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Organizational Structures and Financial Performance of Office Automation Firms in Kisumu County, Kenya.

Titus Omondi Mbata, Dr. Lucy Wanza, Francis Anyira

Scholar, School of Business, The Catholic University of Eastern Africa, Kenya
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A B S T R A C T

The purpose of this study was to examine the effects strategy implementation drivers on financial performance of office automation firms in Kisumu County, Kenya. The study adopted Resource Based View theory (RBV) which was complemented by Survival theory and Network theory. The target population were office automation firms with respondents from eight automation firms in Kisumu County, Kenya and applied descriptive research design. The method had quantitative data. From the existing eight automation firms in Kisumu County, there were 320 employees who were the total respondents that included both management and staff. A sample size of 178 respondents was selected by use of purposive sampling technique. Data collection instruments for quantitative data included questionnaires of close end having a 5-point Likert scale. The findings showed that there is significant relationship between organizational structure as a strategy implementation driver on financial performance of automation firms in Kisumu at (β= .107; $p<0.05$). The study concluded that holding all other factors constant, a unit change in organizational structure results in 14.8 percent change in financial performance of the automation firms in Kisumu. The study recommends that organizational structures align with the firm's strategic objectives. On the other hand, organization's need to have favorable flexible organizational structures that when implemented can improve the financial performances.

Keywords: Organizational structure , Financial Performance

1. BACKGROUND

In the dynamic landscape of office automation, firms face the challenge of aligning their strategic objectives with effective implementation to achieve superior financial performance. The success of strategy implementation hinges on various drivers, including organizational structure. Varied empirical literatures have greatly looked at the linkage between organizational structure, its components and financial performance. According to Murithi (2008) in a study on organizational structure and financial performance of state corporations, the case of Kenya Cooperative Creameries, the study drew a conclusion that better organizational structures improve financial performance in that respect he identified the following organization's structure practices; appointment and leadership of the board, structure of the organization, purpose and values, balance of power in the board, corporate communication and the assessment of board and its responsibilities. This study intends to look at formal structures, structure alignments and structural designs which would strengthen the study's influence on financial performance.

Research undertaken by Ongore (2012) on the effects of ownership structure, board effectiveness and managerial discretion on performance of listed companies in Kenya where the following conclusion was drawn from this study that; ownership concentration is minimal to a manager creativity and innovation and contains firm performance, also increased in government shareholding of a firm results in negative performance. Based on the ownership structure, the study advocated for board effectiveness and managerial discretion on general performance which only looked at lean respondents.

According to Kihara, Karanja & Kennedy (2016) in their study of organizational structural alignment and performance in the large Kenyan manufacturing firms, stated that organization structure influences performance of large manufacturing firms and that many have their own specialized organizational structure which are used for high control measures. Miriu (2019) posited that an open structure allows tasks to be coordinated between the different functional and operational areas in organization with results of high productivity and outcomes in mobile-commerce for commercial banks performance. The study differed from the current one in terms of methodological approach. The study lacked quantitative data to show the magnitude of impact. The current study also looks at quantitative data for its findings and conclusions on the financial performance.

In the study of organizational structure alignment and performance of employees of brewing firms in Nigeria (Malik, 2014); the focus was to access presence of any specific structure that increased employee performance. The study targeted five brewing firms listed in the Nigerian stock exchange market where results showed that hierarchical layers, technological use, set boundaries and formalization of structure positively impacted on employee performance. The gap in the study is the contextual difference between the study which is undertaken in Nigeria and the current study being in Kenya.

The geographical differences, may make the results and outcome to differ and also the dependent variable which in this study was financial performance. This study was undertaken on structure and not their alignment to performance. The study also deals with financial performance which was not covered the other study.

Firm ownership is viewed as a key component in determining how firms survive financial crisis. Minichilli, Brogi & Calabro (2016) argued that concentrated ownership makes business decision making more streamlined and enhanced the results of investments. This is attributed to consultation which fosters performance, on the other hand, dispersed ownership makes decision making a lengthy process limiting ability to pick up opportunities and respond to threats. Proactive decision making is more effective when made at the right time as opposed to prescriptive actions whose impact is seldom felt. This study viewed the ownership design that the automation firms had as they conduct their businesses and how that impacted on their financial performance.

When Adan, M. O., Mohamud, M. H., & Bolatito, A.O. S. (2024) assessed the impact of structural organization on the financial performance of Somalia's commercial state businesses, they focused on the effects of organizational size on the financial performance of commercial state corporations, the formalization of the structure and its influence on financial performance, the degree of structure complexity and centralization on the financial performance of commercial state corporations in Somalia. Utilizing a survey research methodology, the study focused on Somalia's three commercial state enterprises. With a focus on three commercial state corporations in Somalia, the study employed a survey-based methodology. Both closed-ended and open-ended questionnaires, both structured and unstructured, were used to gather data, and both qualitative and quantitative data were evaluated. It was discovered that the organizational structures of the commercial state businesses had an impact on their financial performance. However, the greatest challenge with this provision is whether the commercial state business in other countries could generalized to Kenya studies to offer good findings to financial performance.

Financial Performance

Financial performance is one pointer to measure the success of a company. Stakeholders can find out the accomplishments of management in running the organization for a certain period through financial performance. According to Ikatan et. al (2007), financial performance can define the company's condition in managing its resources. Examining the financial statements of a company can be used to study its financial performance (Brigham et. al, 2006). Most financial performance dimensions can be divided into two categories, accounting-based and market-based measurement (Cho, Chung et. al, 2019). Good financial performance increases investor interest in the firm. Therefore, companies must pay attention to their financial performance to ensure the existence of the company.

Elements of organizational performance include the results achieved or actual output that is measured against the agreed outputs or the objectives and goals. Richard et al (2009) posited that it includes three areas of the output such as financial performance – the profits, return on assets (ROA), Return on Investment (ROI), product market performance such as market share, the sales growth and shareholders' return. Many organizations have tried to manage through the use of balance scorecard which follows and measures several dimensions that include financial performance, social corporate responsibility, and customer service and employee stewardship. According to Strickland and Thompson (2007) there are ten financial objectives that he listed and nine strategic objectives which go hand in hand with a balanced scorecard.

Financial performance is the ability an organization has in utilizing its resources to generate wealth and profits for shareholders. Combs, Crook & Shook (2005) state that key performance indicators for financial performance include accounting returns, growth measures and stock markets. Its determinants include how organization uses its resources, employee productivity and leadership in the organization (Moliterno, Beck, Beckman, & Meyer, 2014).

According to Yahaya & Lamidi, (2015) financial performance is the level on which objectives of an organization's goals are met. It is where firms that are profit-oriented desire to reach or aim to be. Bottom line in financial statement is of main interest to stakeholders as it reflects firm's financial performance. It has a trend of winding-up long target that is opposed not wholly to quantify the accomplishment of an item, but improvement of the market for it. This study provided financial performance focus of automation firms in Kisumu County, Kenya. Financial performance was measured by increase in market share and sales growth and use of the capital and financial resources and also non-financial aspects where possible (Tailab, 2014). Generally, financial performance is determined by capability of an organization to increase its monetary values and be able to respond to its expenses on a timely manner (Rabha, 2015).

Sales growth is an increase in sales that occurs from year to year. Sales growth can indicate the level of consumer demand for the company's products (Kouser, Bano and Azeem, 2012). Companies that experience sales growth means that the company's products are accepted by the market and successfully compete with competitors (Delmar, McKelvie & Wennberg, 2013). The firm can increase its efficiency and productivity through sales growth. By knowing how high the sales growth rate is, it can predict the profits to be received. Companies can set profit targets so that they have a clear direction in achieving goals.

Stakeholders are far much interested in organization's performance especially the financial part (Nyamita, 2014) this is because the financial performance has major characteristics which include reliability of present and future contractors, competitiveness, aptitudes of firms and economic intentions of organization's leadership (Defera, 2010). The leadership of a firm dictates the financial performance of the organization and is often more expressed with regards to increasing sales or price of stocks (Maghanga & Kalio, 2012).

2. THEORITICAL FRAMEWORK

Resourced Based View Theory

The Resource Based View theory emphasizes the importance of resources in organizational performance. Resource based theory is focused on principles of an organization having unique resources internally that gives it an advantage of competition over other firms and why organizations in the same industry could have different performances (Barney, 2002). The theory thus complements Industrial Organization (IO) that focused only on external factors for organization (Bain, 1968; and Porter 1979, 1980, 1985). The organizations have high belief on internal resources that they predict can give high returns to the firm thus high performances. The theory views capabilities that are strategically placed such as market imperfections, heterogeneity, varying specialization and limited sources of transferring its resources. Sustainability while using this theory is thus based on how an organization develops unique competencies and resources in the market such as the ATM software that automation firms develop for reading money. Organization's resources consist of all assets both tangible and intangible, human and non-human that are possessed or controlled by the firm and that permits it to devise and apply value-enhancing strategies. Examples of resources are brand names, in-house knowledge of technology, capital.

Barney (1991) regarded resources as those controlled by a firm that allow the firm to formulate and implement strategies that expand its efficiency and effectiveness. He developed four criteria for assessing what types of resources would present sustainable competitive advantage. These were value creation for the customers, rarity compared to the competition, inimitability, and substitutability. It is important to mention, explicitly, that knowledge is one competitive advantage that is difficult and time consuming to imitate. It must be encouraged and developed as part of organization learning and organization memory as it is used. Knowledge is a core competence that does not weaken nor is it consumed with use. As resources cannot at all times be transferred or imitated, organizations must look internally to locate the real sources. The resources that the firm can build up have a major influence on their strategies Barney (1996) since they might guide the firm's decision making. This research looked at the skill gaps that existed on the management level of all office automation firms in implementation of the strategies set in the organization.

This theory assumes that organizations are profit-maximizing entities that operate in a predictable environment and move in equilibrium (Leiblein, 2003). The theory though accepts that the future of a resource is unevenly distributed and assumes that if managers can approximate future values of its resources than its competitor then it stands a better chance of making maximum profit, which is not possible. This implies that the theory lacks managerial implications or operational validity. Each manager therefore develops its own way of operations on available resources in the organization. It is useful to this research since it does not go against any management practices that can hinder the managers from developing its policies (Ghoshal, 2005). RBV contains a regress way of organization being put in endless development of structures that compete to be in better position than the other firms. In an industry of automation this has been seen with each day's innovation coming up in order to satisfy the needs of the customer and to make work efficient. The firms should thus take this positively because this makes different contributions with each product developed having a superior feature.

According to Gibbert (2006a – 2006b) the uniqueness of resources mentioned makes it not possible to be generalized as the degree of uniqueness vary from one organization to another and with the innovator and focus of satisfaction. Connor (2002) also posits that this theory only applies in large organizations that have significant market share and power. There are also other firms which are already satisfied with their competitive position thus this theory does not bother them. The given resources are hard to get in the first place hence organizations look at their past to create their present by improving on ways of satisfying their clients. This then does not apply to newly created organizations in an industry.

Resources definition has been a big issue to different organizations with others considering it as anything which is a strength or weakness of a given firm. Others refer to tangible and intangible assets in the firm. Barney (2002) argues that 'resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge among others controlled by organization to conceive and implement strategies that improve its efficiency and effectiveness'. One therefore sees that if all is inclusive then there is nothing unique in resource apart from it varying a firm to a firm.

The Resource-Based View (RBV) theory, while influential in strategic management, has several notable weaknesses when applied in academic studies. RBV often lacks clear guidelines for identifying what constitutes a valuable, rare, inimitable, and non-substitutable (VRIN) resource. This ambiguity can lead to subjective assessments and inconsistent results across studies. Additionally, it tends to focus internally on firm-specific resources, often overlooking external factors such as market dynamics, industry conditions, and competitor actions, which can significantly impact firm performance especially in automation firms.

Another limitation is the static nature of RBV; it does not adequately explain how resources evolve or how firms can develop new capabilities over time. This restricts its usefulness in fast-changing environments where adaptability is crucial. Furthermore, RBV assumes that firms are always able to leverage their resources effectively, ignoring the managerial and organizational challenges that can hinder resource deployment. Empirical testing of RBV is also difficult due to measurement challenges and the retrospective identification of valuable resources after performance outcomes are known, leading to potential endogeneity issues.

The theory encourages a link of continuous teamwork in all departments because human resource capabilities and competencies need to be built from human resource department and this must be budgeted for from finance department. The departments or sections within the organization must thus work together in order to achieve any strategy to be implemented. From the innovation point office automation firms have been having unique products of automation including installation of ATM machines in banks thus it can utilize this as its resources on its competitors.

3. MATERIALS AND METHODS

This study adopts a descriptive survey research design to examine the influence of organizational structure on the financial performance of office automation firms in Kisumu County, Kenya. The design allows for the identification of relationships between organizational structure and financial outcomes, providing insights into how effectively these elements support organizational goals. The design identified their opinions, attitudes, beliefs or knowledge of a particular occurrence.

3.1 Target Population

Target population covers participations from factual or assumed set of themes, persons or events to which the researcher yearns to make generality of the outcomes of the study (Misigah, Kinyanjui and Ohaya, 2013).

The target population for the study comprised 25 office automation firms in Kisumu County. These firms vary in size and may have branches of national companies as well as locally owned businesses. The respondents are the managers, departmental heads, and key decision-makers within these firms. These individuals are directly involved in strategic planning and implementation processes and have insights into the structural, leadership, and resource-based factors influencing business performance.

3.2 Description of the Sample and Sampling Procedure

Sampling is having a number of subjects from a population so as to have representation of the population. It provides means by which members of the target population are chosen (Johnson, Scholes & Whittington, 2008). Mugenda and Mugenda (2008) posits that sampling is a portion of statistical process and is concerned with choosing sub groups of individuals from a population with the aim of having a representation of the population of concern. Sampling technique helps a researcher adopts to gather people, things or places for study (Kombo & Trump, 2006).

A purposive sampling technique was employed to select firms that had been operational for at least three years and maintained formal organizational structures. From a population of approximately 25 registered office automation firms in the county, a sample size of 8 firms was selected, ensuring representation across small, medium, and large enterprises. Within each firm, data was collected from key managerial personnel, including owners, general managers, operations managers, and finance officers' individuals presumed to have insight into strategy implementation drivers and financial performance.

The study employed a stratified sampling approach to ensure all relevant departments were included. Primary data was collected using structured questionnaires and supplemented with interviews for clarity and depth. The sample selection and data collection procedure were designed to ensure reliability, diversity in firm size and structure, and relevance of responses in relation to the study objectives. This approach enabled a comprehensive analysis of how strategy implementation drivers' organization structure, leadership, and strategic resources influence the financial performance of office automation firms in the region.

This study adopted Yamane (1967:886) that provided a simplified formula to calculate sample sizes. A 95% confidence level and precision at 0.5 was assumed for this study and the equation followed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N = Population size

e = Level of precision

$$\text{Sample size} = \frac{320}{1 + 320(0.05)^2}$$

$$= \frac{320}{1 + 320(0.0025)}$$

$$= \frac{320}{1 + 0.8} = 178 \text{ respondents for sample size}$$

Sample size = 178 included; 9 executives, 12 finance officers, 5 human resource officers, 66 in IT department and 86 in office automation department to whom the questionnaires were administered from the eight selected automation firms in Kisumu County, Kenya. After the sample size was found the study employed simple random sampling which enable every member of the population to have an equal chance of being selected.

4. FINDINGS

4.1 Descriptive Analysis

Measures of central tendency and dispersion, variation are examples of descriptive statistics that provide an overview of a study's data. Quantitative data was analyzed using SPSS from raw data in order produce the descriptive statistics. The study presented descriptive statistics using sums, frequencies and percentage. Based on the information gathered, these were used to provide a condensed overall summary of the study variables.

4.2 Demographic Profile

Respondents from automation firms participated in the study. The response was key determinant to the performance with main effect on whether the data would meet assumption tests of not. The turnout was 142 respondents with 81 being male and 61 being female respectively. This was purposely regarded for the sake of gender parity. The research did not limit the respondents' age because the interest of the researcher was based on the staff, moreover the researcher had targeted a population of diverse age to widen the scope of response feedback. The research then undertook findings on the gender and age of the respondents.

4.2.1 Gender and Age

The 142 respondents, 81 were males and 61 were females. Further analysis indicates the age brackets of the respondent as; 8 respondents were of ages between 20 – 24 years, 33 respondents were of ages between 25 – 29 years, 68 respondents were of ages between 30 – 34 years, 17 respondents were of ages between 35 – 39 years, 12 respondents were of ages between 40 – 44 years and 4 respondents were over 45 years of age. The above figure shows that the highest number of respondents (68) who are staff in the automation firm was between ages 30-34 years representing 47.8%.

4.2.2 Period of Service

For the researcher to get to know the experience the respondents had in automation work, the data obtained showed that majority of staff 52% had worked in the institution between 5 and 9 years while 29% had worked for less than 5 years, 14% had served between 10 and 14 years and 5% had worked for more than 14 years. Only 0.7% of the respondents did not disclose their period of service. The table above shows that majority of the staff working in automation firms had more than 5 to 9 years of experience in the automation firms this revealed they had job related experience that enabled them to know what to do and also enhance their research in this field of innovation. The experience gave them ideas and skills they needed to be competitive in this field.

4.3 Influence of Organizational Structure on Financial Performance

The study sought to establish the extent to which respondents were aware various strategic implementation drivers of their firms and the extent to which they affected the financial performance. In the study the first response was on organizational structure and financial performance. In response, 42% of the respondents agreed that organizational structure influenced financial performance to a very large extent in their firms, 42% to a large extent, 14% to a small extent and 2% did not respond to this question. Further analysis indicated that highest response was from the Office Automation personnel 24% responding that organizational structure influenced financial performance to a large extent in their firms while the lowest response was from Finance, managers and technical, 3% responding that organizational structure influenced financial performance to a small extent in their firms. This shows that staff awareness is key to strategic implementation and financial performance in automation firms. These findings concur with the findings of Ojera and David (2015) that knowing your environment is a major strategy in achieving goals.

4.4 Organizational Structures and Financial Performance

Out of the 142 respondents, a majority reported to be aware of organizational structures in the organization and their effects on financial performance with only 2 respondents not responding to most of the statements in this section.

Table 5: Organizational Structures and Financial Performance

Statements	SD	D	N	A	SA	M
○ Formal organizational structure in place affect financial performance of automation firms.	2 (1.4%)	17 (12%)	32 (22.5%)	52 (36.6%)	37 (26.1%)	2 (1.4%)
○ The structural alignments is flexible and affect sales volume in automation firms.	0 (0%)	16 (11.3%)	6 (4.2%)	57 (81%)	37 (26.1%)	2 (1.4%)
○ Automation firm's structures are aligned	0 (0%)	15 (10.6%)	6 (4.5%)	68 (47%)	51 (35%)	2 (1.4%)

and affect inventory turnovers.

○ Appropriate knowledge is shared in the automation firms to support increased financial performance.	0 (0%)	15 (10.6%)	10 (7%)	56 (39.4%)	59 (41.5%)	2 (1.4%)
○ Structural designs in place in automation firms affect sales volume.	0 (0%)	15 (10.6%)	6 (4.2%)	47 (33.1%)	72 (50.7%)	2 (1.4%)
○ The few/ short level of hierarchy for decision making at the organization has enhanced the positive rate of net profit margin	0 (0%)	0 (0%)	18 (12.7%)	75 (52.8%)	47 (33.1%)	2 (1.4%)
○ Departmental/ divisional decisions are approved by the head of department in my firm to manage the inventory turnover	0 (0%)	1 (12%)	25 (17.6%)	73 (51.4%)	40 (28.2%)	3 (2.1%)
○ Each department has its key sales volume indicators well-articulated at the beginning of each year.	0 (0%)	0 (0%)	32 (22.5%)	46 (32.4%)	61 (43%)	3 (2.1%)
○ Departments in automation firms are allowed to device viable ways of achieving financial performance.	2 (1.4%)	5 (3.5%)	3 (2.1%)	93 (65.5%)	36 (25.4%)	3 (2.1%)
○ Success in financial performance is measured in all levels of the organization.	0 (0%)	0 (0%)	3 (2.1%)	51 (35.9%)	85 (59.9%)	3 (2.1%)

Source: Field Data (2024)

Concerning formal organizational structure effect on financial performance the study results found that 36.6% and 26.1% agree and strongly agree, 12% and 1.45 disagree and strongly disagreed while 22.5% remained neutral in their response to this. This shows that formal organizational structures is one of the drivers that affect financial performance. This can be attributed to the reason that formal organizational structures build policies of operational to a purpose that encourages respondents to achieve their performance. This concurs with the results of Mukhalasie (2014) that clear organizational structure influenced employee participation in organizational process and thus brining a lot of coordination of activities to achieve financial performance because of clear line of authority. Also, Hao (2012), note that the organizational structure has more pronounced impact on performance of a company than other factors for example innovation and organizational learning.

Their response to flexible structural alignments showed 57% agreed, while 37% strongly agreed and 16% disagreed that flexible structural alignments have effects on sales volume in automation firms. The figure 5 shows that aligning organization structure by being flexible to strategy is crucial for strategy execution success. These findings are supported by the study in strategic alignment and performance of commercial Banks in Nyeri County, Kenya Muthaura (2018) who found that correlation analysis showed that r- values and p-values ranged from 0.5 to 0.9 an indication that strategic alignment significantly affected performance in the commercial banks. Structural alignment had the highest values and thus the strongest effect to performance, followed by technological alignment, resource alignment and lastly cultural alignment had the least effect to performance. The results also showed that 64.2% of the variations in the banks' performance can be traced to strategic alignment. The study concluded that strategic alignment employed by the commercial banks led to its improved performance.

The effect of firm structural alignments on inventory turnover was 47% respondents agreed while 35% of the respondents strongly agreed and only 1.4% respondents did not respond to this question. It is indicated that even with all staff responding to the structural alignments in place, all were affected with the difficulty in the structural alignments and not only those in sales department this is an observation that all departments at automation are interlinked to achieve good sales volume. The study agrees with Teece, Peteraf & Leih (2016) who found that due to the business environment's rapid changes that range from changes in product lifecycles, technologies and consumer services, organizations should respond in a speedy manner to the changes by a flexible organizational structure to react to the changes quickly enough to increase the output required, reduce the cost of production, produce quality products and also increase in the rate of production.

In response to whether knowledge is shared to support increased financial performance 39.4% and 41.3% respondents agreed and strongly agreed respectively while on the other hand, 10.6% and 7% did not agree and remained neutral respectively that knowledge need be shared to increase financial performance because other people have grown in the sales department and can bring other ideas of sales and approaches in the automation firms. In the table at item 4 it shows that majority agreed that knowledge shared support increased financial performance. It is best for the top management to alert the staff in the firm of the increase and decrease in financial performance while they are undergoing their duties. It is the management who have the burden of administrative matters that affect the salaries and other expenditures in the firm. This finding is in line with

research from Mustapa & Mahmood (2016) which found that knowledge management significantly influences performance. In addition, the study results of Sahas et al., (2017) show that knowledge management affects employee and company performance.

A high percentage of respondents at 50.7% strongly agreed while 10.6% disagreed with the statement that structural designs in place affect sales volume so that each and every staff needs to know their influence and impact on the financial and sales volume in the firm. The findings shows that averagely staff had knowledge that structural designs affect sales volume in automation firms. The finding is in agreement with the results of Faster Capital (2024) that Shift to a Customer-Centric Model in a leading software company restructured its sales team to align with customer segments rather than products which allowed for a deeper understanding of customer needs and a more consultative selling approach and saw a 20% increase in customer retention and a 15% rise in cross-selling opportunities.

Additionally, item 6 shows moderate number of being neutral suggesting that there are people who are comfortable with high levels of hierarchy while majority 52.8% and 33.1% agree and strongly agree respectively that short level of hierarchy for decision making enhances the positive rate of net profit margins. The automation firms which are majorly run by the families then need to substitute their existing hierarchies with the short level ones so that a more comprehensive level of reporting is achieved. The results are in tandem with the ones Janis Skrasins and Vikrant Vi (2019) that hierarchical structures perform better in environments characterized by a high degree of corruption, highlighting the benefits of hierarchies in restraining rent-seeking activities and overall, the results are consistent with the view that valuable information is lost in hierarchical structures.

There were 0.7% who disagreed, 2.1% who did not respond to this statement and 17.6% who were neutral. The response shows that there are staff who do not deal with the department heads to manage inventory turnover. However, majority 51.4% agreed and 28.2% strongly agreed that departmental/ divisional decisions are approved by the head of department to manage the inventory turnover. The findings show there is a mixed reaction and is still debated. No definite answer could help in this as not all head of departments discuss the inventory turnover but mostly deal with the payments. The findings concurred with the results of LaMacchia (2021) in her dissertation of enhancing employee engagement to improve financial performance where she found that leaders must create a culture conducive to employee engagement by treating engagement as a humanistic problem for leaders to increase financial performance within their organization. In her study two main themes emerged (1) creating a company culture conducive to employee engagement and using effective communication to build employee engagement. The study found that leaders applying these strategies enhance employee engagement, increase productivity and financial performance, and create a healthier organization.

On whether each department having key sales volume indicators well-articulated at the beginning of each year, none of respondents strongly disagreed nor disagreed, 22.5% were neutral, 32.4% agreed and 43.0% strongly agreed; 2.1% did not respond to this question.

Response to whether departments allowed to device viable ways to achieve financial performance. It indicates that averagely the respondents agreed that departments in automation firms are allowed to device viable ways of achieving financial performance. This was with the deviation from the mean was at 0.7 away from the average, the most common agreement was ‘agree’.

Item 9: In response to whether departments in automation firms are allowed to device viable ways of achieving financial performance, 1.4% strongly disagreed, 3.5% disagreed, 2.1% were neutral, 65.5% agreed and 25.4% strongly agreed, 2.1% did not respond to this question.

Item 10: In response to whether success in financial performance is measured in all levels of the organization, 0% strongly disagreed, 0% disagreed, 2.1% respondents were neutral, 35.9% agreed and 59.9% strongly agreed, 2.1% did not respond to this question. Finally, Item 10 shows that majority of respondents agreed that success in financial performance is measured in all levels of the automation firms.

4.5 Financial Performance of Automation firms

4.5.1 Annual sales turnover from 2019-2023

Financial performance was recognized as dependent variable for this study and was measured using sales turnover and market share. The study developed statements for consistency with the independent variables and respondents were requested to respond appropriately to the statement to know their answers on the annual sales turnover in firms, impact of strategic implementation drivers on the sales turnover, their opinion on growth in market share of automation firms and how they ranked the automation firms in the county as shown in Table 6.

Table 6: Analysis of Automation Companies Annual Turnover

COMPANY NAME	ANNUAL TURNOVER (%)
MFI	29%
COPY CAT	24%
MAJESTY COMPWARE	7%
NITI DISTRIBUTORS	5%

DAMITEC	15%
LENEAGE VENTURES	4%
COMPULINX	10%
ASTER LTD	7%

Source: Field Data (2024)

The above table shows that sales annual turnover was below average with MFI at 29% being the highest and Leneage Ventures having 4% of annual sales turnover between the years 2019 and 2023. For the yearly sales turnover which were in millions the automation firms' sales turnover was seen to have risen and fell in 2019 however in 2020 and 2021, the yearly sales turnover for all companies decreased and again started rising in 2022 and 2023.

The findings show that automation financial performance of the sales turnover were significantly affected in 2020 and 2021. With the open statement given, respondents related this decreased to corona virus period which hit quite a number of firms worldwide.

4.5.2 Automation firms' Market Share

Market share was looked as dividing company sales over a certain period by the industry's total sales during the same period. This gave a general idea of the size of a company in relation to its market and competitors. The study used growing market share as a sign of success.

The formula used was as follows:

$$\text{Market share} = \frac{\text{Total Company sales}}{\text{Total Industry sales}}$$

The above figures shows that total industry sales were 1447 million while at of MFI was 417.2, Copy Cat 343.2, Majesty was 108.2, Niti was 72.5, Damitex had 217, Leanage had 52, Compulix had 145.9 and Aster had 91 million of sales.

The above shows that Copy Cat had a market share of 24% while the highest was MFI had a market share of 29%. This shows that MFI and Copy Cat lead in the automation industry in terms of market share. The table also shows that the following firms commanded low market share Majesty Compware, Niti distributors, Leneage Ventures, Compulix and Aster Limited all these firm had below 14.5% which the study considered to be half of the leading automation firm in the industry.

- **Organization ranking in line with size**

The researcher requested to know how the automation firms were ranked according to their work in the market. Many executives ranked according to their performance and feared competitors. Table 8 shoes how this was responded to:

Table 8: Analysis of Automation Companies Size

COMPANY NAME	Rating in Size
MFI	1
COPY CAT	2
MAJESTY COMPWARE	7
NITI DISTRIBUTORS	6
DAMITEC	3
LENEAGE VENTURES	8
COMPULINX	4
ASTER LTD	5

Source: Field Data (2024)

The above table indicate the automation firms according to their operational premise size with MFI being ranked top most large automation firm followed by Copy Cat and the last being Leneage Ventures in the industry.

The above results shows that MFI Company had the largest rate in size as this also impacted its dominance in the market share command as well as the annual sales turnover. Leneage Ventures Company was the smallest rated in size. The above results also shows that there is direct relationship with the market share commanded and sales volume of the firms in their sizes. The large firms also command larger market shares and also their annual sales volumes are very high this in turn relates to their financial performance in the industry.

4.6 Inferential Analysis

This section presents inferential results for testing the effect of predictor variables on predicted variables. The analysis of significant effects and regression test are techniques that are employed in the analysis. The power of regression was used to examined the power of independent factors over dependent items.

Regression Analysis

The study hypothesized the effect of organizational structures on financial performance of automation firms in Kisumu County.

Table 9: Relationship between Organization Structure and Financial performance of automation firms in Kisumu

Model	Coefficient	Std. Err.	t-value	p-value
Constant	3.039	0.065	46.74	< 0.0001
Organizational structure influence	0.148	0.015	9.88	< 0.0001

Dependent Variable: Financial Performance

Predictors: (Constant), Organizational structure influence

The hypothesis was H01: Organizational Structure has significant effect on the financial performance of automation firms in Kisumu County. This hypothesized relationship can be expressed with the statistical model $Y = \beta 0+\beta 1X1+e$, where Y represents the financial performance of automation firms, β0 is the intercept, β1 is the regression coefficient of organizational structures and X1 represents the organizational structures. The regression statistics of the relationship between organizational structures and the financial performance are as presented in Table 9.

The results show the partial regression coefficients of the relationship were β0 = 3.039 (t = 46.74, p = 0.0001) and β1 = 0.148 (t = 9.88, p = 0.0001). The standard error of 0.015 indicates the extent of deviation from the regression line. Replacing the regression coefficients into the model $Y = \beta 0 + \beta 1X1 + e$ gives an estimated linear equation $\hat{Y} = 3.039 + 0.148X1$. This implies that holding all other factors constant, a unit change in organizational structure results in 14.8 percent change in financial performance of the automation firms. The partial regression coefficient of organizational structure (β1) is not equal to zero and it is statistically significant as the t – test statistic has a p value which is less than 0.0001, implying that the model is reliable and valid. These findings show that the estimated model can be used to estimate the effect of organizational structures on financial performance of automation firms in Kisumu County.

5. Summary of the Findings

This study sought to investigate effects of organizational structures on financial performance of office automation firms in Kisumu County, Kenya.

To investigate how organizational structures affects office automation firms in Kisumu County, Kenya.

The study found that the organizational structure affected the financial performance of automation firms. The respondent highlighted the importance of putting in place formal organizational structure even if the firms are small and managed solely as family business. The study concurred with the study of the effect of organizational structure on financial performance of commercial state Corporations in Kenya (Ndwiga, 2018) which found that, organizational size, structure formalization, structure complexity and structure centralization affected the financial performance of commercial state corporations. Based on these responses of the participants it is certain that formal organizational structure is in place, however as indicated in the literature review, certain scenarios require informal flow of structures. If the current automation firms are using informal structures, then this needs to be transformed. The impact of organizational structure awareness on sales volume and inventory turnovers was examined. Examined were shared information, firm structural alignments, flexible structures, and structural designs. An organization can be compared to a building, the strength of which is derived from the framework and structure supporting it. The way connected components (resources) are arranged to allow a building to be stable, resilient to stress, and to offer the proper shape is known as its structure. Therefore, it's critical to comprehend how the interconnected components of the organization's structure are arranged in order for its performance to be effective (Eze et al., 2017).

Averagely the respondents agreed that inventory turnover, sales volume were affected by organizational structure to a larger extent which resulted into increased financial performance. This implies that the inventory turnover and sales volume of automation firms improves significantly when organizational structures are well aligned to strategies and that the structures are also flexible with proper structural designs in place and reporting channels well explained. This finding concurs with the conclusions made by earlier scholars that organizational structures is an important factor that leads to higher productivity and better performance. This has been confirmed also in investment groups participating in Kenyan capital markets where the results indicated that group organizational structure generally positively and significantly affects financial performance of investment groups in Kenya. Therefore, the role of organizational structures in improving financial performance is such a crucial and critical factor to the success of sales volumes and inventory turnover in automation firms.

The findings are also in agreement with the arguments Njiru (2014) in the study of effects of organizational structures on financial performance in commercial state corporations in Kenya. The study found that the organizational size, structure formalization, structure complexity and structure centralization affected the financial performance in the commercial state corporations. The number of non-executive directors affected the performance of the commercial state corporation was a challenge the board faced.

Finally, the study also revealed that most directors of automation firms in Kisumu County were involved in making the internal structures work and thus reducing ownership concentration which affected financial performance of the firms.

Policy Recommendations

The study recommends that organizational structures align with the firm's strategic objectives. Integrating technology-focused departments like research and development (R&D) and IT support within the core structure can promote innovation and quicker adaptation to industry trends. Flat and formal organizational structures be maintained with informal ones being used where necessary. On the other hand, organization's need to have favorable flexible organizational structures that when implemented can improve the financial performances.

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