunger, 2004). The accounts and finance department keep a tab on the amount spent on payments and expenditures, and income. Galbraith & Kazanjian (1986) point out that the sales and marketing department will come up with specific plans to sell the products in question, such as account opening and loans, the human resources department will ensure that employees are functioning to their highest potential, and the advertising department will come up with creative methods of attracting the consumers.
In organizations using divisional structures, departments represent the unique products, services, customers, or geographic locations the company is serving (Wheeler & Hunger, 2004). Thus each unique product or service the company is producing will have its own department. Within each department, functions such as marketing, manufacturing, and other roles are replicated. In these structures, employees act like generalists as opposed to specialists. Instead of performing specialized tasks, employees will be in charge of performing many different tasks in the service of the product (Fitzroy & Hulbert, 2009).

In order to manage the working of a large sized organization, different divisions are made. Strategy development for each business unit is delegated to the business-unit manager, who is also held accountable for the performance of the unit (Fitzroy & Hulbert, 2009). This type of organizational structure tends to have lower overheads and allows for more efficient utilization of specialists, and might be more consistent with a low-cost strategy (Johnson & Scholes, 2003). In the banking industry, this structure will be flexible and responsive because each unit focuses on its own environment, thus enhancing a clear focus on employees and managers on the results for the customer.

Some of the divisions in the banks include the retail banking division, the credit division, the mortgage division, etc. Fitzroy & Hulbert (2009) argue that since each division is a self-contained unit, responsibility and accountability for performance are easier to target, and with easier decentralization of decision-making, this may facilitate the implementation of strategies within the organization.

In reality, many organizations are structured according to a mixture of functional and divisional forms - matrix departmentalization (Ingram, 2001). For example, if the company has multiple product lines, departmentalizing by product may increase innovativeness and reduce response times. Each of these departments may have dedicated marketing, manufacturing, and customer service employees serving the specific product; yet, the company may also find that centralizing some operations and retaining the functional structure makes sense and is more cost effective for roles such as human resources management and information technology. The same organization may also create geographic departments if it is serving different countries (Collender & Shaffer, 2003). The matrix structure incorporates elements of both functional and divisional structures, yet the matrix operates in its own unique fashion. For example, the banking
industry would constitute a team reporting to a functional manager on their progress, the functional manager would then report to the project manager, who finally reports to the vice president or general manager. Ingram (2001) points out that such a structure ensures achievement of common goals and reduced costs in terms of having to bring in help from outside. Secondly, since the team brings different talents and skills to the group, there is a more sense of shared authority and responsibility. A matrix structure may allow a firm to achieve superior efficiency and quality but may also be weak in terms of customer responsiveness (Fitzroy and Hulbert (2009)). In effect, members of the organization are bound to have difficulties in dual reporting relationships and ambiguous priorities which may affect strategy implementation.

1.2.2.2 Centralization and Decentralization

Centralization refers to the degree to which decision-making authority is concentrated at higher levels in an organization (Gerhard, 2001). In centralized companies, many important decisions are made at higher levels of the hierarchy thus placing greater demands on the judgment capabilities of Chief Executive Officers (CEOs) and other high-level managers. Many companies find that the centralization of operations leads to inefficiencies in decision making which can place the company at serious competitive disadvantages against its competitors. However, centralization also has its advantages. Some employees are more comfortable in an organization where their manager confidently gives instructions and makes decisions and this can have influence on how they react or respond to changes that are occasioned by new strategies. Centralization may also lead to more efficient operations, particularly if the company is operating in a stable environment (McManus, 2007).

Decentralized companies on the other hand give more authority to lower-level employees, resulting in a sense of empowerment. In decentralized companies, decisions are made and problems are solved at lower levels by employees who are closer to the problem in question. Decisions can be made more quickly, and employees often believe that decentralized companies provide greater levels of procedural fairness to employees. Job candidates are more likely to be attracted to decentralized organizations (Shaffer, 2003).
1.2.2.3 Formalization

Formalization refers to the extent to which an organization's policies, procedures, job descriptions, and rules are written and explicitly articulated. Formalized structures are those in which there are many written rules and regulations (Fitzroy & Hulbert, 2009). These structures control employee behavior using written rules, so that employees have little autonomy to decide on a case-by-case basis. An advantage of formalization is that it makes employee behavior more predictable. Whenever a problem at work arises, employees know to turn to a handbook or a procedure guideline. Therefore, employees respond to problems in a similar way across the organization; this leads to consistency of behavior.

While formalization reduces ambiguity and provides direction to employees, it is not without disadvantages. A high degree of formalization may actually lead to reduced innovativeness because employees are used to behaving in a certain manner. In fact, strategic decision making in such organizations often occurs only when there is a crisis. A formalized structure is associated with reduced motivation and job satisfaction as well as a slower pace of decision making. The service industry is particularly susceptible to problems associated with high levels of formalization. Sometimes employees who are listening to a customer's problems may need to take action, but the answer may not be specified in any procedural guidelines or rulebook (Fitzroy & Hulbert, 2009).

1.2.2.4 Chain of Command

Another important element of an organization's structure is the number of levels it has in its hierarchy. Organizations with tall structures have several layers of management between frontline employees and the top level, while organizations with flat structures have few layers, often with large numbers of employees reporting to a single manager (Fountain, 2006). These hierarchical levels have an effect on the span of control. In tall structures, the number of employees reporting to each manager tends to be smaller, resulting in greater opportunities for managers to supervise and monitor employee
activities resulting to a narrow span of control. In contrast, flat structures involve a larger number of employees reporting to each manager resulting to a wide span of control. In such a structure, managers will be relatively unable to provide close supervision, leading to greater levels of freedom of action for each employee.

Research indicates that flat organizations provide greater need satisfaction for employees and greater levels of self-actualization (McGregor, 1960). At the same time, there may be some challenges associated with flat structures. Research shows that when managers supervise a large number of employees, which is more likely to happen in flat structures, employees experience greater levels of role ambiguity - the confusion that results from being unsure of what is expected of a worker on the job. This is especially a disadvantage for employees who need closer guidance from their managers. Moreover, in a flat structure, advancement opportunities will be more limited because there are fewer management layers. These disadvantages adversely affect strategy implementation.

In conclusion, while employees report that flat structures are better at satisfying their higher-order needs such as self-actualization, they also report that tall structures are better at satisfying security needs of employees. Because tall structures are typical of large and well-established companies, it is possible that when working in such organizations employees feel a greater sense of job security (McGregor, 1960).

1.3 Configurations of Organizational Structures

From the above four elements, three configurations of organizational structure can be derived:

1.3.1 Mechanistic Structures

The mechanistic structure is a management system based on a formal framework of authority that is carefully outlined and precisely followed. An organization that uses a mechanistic structure is characterized by the following: Clearly specified tasks, precise definitions of the rights and obligations of members, clearly defined line and staff positions with formal relationships between the two, and tendency toward formal communication throughout the organizational structure (Burns and Stalker, 1961).
These structures resemble a bureaucracy and are highly formalized and centralized (Burns and Stalker, 1961). Communication tends to follow formal channels and employees are given specific job descriptions delineating their roles and responsibilities. Mechanistic organizations are often rigid and resist change, making them unsuitable for innovativeness and taking quick action. These forms have the downside of inhibiting entrepreneurial action and discouraging the use of individual initiative on the part of employees. Not only do mechanistic structures have disadvantages for innovativeness, but they also limit individual autonomy and self-determination, which will likely lead to lower levels of intrinsic motivation on the job which ultimately affect their performance (Bryson, 1995).

Despite these downsides, mechanistic structures have advantages when the environment is more stable. The main advantage of a mechanistic structure is its efficiency and therefore helps organizations that are trying to maximize efficiency and minimize costs. It also allows an organization to produce uniform products at minimal costs. Mechanistic structures can also be advantageous when a company is new. New businesses often suffer from a lack of structure, role ambiguity, and uncertainty. The presence of a mechanistic structure has been shown to be related to firm performance in new ventures (Bryson, 1995).

1.3.2 Organic Structures

An organic structure is a management system founded on cooperation and knowledge-based authority. It is much less formal than a mechanistic organization, and much more flexible. Organic structures are characterized by: roles that are not highly defined, tasks that are continually redefined, little reliance on formal authority, decentralized control, fast decision making, and informal patterns of both delegation and communication (Burns and Stalker, 1961). Because the atmosphere is informal and the lines of authority may shift depending on the situation, the organic structure requires more cooperation among employees than does a bureaucracy.

Organic structures also refer to those structures that are flexible and decentralized with low levels of formalization where communication lines are more fluid and flexible.
1.3.3 Boundary less Organizational Structure

This is a newer form of organizational structure that has emerged in response to changing technologies and evolving marketplace relationships (Mejia, 2008). It is a management design that eliminates internal and external structural boundaries that inhibit employees from collaborating with customers, suppliers, or competitors. It has many features of organic design but it uses a flexible structure that makes it possible to overlap with other organizations so that seamless cooperation between the organizational results in better service to the customer.

By using teams that span organizational boundaries, a boundaryless organization may share employees with a supplier through a joint venture; use its sales force to sell partner’s products; share a patented manufacturing process with a customer through a licensing agreement; or buy a large block of a competitor’s stock to gain the right to use the competitor’s technology. Such cooperative agreements enable a boundaryless organization to improve the speed with which it reacts to change and uncertainty in the environment (Mejia, 2008).

1.4 Relationship between Strategy and Structure

The debate on the relationship between strategy and structure has endured for a long time. Indeed the search for the appropriate organizational structure dates back in the 1950s which arose from the failure of organizational structures to meet organizational objectives at the time (Koiyo, 1989). Studies that explain why organizational structures matter do so by demonstrating the relationship between the external environment, strategy and structure. Chandler (1962), revealed a classic proposition that “Structure follows Strategy”. From his study, he demonstrated that the structural changes within organizations seemed to follow given strategic conditions. However, a number of critics
to Chandler’s proposition also arose such as Andrews and Bower (1973), Bower (1974), Burgelman (1983), Fredrickson (1986), etc. These critics suggested that the contrary proposition; “Strategy follows structure” was as reasonable as “Structure follows Strategy”. Their main premise was that a corporate structure puts a firm in a specific form and by doing so a firm focuses its attention, creates its perception of the external environment and limits its search for alternatives.

Other scholars took middle ground and accepted that both propositions: “structure follows strategy” and “strategy follows structure” find empirical evidence such as Burgelman (1983). Mintzberg (1990) insists that strategies can rarely be decided in isolation from existing structures. He observes that both enable and constrain particular strategies. He concludes that the relationship between strategy and structure is inextricably reciprocal. Mintzberg and Quinn (1991) hold the view that structure and strategy are interdependent. To them, it doesn’t matter which one comes first, strategy or structure since the two are invariably interwoven. Other writers like Majluf (1996), have demonstrated that there are some cases where structure and strategy are independent. Strategy can change with or without structure changing and conversely, structure can change with or without strategy changing. From the above discourses, four propositions about strategy-structure relationship seem to emerge: That structure follows strategy (Chandler, 1962), that strategy follows structure (Burgelman, 1983), that strategy and structure are interdependent (Mintzberg and Quinn, 1991), that strategy and structure are independent of each other (Majluf, 1996).

In conclusion, Bowman (1998) explains that once an organization decides on the type of strategy to pursue, the first issue it must resolve is how to carve out the overall tasks that must be done into discrete activities and how to allocate these tasks to individuals and groups. To solve this issue, an organizational structure is created. Divisions or departments are created that focuses on a particular activity. These activities may be directed at different levels of management.
1.5 The Banking Industry
The global banking industry has been undergoing profound transformation arising from among other factors, the technological breakthrough caused by the eruption of e-banking and e-finance, world-wide consolidation and consequent restructuring, increasing competition in terms of both markets (geographic diversification) and products among different industries (Miller, 2000). The global financial crisis and ensuing global recession has stimulated specific actions aimed at promoting recovery and changing regulations to prevent a recurrence of the problem. On September 24th and 25th, 2009, heads of the G-20 nations met in Pittsburgh to address the global financial crisis. According to Miller (2000), nearly all industrialized countries and many emerging and developing nations have announced economic stimulus and/or financial sector rescue packages such as the American Recovery and Reinvestment Act of 2009 (Nanto, 2009). Several countries have resorted to borrowing from the International Monetary Fund as a last resort. The crisis has exposed fundamental weaknesses in financial systems worldwide; demonstrated how interconnected and interdependent economies are today; and has posed vexing policy dilemmas (IMF, 2008).

In Africa, global recession trends are having a major impact on banking and financial sector with the growing importance of a clear strategic intent in the banking industry. Banks, especially commercial banks, are now forced to rethink their strategic positioning. While some banks are opting to offer a vast variety of products/services on a global scale, others are focusing on some specific market segment (retail banking, private banking, and corporate banking) or specific geographic area. New competitors are entering the financial service business (Hall & Parker, 2008).

In East Africa, increased competition, diversification, new products, and new geographic markets have meant that both the spectrum of risks and the risk profile for commercial banks are dramatically changing. Not only have the risk parameters broadened, they have also changed with banks now facing unfamiliar types of risk. In addition to the traditional credit risk, financial risk has risen and is now playing a crucial role. Banks thus need integrated risk management techniques that can measure and manage market risk in a timely and effective manner (IMF, 2008).
In Kenya, the commercial banking industry has experienced entry of many players from locally incorporated banks and internationally incorporated commercial banks, both from within the continent and without the continent. All these commercial banks are competing for the market that until a few years ago was only dominated by a few players (Sabina, 2010). With this high level of competition in the commercial banking sector, sustenance of the individual banks has become a huge challenge. As Johnson and Scholes (2002) observed, organizations are open systems operating in a turbulent environment and as such, they must respond appropriately to the changes and challenges in their operating environment in order to survive and to achieve their strategic objectives.

According to Harker and Hunter (1998), most banks tend to focus on the effectiveness of the technological process, and architectural changes, but a clear-cut policy on strategy is missed out, especially when a critical analysis of the structure is considered. Most commercial banks in Kenya are focusing on retail banking, opening branches in the rural areas, but implementation teams are facing difficulties in the design of strategic plans that are sustainable, and in tandem with the factors within the organizational structure.

1.5.1 The Banking Industry in Kenya

The Kenyan commercial banking sector has continued to witness phenomenal growth on various key fronts; increase in the number of service providers, advancement in technology which has continued to facilitate service-delivery channels, geographical expansion by service providers both within Kenya and regionally and greater product differentiation resulting in niche market growth, among others. These improvements mark an important stage along the path towards a more efficient, stable and accessible banking system (CBK, Annual Supervision Report, 2010).

The banking industry in Kenya is governed by the Company’s Act, the Banking Act, the Central Bank Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Ministry of Finance, is responsible for formulating and implementing monetary policies and fostering the liquidity, solvency, and proper functioning of the financial system (CBK, 2010). As at 31st December 2010, the banking sector comprised of the Central Bank of Kenya, as the regulatory authority, 44 banking
institutions (43 commercial banks and 1 mortgage finance company), 2 representative offices of foreign banks, 5 Deposit-Taking Microfinance Institutions (DTMs) and 126 Forex Bureaus. 31 of the banking institutions are locally owned while 13 are foreign owned. The locally owned financial institutions comprise of 3 banks with public shareholding, 27 privately owned commercial banks, 1 mortgage finance company (MFC) while 5 DTMs and 126 Forex Bureaus are privately owned. The foreign-owned financial institutions comprise of 9 locally incorporated foreign banks and 4 branches of foreign incorporated banks (CBK Annual Supervision Report, 2010).

The CBK annual supervision report (2010) categorizes the financial institutions into three tiers: large, medium, and small in terms of net assets. Out of the 45 banks, 13 were in the large tier with aggregate net assets of over Ksh. 15 billion. The medium tier comprised 17 banking institutions with net assets ranging between Ksh. 5 billion and 15 billion. The small tier comprised 15 institutions with net assets of less than Ksh. 5 billion.

Over the past few years, the commercial banking sector in Kenya has continued to grow in assets, deposits, profitability and product offering. The growth has been underpinned by an industry-wide branch network expansion strategy both in Kenya and the East African Community (EAC) member countries as well as automation of a large number of services and a move towards an emphasis to meet the ever changing needs of the customers. The CBK annual supervision report of 2010 also emphasizes that the banking institutions will need to continuously cope with changing business environment and a continuous flow of new requirements via a robust information communication technology (ICT) platform. Consequently, the banks will continue to aggressively design new products that leverage on ICT to remain competitive. Down streaming into the retail market segment will also be expected to continue particularly with the licensing of deposit taking micro-finance (DTM) institutions like Faulu Kenya DTM, Kenya Women Finance Trust DTM, Uwezo DTM, SMEP DTM, and Remu DTM Ltd (CBK Annual Supervision Report, 2010).

Owing to the above challenges outlined in the CBK report of 2010, commercial banks have to be very proactive and deliberate in developing and implementing appropriate strategies that will give them a competitive advantage over the competition. This will
involve a thorough scanning of the environment, acquisition of very efficient and effective management information systems (MIS), acquisition and development of very competent human resources through continuous training, and most importantly creating a conducive environment that will enhance strategy implementation. For this objective to be achieved, appropriate matching of structure and strategy is absolutely critical because the organizational structure of any organization plays a crucial role in the successful implementation of strategies developed to steer it to the next level.

1.6 Statement of the Problem
The commercial banking sector has continued to experience changes over the years. Banking policies, rules and regulations have significantly changed. Many new entrants have joined the industry thus raising the stakes in competing for the market share. The effects of liberalization, globalization and the current global economic meltdown coupled with the use of modern technology in commercial banking have an effect on strategy formulation and implementation in the banking sector (Gakenia, 2008). Harker and Hunter (1998), observes that most commercial banks tend to focus on the effectiveness of the technological process, and architectural changes, but a clear-cut policy on strategy implementation is missed out, especially when a critical analysis of the structure is considered. Wireman (2005) argues that in order to benefit from changing conditions, organizations have to adopt a strategy for improvement that fits the specific needs of the structure of an organization at that point in their lives. However, Morgan (2005) argues that there are still very few studies that have systematically examined how different organizational units and strategy levels influence the implementation of strategic plans in organizations.

Research work (Raps and Kauffman, 2005) has revealed that companies, including banks, invest a lot of resources in crafting strategies to deal with the changes in the environment, competition, and also to respond to the ever changing needs of the customers. However, very few of those formulated strategies are successfully implemented and indeed the failure rate of strategy implementation has been clinically high, that is, in the excess of 70% (Raps and Kauffman, 2005). Consequently, many researchers have delved into seeking to establish the factors that affect successful implementation of strategies. Some
of the factors that have variously been identified as key in affecting the successful implementation of strategies include: Commitment of top management, involvement of middle-level managers’ valuable knowledge, communication, organizational structure, organizational culture, human resources, clear assignment of responsibilities, technology, prevention measures against change barriers, teamwork, supportive implementation instruments (such as the balanced scorecard, supportive software solutions, management systems - both financial and non-financial), buffer time for unexpected incidents, etc. (Raps and Kauffman, 2005).

However, researchers have sought to investigate the general factors affecting successful strategy implementation as outlined above, very few have attempted to investigate in detail how each of those individual factors affect strategy implementation in various organizations thus creating a gap that this research attempts to bridge. Consequently, this study seeks to establish the relationship between organizational structure and strategy implementation in the commercial banking sector by attempting to answer the question: Does organizational structure affect strategy implementation in the commercial banking industry?

1.7 Research Objectives

1.7.1 General Objective
The research generally seeks to establish the effects of organizational structure on strategy implementation in the commercial banking industry in Kenya.

1.7.2 Specific Objectives
i. To establish the effect of communication on strategy implementation in the commercial banking industry.
ii. To establish the effect of hierarchical levels on strategy implementation in the commercial banking industry.
iii. To establish the effect of decision-making structure on strategy implementation in the commercial banking industry.
iv. To establish the effect of line-and-staff on strategy implementation in the commercial banking industry.
1.8 Research Questions
i. To what extent does communication affect strategy implementation in the commercial banking industry?
ii. To what extent do hierarchical levels affect strategy implementation in the commercial banking industry?
iii. To what extent does decision-making structure affect strategy implementation in the banking industry?
iv. To what extent do line-and-staff affect strategy implementation in the commercial banking industry?

1.9 Scope of the Study
The study was conducted in Nairobi City in Kenya in forty (40) commercial banks out of the forty three commercial banks (CBK, 2010). This was primarily due to the fact that all the commercial banks in the country have their headquarters in Nairobi where the heads of strategy of the banks are found who were the respondents for this study.

1.10 Significance of the Study
The study aimed at providing insights on how organizational structure variables affect strategy implementation in the commercial banking industry. Its findings will be useful to the following groups: firstly, stakeholders in the Commercial Banking Industry: The results of the study will form a vital tool in decision making with regard to strategy implementation to the managers, chief executive officers, and the boards of directors. Secondly, managers in other industries: This study can be generalized to other industries thus helping the management in those industries in making critical decisions related to strategy implementation. Thirdly, researchers: The findings of this research will contribute to the existing body of knowledge. The study will also suggest a variety of interesting opportunities for future research through the recommendations and suggestions that will be volunteered. Fourthly, the government agencies concerned with policy and decision-making affecting the commercial banking sector.

1.11 Delimitation and Limitations
The study examined the organizational structure factors affecting strategy implementation only thus leaving out other key factors that affect strategy
implementation. The study was also carried out within the context of the commercial banking industry thus leaving out other sectors of banking and also related organizations. Many workers in the banking sector were very suspicious and were hesitant to fill the questionnaires. Additionally, some banks declined to participate in the survey.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This section focused on reviewing identified studies and theoretical bases of structure and strategy with a focus on strategy implementation in the commercial banking sector. It discussed factors such as communication, hierarchical levels, decision-making structure and line-and-staff, and how they affect strategy implementation in the commercial banking sector. Finally, a conceptual framework was developed to show the relationship between the dependent and the independent variables.

2.2 The Concept of Strategy
The concept of strategy has a long history within the military and is etymologically rooted in the Greek word Strategos, which literary means “what the generals do.” In business, as in the military, strategy bridges the gap between policy and tactics. The business world adopted the use and application of this concept in the 1950’s (Angulu, 2007) with the aim of establishing a competitive domain for the firm by guiding it on issues like growth, diversification, investment and divestment (Abishua, 2010).

A company’s strategy consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen its market position. These strategies provide opportunities for the organization to respond to the various challenges within its operating environment. Firms also develop strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 1985). The competitive aim is to do a significantly better job to its customers. The success of every organization is determined by its responsiveness to the customer needs.

Strategy is an important component of a successful business (Cowman, 1998) because the top management team must have a shared understanding of where the firm is going and
how it is trying to compete. It assists managers in making investment decisions and it instills in them a sense of purpose. Strategy is the broad program of goals and activities required for a company to achieve success and it aligns the organization with the external environment (Ansoff, 1990). Koch (1994) says that strategy must link what an organization is actually doing, what it says it is doing, and what it should be doing. And according to Michael Porter (1985), strategy means what the company does, how it actually positions itself commercially and conducts competitive battle.

2.2.1 Levels of Strategy
According to Bowman (1998), strategy can be viewed in three levels. For large organizations with several business units (SBUs), there may be a corporate strategy, a business/competitive strategy and an operational strategy. In such a case, corporate strategy sets out the broad vision of the company, defining the mission statement, the corporate culture and corporate objectives. The business strategy is concerned with how an individual SBU is to compete. It addresses such issues as what markets to compete in, how to compete in the chosen markets, what it takes to compete and the present capabilities. Operational strategy is at the level of line managers. Its function is to translate the competitive strategies into routine tasks. In smaller organizations, the three levels are compressed into corporate strategy.

2.3 Overview of Strategic Management Process
Strategic management is an on-going process to develop and revise future-oriented strategies that allow an organization to achieve its objectives, considering its capabilities, constraints, and the environment in which it operates (Fuerer & Chaharbaghi, 1997). Strategic management process comprises three core phases: strategic diagnosis (analysis), strategy formulation, and strategy implementation. Strategy diagnosis includes performing a situation analysis (analysis of the internal environment of the organization including identification and evaluation of the current vision, mission, strategic objectives, strategies and results, plus major strengths and weaknesses); analysis of the organization’s external environment involves examination of the major opportunities and threats and identifying the major critical issues, threats, weaknesses, and/or opportunities that require particularly high priority attention by management.
The second phase is strategic formulation, which produces a clear set of recommendations, with supporting justification that revise as necessary the mission, and objectives of the organization and supply of the strategies for accomplishing them. According to Pearce and Robinson (2007), strategy formulation is concerned with determining where the organization is, where it wants to go and how to get there. It involves carrying out situational analysis that leads to setting of objectives. Vision and mission statements are crafted and the overall corporate objectives, strategic business unit (SBU) objectives, and tactical objectives are also developed.

The third phase is strategy implementation, which is the process of allocating resources to support an organization’s chosen strategies. This process includes the various management activities that are necessary to put strategy in motion and institute strategic controls that monitor the progress and ultimately achieve organizational goals (Pride & Ferrell, 2003).

Scholars have variously observed that there are some commonly used models and frameworks by researchers and practicing managers in the areas of strategy analysis and strategy formulation such as the SWOT analysis (strengths, weaknesses, opportunities and threats); industry structure analysis (this includes models like the PESTLE: political, economic, socio-cultural, technological, legal, and ecological factors); and generic strategies (cost-leadership, differentiation and focus/strategic scope). By contrast, there is no agreed upon or dominant model/framework in strategy implementation (Noble, 1999). Noble (1999) also notes that there is a significant need for detailed and comprehensive conceptual frameworks/models related to strategy implementation. He argues that if a firm’s strategy is implemented well, several benefits will be derived. These benefits would include: proper utilization of both financial and human resources thus enhancing organizational growth, development of efficient systems that will enhance coordination hence guaranteeing achievement of organizational goals and set targets, increasing organizational impact due to improved performance, and also enable the organization to have a clear focus and direction in its growth path and in the process attract competent and resourceful human resource base.
2.4 Strategy Implementation Process
The main functions of strategic management have been explained by Robbins and Coulter (1996) as identifying the organization’s current mission, objectives and strategies, analyzing the environment, identifying the opportunities and threats, analyzing the organization’s resources, identifying the strengths and weaknesses, formulating and implementing strategies, and evaluating results. They have further noted that no matter how effectively a company has planned its strategies, it cannot succeed if the strategies are not implemented properly.

Christensen and Donovan (1998) mentioned that intended strategies would be implemented as they have been envisioned if three conditions were met. First, those in the organization must understand each important detail in management’s intended strategy. Second, if the organization is to take collective action, the strategy needs to be clearly explained and understood by all members in the organization; both employees and managers. Finally, the collective intentions must be realized with little unanticipated influence from outside political, technological, or market forces.

Higgins’ (2005) model described the eight factors critical for effective strategy execution. The 8-S model identifies the eight factors as strategy, structure, systems, staff, resources, style/culture, shared values, and strategic performance. The Eight S’s model was developed by Higgins in the year 2005, which is a revision of the original McKinsey 7 S’s model developed in 1980. The aim of the Eight S’s model is to enable management to more effectively and efficiently manage the cross functional execution of strategies. Higgins (2005) points out that those executives who are successful spend a great deal of their time on strategy execution/implementation. They believe and realize that execution of strategy is as important and crucial as its formulation. He further observed that much of strategy execution revolves around aligning key organizational functions/factors with the chosen strategy. However, he notes that with frequently occurring changes in the business environment, strategies are reshaped more often thus making the alignment processes a bigger challenge. Executives must align the cross-functional organizational factors; structure, system and processes, leadership style, staff, resources and shared values with the new strategy so that the strategy opted can succeed (Higgins, 2005).
model is divided into two parts; the Seven Contextual S's and Strategic Performance. Higgins (2005) says that all the factors falling in the contextual Seven S's must be aligned to achieve the best possible strategic performance. Importantly, organization's arrows should be pointing in the same direction that is, aligned with one another. The other six contextual S’s should point in the same direction as of the strategy (Higgins, 2005).

Figure 1: The Eight Ss Model


2.4.1 Description of the Eight S's
a) Strategy and Purpose: According to Higgins, strategies are formulated to achieve an organization's purpose. Change in strategic purpose leads to change in strategy. Strategic purpose includes strategic intent, vision, focus, mission, goals and strategic objectives.
There are four types of strategies famed by Higgins; corporate-, business-, functional- and process strategies. Corporate strategy defines what the business of the company is or will be involved in and how business will be conducted in a fundamental way. Business strategy depicts as how a firm in a particular business can gain competitive advantage over its competitors. Functional strategy should be aligned with business strategy, hence functional strategies in areas such as marketing, human resources, Research & Development, finance and more should be allied. Process strategies are cross functional in nature and aims at integrating an organization’s processes in order to improve their effectiveness and efficiency in the operations of the organization.

b) Structure: Higgins avows that organizational structure consists of five parts; jobs, the authority to do those jobs, the grouping of jobs in a logical fashion, the managers span of control and mechanism of coordination. Consequently, when executing a business strategy, decisions are to be made regarding how an organization is structured. This incriminates decisions in terms of jobs to be completed, authority to do the jobs, grouping of jobs into departments and divisions, the span of manager’s control and the mechanisms of control of such a structure.

c) Systems and Processes: Systems and processes enable an organization to execute its daily activities. Hence, this element is about the formal and informal procedures used in an organization to manage information systems, planning systems, budgeting and resource allocation systems, quality control systems and reward systems, all of which have an effect on implementation of chosen strategies.

d) Style: Style refers to leadership/management mode exhibited by the leaders/managers when relating to subordinates and other employees. Abridging it further, management style is about the manner in which management treats their colleagues and other employees and what and how they focus their attention on. This has a great impact on line and staff relationships which in turn impact on strategy implementation.

e) Staff: Refers to the number of employees needed, their backgrounds and skills essential to achieve the strategic purpose. This factor also covers aspects such as staff
training, career management and promotion of employees. Staff development and motivation are critical factors in the performance of the organization.

f) Re -Sources: Higgins affirms that management must ensure that an organization has access to sufficient resources toward successful strategy execution. Resources include people, money and technology and other management systems.

g) Shared Values: Shared values on the whole relate to organizational culture and refer to the values shared by the members of the organization that make it different, unique, and diverse from the other organizations. They enable the workers to have shared direction and unity of purpose which are crucially important to strategy execution.

h) Strategic performance: It is a derivative of the other seven S's. Strategic performance is possessed by an organization as a total, or for profit-based parts of the whole. Performance can be measured at any level. Financial performance measurements are critical barometers of strategic performance. However an expanded balanced scorecard approach is best.

2.5 Theoretical Literature Review

2.5.1 Communication versus Strategy Implementation
Forman & Argenti (2005) rightly noted that although an entire discipline is devoted to the study of organizational strategy, including strategy implementation; little attention has been given to the links between communication and strategy. They also note that in the last decade, business communication researchers have become increasingly interested in the contribution of corporate communication to a company’s ability to create and disseminate its strategy. This notwithstanding, very few researchers have investigated the link between corporate communication and strategy, and – when they have – their focus has primarily been on how corporate communication affects the firm’s relationship with its various stakeholders. However, some researchers have emphasized the importance of communication to the process of strategy implementation (Forman & Argenti, 2005; Schaap, 2006).
Based on interviews with 21 presidents and 25 governmental agency heads, Alexander (1985) pointed out that communication was mentioned more frequently than any other single item promoting successful strategy implementation. The content of such communications includes clearly explaining what new responsibilities, tasks, and duties need to be performed by the affected employees. It also includes the reasons behind the changed job activities, and more fundamentally the reasons why the new strategic decisions were made. Rapert & Wren (1998) find that organizations where employees have easy access to management through open and supportive communication climates tend to outperform those with more restrictive communication environments. Also the findings of Peng & Litteljohn (2001) show that effective communication is a key requirement for effective strategy implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. In fact, communication is pervasive in every aspect of strategy implementation, as it relates in a complex way to organizing processes, organizational context and implementation objectives which, in turn, have an effect on the process of implementation.

Communication barriers are reported more frequently than any other type of barriers to strategy implementation, such as organizational structure barriers, learning barriers, personnel management barriers, or cultural barriers. Heide, Grønhaug & Johannessen’s (2002), for example, indicate that there are various types of communication problems, which may be influenced to some extent by the organizational structure, which in turn affect successful implementation of corporate strategies. Rapert, Velliquette & Garretson (2002) state that communication and shared understandings play an important role in the implementation process. In particular, when vertical communication is frequent, strategic consensus - shared understanding about strategic priorities - is enhanced and an organization’s performance improves. They explore vertical communication linkages as a means by which strategic consensus and performance can be enhanced. The study of Schaap (2006), which was conducted in the casino industry within the state of Nevada, shows that over 38 percent of the senior-level leaders do not communicate the company’s direction and business strategy to all of their subordinates. This study also reinforces
findings that frequent communication up and down in organization enhances strategic consensus through the fostering of shared attitudes and values. The corporate communication function is the department or unit whose purpose is to facilitate strategy implementation through communication (Forman & Argenti, 2005). This department can also serve as the “antenna” of an organization, receiving reactions from key constituencies to the strategy of the firm. Forman & Argenti (2005) find that the alignment between the corporate communication function and the strategic implementation process was particularly visible in those companies that were going through fundamental strategic change: All of the firms studied were involved in significant efforts in internal communications and felt that information technology (IT) was central to the success of the function, particularly in terms of implementing strategy and building reputation (Forman & Argenti, 2005).

2.5.2 Hierarchical Levels versus Strategy Implementation

Another important element of an organization’s structure is the number of levels it has in its hierarchy. Organizations with tall (vertical) structures have several layers of management between frontline employees and the top level, while organizations with flat (horizontal) structures have few layers, often with large numbers of employees reporting to a single manager (Fountain, 2006). These hierarchical levels have an effect on the span of control, decision-making, communication, coordination, among others. In tall structures, the number of employees reporting to each manager tends to be smaller, resulting in greater opportunities for managers to supervise and monitor employee activities resulting to a narrow span of control. In contrast, flat structures involve a larger number of employees reporting to each manager resulting to a wide span of control. In such a structure, managers will be relatively unable to provide close supervision, leading to greater levels of freedom of action for each employee.

Span of control refers to the number of subordinates a manager or supervisor can directly supervise in an organization. It also refers to how relations are structured between leaders and subordinates in an organization (Gullick, 1973). A wide span of control exists when a manager oversees many subordinates; whereas a narrow span of control exists when a manager oversees few subordinates. While a simple concept, span of control has
widespread implications on strategy implementation in organizations. According to McGregor (1960), span of control is a tool that orders relationships between leaders and subordinates in organizations and influences management styles. Span of control, thus, not only has implications for understanding organizational design but also for understanding behavior within organizations that determine how strategies are implemented.

Fountain (2006) argues that the optimal span of control is difficult to quantify because it varies based upon the type of organization and the work being executed; the type of organizational structure adopted, the nature of the work, the level of formalization, the skills of the people, the business culture, and the management style of the organization (McManus 2007). A narrow span of control allows a more effective feedback of ideas from workers to managers but also requires a high level of management skill to control a greater number of employees while a wide span of control, (less layers of management), facilitates faster passage of messages to employees. The width of span of control depends on the type of product being made and the skills of managers and workers (Bryson, 1995). Consequently, the height of the organizational structure will have an effect on the efficiency and effectiveness of implementing selected strategies. A number of factors may influence span of control in an organization:

**Nature of Work Performed by Subordinates:** Tasks that are complex and varied will require more guidance and supervision of the subordinates performing them thus leading to reducing span of control. On the flipside, if the tasks being undertaken by the subordinates are simple and routine type, they will require less supervision thus resulting to a wider span of control.

**Geographical Location:** This refers to the physical location and distribution of the organization’s premises in which its business activities are transacted. It is easier to control and supervise when all the subordinates and managers are working at the same location. In this case, span of control tends to be bigger. In comparison, when the manager and the subordinates work in a widely dispersed location, for instance, if
branches of a bank are widely dispersed, the manager will find it difficult to supervise each of them and as such the span of control will be smaller (McManus, 2007).

The Workers Capability (Level of Training): If workers are highly capable, little supervision is needed thus they will be motivated and take the initiative to work; as such the span of control will be wider. On the other hand, if workers are not properly trained, they will require a lot of guidance and supervision, which will mean smaller spans of control (Collender & Shaffer, 2003). Diversification of Function: An organization that combines diverse functions will need to reduce the size of its spans of control simply because the supervisor must interact with more different types of individuals. On the other hand, if subordinates are all performing the same task with the same set of inputs, jobs can be routinized. This similarity of jobs should permit a single individual to supervise more subordinates. This concept clearly applies to the diversity of functions that individuals perform (or the diversity of workplace technologies), the diversity of occupations, and the diversity of inputs that workers use. For example, most subordinates in the banking industry perform similar tasks. The manager can therefore supervise all of them at the same time. The span of control will consequently result to either tall or flat organizational structures, which have an effect on strategy implementation (McManus, 2007).
Capability of the Manager: All other things being equal, a more experienced and capable manager will be able to supervise and control more subordinates as compared to less capable and skilled manager.

Time/Stability: The element of time focuses essentially on stability of organizations. In stable organizations, managers do not have to train and oversee new workers. Individual workers need less supervision simply because they are more familiar with their jobs. Stability might not only include stability of workers but also stability of the organization’s other inputs. A stable environment that provides similar inputs to an organization over a long period of time should permit greater routinization and thus larger spans of control (Gullick, 1973).

Size and Space: The element of space, according to Gullick (1973), involves the number of buildings that houses the organization; the more buildings the less face-to-face contact and, in Gulick’s mind, the more closely individuals would need supervision. Because space essentially increases the transaction costs of supervision, (Williamson, 1975) suggests that it can generally be thought of as an element of size. In terms of size, larger organizations can specialize to a greater degree and thus are less likely to use generalists at the production level. The use of highly trained specialists with minimal supervision might generate wider spans of control. In short, there might be some economies of scale in larger organizations that permit fewer administrative oversight personnel.

2.5.3 Decision-Making Structure versus Strategy Implementation

The type of decisions made by those in authority affects strategy implementation. According to Gerhard (2001), top management provides a model for other managers to use in assessing the salient environmental variables, their relationship to the organization, and the appropriateness of the organization's response to these variables, which eventually dictates the implementation of strategies.

Two types of decision making authorities exist in many organizations: centralized and decentralized. Centralization refers to the degree to which decision-making authority is concentrated at higher levels in an organization (Gerhard, 2001). In centralized companies, many important decisions are made at higher levels of the hierarchy thus
placing greater demands on the judgment capabilities of chief executive officers (CEOs) and other high-level managers. Many companies find that the centralization of operations leads to inefficiencies in decision making which can place the company at serious competitive disadvantages against its competitors. However, centralization also has its advantages. Some employees are more comfortable in an organization where their manager confidently gives instructions and makes decisions and this can have influence on how they react or respond to changes that are occasioned by new strategies. Centralization may also lead to more efficient operations, particularly if the company is operating in a stable environment (McManus, 2007).

Decentralized companies on the other hand give more authority to lower-level employees, resulting in a sense of empowerment. In decentralized companies, decisions are made and problems are solved at lower levels by employees who are closer to the problem in question. Decisions can be made more quickly, and employees often believe that decentralized companies provide greater levels of procedural fairness to employees. Job candidates are more likely to be attracted to decentralized organizations (Shaffer, 2003).

The banking industry constitutes a centralized organization at the head office, which retains the major responsibilities and powers in so far as making of critical organizational decisions is concerned. Senior managers enjoy greater control and the use of standardized procedures (Souryal, 1977). Decentralized organizations will spread responsibility for specific decisions across various outlets and lower level managers, including branches or units located away from headquarters (McManus, 2007). McManus (2007) further argues that decision making is a form of empowerment, which can increase motivation thus increasing staff output. This is because people lower down the chain have greater understanding of the environment they work in and the people they interact with. Such a system, (Gerhard, 2001) enables departments and employees to respond faster to changes and new challenges.

Lawrence and Lorsch (1967) found out that organizations in stable, predictable environments were most efficient and productive when they used traditional, stable,
hierarchical structures. However, organizations exposed to rapidly changing environments or dynamic technologies were more successful if they pursued more flexible structures in which authority and control were decentralized. The authors also found that the higher the level of external change and uncertainty, the more subsystem specialization was necessary. This perspective is often referred to as "contingency theory" and contrasts sharply with the classical theory that presents an ideal way to structure and manage organizations. The contingency view as introduced by Burns and Stalker (1961) suggests that different types of organizational structure are suitable for particular environmental conditions. An organization with well-defined tasks and a rigidly hierarchical system of decision taking is argued to be appropriate for stable environmental conditions. Where the environment is changing, an organic form of organizational structure is deemed more appropriate, in which tasks are flexibly defined and participants cooperate on the basis of expertise and not on hierarchical positions.

2.5.4 Line-and-Staff versus Strategy Implementation

As organizations develop in size and work become more complex, the range of activities and functions undertaken increases thus requiring people with specialist knowledge to be integrated into the managerial structure (Hicks, 1981). This development consequently necessitates the incorporation of line-and-staff departments within the organizational structure (Plunkett, 2005). Line departments are headed by line managers and are established to meet the major objectives of the business and directly influence its success (profitability). Such departments would include production, marketing, and finance, among others. On the other hand, staff departments, headed by the staff managers provide assistance to line departments and to each other. They can be viewed as making money indirectly for the organization – through advice, service and assistance – rather than directly contributing to achieving the organization’s major objectives. Such departments would include legal, human resources (HR), information technology (IT), and public relations (PR), among others (Plunkett, 2005). Line-and-staff organization is therefore concerned with different functions that are to be undertaken and provides a means of making use of specialists while maintaining the concept of line authority. Line organizations relates to those functions concerned with specific responsibility for
achieving the objectives of the organization and those people in the direct chain of command. Staff organizations on the other hand, relate to the provision of specialist and support functions for the line organization and in the process create an advisory relationship (Hicks, 1981). Therefore, the integration of the two departments in the functionality of the organization is critical to strategy implementation.

Line-and-staff organizational design helps management apply technical expertise where it is most needed while maintaining relative unity of command (Kreitner, 1983). In a line-and-staff organization, a distinction is made between line positions, those in the formal chain of command and staff position, those serving in an advisory capacity outside the formal chain of command. Line managers have the authority to make decisions and give orders to subordinates in the chain of command. In contrast, staff managers merely advise and support line managers and their authority is normally restricted to immediate assistants (Kreitner, 1983). According to Hicks (1981), line officials are those with direct responsibility and accountability for accomplishing the primary objectives of the organization. They have relatively unlimited authority over those to whom directions are given. On the other hand, staff persons have their authority restricted to their functional areas or departments.

In line relationships, authority flows vertically down the structure – the chain of command (Mullins, 2007). There is a direct relationship between the superior and the subordinate, with each subordinate accountable to only one person. Line relationships are associated with functional or departmental division of work and organizational control. Line managers have authority and responsibility for all matters and activities within their own departments (Mullins, 2007). On the other hand, staff relationships arise from the appointment of personal assistants to senior members of staff and have little or no direct authority in their own right but act as an extension to their superior and exercise only ‘representative’ authority. There is no formal relationship between the personal assistant and other staff except where delegated authority and responsibility have been given for some specific activity. Line authority therefore, defines the relationship between the superior and the subordinate (Plunkett, 2005). Any member who supervises operating employees has line authority which allows him to give direct orders to those
subordinates, evaluate their actions, and reward or punish them. Staff authority on the other hand is the authority to serve in an advisory capacity. Thus, such managers provide advice or technical assistance. This authority provides no basis for direct control over the subordinates or activities of other departments with which the person holding staff authority consults. However, within the staff department, he/she can exercise line authority over the employees in that particular department. Staff authority in the form of advice or assistance flows upward to the decision-maker (Plunkett, 2005).

On the flipside, line-and-staff interactions offer some real challenges of which managers should be aware. Because staff people must sell their ideas, line personnel may view them as pushy or in extreme cases, as undermining them. Staff managers therefore need to develop tact and persuasive skills along with their ideas. They also need to foster credibility for their ideas to be accepted. Another challenge is that the line managers are inclined to feel that ‘the buck stops’ with them because staff personnel are not responsible for the performance results of the line managers’ unit and because the line managers ultimately make decisions, they don’t have to take staff advice seriously (Plunkett, 2005). This challenge has the huge potential of straining working relationships between the two groups thus robbing the organization of the collaboration that is required among workers in order to achieve the organization’s desired objectives. Koontz et al (2007) note that although there is probably no other area of management which causes more difficulties, more friction, more loss of time and effectiveness than line-and-staff, yet it remains a popular and useful managerial concept and a key component of the organizational structure.

In conclusion, it is imperative to note that line-and-staff are vital components in strategy implementation because people to oversee the implementation process are critical (line managers) as well those to implement the adopted strategy (staff). Consequently, managers overseeing strategy implementation should manage the line-and-staff departments well for successful implementation of strategy or else the hustling between them will jeopardize the implementation process. Additionally, organizations should cultivate cordial working relations between the two departments in order to build synergy that is critical in strategy implementation. Mutual understanding and respect for each
other's role is important in building team-work and collaboration for the general benefit of the organization.

2.6 Empirical Review

Results from several surveys have confirmed that even the best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented. An Economic survey study in Beijing, China found out that a discouraging 57 percent of firms were unsuccessful at executing strategic initiatives over the past three years after surveying 276 senior operating executives in 2004 (Allio, 2005). According to the White Paper of Strategy Implementation of Chinese Corporations in 2006, strategy implementation has become the most significant management challenge which all kinds of corporations face at the moment. The survey reported in that white paper indicates that 83 percent of the surveyed companies failed to implement their strategy smoothly, and only 17 percent felt that they had a consistent strategy implementation process (Noble, 1999). Conversely, the study provides a general view of strategy implementation and is limited in relating the existing organizational structure types with strategy implementation.

Earlier studies by Harrington and Ottenbacher (2009) on strategy focused on decision-making process tactics within organizations. The study identified three levels: analysis tactics; judgment tactics; and participative tactics. The two researchers considered how managers in the hospitality industry make significant organizational decisions and how this process is impacted by contextual features. The study found direct and interacting relationships among several contextual features with decision-making tactics. Key contextual features included decision urgency, risk level, complexity, dynamism, level of decision maker and internal or external support/opposition. While this study pointed out many of the relationships among context and process, it is limited in relating how the decision-making process affects strategy implementation process.

A study by Ashmos et al., (2002) on strategy process in Italy indicates a relationship between organizational performance and the level of involvement. Specifically, the literature suggests that a participative leadership approach can be used to increase
information processing, utilize knowledge dispersed across the organization, provide more alternatives, facilitate opportunity recognition and avoid having good ideas overlooked (Burgelman, 1988). This leadership style has been supported in the decision-making literature, where researchers have indicated that decision-making teams should develop decision-making processes that feature more participation and diversity in team member backgrounds. This tactic has been shown to provide more flexibility, creativity, and openness to new ideas (Sharfman & Dean, 1997). While this study provides evidence of relationships between strategy and organizational performance, it does not provide an adequate and complete representation of the impact of the organizational structure on decision-making authority and span of control.

Gupta (1987) examined the relationships between strategies, aspects of the corporate-relationship, and implementation. The results of the study found that structures that are more decentralized produce higher levels of effectiveness, regardless of the strategic context. Nonetheless, the study failed to highlight how the factors influence strategy implementation. Schaap (2006) also suggests that adjusting organizational structure according to perfect strategy can ensure successful strategy implementation. In addition, different strategy types have different requirements regarding an adequate organizational structure (Slater & Hult, 2005). Govindarajan (1988) suggests that few researchers have focused on the design of differentiated administrative systems that can facilitate the implementation of a variety of strategies pursued by diversified corporations. In his study conducted among top level corporations in Nevada, Govindarajan (1988) highlights three components which are; design of organizational structure (decentralization), design of control systems (budget evaluative style) and selection of managers (locus of control) as key elements in corporate strategy. Based on these distinctions, Govindarajan identified the following constellations: High managerial internal locus of control and low emphasis on meeting a budget are associated with high performance in employing a strategy of differentiation. Yet, the results did not provide support for the interaction between strategy, decentralization, and structure.

Several researchers have emphasized the effect of top management on strategy implementation; Schmidt & Brauer, (2006); Schaap (2006). Schmidt & Brauer (2006),
for example, take the board of directors as one of the key subjects of strategy implementation and discuss how to assess the board of directors' effectiveness in guiding strategy execution. However, most of them point out the important figurehead role of top management in the process of strategy implementation without linking it to organizational structure. Hrebiniak and Snow (1982) found out that the process of interaction and participation among the top management team typically leads to greater commitment to the firm's goals and strategies. This, in turn, serves to ensure the successful implementation of the firm's chosen strategy (Dess & Priem, 1995). Additionally, Smith & Kofron (1996) believe that top managers play a critical role in the implementation, not just the formulation strategy. Nonetheless, these studies tend to have a somewhat weak empirical base for their prescriptive advice, since key factors like the span of control is not described.

An empirical study carried out by Schaap (2006) in Switzerland tested the following hypotheses: Effective senior-level leadership behaviors will be directly related to successful strategy implementation. This hypothesis, however, has resulted in mixed support; those senior-level leaders who have been trained in or studied strategic planning and implementation are more likely to meet the performance targets set for the company. This hypothesis also resulted in a weak confirmation especially its limitation in relating the type of decision making authority and type of structure. More empirical research is needed to clarify the role of top management for strategy implementation. Chimhanzi (2004) suggests that cross-unit working relationships have a key role to play in the successful implementation of marketing decisions. Implementation effectiveness is affected negatively by conflict and positively by communication and specifically, interpersonal skills. In turn, these interdepartmental dynamics are affected by senior management support, joint reward systems, and informal integration.

2.7 Research Gaps

Empirical review of various studies on structure and strategy has not shown clearly the influence of organizational structure on strategy implementation (Simons et al., 1999). The review of the study conducted in the Chinese corporations on strategy implementation concluded that strategy implementation is a significant management
challenge facing all corporations (Allio, 2005). The study by Ashmos et al. (2002) on strategy process in Italy indicates a relationship between organizational performance and the level of involvement. However, while this study provides evidence of relationships between strategy and organizational performance, it does not provide an adequate and complete representation of the impact of the organizational structure on strategy implementation. Gupta (1987) examined the relationships between strategies, aspects of the corporate relationship, and implementation but the study failed to highlight how these factors influence strategy implementation. Consequently, it is on the basis of these gaps that this research seeks to establish the effects of organizational structure on strategy implementation with reference to the commercial banking industry.

2.8 Conceptual Framework
A conceptual framework is a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation (Reichel and Ramey, 1987). It is a tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny. It helps the research to explain the relationship among interlinked concepts such as the dependent and independent variables (Kombo, 2006). In this study, the researcher sought to establish the relationship between organizational structure and strategy implementation. The study was anchored on the contingency theory that argues that there is no one best way of doing things advocated by Lawrence and Lorsch (1967). The study was also based on the assumption that there is a significant relationship between the structure of an organization and implementation of strategies. It was conceptualized within the dependent-independent variable components and their indicators. The figure below shows a diagrammatic representation of the relationship between the dependent and independent variables.
Figure 2: Conceptual Framework

INDEPENDENT VARIABLES

Communication
• Vertical
• Horizontal
• Top-down
• Bottom-up

Height of the Organizational Structure
• Tall/Narrow span
• Flat/Wide span

Decision-Making Structure
• Centralized
• Decentralized
• Delegation

Line-and-Staff
• Teamwork
• Synergy
• Integration

DEPENDENT VARIABLE

Strategy Implementation
• Performance targets: short, medium, long-term
• Level of achievement
• Efficiency/productivity
• Growth/profitability

Intervening Variables
• Technology
• Resources
• Training
• Political-legal

Source: Researcher, 2012
2.9 Operationalization of the Variables

Review of literature indicates that communication, height of the organizational structure, decision making structure, and line-and-staff in an organization have an effect on the implementation of strategies that are designed to help the organization to achieve its corporate, business and operational objectives. These elements of the organization structure affects organizational performance in terms of the attainment of the set targets — long-term, medium-term and short-term. They also influence the level of achievement/performance; efficiency or productivity; and growth or profitability. The study will therefore seek to find out how these structural elements impact on the commercial banking industry in view of the afore-mentioned strategy implementation indicators.

However, in the process of strategy implementation, the independent variables may be affected by among other factors technology, availability of adequate resources, level of management and employee training, and political-legal issues. These intervening variables require to be moderated so that they do not adversely affect the expected outcomes.
<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>INDEPENDENT VARIABLES</th>
<th>DEPENDENT VARIABLE</th>
<th>ANALYSIS</th>
</tr>
</thead>
</table>
| 1 To establish effects of communication on strategy implementation | Communication  
- Vertical  
- Horizontal  
- Top-down  
- Bottom-up | Strategy Implementation  
- Performance targets: Short, Medium, & Long term,  
- Level of achievement  
- Efficiency/productivity  
- Growth/ profitability | Descriptive  
Statistics:  
Percentages  
Means  
Frequencies |
| 2 To establish effects of hierarchical levels on strategy implementation | Hierarchical levels  
- Flat/Wide span  
- Tall/Narrow span | Strategy Implementation  
- Performance targets: short, medium, long term  
- Level of achievement  
- Efficiency/productivity  
- Growth/ profitability | Descriptive  
Statistics:  
Percentages  
Means  
Frequencies |
| 3 To establish effects of the decision-making structure on strategy implementation | Decision-Making Structure  
- Centralized  
- Decentralized | Strategy Implementation  
- Performance targets: short, medium, long term  
- Level of achievement  
- Efficiency/productivity  
- Growth/profitability | Descriptive  
Statistics:  
Percentages  
Means  
Frequencies |
| 4 To establish effects of line-and-staff on strategy implementation | Line-and-Staff  
- Teamwork  
- Synergy  
- Integration | Strategy Implementation  
- Performance targets: short, medium, long term  
- Level of achievement  
- Efficiency/productivity  
- Growth/profitability | Descriptive  
Statistics:  
Percentages  
Means  
Frequencies |
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design, target population, location of study, sample size and sampling procedure, research instruments, method of data collection and analysis.

3.2 Research Design

The research design used was qualitative in nature and consequently employed a descriptive survey in data collection. Kombrabail (2005) defines descriptive research as a characteristic process which focuses on answering questions such as who, what, when, where and how of the subject under investigation, and usually describes the present situation or users of a group. The study design involves describing the characteristics of a particular individual or group of variables (Kothari, 2007). Descriptive survey design lays a greater emphasis on sample selection because the major concern is to obtain a broad picture of the social problem prevailing in the defined universe and make recommendations to bring about the desired change (Majumdar, 2005). Ndirangu (2000) argues that surveys are very good vehicles for collecting original data for the purpose of studying attitudes and orientations of a very large population.

3.3 Location of the Study

The study was conducted in Nairobi City in Kenya in forty (40) out of the forty three registered commercial banks in Kenya (CBK Annual Supervisory Report, 2010). Three of the banks were used in the pilot study and were consequently not be used for the survey. All the commercial banks have their headquarters in Nairobi City thus making it the most ideal location for the study.

3.4 The Target Population

The target population for a survey study comprises all the individuals and objects that the researcher can reasonably generalize his/her findings to (Mugenda, 2008). All the commercial banks in Kenya have their headquarters in Nairobi where heads of banks'
strategy are found. The heads of strategy formed the main respondents for this study, giving the study considerable national representation. There are 43 commercial banks in Nairobi according to Central Bank of Kenya (2010). Three banks, one each from the three categories of the banks: large, medium and small was randomly selected for the pilot study thus leaving a total of 40 banks for the actual survey. One head of strategy was targeted thus making a total of 40 respondents and was in tandem with the target population for a survey, which comprises the entire set of units for which the survey data can be used to make inferences, and thus help define those units for which the findings of the survey are meant to generalize (Lavrakas, 2010). In instances where some banks did not have a designated head of strategy, the person charged with overseeing strategy implementation then was the respondent.

3.5 Sampling Method
According to the CBK annual Supervision Report (2010), commercial banks are divided into three categories: large, medium, and small. One bank was randomly selected from each category for the pilot study. The remaining forty commercial banks were then used for the actual study.

3.6 Data Collection Tools and Instruments
This study used both primary and secondary data collection tools. The primary data were obtained from the field in the respective banks using questionnaires. These were developed in a manner to capture all the key components of the research and clearly aligned with the objectives of the study. The secondary data comprised comprehensive literature review from the various sources including books, referred print and electronic journals, banks’ strategic reports, and reviews from relevant industry-related newspapers and magazines.

3.7 Data Collection Procedure
A letter of introduction was obtained from the Graduate School of Kenyatta University and taken to the National Council of Science and Technology to apply for research permit. Then, the participating banks were contacted in writing for permission to conduct the research in their institutions. Appointments were then booked with the heads of strategy or the in-charge of strategy implementation. The researcher then delivered the
questionnaires in person to the respondents in order to increase the response rate. The respondents were allowed one week to fill the questionnaires and thereafter the researcher collected them for analysis.

3.8 Validity
Validity is the extent to which the instrument used in research measures what it purports to measure (Nunnally and Bernstein (1994). The researcher ensured accuracy and consistency of the instruments through the pilot study. Piloting of the questionnaires was done in 3 randomly selected banks. The research supervisors also gave guidelines which would enhance the quality and validity of the research instruments.

3.9 Reliability
Reliability refers to the consistency or stability of the scores obtained from tests and assessment procedures (Christensen & Johnson, 2000). If a test or assessment procedure is reliable, it will produce similar scores or responses on every occasion. Data obtained from the pilot study was used to determine the reliability of the instruments and thus the rigour to secure correct instruments, which is considered a basic foundation for reliability for this research.

3.10 Data Analysis
Data analysis comprised both the primary and secondary information. Once the questionnaires are received, they were cross-checked for accuracy. This was done by checking whether the responses are legible, all important questions have been answered, the responses are complete and whether all contextual information is included, which is a critical step emphasised in research (Kombo & Tromp, 2006). A coding system was used to find a quick and easy way to organize the data so that it can be analyzed. Codes are used to identify particular responses (Robson, 1993). Once the data was coded, it was entered into the computer for analysis. The researcher used Statistical Package for Social Sciences (SPSS) to analyze the data obtained from questionnaires. Descriptive statistics—such as percentages and means were used to convey the essential characteristics of the data so that it can be interpreted. Data was then presented using tables and charts. Once the findings were established, conclusions and recommendations were made.
CHAPTER FOUR

DATA ANALYSIS: RESULTS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents both the descriptive and analytical results of the study. The descriptive results avail information on social and demographic characteristics of the study sample such as age, gender, education and working experience. It also discusses the results and findings of the organizational structure variables: communication, hierarchical levels, decision-making structure and line-and-staff on implementation of strategies in the commercial banking industry in Kenya. The findings are discussed in the context of the study objectives.

4.2 Respondents Background Information

Forty heads in-charge of strategy in the commercial banks were issued with questionnaires, thirty eight responded and two declined to fill the questionnaires resulting in a response rate of 95%. Table 2 gives the summary of the study respondents' background information.

Table 2: Background Information

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>22</td>
<td>57.9</td>
</tr>
<tr>
<td>Female</td>
<td>16</td>
<td>42.1</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Age Distribution of Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 30 years</td>
<td>10</td>
<td>26.3</td>
</tr>
<tr>
<td>Between 31-40 years</td>
<td>20</td>
<td>52.6</td>
</tr>
<tr>
<td>Between 41-50 years</td>
<td>5</td>
<td>13.2</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>3</td>
<td>7.9</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Educational Level of the Respondents

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>4</td>
<td>11.1</td>
</tr>
</tbody>
</table>
Undergraduate degree | 19 | 52.8  
Masters degree      | 11 | 30.6  
PhD                | 2  | 5.6   
**Total**           | 36 | 100.0 

**Working Duration**

<table>
<thead>
<tr>
<th>Duration</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>14</td>
<td>37.8</td>
</tr>
<tr>
<td>Between 5-10 years</td>
<td>14</td>
<td>37.8</td>
</tr>
<tr>
<td>Between 11-15 years</td>
<td>7</td>
<td>18.9</td>
</tr>
<tr>
<td>Above 15 years</td>
<td>2</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>37</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Position in the Organization**

<table>
<thead>
<tr>
<th>Position</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource Manager</td>
<td>11</td>
<td>31.4</td>
</tr>
<tr>
<td>Financial Manager</td>
<td>6</td>
<td>17.1</td>
</tr>
<tr>
<td>Officer, Change Department</td>
<td>5</td>
<td>14.3</td>
</tr>
<tr>
<td>Operations Manager</td>
<td>3</td>
<td>8.6</td>
</tr>
<tr>
<td>Sales Manager</td>
<td>3</td>
<td>8.6</td>
</tr>
<tr>
<td>General Manager</td>
<td>6</td>
<td>7.1</td>
</tr>
<tr>
<td>Strategy Head</td>
<td>1</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source: Field data, 2012**

In this study gender equality was achieved with 57.9% males and 42.1% females responding to the questionnaires. With regards to age, majority of the respondents were between 31-40 years (52.6%) with few respondents (7.9%) being aged 50 years and above. More than half of the study population (52.8%) had an undergraduate degree and 30.6 percent had a master’s degree qualification, the two combined gives 83.4 percent thus indicating that majority of the senior staff had a university degree and above. Table 2 also reveals that majority of the respondents (75.6%) had worked for less than ten years for their organization.
4.3 Communication versus Strategy Implementation

4.3.1 Communication Linkages

The respondents were asked to rate the usage of various communication linkages in their banks on a likert scale of 1-5, where 1 = most used; 2 = highly used; 3 = moderately used; 4 = rarely used and 5 = least used (Table 4.2).

Table 3: Usage of Various Communication Linkages

<table>
<thead>
<tr>
<th>Type of Communication Linkage</th>
<th>Most highly used (%)</th>
<th>Highly used (%)</th>
<th>Moderately used (%)</th>
<th>Rarely used (%)</th>
<th>Least used (%)</th>
<th>Mean (±sd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information cascades through the hierarchical levels</td>
<td>11.1</td>
<td>33.3</td>
<td>30.6</td>
<td>16.7</td>
<td>8.3</td>
<td>3.22(1.12)</td>
</tr>
<tr>
<td>Information is shared among the departments</td>
<td>8.6</td>
<td>25.7</td>
<td>34.3</td>
<td>17.1</td>
<td>14.3</td>
<td>2.97(1.18)</td>
</tr>
<tr>
<td>Information flows from top managers to line managers</td>
<td>50.0</td>
<td>11.8</td>
<td>14.7</td>
<td>5.9</td>
<td>17.6</td>
<td>3.71(1.57)</td>
</tr>
<tr>
<td>Junior managers and workers are encouraged to share their ideas</td>
<td>0</td>
<td>11.1</td>
<td>19.4</td>
<td>41.7</td>
<td>27.8</td>
<td>2.14(0.96)</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012

Table 3 revealed that the most commonly used type of communication linkage is where the information flows from top managers to line managers (top-down) at 50% on a scale of most highly used, while 33.3% reported that “information cascades through the hierarchical levels (vertical communication)” and 25.7% indicated that “information is shared among the departments (horizontal communication). Unfortunately, the study established that junior managers and workers are not encouraged to share their ideas.
since this type of communication linkage (bottom-up) was rarely used (27.8%). These findings are in agreement with the study done by Schaap (2006), which was conducted in the casino industry within the state of Nevada which reported that the mainly used types of communication linkages are top-down and vertical.

4.3.2 Communication Models

The respondents were also asked to rate the extent to which they agreed or disagreed with the efficiency of the various communication models in strategy implementation on a likert scale of 1-5 (where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree. The results are summarized in table 4 below.

Table 4: Rating the Efficiency of Various Communication Models in Strategy Implementation

<table>
<thead>
<tr>
<th>Communication models</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Total (%)</th>
<th>Mean (±sd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vertical</td>
<td>5.6</td>
<td>13.9</td>
<td>27.8</td>
<td>41.7</td>
<td>11.1</td>
<td>100.0</td>
<td>3.39(1.05)</td>
</tr>
<tr>
<td>communication is</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>most efficient in</td>
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<td></td>
</tr>
<tr>
<td>strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Horizontal</td>
<td>8.3</td>
<td>5.6</td>
<td>50.0</td>
<td>22.2</td>
<td>13.9</td>
<td>100.0</td>
<td>3.28(1.06)</td>
</tr>
<tr>
<td>communication is</td>
<td></td>
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<tr>
<td>most efficient in</td>
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<tr>
<td>strategy implementation</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top-down</td>
<td>20.0</td>
<td>14.3</td>
<td>11.4</td>
<td>20.0</td>
<td>34.3</td>
<td>100.0</td>
<td>3.34(1.57)</td>
</tr>
<tr>
<td>communication is</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>most efficient in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strategy implementation</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bottom-up</td>
<td>2.9</td>
<td>34.3</td>
<td>20.0</td>
<td>11.4</td>
<td>31.4</td>
<td>100.0</td>
<td>3.34(1.33)</td>
</tr>
<tr>
<td>communication is</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>most efficient in</td>
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</tr>
<tr>
<td>strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher, 2012
Results of table 4 above show that top-down communication is the most efficient in strategy implementation with 54.3% agreeing/strongly agreeing, followed by vertical (52.8%) and bottom-up (42.4%). Horizontal communication appears to be the least efficient with 36.1 percent respondents agreeing/strongly agreeing and 50% remaining neutral. When top-down communication was correlated with effectiveness in strategy implementation on a likert scale of 1-5 where 1 was strongly disagree and 5 was strongly agree, there was a strong positive relationship \( r = 0.79 \) indicating that mode of communication used does affect strategy implementation. Apart from the bottom-up communication for strategy implementation which does not appear to enjoy support among the study group, the findings tally very well with those reported by Rapert, Velliquette & Garretson (2002) who found out that when vertical communication is frequent, strategic consensus (shared understanding about strategic priorities) is enhanced and an organization’s performance improves. It leads to fulfillment of goals as it enhances the ability to respect and adapt to changing conditions and the environment, provided there is a clear and shared company strategy (Kasper H. et al., 2005). Also the findings of Peng and Litteljohn (2001) show that effective communication is a key requirement for effective strategy implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. It therefore implies that organizations must select efficient communication models in order to realize their goals.

4.3.3 Factors Influencing Usage of Communication Linkages

Respondents were asked to identify the factors that influenced usage of communication linkages. The following results were obtained (Figure 3).
Majority of the respondents (57.9%) with a mean of 3.64 ±1.48 reported that company procedures lead to the adoption of communication linkages in the organization. This was followed by bureaucracy in the organization with 21.1% of the respondents reporting that it leads to usage of communication linkages. Technology and skills possessed by employees and their managers had the least influence 13.2% and 10.5 % respectively. Studies done in other parts of the world have reported findings that contradict our findings. For example, Forman & Argenti (2005) reported that all of the firms studied were involved in significant efforts in internal communications and felt that information technology (IT) was central to the success of their functions, particularly in terms of implementing strategy and building reputation. In our study 13.2% of the respondents indicated that technology led to usage of communication linkages. The difference may be attributed to regional imbalances in that most of the western countries where Forman & Argenti carried their study are more advanced in IT as compared to developing countries like Kenya.
4.3.4 Methods of Relaying Information

In this study the respondents were asked to highlight four methods (in order of preference) that they used in their respective organizations to relay information (Figure 4).

**Figure 4: Methods of Relaying Information**

This study established that majority of the respondents used internal memos/circulars (21.1%), emails and telephones (15.8%) as the first priority in relaying information. Emails and telephones were both used at 15.8% as a second priority while emails were at 1.5%. These findings suggest that use of email is not a popular mode of relaying
information within most of the organizations that were studied. This may be because IT is not well developed in this organization. Also a notable finding of this study is that meetings were not a popular mode of relaying information as they were only used as a last resort by all organizations that were sampled. However, when respondents were asked to rate method of relaying information on a likert scale of 1-5 where 1 was strongly disagree and 5 was strongly agree, there was a strong positive relationship between use of emails and telephones ($r=0.84$) as compared to use of internal memos ($r=0.52$) indicating that mode of relaying information does affect strategy implementation and that emails/telephones were most favoured.

4.3.5 Factors Influencing Choice of the Method used to relay Information

The study was interested in finding out what influenced the choice of methods of relaying information in the organization that were involved in this study (Figure 5).

**Figure 5 : Factors Influencing Choice of Method to Relay Information in Banks**

The findings of the study revealed that availability of resources (34.2%) and technology (31.6%) are the main factors that influenced the choice of communication method employed to relay information. Most banks have not devoted resources to the development of efficient means of relaying information within their ranks as an engine of
their growth. They are yet to acquire the necessary technology for relaying information. If a company wants its employees to communicate with their colleagues and customers effectively, it must create appropriate conditions by means of systematic development of suitable human resource and IT facilities that encourage and motivate employees to communicate using efficient methods. Rapert and Wren (1998) found out that organizations where employees have easy access to management through open and supportive communication climates tend to out-perform those with more restrictive communication environments. This is because communication is critical in decision-making and coordination, which are crucial elements in strategy implementation.

4.3.6 Influence of Communication on Strategy Implementation

One of the objectives of this study was to establish the effect of communication on strategy implementation in the commercial banking industry. In order to realize this objective, the respondents were asked to determine the extent to which they believed communication did influence strategy implementation (Figure 6).

Figure 6: Influence of Communication on Strategy Implementation

This research revealed that communication does influence strategy implementation to a large extent (54.1%) while 32.4% of the respondents felt that it influences strategy
their growth. They are yet to acquire the necessary technology for relaying information. If a company wants its employees to communicate with their colleagues and customers effectively, it must create appropriate conditions by means of systematic development of suitable human resource and IT facilities that encourage and motivate employees to communicate using efficient methods. Rapert and Wren (1998) found out that organizations where employees have easy access to management through open and supportive communication climates tend to out-perform those with more restrictive communication environments. This is because communication is critical in decision-making and coordination, which are crucial elements in strategy implementation.

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\[ \text{Figure 6: Influence of Communication on Strategy Implementation} \]

This research revealed that communication does influence strategy implementation to a large extent (54.1%) while 32.4% of the respondents felt that it influences strategy
implementation to a very large extent. When responses were analyzed using a chi-square test, the p-value obtained was 0.26 thus the probability that majority would indicate that communication influences strategy implementation to a large extent is not due to chance. These findings are supported by numerous studies that have been done. For example, in Alexander's report of (1985), 21 presidents and 25 governmental agency heads were interviewed, and the results pointed out that communication was mentioned more frequently than any other single item promoting successful strategy implementation. Also, the findings of Peng and Litteljohn (2001) show that effective communication is a key requirement for effective strategy implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. In fact, communication is pervasive in every aspect of strategy implementation as it relates in a complex way to organizing processes, organizational context and implementation objectives which in turn have an effect on the process of implementation of strategies (Rapert et al., 2002). In their report, Rapert et al. (2002) also argue that communication and shared understanding play an important role in the implementation process.

4.3.7 Communication Empowerment Programs

Majority of the organizations (70.1%) involved in this study reported that they did not have any communication empowerment programs while a third of the participants (29.7%) had communication empowerment programs in their organization. Those with communication empowerment programs reported that some of the programs used included seminars, training, workshops and conferences on effective communication. Other initiatives included provision of computers with internet/intranet connections, team-building activities, departmental meetings and an open-door policy for flow of information.

4.3.8 Communication Barriers

On being asked whether they faced any communication barriers, majority of the respondents (57.9%) reported in the affirmative whereas the rest (42.1%) reported to not having faced any communication barriers. A lot of bureaucracy, apathy, lack of access to
information, misinterpretation of information, use of vernacular languages and seniority versus juniority complex among the employees were cited as some of the communication barriers experienced among the study population. These findings are similar to those of Heide et al. (2002) who argues that various types of communication problems exists which may be influenced to some extent by the organizational structure, which in turn affect successful implementation of strategies.

Some of the suggestions cited by the respondents on how to overcome the above mentioned barriers included reducing length of communication intervals, encouraging junior workers to communicate openly, and conducting training programs. Findings of Peng & Litteljohn (2001) agreed with this study. They found out that effective communication is a key requirement for effective strategy implementation.

4.4 Hierarchical Levels versus Strategy Implementation

The second objective of this study was to establish the effect of hierarchical levels on strategy implementation in the commercial banking industry. The results of this study indicate that banks that had few levels of management were 51.4% while those with many levels of management were 48.6%. Majority of the respondents (51.4%) indicated that organizations with few levels had between 4-6 workers reporting to a particular manager/supervisor whereas about 29.7% reported that between 7-9 workers were accountable to a particular manager/supervisor (Table 5 gives the summarized information).
Table 5: Levels of Management and Number of Workers

<table>
<thead>
<tr>
<th>Hierarchical levels</th>
<th>Number of levels</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levels of management</td>
<td>Few levels</td>
<td>19</td>
<td>51.4</td>
</tr>
<tr>
<td></td>
<td>Many levels</td>
<td>18</td>
<td>48.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>Number of staff per sectional head/supervisor</td>
<td>37</td>
<td>100.0</td>
</tr>
<tr>
<td>No. of workers</td>
<td>Between 4-6</td>
<td>19</td>
<td>51.4</td>
</tr>
<tr>
<td></td>
<td>Between 7-9</td>
<td>11</td>
<td>29.7</td>
</tr>
<tr>
<td></td>
<td>Between 1-3</td>
<td>4</td>
<td>10.8</td>
</tr>
<tr>
<td></td>
<td>Between 10-12</td>
<td>3</td>
<td>8.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>37</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012

4.4.1 Influence of Hierarchical levels on the Span of Control
The respondents were further asked to report on the influence of hierarchical level on the number of workers reporting to a sectional head/manager/supervisor (Table 6).

Table 6: Influence of Hierarchical Levels on Span of Control

<table>
<thead>
<tr>
<th></th>
<th>Very Large Extent (%)</th>
<th>Large Extent (%)</th>
<th>Moderate Extent (%)</th>
<th>Low Extent (%)</th>
<th>Very Low Extent (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many hierarchical levels lead to few workers reporting to one manager</td>
<td>2.9</td>
<td>48.6</td>
<td>31.4</td>
<td>14.3</td>
<td>2.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Few hierarchical levels lead to many workers reporting to one manager</td>
<td>8.3</td>
<td>52.8</td>
<td>22.2</td>
<td>13.9</td>
<td>2.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012
Majority of the respondents reported that few hierarchical levels lead to many workers reporting to one manager (52.8%) while many hierarchical levels lead to few workers reporting to one manager (48.6%) both to a large extent. These findings agreed with Gullick’s (1973) findings.

4.4.2 Factors Influencing Span of Control

In order to determine the extent to which factors influenced the number of workers supervised by one supervisor/manager (span of control), the respondents were asked to rate their perceptions on a scale of 1-5; where 1 = very high extent, 2 = high extent, 3 = moderate extent, 4 = low extent and 5 = very low extent. The following results were obtained.

Table 7: Factors Influencing Span of Control

<table>
<thead>
<tr>
<th>Span of control</th>
<th>Very high extent (%)</th>
<th>High extent (%)</th>
<th>Moderate extent (%)</th>
<th>Low extent (%)</th>
<th>Very low extent (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>44.4</td>
<td>13.9</td>
<td>13.9</td>
<td>16.7</td>
<td>11.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Resources</td>
<td>5.6</td>
<td>33.3</td>
<td>38.9</td>
<td>11.1</td>
<td>11.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Skills of the manager and the workers</td>
<td>8.1</td>
<td>24.3</td>
<td>40.5</td>
<td>10.8</td>
<td>16.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Complexity of the strategy being implemented</td>
<td>8.3</td>
<td>47.2</td>
<td>25.0</td>
<td>13.9</td>
<td>5.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Simplicity of the strategy being implemented</td>
<td>-</td>
<td>47.2</td>
<td>22.2</td>
<td>19.4</td>
<td>11.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012
Most of the respondents reported that technology (44.4%) to a very high extent influenced span of control, resources (33.3%) to a high extent, skills of the manager and the workers to a moderate extent (40.5%), complexity of the strategy being implemented and simplicity of the strategy being implemented were reported by 47.2% each to influence span of control to a high extent.

The factors that influenced the number of workers supervised by one supervisor/manager were ranked in order to determine which factor strongly influenced span of control. The standard mean was used to rank the factors. A score of 1-5 was used; where 1 was given a score of 5 points, 2 a score of 4 points, 3 a score of 3 points, 4 a score of 2 points and 5 a score of 1 point. Technology was ranked as the first position, complexity of the strategy being implemented as second position. Resources available and skills of the workers were ranked third; simplicity of the strategy being implemented was ranked fourth while skills of the manager were ranked in the fifth position (Table 8).

Table 8: Rank of factors influencing span of control

<table>
<thead>
<tr>
<th>Span of control</th>
<th>Mean</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>3.6</td>
<td>1</td>
</tr>
<tr>
<td>Complexity of the strategy being implemented</td>
<td>3.4</td>
<td>2</td>
</tr>
<tr>
<td>Resources</td>
<td>3.1</td>
<td>3</td>
</tr>
<tr>
<td>Simplicity of the strategy being implemented</td>
<td>3.1</td>
<td>3</td>
</tr>
<tr>
<td>Skills of the manager and the workers</td>
<td>3.0</td>
<td>5</td>
</tr>
</tbody>
</table>

These findings disagree with earlier studies by Collender & Shaffer (2003) who argues that when workers are highly capable, little supervision is needed thus they will be motivated and take the initiative to work; as such the span of control will be wider. They also reported that when workers are not properly trained, they will require a lot of guidance and supervision, which will mean smaller spans of control.
4.4.3 The Effects of the Span of Control on Strategy Implementation

The respondents were asked to rate the extent to which the span of control influenced organizational performance, attainment of targets, productivity and timely achievement of targets. The following results were obtained.

Table 9: The Effects of the Span of Control on Strategy Implementation

<table>
<thead>
<tr>
<th>Span of control</th>
<th>Very high extent (%)</th>
<th>High extent (%)</th>
<th>Moderate extent (%)</th>
<th>Low extent (%)</th>
<th>Very low extent (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational performance</td>
<td>27.8</td>
<td>36.1</td>
<td>19.4</td>
<td>16.7</td>
<td>0</td>
<td>100.0</td>
</tr>
<tr>
<td>Attainment of targets</td>
<td>21.6</td>
<td>40.5</td>
<td>18.9</td>
<td>13.5</td>
<td>5.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Productivity/effectiveness</td>
<td>25.0</td>
<td>38.9</td>
<td>11.1</td>
<td>19.4</td>
<td>5.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Timely achievement of targets</td>
<td>19.4</td>
<td>13.9</td>
<td>38.9</td>
<td>16.7</td>
<td>11.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012

Majority of the respondents in this study reported that number of workers reporting to one supervisor/manager would to a high extent influence organizational performance (36.1%), attainment of targets (40.5%) and productivity/effectiveness (38.9%). In addition, most of the respondents interviewed in this study reported that span of control would to a moderate extent influence timely achievement of targets (efficiency) (38.9%). From the findings it is clearly evident that the span of control is a major factor influencing strategy implementation.
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<thead>
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<th>Span of control</th>
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<th>Low extent (%)</th>
<th>Very low extent (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational performance</td>
<td>27.8</td>
<td>36.1</td>
<td>19.4</td>
<td>16.7</td>
<td>0</td>
<td>100.0</td>
</tr>
<tr>
<td>Attainment of targets</td>
<td>21.6</td>
<td>40.5</td>
<td>18.9</td>
<td>13.5</td>
<td>5.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Productivity/effectiveness</td>
<td>25.0</td>
<td>38.9</td>
<td>11.1</td>
<td>19.4</td>
<td>5.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Timely achievement of targets (efficiency)</td>
<td>19.4</td>
<td>13.9</td>
<td>38.9</td>
<td>16.7</td>
<td>11.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012

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4.5 Decision-Making Structure and Strategy Implementation

4.5.1 Type of Decision Making Structure

The third objective of the study was to establish the effect of decision-making structure on strategy implementation in the commercial banking industry. It was considered important to first identify the type of decision making structure present in the organizations involved in this study. This study established that two-thirds (63.2%) of the respondents had decisions making structures where decisions were made at the corporate level and communicated to departments and regional centers for implementation (centralized structure). Very few respondents (13.2%) had divisional and regional managers empowered to make and implement decisions (decentralized structure) and only 23.7 percent of the respondents had both corporate and divisional/regional managers incorporated in decision making structure (Figure 7).

![Figure 7: Type of Decision Making Structure](image)

Source: Researcher, 2012

4.5.2 The Effects of Centralized Decision Making Structures

The study sought to find out whether centralized structure positively or negatively influenced decision making in the organizations represented in this study. A likert scale of 1-5 was used (where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree). The results obtained are as shown in Table 8.
### Figure 8: The Effects of Centralized Decision Making Structures

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Total (%)</th>
<th>Mean (\text{sd})</th>
</tr>
</thead>
<tbody>
<tr>
<td>A centralized structure slows down decision making</td>
<td>11.1</td>
<td>25.0</td>
<td>27.8</td>
<td>8.3</td>
<td>27.8</td>
<td>100.0</td>
<td>3.73 (1.17)</td>
</tr>
<tr>
<td>A centralized decision making structure hampers effective communication</td>
<td>11.1</td>
<td>5.6</td>
<td>11.1</td>
<td>52.8</td>
<td>19.4</td>
<td>100.0</td>
<td>3.17 (1.38)</td>
</tr>
<tr>
<td>Centrally made decisions are not owned by the workers</td>
<td>5.7</td>
<td>5.7</td>
<td>8.6</td>
<td>22.9</td>
<td>57.1</td>
<td>100.0</td>
<td>3.64 (1.20)</td>
</tr>
<tr>
<td>A centralized decision making structure is slow to respond to changes in the business environment and customer needs</td>
<td>5.7</td>
<td>5.7</td>
<td>8.6</td>
<td>22.9</td>
<td>57.1</td>
<td>100.0</td>
<td>4.2 (1.18)</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012
The Table reveals that 57.1% of the respondents strongly agreed that centrally made decisions are not owned by the workers and that a centralized decision making structure is slow to respond to changes in the business environment and customer needs. Although the numbers of respondents who agreed or disagreed that centralized structure slows down decision making were more or less equal, the study does reveal that a centralized structure affects decision making negatively. Generally, majority of the respondents either strongly agreed or agreed with regard to the above statements on centralized decision making. This was translated to mean that centralized structure negatively influences decision making in the organizations and consequently adversely affects implementation of strategies.

4.5.3 The Effects of Decentralized Decision Making Structures

The study sought to find out whether decentralized structure positively or negatively influenced decision making in the organizations represented in this study. The following results were obtained (Table 10).

Table 10: The Effects of Decentralized Decision Making Structures

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Mean (±sd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decentralized decisions are more owned by the workers</td>
<td>13.9</td>
<td>2.8</td>
<td>11.1</td>
<td>47.2</td>
<td>25.0</td>
<td>3.71 (1.27)</td>
</tr>
<tr>
<td>Decentralized decision making structures are more responsive to customer needs and business environment</td>
<td>11.4</td>
<td>5.7</td>
<td>5.7</td>
<td>34.3</td>
<td>42.9</td>
<td>3.91 (1.36)</td>
</tr>
<tr>
<td>Decision making at the divisional level are more motivating to the workers</td>
<td>5.6</td>
<td>13.9</td>
<td>5.6</td>
<td>55.6</td>
<td>19.4</td>
<td>3.74 (1.09)</td>
</tr>
<tr>
<td>High level delegation of decision making enhances strategy implementation</td>
<td>-</td>
<td>19.4</td>
<td>19.4</td>
<td>19.4</td>
<td>41.7</td>
<td>3.89 (1.16)</td>
</tr>
</tbody>
</table>
The results of this analysis revealed that 70% of the respondents strongly agreed/agreed that decentralized decisions are more owned by the workers; are more responsive to customer needs and changes in the business environment; are more motivating to the workers; produces synergy which enhances strategy implementation. In addition, most of the respondents (70%) strongly agreed/agreed that high level delegation of decision making enhances implementation of strategies and decentralized decision making structures promote teamwork between managers and workers which enhance strategy implementation.

In generally, majority of the respondents (70%) either strongly agreed/agreed with regard to the above statements on decentralized decision making. It was therefore translated to mean that decentralized structure positively influenced decision making in the organizations. The findings are in agreement with earlier work done by Shaffer (2003) who asserted that decentralized companies give more authority to lower-level employees, resulting in a sense of empowerment. From the findings, the study concluded that decentralized decision making structure is more favorable in implementation of strategies.
4.5.4 Factors Influencing Decision Making

In order to determine the extent to which decision making was affected by factors such as technology, availability of resources, training and political/legal issues, the respondents were asked to rate their perceptions on a scale of 1-5 (where 1 = very high extent, 2 = high extent, 3 = moderate extent, 4 = low extent and 5 = very low extent). Table 4.17 summarizes the findings.

Table 11: Factors Influencing Decision Making

<table>
<thead>
<tr>
<th>Factor</th>
<th>Very high extent (%)</th>
<th>High extent (%)</th>
<th>Moderately extent (%)</th>
<th>Low extent (%)</th>
<th>Very low extent (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>40.0</td>
<td>20.0</td>
<td>5.7</td>
<td>28.6</td>
<td>5.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Availability of resources</td>
<td>38.2</td>
<td>17.6</td>
<td>17.6</td>
<td>14.7</td>
<td>11.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Training/empowerment</td>
<td>16.2</td>
<td>40.5</td>
<td>8.1</td>
<td>32.4</td>
<td>2.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Political/legal issues</td>
<td>10.8</td>
<td>13.5</td>
<td>43.2</td>
<td>21.6</td>
<td>10.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012

Majority of the respondents felt that technology (40.0%) and availability of resources (38.2%) to a very high extent influenced decision making in the organizations they worked for. Training/empowerment was reported by about 17.6% respondents to affect decision making to a high extent. However, political issues only moderately affected decision making as reported by about 43.2% of the respondents.

The factors influencing decision making were ranked in order to determine the factor that had the greatest influence. The standard mean was used to rank the factors. A score of 1-5 was used; where 1 was given a score of 5 points, 2 a score of 4 points, 3 a score of 3 points, 4 a score of 2 points and 5 a score of 1 point. Technology and availability of resources were ranked in the first position. This shows that they highly influenced decision making in the organizations involved in this study. Training/empowerment came
in third whereas political-legal issues only influenced decision making to a small extent and was ranked fourth position. The table below summarizes the results.

Table 12: Rank of Factors influencing Decision-making

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>3.6</td>
<td>1</td>
</tr>
<tr>
<td>Availability of resources</td>
<td>3.6</td>
<td>1</td>
</tr>
<tr>
<td>Training/empowerment</td>
<td>3.4</td>
<td>3</td>
</tr>
<tr>
<td>Political/legal issues</td>
<td>2.9</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012

4.5.5 Influence of Decision-making on Strategy Implementation

The study sought to determine the extent to which strategy implementation in the banks was influenced by decision making. The following strategy implementation indicators were considered: performance, attainment of targets, effectiveness and efficiency. Table 13 below gives the summary of the findings.

Table 13: Influence of Decision-making on Strategy Implementation

<table>
<thead>
<tr>
<th>Factor</th>
<th>Very high extent (%)</th>
<th>High extent (%)</th>
<th>Moderate extent (%)</th>
<th>Low extent (%)</th>
<th>Very low extent (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>56.8</td>
<td>10.8</td>
<td>2.7</td>
<td>18.9</td>
<td>10.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Attainment of targets</td>
<td>45.9</td>
<td>18.9</td>
<td>5.4</td>
<td>21.6</td>
<td>8.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Productivity/effectiveness</td>
<td>48.6</td>
<td>18.9</td>
<td>-</td>
<td>16.2</td>
<td>16.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Timely achievement of targets</td>
<td>54.1</td>
<td>13.5</td>
<td>5.4</td>
<td>16.2</td>
<td>10.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012
Majority of the respondents involved in this study believed that performance (56.8%), attainment of targets (45.9%), productivity/effectiveness (48.6%) and timely achievement of targets (efficiency) (54.1%) to a very high extent were influenced by decision making in commercial banks. The findings therefore leads to the conclusion that strategy implementation is greatly influence by the type of decision-making structure.

4.6 Line and Staff versus Strategy Implementation

(Line – workers in the formal chain of command; Staff – workers outside the formal chain of command)

4.6.1 Grouping of Workers

The fourth objective of this study was to establish the effect of line-and-staff on strategy implementation in the commercial banking industry. It was considered important to first assess grouping of workers in the organization represented in this study. Table 14 below gives the findings.

Table 14: Grouping of Workers

<table>
<thead>
<tr>
<th>Grouping of workers</th>
<th>No.</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some workers are in the formal chain of command while others are not</td>
<td>25</td>
<td>67.6</td>
</tr>
<tr>
<td>All workers are in the formal chain of command</td>
<td>12</td>
<td>32.4</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012

Majority of the respondents reported that some workers are in the formal chain of command while others are not in the formal chain of command (67.6%) while only about a third (32.4%) of the respondents had all workers are in the formal chain of command. These findings revealed that in the banking sector, line and staff departments exist.
### 4.6.2 Importance of Line and Staff

The respondents were asked to rate the extent to which they either agreed or disagreed with the following statements with regard to the importance of line and staff in their banks. The findings are summarized below:

#### Table 15: Importance of Line and Staff

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Mean (±sd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line and staff are critical components of strategy implementation</td>
<td>5.4</td>
<td>2.7</td>
<td>5.4</td>
<td>35.1</td>
<td>51.4</td>
<td>4.24(1.06)</td>
</tr>
<tr>
<td>Integration of line and staff skills enhances actualization of set targets</td>
<td>5.4</td>
<td>2.7</td>
<td>5.4</td>
<td>32.4</td>
<td>54.1</td>
<td>4.27(1.07)</td>
</tr>
<tr>
<td>Collaboration of line and staff skills enhance timely achievement of set targets</td>
<td>2.7</td>
<td>-</td>
<td>18.9</td>
<td>29.7</td>
<td>48.6</td>
<td>4.22(0.95)</td>
</tr>
<tr>
<td>Integration of line and staff results to teamwork which is critical in strategy implementation</td>
<td>-</td>
<td>2.8</td>
<td>11.1</td>
<td>61.1</td>
<td>25.0</td>
<td>4.08(0.69)</td>
</tr>
<tr>
<td>Collaboration of line and staff produces synergy which enhances attainment of set targets</td>
<td>-</td>
<td>8.1</td>
<td>13.5</td>
<td>62.2</td>
<td>16.2</td>
<td>3.86(0.79)</td>
</tr>
<tr>
<td>Cordial working relations between line and staff leads to effectiveness and efficiency in strategy implementation</td>
<td>-</td>
<td>2.7</td>
<td>21.6</td>
<td>54.1</td>
<td>21.6</td>
<td>3.95(0.74)</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012
The research findings revealed that most of the respondents in this study strongly agreed that line and staff are critical components of strategy implementation (51.4%), integration of line and staff skills enhances actualization of set targets (54.1%) and collaboration of line and staff skills enhance timely achievement of set targets (48.6%). It also showed that integration of line and staff results to teamwork which is critical in strategy implementation (61.1%) while with regard to collaboration of line and staff producing synergy which enhances attainment of set targets, most of the respondents (62.2%) also agreed. In addition, about 54.1% of the study respondents agreed that cordial working relations between line and staff lead to effectiveness and efficiency in strategy implementation. From these findings on the indicators of strategy implementation, it can thus be concluded that line and staff are critical factors that affect strategy implementation. Consequently, it is imperative that bank managers come up with effective strategies of managing line-and-staff departments for effective implementation of strategies.

4.6.3 Factors affecting Performance and Efficiency of Line and Staff

In order to determine which factors affected performance and efficiency of line and staff, the respondents were asked to rate the extent to which the following factors had influence on line and staff’s performance. The results are outlined in table 16 below.

Table 16: Factors affecting Performance and Efficiency of Line and Staff

<table>
<thead>
<tr>
<th>Factor</th>
<th>Very high extent (%)</th>
<th>High extent (%)</th>
<th>Moderate extent (%)</th>
<th>Low extent (%)</th>
<th>Very low extent (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of modern technology</td>
<td>54.1</td>
<td>8.1</td>
<td>2.7</td>
<td>21.6</td>
<td>13.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Availability of resources</td>
<td>50.0</td>
<td>13.9</td>
<td>-</td>
<td>16.7</td>
<td>19.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Training/empowerment</td>
<td>51.4</td>
<td>10.8</td>
<td>2.7</td>
<td>24.3</td>
<td>10.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Organizational politics</td>
<td>2.7</td>
<td>27.0</td>
<td>21.6</td>
<td>29.7</td>
<td>18.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Political-legal issues</td>
<td>8.1</td>
<td>8.1</td>
<td>35.1</td>
<td>29.7</td>
<td>18.9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012
Most of the respondents reported that use of modern technology (54.1%), availability of resources (50.0%) and training/empowerment (51.4%) to a very high extent influenced performance and efficiency of line and staff. However, majority of the respondents felt that political-legal issues (35.1%) only influenced performance and efficiency of line and staff to a moderate extent whereas organizational politics (29.7%) only influenced performance and efficiency to a low extent. This means that the bank managers have succeeded in managing the organizational politics in their banking institutions that would otherwise have a negative impact on strategy implementation.

4.6.4 Initiatives undertaken to Integrate Line and Staff Departments

The study sought to identify initiatives that the various banks involved in this study had undertaken in an effort to integrate line and staff so as to enhance strategy implementation. Some of the initiatives reported included promotion of effective communication between line and staff, creation of a feel-free atmosphere where the two departments can freely interact, holding joint trainings, having staff meetings, team building activities and workshop forums, among others.

4.6.5 Challenges posed by Line and Staff in Strategy Implementation

When asked some of the challenges posed by line and staff with regard to strategy implementation, the respondents reported lack of co-operation between the two departments, opposing views, work-related politics, poor human relations, overlapping authority and responsibility, and misuse of staff personnel by top management.

4.6.6 Remedial Measures to Challenges posed by Line and Staff

Respondents were requested to suggest some remedial measures to the challenges posed by line and staff departments to strategy implementation. Some of the suggested remedial measures included promotion of effective communication, holding of joint-conferences, effective use of internal memos, joint-meetings, joint workshops and talks, staff interaction forums, easing of chain of command and encouragement of junior workers to freely share their views.
SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter gives the summary of the study findings based on the survey study objectives which were "To establish the effects of communication, hierarchical levels, decision-making structure and line-and-staff on the implementation of strategies in the commercial banking industry in Kenya." The summary of the research findings is provided then followed by recommendations and suggestions.

5.2 Summary of the Findings

5.2.1 Background Information of Respondents
In this study, gender equality was achieved with 57.9% males and 42.1% females responding to the questionnaires. With regards to age, majority of the respondents were between 31-40 years (52.6%) with few respondents (7.9%) being aged 50 years and above. More than half of the study population (52.8%) had an undergraduate degree and 30.6 percent had a master's degree qualification, the two combined gave 83.4% thus indicating that majority of the senior staff had a university degree and above. In terms of working experience, majority of the respondents (75.6%) had worked for less than ten years for their commercial banks.

5.2.2 Communication versus Strategy Implementation
Effective communication is a key requirement for effective strategy implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. The study established that majority of the commercial banks in Kenya had information flowing from top managers to line managers (top-down communication). However, junior workers and managers were not encouraged to share their ideas (bottom-up communication). This ought not to be the situation. To ensure success in strategy implementation, the process must engage and involve employees at all levels of the organization. There should be focus on ways of effectively communicating with and motivating all employees to accept and support implementation of strategies and other...
Initiatives of the banks. A conducive environment ought to be created where all employees interact and share information freely.

The study also found out that vertical communication is efficient in strategy implementation. On the other hand, very few respondents agreed that bottom-up communication is an efficient method in strategy implementation. When vertical communication is frequent, strategic consensus – shared understanding about strategic priorities – is enhanced and an organization’s performance improves. There is therefore need to promote vertical communication linkages since it is a means by which strategic consensus and performance can be achieved.

Company procedures had the greatest influence on the choice of communication linkages. However, technology was the factor that had the least influence. This is despite the fact that information technology (IT) is central to the success of any institution/organization, especially in terms of implementing strategies and building reputation. In order for commercial banks to communicate effectively, they ought to adopt broad use of modern technology. The study also established that internal memos/circulars, emails, telephones and departmental meetings were the most commonly used methods of relaying information in most of the commercial banks in Kenya. Availability of resources was the most cited factor that influenced the choice of the method of relaying information.

Despite the impact of effective communication to strategy implementation, the study found out that majority of the organizations did not have any communication empowerment programs in place. There is therefore an urgent need to address lack of communication empowerment programs in commercial banks. The management needs to be sensitized on the importance of communication empowerment programs. Such programs can be in the form of seminars, training, workshops and conferences on effective communication.

Majority of the respondents interviewed in this study had experienced communication barriers which ranged from a lot of bureaucracy, apathy, lack of access to information, misinterpretation of information and use of vernacular languages. Respondents also suggested ways of overcoming such barriers that included reduction of the length of
communication intervals, endorsement of frequent communication and encouraging junior workers to communicate openly and freely.

5.2.3 Hierarchical Levels versus Strategy Implementation

Another important element of an organization's structure is the number of levels it has in its hierarchy. Most of the organizations involved in this study had a narrow span of control, that is had 4-6 workers reporting to a particular manager/supervisor. A narrow span of control allows a more effective feedback of ideas from workers to managers but also requires high level of management skills to control a greater number of employees while a wide span of control (less layers of management) facilitates faster passage of messages to employees.

Technology was cited as the factor that highly influenced the span of control. Corporate leaders have flattened many organizational structures causing average spans to move closer to 1 to 10. This has been made possible primarily by the development of inexpensive information technology. Information technology has been appropriated to ease many middle manager tasks – tasks like collecting, manipulating and presenting operational information. This has left upper managers hiring fewer middle managers to do more work in managing more subordinates.

Majority of the respondents reported that span of control to a very high extent influenced organization performance. The span of control principle dictates that supervisors should oversee a limited number of subordinates rather than a large number of subordinates. Monitoring and evaluating the work of subordinates is a less daunting task when the number of subordinates is small but becomes more difficult when superiors are charged with overseeing a large number of individuals. Implementation of this principle results in efficiency and performance of organizations.

5.2.4 Decision Making versus Strategy Implementation

Generally, majority of the respondents agreed that centralized decision-making structures negatively influenced decision making in the commercial banking institutions thus adversely affecting implementation of strategies. Many respondents believed that
Centralization of operations led to inefficiencies in decision making thus placing commercial banking institutions at serious competitive disadvantages against their competitors.

On the hand, majority of the respondents agreed that decentralized structures positively influenced decision making in the commercial banking institutions. Decentralized decisions are more owned and motivating to the workers, are more responsive to customer needs and changes in the business environment. In addition, decentralized decision-making structures produce synergy and promote teamwork between managers and workers which enhances strategy implementation. Therefore, it can be concluded that decentralized companies give more authority to lower-level employees in decision-making resulting in greater success in implementation of strategies.

5.2.5 Line-and-Staff versus Strategy Implementation

The survey study established that line-and-staff are critical components of strategy implementation. The findings of the study revealed that integration of line-and-staff skills enhances actualization of set targets thus leading to successful implementation of strategies. Therefore, there is need for collaboration of line and staff skills. In addition, cordial working relations between line and staff lead to effectiveness and efficiency in strategy implementation. The study also established that modern technology highly affects performance and efficiency of line and staff thus affecting implementation of strategies.

The findings of the study further revealed that lack of good working relations between line and staff departments, lack of cooperation, opposing views, internal politics and mixed thoughts adversely affected implementation of strategies. Respondents proposed some initiatives that could be undertaken in an effort to integrate the functionality of line and staff departments so as to enhance successful implementation of strategies, which included promotion of effective communication between line and staff, creation of a feel-free atmosphere where the two departments can freely interact, holding joint trainings, having joint staff meetings, team-building activities and workshop forums, among others.
5.3 Conclusions

The findings of this study imply that the structure of an organization is important because of its influence on the key processes which include: communication, hierarchical levels, decision-making, line-and-staff, and strategy implementation. Factors relating to the organizational structure are crucially important in strategy implementation. A proper strategy-structure alignment is seen as a necessary precursor to the successful implementation of new business strategies. Changes in the competitive business environment require adjustments to the organizational structure.

In today's global business environment, effective organizational communication (internal and external) has a significant impact on an organization's success. Reasons for the increasing importance of organizational communication are varied. With employees often being widely distributed geographically, communication technologies and networks are essential for the accomplishment of a company's strategy. Therefore, effective organizational communication is critical to actively engage employees, foster trust and respect, and promote productivity. Enhancement of an organization's communication capabilities influences performance through improved strategic decision making, better coordination of strategic actions and by facilitating learning from strategic initiatives. Consequently, the cumulative effect of effective and efficient communication is clearly understood objectives and successful implementation of strategies.

With regards to hierarchical levels, the height of the organizational structure has an effect on the efficiency and effectiveness of implementing selected strategies. The span of control has a significant effect on strategy implementation. Consequently, the various banks need to establish the optimal number of subordinates that should be accountable to one manager for successful implementation of strategies.

With regard to decision-making structure, the findings of the survey study established that the type of decision-making structure either positively or negatively affected implementation of strategies. Centrally made decisions are less owned by the workers thus jeopardizing implementation of strategies. On the other hand, decentralization of decision making gives more authority to lower-level employees, which makes them to
own such decisions resulting in increased performance and consequently successful implementation of strategies. Consequently, the management of commercial banks should embrace decentralization of decision making.

Line-and-staff organizational design helps management to apply technical expertise where it is most needed while maintaining relative unity of command. In situations where there is high level of integration of line-and-staff departments, successful implementation of strategies is characteristic. However, due to different positions and types of authority within line-and-staff departments in an organization, conflicts between their personnel are almost inevitable. These conflicts require proper management lest they jeopardize implementation of strategies.

5.4 Recommendations

5.4.1 Recommendations from the Study

Owing to the findings of the survey study, the researcher wishes to make the following recommendations:

- There is need to address lack of communication empowerment programmes in commercial banks. The management needs to be sensitized on the importance of communication empowerment programmes. Such programmes can be in the form of seminars, training, workshops and conferences on the critical role of effective communication in implementation of strategies.
- The commercial banks should try to maintain an average span of control of not more than six workers for each supervisor for optimal productivity.
- Decentralized decision making structures should be promoted since they give more authority to lower-level employees. This not only motivates workers but makes them own the decisions made thus resulting to successful strategy implementation which is not the case in centralized decision-making structures.
- In order to minimize conflicts posed by line and staff, one way would be to integrate line and staff personnel into a work team. The success of the work team depends on how well each group can work together to increase productivity and performance.
• Another suggestion is to ensure that the areas of responsibility and authority of both line and staff personnel are clearly defined. With clearly defined lines of authority and responsibility, each group may better understand their role in the organization.

• Holding both line and staff personnel accountable for the results of their own activities is another way of managing conflicts. In other words, line personnel should not be entirely responsible for poor performance resulting from staff personnel’s advice.

• There is a gaping absence of lack of broad use of Information Technology. Consequently, managements of commercial banks should consider appropriately intensive use of IT for faster, efficient and effective communication. This is turn quickens decision making which is critical in strategy implementation.

5.4.2 Further Areas of Research

This study suggests that other similar studies should be carried out in other organizations as this study concentrated on the commercial banking industry in Kenya. Other industries like manufacturing, construction, cottage, linkage, etcetera, can be considered for such studies.

Other similar studies (case studies) should be carried out in specific commercial banks to establish the effects of organization structure in strategy implementation because organizational structures differ from one commercial bank to the other on the basis of factors such as size, resources, technology and even strategic direction as well as strategic objectives of each commercial bank.

This survey study was delimited to commercial banking only. Related studies should be conducted in other banking industries.

Studies which examine the effects of other factors affecting strategy implementation apart from organizational structure can be carried out in the same or different institutions/organizations.
REFERENCES


93


Isaiah Muriithi Gituma,
Kenyatta University,
P.O. BOX 43844-00100,
Nairobi.
Tel +254720 830 314,
5th March, 2012.

The General Manager,

RE: RESEARCH AUTHORIZATION

I am a Postgraduate student at Kenyatta University undertaking a Masters degree in the department of Business Administration, School of Business. I am carrying out research on “Effects of Organizational Structure on Strategy Implementation in the Commercial Banking Industry in Kenya”. In this regard your bank has been identified as one of the commercial banks in Nairobi for the study.

The purpose of this letter, therefore, is to kindly request your authority to carry out this research in your bank.

I look forward to your positive response and assistance.

Yours faithfully,

Gituma I. Muriithi
Dear respondent,

This research questionnaire focuses on organizational structure factors that affect strategy implementation within the context of commercial banking industry. A specific focus is given to communication, hierarchical levels, decision-making structure, and line-and-staff. I would like to confirm that the results of this questionnaire are subject to data privacy and will be treated with utmost confidentiality. The data collected will be used for academic purposes only.

INSTRUCTIONS

*Answer all questions as indicated by either filling in the blank spaces or ticking (✓) the option that applies.*

SECTION A: BACKGROUND INFORMATION

1. What is your gender? [ ] Male [ ] Female

2. What is your age bracket?
   [ ] Up to 30 years  [ ] Between 31 – 40 years
   [ ] Between 41 – 50 years  [ ] Above 50 years

3. What is your highest educational qualification?
   [ ] Diploma  [ ] Undergraduate Degree
   [ ] Masters Degree  [ ] PhD
   Others (Specify) ...........................................................

4. For how long have you worked in this organization?
   [ ] Less than 5 years  [ ] Between 5 – 10 years
   [ ] Between 11 – 15 years  [ ] Above 15 years
5. What is your current position in the organization?

[ ] General Manager [ ] Human Resource Manager

[ ] Financial Manager [ ] Head of Strategy

Other (specify) ........................................................................................................

SECTION B: COMMUNICATION AND STRATEGY IMPLEMENTATION

6. Which of the following statements best describes how information is relayed or shared in your organization? (Please tick appropriately).

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Information cascades through the hierarchical levels</td>
</tr>
<tr>
<td>Ii</td>
<td>Information is shared among the departments</td>
</tr>
<tr>
<td>Iii</td>
<td>Information flows from top managers to junior managers</td>
</tr>
<tr>
<td>Iv</td>
<td>Junior managers and employees are encouraged to share their ideas</td>
</tr>
</tbody>
</table>

7. On a scale of 1-5, rate the usage of the following communication linkages in your organization (where 1= most highly used; 2=highly used; 3=moderately used; 4=rarely used; 5= least used).

<table>
<thead>
<tr>
<th></th>
<th>Information cascades through the hierarchical levels</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Information cascades through the hierarchical levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ii</td>
<td>Information is shared among the departments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iii</td>
<td>Information flows from top managers to line</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. On a scale of 1-5, rate the extent to which you agree or disagree with the following statements:

(Where 1= strongly disagree; 2=disagree; 3=neutral; 4=agree; 5=strongly agree).

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Vertical communication is most efficient in strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>Horizontal communication is most efficient in strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>Top-down communication is most efficient in strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td>Bottom-up communication is most efficient in strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. In your own view, what leads to the usage of the communication linkages in (4) above? (Please tick appropriately)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Bureaucracy in the organization</td>
</tr>
<tr>
<td>ii</td>
<td>Company procedures</td>
</tr>
<tr>
<td>iii</td>
<td>Skills possessed by employees and managers</td>
</tr>
<tr>
<td>iv</td>
<td>Technology</td>
</tr>
<tr>
<td>v</td>
<td>Organizational politics</td>
</tr>
</tbody>
</table>
10 (a) In order of preference, highlight three methods used to relay information in your organization.

i. ........................................................................................................................................

ii. ........................................................................................................................................

iii. ........................................................................................................................................

(b) In your own view, what influences the choice of the methods you highlighted in 10(a) above in relaying information in your organization? (Tick appropriately)

<table>
<thead>
<tr>
<th></th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>ii</td>
<td>Availability of resources</td>
</tr>
<tr>
<td>iii</td>
<td>Company policies</td>
</tr>
<tr>
<td>iv</td>
<td>Skills of the workers</td>
</tr>
<tr>
<td>v</td>
<td>All of the above</td>
</tr>
</tbody>
</table>

11. In your own view, to what extent does communication influence strategy implementation in your organization? (Tick appropriately)

<table>
<thead>
<tr>
<th></th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>ii</td>
<td>Large extent</td>
</tr>
<tr>
<td>iii</td>
<td>Moderate extent</td>
</tr>
<tr>
<td>iv</td>
<td>Low extent</td>
</tr>
<tr>
<td>v</td>
<td>Very low extent</td>
</tr>
</tbody>
</table>

12 (a) Are there any communication empowerment programs in your institution?

[YES]
If the answer in 12 (a) above is yes, please mention some of those empowerment programs.

13 (a) Are there any communication barriers in your institution?

(b) If the answer in 13(a) above is YES, please mention any four communication barriers in your organization that could have a bearing on strategy implementation.

(c) Please suggest how such barriers can be overcome in your organization.

SECTION C: HIERARCHICAL LEVELS AND STRATEGY IMPLEMENTATION

14. Which of the following statements best describes your organizational structure?

(Please tick appropriately)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Has many levels of management</td>
</tr>
<tr>
<td>ii</td>
<td>Has few levels of management</td>
</tr>
</tbody>
</table>
15. How many workers report to a particular manager/supervisor in your organization? (Please tick appropriately)

<table>
<thead>
<tr>
<th></th>
<th>1-3</th>
<th>4-6</th>
<th>7-9</th>
<th>10-12</th>
<th>Others: Specify</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16. On a scale of 1-5, rate the extent to which you agree with the following statements:

(Where 1=very high extent; 2=high extent; 3=moderate extent; 4=low extent; 5=very low extent)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Many hierarchical levels lead to few workers reporting to one manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>Few hierarchical levels lead to many workers reporting to one manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17. On a scale of 1-5, rate the extent to which the following factors influence the number of workers to be supervised by one supervisor/manager (span of control).

(Where 1=very high extent; 2=high extent; 3=moderate extent; 4=low extent; 5=very low extent).

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### (D) DECISION-MAKING STRUCTURE AND STRATEGY IMPLEMENTATION

18. On a scale of 1-5, rate the extent to which the span of control would influence the following outcomes (where 1=very high extent; 2=high extent; 3=moderate extent; 4=low extent; 5=very low extent)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Organizational performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>Attainment of targets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>Productivity (effectiveness)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td>Timely achievement of targets (efficiency)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

19. Which of the following statements best describes the type of decision making structure in your organization? (Please tick appropriately)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Decisions are made at the corporate level and communicated to departments and regional centers for implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>Divisional &amp; regional managers are empowered to make and implement decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>Both corporate and divisional /regional managers are incorporated in decision making and implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Skills of the manager and the workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td>Complexity of strategy being implemented</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v</td>
<td>Simplicity of the strategy being implemented</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18. On a scale of 1-5, rate the extent to which the span of control would influence the following outcomes (where 1=very high extent; 2=high extent; 3=moderate extent; 4=low extent; 5=very low extent)

<table>
<thead>
<tr>
<th></th>
<th>Organizational performance</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>ii</td>
<td>Attainment of targets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>Productivity (effectiveness)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td>Timely achievement of targets (efficiency)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(D) DECISION-MAKING STRUCTURE AND STRATEGY IMPLEMENTATION

19. Which of the following statements best describes the type of decision making structure in your organization? (Please tick appropriately)

<table>
<thead>
<tr>
<th></th>
<th>Decisions are made at the corporate level and communicated to departments and regional centers for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ii</td>
<td>Divisional &amp; regional managers are empowered to make and implement decisions</td>
</tr>
<tr>
<td>iii</td>
<td>Both corporate and divisional /regional managers are incorporated in decision making and implementation</td>
</tr>
</tbody>
</table>
20. On a scale of 1-5, rate the extent to which you agree or disagree with the following statements:

(Where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Decision making at the corporate level is more effective in strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>Decision making at the divisional or regional levels is more effective in strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>Integrated decision making at both the corporate and divisional levels is more effective in strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

21. On a scale of 1-5, rate the extent to which you agree or disagree with the following statements (where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Centralized decision making is more cost effective than decentralized decision making</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>A centralized structure slows down decision making</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>A centralized decision making structure hampers effective communication</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td>Centrally made decisions are not owned by the workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v</td>
<td>A centralized decision making structure is slow to respond to changes in the business environment and customer needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi</td>
<td>Decentralized decisions are more owned by the workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vii</td>
<td>Decentralized decision making structures are more responsive to customer needs and business environment changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>viii</td>
<td>Decisions made at the divisional level are more motivating to the workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ix</td>
<td>Decentralized decisions lead to inconsistencies in strategies thus hampering implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>x</td>
<td>High level of delegation of decision making in my organization enhances implementation of strategies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>xi</td>
<td>Decentralized decision-making structure promote teamwork between managers and workers which enhances strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>xii</td>
<td>Decentralized decision-making structure produces synergy which enhances strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

22. On a scale of 1-5, rate the extent to which decision making is affected by the following factors: (where 1=very high extent; 2=high extent; 3=moderate extent; 4=low extent; 5=very low extent).

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>Availability of resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>Training/Empowerment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td>Political-legal issues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

23. On a scale of 1-5, rate the extent to which decision making influences the following outcomes: (where 1=very high extent; 2=high extent; 3=moderate extent; 4=low extent; 5=very low extent).
<table>
<thead>
<tr>
<th></th>
<th>Performance</th>
<th>Attainment of set targets</th>
<th>Productivity (Effectiveness)</th>
<th>Timely attainment of set targets (Efficiency)</th>
</tr>
</thead>
</table>

(E) LINE AND STAFF AND STRATEGY IMPLEMENTATION

24. Which of the following statements best describe the grouping of workers in your organization? (Please tick appropriately)

<table>
<thead>
<tr>
<th></th>
<th>All workers are in the formal chain of command</th>
<th>Some workers are in the formal chain of command while others are not in the formal chain of command</th>
</tr>
</thead>
</table>

25. On a scale of 1-5, rate the extent to which you agree or disagree with the following statements with reference to your organization (where 1= strongly disagree; 2= disagree; 3= neutral; 4= agree; 5= strongly agree).

<table>
<thead>
<tr>
<th></th>
<th>Line and staff are critical components of strategy implementation</th>
<th>Integration of line and staff skills enhance actualization of set targets</th>
<th>Integration of line and staff skills enhance timely achievement of set targets</th>
<th>Collaboration of line and staff results to teamwork which is critical in strategy implementation</th>
<th>Collaboration of line and staff produces synergy which enhances</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>
26. On a scale of 1-5, rate the extent to which the following factors affect performance and efficiency of line and staff in your organization with regard to strategy implementation: (where 1=very high extent; 2=high extent; 3=moderate extent; 4=low extent; 5=very low extent).

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Use of modern technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>Availability of resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>Training/Empowerment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td>Organizational politics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v</td>
<td>Political-legal issues</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

27. What initiatives has your organization undertaken to promote integration of the two departments to enhance high productivity/performance? (Please comment).

..........................................................................................................................
..........................................................................................................................
..........................................................................................................................

28 (a) In your own view, what are some of the challenges posed by line and staff with regard to strategy implementation? (Please comment)

..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
(b) How does your organization deal with the challenges you have highlighted in 28(a) above? (Please comment).

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

Thank you for your participation and cooperation.
## APPENDIX 3
### RESEARCH WORK PLAN

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>YEARS 2011 – 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MAR – OCT. 2011</td>
</tr>
<tr>
<td></td>
<td>NOV – MAR. 2012</td>
</tr>
<tr>
<td></td>
<td>APR – MAY 2012</td>
</tr>
<tr>
<td></td>
<td>JUNE 2012</td>
</tr>
<tr>
<td>Proposal Writing</td>
<td>2011</td>
</tr>
<tr>
<td>Proposal Defense</td>
<td>2012</td>
</tr>
<tr>
<td>Data Collection</td>
<td>2012</td>
</tr>
<tr>
<td>Data Analysis and</td>
<td>2012</td>
</tr>
<tr>
<td>Project Defense</td>
<td></td>
</tr>
<tr>
<td>Graduation</td>
<td></td>
</tr>
</tbody>
</table>

**SEP. 2011 – OCT. 2012**

- Proposal Writing
- Proposal Defense
- Data Collection
- Data Analysis and
- Project Defense
- Graduation
## APPENDIX 4
### RESEARCH BUDGET

<table>
<thead>
<tr>
<th>ITEM</th>
<th>PRICE PER UNIT</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stationary</td>
<td>3 foolscap reams@ 500</td>
<td>1,500</td>
</tr>
<tr>
<td>Typesetting &amp; Printing</td>
<td>8000</td>
<td>8,000</td>
</tr>
<tr>
<td>Binding</td>
<td>10000</td>
<td>10,000</td>
</tr>
<tr>
<td>Travel Expenses</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Research Assistants</td>
<td>3x 1000x 5days</td>
<td>15,000</td>
</tr>
<tr>
<td>Airtime (Cell phone)</td>
<td>2000</td>
<td>2,000</td>
</tr>
<tr>
<td>Internet (Modem &amp; airtime)</td>
<td>5000</td>
<td>5,000</td>
</tr>
<tr>
<td>Laptop</td>
<td>50000</td>
<td>50,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5000</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>106,500</strong></td>
<td><strong>106,500</strong></td>
</tr>
</tbody>
</table>


**APPENDIX 5**

**DIRECTORY OF COMMERCIAL BANKS IN KENYA**

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Postal Address</th>
<th>Telephone</th>
<th>Fax</th>
<th>Email</th>
<th>Website</th>
<th>Physical Address</th>
<th>Date Licensed</th>
<th>Peer Group</th>
<th>Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Banking Corporation Ltd.</td>
<td>P.O Box 46452-00100, Nairobi</td>
<td>+254-20- 4263000, 2223922, 22251540/1, 217856/7/8.</td>
<td>+254-20-2222437</td>
<td><a href="mailto:headoffice@abcthebank.com">headoffice@abcthebank.com</a></td>
<td><a href="http://www.abcthebank.com">http://www.abcthebank.com</a></td>
<td>ABC Bank House, Mezzanine Floor, Koinange Street.</td>
<td>5/1/1984</td>
<td>Medium</td>
<td>10</td>
</tr>
<tr>
<td>Bank of Africa Kenya Ltd.</td>
<td>P. O. Box 69562-00400 Nairobi</td>
<td>+254-20- 3275000, 2211175, 3275200</td>
<td>+254-20-2211477</td>
<td><a href="mailto:headoffice@boakenya.com">headoffice@boakenya.com</a></td>
<td><a href="http://www.boakenya.com">www.boakenya.com</a></td>
<td>Re-Insurance Plaza, Ground Floor - Taifa Rd.</td>
<td>1980</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Bank of Baroda (K) Ltd.</td>
<td>P.O Box 30033 – 00100 Nairobi</td>
<td>+254-20-2248402/12, 2226416, 2220575, 2227869</td>
<td>+254-20-316070</td>
<td><a href="mailto:ho.kenya@bankofbaroda.com">ho.kenya@bankofbaroda.com</a></td>
<td><a href="http://www.bankofbaroda">www.bankofbaroda</a> kenya.com</td>
<td>Baroda House, Koinange Street</td>
<td>7/1/1953</td>
<td>Large</td>
<td>11</td>
</tr>
<tr>
<td>Bank of India</td>
<td>P. O. Box 30246 - 00100 Nairobi</td>
<td>+254-20-2221414/5/6/7</td>
<td>+254-20-2221417</td>
<td><a href="mailto:cekenya@boikenya.com">cekenya@boikenya.com</a></td>
<td><a href="http://www.bankofindia.com">www.bankofindia.com</a></td>
<td>Bank of India Building, Kenyatta Avenue.</td>
<td>6/5/1953</td>
<td>Large</td>
<td>5</td>
</tr>
<tr>
<td>Bank Name</td>
<td>Postal Address</td>
<td>Telephone</td>
<td>Fax</td>
<td>Email</td>
<td>Website</td>
<td>Physical Address</td>
<td>Date Licensed</td>
<td>Peer Group</td>
<td>Branches</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------------------------------</td>
<td>------------------------------------</td>
<td>-------------------------------</td>
<td>-------------------------------------------</td>
<td>---------------------------------------</td>
<td>----------------------------------------</td>
<td>---------------</td>
<td>------------</td>
<td>---------</td>
</tr>
<tr>
<td>Barclays Bank of Kenya Ltd.</td>
<td>P. O. Box 30120 – 00100, Nairobi</td>
<td>+254-20- 3267000, 313365/9, 2241264-9, 313405,</td>
<td>+254-20-2213915</td>
<td><a href="mailto:barclays.kenya@barclays.com">barclays.kenya@barclays.com</a></td>
<td><a href="http://www.barclayskenya.co.ke">www.barclayskenya.co.ke</a></td>
<td>Barclays Plaza, Loita Street.</td>
<td>6/5/1953</td>
<td>Large</td>
<td>103</td>
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<tr>
<td>CFC Stanbic Bank Ltd.</td>
<td>P. O. Box 72833 - 00200 Nairobi</td>
<td>+254-20-3638000. /11/17/18/20/21, 3268000, 0711-0688000</td>
<td>+254-20-3752901/7</td>
<td><a href="mailto:cfcstanbic@stanbic.com">cfcstanbic@stanbic.com</a></td>
<td><a href="http://www.cfcstanbicbank.co.ke">http://www.cfcstanbicbank.co.ke</a></td>
<td>CFC Centre, Chiromo Road, Westlands</td>
<td>5/14/1955</td>
<td>Large</td>
<td>20</td>
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<tr>
<td>Charterhouse Bank Ltd. UNDER - STATUTORY MANAGEMENT</td>
<td>P. O. Box 43252 Nairobi</td>
<td>+254-20-2242246 /7/8/53</td>
<td>+254-20-2219058, 2223060, 2242248</td>
<td><a href="mailto:info@charterhouse-bank.com">info@charterhouse-bank.com</a></td>
<td>Physical Address: Longonot Place. 6th Floor, Kijabe Street.</td>
<td>11/11/1996</td>
<td>Medium</td>
<td>10</td>
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<tr>
<td>Chase Bank (K) Ltd.</td>
<td>P. O. Box 66015-00800 Nairobi</td>
<td>+254-20- 2774000, 2244035, 2245611, 2252783, 0727-531175, 0736-432025</td>
<td>+254-20-4454816/4454800-10</td>
<td><a href="mailto:info@chasebank.co.ke">info@chasebank.co.ke</a></td>
<td><a href="http://www.chasebankkenya.co.ke">http://www.chasebankkenya.co.ke</a></td>
<td>Riverside Mews, Riverside Drive.</td>
<td>4/1/1991</td>
<td>Large</td>
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<td>Date Licensed</td>
<td>Peer Group</td>
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<tr>
<td>Citibank N.A Kenya</td>
<td>P. O. Box 30711 - 00100 Nairobi</td>
<td>+254-20- 2754000, 2711221</td>
<td>+254-20-2714810/1</td>
<td><a href="mailto:Kenya.citiservice@citi.com">Kenya.citiservice@citi.com</a></td>
<td><a href="http://www.citibank.co.ke">http://www.citibank.co.ke</a></td>
<td>Citibank House, Upper Hill Road.</td>
<td>7/1/1974</td>
<td>Large</td>
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<tr>
<td>Commercial Bank of Africa Ltd.</td>
<td>P. O. Box 30437 – 00100, Nairobi</td>
<td>+254-20-2884000, 2734555, 0711056222-15</td>
<td>+254-20-2734599</td>
<td><a href="mailto:iqueries@cba.co.ke">iqueries@cba.co.ke</a></td>
<td><a href="http://www.cba.co.ke">www.cba.co.ke</a></td>
<td>CBA Building, Mara / Ragati Road, Upper Hill</td>
<td>1/1/1967</td>
<td>Large</td>
<td>20</td>
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<tr>
<td>Consolidated Bank of Kenya Ltd.</td>
<td>P. O. Box 51133 - 00200, Nairobi</td>
<td>+254-20-340208/340836,340551, 340298, 340747,340298,211950,</td>
<td>+254-20-340213</td>
<td><a href="mailto:headoffice@consolidated-bank.com">headoffice@consolidated-bank.com</a></td>
<td><a href="http://www.consolidated-bank.com">www.consolidated-bank.com</a></td>
<td>Consolidated Bank House, 6th Floor, Koinange Street.</td>
<td>12/18/1989</td>
<td>Medium</td>
<td>14</td>
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<tr>
<td>Co-operative Bank of Kenya Ltd.</td>
<td>P. O. Box 48231 – 00100, Nairobi</td>
<td>+254-20-3276000, 0711-049000</td>
<td>+254-20-2245506</td>
<td><a href="mailto:md@co-opbank.co.ke">md@co-opbank.co.ke</a></td>
<td><a href="http://www.co-opbank.co.ke">www.co-opbank.co.ke</a></td>
<td>Co-operative House, 4th Floor Annex, Haile Selassie Avenue.</td>
<td>1/1/1965</td>
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<td>Bank Name</td>
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<td>Date Licensed</td>
<td>Peer Group</td>
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<td>Credit Bank Ltd.</td>
<td>P. O. Box 61064-00200 Nairobi</td>
<td>+254-20-2222300/2220789/2220789/2222317, 0728607701</td>
<td>+254-20-2216700</td>
<td><a href="mailto:info@creditbankltd.co.ke">info@creditbankltd.co.ke</a></td>
<td><a href="http://www.creditbank.co.ke">www.creditbank.co.ke</a></td>
<td>Mercantile House, Ground Floor, Koinange Street</td>
<td>5/14/1986</td>
<td>Small</td>
<td>7</td>
</tr>
<tr>
<td>Development Bank of Kenya Ltd.</td>
<td>P. O. Box 30483 - 00100, Nairobi</td>
<td>+254-20-340401/2/3, 340416, 2251082, 340198</td>
<td>+254-20-2250399</td>
<td><a href="mailto:dbk@devbank.com">dbk@devbank.com</a></td>
<td><a href="http://www.devbank.com">www.devbank.com</a></td>
<td>Finance House, 16th Floor, Loita Street</td>
<td>1/1/1973</td>
<td>Medium</td>
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<tr>
<td>Diamond Trust Bank Kenya Ltd.</td>
<td>P. O. Box 61711 – 00200, Nairobi</td>
<td>+254-20-2849000, 2210988/9</td>
<td>+254-20-2245495</td>
<td><a href="mailto:info@dtbafrica.com">info@dtbafrica.com</a></td>
<td><a href="http://www.diamondtrust-bank.com">http://www.diamondtrust-bank.com</a></td>
<td>Nation Centre, 8th Floor, Kimathi Street</td>
<td>1/1/1946</td>
<td>Large</td>
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<td>Dubai Bank Kenya Ltd.</td>
<td>P. O. Box 11129 – 00400, Nairobi</td>
<td>+254-20-311109/14/23/24/32</td>
<td>+254-20-2245242</td>
<td><a href="mailto:info@dubaibank-kenya.co.ke">info@dubaibank-kenya.co.ke</a></td>
<td><a href="http://www.dubaibank.co.ke">www.dubaibank.co.ke</a></td>
<td>I.C.E.A. Building, Ground Floor, Kenyatta Avenue</td>
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<td>Ecobank Kenya Ltd.</td>
<td>P. O. Box 49584-00100 Nairobi</td>
<td>+254-20-2883000, 2249633/4, 0722-204863</td>
<td>+254-20-2883304</td>
<td><a href="mailto:info@ecobank.com">info@ecobank.com</a></td>
<td><a href="http://www.ecobank.com">www.ecobank.com</a></td>
<td>Ecobank Towers, Muindi Mbingu Street.</td>
<td>01/11/2005</td>
<td>Large</td>
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<tr>
<td>Equatorial Commercial Bank Ltd.</td>
<td>P. O. Box 52467-00200 Nairobi</td>
<td>+254-20-2710455, 4981000, 4981301, 4981405</td>
<td>+254-20-2710366/2719625</td>
<td><a href="mailto:customerservice@ecb.co.ke">customerservice@ecb.co.ke</a></td>
<td><a href="http://www.equatorialbank.co.ke">www.equatorialbank.co.ke</a></td>
<td>Equatorial Commercial Bank Centre, Nyerere Road.</td>
<td>12/20/1995</td>
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<tr>
<td>Equity Bank Ltd.</td>
<td>P. O. Box 75104-00200 Nairobi</td>
<td>+254-20-2262000</td>
<td>+254-20-2711439</td>
<td><a href="mailto:info@equitybank.co.ke">info@equitybank.co.ke</a></td>
<td><a href="http://www.equitybank.co.ke">http://www.equitybank.co.ke</a></td>
<td>Equity Centre, 9th Floor, - Hospital Road- Upper Hill</td>
<td>28/12/2004</td>
<td>Large</td>
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<tr>
<td>Family Bank Limited</td>
<td>P. O. Box 74145-00200 Nairobi</td>
<td>+254-020-318173, 318940/2/7, 2244166, 2240601, 0736-698300</td>
<td>+254-020-318174</td>
<td><a href="mailto:info@familybank.co.ke">info@familybank.co.ke</a></td>
<td><a href="http://www.familybank.co.ke">www.familybank.co.ke</a></td>
<td>Four Ways Towers, 6th Floor, Muindi Mbingu Street</td>
<td>1984</td>
<td>Large</td>
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Fidelity Commercial Bank Ltd.
Postal Address: P. O. Box 34886-00100 Nairobi
Telephone: +254-20-2242348, 2244187, 2245369, 2220845, 2243461, 315917
Fax: +254-20-2243389/2245370
Email: customerservice@fidelitybank.co.ke
Website: www.fidelitybank.co.ke
Physical Address: I.P.S Building, 7th Floor, Kimathi Street.
Date Licensed: 6/1/1992
Peer Group: Medium
Branches: 7

Fina Bank Ltd.
Postal Address: P. O. Box 20613 – 00200, Nairobi
Telephone: +254-20-3284000, 2246943, 2253153, 2247113, 2253040, 0722-202929
Fax: +254-20-2247164/2229696, 342024
Email: banking@finabank.com
Website: www.finabank.com
Physical Address: Fina House, Kimathi Street.
Date Licensed: 1/1/1986
Peer Group: Large
Branches: 15

First community Bank Limited
Postal Address: P. O. Box 26219-00100, Nairobi
Telephone: +254-20-2843000, 0726-736833, 0738-407521
Fax: +254-20-344101
Email: info@fcb.co.ke
Website: www.firstcommunitybak.co.ke
Physical Address: Prudential Assurance Building, 1st Floor, Wabera Street
Date Licensed: 29.04.2008
Peer Group: Medium
Branches: 18

Giro Commercial Bank Ltd.
Postal Address: P. O. Box 46739 – 00200, Nairobi
Telephone: +254-20-340537, 310350, 2216005, 2217777 /6, 340544, 0722823684,
Fax: +254-20-2210679
Email: girobank@girobankltd.com
Physical Address: Giro House, Kimathi Street.
Date Licensed: 12/17/1992
Peer Group: Medium
Branches: 7
Guardian Bank Ltd.
Postal Address: P. O. Box 67681 – 00200, Nairobi
Telephone: +254-020-2226771, 2226774, 2226341, 222483, 0722-282213,
Fax: +254-020 -2216633
Email: biashara@guardian-bank.com
Website: www.guardian-bank.com
Physical Address: Guardian Centre, Biashara Street
Date Licensed: 12/17/1992
Peer Group: Medium
Branches: 7

Gulf African Bank Limited
Postal Address: P. O. Box 43683 – 00100, Nairobi
Telephone: +254-20-2740000; 2718608/9, 2740111
Fax: +254-20-2715655
Email: info@gulfafricanbank.com
Website: www.gulfafricanbank.com
Physical Address: Gemina Insurance Plaza. Kilimanjaro Avenue, Upper Hill
Date Licensed: 1/11/2007
Peer Group: Medium
Branches: 15

Habib Bank A.G Zurich
Postal Address: P. O. Box 30584 - 00100 Nairobi
Telephone: +254-20-341172/76/77, 340835, 310694
Fax: +254-20-2217004 /2218699
Email: habibbank@wananchi.com
Physical Address: Habib House, Koinange Street.
Date Licensed: 1/7/1978
Peer Group: Medium
Branches: 5

Habib Bank Ltd.
Postal Address: P. O. Box 43157 – 00100, Nairobi
Telephone: +254-20-2226433, 2222786, 2226406/7, 2218176
Fax: +254-20-2214636 /2214636
Email: hblro@hblafrica.com
Website: www.hbl.com
Physical Address: Exchange Building, Koinange Street.
Date Licensed: 2/3/1956
Peer Group: Medium
Branches : 4
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<th>Bank Name</th>
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<tr>
<td>Imperial Bank Ltd.</td>
<td>P. O. Box 44905 – 00100, Nairobi</td>
<td>+254-20-2874000, 343416 /12/17/18/19/94, 342373</td>
<td>+254-20-2719705/2719652, 342374, 2719498</td>
<td><a href="mailto:info@imperialbank.co.ke">info@imperialbank.co.ke</a></td>
<td><a href="http://www.imperialbank.co.ke">www.imperialbank.co.ke</a></td>
<td>Imperial Bank House. Bunyala Road, Upper Hill</td>
<td>1/11/1992</td>
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<tr>
<td>I &amp; M Bank Ltd.</td>
<td>P.O. Box 30238 – 00100, Nairobi</td>
<td>+254-20-310105, 2711994-8, 3221200/2</td>
<td>+254-20-2713757 / 2716372</td>
<td><a href="mailto:invest@imbank.co.ke">invest@imbank.co.ke</a></td>
<td><a href="http://www.imbank.com">http://www.imbank.com</a></td>
<td>I &amp; M Bank House. 2nd Ngong Avenue.</td>
<td>1/1/1974</td>
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<tr>
<td>Jamii Bora Bank Limited</td>
<td>P. O. Box 22741 – 00400, Nairobi</td>
<td>+254-20-2224238/9, 2214976, 2219626, 2210338/9, 0722-201112</td>
<td>+254-20-341825/2245223/2214534</td>
<td><a href="mailto:info@jamiiborabank.co.ke">info@jamiiborabank.co.ke</a></td>
<td><a href="http://www.jamiiborabank.co.ke">http://www.jamiiborabank.co.ke</a></td>
<td>Jamii Bora House. Koinange Street.</td>
<td>9/10/1984</td>
<td>Small</td>
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<tr>
<td>Kenya Commercial Bank Ltd.</td>
<td>P. O. Box 48400 – 00100, Nairobi</td>
<td>+254-20-3270000, 2851000, 2852000, 250802</td>
<td>+254-20-2242408</td>
<td><a href="mailto:kcbhq@kcb.co.ke">kcbhq@kcb.co.ke</a></td>
<td><a href="http://www.kcbbankgroup.com">http://www.kcbbankgroup.com</a></td>
<td>Kencom House, 8th Floor, Moi Avenue.</td>
<td>1/1/1896</td>
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<td>Middle East Bank (K) Ltd.</td>
<td>P. O. Box 47387 - 0100 Nairobi</td>
<td>+254-20-2723120/24, 2722379, 2723124, 2723130, 0722-205903</td>
<td>+254-20-343776 / 2256901</td>
<td><a href="mailto:ho@mebkenya.com">ho@mebkenya.com</a></td>
<td><a href="http://www.mebkenya.com">www.mebkenya.com</a></td>
<td>Mebank Tower - Milimani Road.</td>
<td>10/1/1980</td>
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<tr>
<td>National Bank of Kenya Ltd.</td>
<td>P. O. Box 72866 - 00200 Nairobi</td>
<td>+254-20-2828000, 2226471, 0711-038000, 0735-995050-4</td>
<td>+254-20-311444/2223044</td>
<td><a href="mailto:info@nationalbank.co.ke">info@nationalbank.co.ke</a></td>
<td><a href="http://www.nationalbank.co.ke">www.nationalbank.co.ke</a></td>
<td>National Bank Building, 2nd Floor, Harambee Avenue.</td>
<td>1/1/1968</td>
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<td>Oriental Commercial Bank Ltd.</td>
<td>P.O BOX 14357-00800, Nairobi</td>
<td>+254-20-3743278/87, 3743289/98, 0714611466, 0733610410</td>
<td>+254-20-3743270</td>
<td><a href="mailto:info@orientalbank.co.ke">info@orientalbank.co.ke</a></td>
<td><a href="http://www.orientalbank.co.ke">www.orientalbank.co.ke</a></td>
<td>Apollo Centre, 2nd Floor, Ring Road- Westlands.</td>
<td>8/2/1991</td>
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<td>Paramount Universal Bank Ltd.</td>
<td>P.O. Box 1400 -00800 Nairobi</td>
<td>+254-20-4449266/7/8, 446106/7, 4443896, 445722</td>
<td>+254-20-449265</td>
<td><a href="mailto:info@paramountbank.co.ke">info@paramountbank.co.ke</a></td>
<td><a href="http://www.paramountbank.co.ke">www.paramountbank.co.ke</a></td>
<td>Sound Plaza Building, 4th Flr.Woodvale Grove. Westlands</td>
<td>10/1/1993</td>
<td>Small</td>
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<tr>
<td>Prime Bank Ltd.</td>
<td>P. O. Box 43825 – 00100, Nairobi</td>
<td>+254-20-4203000</td>
<td>+254-20-4451247</td>
<td><a href="mailto:headoffice@primebank.co.ke">headoffice@primebank.co.ke</a></td>
<td><a href="http://www.primebankkenya.com">www.primebankkenya.com</a></td>
<td>Prime Bank Building, Chiromo Lane / Riverside Drive.-Junction, Westlands</td>
<td>3/1/1992</td>
<td>Large</td>
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<tr>
<td>Standard Chartered Bank Kenya Ltd.</td>
<td>P. O. Box 30003 - 00100 Nairobi</td>
<td>+254-20-3293000, 3293900</td>
<td>+254-20-3747880</td>
<td><a href="mailto:Talk-Us@sc.com">Talk-Us@sc.com</a></td>
<td><a href="http://www.standardchartered.com">www.standardchartered.com</a></td>
<td>Stan bank House, Moi Avenue.</td>
<td>10/1/1910</td>
<td>Large</td>
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<td>Trans-National Bank Ltd.</td>
<td>P. O. Box 34353 - 00100 Nairobi</td>
<td>+254-20-2224234-6, 2210335, 2252188/90/91, 2224235/6</td>
<td>+254-20-2252225</td>
<td><a href="mailto:info@tnbl.co.ke">info@tnbl.co.ke</a></td>
<td><a href="http://www.tnbl.co.ke">www.tnbl.co.ke</a></td>
<td>Transnational Plaza, City Hall Way.</td>
<td>8/1/1985</td>
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<tr>
<td>UBA Kenya Bank Limited</td>
<td>P. O. Box 34154 - 00100 Nairobi</td>
<td>+254-020-3612000 / 2, 3740814</td>
<td>+254-020-3612049</td>
<td><a href="mailto:muyiwa.akinyemi@ubagroup.com">muyiwa.akinyemi@ubagroup.com</a></td>
<td><a href="http://www.ubagroup.com">www.ubagroup.com</a></td>
<td>Apollo Centre, 1st Flr, Ring Road / Vale Close, Westlands</td>
<td>24/09/2009</td>
<td>Small</td>
<td>4</td>
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<tr>
<td>Victoria Commercial Bank Ltd.</td>
<td>P. O. Box 41114 - 00100 Nairobi</td>
<td>+254-20-2719499, 2719815, 2710271, 2716108, 2719814</td>
<td>+254-20-2713778/2715857</td>
<td><a href="mailto:victoria@vicbank.com">victoria@vicbank.com</a></td>
<td><a href="http://www.vicbank.com">www.vicbank.com</a></td>
<td>Victoria Towers, Mezzanine Flr, Kilimanjaro Avenue. Upper Hill</td>
<td>6/1/1987</td>
<td>Medium</td>
<td>3</td>
</tr>
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