STRUCTURE AND STRATEGY IN THE KENYAN BANKING INDUSTRY: A STUDY ON A LEADING BANK’S ORGANIZATIONAL STRUCTURE.

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

SPRING 2016
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ___________________________ Date: ___________________________

Chege Anastasia Nyambura (ID: 630678)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: ___________________________

Dr. Peter N. Kiriri

Signed: ___________________________ Date: ___________________________

Dean, Chandaria School of Business
ABSTRACT

The relationship between structure and strategy has impeded performance, operations and communication in many organizations. The two seem married to each other and affect each other to some extent. It is a key relationship within the principle study of strategic management and has been present in different industries that necessitate structural and strategic change every so often. This study sought to delve into this relationship and better understand it through proponents who have carried out studies on the same. The study aimed at bettering the understanding of structure and strategy, in the Kenyan banking industry by focusing on one of the leading banks as a focal point of the study. The study is aimed at understanding the interrelationship between structure and strategy. This was done by garnering information on what are the different ideologies in the scholarly community. The study also identified the evolution of structure to fit strategy from a simple or single unit structure to a multifaceted one. The affected areas within the organization are also covered by delving into the implications of this fit between structure and strategy.

The research methodology invoked the use of questionnaires and interview schedules as tools of research. The research design in this study was a descriptive and explanatory research design. The sampling frame was derived from the leading bank’s headquarters who comprise of senior to low level management. Purposive sampling was utilized and data analysis was descriptive. The sample size comprised of sixty respondents. The research procedure involved the handing out of questionnaires to respondents and interviews held with senior management. Data analysis was done whereby each objective was clearly highlighted according to the respondents’ responses. The research methodology sought out on the chronology of structure and strategy as well as the evolution and implications of this change.

The study concluded that between strategy and structure either can come first but it should be noted that an organization structure and strategy is interrelated and interdependent therefore none supersedes the other. This means that the two are inseparable and a majority of respondents agreed with this. One cannot be ignored during the other’s implementation.

The relationship between strategy and structure is evident since organisational structure is accompanied with good strategies which gives an organisation a competitive advantage,
strategies employed in the earlier stages of growth of the bank was associated with great change in the organisational structure, organisation strategy and structure are in a balance in the bank under study and new strategies have led to changes in organizational structure of the bank over time. Secondly, an organization can evolve through certain stages in regards to organizational structure. The findings depicted that they may begin as simple units with less departmentalization but eventually become large and multidivisional. Organisational structure and strategy of an organisation evolve over time to fit the organisation’s interests, multidivisional structures have many powerful strategies for their organisation and evolution of strategies their organization led to change of the simple organizational structure to a great extent.

During the evolution of the organisation’s structure and strategy in the bank under study there was lack of consensus was observed in the organisation occasionally, there was lack of adaptive mechanisms to understand this change in structure, the new roles brought by change in organisational structure led to discord in duties to a great extent methods and lines of communication were greatly hampered during the change of structure to fit strategy in their organisation.

It was concluded that strategy and structure are interrelated and either can come first. It was also determined that organizations may begin as simple structures but will eventually evolve to more complex structures. Also a lack of adaptive mechanisms led to a discord in duties within the organization.

Based on the findings of the study, the study recommends the following: when an organisation is evolving its structures and strategies, there should be equilibrium between the two since they can follow one another or they can be implemented hand in hand since they are interdependent and interrelated and that during the evolution of any organisational strategy or structure, there should be proper communication both horizontal and vertical communications for effective implementation of the structure as well as the strategy. This will also give the employees a feeling of being part of the evolution since they will be involved from the first step among others.
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DEDICATION

I would like to dedicate this to my parents and siblings who have been there throughout the entire process. Special thanks to my mother, Margaret Chege who guided me through the entire process.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Corporate Strategy seems to fail in some organizations due to the lack of understanding in regards to the organizational structure. Corporate strategy contained within the core discipline of strategic management, is vital to most organizations competing for superiority in the market place. The most basic definition of strategic management is whereby is identified as a set of decisions and actions that give way to the formulation and implementation of plans designed to achieve a company’s objectives (Pierce & Robinson Jr., 2010). Strategic management has been a core area of focus to achieve organizational performance in organizations (Powell, 2014). Authors contend that strategic management is the act of organizational building and can be argued to be a foundation through which the interpretation of reality is achieved (Maranville, 2011).

Organizational building encompasses the ability to create and redirect the ongoing organizational patterns or ways manifested in “ceremonials and rituals” to better approaches in order to achieve superior performance (Maranville, 2011). That said strategic management is both impersonal and personal and entails the people behind it who define the problems, seek solutions to the problems, and research the problems while at the same time maintaining competitive advantage in competitive markets (Powell, 2014). Simply put strategic managers communicate vision with imagery by implementing different approaches in order to achieve that vision albeit in an effective and efficient manner (Maranville, 2011). The activities that encompass strategic management is formulating the mission, analysis of capabilities, external and internal analysis, setting long term and shot term objectives and finally evaluation and control (Pierce & Robinson Jr., 2010).

Contributions to Strategic management dated back to the 1980s where contributors such as Ansoff, Drucker and others focused largely on strategic planning to a more comprehensive framework in which strategic planning guides that were very systematic, gave guidance in budgeting, performance, and improvement programs (Bryson, Berry, & Yang, 2010). Strategic
management now is a bit different. It now emphasizes on the development and alignment of the organization’s mission, strategies, and operations to the future position of the organization (vision) while also keeping in mind the stakeholders seen as claimants on the organization’s performance (Bryson, et. al 2010).

Contributors such as Chandler however focused on a trend in regards to the corporate strategy and its influence on organizational structure. In 1962 Chandler identified a pattern in regards to transformation of the organizational structure to fit strategy. When executives develop corporate strategy, they always seem to reassess their current organizational structure (Chan & Marborgne, 2009). Accompanied with the industry and competitive analyses in mind, executives set out to carve a distinctive strategic position where they can outperform their rivals by building a competitive advantage in the market as many banks in the Kenyan industry do.

To attain such an advantage, a corporation generally picks either to differentiate itself from the competition for a premium price or to pursue low costs (Chan & Marborgne, 2009). Afore you go restructuring your organization, you should probably know what it is that you are trying to accomplish and how you would like to get there. These are issues of strategy, issues of who you are and why you are in business which are vital in the business environment especially in regards to competitive advantage (Forrest, 2005).

Strategic management is important because it provides overall direction for the corporation (Kavaley, 2012) In the field of business administration it is useful to talk about strategic alignment between the organization in this case the bank and its environment or strategic dependability (Kavaley, 2012). Trying to create a required structure without a strategy to notify it is like creating a bridge before you know what length it will be (Forrest, 2005). The strategy for any company or even bank informs the type of structure, the type of dispositions included, that you will need to attain your goals (Forrest, 2005).

Chandler argues that the investigation into the changing strategy and structure of the large industrial enterprise in the United States began as an experiment in the writing of comparative business history of which the preliminary thought was that an inspection of the way diverse
enterprises carried out the same activity — whether that activity was manufacturing, marketing, procurement of supplies, finance, or administration — would have as much value as a study of how a single firm carried on all these activities (Chandler, 1962). Such a qualified analysis could permit deeper probes into the nature of the function studied, and so provide more accurate interpretations and more expressive evaluations of the performance of several diverse enterprises in that activity than could a whole series of histories of individual firms (Kavaley, 2012). Of the several activities carried on in American business as Chandler identified that of administration appeared to be among the most promising for such an experiment in comparative history (Chandler, 1962).

Business administration is presently in almost all corporations and at that time was also a critical area for his study. The massive expansion of the American economy since World War II led to the rapid growth of a multitude of industrial companies at the time of Chandler’s study (Chandler, 1962). Their executives were faced with complex administrative glitches that before the war concerned only those of the largest corporations (Chandler, 1962). Each case study presents the events from the point of view of the busy men in the case of Chandler, the entrepreneurs, responsible for the destiny of their enterprise (Chandler, 1962).

Alfred Chandler gives the manner in which these stages follow but in the perspective of organizations he studied in the United States. This study however wishes to understand it in regards to the local environment and more specifically in a leading bank that has grown from a single unit structure to a multidivisional structure (Leading Bank Group, 2015). A leading Bank was founded as a leading Building Society in October 1984 and was originally a provider of mortgage financing for the majority of customers who fell into the low income population. The Bank’s transformation into a rapidly growing microfinance and then a commercial bank is widely considered to be an inspirational success story and a well-documented case of an evolving strategy (Leading Bank Group, 2015).

The Corporate philosophies that govern this leading bank have brought it to it to the position it is today. The mission statement of the bank is to offer inclusive, customer focused financial services that socially and economically empower their clients and other stakeholders”. This is the case because the bank under study appeals to customers in various segments and offers sound financial services (Leading Bank Group, 2015). As they also appeal to customers in
several segments their purpose has been to transform the lives and livelihoods of the people socially and economically by rewarding them with modern, inclusive financial services that maximize their opportunities (Leading Bank Group, 2015). They have done this by offering affordable loans to people across all segments of the economy. They are growing expansively by having now regional branches across East Africa. This is in essence of their vision statement that seeks to champion the socio-economic affluence of the people of the African continent (Leading Bank Group, 2015).

The leading Bank under study has a highly skilled league in top management. It has continued with aggressive capability building from its conception through staff training and development programs (Leading Bank Group, 2015). Their critical success factor is through valuing the people that make up the organization by enhancing performance through training (Leading Bank Group, 2015). Their core values include professionalism, Integrity, Creativity, Teamwork, Respect for Customers and effective Corporate Governance (Leading Bank Group, 2015).

1.2 Statement of the Problem

Research has been conducted in four instances where research was carried out to support chandler’s model; chandler’s research, Safaricom case, Bharti Airtel case and the Kenya commercial bank (Kavaley, 2012). However this topic has not been conducted on the leading bank under study. It seems to follow through with a gradual change in its organizational structure that started out at the entrepreneurial phase unlike the above named companies that seemed to have an already established functional structure. There is the need to deepen our understanding in regards to structure and its link to strategy (Kavaley, 2012). The study will add value in regards to understanding the local banking industry and whether structure and strategy must have a fit.

Management is identified as the ‘visible hand’ that co-ordinates the flow of processes within the organization (Koch, 2011). That said management lacks the proper patterns set in place to handle structure in the Kenyan banking industry. Most times they seem to avoid allocating proper authority and responsibility and usually push this task of organizational structure alignment to Human resource (Kavaley, 2012). Also there is the need to restructure parts of
organization due to competitive pressures, introduction of new technology and other factors may cause speedy modifications that are not clearly thought out as is the case of banks such as the one under study (Kavaley, 2012). This is a management gap because there is evident dissonance when structures change to fit strategy.

1.3 General Objective

The purpose of this study was to determine how organizational structure evolves to fit Corporate Strategy in the Kenyan Banking Industry.

1.4 Specific Objectives

The research was guided by the following objectives:

1.4.1 To Identify how structure and strategy are interrelated.

1.4.2 To identify the implications that arise when organizational structure aligns itself to corporate strategy.

1.4.3 To analyze the evolution of organizational structure to fit strategy.

1.5 Significance of the Study

1.5.1 Management of the Bank

The overall responsibility of the management is to ensure that the complex organization of different units with different technologies in the exceedingly competitive market, manage a multiplicity of businesses, partners, geographic markets, technologies and customers and one corporate umbrella. In order to do this, management must ensure that when implementing strategy, they maintain quality and value in the inevitably growing structure regardless of independently operating business units. Therefore the significance of this study is to ensure that managers of the bank under study will be able identify the relationship between structure and strategy but most importantly be able to achieve quality and value in strategy as the structure grows.
1.5.2 Human Resource of the Bank

The achievement of any organization depends on the resources it has, one of them being the organizational structure. Central banks in terms of service delivery and attainment of core directive to the expectations of governments, the market and other stakeholders, is hinged on suitable governance structures and practices that guarantee professionalism in policy decision-making. That said the organizational structure and chains of command are usually in jeopardy every time there is a new corporate strategy in the organization. This brings in issues of synergy and reinvention of administrative roles that is linked to human resource.

Redefinition of the structure is intended to allow a more strategic focus. This will help the human resource department of the bank under study to understand structure’s relevance by focusing on talent management and organizational competence while structuring and controlling the cost of transactional work.

1.5.3 Scholars

Scholars will identify how coordination of structure and strategy is important in the study of strategic management. Chandler brings in the maxim that “structure follows strategy” and forms a basis for a strategist’s thinking. He proves that this was indeed a fact in American corporations. His scholarly works in his book structure and strategy clearly bring this out and the study would be significance to identify if the trend is the same in other countries, that is, Kenya.

Scholars will be able to identify how behavior of firms is directly linked to successful strategy and structure fit and it can have an effect on companywide measures of performance, such as profitability (the key aim in almost all organizations) or speed in adopting productivity

1.6 Scope of the Study

The geographical scope specifically focused on a leading bank Group headquarters located in Upper Hill area where all senior managements were stationed. The population of the study composed of the senior management of the bank who were the strategists of the bank and were
directly involved with conceptualizing strategies. The research study was conducted in November 2015.

The major limitation of the survey was the lack of co-operation from the respondents. Some respondents were unwilling to cooperate during the data collection process. However after being assured of the confidentiality of the data, most of them responded frankly. The institution under study also insisted on the removal of their name on this thesis as a way of protecting their brand.

1.7 Definition of Terms

1.7.1 Organizational structure

It is defined as the arrangement of duties or the architecture of business capability, leadership, ability, functional relationships that is identified as the basis for organizing, to include hierarchical levels and key responsibilities, roles and positions, and the methodology for integration and problem solving (Tran & Trian, 2013).

1.7.2 Corporate Strategy

This is an integrated and coordinated set of actions or commitments, that are clearly thought out to effectively exploit core competencies in order to achieve competitive advantage (Ireland, Hoskisson, & Hitt, 2013).

1.7.3 Strategic Business Unit

This is a unit of a firm which is autonomous and that is responsible for developing its own strategy. It is independent of other units (Fitzroy et al., 2012).

1.7.4 Functional structure

This is a structure whereby the chief executive officer is at the top and has managers for each of the major functions of the organization (Johnson, Scholes, & Whittington, 2008).
1.7.5 Multi-Divisional Structure

This is a structure whereby an organization organizes its activities into separate business units and delegate control over the necessary resources to managers of each of these units (Fitzroy et al., 2012).

1.7.6 Top Management

This includes executives, senior managers, Chief Executive Officer, Chief Operating Officer, Chief Financial Officers, Chief Information Officer and others who hold titles in senior positions (Coulter, 2010).

1.7.7 Organizational change

This is a structured transition in regards to what an organization does and how it does it for example in changing from one business line to another (Hill, 2013).

1.8 Chapter Summary

Strategic management is the major discipline being dealt with here. As we understand the core discipline do we then cascade down to understanding that structure does evolve and change dynamically to fit strategy as per Chandler’s research but we are yet to delve into the local scene. A leading bank served as a basis for this study for its dynamically changing structure. There was need to garner knowledge in regards to this connection and also have management understand the repercussions on the structure. The significance of the study will be of benefit to management, Human resource and Scholars alike. The main purpose of the study was to identify how corporate structure evolves to fit strategy.

Also, as this evolution takes place, one must question the implications that arise when organizational structure evolves to fit corporate strategy or not and whether there is a connection as well as understand the interrelation between the two. In chapter two literature reviews will be conducted where each objective of the study will be understood in detail as per previous scholarly works. A research methodology of how the research will be conducted will be covered in Chapter three. Chapter four presents the findings of the study per the objectives
and chapter five presents the summary of findings, conclusions and recommendations of the study.
2.0 LITERATURE REVIEW

2.1 Introduction

Various authors have researched on structure and strategy and have come forward to either critique or support Chandler’s original findings. They also have covered structure and strategy as a whole. In order to understand this area more profoundly, the study will take a look at previous works written in the area of structure and strategy and seek to delve deeper into this relationship. In this section the study seeks to identify the connection between structure and strategy, the stages of evolution in regards to structure and the implications that arise through this evolution.

2.2 The Interrelation between Structure and Strategy

In the process of seeking to understand the significance of the strategist in the determination of strategy the core task of the researcher is, of course, to identify who is invested with the appropriate decision making (the strategist) authority and the underlying managerial structure and identifying the interrelation between the two (Alexander, 2011). At the time of Chandler’s theory a one way methodology of management was usually applied but later on various contingency approaches came up (Coulter, 2010). Strategy may follow structure or both may follow each other depending on the situation. Structure and Strategy is a core objective in the study. This is because the relationship between the two has certain variations. Authors who seek to identify this relationship view it in different dimensions. One dimensionally; where structure follows strategy. The second is contradictory whereby strategy follows structure. Finally the other interrelation is whereby both apply.

2.2.1 One Dimensional Approach

This one dimensional approach simply states that structure follows strategy and that that is the chronology of events as Chandler’s theory argues. Fundamentally, proponents of the strategy perspective argue that organizational behavior is only partially preordained by environmental conditions and that the choices which top managers make in regards to strategy are the significant determinants of organizational structure and process (Miles et al., 1978). To add on
to the top management perspective in this context, the firms’ organizational structures arise endogenously as a consequence of strategic interactions within the heavily competitive market (Mitrokoskas & Petrakis, 2014). This then qualifies that structure follows strategy once again in response to the competitive market.

This relationship goes further whereby ‘structure follows strategy’ is a global phenomenon in organizations. Several studies have proven that big corporations followed different routes to development around the world in regards to policies, institutions, markets, and cultures but research on business organizations has revealed the existence of a multiplicity of structures that evolved overtime to fit the required strategy in Chandler’s original framework (Binda, 2012). A study done on hybrid organizations as far as in Denmark seem to follow suite with the same series of events whereby a strategic choice was made by top management that inevitably led to the alteration of the organizational structure. This study was merely conducted to identify strategic management in hybrid organizations and uncovered these seemingly common phenomena (Joldersma & Winter, 2010). Some authors argue that though structure does follow strategy, strategic choices are many and multifaceted, they can be viewed as three extensive "problems" of organizational adaptation in regards to structure: the entrepreneurial problem which is the conceptual structure that organizations start out as, the engineering problem which invokes operationalization, and the administrative problems (Miles et al., 1987).

To clarify this chronology whereby strategy comes first followed by structure, Kavaley (2012) affirms that this is the situation on the ground and that added to this there are certain factors that come into play. Take an example of a firm that starts out as a simple functional unit or single structured unit operating at a single site for example a shoe warehouse and within a single industry. The primary growth strategy of the firm is volume expansion which creates a need for an administrative office that will control the increased volume. The growth strategy becomes geographic expansion which will necessitate multiple field units, still performing the equivalent function but in different locations (Kavaley, 2012). The adaptive cycle of the organizational structure, though evident in all organizations, is perhaps most visible in new or rapidly growing organizations such as A leading bank or Co-operative bank (and in organizations which only just have survived a major crisis) (Miles et al., 1978).
In a new organization, an entrepreneurial insight which is the conceptual phase in organizational structure, perhaps only vaguely defined at first, must be developed into a concrete definition of an organizational domain: a specific good or service and a target market or market segment with little to no diversification (Miles et al., 1978). As the organization adapts itself this definition broadens and becomes more fluid or flexible

### 2.2.2 Contradictory Approach

Some of the arguments posed by Chandler are seen to be outdated and only to fit with organizations he studied in the 1960s. Authors later discovered that this chronology of events whereby structure follows strategy was flawed. They came up with the assertion that strategy follows structure. Amburgey and Dacin (1994) tested the relative impact of strategy and structure on each other as well as their relationship by analyzing the strategic and structural changes of more than two hundred American corporations over nearly thirty years to examine this relationship. Through their research they found that as the organization moves towards a decentralized structure, it was often followed by moves towards increasingly diversified strategies; here they found that structure was determining strategy (Amburgey & Dacin, 1994).

Modern enterprises however, operate in rapidly changing environments that are hypercompetitive and turbulent where customer preferences are unstable, and technology is transforming industries. The definition of a business in terms of internal resources and what it is able of doing may offer a more long-lasting basis for strategy than a definition based on the needs which the business seeks to satisfy. Some studies have demonstrated that the external environment and strategic decisions influence the characteristics of organizational structure, in order to implement strategies. However, with recent changes in the environment and internal attributes, researchers reframe the relationships between strategy and structure by analyzing the organizational structure as an important resource and a source of competitive advantage (Pertusa-Ortega et al., 2010). Apart from being a constituent in the implementation of a firm's strategy, organizational structure may also be an important source of competitive advantage. This all means that strategy follows structure in some instance. Once an organizational structure is properly established first, only then does successful strategy implementation take form and effectively work (Ireland et al., 2013).
Authors argue there is no simple formula or rule by which managers can guide the enterprise so as to achieve sustainable profit by simply linking a relationship between structure and strategy (Teece, 2010). Nevertheless, how management develops and implements strategy and strengthens competitive advantage is imperative to enterprise achievement and the entirety of the organizational structure. In essence the strategy is built around the structure. Chandler implicitly recognizes the required elements of a good strategy, but not others. Chandler’s managers, achievement requires achieving scale and scope by expanding, leveraging, and rationalizing resources that bring in the strategy and that later build the managerial hierarchies suitable for controlling extensive operations (Teece, 2010). These success factors are perhaps a better explanation of how to succeed in the early industrial development than of how to succeed in the highly competitive open economy in today’s post-industrial society.

2.3 Integrated Approach
Some authors believe that structure may follow strategy or strategy may follow structure and this is not simply as the right foot follows the left, but instead a mix. Different service or corporate strategies correspond with different configurations of organizational design or structural factors. The fit between strategies and the configuration of organizational design factors was tested in a sample of over a hundred manufacturing companies (Gebauer, 2010). A comparison was done of the configurations of organizational structural factors between companies with “high” and “low” levels of business performance. The results show that choosing the appropriate strategy-structure configuration is imperative to improving organizational performance and that many organizations end up in a mismatch between strategy and structure because of seemingly following a chronology of events where the structure comes first followed by strategy or the strategy comes first followed by structure (Gebauer, 2010). Though Chandler’s framework did map out the relation between structure and strategy, the need to provide an explanation for exceptions in the industry was not covered. This focused on the impact of different ownership patterns on what was labeled as the ‘politics of strategy and structure’ (. Whereby there was a clash on what came first and if any did actual precede the other.
Herberg-Rothe borrows from Clausewitz (a military theorist) battle centric analogy (2014). He believes that there is a balance between hierarchical structure and strategy and that the two
must work together much like in a war scenario (Herberg-Rothe, 2014). The two are in equilibrium and one does not necessarily lead one to the other. For example in implementing a cost leadership strategy in a seemingly competitive market the already present structure is a key determinant of the strategy’s success in regards to research and development structure, operations or human resource structures (Ireland et al., 2013). So in this approach it is a mix. Strategy may follow structure or strategy may follow structure and is not a definite chronology of events as suggested in the previous sections

2.3.1 The Evolution of Structure to Fit Strategy

Authors agree in the Strategic management community that firms do evolve through certain stages in regards to organizational structure (Volberda, et al., 2011). They may begin as simple units with less departmentalization but eventually become large and multidivisional. No organizational structure supersedes the other. Though they may follow each other in a systematic manner, organizations may remain in the functional structure without necessarily adapting a multidivisional one (Ireland et al., 2013). Strategists must however develop a match between the preferred structure and the chosen strategy. Under this objective the study will seek to understand each of these stages and the inner workings within each structure.

2.3.1 Single unit structure

The single unit of business constitutes an entrepreneur and his employees. A very simple structure where the Entrepreneur dominates makes decisions and the employees follow through (Chandler, 1962). The single unit structure has as its key part the strategic apex, uses direct supervision, and utilizes vertical and horizontal centralization (Lunenburg, 2012). (Refer to Figure 2.1).
Examples of simple structures are relatively small corporations, for example when a leading first began as a SACCO, new government departments, medium-sized retail stores, and small businesses or schools (Lunenburg, 2012). The organization consists of the top manager or CEO and a few workers in the operative core. There is no visible techno structure, and the support staff is limited; workers perform overlapping tasks (Lunenburg, 2012). For example administrators in small school districts must take on many of the duties that the techno structure and support staff performs in larger districts.

Within this structure, the entrepreneur is the significant decision maker and is therefore the one who comes up with the clear cut strategies, objectives, daily operations, and mission of the company (Thompson & Strickland III, 1987). Typically, the owner of the business works in the business on a daily basis. The relationships are usually informal; there are few rules, limited specialization, and unsophisticated information systems (Volberda, et al., 2011). In such a scenario, the correlation between this structure and strategy is that it can only survive for a particular time (Chandler, 1962).

The simple or single unit structure is matched with focus strategies and business level strategies, as firms implementing these strategies usually compete by offering a single product.
in a single geographic market (Volberda et al., 2011). In time strategies do not engage well with this structure because of the need for functional departmentalization (Chandler, 1962). The growth and also competitiveness of the industry forces the organization to move into the functional structure. Therefore this leads the entrepreneur seeking to improve profitability and growth by moving into the functional structure.

2.3.2 Functional structure

The functional structure is the simplest and most centralized following the single unit structure. The tasks that are distributed are immediately below chief executive level and are organized along the lines of operating functions such as finance, research and development marketing or human resource (Jong et al., 2011). The functional structure composes of a chief executive who has managers for each functional department. This invokes dividing of responsibilities to better the efficiency of the organization, with each department having a manager. Though the structure is more efficient than a simple structure some authors argue that this structure negatively affects communication and co-ordination because of the functional disintegration (Volberda et al., 2011).

Volkswagen adopted this functional structure in 2007 by having corporate responsibilities for production, sales and distribution and R&D all managed separately to better their efficiency and synergy in the organization (Johnson et al., 2008). Functionally structured organizations are geared towards competence and economies-of-scale benefits (Legerer et al., 2009). Information in the functional structure may generate better decisions. This is because the top management gets more information directly (from the functional manager and the support department manager) than in the integrated option or multidivisional option (Legerer et al., 2009). The functional structure supports implementing business-level strategies and some corporate level strategies that usually institute low levels of diversification. Bureaucratic procedures are usually eliminated at this stage (Volberda et al., 2011). This is whereby it is highly decentralized and roles are diverse.
2.3.3 Multidivisional Structure

The multidivisional structure has the middle line (refer to Figure 2.1) as its key part, uses standardization of productivity as its prime coordinating method, and employs limited vertical decentralization (Lunenburg, 2012). Each division represents a distinct, self-contained business within its own functional hierarchy (Volberda et al., 2011). Decision making within this structure is decentralized at the divisional level. There is diminutive coordination among the separate divisions. Corporate-level personnel provide some coordination but at the same time, each division itself is relatively centralized and tends to resemble a machine bureaucracy (Lunenburg, 2012). The techno structure is located at the corporate or main headquarters to provide services to all divisions and support staff is located within each division. Large corporations are likely to adopt the divisional form.

A divisional Organizational Structure or a multidivisional one is adopted by firms undertaking a product diversification strategy or utilizes dissimilar market channels. It may also be applied whereby the organization serves heterogeneous customer groups. A functional structure becomes insufficient and a divisional structure is utilized (Kavaley, 2012). Divisional organizations are better suited to speedy changes in an unstable and turbulent environment (Legerer et al., 2009). It is therefore no surprise that a fast moving and successful company like Microsoft today is managed eight independent divisions (Legerer et al., 2009).

Chandler identified that the administration diversified in the multidivisional structure. He identified that the executives in a modern "decentralized" company carry out their administrative activities from four diverse types of positions, general management, central office, departmental headquarters and field units (Chandler, 1962). He identified that each of these types of the positions within the company has a different range of administrative activities to carry out. This kind of organizational structure helps managers identify poorly performing divisions (Ireland et al., 2013).

Chandler identified that each is on a different level of authority whereby at the top is a general office. General executives and specialists coordinate, assess, and plan goals and policies and assign resources for a number of quasi-autonomous, fairly self-contained departments
(Chandler, 1962). As the organization adapts and morphs into this multidivisional structure each of these departments is responsible for the administration of a core function manufacturing, selling, finances, and the like. This structure is known to be more efficient and effective for organizations with diversified products and within a large geographical area. Figure 2.2 illustrates the organizational design of a multidivisional structure. Note the different levels of authority and different sections.

Figure 2.2: An illustration of a Multidivisional Structure

Source: Lunenburg (2012)
2.4 The Implications of Organizational Structure Alignment to Corporate Strategy

As structure and strategy align certain implications arise. These implications may be either positive or negative to the organization and serve as an imperative objective of the study. All organizational parts, together with relations and mechanisms of their coordination are important for appropriate functioning of any organization (Ireland et al., 2013). Organizations are predisposed by a lot of factors which come from their dynamic surrounding or from the organization itself. Due to the static nature of organizational structure at that time, it sometimes cannot meet requirements of efficiency and adoptability and various components of the organization may be affected when the organizational structure becomes dynamic (Tran & Tian, 2013).

These implications seem to affect the core functions of the organization and arise at every stage of the evolution of organizational structure. This objective is critical because as this evolution takes place, the study must seek to identify the repercussions of this fit. Implications that seem to resonate among authors are Organizational Performance, implications affecting human resource and finally communication.

2.4.1 Organizational performance

Organizational performance seems to be a key implication in that it comes about when structure fits to strategy. A study conducted on public organizations revealed that structure’s dynamic change had an effect on organizational performance. The study sampled employees of these organizations and determined that there were instances of ambiguity in job roles and poor communication that resulted in non-optimal organizational performance at the firm level as well as in the competitive market (Jang & Kim, 2014). This is to mean that within the organization, performance was hampered and was also evident in the competitive market. Other studies however do not necessarily agree with this. A survey conducted on three hundred organizations suggested that knowledge management in regards to adaptive mechanisms in regards to structure is the main reason for this poor organizational performance rather than structure fitting into strategy (Zheng et al., 2010).

Authors have also contradicted Chandler’s work and have repudiated it because this seminal research lacks quantitative measures of performance when measuring the relation between
structure and strategy. In Chandler's studies, performance is basically measured at the firm's level with two common indicators: market share and ‘survival’, an ideology close to an evolutionary point of view. Top performers are, in this light, those firms which successfully mix their strategies with the ‘right’ organizational structures, rewarded with steady success over time, also known as the first mover advantage (Colli et al., 2011). This outcome has, in Chandler's framework, is not only to be seen at the micro-level of the single firm; successful companies entail successful national systems. Chandler’s argument that performance is an implication fails to see that both the economic forces and internal forces both are reason for the lagging organizational performance.

There is a resounding agreement that organizational performance is hampered when strategies and structures change but that there seems to be other factors that directly impact organizational performance. The quality of certain board processes and organizational performance have a significant relation in regards to resources development and financial planning budget setting (Callen et al., 2010). This is to mean that even though organizational performance is affected by changes in structure and strategy, some organizations seem to overlook the proper planning necessary when the organizational structure morphs. In the financial sense however there seems to be a positive relationship between changing structure and organizational performance. A study done on Chinese firms showed a steady and positive increase in changes related to organizational structure whether planned or unplanned (Hsiu-Jen, 2012).

Performance is also impeded because of organizational learning. When organizational structures become more complex because of new strategies, organizational learning becomes longer or more complex. The critical variables that facilitate organizational learning are centralization and indoctrination (Martinez-Leon & Martinez-Garcia, 2011). A highly diversified organizational structure may impede organizational learning because the central management is unreachable in multidivisional structures.

2.4.2 Human Resource

The human resource factor is almost always affected when a strategic choice is made and organizational structure changes. Organizational structure directs the proficiency of work, the enthusiasm of employees and coordination among the top management and subordinates for
flow of strategies and goals in the organization to sketch the future plans or the vision. At the same time however formalization comes about and may be affected because rules and regulations, especially policies may not necessarily apply when the structure has changed (Tran & Tian, 2013). Employees may be in a situation whereby the lack of formalization affects the flow of information and the operations.

Knowledge management in regards to the human resource factor seems to be affected by the changing organizational structure. Knowledge is one of the most important assets of companies in helping them to remain in the competitive environment (Naghavi & Sohrabi, 2014). Although knowledge can be shared, the internalized and utilized situation differs for each person or status. Individuals themselves can create knowledge and make use of it. Therefore, organizations, via their employees, do implement knowledge management. As the organizational structure changes gaps are created whereby there is lack of knowledge in certain processes or roles (Naghavi & Sohrabi, 2014). The way knowledge is interpreted, processed and managed, and the role individuals play in such interpretations and in regards to processing and management may be hampered as the organizational structure modifies itself (Rechberg & Syed, 2014).

As the organizational structure grows and becomes seemingly more complex, the human resource factor becomes more skilled and specialized. Different leadership types across the functional and multidivisional structure give a positive implication as now managers with specialized skills are in charge of a specific product line or department (Dai & Muese, 2013). This increases efficiency and effectiveness in job roles within the organization.

2.4.3 Communication

Communication is affected by changing organizational structure. For example horizontal structures have more impaired communication than vertical structures because of the increased hierarchy (Elman & Pezanis-Christou, 2010). For example in a single-unit structure communication is more direct to the CEO but as the organization grows and becomes functional or multidivisional communication may become a bit harder. Multidivisional and matrix structures are closely associated with bureaucratic organizing structures. The organizations become too large to be effective and are reorganized according to specialization
or geography, bringing about bureaucratic structure that is then duplicated in these decentralized units bringing in decentralized communication (Werder & Holtzhausen, 2011).

However some authors do not necessarily agree with this and believe that when the structure becomes more diversified, subordinates are able to report to their respective functional departments allowing for more efficient communication (Ireland et al., 2013). Also the more interdependent the departments the greater the level of feedback as subordinates will be more willing to give feedback to their immediate supervisors as compared to reporting to top management (Dawna & Seibold, 2004). Take the example of the marketing department. An employee would be more comfortable reporting to the marketing manager about sales and promotional budgets as compared to him/her reporting to the CEO or senior management.

Also communication may be affected by strategies that invoke innovation or technological strategies. As organizations change their organizational structure and strategies to allow for more innovative methods communication becomes more decentralized and more complex (Tan & Wang, 2011). It is no longer as direct as it is before the organizational change. Some authors argue that communication is usually oversimplified in simple organizational structures but must inevitable change in response to new strategies or structures and this change seems to create a discourse that is disruptive to the organization (Mclellan, 2011).

Therefore communication patterns and mechanisms are directly implicated by the changing organizational structures very evident in the fact that a chain of command or processes have been altered.

2.5 Chapter Summary

Various scholars have contributed to the relationship between structure and strategy. This chapter has covered each of the stated objectives. There seems to be different relationships in regards to structure and strategy. Moreover there seems to be a bone of contention in regards to what comes first; structure or strategy. There seems to be different structural forms, each with unique characteristics. And as these structures change do the implications highlighted above reveal themselves. These implications are in regards to organizational performance, human resource and communication. Chapter three will cover the research methodology of the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter will provide a description of the methodology that was used in conducting the study. It is divided into five sections and includes the research design, the population and sampling design, data collection methods, research procedures and instruments, and data analysis methods. The research methods adopted are appropriate in the context of cost, time, adequacy and accuracy of the information required.

3.2 Research Design

According to Cooper and Schindler (2011) research design is a plan that guides the time scope and gives a practical guideline of the activities that should be implemented in the research process with a view of answering the research question. Further, the research design gives a clear direction on how to select the the various sources and types of information required and defines the relationship among the variables of study.

The research designs used in this study were descriptive and explanatory research. A descriptive research design aims to answer who, what, where, which, when or how of the research problem. The objective of a descriptive research is to describe. Descriptive studies are often designed to collect data that describe the characteristics of persons, events, or situations. Descriptive research is either quantitative or qualitative in nature. It may involve the collection of quantitative data such as satisfaction ratings, production figures, sales figures, or demographic data, but it may also include the collection of qualitative information (Uma and Roger, 2013). Explanatory research design was used in the study to explain the reasons of the phenomenon that the descriptive research method described. This method attempts to answer the question why (Cooper and Schindler, 2011). The respondents were from a leading bank headquarters located in Upper Hill area where all senior management were stationed.
3.3 Population and Sampling Design

3.3.1 Population
Ducombe and Boateng (2009) define a population as the sum of all the elements about which the researcher intends to make assumptions. In order to address all of the questions of this research, the respondents for this study were drawn from the 150 target population under study who majorly included middle level managers and a few top managers who were involved in the restructuring of the bank as well as oversee the implementation of the strategies of the bank among other duties.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame
According to Ducombe and Boateng (2009), a sampling frame is the register of all the population elements from which the sample will be drawn and which must closely related to the population.

According to Cooper and Schindler (2011), a sampling frame is a list of elements from which the sample is actually drawn and closely related to the population. The sampling frames used for this study was drawn from the leading bank Group’s headquarters located in Upper Hill area where all senior management was stationed. This ensured that the sampling frame was current, complete and relevant for the attainment of the study objectives.

3.3.2.2 Sampling Technique
A sampling technique refers to the method that is used to select the members of a sample (Cooper and Schindler, 2011). The members of the sample are selected using either probability or non-probability procedures. This study adopted non-probability sampling for the respondents. Purposive sampling was adopted in selecting the middle and top level management into the sample. Purpose sampling technique allowed the researcher to use cases that have the required information with respect to the objectives of the study (Mugenda and Mugenda, 2003).
3.3.2.3 Sample Size

Ligthelm & Van (2005) describes the sample size as a smaller set of the larger population. A sample size is a smaller grouping of the entire population under consideration and which should characteristically resemble or reflect the entire population so as to aid in making generalizable conclusions. The choice of a sample size is affected by several factors such as: the variance in the population, the desired precise of the estimate, required level of confidence, the range of error allowed, the number of subgroups of interest within a sample and the cost of research (De Vaus, 1991).

A good sample is accurate and precise, and for a sample to be a good representation of the population, it should be at least 20% of the population, (Cooper and Schindler, 2011). In this case, the total target population was 150 but a sample of 60 was used to represent the rest of the population which reflected 40% of the target population. This was a good estimation of the sample because it adequately catered for unresponsive respondents as well as errors such as incomplete filling of questionnaires. Table 3.1 illustrates the study sample.

Table 3.1: Sample Size Distribution

<table>
<thead>
<tr>
<th>Staff</th>
<th>Population</th>
<th>%</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top and middle level management</td>
<td>150</td>
<td>40%</td>
<td>60</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The researcher collected primary data using structured questionnaires containing both closed and open ended questions. An interview was also conducted as a secondary method of data collection.

A structured questionnaire is one that is usually used in large surveys where specific answers are anticipated, in the form of multiple choices or scale questions. Closed ended questions limits the response to predetermined categories and thus quick and easy to answer making them easy
to get facts from, while open ended questions will require the respondent to answer in their own words and thus the respondent gave their opinions and feelings.

The questionnaire was designed according to the research questions and organized according to the outline of the literature review. Therefore, the questionnaire was divided into three sections which were: how structure and strategy are interrelated, the implications that arise when organizational structure aligns itself to corporate strategy and finally the evolution of organizational structure to fit strategy. The questionnaire was varied from closed to open ended to provide unlimited data.

The interview contained six structured questions that handled structure and strategy. It probed respondents on the chronology of structure and strategy, evolution of structure, achievements of the altered structure and the impact of the structural change. These all were open ended questions.

### 3.5 Research Procedures

The research procedures included pilot testing and administration of data collection instruments. Data collection instruments included questionnaires and interview guide. The data collection instrument were pilot tested with 5 respondents from a different organisation for the purpose of ensuring that the questions met the objectives. A pilot test is conducted to detect weaknesses in design and instrumentation (Cooper and Schindler, 2011). Careful piloting is necessary to ensure that all questions mean the same to all respondents (Bell, 1999).

After the pilot stage, responses and feedback that were obtained helped the researcher to re-design the questions in terms of length, number of questions and clarity of language. The pre-test also allowed the researcher to check on whether the variables collected could easily be processed and analyzed. Questions found to be interpreted differently during pre-testing were rephrased so that they could have the same meaning to all respondents. Views given by the respondents during pre-testing were analyzed and used to improve the questionnaires before actual data collection.

The data was collected using a questionnaire and interview questions. The questionnaires were given to the respondents who filled in their responses as required within a one week span.
Interviews, however were done on senior most management who gave their feedback accordingly. High response rate was achieved by emphasizing the value of the study to the bank in regards to bettering its structure and strategy.

3.6 Data Analysis Methods

Data analysis refers to computation of certain measures along with searching for a pattern of relationship that exist among a data group. This study used descriptive statistics. According to Cooper and Schindler (2002) descriptive analysis involves a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages, which are a vital part of making sense of the data. Once data was collected, it was edited and verified for errors, completeness and consistency of data. Data cleaning was also done to remove errors. Data from the questionnaire was further categorized and coded. Data was entered into Statistical Package for Social Sciences (SSPS 23). These data was analyzed and presented descriptively using tables and figures. Data from the interview schedule was presented thematically as per the objectives of the study.

3.7 Chapter Summary

This chapter decribed the methodology used in conducting the research. The component of the research methodology were the research design, population and sampling design, data collection and analysis method, research procedures and measurement variables. The next chapter will present the research findings and the discussion based on the researcher’s valid and supported interpretation.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the presentation, interpretation of the data collected in the study as well as the discussion of findings. Findings are presented based on the objectives that the study sought to achieve.

4.2 Response Rate

Out of the 60 questionnaires and interview schedules that were given out, 52 of them were duly filled and returned by the respondents; yielding a response rate of 86.7%. This was considered a reliable response rate to put to use in making generalizations from the findings of the study.

4.3 Demographic Information of the Respondents

4.3.1 Gender of the Respondents

The study established that majority of the respondents 55.8% (29) were male while only 44.2% (23) of the respondents were female.

Figure 4.1 presents the findings of the study.

Figure 4.1: Gender of the Respondents
4.3.2 Designation of the Respondents

According to the distribution of the job designation of the respondents, majority of the respondents 48.1% (25) were in the middle management, 42.3% (22) of the respondents were employees of the bank while only 9.6% of them were in top management of the bank. Figure 4.2 illustrates the findings of the study.

![Designation of the Respondents](image)

Figure 4.2: Designation of the Respondents

4.3.3 Involvement in Decision Making

The study sought to establish how many of the respondents were involved in decision making in the bank. The finding of the study indicated that 59.6% (31) of the respondents were involved in decision making in the bank while 40.3% (21) of them were not involved in decision making. Figure 4.3 summarizes the findings of the study.
The study findings indicated that majority of the respondents 32.7% (17) had worked for the bank under study for a period of between 0-5 years, 28.8% (15) of them had worked for the bank under study for a period of between 6-10 years and 23.1% (12) of them had worked for the bank under study for a period of between 11-15 years while only 15.4% (8) of them had worked for the bank under study for a period of between 16-20 years. None of the respondents stated that they had worked for the bank under study for more than 20 years. Figure 4.4 presents the findings of the study.

Figure 4.4: Respondents’ Duration of Work
4.4 Relationship between Strategy and Structure

To study sought to understand the relationship between strategy and structure in an organizational set up. The researcher asked the respondents to state their views on which comes first between the two. Majority of the respondents 55.7% (29) stated that strategy comes first before structure while 38.5% (20) held a contrary idea. Only 5.8% (3) of the respondents stated that structure and strategy go hand in hand. One of the respondents who stated that strategy comes before structure stated:

“...strategy comes first before structure since it is the one that guide the structure of the organization.”

One of the respondents who had a contrary opinion was of the view that:

“Structure comes before strategy because a strategy is laid upon a structure of an organization.”

In support of structure and strategy going hand in hand, one of the respondents supported his view by saying that:

“...strategy and structure are interdependent of each other hence none precedes the other in an organization....”

4.4.1 One Dimensional Approach

The study sought to establish whether there exists any relationship between strategy and structure in the corporate business under one dimensional structure. The researcher did so by posing several statements that relate to strategy and structure and the respondents were to state their level of agreement. The findings of the study were presented in a five point Likert’s scale where 1=strongly disagree, 5=strongly agree, T=total and M=mean. The findings of the study indicated that 77% of the respondents agreed that organisation structure is largely influenced by the management strategies employed by my organisation,77.6% of them agreed that strategies employed in the earlier stages of growth of the bank was associated with great change in the organisational structure. Table 4.1 summarizes the study findings.

Table 4.1: One Dimensional Approach
4.4.2 Contradictory Approach

The findings of the study under contradictory approach were presented in a five point Likert’s scale where 1=strongly disagree, 5=strongly agree, T=total and M=mean. The findings of the study indicated that majority of the respondents 84.2% agreed that a good organisational structure is accompanied with good strategies which gives an organisation a competitive advantage, 77.4% of them agreed that new strategies have led to changes in organisational structure of the bank over time and 70.4% of the respondents agreed that new organizational strategies have led to change in hierarchy. Table 4.2 in the next page presents the study findings.

Table 4.2: Contradictory Approach

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
<th>T</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation structure is largely influenced by the management strategies employed by my organisation</td>
<td>F</td>
<td>15</td>
<td>22</td>
<td>7</td>
<td>8</td>
<td>0</td>
<td>52</td>
</tr>
<tr>
<td>%</td>
<td>28.8</td>
<td>42.3</td>
<td>13.5</td>
<td>15.4</td>
<td>0</td>
<td>100</td>
<td>77.0</td>
</tr>
<tr>
<td>Strategies employed in the earlier stages of growth of this bank was associated with great change in the organisational structure</td>
<td>F</td>
<td>15</td>
<td>26</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td>52</td>
</tr>
<tr>
<td>%</td>
<td>28.8</td>
<td>50.0</td>
<td>5.8</td>
<td>11.5</td>
<td>3.8</td>
<td>100</td>
<td>77.6</td>
</tr>
</tbody>
</table>
4.4.3 Integrated Approach

The findings of the study under integrated approach were presented in a five point Likert’s scale where 1=strongly disagree, 5=strongly agree, T=total and M=mean. The findings of the study indicated that 77.4% of the respondents agreed that organisation strategy and structure are in a balance in the bank under study and 76.2% of them agreed that organisation strategy and structure is matched and none should precede the other while 71% of the respondents agreed that organisation strategy and structure are interdependent. On average, 76.4% of the respondents agreed that there existed a relationship between strategy and structure. Table 4.3 presents the study findings.

<table>
<thead>
<tr>
<th>New organizational strategies have led to change in hierarchy</th>
<th>F</th>
<th>13</th>
<th>21</th>
<th>3</th>
<th>10</th>
<th>5</th>
<th>52</th>
<th>3.52</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>25.0</td>
<td>40.4</td>
<td>5.8</td>
<td>19.2</td>
<td>9.6</td>
<td>100</td>
<td>70.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New strategies have led to changes in organizational structure</th>
<th>F</th>
<th>15</th>
<th>25</th>
<th>4</th>
<th>6</th>
<th>2</th>
<th>52</th>
<th>3.87</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>%</td>
<td>28.5</td>
<td>48.1</td>
<td>7.7</td>
<td>11.5</td>
<td>3.8</td>
<td>100</td>
<td>77.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A good organisational structure is accompanied with good strategies which gives an organisation a competitive advantage</th>
<th>F</th>
<th>19</th>
<th>29</th>
<th>0</th>
<th>4</th>
<th>0</th>
<th>52</th>
<th>4.21</th>
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<tbody>
<tr>
<td></td>
<td>%</td>
<td>36.5</td>
<td>55.8</td>
<td>0</td>
<td>7.7</td>
<td>0</td>
<td>100</td>
<td>84.2</td>
</tr>
</tbody>
</table>
Table 4.3 Integrated Approach

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
<th>T</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation strategy and structure is matched and none should precede the other</td>
<td>F</td>
<td>14</td>
<td>22</td>
<td>8</td>
<td>8</td>
<td>0</td>
<td>52</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>52</td>
</tr>
<tr>
<td>Organisation strategy and structure are in a balance</td>
<td>F</td>
<td>16</td>
<td>22</td>
<td>5</td>
<td>9</td>
<td>0</td>
<td>52</td>
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<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>52</td>
</tr>
<tr>
<td>Organisation strategy and structure are interdependent</td>
<td>F</td>
<td>12</td>
<td>21</td>
<td>7</td>
<td>8</td>
<td>4</td>
<td>52</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>52</td>
</tr>
</tbody>
</table>

4.5 Evolution of Structure and Strategy

4.5.1 Single Unit Structure

The respondents were asked to indicate the extent to which the following statements are relevant to their organization using a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent, 5 = to a great extent T=total and M=mean.

The findings of the study indicated that majority of the respondents 82.6% were of the view that evolution of strategies in their organization led to change of the simple organizational structure to a great extent while 68.4% of the respondents were of the view that organizational structures evolved gradually to fit strategies of the organisation to a great extent. The findings of the study are presented in table 4.4.

Table 4.4: Single Unit Structure
4.5.2 Functional Structure

The respondents were asked to indicate the extent to which the following statements are relevant to their organization using a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent, 5 = to a great extent T=total and M=mean. The findings of the established that majority of the respondents 72.0% stated that to a great extent the functional organisational structure is the best structure when implementing a strategy while and 74.2% of them stated that through the evolution of organisational structure, the organization aligned itself to better strategies to a great extent. The findings of the study are presented in table 4.5 below.

Table 4.5: Functional Structure

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>T</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The functional organisational structure is the best structure when implementing a strategy</strong></td>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16</td>
<td></td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>30.8</td>
<td>32.7</td>
<td>9.6</td>
<td>19.2</td>
<td>7.7</td>
<td>100</td>
</tr>
<tr>
<td><strong>Through the evolution of organisational structure, the organization aligned itself to better strategies</strong></td>
<td>F</td>
<td>14</td>
<td>23</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>26.9</td>
<td>44.2</td>
<td>9.6</td>
<td>11.5</td>
<td>7.7</td>
<td>100</td>
</tr>
</tbody>
</table>

4.5.3 Multidivisional Structure
The respondents were asked to indicate the extent to which the following statements are relevant to their organization using a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent, 5 = to a great extent, T=total and M=mean. The findings of the established that majority of the respondents 84.6% stated that to a great extent multidivisional structure have many powerful strategies for their organisation, 75.8% of them stated that applying different strategies a superior organisational performance to a great extent while 73.8% of the respondents were of the view that ddecentralize organisation involves fewer people and less bureaucratic procedures to a great extent.In general, 75.9% of the respondents agreed that organisational structure and strategy of an organisation evolve over time to fit the organisation’s interests to a very large extent.

The study sought to establish the factors that led to growth of the bank under study from a single unit structure to a divisional structure. All the respondents unanimously stated growth in the volume of business transaction per day due to growth in the clientele base. The managers further stated that other factors that led to the growth of the bank from a single unit structure to a divisional structure was need to meet all the financial needs of their clients and the need to have a nationwide presence which called for an evolution of structure from single unit to multidimensional structure. The findings of the study are presented in Table 4.6 below.

Table 4.6: Multidivisional Structure
The study sought to establish the factors that are affected by the change and evolution of structure and strategy of an organisation. The respondents were asked to indicate the extent to which the following statements using a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent, 5 = to a great extent, T=total and M=mean.

The findings of the study showed that majority of the respondents 80.8% stated that to a great extent lack of consensus was observed in the organisation occasionally during the change of structure to fit strategy, 76.6% of them stated that organizational performance was affected by change in structure to a great extent, 72.0% of them were of the opinion that to a great extent there was lack of adaptive mechanisms to understand this change in structure and 68% of them held the view that the new roles brought by change in organisational structure led to discord in duties to a great extent while 67.6% of the respondents were of the view that methods and lines of communication were greatly hampered during the change of structure to fit strategy in their organisation. The findings are presented in Table 4.7 on the next page.

### Table 4.7: Factors Affected by the Structural Change to Fit Strategy

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>T</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decentralize organisation involves fewer people and less bureaucratic procedures</td>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multidivisional structure have many powerful strategies for the organisation</td>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multidivisional structure involves people of different field, applies different strategies and has a superior organisational performance</td>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The study sought to establish the achievements that came along with the evolution of the strategy and structure of the bank under study. One of the respondents stated:

“There was increases business transactions per day per station which translated to increased profit margins for the bank. This further translated to improved organizational performance”

Buttressing the point, one of the managers stated:

“…Having a nationwide presence built our brand this led to increased confidence from investors as well as our customers….In addition, this gave us both nationwide and beyond recognition.”

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>T</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational performance was affected by change in structure</td>
<td>F</td>
<td>13</td>
<td>26</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>52</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>25.0</td>
<td>50.0</td>
<td>13.5</td>
<td>5.8</td>
<td>5.8</td>
<td>100</td>
</tr>
<tr>
<td>There was a lack of adaptive mechanisms to understand this change in structure</td>
<td>F</td>
<td>16</td>
<td>17</td>
<td>6</td>
<td>8</td>
<td>5</td>
<td>52</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>30.8</td>
<td>32.7</td>
<td>11.5</td>
<td>15.4</td>
<td>9.6</td>
<td>100</td>
</tr>
<tr>
<td>New roles brought by change in organisational structure led to discord in duties</td>
<td>F</td>
<td>11</td>
<td>19</td>
<td>8</td>
<td>8</td>
<td>6</td>
<td>52</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>21.2</td>
<td>36.5</td>
<td>15.4</td>
<td>15.4</td>
<td>11.5</td>
<td>100</td>
</tr>
<tr>
<td>Methods and lines of communication were hampered</td>
<td>F</td>
<td>12</td>
<td>17</td>
<td>9</td>
<td>7</td>
<td>7</td>
<td>52</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>23.1</td>
<td>32.7</td>
<td>17.3</td>
<td>13.5</td>
<td>13.5</td>
<td>100</td>
</tr>
<tr>
<td>Lack of consensus was observed in the organisation occasionally</td>
<td>F</td>
<td>17</td>
<td>24</td>
<td>7</td>
<td>4</td>
<td>0</td>
<td>52</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>32.7</td>
<td>46.2</td>
<td>13.5</td>
<td>7.7</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>
The study sought to identify whether other changes occurred during the period when the organization strategy and structure was evolving apart from improved organizational performance. One of the managers stated that:

“The human resource management sought for more skilled, experienced and specialized employees in the organization to help it achieve its goals.”

In support of the same, another one of the respondent stated:

“…there were more employees’ trainings, induction processes and motivational programs to prepare them for their new roles, motivate them and to help them maintain focus on the job.”

Buttressing the view, one of the respondents stated:

“Although at first there seemed to be some lack of proper coordination from the top management to employees in the implementation of adopted strategies, over time the coordination improved greatly....”

In conclusion, one of the respondents was of the view that:

“Communication channels were heavily affected by the evolution of structure to fit strategy since there was massive introduction of bureaucratic structures when it came to communication.”

4.7 Chapter Summary

Based on the findings of the study, there exists an interdependent relationship between structure and strategy in the leading bank under study. The bank evolved from a single business unit to a multidivisional business unit over a period of time. During these evolution, communication lines were hampered although there was improved organization performance and new roles based on the new organization structure. Chapter five presents the discussion, conclusion and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Upon the conclusion of the analysis of data in chapter four, this chapter discusses these findings, gives conclusions as well as highlights the limitations of the study and finally gives recommendations for both further study and also for strategy and practice. This chapter presents the summary of the entire study while the discussion delves into each objective of the study.

5.2 Summary

The purpose of this study was to determine how organizational structure evolves to fit Corporate Strategy in the Kenyan Banking Industry. The study sought to identify how structure and strategy are interrelated, the implications that arise when organizational structure aligns itself to corporate strategy and analyze the evolution of organizational structure to fit strategy.

The research designs used in this study were descriptive and explanatory research. The study targeted 150 target population under study who majorly included middle level managers and a few top managers who are involved in the restructuring of the bank. The sampling frames used for this study was drawn from headquarters of the bank where all senior management are stationed. This ensured that the sampling frame was current, complete and relevant for the attainment of the study objectives.

This study adopted non-probability sampling namely purposive sampling was adopted in selecting the middle and top level management into the sample. Purpose sampling technique allowed the researcher to use cases that have the required information with respect to the objectives of the study. The study sample size was 60 respondents. Primary data was collected using a semi-structured questionnaire and interview schedule. Secondary data was be collected by reviewing books, journals and relevant articles. The research instrument was developed based on the research objectives. The study was modeled on a descriptive design and as such descriptive statistics was used to analyze the data.
With regards to relationship between structure and strategy, majority of the respondents 55.7% (29) stated that strategy comes first before structure while 38.5% (20) held a contrary idea. Only 5.8% (3) of the respondents stated that structure and strategy go hand in hand. The findings of the study showed that 77% of the respondents agreed that organizational structure is largely influenced by the management strategies employed by my organisation.

77.6% of them agreed that strategies employed in the earlier stages of growth of the bank was associated with great change in the organisational structure. Another 84.2% agreed that a good organisational structure is accompanied with good strategies which gives an organisation a competitive advantage, 77.4% of them agreed that new strategies have led to changes in organizational structure of the bank over time and 70.4% of the respondents agreed that new organizational strategies have led to change in hierarchy.

Majority of the respondents 80.8% stated that to a great extent lack of consensus was observed in the organisation occasionally during the change of structure to fit strategy, 76.6% stated that organizational performance was affected by change in structure to a great extent while 72.0% of them were of the opinion that to a great extent there was lack of adaptive mechanisms to understand this change in structure.

5.3 Discussion

5.3.1 Relationship between Strategy and Structure

The findings of the study indicated that majority of the respondents 55.7% (29) stated that strategy comes first before structure while 38.5% (20) held a contrary idea. One dimensional theory concurs with the findings and states that structure follows strategy and that that is the chronology of events as Chandler’s theory argues. Fundamentally, proponents of the strategy perspective argue that organizational behavior is only partially preordained by environmental conditions and that the choices which top managers make in regards to strategy are the significant determinants of organizational structure and process (Miles et al., 1978). To add on to the top management perspective in this context, the firms’ organizational structures arise endogenously as a consequence of strategic interactions within the heavily competitive market.
(Mitrokoskas & Petrakis, 2014). This then qualifies that structure follows strategy once again in response to the competitive market.

Amburgey and Dacin (1994) tested the relative impact of strategy and structure on each other as well as their relationship by analyzing the strategic and structural changes of more than two hundred American corporations over nearly thirty years to examine this relationship. Through their research they found that as the organization moves towards a decentralized structure, it was often followed by moves towards increasingly diversified strategies; here they found that structure was determining strategy (Amburgey & Dacin, 1994).

According to Binda (2012), this relationship goes further whereby ‘structure follows strategy’ is a global phenomenon in organizations. Several studies have proven that big corporations followed different routes to development around the world in regards to policies, institutions, markets, and cultures but research on business organizations has revealed the existence of a multiplicity of structures that evolved over time to fit the required strategy in Chandler’s original framework. A study done on hybrid organizations as far as in Denmark seem to follow suit with the same series of events whereby a strategic choice was made by top management that inevitably led to the alteration of the organizational structure. This study was merely conducted to identify strategic management in hybrid organizations and uncovered these seemingly common phenomena (Joldersma & Winter, 2010).

To clarify this chronology whereby strategy comes first followed by structure, Kavaley (2012) affirms that this is the situation on the ground and that added to this there are certain factors that come into play. The primary growth strategy of the firm is volume expansion which creates a need for an administrative office that will control the increased volume. The growth strategy becomes geographic expansion which will necessitate multiple field units, still performing the equivalent function but in different locations (Kavaley, 2012).

Only 5.8% (3) of the respondents stated that structure and strategy go hand in hand. This study finding is supported by a comparison which was done of the configurations of organizational structural factors between companies with “high” and “low” levels of business performance. The results show that choosing the appropriate strategy-structure configuration is imperative to improving organizational performance and that many organizations end up in a mismatch
between strategy and structure because of seemingly following a chronology of events where the structure comes first followed by strategy or the strategy comes first followed by structure (Gebauer et al., 2010). Though Chandler’s framework did map out the relation between structure and strategy, the need to provide an explanation for exceptions in the industry was not covered. This focused on the impact of different ownership patterns on what was labeled as the ‘politics of strategy and structure’ (Colli et al., 2011).

The study established that 76.4% of the respondents agreed that there existed a relationship between strategy and structure. This relationship is evident since 84.2% of the respondents agreed that organisational structure is accompanied with good strategies which gives an organisation a competitive advantage, 77.6% of them agreed that strategies employed in the earlier stages of growth of the bank was associated with great change in the organisational structure, 77.4% of them agreed that organisation strategy and structure are in a balance in the bank under study and new strategies have led to changes in organizational structure of the bank over time.

Seventy seven percent of the respondents agreed that organisation structure is largely influenced by the management strategies employed by my organisation, 76.2% of them agreed that organisation strategy and structure is matched and none should precede the other while 71% of the respondents agreed that organisation strategy and structure are interdependent and 70.4% of the respondents agreed that new organizational strategies have led to change in hierarchy.

Herberg-Rothe (2014) agrees with the above findings of the study which indicates a relationship between strategy and structure and borrows from Clausewitz (a military theorist) battle centric analogy. He believes that there is a balance between hierarchical structure and strategy and that the two must work together much like in a war scenario. The two are in equilibrium and one does not necessarily lead one to the other. For example in implementing a cost leadership strategy in a seemingly competitive market the already present structure is a key determinant of the strategy’s success in regards to research and development structure, operations or human resource structures (Ireland et al., 2013).
5.3.2 Evolution of Structure and Strategy

In general, 75.9% of the respondents agreed that organisational structure and strategy of an organisation evolve over time to fit the organisation’s interests to a very large extent. 84.6% of the respondents stated that to a great extent multidivisional structures have many powerful strategies for their organisation, 82.6% of them were of the view that evolution of strategies in their organization led to change of the simple organizational structure to a great extent, 75.8% of them stated that applying different strategies a superior organisational performance to a great extent and 74.2% of them stated that through the evolution of organisational structure, the organization aligned itself to better strategies to a great extent.

Seventy three point eight percent of the respondents were of the view that a decentralized organisation involves fewer people and less bureaucratic procedures to a great extent, 72.0% stated that to a great extent the functional organisational structure is the best structure when implementing a strategy while 68.4% of the respondents were of the view that organizational structures evolved gradually to fit strategies of the organisation to a great extent.

Volberda et al., (2011) agreed that in the strategic management community that firms do evolve through certain stages in regards to organizational structure. They may begin as simple units with less departmentalization but eventually become large and multidivisional. No organizational structure supersedes the other. They all seem to have their advantages and may be implemented given different economic situations or business decisions. Though they may follow each other in a systematic manner, organizations may remain in the functional structure without necessarily adapting a multidivisional one (Ireland et al., 2013). Strategists must however develop a match between the preferred structure and the chosen strategy regardless of the given structure.

The functional organizational approach was preferred by the respondents of the study. 72% of them felt that it was the ideal structure for an organization. This is because tasks are distributed immediately after the chief executive level and are organized along the lines of operating functions such as finance, research and development marketing and operations (Jong et al., 2011). This is the case for the bank under study since functions are distributed among managers in each functional department. Responsibilities re all managed separately and is not as broad as that of the multidivisional structure (Volberda et al., 2011).
The study established that the factors that led to growth of the bank under study from a single unit structure to a divisional structure were growth in the volume of business transaction per day due to growth in the clientele base, the need to meet all the financial needs of their clients and the need to have a nationwide presence which called for an evolution of structure from single unit to multidimensional structure. The single unit structure is indeed limited as the tasks may be overlapping and a growth of a clientele base may be disruptive to the organization (Lunenburg, 2012). This was not entirely in regards to the altered strategic track but change that emerged from growth. One may argue that the need for a nationwide presence may be a strategic move in itself.

The need to meet the financial needs of their clients is indeed a strategic move. This was also stated by respondents. A multidivisional structure leads to better specialization that leads to better customer focus and may actually lead to the bank meeting their financial needs (Gebauer, et. al 2010). The organization may also be able to identify poorly performing divisions (Ireland et al., 2013)

5.3.3 Factors Affected by Structural Change to Fit Strategy

The study established that majority of the respondents 80.8% stated that to a great extent lack of consensus was observed in the organisation occasionally during the change of structure to fit strategy, 76.6% of them stated that organizational performance was affected by change in structure to a great extent, 72.0% of them were of the opinion that to a great extent there was lack of adaptive mechanisms to understand this change in structure and 68% of them held the view that the new roles brought by change in organisational structure led to discord in duties to a great extent while 67.6% of the respondents were of the view that methods and lines of communication were greatly hampered during the change of structure to fit strategy in their organisation.

In addition the human resource management sought for more skilled, experienced and specialized employees in the organization to help it achieve its goals, there were more employees’ trainings, induction processes and motivational programs to prepare them for their new roles, motivate them and to help them maintain focus on the job and communication channels were heavily affected by the evolution of structure to fit strategy since there was
massive introduction of bureaucratic structures when it came to communication. There were increased business transactions per day per station which translated to increased profit margins for the bank. This further translated to improved organizational performance.

Tran & Tian (2013) established that organizational structure directs the proficiency of work, the enthusiasm of employees and coordination among the top management and subordinates for flow of strategies and goals in the organization to sketch the future plans or the vision. At the same time however formalization comes about and may be affected because rules and regulations, especially policies may not necessarily apply when the structure has changed.

According to Dai & Muese (2013), as the organizational structure grows and becomes seemingly more complex, the human resource factor becomes more skilled and specialized. Different leadership types across the functional and multidivisional structure give a positive implication as now managers with specialized skills are in charge of a specific product line or department. This increases efficiency and effectiveness in job roles within the organization. The respondents did feel that organizational performance was greatly affected as is reflective of the proponents of the study.

Communication is affected by changing organizational structure. For example horizontal structures have more impaired communication than vertical structures because of the increased hierarchy (Elman & Pezanis-Christou, 2010). Also communication may be affected by strategies that invoke innovation or technological strategies. As organizations change their organizational structure and strategies to allow for more innovative methods communication becomes more decentralized and more complex (Tan & Wang, 2011). Therefore communication patterns and mechanisms are directly implicated by the changing organizational structures very evident in the fact that a chain of command or processes have been altered. The organization under study was of the strong belief that communication patterns were hampered by structural changes. The horizontal organizational structure is greatly affected as is the case of the organization under study. This is because the increase in hierarchy may daunt the c-level managers from communicating their strategies or ideas (Elman & Pezanis-Christou, 2010). The multidivisional structure is also very bureaucratic and may also lead to a hampered communication chain (Werder & Holtzhausen, 2011).
5.4 Conclusion

5.4.1 Relationship between Strategy and Structure

The study concluded that between strategy and structure either can come first but it should be noted that an organization structure and strategy is interrelated and interdependent therefore none supersedes the other. The relationship between strategy and structure is evident since organisational structure is accompanied with good strategies which gives an organisation a competitive advantage, strategies employed in the earlier stages of growth of the bank was associated with great change in the organisational structure, organisation strategy and structure are in a balance in the bank under study and new strategies have led to changes in organizational structure of the bank over time.

5.4.2 Evolution of Structure and Strategy

Secondly, an organization can evolve through certain stages in regards to organizational structure. They may begin as simple units with less departmentalization but eventually become large and multidivisional. Organisational structure and strategy of an organisation evolve over time to fit the organisation’s interests, multidivisional structures have many powerful strategies for their organisation and evolution of strategies their organization led to change of the simple organizational structure to a great extent.

5.4.3 Factors Affected by Structural Change to Fit Strategy

During the evolution of the organisation’s structure and strategy in the bank under study there was lack of consensus was observed in the organisation occasionally, there was lack of adaptive mechanisms to understand this change in structure, the new roles brought by change in organisational structure led to discord in duties to a great extent methods and lines of communication were greatly hampered during the change of structure to fit strategy in their organisation.
5.5 Recommendations

5.5.1 Recommendations for improvement
There are recommendations for further study as per objectives of the study. These recommendations for further study will touch base on areas of improvement in structural change and strategy.

5.5.1.1 Interrelation between Structure and strategy
During analysis it was identified that 55.7% of the respondents felt that strategy came first before structure, 38.5% felt that structure came first and only 5.8% believed that the two go hand in hand. It is recommended that when an organisation is evolving its structures and strategies, there should be equilibrium between the two since they can follow one another or they can be implemented hand in hand since they are interdependent and interrelated. It is advisable that during structural change, both strategy and structure should be looked at in even-handedness.

5.5.1.2 Evolution of Structure to Fit Strategy
All of the respondents unanimously believed that increase in clientele led to the evolution of structure. It is recommended that during the evolution of any organizational strategy or structure, there should be proper communication both horizontal and vertical communications for effective implementation of the structure as well as the strategy. This will also give the employees a feeling of being part of the evolution since they will be involved from the first step. This will also give them the strategic view of why the structure has changed and they will not look at it from a general view.

5.5.1.3 Factors Affected by Structural Change to Fit Strategy
Seventy two percent of respondents were of the opinion that adaptive mechanisms should be implemented to allow them to better deal with structural change. It is recommended there should be a lot of learning processes or adaptive mechanisms to help employees of an organisation understand the change in structure and strategy during the evolution process. Since change in organizational structure and strategy comes with many new roles for
individuals working in the organisation, the management of the organisation should ensure that the new roles do not lead to discord in duties or duplication of roles.

5.5.2 Recommendations for Further Studies

To effectively understand the relationship between strategy and structure and the importance of the evolution to an organisation, there is need to investigate the impact of the evolution of an organisation on employee performance and overall performance of the organisation. This can be a very informative topic of study for learners. Through this there will be better understanding of the employee and performance impact.

Another recommendation for further study is to analyse the challenges organisations go through during the evolution process and come up with a proper framework that can guide institutions during such times. This is in reference to the inevitable change of structure and strategy. The structural changes are indeed detrimental to the organization’s performance and may bring about several changes that may be put under study.


APPENDICES

Appendix 1: Questionnaire

Structure and Strategy in the Kenya Banking Industry: A Case of a Leading Bank

PART A: Respondents Profile

1. What is your gender? Male ☐ Female ☐

2. What is your designation at the leading Bank?
   - Top management ☐
   - Middle Level Management ☐
   - Employee ☐
   - Other (specify) ________________________________

3. What department do you work in?
   .............................................................

4. Do you engage in any decision making or have you experienced any strategy implementation?
   - Yes ☐ No ☐

5. How long have you worked at the leading Bank?
   - 0 – 10 ☐
   - 10 – 20 ☐
   - 20 + ☐

PART B

STRATEGY AND STRUCTURE INTERRELATIONSHIP

Indicate the extent to which the following statements are relevant

(Use a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent and 5 = to a great extent)

<table>
<thead>
<tr>
<th>Strategy and Structure Interrelationship</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>
6. Organisation structure is largely influenced by the management strategies employed by my organisation

7. Strategies employed in the earlier stages of growth of this company was associated with great change in the organisational structure

8. New organizational strategies have led to change in hierarchy

9. New strategies have led to changes in organizational structure

10. A good organisational structure is accompanied with good strategies which gives an organisation a competitive advantage

11. Organisation strategy and structure is matched and none should precede the other

12. Organisation strategy and structure are in a balance

13. Organisation strategy and structure are interdependent

14. In your opinion, between organisational strategy and structure, which one came first in your organization? Support your answer.

__________________________________________________________________________________________

PART C
EVOLUTION OF STRUCTURE AND STRATEGY

Indicate the extent to which the following statements are relevant to your organization.

(Use a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent and 5 = to a great extent)

<table>
<thead>
<tr>
<th>Evolution of Structure and Strategy</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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</thead>
<tbody>
<tr>
<td>15. Organizational structures evolve gradually to fit strategies of the organisation</td>
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</tbody>
</table>
16. Evolution of strategies in my organization led to change of the simple organizational structure

17. The functional organisational structure is the best structure when implementing a strategy

18. Decentralize organisation involves fewer people and less bureaucratic procedures

19. Multidivisional structure have many powerful strategies for the organisation

20. Multidivisional structure involves people of different field, applies different strategies and has a superior organisational performance

21. Through the evolution of organisational structure, the organization aligned itself to better strategies

22. What is the best structure (simple, functional or divisional) in your opinion? Support your answer.

PART D

FACTORS AFFECTED BY STRUCTURAL CHANGE TO FIT STRATEGY

Indicate the extent to which the following statements are relevant to your organization.

(Use a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent and 5 = to a great extent)

<table>
<thead>
<tr>
<th>Factors</th>
<th>1</th>
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</thead>
<tbody>
<tr>
<td>23. Organizational performance was affected by change in structure</td>
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<td>24. There was a lack of adaptive mechanisms to understand this change in structure</td>
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<tr>
<td>25. Managing and implementing the new policies and structures led to re-organisation of the Human resource department</td>
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</tbody>
</table>
26. New roles brought by change in organisational structure led to discord in duties.

27. Methods and lines of communication were hampered

28. Lack of consensus was observed in the organisation occasionally

29. What are the other changes that were brought by changed organizational structure?
   i) ____________________________________________________________
   ii) __________________________________________________________

*Thank you for your time*
Appendix 2: Interview Guide

1. What comes first, Strategy or structure? (Discuss)

2. What made your organization grow from a single unit structure to a divisional structure?

3. Describe the structural and strategic evolution of a leading bank step by step.

4. What were the achievements that came along with this change?

5. What was your observation in regards to the following during the change?
   i) Organisational performance
   ii) Human resource
   iii) Communication
   iv) Any other observations made

6. What were the implications of the growth or expansion of the organization? Both positive and negative
Appendix 3: Introduction letter

Anastasia Nyambura Chege,

P.O BOX 10153-00400,

Nairobi, Kenya.

Dear Sir/ Madam

RE: STRUCTURE AND STRATEGY IN A LEADING BANK

I am a student undertaking Masters in Business Administration (Strategic Management) at United States International University. As part of my course I am undertaking a research study titled Structure and Strategy in the Kenyan Banking Industry. This research was conceptually undertaken by Alfred Chandler who proved the theory that Structure follows strategy in corporations in the United States in the 1960s. I would like to carry out this study on a leading Bank because it follows a gradual and systematic evolution in regards to its structure.

Prior to undertaking the study I need your agreement/consent to approach the General Managers, Top managers who are the key strategists of a leading bank within your organization to take part in the study. I will have a formal letter from my institution given to you on the semester I will commence the study. I wish to undertake it on September 2015.

I can assure you that I will make every effort to ensure the study does not disrupt the working environment. It will be of benefit to Management of A leading Bank. The significance of this study is to ensure that managers of the leading Bank Group identify the relationship between structure and strategy but most importantly be able to achieve quality and value in strategy as the structure grows. Human Resource of the leading Bank will also gain from this study. This will help the human resource department at the leading bank to understand structure’s relevance by focusing on talent management and organizational competence while structuring and controlling the cost of transactional work. This study will also be of value to scholars who will reflect on this study when referring to works that talk about structure in Kenya. I will maintain discretion and ensure I will not disclose any vital information other than that that this relevant to the study and agreed upon by you.

I am available for a meeting if need be to further explain on my research.
Yours Sincerely,

Anastasia Chege