IJSAHM

International Journal of Strategic Management, Accounting and Human Resources Management

Peer-Reviewed Academic Journal

Volume 1 | Issue No.3 | 2026 | ISSN: 1234-5678

IJSAHM Publications | Nairobi, Kenya

www.ijsahm.org

ORGANIZATIONAL STRUCTURE AND CHANGE MANAGEMENT AT KENYA WOMEN MICROFINANCE BANK IN NAIROBI COUNTY, KENYA

Agnes M. Kimui[1] & Dr. James Odhiambo Oringo[2]

ABSTRACT

This study examined the influence of organizational structure on change management at Kenya Women Microfinance Bank in Nairobi County, Kenya. The study was motivated by the increasing need for financial institutions to adopt effective organizational structures that enhance adaptability, operational efficiency, and successful implementation of organizational transformation initiatives. Specifically, the study sought to establish how organizational structures influence communication, coordination, employee involvement, and implementation of change processes within the institution. The study adopted both descriptive and explanatory research designs to facilitate an in-depth analysis of the relationship between organizational structure and change management. The target population comprised 87 employees drawn from top management, middle-level management, and junior staff. Since the population was relatively small, a census approach was adopted where all employees participated in the study. Data were collected using semi-structured questionnaires and analyzed using descriptive and inferential statistics with the help of Statistical Package for Social Sciences (SPSS) version 21.0. Reliability of the research instrument was tested using Cronbach's Alpha Coefficient, with all variables recording values above the acceptable threshold of 0.7, indicating acceptable reliability. The findings revealed that organizational structure significantly influences change management at Kenya Women Microfinance Bank. The study established that the organization had documented rules, policies, and procedures that guided implementation of organizational change initiatives, reflected by a high mean score of 4.04. The findings further indicated that departmental structures, communication systems, and transfer procedures positively supported organizational transformation processes. Employees also demonstrated strong support for change initiatives, while organizational culture and resource availability were found to facilitate effective change management. The study concluded that organizational structures characterized by clear reporting relationships, effective coordination mechanisms, employee participation, and supportive leadership significantly enhance successful implementation of change initiatives within microfinance institutions. The study recommends that Kenya Women Microfinance Bank should strengthen organizational structures that promote employee involvement, communication, and coordination during implementation of organizational changes. The management should also encourage decentralized decision-making and continuous employee training to improve adaptability and minimize resistance to change. Additionally, the institution should regularly review and align its organizational structures and policies with emerging technological, operational, and customer service demands within the dynamic financial sector.

Key Words: Organizational; Structure, Change; Management; Microfinance; Bank

1. BACKGROUND

Organizational structure plays a fundamental role in determining how institutions coordinate activities, allocate responsibilities, and respond to internal and external changes. A well-designed organizational structure enhances communication, decision-making, accountability, and operational efficiency, all of which are essential for successful change management. Change management refers to the systematic approach used by organizations to transition individuals, teams, and organizational processes from a current state to a desired future state in order to improve performance and competitiveness. In the contemporary business environment characterized by technological advancements, globalization, and dynamic customer demands, organizations are increasingly compelled to adopt effective structural arrangements that support adaptability and continuous transformation. Similarly, According to Robbins and Judge (2019), organizational structures influence how effectively institutions implement strategic changes because they determine reporting relationships, authority levels, and coordination mechanisms. Similarly, Burnes (2020) observes that organizations with flexible and decentralized structures are more likely to successfully manage change compared to highly rigid and bureaucratic institutions.

Globally, financial institutions have continued to restructure their operations to cope with market competition, regulatory reforms, digital transformation, and evolving customer expectations. Microfinance institutions in particular operate within highly competitive and rapidly changing environments that require continuous organizational adaptation. Effective organizational structures facilitate innovation, employee participation, and efficient service delivery during periods of organizational change. According to Cameron and Green (2019), successful change management depends on the extent to which organizational structures support communication, leadership coordination, and employee involvement throughout the change process. In many developing countries, microfinance banks have adopted structural reforms aimed at enhancing operational efficiency, expanding outreach, and improving customer satisfaction. However, weak organizational structures characterized by unclear authority lines, poor coordination, and centralized decision-making often hinder implementation of organizational change initiatives and negatively affect institutional performance (Todnem, 2018).

In Kenya, the banking and microfinance sector has experienced significant transformation driven by technological innovation, financial sector reforms, increased competition, and changing customer needs. Institutions such as Kenya Women Microfinance Bank have increasingly implemented organizational changes aimed at improving service delivery, operational efficiency, and financial inclusion, particularly among women and small-scale entrepreneurs. Despite these efforts, many financial institutions continue to face challenges related to resistance to change, ineffective communication structures, and limited employee involvement during implementation of organizational transformation initiatives. Research by Kihara and Wanyoike (2021) indicates that organizational structure significantly influences the success of change management processes within Kenyan financial institutions because it affects coordination, information flow, and employee responsiveness to change. Therefore, examining the relationship between organizational structure and change management at Kenya Women Microfinance Bank is important in understanding how structural arrangements influence the successful implementation of organizational change initiatives within the microfinance sector in Nairobi County, Kenya.

2. LITERATURE REVIEW

Organizational structure has consistently been identified as a significant determinant of effective change management within organizations. Scholars argue that the arrangement of authority, communication channels, and departmental coordination influences how employees perceive and respond to organizational change initiatives. Armenakis and Bedeian (1999) noted that organizational structure affects employees' readiness for change by shaping communication flow, leadership interactions, and participation in decision-making processes. Flexible and decentralized organizational structures tend to support innovation, adaptability, and employee involvement, which are essential during organizational transformation. Conversely, rigid and bureaucratic structures often create resistance to change due to delayed communication and centralized decision-making. Although the study provided a strong conceptual understanding of organizational structure and change management, it mainly focused on general organizations and did not specifically examine microfinance institutions, thereby creating a contextual gap that the current study seeks to address.

Ebongkeng (2018) examined the relationship between organizational change and the performance of microfinance institutions using an exploratory research design at SOFINA. The study established that organizational structure plays an important role in facilitating communication, defining reporting relationships, and improving coordination between employees and management during change processes. The findings further indicated that effective structural arrangements strengthen customer relations and operational efficiency within financial institutions. The study concluded that successful organizational change requires supportive leadership structures and proper alignment of departments and employee responsibilities. However, despite focusing on microfinance institutions, the study concentrated primarily on organizational performance rather than change management practices, thus presenting a conceptual gap for the current study which specifically examines how organizational structure influences change management at Kenya Women Microfinance Bank.

Kanten et al. (2015) investigated the effects of organizational structure and learning organization practices on employee adaptability within the hospitality industry. The study established that mechanistic organizational structures positively influence work integration, while organic structures enhance learning and adaptive efficiency among employees. Additionally, the findings showed that learning organizations improve employee flexibility, innovation, and responsiveness to organizational change. These results imply that organizations with adaptive structures are more likely to successfully implement change initiatives because employees can easily adjust to new operational systems and procedures. Nevertheless, the study was conducted in the hospitality sector, which differs significantly from the financial and microfinance industry in terms of operational dynamics and regulatory environments. Therefore, the findings may not be fully generalized to microfinance institutions in Kenya.

Similarly, Burnes (2020) examined organizational change management and observed that organizational structure significantly determines the success or failure of change initiatives. The study found that organizations with decentralized structures experience smoother implementation of change because employees are empowered to participate in decision-making and problem-solving processes. Decentralized systems also enhance communication efficiency and reduce resistance to change by promoting employee involvement and accountability. On the other hand, centralized structures tend to delay implementation due to bureaucratic procedures and limited employee autonomy. Burnes further argued that structural flexibility enables organizations to quickly adapt to environmental changes, technological advancements, and competitive pressures. However, the study mainly focused on multinational corporations and large organizations, thereby creating a contextual gap regarding microfinance banks operating within developing economies such as Kenya.

In the Kenyan context, Kihara and Wanyoike (2021) investigated the influence of organizational structure on strategic change implementation in financial institutions. The study revealed that organizational structures characterized by clear reporting lines, effective communication systems, and teamwork significantly improve the implementation of organizational change programs. The findings further established that employee participation and coordination among departments contribute positively to successful change management outcomes. However, institutions with rigid hierarchical structures experienced delays in implementation and increased employee resistance to change. Although the study focused on financial institutions in Kenya, it did not specifically examine microfinance banks or the unique operational environment of women-focused financial institutions. Consequently, the present study seeks to fill this empirical gap by examining the influence of organizational structure on change management at Kenya Women Microfinance Bank in Nairobi County, Kenya.

2.1 Conceptual Framework

Figure 2.1 depicts the study's conceptual structure, including organizational values, organizational norms and organizational norms/ritual as independent variables. Change management is the dependent variable.

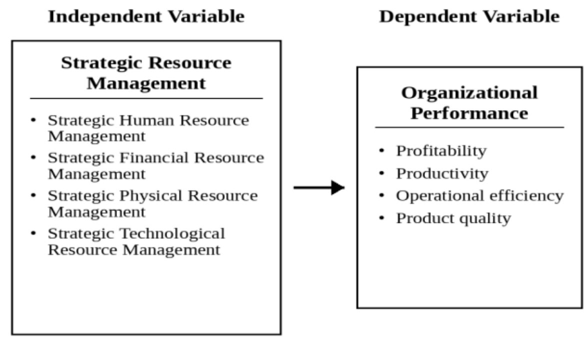

Figure 2.1: Conceptual Framework

3. METHODS AND MATERIALS

The study adopted both descriptive and explanatory research designs to examine the relationship between organizational structure and change management at Kenya Women Microfinance Bank in Nairobi County, Kenya. The descriptive design enabled the researcher to analyze behaviors, attitudes, and organizational characteristics associated with change management practices, while the explanatory design helped in establishing relationships between organizational facilitators and business process redesign practices. The target population comprised 87 employees drawn from different management levels within the institution, including 6 top managers, 16 middle-level managers, and 65 junior employees. Since the population was relatively small, the study employed a census approach whereby all the 87 employees participated in the study to ensure comprehensive representation and accurate findings.

Data for the study were collected using semi-structured questionnaires, which were considered suitable because they are cost-effective, easy to administer, and facilitate efficient compilation of responses. The questionnaire was divided into seven sections, with the first section capturing demographic information while the remaining sections addressed the study variables. A pilot study involving 10% of the sample population was conducted using respondents from Faulu Kenya who were excluded from the main study. The pilot study assisted in assessing the validity and reliability of the research instrument. Validity was ensured through expert review and consultation with supervisors to enhance content and construct validity. Reliability was tested using Cronbach's Alpha Coefficient, with a threshold of 0.7 adopted to determine acceptable internal consistency of the instrument items.

The study followed appropriate data collection procedures by first obtaining authorization from the institution and securing a research permit from NACOSTI before administering questionnaires to respondents. Ethical principles such as informed consent, confidentiality, and voluntary participation were strictly observed throughout the research process. Quantitative data were analyzed using descriptive statistics including frequencies, percentages, means, and standard deviations, while inferential statistics such as correlation and regression analysis were used to establish relationships between organizational structure and change management. The Statistical Package for Social Sciences (SPSS) version 21.0 was utilized in data analysis. Additionally, diagnostic tests including tests of normality, linearity, multicollinearity, and heteroscedasticity were conducted to ensure that the data satisfied the assumptions required for regression analysis and to improve the reliability and validity of the study findings.

4. RESULTS AND DISCUSSIONS

4.1 Response Rate from the Questionnaire

The research sought responses from 87 managers at Kenya Women Microfinance Bank. Table 4.1 displays the response rate results.

Table 4.1: Response Rate

Questionnaire Status	Count	Proportion
Completed and returned	67	77.01%
Not returned	20	22.99%
Total distributed	**87**	**100%**

Considering the findings from Table 4. 1, 67 questionnaires, which is about 77. 01%, were filled out and sent back. This shows a response rate that exceeds 60%. Babbie (2004) states that a "response rate" above 60% is deemed suitable for research, and this percentage is regarded as favorable for a study.

4.2 Reliability Analysis

Evaluation of the five Likert scale variables' internal consistency was achieved through the results of reliability tests. It also calculates the reliability coefficients for each of the Likert scaled item and shows the findings in Table 4.2.

Table 4.2: Reliability Assessment

Variable	α	Items
Information Technology	.723	5
Organizational Structure	.760	5
Organizational Culture	.835	6
Human Resource	.783	5
Change Management	.845	6

Note: All variables were reliable, with Cronbach's alpha coefficients above 0.70.

Table 4.2 revealed that all examined items exceeded the accepted Cronbach's alpha value of 0.7. All variables passed the reliability standard of 0.7 or above ensuring their eligibility for inclusion in this research.

4.3 Gender of the Respondents

According to Figure 4.1, 27 (40%) of the responders were female, but the bulk of 40 (60%) said they were male. This suggested that males made up the majority of "Kenya Women Microfinance Bank" management.

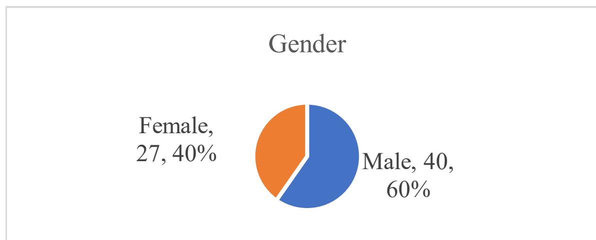

Figure 4.1: Gender of the Respondents

4.4 Age of the Respondents

The results in Figure 4.2 show that the majority of the respondents, 28 (41.8%), were aged between 36 and 45 years, while 25 (37.3%) were aged between 46 and 55 years. Further, 7 (10.4%) were aged between 26 and 35 years, 4 (6.0%) were above 55 years, while only 3 (4.5%) were below 25 years. This distribution indicates that most respondents were mature managers who were likely to have accumulated substantial work and managerial experience. Their age profile suggests that they had adequate exposure to organizational practices and decision-making processes within Kenya Women Microfinance Bank. Consequently, they were well positioned to provide informed responses on issues relating to the study variables. The wide representation across different age groups also enhanced the diversity of views obtained in the study.

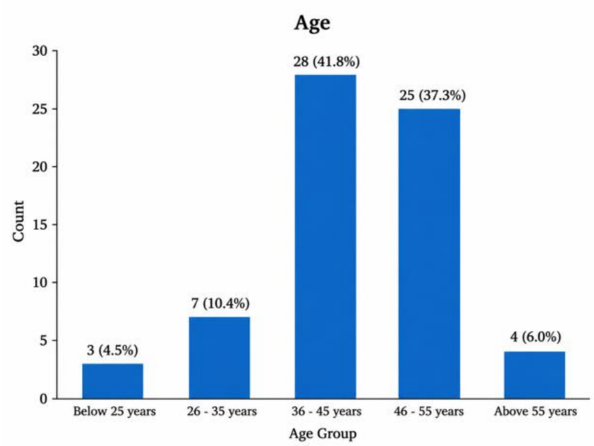

Figure 4.2: Age of the Respondents

4.5 Academic Qualifications of the Respondents

The respondents were asked to indicate their academic qualification. Results were presented in Figure 4.3 below.

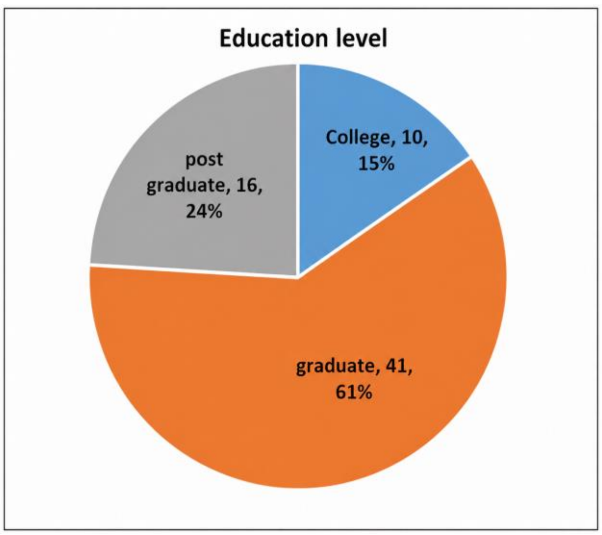

Figure 4.3: Academic Qualification of the Respondents

The findings demonstrated that the majority of respondents, 41, or 61% of the sample, said they were graduates, followed by postgraduates (16, or 24%) and college graduates (19, or 15%). This suggested that the majority of "Kenya Women Microfinance Bank" managers were educated and so capable of promoting change inside their company.

4.6 Duration Worked in the Institution

Figure 4.4 below shows the results on the duration respondents had worked in the institution. The findings helped establish whether the respondents had sufficient organizational experience and familiarity with institutional operations to provide reliable information for the study.

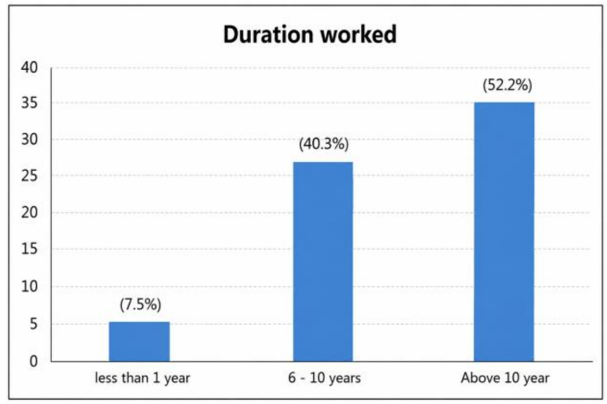

Figure 4.4: Duration Worked

Results also showed that the majority of respondents were from 35 (52.2%) had been working for more than 10 years, 27 (40.3%) had worked for 6–10 years, 5 (7.5%) had less than 1 year. This implied that most managers of Kenya women micro finance bank had worked in their bank for a long duration and thus had the capacity to enhance change in their organization.

4.7 Descriptive statistics Analysis

To examine organizational structure, five questions were asked, with respondents indicating how much they agreed or disagreed with each statement. The results are presented in Table 4.3.

Table 4.3: Descriptive for Organizational Structure

Organizational Structure Aspect	Average Rating	Variation
Documentation of protocols and guidelines for organizational transitions	4.04	1.20
Absence of procedural frameworks in implementation of changes	3.72	1.19
Exclusion of workforce from decision-making processes	4.00	1.21
Departmental segmentation within the organizational framework	3.85	1.23
Clarity in interdepartmental personnel transfers	3.79	1.29

According to Table 4.3, most respondents expressed agreement with the following organizational structure statements: "the organization is divided into different departments" (mean=3.85); employees experience minimal confusion or conflict during interdepartmental transfers (mean=3.79); "rules, policies, and procedures are documented to guide the organization through change processes" (mean=4.04); "the change process does not adhere to formal implementation rules." These findings indicate widespread approval of the "organizational structure component" among respondents. Consequently, organizational structure was expected to positively influence change management effectiveness. These results align with Kanten et al. (2015), who identified connections between organizational systems, learning organizations, and work integration within the hotel industry.

When asked to characterize their organization's structure, a majority of respondents described it favorably. They further noted that their organization maintained clear rules and policies that facilitated effective change management.

To assess human resource, participants responded to six questions indicating their level of agreement or disagreement with various statements. The findings were displayed in Table 4.7.

Table 4.4: Descriptive for Change Management

Organizational Change Factor	Mean Value	Distribution Measure
Employee backing for transformation initiatives	4.15	1.16
Availability of transformation support resources	4.09	1.15
Clarity of strategic direction guiding transition processes	3.93	1.20
Leadership transparency regarding change implementation	3.70	1.28
Cultural environment conducive to organizational evolution	4.06	1.06
Management commitment to transformation processes	3.70	1.27

According to Table 4.6, the majority of participants agreed with the following statements regarding change management: the organization's culture supported the "change process" (mean=4.06), management supported the process (mean=3.70), employees supported the process (mean=4.15), the organization had the resources needed to support the process (mean=4.09), and a clear vision guided the change process. According to the findings, most respondents were in favor of the change management component. Therefore, improving business procedures results in better change management.

Respondents were also asked to outline the initiatives their company has taken to enhance change management. They reported that their organization focused on several actions for facilitating change, such as preparing employees for the shift, creating a vision for the change, and organizing training sessions related to the upcoming change.

5 SUMMARIES OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The study examined the influence of organizational structure on change management at Kenya Women Microfinance Bank in Nairobi County, Kenya. The findings established that organizational structure plays a significant role in facilitating successful change management within the institution. The study revealed that the bank had clear organizational procedures, documented policies, and formal guidelines that supported the implementation of organizational change initiatives. Respondents generally agreed that departmental structures, reporting systems, and communication channels enhanced coordination during change processes. The findings further indicated that employees experienced minimal confusion during departmental transfers and organizational adjustments, suggesting that the institution had relatively effective structural arrangements that supported operational stability during change implementation.

The study also established that employees positively supported organizational change initiatives within the bank. Respondents agreed that the organization possessed adequate resources to facilitate change management and that the institutional culture was supportive of organizational transformation. In addition, management commitment and employee involvement were identified as important contributors to successful change implementation. The findings demonstrated that clear strategic direction, communication, and supportive leadership enhanced employee adaptability and reduced resistance to change. These results imply that organizational structures characterized by effective coordination, employee participation, and decentralized communication systems contribute positively to change management effectiveness within financial institutions. Further, the study confirmed that organizational structure and change management are closely related within the operational environment of Kenya Women Microfinance Bank. The reliability analysis showed that all study variables achieved Cronbach's Alpha values above the acceptable threshold of 0.7, confirming consistency of the research instrument. The demographic findings also revealed that most respondents were experienced and academically qualified employees, suggesting that the responses provided were credible and informed by adequate organizational knowledge. Overall, the study established that strengthening organizational structures can significantly improve the implementation of organizational change initiatives in microfinance institutions.

5.2 Conclusion

The study concludes that organizational structure significantly influences change management at Kenya Women Microfinance Bank in Nairobi County, Kenya. Effective organizational structures characterized by clear reporting relationships, documented procedures, proper coordination mechanisms, and efficient communication systems create a favorable environment for implementing organizational change initiatives. The findings demonstrated that employees are more likely to support organizational transformation when institutional structures promote participation, transparency, and operational clarity.

The study further concludes that organizational structures that encourage teamwork, employee involvement, and decentralized decision-making enhance adaptability and reduce resistance to change. Supportive organizational cultures and management commitment were also found to strengthen change implementation processes by improving employee motivation and coordination. Conversely, weak or rigid organizational structures may hinder communication, delay decision-making, and negatively affect successful implementation of organizational transformation initiatives.

Finally, the study concludes that microfinance institutions operating in dynamic financial environments require flexible and responsive organizational structures to effectively manage continuous organizational changes. Therefore, strengthening structural systems, leadership coordination, and employee engagement mechanisms is essential for improving change management effectiveness and enhancing institutional performance within the microfinance sector in Kenya.

5.3 Recommendations

The study recommends that Kenya Women Microfinance Bank should strengthen organizational structures that promote effective communication, coordination, and employee participation during change implementation processes. The institution should ensure that employees are adequately involved in planning and decision-making activities related to organizational transformation in order to reduce resistance and enhance ownership of change initiatives.

The study further recommends that management should adopt more decentralized decision-making structures to improve flexibility, responsiveness, and operational efficiency during periods of organizational change. In addition, continuous employee training and capacity-building programs should be enhanced to equip staff with the knowledge and skills necessary to adapt to emerging organizational and technological changes within the financial sector.

The study also recommends that the institution should regularly review and update its organizational policies, reporting systems, and operational procedures to align with evolving customer demands, technological advancements, and competitive market conditions. Finally, future studies should examine other organizational factors influencing change management within microfinance institutions, including leadership styles, organizational culture, and technological innovation, in order to provide broader understanding of organizational transformation processes within Kenya's financial sector.

REFERENCES

Armenakis, A. A., & Bedeian, A. G. (1999). Organizational change: A review of theory and research in the 1990s. *Journal of Management, 25*(3), 293–315.

Burnes, B. (2020). *Managing change* (8th ed.). Pearson Education.

Burnes, B. (2020). *Managing change* (8th ed.). Pearson Education.

Cameron, E., & Green, M. (2019). *Making sense of change management: A complete guide to the models, tools and techniques of organizational change* (5th ed.). Kogan Page.

Ebongkeng, H. (2018). Organizational change and performance of microfinance institutions

Kanten, P., Kanten, S., & Gurlek, M. (2015). The effects of organizational structures and learning organization on job embeddedness and individual adaptive performance. *Procedia Economics and Finance, 23*, 1358–1366.

Kihara, P., & Wanyoike, D. (2021). Organizational structure and implementation of strategic change in financial institutions in Kenya. *International Journal of Business Management and Processes, 7*(2), 45–58.

Kihara, P., & Wanyoike, D. (2021). Organizational structure and implementation of strategic change in financial institutions in Kenya. *International Journal of Business Management and Processes, 7*(2), 45–58.

Robbins, S. P., & Judge, T. A. (2019). *Organizational behavior* (18th ed.). Pearson Education.

Todnem, R. (2018). Organizational change management: A critical review. *Journal of Change Management, 18*(3), 215–234.