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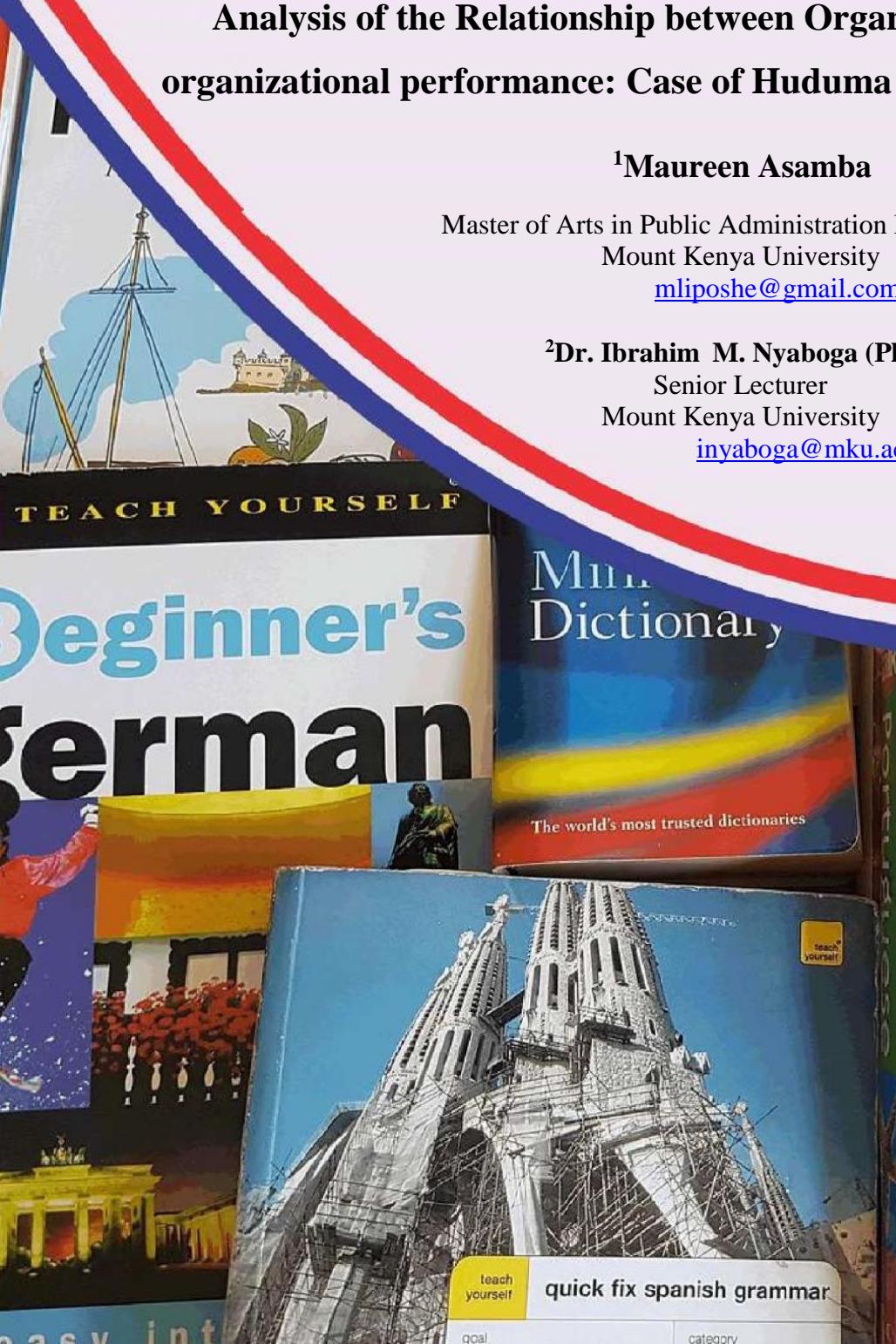
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## Analysis of the Relationship between Organizational structure and organizational performance: Case of Huduma Centers in Nairobi, Kenya

<sup>1</sup>Maureen Asamba

Master of Arts in Public Administration Management  
Mount Kenya University  
[mliposhe@gmail.com](mailto:mliposhe@gmail.com)

<sup>2</sup>Dr. Ibrahim M. Nyaboga (PhD)  
Senior Lecturer  
Mount Kenya University  
[inyaboga@mku.ac.ke](mailto:inyaboga@mku.ac.ke)



**ABSTRACT:** In an organization that is highly formalized, there are explicit rules that can slow down growth. Organizational structure is very important in efficient resources allocation and possible identifying growth opportunities for an organization. This study sought to analyze the relationship of organization structure on organizational performance of Huduma Centers in Nairobi. Study specific objectives were to determine the relationship of functional structure, divisional structure, horizontal structure and hierarchical structure on organizational performance of Huduma centers in Nairobi. Contingency theory anchored the study and were supported by new public management theory and human relation management theory. The study employed mixed methods of research by combining aspects of qualitative and quantitative data. The study population were 5 Huduma centres in Nairobi with 345 employees. A sample size of 185 employees of the Huduma Centers were calculated using Slovin's formula. The data in this study were obtained through the administration of the questionnaires to the sampled communities in the five Huduma centers in Nairobi City County. Results of the hypothesis indicated a strong positive significant relationship between functional structure ( $p=0.000<0.05$ ); divisional structure ( $p=0.000<0.05$ ) and horizontal structure ( $p=0.000<0.05$ ) on organizational performance. Further, there was a strong negative significant relationship between hierarchical structure and organizational performance ( $p=0.000<0.05$ ). The study concluded that functional structure, divisional structure, horizontal structure and hierarchical structure significantly influenced organizational performance of Huduma center branches in Nairobi County. The study recommends that establishment of consultative processes that enhance involvement of all stakeholders in the organization in decision making process. and also improve the motivation of employees. Strengthening of information system in an organization is essential in creating seamless operation. There is a need for policy makers to review decision making process and allow the employees in the lower cadre to be involved. Future studies should explore other organizational structures in determining their influence on organizational performance.

**Key Words:** *Organizational performance, Organizational structure, Huduma Center*

## 1.0 Introduction

Organization performance is a core component and a major issue every organization faces (Chegini, et al 2013), and that with productivity all organizations stand to benefit and have a competitive advantage. Productivity of an organization is considered as the capability of the institution to attain its objectives by optimizing resources (Kosec&Wantchekon, 2020). There are so many elements that influence structure of the company and productivity (Chegini, et al 2013). Structure of an organization is an essential factor in the performance of any institution. Organizational structure is an important aspect in management and responsible managers have to take into account (Adeyemi,& Owolabi, 2021).

Organization is viewed as the managerial function of organizing which involves aggregating of activities, creating authority, relationship responsibility, organizing functional activities to realize overall organizational goals redesigning of authority. Ang, et al. (2021), Chegini, Yousef and Rastad (2013) noted that productivity is a key driver to any organization and ideally should be made the main objective so that an organization can have a competitive advantage and achieve

goals and objectives. Thus, there are dimensional factors which constitute the organization structure and is much interrelated with the organizational structure and performance.

Child (2005) posits that organizational structure is very important in strategy implementation because it guides allocation of employees and capital to certain responsibilities and plan tasks and power for their management. This downplays the affirmation that organizational structure only affects performance, it also has an immense impact on morale and job satisfaction of employees' in an organization (Doz, 2020). Structure of an organization does not only improve competency of the organization but it also procedures that enhances performances. Thus, therefore there is no doubt that organizational structure influences its performance.

Organization structure gives an organization a shape to carry it is purpose within business environment. Organization structure only became meaningful when supported by system and well-conceived culture (Nene & Pillay, 2019). Organizational structure employed by any firm will be determined by particulars of the organization and interest.

With the increased complexity in management of organizations, several entities have adopted functional organizational structure. Ordinarily, functional organizational structure is a tool used for separation (Ahmady, et al, 2016). Activities of an organization grouped according to similarities of work functions. The established functions are related to dependent duties and shared goals. The redoing of activities is very limited in a functional structure thus promoting efficiency (Browning, 2002).

Greer, et al (2017) noted that improvement of information structure enhanced organizational performance. Hijal-Moghrabi, (2019) reported that effective information system is characterized by the ability to archive and pass information for the purpose of prioritization, control, evaluation, harmonization decision making that will improve performance. According to Miterev, et al (2016) organizational design is critical in allocation of tasks, division of tasks, provision of information and rewards. Hong (2020) argued that appropriate allocation type is closely linked to success of the organization. According to Chen, et al, (2014) horizontal structure is more capable of strategic network collaboration, leveraging on competency, transferring capabilities, flow of knowledge and multiple products.

### **1.1 Statement of the Problem**

Environment of the any enterprise is becoming very competitive and organizations are prioritizing to improve their competitiveness for one to remain afloat in a business environment and attain desirable performance. The organizational productivity relies on decision making process, level of employee motivation, information flow, effective communication, allocation of resources and problem rationalization. Organization performance mostly rely on its structure and design (Joseph et al. 2016). Organizational structure is very important in efficient resources allocation and possible identifying growth opportunities for an organization. Adopting suitable organizational structure gives an organization optimal combination of resources and also provide an edge in identifying market niche. The organizational structure therefore should be restructured in alignment with organization goals and enhance market competitiveness.

Several scholars have researched on this subject, Martela, et al. (2019) researched the effect of structure of a company on performance and concluded that structure of a company has vital role on productivity. Suitable structure of the company leads to desirable performance. Eze et al. (2017) studied the impacts of structure of a company on the productivity. It was established that organizational structure is weak predictor of performance. Therefore, organizational structure does not compliment so well with performance and therefore it is not important. Nene and Pillay (2019) examined the nexus between structure of the company and productivity of an organization. It was a proof that organizational structure was not effective though the study did not directly assess the nexus between the variables. Ineffectiveness of the structure is presumed to be the factor contributing to low staff morale and more so below the par performance registered by the department. Therefore, organizational structure has a negative effect on the productivity of the company. Martela et al. (2019), Eze et al. (2017) and Nene and Pillay (2019) all present mixed findings on similar subject and thus presenting a research gap which this study seeks to answer. The lack of consensus by scholars to identify a suitable organizational structure for a given organization begs the question why this has not been resolved despite so many scholars developing interest on this topic.

## 1.2 Objective

The study sought to analyze the relationship between Organizational Structure and Organizational Performance: Case of Huduma Centers in Nairobi. It specifically examined how horizontal structure, functional structure, hierarchical structure and divisional structure affected organizational performance.

## II: LITERATURE REVIEW

This study was anchored on Lex Donaldson in 1982 who states that an organization should find a fitting contingency to avoid losing performance. Organization adapt over changing contingencies over a given period of time. Organization should align its contingencies and performance over time and thus this creates association between contingencies and organizational characteristic (Burns and Stalker, 1961). Contingency theory is premised on three critical aspects that include contingency of environment, organizational size and characteristic.

This theory is significant to this research as it examines how organization is structured based on the three key factors that include environment, organizational size and strategy. Organization should be consistent with these three variables in order to achieve desirable performance. The three factors outlined by the theory are crucial in defining which structure should an organization adopt. For instance, in a firm with large human resources, the theory suggests that such a firm should adopt an organizational structure that suits their features which in this case is bureaucratic.

Most studies on organizational structure have highlighted its importance on the overall performance of an organization, according to Muhamed, and Ariffin, (2017). There is need to align organizational structure so that organizations can be both efficient and effective. The way organization is supposed to be structured has been studied extensively by so many scholars and how organization should be structured remain debatable. Ntale, et al., (2020) concluded that there are three critical aspects that come into play when structuring organization process kick on, they include centralization, formalization and specialization. A study on organizational structure by Eze et al., (2017) concluded that organizational structure is vital to performance of an organization.

Scholars like (Koufteros, & Peng, 2012 and Chegini, et al, 2013) have all argued about organizational structure with other holding similar view and others contradicting each other. Several scholars have attributed performance of several organizations with the organizational structure being adopted but they have failed to specify organizational structure that is suitable to any given organization based on its unique features. These organizational structures include flat, tall, matrix, divisional, geographical and bureaucratic among others.

Chegini, et al, (2013) remarked that profitability is one of the most important thing an organization faces and with productivity all organization stand to benefit. Salau, et al, (2014) argued that productivity is a component of three vital variables which include performance of financial parameters indicated by (profits, return on asset and return to shareholders). The second variable that is critical to performance is product market performance that is indicated by (sales and market share). The third most important component variable of performance is shareholder return. Schulman, (2020) noted that performance is an indicator of achievement over what was set as objective/goal by institution. According to Seth and Rastogi, (2018) satisfaction of clients is the most critical indicator of performance of any given organization and cannot be ignored. Seyed and Seyyed, (2011) concurred with this finding and further elaborated that financial indicators largely depend on customer satisfaction.

Donaldson, (1987) observed that divisional structure is suitable for a company that needs to diversify products and also relocate to new geographical territory. Matte (2017) reported that divisional structures employ concept of product and decision making is aligned to product specifics and all operate independently. Delmastro, et al, (2012) pointed out that there is no unique optimal organizational designs or new configuration. Obloj and Zenger (2017) posited informal and formal design elements have hampered behavioral costs together with magnitude of reward variance. Ordinarily it implies that social, geographical and structural proximity strongly correlate with behavioral response.

Nahm, et al, (2003) pointed out that horizontal structure significantly influenced locus of decision making and level of communication within an organization. According to Chen, et al, (2014) horizontal structure is more capable of strategic network collaboration, leveraging of competency, transferring of capability, flowing of knowledge and multiple products. Burton and Obel (2018) noted that interaction of employees' in horizontal structure is more frequent and intensive which result to strong teamwork and deeper understanding among the coworkers. It was further argued by Kathuria, et al. (2007) that horizontal structure is suitable in the lower level of strategy hierarchy which connotes consistency of decision making across all the functions. This structure requires partnership and collaboration among specific functional activities.

Hierarchical structure is characterized by different level of authorities and a chain of command connecting multiple management units within the organization (Forfang, 2021). Decision making process within this system is formal and it normally originates from the top as it flows down to the bottom and each unit of management has clear responsibilities and duties (Marquis& Huston, 2009). Hierarchical structure creates power imbalance which is an impediment to team performance (Ke& Wei, 2008).

### 3.0 METHODOLOGY

The research used qualitative and quantitative to disseminate the objectives of the research that leaded the research in formulating hypothesis. The study employed mixed methods research by combining all aspects of qualitative and quantitative finding.

The unit of observation were the 345 employees working in the five Huduma centers in Nairobi County. The study targeted respondents from five Huduma centers in Nairobi. These Huduma centers include GPO, City square, Makadara, Kibra and Eastleigh. The number of employees distributed across the five Huduma centers are presented in the table 3.1.

The research adopted Yamane (1967) simplified formula to obtain the number of respondents from the five Huduma centers in Nairobi City County.

**Table 3.1 Sample size**

Huduma Centers	Number of Employees	Sample of Employees
GPO Huduma center	161	86
City Square Huduma center	58	31
Makadara Huduma center	41	22
Eastleigh Huduma center	37	20
Kibra Huduma Center	48	26
<b>Total</b>	<b>345</b>	<b>185</b>

**Source: Researcher 2023**

The data in this study were obtained through the administration of the questionnaires to the sampled communities in the five Huduma centers in Nairobi City County. Questionnaires are portable, easy to construct, can be used for large data sets and the data can easily be analyzed and processed compared to spoken data.

Test-retest technique was applied in establishing the questionnaires reliability. To achieve content validity, the questionnaire was examined by the supervisor. Evaluation of statements to establish relevance was done. It's from the evaluation that instruments were adjusted to a standardized level for data collection exercise. The remarks from the review were used to correct the statements.

Multiple regression analysis was undertaken involving functional structure, divisional structure, horizontal structure and hierarchical structure and organizational performance. Multiple regression analysis enabled to determine coefficients of the independent variables and how they affect organization performance. Analysis of variance was done to determine the overall importance of the model. R-square was applied to indicate the variation and suitability of the model. Also, regression examination was applied to determine the regression coefficients of the variables.

### 4.0 Results and Discussions

This section presented findings of the study and further and discussion.

#### 4.1 Organizational Performance

Organization performance is an essential component of any success of an institution. The productivity of any organization determine its performance and competitiveness. Productivity of

an organization is crucial in attaining goals and objectives. The study sought opinion of the Huduma Center employees regarding the performance of the institution, analysis was done based on percentages, standard deviation and mean and this finding is presented in Table 3.

**Table 3**

Statement	Mean	Std
The organization meets its revenue targets annually	2.21	1.43
Services offered by the organization are of high quality and most of customers are satisfied	1.40	1.01
There is a cordial and healthy relationship between customers and the organization staff	3.72	1.37
Most of the customers who seek services are result of referrals occasioned by desirable services offered	3.63	1.31
Performance appraisal conducted by the external bodies have given the organization a clean bill of health over exemplary performance	3.90	1.09

According to the results, many of the respondents disagreed that the organization meet its revenue target annually (mean=2.21; SD=1.43). Additionally, several respondents disagreed that services offered by the organization are of high quality and most of customers are satisfied (mean=2.21; SD=1.43). Further, majority of the respondents agreed that there is a cordial and healthy relationship between customers and the organization staff (mean=3.72; SD=1.37). Likewise, majority of the respondents agreed that most of the customers who seek services are result of referrals occasioned by desirable services offered (mean=3.63; SD=1.31). Finally, majority of respondents agreed that performance appraisal conducted by the external bodies have given the organization a clean bill of health over exemplary performance (mean=3.90; SD=1.09).

#### 4.2 Functional Structure

Functional structure is ideal for a less established organization since there is no complexity in reporting. Functional structure guarantees specialization of labour where tasks and responsibilities are assigned to a specific individual with capacity thus enhances performance. The study sought the opinion of employees on the adoption of functional structure in the organization and the finding is presented in Table 4.

**Table 4**

Statement	Mean	Std
The reporting structure within this organization is simple and efficient	3.51	1.33
Specialization of tasks and duties has improved the performance of this organization	3.52	1.33
Grouping of related activities in this organization has enhanced productivity	3.51	1.35
Grouping of related activities has also improved performance of other departments		

	3.50	1.30
The flow of information within this organization has enabled me execute my duties diligently and effectively	3.58	1.34
Misinformation is handled well in this organization through corrective mechanism that have always yielded desired performance	3.60	1.34
Delegation of duties and responsibilities has enabled management receive requisite information	3.53	1.37
Competency in decision making and informant structure within this organization exist and has resulted to improved performance	2.48	1.43
Effective information system has enabled the organization to store and disseminate them effectively in management processes	2.36	1.14

From the results, many of the respondents agreed that reporting structure within this organization is simple and efficient (mean=3.51; SD=1.33). On the other hand, many of the respondents agreed that specialization of tasks and duties has improved the performance of this organization (mean=3.52; SD=1.33). Additionally, many of the respondents agreed that grouping of related activities in this organization has enhanced productivity (mean=3.51; SD=1.35). Many of the respondents agreed that grouping of related activities has also improved performance of other departments productivity (mean=3.50; SD=1.30).

Moreover, most of the respondents agreed that flow of information within the organization has enabled staff to execute duties diligently and effectively (mean=3.50; SD=1.30). Several of the respondents agreed that misinformation is handled well through corrective mechanism that have always yielded desired performance (mean=3.60; SD=1.34). Additionally, most of the respondents agreed that delegation of duties and responsibilities has enabled management receive requisite information (mean=3.53; SD=1.37). Majority of the respondents disagreed that competency in decision making and informant structure in the organization exist and has resulted to improved performance (mean=2.48; SD=1.43). Finally, many of the respondents disagreed that effective information system has enabled the organization to store and disseminate them effectively in management processes (mean=2.36; SD=1.14).

#### 4.3 Divisional Structure

Divisional structure is conducive for diversification of products in a huge organization where relocation to different geographical region is inevitable. This is ideal for an organization that want certain products grow and there is need to separate it from central management so that there is autonomous leadership running the affairs effectively. The study assessed the influence of divisional structure on organizational performance and the finding is presented in Table 5.

**Table 5 Divisional Structure**

Statement	Mean	Std
Diversification of products and opening up of new outlets has been facilitated well by divisional structured adopted by this organization	2.07	1.21
Decision making in this organization is based on product line has proved productive in addressing product diversification	1.89	1.21
Organizational design adopted by this organization is responsive market factors such as competition, human capital and innovation.	3.91	0.87
The social structure implemented by this organization is proximate and staff interact freely and share thoughts.	4.00	0.84

There is clarity on division of tasks and also coordination of tasks and responsibilities within this organization	3.78	0.97
Task allocation system is efficient and sensitive to the needs of the staff.	3.98	0.90
Top bottom task allocation has been convenient to the management and desirable to the staff	3.95	0.91
The organizational design adopted has been effective in evaluating internal changes	3.83	0.92

Table 5 indicated that participants did not concurred that diversification of products and opening up of new outlets has been facilitated well by divisional structured adopted by the organization (mean=2.07; SD=1.21). Many of the respondents disagreed that decision making in an organization is based on product line that proved productive in addressing product diversification (mean=1.89; SD=1.21). Additionally, majority of the respondents concurred that organizational design adopted by this organization is responsive market factors such as competition, human capital and innovation (mean=3.91; SD=0.87). Moreover, majority of the respondents concurred that social structure implemented by the organization is proximate and staff interact freely and share thoughts (mean=4.00; SD=0.84).

Moreover, many of the participants agreed that there is clarity on division of tasks and coordination of tasks and responsibilities within the organization (mean=3.78; SD=0.97). Likewise, majority of respondents agreed that task allocation system is efficient and sensitive to the needs of the staff (mean=3.98; SD=0.90). Additionally, majority of the respondents agreed that top bottom task allocation has been convenient to the management and desirable to the staff (mean=3.95; SD=0.91). Finally, many respondents agreed that organizational design adopted is effective in evaluating internal changes (mean=3.83; SD=0.92).

#### 4.4 Horizontal Structure

Horizontal structure is the most flexible structure that is characterized by less bureaucracy, management and staff interact conveniently with less restrictions. This structure allows open communication to thrive thus bringing transparency at the center stage in running of day to day organizational activities. The study investigated how respondents opined on various horizontal structure aspects affect organizational performance and the finding is presented in Table 6.

**Table 6 Horizontal Structure**

Statement	Mean	Std
Sharing of information and knowledge among staff within this organization is very common.	2.15	1.22
There is a robust collaboration between the organization and external stakeholders and this has strengthened ties and relations.	2.48	1.21
There is been a consistent decision making within this organization and this has improved working environment.	3.71	0.97
The organization risk management system has been effective in mitigating risks and also cost effective.	4.2	0.94
All stakeholders are involved whenever the organization is undertaking a vital decision making.	3.88	0.95

Organization rely on information guided by data in order to make informed decision and solving of a problem.	3.92	0.96
Feedback mechanism allows employee to assess and evaluate completion of tasks.	3.94	0.90
The organization goals and objectives have been realized aided by a robust feedback mechanism.	3.73	0.89

From the finding majority of participants disagreed that sharing of information and knowledge among staff within this organization is very common (mean=2.15; SD=1.22). Many of the respondents disagreed that there is a robust collaboration between the organization and external stakeholders and this has strengthened ties and relations (mean=2.48; SD=1.21). Additionally, majority of the respondents agreed that there is consistent decision making within this organization and this improved working environment (mean=3.71; SD=0.97). Likewise, many of the respondents agreed that organization risk management system is effective in mitigating risks and also cost effective (mean=4.2; SD=0.94). Moreover, many of respondent agreed that stakeholders are involved whenever an organization is undertaking a vital decision making (mean=3.88; SD=0.95). Several respondents agreed that an organization rely on information guided by data in order to make informed decision and solve a problem (mean=3.92; SD=0.96). Additionally, many of participants concurred that feedback mechanism allowed employee to assess and evaluate completion of tasks (mean=3.94; SD=0.90). Finally, many respondents concurred that organization goals and objectives have been realized aided by robust feedback mechanism (mean=3.73; SD=0.89).

### Hierarchical Structure

Organizations with complex systems need hierarchical organizational structure to effectively manage and handle tasks. In many large organizations where activities are structured formally and defined by rules, regulations and principles to manage activities. Hierarchical structure is essential in running activities in such organization where rules and regulations define interaction of staff and clients, allocation of responsibilities and duties. The organization is structured from top to bottom and every individual has a defined role. The study assessed how hierarchical structure influence performance and the finding is presented in Table 7.

**Table 7 Hierarchical Structure**

Statement	Mean	Std
The top bottom decision making is desired by several employees in this organization	2.09	1.21
The organizational structure adopted by this organization brings motivation and encourages team work	1.98	1.13
Decision making in this institution is aligned to team values which form the major part of the incentives	3.69	1.18
Formal communication adopted by this organization is effective in implementing decisions	3.89	1.07
High level of interdependency has informed the frequent adoption of formal communication within this organization.	3.78	1.18
Proper communication has seen the employees met their targets, goals and deadlines	3.86	1.06

Wide distance exhibited in top echelon has seen the organization achieve the desired performance	3.92	1.11
Less delegation of duties and responsibilities to the employees in the lower job cadre has not hampered the performance of the organization	3.74	1.14
Allocation of tasks and responsibilities with little consultation has not hampered service delivery	3.07	1.44

The finding indicated that many respondents disagreed that top bottom decision making is desired by several employees in an organization (mean=2.09; SD=1.21). Additionally, many of the respondents disagreed that organizational structure adopted instilled motivation and encouraged team work (mean=1.98; SD=1.13). Likewise, majority respondents concurred that decision making in an institution is aligned to team values that form major part of incentives (mean=3.69; SD=1.18). Moreover, most respondents agreed that formal communication adopted by this organization is effective in implementing decisions (mean=3.89; SD=1.07).

Participants unanimously agreed that high level of interdependency has informed the frequent adoption of formal communication within an organization (mean=3.78; SD=1.18). Additionally, majority respondents concurred that proper communication enabled employees meet their targets, goals and deadlines (mean=3.86; SD=1.06). Further, several respondents opined that wide distance exhibited on top echelon of management made organization achieve desired performance (mean=3.92; SD=1.11). Likewise, many respondents concurred that less delegation of duties and responsibilities to employees in the lower job cadre does not hampered performance (mean=3.74; SD=1.14). Finally, many respondents remained undecided whether allocation of tasks and responsibilities characterized by inadequate consultation hampered service delivery (mean=3.07; SD=1.44).

#### 4.5 Correlation Analysis

The organizational structure is made up of four aspects that include functional structure, divisional structure, horizontal structure and hierarchical structure. The finding of each variable (aspects of organizational structure) is assessed by Pearson (r). When its respective p value is less than 0.05 at 95% confidence level, it was concluded that there is statistical relationship among the variables and findings are presented in Table 8.

**Table 8 Correlation Results**

		Functional	Divisional	Horizontal	Hierarchical
Pearson	Organizationa	1	1	1	1
	1 Performance	Structure	Structure	Structure	Structure
Organizationa	Correlatio				
1 Performance	n	1	.497**	.538**	.588**
	Sig. (2-tailed)		0	0	0
	N	167	167	167	167

Functional Structure	Pearson Correlation					
	n					
		1	.334**	.271**	-.340**	
	Sig. (2-tailed)	0	0	0	0	0
	N	167	167	167	167	167
Divisional Structure	Pearson Correlation					
	n					
		1	.334**	.479**	-.251**	
	Sig. (2-tailed)	0	0	0	0	0.001
	N	167	167	167	167	167
Horizontal Structure	Pearson Correlation					
	n					
		1	.271**	.479**	-.312**	
	Sig. (2-tailed)	0	0	0	0	0
	N	167	167	167	167	167
Hierarchical Structure	Pearson Correlation					
	n					
		1	-.340**	-.251**	-.312**	
	Sig. (2-tailed)	0	0	0.001	0	
	N	167	167	167	167	167

\*\* Correlation is significant at the 0.01 level (2-tailed).

The first variable of the study was functional structure. The study had sought to determine influence of functional structure on organizational performance of Huduma Center branches in Nairobi County. The results indicated existence of a moderate positive and significant association between functional structure and organizational performance of Huduma Center branches in Nairobi County with ( $r=.497$ ,  $P=0.000$ ) at 95% confidence level. This implied that functional structure is essential in achieving desired performance by Huduma centers. However, there is still need of improvement. Competency in decision making and informant structures within an organization need to be strengthened. Moreover, organization ought to establish effective information system that is effective in dissemination of organization decisions and any other related information that is of help to stakeholders. Sobel, (2013) observed that information structure has been one of the most critical aspect of organization structure and has been a central of dissemination crucial decisions.

Moreover, second variable if the study was divisional structure. The study sought to establish influence of divisional structure on organizational performance of Huduma Center branches in Nairobi County. Based on correlation finding, there is a strong positive and significant association between divisional structure and organizational performance of Huduma Center branches in Nairobi County with ( $r=.538$ ,  $P=0.000$ ) at 95% confidence level. Divisional structure is one of the most essential pillar in realizing organizational performance. Nonetheless, there are areas that need

improvement for Huduma Center to realize its goals and objectives. Diversification of products and opening up of new outlets ought to adopt divisional structure in order to run their activities appropriately. Additionally, decision making is supposed to be based on product line in enhancing diversification of products within an organization that might help the organization achieve desired performance. Matte (2017) reported that divisional structures employ concept of product and decision making is aligned to product specifics and all operate independently also essential for diversification.

The third objective was to assess' the effect of horizontal structure on organizational performance of Huduma Center branches in Nairobi County. The correlation finding revealed that there is a strong positive and significant association between horizontal structure and organizational performance of Huduma Center branches in Nairobi County with ( $r=.588$ ,  $P=0.000$ ) at 95% confidence level. Horizontal structure is crucial in enhancing organizational performance. However, organization ought to improve the efficacy of sharing information and knowledge among staff. Likewise, a robust collaboration need to be strengthened to enhance performance of the organization.

The fourth objective of the study was to determine effect of hierarchical structure on organizational performance of Huduma Center branches in Nairobi County. The finding of the study revealed that there is a negative weak and significant association between hierarchical structure and organizational performance of Huduma Center branches in Nairobi County with ( $r=-.512$ ,  $P=0.000$ ) at 95% confidence level. This implied that hierarchical structure was not suitable with operation of this organization since principles guiding hierarchical structure might not create a conducive environment. However, some aspects of hierarchical structure ought to be embraced for the organization to attain its set goals. Top bottom decision is viewed by many as dictatorial and more inclusive approach ought to be embraced to enhance performance. Further, there is need for an institution to adopt organizational structure that cultivate motivation and team work which is considered essential in getting desired performance. DuBrin (2013) argued that hierarchical structure remains an impediment to team work in an organization because team members feel sense of kinship and connection with those in the same hierarchy which increases motivations among team members to share views and how matters should be addressed.

#### **4.6 Relationship between organizational structure and performance**

The multiple regression model was estimated to determine the effect of organizational structure on organizational performance of Huduma Center branches in Nairobi County. The model results output comprised of the model summary, Anova test and regression of coefficient and Table 9 presents the model summary results.

**Table 9 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758 <sup>a</sup>	.575	.565	.44118

a. Predictors: (Constant), Hierarchical Structure, Divisional Structure, Functional Structure, Horizontal Structure

Results of regression indicated a coefficient of determination R Square of 0.575 and R of 0.758 which is significant. The coefficient of determinant (R-squared) of .575 presents a 57.5% of the total variation in organizational performance of Huduma Center branches in Nairobi County and can be explained by the organizational structure. On the other hand, the Adjusted R Square of .565 shows that organizational structure, in exclusion of constant variable, explained in the changes in the organizational performance of Huduma Center branches in Nairobi County by 56.5%. The remaining (43.5%) can be elucidated by the factors not included in the regression model under investigation. The average deviation of the independent variable from line of the best fit is (.44118). The validity of the model was also validated using Analysis of Variance (ANOVA) and results are shown in Table 10.

**Table 10 ANOVA Results**

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.675	4	10.669	54.814	.000 <sup>b</sup>
	Residual	31.531	162	.195		
	Total	74.206	166			

a. Dependent Variable: Organizational Performance  
 b. Predictors: (Constant), Hierarchical Structure, Divisional Structure, Functional Structure, Horizontal Structure

The results indicated that the model was statistically significant in explaining effect of organizational structure on organizational performance of Huduma Center branches in Nairobi County as indicated by a p-value = 0.000; F (1,327) =54.814. The p<000 which is less than critical value 0.05 leads to rejecting the null hypothesis and fail to reject an alternative hypothesis that organizational structure has positive and statistical influence on organizational performance of Huduma Center branches in Nairobi County. Therefore, organizational structure is a significant predictor of organizational performance of Huduma Center branches in Nairobi County. The multiple regression model was employed in determining the relationship of study variables and the finding is presented in Table 11.

**Table 11 Multiple Regression Coefficient finding of Organizational structure and organizational performance of Huduma Center branches in Nairobi County**

Model	Coefficients				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	1.001	.367		.2727 .007
	Functional Structure	.296	.071	.238	4.199 .000
	Divisional Structure	.276	.071	.234	3.888 .000
	Horizontal Structure	.321	.059	.327	5.448 .000
	Hierarchical Structure	-.240	.050	-.270	-4.801 .000

a. Dependent Variable: Organizational Performance

The model regression coefficients that explain the effect of Functional Structure, Divisional Structure, Horizontal Structure, Hierarchical Structure on Organizational Performance of Huduma Center branches in Nairobi County is presented as;

$$Y = 1.001 + .296X_1 + .276X_2 + .321X_3 - .240X_4$$

Basing on the regression of coefficient results, the coefficient of Horizontal Structure ( $\beta=.321$ ) had the highest positive effect on the Organizational Performance of Huduma Center branches in Nairobi County, with Functional Structure ( $\beta=.296$ ) coming second, Divisional Structure ( $\beta=.276$ ) and Hierarchical Structure ( $\beta= -.240$ ) in that order. The implication of the findings is that horizontal structure is essential in enhancing Organizational Performance of Huduma Center branches in Nairobi County. The variables are paramount in determining Organizational Performance of Huduma Center branches in Nairobi County.

Results showed that regression coefficient of functional structure has a useful and remarkable impact on the organizational performance of Huduma Center branches in Nairobi County. ( $\beta=.296$ ,  $p=.000<0.05$ ). The regression of coefficient of .296 implies more adoption of functional structure results to improvement in organizational performance. The finding coefficient denote a unit a change of functional structure improves performance of Huduma Center by .296 units in Nairobi. This suggest that an improvement of functional structure increases performance of Huduma center. This supported by the outcome of descriptive finding and correlation results.

The regression of coefficient of divisional structure positively and significantly influences the organizational performance of Huduma Center branches in Nairobi County ( $\beta=.276$ ,  $p=.000<0.05$ ). The coefficient of .276 indicates that fostering divisional structure enhances organizational performance of Huduma Center Branches in Nairobi County. This signified that a unit change of divisional structure result to improvement in performance of Huduma centers branches in Nairobi County by .276 units. This proposes initiation of plans aligned to divisional structure enhance performance of Huduma centers branches in Nairobi. This was supported by descriptive analysis and correlation finding.

Further, it was established that regression coefficient of horizontal structure has a positive ( $\beta=.321$ ) and significant ( $p=.000<0.05$ ) association with the performance of Huduma center branches in Nairobi County. The model results mean that employing horizontal structure in an organization enhances organizational performance of Huduma Center branches in Nairobi County. Horizontal structure is essential since it involve all the stakeholders in decision making thus enhances inclusive solutions that facilitate performance. This is supported by descriptive analysis finding that suggested that horizontal structure is essential in enhancing performance.

The regression of coefficient hierarchical structure negatively and significantly impacts the organizational performance of Huduma Centers branches in Nairobi County ( $\beta= -.240$ ,  $p=.000<0.05$ ). The regression of coefficient of -.240 means that adoption of hierarchical structure inhibited organizational performance of Huduma Center Branches in Nairobi County. Some tenets of hierarchical structure inhibit certain aspects of employee that thrive performance for instance team work and non-participatory decision making. This was supported by correlation finding and some aspects of descriptive results.

#### **4.7 Hypothesis Testing**

The four stated hypothesis of the study was tested using multiple regression model as directed by specific objectives.

##### **H01: There is no statistically significant positive relationship between functional structure and organizational performance of Huduma Centers in Kenya.**

The hypothesis was tested by means of multiple linear regressions. The decision to either fail to reject or reject the null hypothesis was based on p-value. If the p- value is less than 0.05, the H01 is not rejected but if it is more than 0.05, then H01 is rejected. Therefore, the null hypothesis was that there is no statistically significant positive relationship between functional structure and organizational performance of Huduma Center branches in Nairobi County. Results indicated the p-value as  $0.000 < 0.05$ . The null hypothesis was therefore rejected. The study adopted the alternative hypothesis that there is statistically significant positive relationship between divisional structure and organizational performance of Huduma Center branches in Nairobi County.

##### **H02: There is no statistically significant positive relationship between divisional structure and organizational performance of Huduma Centers in Kenya.**

The hypothesis was tested by means of multiple linear regressions. The decision to either fail to reject or reject the null hypothesis was based on p-value. If the p- value is less than 0.05, the H02 is not rejected but if it is more than 0.05, then H02 is rejected. Therefore, the null hypothesis was that there is no statistically significant positive relationship between divisional structure and organizational performance of Huduma Center branches in Nairobi County. Results indicated the p-value as  $0.000 < 0.05$ . The null hypothesis was therefore rejected. The study adopted the alternative hypothesis that there is statistically significant positive relationship between divisional structure and organizational performance of Huduma Center branches in Nairobi County.

##### **H03: There is no statistically significant positive relationship between horizontal structure and organizational performance of Huduma Centers in Kenya.**

The hypothesis was tested by means of multiple linear regressions. The decision to either fail to reject or reject the null hypothesis was based on p-value. If the p- value is less than 0.05, the H03 is not rejected but if it is more than 0.05, then H03 is rejected. Therefore, the null hypothesis was that there is no statistically significant positive relationship between horizontal structure and organizational performance of Huduma Center branches in Nairobi County. Results indicated the p-value as  $0.000 < 0.05$ . The null hypothesis was therefore rejected. The study adopted the alternative hypothesis that there is statistically significant positive relationship between horizontal structure and organizational performance of Huduma Center branches in Nairobi County.

##### **H04: There is no statistically significant positive relationship between hierarchical structure and organizational performance of Huduma Centers in Kenya.**

The hypothesis was tested by means of multiple linear regressions. The decision to either fail to reject or reject the null hypothesis was based on p-value. If the p- value is less than 0.05, the H04 is not rejected but if it is more than 0.05, then H04 is rejected. Therefore, the null hypothesis was that there is no statistically significant positive relationship between hierarchical structure and organizational performance of Huduma Center branches in Nairobi County. Results indicated the p-value as  $0.000 < 0.05$ . The null hypothesis was therefore rejected. The study adopted the alternative hypothesis that there is statistically significant negative relationship between hierarchical structure and organizational performance of Huduma Center branches in Nairobi County.

**Table 12 Summary of Hypotheses Testing Results**

Hypothesis	Acceptance/Rejection Criteria	Conclusion
H01: There is no statistically significant positive relationship between functional structure and organizational performance of Huduma Centers in Kenya.	Null hypothesis is rejected when p value is greater than 0.05, otherwise we fail to reject null hypothesis	Reject Null hypothesis. Since p-value=0.000<0.05, Null Hypothesis was rejected and Alternative hypothesis adopted that: There is a statistically significant positive relationship between functional structure and organizational performance of Huduma Center branches in Nairobi County.
H02: There is no statistically significant positive relationship between divisional structure and organizational performance of Huduma Centers in Kenya.	Null hypothesis is rejected when p value is greater than 0.05, otherwise we fail to reject null hypothesis	Reject Null hypothesis. Since p-value=0.000<0.05, Null Hypothesis was rejected and Alternative hypothesis adopted that: There is a statistically significant positive relationship between divisional structure and organizational performance of Huduma Center branches in Nairobi County.
H03: There is no statistically significant positive relationship between horizontal structure and organizational performance of Huduma Centers in Kenya.	Null hypothesis is rejected when p value is greater than 0.05, otherwise we fail to reject null hypothesis	Reject Null hypothesis. Since p-value=0.000<0.05, Null Hypothesis was rejected and Alternative hypothesis adopted that: There is a statistically significant positive relationship between horizontal structure and organizational performance of Huduma Center branches in Nairobi County.
H04: There is no statistically significant positive relationship between hierarchical structure and organizational performance of Huduma Centers in Kenya.	Null hypothesis is rejected when p value is greater than 0.05, otherwise we fail to reject null hypothesis	Reject Null hypothesis. Since p-value=0.000<0.05, Null Hypothesis was rejected and Alternative hypothesis adopted that: There is a statistically significant positive relationship between hierarchical structure

		and organizational performance of Huduma Center branches in Nairobi County.
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#### **4.8 Findings of the Study**

The results from descriptive analysis and inferential analysis established that functional structure is essential driver of organizational performance.

Finding from both inferential and descriptive analysis pointed out that functional structure is an essential pillar in attaining organizational performance. However, descriptive analysis revealed that some aspects of functional structure had more influence on organizational performance. Effective information system is consisting of archiving tool that disseminate information based on priorities that ease decision making in organization and enhance performance.

Findings of descriptive and inferential analysis found out that divisional structure descriptive finding pointed out that some aspects of divisional structure contributed more to organizational performance as compared to others. The organizational design and task allocation system were found to be contributing more to the organizational performance as compared to other factors. The organizational design and task allocation system were found to be contributing more to the organizational performance as compared to other factors.

Results from inferential and descriptive analysis indicated that there is a positive and significant relationship between horizontal structure and organizational performance of Huduma center branches in Nairobi County. However, some aspects of horizontal structure contributed more to organizational performance of Huduma center branches in Nairobi. The risk management system and collective involvement of all stakeholders in decision making had the highest contribution to organizational performance.

Based on descriptive and inferential analysis hierarchical structure has negatively and significantly influenced organizational performance. However, some aspects of hierarchical structure contributed more to the organizational performance. Wide distance exhibited in top echelon and formal communication is the highest contributor to organizational performance. Thus, organization is essential to enhance performance and organization that lack adequate communication might suffer from missed deadlines, imperfect tasks and unmet goals. Communication importance is exhibited in defining roles, rules, communication, authority, accountability assignments and distribution.

### **5:Conclusion**

The study concluded that functional structure is an essential enabler to organizational performance. Information structure and management structure can improve reporting structure, specialization of tasks, grouping of related activities, flow of information misinformation mitigation, delegation of duties and responsibilities and Competency in decision making. The organizational design and task allocation system were found to be contributing more to the organizational performance on divisional structure. Risk management system and collective involvement of all stakeholders in decision making is essential on organizational performance especially on horizontal structure.

Wide distance exhibited in top echelon and formal communications are essential contributors to organizational performance.

### **5.1Recommendations**

The study recommends establishment of consultative process that enhance involvement of all stakeholders in the organization in participating in decision making process. It is important for organizations that have diversified their products across different geographical locations to decision making is supposed to be aligned to services provision of related services. Strengthening of information system in an organization is essential in creating seamless operation. In addition, study recommended strengthening of teamwork in an organization to ease impediment created by hierarchical structure that encourage top bottom decision making.

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