International Journal of Public Administration and Management Research (IJPAMR), Vol. 10, No. 4, 2024.
Available online at http://journals.rcmss.com/index.php/ijpamr. ISSN:2350-2231(E) ISSN:2346-7215 (P)
Covered in Scopedatabase- https://sdbindex.com/Sourceid/00000429, google scholar, etc.
Dickson Ontarige Kenyando & Robert Mosomi Ombati, 2024, 10(4):1-14

The Influence of Organizational Structure on the Financial Performance of KTDA Factories in Kisii Highlands Region

Dickson Ontarige Kenyando[1] & Dr. Robert Mosomi Ombati[2]

[1] Master of Business Administration, Mount Kenya University, Kenya
[2] Lecturer School of Business and Economics Lecturer, South Eastern Kenya University
Author Corresponding Email: benbuff78@gmail.com

Abstract
Financial performance is a crucial indicator of an organization's productivity and effectiveness, reflecting its ability to use resources to generate wealth, profits, and returns for stakeholders. Various factors influence financial performance, including resource utilization, employee productivity, and organizational leadership. This study aimed to identify and examine the impact of organizational structure on the financial performance of KTDA factories in the Kisii Highlands Region. A quantitative research method was employed, and a census of 36 respondents was conducted. The study relied exclusively on primary data gathered through questionnaires distributed to participants. To determine the relationship between each organizational factor and the financial performance of tea factories, regression analysis was conducted using SPSS software. The findings revealed that most respondents viewed the organizational structures of the tea factories as highly hierarchical, occasionally hindering and negatively impacting decision-making processes. The study suggested that organizations should aim to maintain streamlined organizational structures to reduce operational costs and improve efficiency. For the tea factories, granting them autonomy from the KTDA parent company could significantly strengthen their positions by relieving them of obligations to the parent organization.

Keywords: *organizational structure, performance, financial, Organisations*

1.0 Introduction

Private companies across various sectors operate within dynamic environments influenced by a multitude of internal and external factors (Möller, Ne nonen, & Storbacka, 2020). Organizational characteristics are among the most important in determining how well private organizations do financially. Understanding the intricate interplay between organizational dynamics and financial outcomes is imperative for organizational leaders, stakeholders, and policymakers to make informed decisions and sustain competitive advantages in today's complex business landscape. According to Bodjrenou, Xu and Bomboma (2019) organizational factors encompass a broad spectrum of elements ranging from leadership styles, organizational structure, culture, strategic decision-making processes, to human resource management practices. These factors collectively contribute to the operational efficiency, effectiveness, and overall performance of private companies.

Organizational structure encompasses the components within a company that govern its functioning and success. Businesses consist of interconnected elements forming the structural basis upon which they operate, aiming to steer the organization towards its defined objectives and aspirations. These factors influencing financial performance encompass various facets such as audits, corporate governance, internal politics, leadership dynamics including hierarchical structure and top-level management, as well as the overall organizational environment (Njoroge et al., 2016).

As Mohsin, Ahmed, and Streimikiene (2020) elucidate, the organizational environment encompasses both internal and external elements that impact its effectiveness. Internal factors pertain to those originating within the organization itself, whereas external factors stem from influences outside the organization's boundaries. External environmental factors, such as policies and regulations, exert notable influence on companies' financial performance by establishing frameworks for compliance. These regulations set standards that organizations must adhere to, thereby exerting a significant impact on their financial outcomes (Ahmed & Nganga, 2019). It is evident that all these organizational structures play a pivotal role in the decision-making processes within an organization.

A root word meaning "to carry out," "to execute," or "to accomplish" is "parfourmen," which is where the word "performance" comes from. Execution of tasks, attainment of objectives, and fulfillment of duties are all part of it. Accuracy, completeness, cost-effectiveness, and efficiency are some of the more generalized definitions of performance that describe the end result of an endeavor. Simply spoken, it indicates the degree to which a goal has been or is being met. According to Frich Kohlar, "Performance" is an all-encompassing word that denotes the sum of an organization's actions within a certain time frame, often assessed according to factors like past or future cost-efficiency, managerial effectiveness, accountability, or responsibility. It thus includes both the presentation and the quality of the results. According to Premchand (2012), a company's performance is a measure of its success, circumstances, and compliance with rules. The correlation between good corporate governance and financial success was investigated in a South Korean panel data research that ran from 2012 to 2016 (Cho, Chung & Young, 2019). The results showed that corporate governance and business performance are associated in a non-linear, inverted U-shaped relationship, which means that there is an ideal degree of corporate governance to maximize financial results. Organizational ownership structure was also shown to positively correlate with company success, according to the research.

Another empirical investigation conducted in Greece focused on distinguishing factors that influence an organization's financial performance from those impacting non-financial performance (Constantatos, 2018). The results indicated that firm size and leverage were two significant determinants of financial performance. Specifically, larger firms in Greece exhibited superior profitability and competitive advantage, attributed to effective management practices. Numerous scholars have validated firm size as a positive and significant factor influencing the financial performance of business entities (Constantatos, 2018). Kusmiati et asl., (2023) investigated the determinants of corporate performance among Indonesian companies, and their study findings demonstrated a positive relationship between various indicators, including company profitability, and firm size.

Previous research conducted in developed countries, particularly in the United States and the United Kingdom, indicated a favorable impact of leverage ratio and physical assets on firm performance (Andreou et al., 2016). The authors additionally suggested that the positive correlation between leverage ratio and firm performance is contingent upon market-driven factors within the business environment. Within the Omani banking sector, studies have confirmed the significance of bank size and effective asset management in attaining financial performance (Dalwai & Salehi, 2021). The findings suggest that larger banks with efficient asset management strategies are more likely to attain superior financial outcomes in the Omani context. Corporate governance mechanisms are essential for ensuring that investors in corporations receive satisfactory returns on their investments (Shleifer & Vishny, 2006). Without these mechanisms or if they fail to operate effectively, external investors would be reluctant to provide funds to firms or purchase their stocks. This could lead to adverse consequences for economic performance, as numerous promising business opportunities might be overlooked, and financial difficulties at individual firms could quickly spread to affect other firms, employees, and consumers. Previous research indicates a positive relationship between corporate governance and corporate performance. For instance, Kafidipe et al., (2021) found that firms operating in industries requiring substantial external financing experienced faster growth in countries with strong financial development indicators. Thus, corporate governance, as measured by improved accounting standards, enhanced legal protection for investors, and a robust legal framework, plays a significant role in influencing financial performance.

The idea that good corporate governance procedures correlate positively with business value has been independently supported by studies done by Sitorus and Sitorus, (2017), Mukhtaruddin et al., (2019), and Kiharo and Wangâ (2018). The effect of improved corporate governance on the cost of capital is well-known.

A company's "capital structure" is its overall financial plan, which includes the various debt and equity components that support the business. There is a strong correlation between a company's capital structure and its capacity to satisfy its stakeholders. A company's capital structure is the way it raises money for its assets, whether that's via stock, debt, or a mix of the two (Saad, 2010). A company's total debt includes both current and future obligations, as well as ordinary and preferred shares. Nonetheless, there are a number of useful theoretical frameworks that may shed light on the debt-to-equity ratio that businesses use.

Human resource development encompasses a spectrum of initiatives aimed at enhancing the performance of individuals within an organization or company. The core objective of human resource development revolves around the training, growth, and advancement of employees. Training constitutes activities geared towards fostering learning and knowledge acquisition within the organization (Swanson, 2022). The primary aim of education and training is to foster the development and overall competency of employees in fulfilling their duties. Cho, Kim and Mor Barak (2017) emphasized the importance for private enterprises to embrace diversity and flexibility within their workforce. Similar to large corporations, private entities are bound by regulations and laws mandating the diversification and development of their human resources. Consequently, these organizations must undertake proactive measures to bolster human resource development and cultivate a thriving workplace environment.

As the business landscape evolves, private companies must adapt their operational structures to facilitate the smooth transition of employees, catering to changing customer demands and demographic trends. Moreover, managers within these companies need to stay attuned to the evolving business requirements, environmental factors, and core competencies to ensure the long-term sustainability of their firms. Achieving this entails prioritizing human resource development. Implementing human resource development strategies offers private companies a competitive edge (Tamunomiebi & John-Eke, 2020). Development efforts extend beyond mere learning, aiming to enhance employees' competence, skills, and overall quality while fostering greater motivation and commitment to the organization. Strategic human resource development, meanwhile, focuses on aligning training and development initiatives with overarching organizational objectives, while also responding effectively to environmental demands (Swanson, 2022).

Organizational structure refers to the formal framework that delineates the hierarchy, roles, and responsibilities within an organization. An effective organizational structure can facilitate efficient decision-making, enhance communication, and promote collaboration, thereby positively impacting financial performance (Reddy & Scheepers, 2019).

As per Jillali and Belkasseh (2022), financial performance encompasses the execution of financial activities and, in a broader context, denotes the extent to which financial objectives have been achieved or are being pursued. It entails putting a company's strategy and operations' results into monetary terms so that it may be used as a benchmark to evaluate its overall financial health over a certain period of time. Xu, Liu, and Chen (2019) echo this sentiment, emphasizing the importance of financial performance in finance risk management.

Financial performance essentially mirrors the outcomes of a business sector, offering insights into its financial health and effectiveness in wealth generation, as highlighted by Nyathi et al. (2018). It gauges how efficiently resources are employed to enhance shareholder wealth and profitability. While various measures contribute to a comprehensive evaluation of financial performance, financial ratios stand out as prominent indicators in finance and statistical analysis. In order to assess financial performance, research conducted by Fatihudin (2018) in the tea industry from 2014 to 2018 used profitability measures, asset utilization ratios, leverage ratios, liquidity ratios, and the cash conversion cycle. The dependent variable was determined to be return on investment (ROI), and the independent predictive variable was the aforementioned ratios.

Over time, the financial performance of companies has garnered significant attention from shareholders, managers, researchers, and policymakers. However, there remains a lack of consensus regarding the appropriate methods for measuring such performance. Analysts commonly employ various metrics, with ratios being among the most frequently utilized, to assess a firm's performance. Nevertheless, there has been a recent shift in focus towards alternative performance indicators beyond purely financial aspects. Profitability, return on investment, and other financial measures are part of this set of indicators for the tea sector. Non-financial aspects include things like employee happiness, production volumes, and market share. In order to make well-informed decisions, many stakeholders have different preferences when it comes to performance metrics. As previously stated by Kearney (2013).

After the Kenya Tea Development Authority (KTDA) was privatized in June 2000, it took over all of the assets, liabilities, and obligations of its predecessor (Maina & Kosura, 2016). From agricultural extension to transportation, processing, and marketing, KTDA Holdings offers a wide variety of services to small-scale tea growers via its contractual partnerships with independent tea factory enterprises (KTDA, 2022). A member of this entity's six subsidiary firms is KTDA Management Services Limited (KTDA, 2022). With small farmers having equity positions, KTDA Management Services Limited oversees 54 firms that jointly manage 66 tea processing units (Maina & Kosura, 2016).

The Kenya Tea Development Agency Ltd (KTDA) is a primary provider of services to a large number of tea farmers producing tea at a small scale. This company is made up of 8 subsidiary companies whose core mandates are to provide services such as clearing and 3 forwarding, warehousing, exporting, blending, value addition and general trading to farmers (KTDA, 2016). KTDA has been experiencing several challenges especially in relation to financial performance like the decline of auctioning prices, little farmers wages awards, high cost of production with low income among others that are leading to the decline in tea production (Gesimba et al., 2005). These financial hurdles can be attributed to the organizational factors that are affecting the financial operations of the company both internally and externally. Effective management of organizational factors is paramount in decision-making and addressing financial challenges. Mismanagement of these factors can significantly impact financial performance negatively. Therefore, it is imperative to conduct an analysis to evaluate the influence of general organizational factors within KTDA factories on financial performance. The focus of this analysis is on KTDA factories in Kisii Highlands Region. This is motivated by the fact that KTDA is one of the largest private organizations in Kenya whose operations and financial performance is crucial to small-scale tea farmers and their households. These farmers greatly rely on KTDA factories to achieve their livelihood. This research assessed the way organizational factors may influence the performance of financial issues within KTDA factories in Kisii Highlands Region.

Concession programmes, leasing and build own operate arrangements have helped grow many businesses and the public sector has taken note of them. The programmes save organizations the costs of tax accruing from acquisition of land, machinery and allied movables. They equally reduce the startup costs of the organizations and aid propels them into the pedestal of growth, (Nyangito, 2011). The tea processing industry can only thrive on the realization of the need to engage the private sector in the realization of cost cutting as a measure of ensuring reduced expenditure. Invitation of partnerships can save the K.T.D. A enormous costs and give 4 farmers opportunities to maximize growth and realize better proceeds by virtue of having a bigger leeway and more avenues for processing the green leaf. Tea factories can equally engage the private sector partners to help improve their capacities and recover their costs over long periods of time. This will assure farmers of improved processing capacities and greater benefits from their production activities. Asset financing can thus be termed as a great initiative of enhancing and assuring the profitability of tea factories by way of having operating costs which are manageable and assured despite numerous demands and obligations to shareholders.

The Kenya tea industry is divided into sub-sectors of production systems that include the integrated multinationals that have their factories, plantation and small-scale farmers. Tea was introduced to Kenya in 1903 as an experiment in Limuru Kenya. However, tea production was not commercialized until 1924 when it became a cash crop that was completely under the control of the colonial government. In I956, Kenyans were allowed to start growing tea on their farms (Owuor, 2011). After independence, Kenyan farmers were able to auction their tea and export it to other countries. Over the years since independence, small-scale tea farmers have been able to gain significance ahead of the extensive estates accounting for about 60% of tea production in Kenya as at 2011. Both large and small-scale tea producers auction their tea at Mombasa Tea Auction, which is the second largest tea auction centre in the globe (Ndege, 2013).

Small-scale tea farmers are integrated by the Law, CPDA 2007 under KTDA, which coordinates, processes, and markets and group all small-scale farmers of tea production. KTDA Ltd was previously a public authority which was known as the Kenya Tea Development Authority that was formed under the legal notices No. 42 of 1964. The authority took over after the Special Crops Development Authority (SCADS), which had been created by the colonial government. The body was meant to enhance tea production in the country by taking over the 5 functions and liabilities of SCADS (Ndege, 2013). In 2000, the authority was privatized under Cap 486 of the Kenyan law to form the current KTDA, becoming the largest private tea management organization in Kenya. Currently there are 67 KTDA factories and eight subsidiary companies (KTDA, 2016). Kisii region is located in serene highlands. In recent years, the tea industry has faced numerous challenges, including low yield from small-scale farmers, over-reliance on a small number of export markets, poor factory control, restricted access to capital, rising production costs, and a lack of stakeholder involvement at the top of the value chain and with regulatory agencies. Additionally, there's been a lack of value-adding strategies, inadequate benefits to farmers from levies and access, limited research, extension services, and innovation, as well as weak local-level marketing (Ndege, 2013). These challenges have significantly impacted the financial performance of the industry, particularly within KTDA factories, which cater to small-scale farmers disproportionately affected by these issues.

Organizational structure plays a pivotal role in decision-making processes within companies, influencing the balance between wealth maximization objectives and overall economic viability (Ndege, 2015). Mismanagement of this structure can lead to significant failures, particularly when entrusted with managing assets and finances of stakeholders such as investors, clients, shareholders, and creditors. Despite the crucial role tea production plays in the Kenyan economy, contributing to foreign exchange earnings, income generation, and employment creation, concerns have arisen over declining tea income due to low-profit margins in the global market (Gesimba et al., 2005). Moreover, Kenyan tea prices have faced downward pressure in the international market, prompting small-scale farmers to consider alternative, more profitable crops.

In recent years, KTDA factories management has faced accusations of fund mismanagement and financial fraud, leading to delayed benefits for small-scale farmers (Kimutai, 2012; Kareithi & Kathuri, 2007). Such mismanagement has resulted in financial losses for tea farmers, compelling some to explore alternative crops, thereby reducing tea production in Kenya. On the other hand, there is a dearth of studies that examine the impact of organizational elements like structure and senior management on financial success. Research on the best practices for managing organizational elements to achieve optimum financial performance in businesses is crucial in filling this knowledge gap and adding to what is already known. Research by Kimanga (2015), Kareithi and Kathuri (2007), Ndege (2013), and Kimutai (2016) mostly focused on financial misconduct impacting the financial well-being of tea manufacturing facilities. The purpose of this research was to learn more about how organizational structure that affect the bottom line of the tea factories run by the Kisii Highlands Development Authority (KTDA).

2.0 Literature Review

2.1 Theoretical Literature

One of the theoretical underpinnings of the research was the resource-based theory of the company. Barney combined ideas from strategic management and organizational economics in 1991 to form this theory (Barney, 1991). A company's competitive edge and high performance, from this point of view, come from its special and distinctive skills (Scholes and Whittington, 2008).

According to the resource-based view, competitors are finding it easier and easier to replicate traditional sources of competitive advantage, such as financial resources, natural resources, technology, and economies of scale, which are all contributors to value creation (Jackson & Schuler, 1995). Firms within the same industry might have different degrees of performance; this is explained by the resource-based paradigm, which focuses on finding internal sources of sustainable competitive advantage (Peteraf & Barney, 2003).

The Resource-Based View (RBV) contends that a company's resources, both tangible and intangible, can confer an advantage over competitors. However, it underscores that simply possessing resources is insufficient; rather, it is the effective combination and utilization of these resources, known as capabilities, that create lasting competitive advantages (Wong & Karia, 2010).

RBV emphasizes the synergy and bundling of resources and capabilities, positing that a company's competitive advantage is most potent when these elements are integrated and mutually reinforcing. Companies possess diverse sets of resources, and their ability to acquire, develop, manage, and bundle these resources effectively determines their competitive position over time. RBV suggests that these resource bundles should be valuable, rare, difficult to imitate, and well-aligned with the company's organizational structure (Paulraj, 2011).

According to the resource-based view, competitors are finding it easier and easier to replicate traditional sources of competitive advantage, such as financial resources, natural resources, technology, and economies of scale, which are all contributors to value creation (Jackson & Schuler, 1995). Firms within the same industry might have different degrees of performance; this is explained by the resource-based paradigm, which focuses on finding internal sources of sustainable competitive advantage (Peteraf & Barney, 2003).

This study adopted RBV to elucidate how organizations leverage unique resources through financial management practices, thereby enhancing their financial performance. By understanding how financial management practices contribute to resource acquisition, development, and bundling, firms can gain insights into creating sustainable competitive advantages in the marketplace.

2.2 Organizational Structure and Financial Performance

The manner in which a company's activities are carried out is outlined by its organizational structure. A number of actions, including supervision, coordination, and the assignment of tasks, are included in it. The organizational structure of an organization has a significant impact on the efficiency of its financial performance. This is because the organizational structure defines the most efficient tactics that can be used to optimize the production of wealth inside the firm. Another way in which the structure of a company affects productivity is by ensuring that the appropriate persons are responsible for carrying out the appropriate duties. To ensure the maximum degree of productivity, an organizational structure is also the bedrock upon which control over processes, decision-making, power, and governance is built (Njiru, 2014). When it comes to private organizations, productivity is evaluated based on factors such as the level of happiness experienced by customers and profitability, which is reflected in the company's financial performance. Small-scale farmers, factory firms, and representatives of KTDA subsidiaries are the components that make up the organizational framework of the KTDA (KTDA, 2015). When it comes to the development of wealth, pricing, and the exploitation of assets, the control and choices that are made by this representative are very important in determining the financial success of the organization.

According to Robbin and DeCerzo (2005), every aspect of a firm relies on the organizational structure to achieve its goals and follow its strategic direction. Organizational structures are more useful to a firm when they align with its resources, objectives, competitive landscape, and purpose. This is applicable to the majority of situations. There is data shown by Levie (2006) that demonstrates a positive association between the degree of an organization's structure and the strategies that are implemented, as well as the efficacy and performance of a corporation. In other words, if a company's organizational structure is properly linked with the company's purpose and objectives, then it will have a favorable impact on the company's operational and financial success.

The impact of organizational structure on performance is largely regulated by environmental dynamics. Business owners should pay close attention to making sure their organizational structure matches the dynamics of the environment at each location if they want their organization to achieve high levels of financial and non-financial performance (Mansoor, 2012). Quingin, Helmu, and Juergen (2012) found that organizational structures may influence a company's financial and non-financial performance in indirect and direct ways. Their study was carried out in China and Australia. According to research by Oyewobi et al. (2013), which looked at how different organizational strategies and structures affected the performance of construction companies, the study found that organizational structures affected the companies' financial and non-financial performance. Two of the most important functions of every organization's structure are control and coordination, say Robbi and DeCerzo (2005). These tasks are fundamental for the company. A key responsibility of the control function is to enforce the use of hierarchical restrictions as a basis for decision-making at all levels. Coordination, on the other hand, comprises checking that their internal company activities are well-thought-out and in line with the goals of the company. It is evident from these studies that organizational structure is a major factor influencing financial and non-financial success. The management and coordination of many operations and activities allows this to be achieved.

3.0 Materials and Methods

3.1 The materials

The descriptive research approach was used for this study because it allows for data collection to be conducted in an undisturbed natural setting. The purpose of this quantitative study was to investigate, at KTDA enterprises in the Kisii Highlands Region, how various organizational characteristics affected their financial performance. In order to get a thorough knowledge of the dynamics at work, a quantitative descriptive study approach was used to shed light on certain scenarios (Anastas, 2012). As a result, the best way to investigate the link between KTDA factories' organizational variables and financial performance in the Kisii Highlands Region was to use a quantitative descriptive study methodology.

Every single factory in the Kisii Highlands Region—including Sanganyi, Tombe, Gianchore, Nyansiongo, Kebirigo, Nyankoba, Rianyamwamu, Itumbe Nyamache, Ogembo, Eberege, and Kiamokama—was considered for this study's intended audience (KTDA, 2016). This population comprises 24 factory managers, which included both factory unit managers and factory accountants, along with their assistants, as well as 12 finance officers, resulting in a total of 36 targeted respondents.

3.2 Methods

Data cleansing, which entails locating and fixing any missing, incorrect, or otherwise irrational information, follows data gathering. Next, the data was coded so that it could be analyzed. Quantitative methods were used for the purpose of data analysis. The statistical methods offered by the SPSS were carried out quantitatively utilizing spreadsheets and computers (Martin &

Acuna, 2002). Descriptive and inferential statistics were both used in the study. In order to examine the context, descriptive statistics were used, which included metrics like mode, SD, and means.

We used inferential statistics like regression and one-way ANOVA to find out whether the variables impacting financial performance were significantly different from one another. Using regression analysis, we were able to answer our study questions on how various organizational characteristics impact the financial performance of tea manufacturers. The financial performance was the dependent variable, whereas organizational characteristics were the independent ones. Equation one below represents the postulated model.

$Y = \alpha_0 + \beta_1 X_1 + \varepsilon_0$ equation (1)
From the equation (1),
Y = Financial performance,
α_0 = constant showing financial performance devoid of the influencing factors,
β_i = Coefficient of the independent variables
X_1 = Organizational structure,
ε_0 = error term associated with the regression model.

4.0 Results and Discussion

4.1 Response Rate

The study's sample size was 36 people, including accountants and manufacturing managers from KTDA enterprises in the Kisii Highlands Region. A response rate of 94.4% was achieved when 34 out of 36 questionnaires that were issued were properly filled out and returned. Analysis, judgments, and generalizations about a population may be made with a response rate of 75%, according to Nulty (2011). Furthermore, according to Fincham (2013), it is considered appropriate to analyze responses with a rate of 60% or above. The results may be inferred and reported with confidence from the 94.4% response rate.

4.2 Organizational structure

The goal of the research was to determine how organizational structure affected the KTDA factories in the Kisii Highlands Region's financial performance. Table 1 shows the respondents' evaluation of the organization.

Table 1: Rating Organizational Structure

		Frequency	Percent
Valid	Lean	11	32.3
	Highly Layered	23	67.7
	Total	**34**	**100.0**

Source: Researchers (2024)

Based on Table 1 Majority organizational structures of the tea factories were deemed extremely complex by 67.7% of the respondents. Their answers suggested that they had seen a lengthy chain of command among the various organizational spectrums. The replies demonstrated that the respondents had taken the time to consider and comprehend the management and decision-making processes that were in place, particularly since they were in management positions. It may be taken to indicate that the majority of the tea manufacturers had elaborate hierarchical organizational systems. The respondents gave reasons for their opinions, the most important of which was the abundance of middle-level management cadres and committees participating in the factories' administrative structures and decision-making processes.

The study's results align with the findings of Kotlar et al. (2018), who noted that organizational structure plays a crucial role in achieving a firm's objectives, strategic direction, and goals. An organizational structure is most effective when it aligns with the firm's resources, objectives, competitive environment, and mission. Galbraith (2014) supports this by demonstrating a positive relationship between the level of organizational structure and a company's strategies, effectiveness, and performance. This implies that a well-aligned organizational structure can enhance both operational and financial performance.

Table 2: Cross tabulation on the academic qualifications and rating of the organizational structure
Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.284[a]	3	.016
Likelihood Ratio	14.165	3	.003
N of Valid Cases	34		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .81.
Source: Researchers (2024)

Table 2 shows χ^2 (10. 284, N=34) = 14.165, p<0.000. The calculated statistic χ^2 = 10. 284 was found to be less than the tabled critical value of χ^2= 14.165. With an α value of 0.19, it can be concluded that there was no statistically significant correlation between academic credentials and organizational structure rating. The replies from the tea plant managers demonstrated that the organizational structures maintained their customary status and positions irrespective of the respondent's academic credentials. Table 3 displays the results of the respondents' organizational ranking.

Table 3: Instances of organizational structure effecting decision making

		Frequency	Percent
Valid	Always	5	14.7
	Occasionally	29	85.3
	Total	**34**	**100.0**

Source: Researchers (2024)

Table 3 reveals that 85.3% of those who took the survey thought that the organizational structures in the tea factories might sometimes get in the way of good decision-making. The results proved that the very complex organizational structures had a detrimental impact on the decision-making procedures. This proved that the several tiers of decision-making in the tea industry had unintended consequences. One possible reading is that the tea manufacturers' day-to-day operations were negatively affected by the complex organizational systems. A lack of communication between the boards of directors, who had executive power, and the managers responsible for running the tea factories on a daily basis was the main reason why the decision-making processes were impaired, according to the respondents. This pointed to the need of bringing the two groups' management styles into harmony with the organization's values in order to lessen the frequency of disagreements caused by divergent perspectives.

Dosi and Marengo (2017) argued that the impact of organizational structures on performance is often regulated by environmental dynamics; the results of this study support their stance. So, it's crucial for a company to devote great attention to making sure its structure fits the dynamics of its environment if it wants to achieve high financial and non-financial success. Making sure that decision-makers at all levels use the hierarchical constraints as a basis for their decision-making is the control function. Table 4 displays the results of the respondents' ratings on the impact of poor decision making on the performance of the organization.

Table 4: Impaired decisions making on organizational performance

		Frequency	Percent
Valid	To a great extent	6	17.6
	To a fair extent	19	55.9
	Not at all	9	26.5
	Total	34	100.0

Source Researchers (2024)

According to table 4's findings, the majority of respondents—55.9%—confirmed that the tea factories' financial performance had been somewhat impacted by the decision-making processes that were seen to be impeded by their multilayered organizational structure. The answers suggested that poor decision-making procedures had a significant influence on the tea manufacturers' overall performance, even to the point of adversely affecting their financial performance and raising the possibility of losses. However, several of the factories benefited from low risks, to the point where the decision-making procedures had no adverse effect whatsoever on the financial performance. Thus, it may be understood to imply that control over the decision-making procedures was necessary to lower the possibility of losses brought on by the activity's deterioration.

Table 5: Influence by organizational structure to financial performance

statements	N	Min	Max	Mean	Std. Deviation
The cost of maintaining the tea factory's complex organizational structure results in high operating expenses for the facility.	34	1	5	3.87	0.828
The finances of the tea manufacturers are severely strained by the directors' allowances and emoluments.	34	1	5	3.30	0.860
The democratic procedure of electing new directors each election cycle has significant financial ramifications that impact the tea factory's profitability.	34	1	5	3.57	0.984
The tea factory's profits are eroded by ongoing expenses incurred to satisfy the factory's commitments to the parent KTDA firm.	34	1	5	3.17	0.877
The expenses incurred by the management team and the workforce represent a significant financial strain that has an impact on the tea factory's profitability.	34	1	5	3.80	0.958
Valid N (listwise)	34				

With a mean of 3.87 and a SD of 0.828, Table 5 demonstrates that respondents were in agreement that the cost of maintaining the tea factory's multilayered organizational structure results in high operational costs. However, respondents were unsure about the claim that the directors' allowances and emoluments severely strain the manufacturers' finances (M=3.30, SD=0.860). On whether the democratic procedure of electing new directors each election cycle has significant financial ramifications that impact the tea factory's profitability, respondents were neutral on the statement with a mean of 3.17 and a deviation of 0.877. The responses reflected a situation where obligations to meet the operational expenses of the mother company negatively impacted on the organization's bottom line. This was with regard to having contributions being made being a heavy drain on the organization's budget but not drawing any immediate benefits in terms of the ability to confer financial rewards to the organization. As a result, it is possible to conclude that the direct costs accruing to the tea factories in terms of their duty to the head office had negative impacts. The recurring expenditure geared towards meeting the factories' obligations to the parent KTDA company has been determined to have the potential to erode the profitability of the tea factories (M=3.80 SD=0.958).

4.3 Correlation Results of Study Variables

The study's findings are shown in Table 6. The study used Pearson product moment correlation to measure the extent to which the dependent variable (financial performance) and the independent variables (organizational structure, corporate governance, human resource capacity, and Capital Structure Decisions).

Table 6: Correlation Coefficients

		organization structure	financial performance
Organizational Structure	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	34	
financial performance	Pearson Correlation	0.887	1
	Sig. (2-tailed)	0.000	
	N	34	34

The organizational layout and financial performance of KTDA enterprises in Kenya's Kisii Highlands Region showed a high, positive significant link, as shown by a correlation value of ($r=0.890$, $p<0.05$), according to the correlation study findings in Table 6. These findings suggest that organizational structure was positively and significantly associated with financial performance.

4.4 Regression Analysis

All the study variables for the regression equation were considered for the regression equation thus they were all model fit.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.896[a]	0.803	0.792	0.494

a. Predictors: (Constant), organizational structure

Having an overall correlation coefficient (R) of 0.896, the model summary in Table 7 shows a strong association between the selected organizational characteristics and the financial performance of KTDA industries in the Kisii Highlands Region of Kenya. The model's adjusted R square value was 0.803, meaning that modifications to organizational structure could account for about 80.3% of the variation in the financial performance of KTDA factories in Kenya's Kisii Highlands Region. Other variables not accounting for 19.7% of the variation in financial performance are the cause of the remaining variability.

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.280	4	0.320	31.310	.000[b]
	Residual	21.006	29	0.244		
	Total	22.286	33			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), organizational structure

Table 8 presents the F-calculated value of 31.310>2.53; P=0.000<0.05 from the ANOVA findings. The model was able to forecast the combined impact of certain organizational characteristics on the financial results of KTDA industries in Kenya's Kisii Highlands Region, according to these findings. Additionally, the ANOVA findings show that there is a statistically significant correlation between a few organizational characteristics and the financial performance of KTDA firms in Kenya's Kisii Highlands Region (P-value = 0.000<0.05).

Table 9: Regression Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	0.662	0.307		5.318	0.000
	Organizational Structure	0.816	0.039	0.062	0.580	0.000

a. Dependent Variable: Financial Performance

In table 9, the results of the regression coefficients showed that the constant, β=0.662, with a p-value of 0.000>0.05, the coefficient for organizational structure.
Therefore, the multiple regression equation was summarized as follows;
$Y = 0.662 + 0.816X_1$
This indicates that KTDA industries in the Kisii Highlands Region, Kenya, would have a financial performance of 0.662 if all factors were kept constant. The financial performance of KTDA industries in the region would improve by 0.816 when Organizational Structure is increased by one unit.

5.1 Conclusion

The tea plants had high operating expenses as a result of the expense of maintaining their complex organizational structure. The several layers of governance that were in place had an impact on the total cost of operating the tea operations. Due to the operating expenditures directly associated with paying the board of directors, allowances and other benefits owed to the directors were one element that significantly depleted the coffers of the tea companies. Elections must be held every three years in order to meet the criteria of democratic procedures. This has financial repercussions, which must be addressed in order to fulfill the necessary duty.

5.2 Recommendations

To save expenses and boost productivity, organizations should work to develop lean structures for organization. This endeavor will also mitigate instances of redundancy in function execution and establish well-defined decision-making pathways within the organization, thereby minimizing disputes among members. Such attributes can significantly advance organizations by fostering harmony and instilling a culture of decisiveness among members, who take ownership of the decisions made. Additionally, lean structures may alleviate the high operational costs associated with meeting directorial allowances and emoluments in multi-layered setups.

REFERENCES

Ahmed, S. O., & Nganga, P. (2019). Governance frameworks and economic outcomes of regional administrations in coastal Kenya. *International Journal of Contemporary Governance*, 3(5), 28-41.

Bodjrenou, K., Xu, M., & Bomboma, K. (2019). Drivers of employee engagement: An examination of personal and organizational influences. *Open Journal of Organizational Behavior*, 7(05), 276.

Cho, S. J., Chung, C. Y., & Young, J. (2019). Exploring the link between corporate social responsibility and economic performance. Sustainability in Business, 11(2), 343.

Cho, S., Kim, A., & Mor Barak, M. E. (2017). Embracing diversity: Evaluating workforce inclusion strategies in social enterprises. *Asian Journal of Workplace Dynamics*, 11(3), 193-204.

Constantatos, A. F. (2018). Corporate oversight mechanisms in Hellenic enterprises and their impact on financial reporting and business viability.

Dalwai, T., & Salehi, M. (2021). Strategic planning, intellectual assets, firm effectiveness, and risk management: Insights from corporate operations in Oman. *Asian Journal of Accounting Perspectives,* 29(3), 474-504.

Das, C. P., & Swain, R. K. (2018). Capital configuration and organizational performance analysis. *Journal of Organizational Development*, 14(1), 161-171.

Eisenhardt, K.M. (2013). Top Management Teams and the Performance of Entrepreneurial Firms. *Journal of Entrepreneurial Excellence*, 40, 805-816.

Fatihudin, D. (2018). Performance metrics in infrastructure projects. *International Journal of Engineering Management*, 9(6), 553-557.

Flora, A. (2011). Organizational Culture. *Journal of Organizational Psychology*, Prentice Hall, London.

Jackson, A.R. (2010). Comparative and International Corporate Governance. *Journal of Comparative Management*, 485-556.

Jillali, S. A., & Belkasseh, M. (2022). Assessing financial performance: An alternative framework for analysis. (A comprehensive literature review). Archives of Economic Research, 10(03), 191-216.

Kafidipe, A., (2021). Governance practices, risk oversight, and financial performance of listed banks in Nigeria. Cogent Strategies & Operations, 8(1), 1888679.

Kareithi, A., & Kathuri, B. (2007). MPs Call for Disbandment of KTDA over 600M Scam. Retrieved from http://allafrica.com/stories/200706220020.html.

Kenya Tea Development Agency Holdings Limited (KTDA). (2015). Company Profile, Products & Services. Retrieved from http://www.ktdateas.com/pdfdocuments/KTDA_Brochure_Booklet.pdf.

Kenya Tea Development Agency Holdings Limited (KTDA). (2016). About Us.

Kombo, O., & Trump (2006). Research Methods. *Nairobi: Kenyatta University Virtual Centre Printers*.

Kusmiati, E., (2023). Factors influencing the effectiveness of Indonesian cooperative enterprises. *International Journal of Socioeconomic Studies*, 50(9), 1285-1301.

Mahinda, G. (2010). The Challenges of Financing for Production Activities in the Kenyan Tea Industry. *Working Paper, Kenya Institute of Policy and Research Analysis*.

Mohsin, H. J., (2020). Assessing financial performance in the context of external influences on organizational cash flow. Contemporary Economics, 406-414.

Möller, K., Nenonen, S., & Storbacka, K. (2020). Interconnected systems: Understanding business environments. Industrial Marketing Insights, 90, 380-399.

Mukhtaruddin, M., (2019). Governance best practices, social accountability, market value, and financial performance as mediating factors. *Indonesian Journal of Sustainable Business Practices*, 3(1), 55â-64.

Mukundi, A. (2010). Decentralization of Management of Tea Industry in Kenya. *Working Paper, Kenya Institute of Research and Policy Analysis*.

Njoroge, J. K., (2016). Analyzing the impact of external factors on organizational effectiveness: The case of state corporations in Kenya. Management and Organizational Insights.

Nyathi, K. A., (2018). The role of financial information in SME success: A case study of Harare. *Journal of Business and Strategy* (DRJ-JBS), 1(1), 01-15.

Orwa, E. A., Ourma, D., & Okwemba, E. M. (2022). Human resource expenses and financial outcomes of listed corporations in Kenya. *American International Journal of Business Performance*, 5(10), 32-38.

Paunović, M. (2021). Human capital impact on financial outcomes of entrepreneurial ventures in Serbia. Management: Sustainable Solutions for Emerging Markets, 26(2), 29-46.

Ravasi, W. (2006). The Corporate Culture and How It Affects Organizations. *Unpublished review*, 44, 85–90.

Reddy, M., (2019). Influence of organizational norms on strategic implementation in a South African context.

Sakr, A., & Bedeir, A. (2019). Evaluating capital structure effects on company performance: A focus on non-financial firms listed in Egypt. *International Journal of Financial Insights*, 14(4-1), 328-336.

Savitri, E., & Syahza, A. (2019). Human capital and competitive strategies: Impact on SME financial performance. *International Journal of Scientific & Technological Advancements*, 8(04), 86-92.

Schultz, W. (2006). Building Organizational Culture for High Performance. *London: Oxford University Press*.

Shet, S. V., & Dwivedi, Y. K. (2021). An analytical framework for evaluating the factors that influence the successful use of data analytics in HR management. *Journal of Business Management Research Organizational Dynamics*, 10(2), 255-265.

Sitorus, T., & Sitorus, T. V. T. (2017). Governance best practices and firm valuation: Exploring the role of corporate responsibility. *Corporate Governance & Ownership*, 14(4-1), 328-336.

Swanson, R. A. (2022). Fundamentals of personnel development. Berrett-Koehler Publishers.

Tamunomiebi, M. D., & John-Eke, E. C. (2020). Workplace inclusivity: Emerging themes in contemporary organizations.

Xu, J., Liu, F., & Chen, Y. H. (2019). Research & development, marketing, and firm financial performance in South Korea: Impact of company size. *Sustainability in Economics*, 11(14), 3764.