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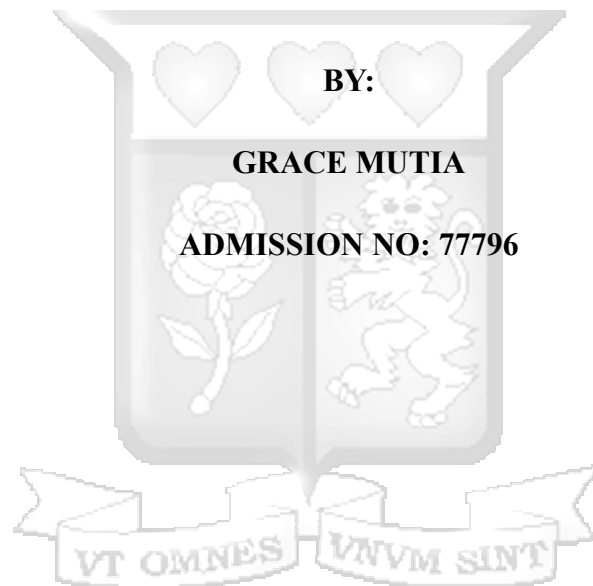
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**THE EFFECT OF ORGANIZATION STRUCTURE ON THE PERFORMANCE
OF SUPERMARKETS IN EMBAKASI, NAIROBI COUNTY, KENYA**



**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE DEGREE OF MASTER OF COMMERCE
(INTERNATIONAL BUSINESS MANAGEMENT) OF STRATHMORE
UNIVERSITY**

APRIL, 2025

DECLARATION

I affirm that this study has not been submitted or approved for a degree at this or any other institution of higher learning before this submission. I acknowledge that, to my understanding, this work does not contain any material previously published or authored by another individual, except where cited within the thesis. No portion of this research thesis may be replicated without the author's and Strathmore University's explicit authorization.

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Name of Supervisor: Dr. Olgha Adede Date...10/05/25.....

Signature..... 

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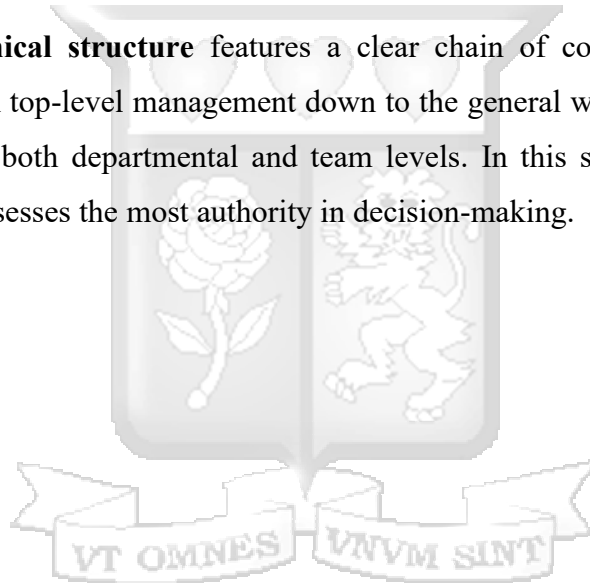
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DEFINITION OF TERMS

- **Management structure** refers to the organizational arrangement and hierarchy through which a company manages its leadership and decision-making processes.
- **The functional structure** employs a top-down approach to selection, with department managers reporting up to higher management, thus facilitating centralized control over organizational issues.
- **The matrix organizational structure** is designed so team members report to multiple managers simultaneously.
- **The hierarchical structure** features a clear chain of command, where authority cascades from top-level management down to the general workforce, through various executives at both departmental and team levels. In this setup, the highest-ranking executive possesses the most authority in decision-making.



LIST OF ABBREVIATIONS

BSC	Balance Scorecard
CEO	Chief Executive Officer
HPO	High-performance organization
NMA	Nairobi Metropolitan Area
SME	Small and Medium Scale Enterprises



ABSTRACT

Supermarkets have a major impact on the economy and have the potential to contribute to job creation. Effective organizational structures within this sector can enhance organizational performance and facilitate job growth. Therefore, the supermarkets in Nairobi must adapt appropriate organizational structures to achieve the desired performance. This study aimed to investigate the impact of management structure on the performance of supermarkets. Specifically, the study sought to establish how divisional, hierarchical, functional, and horizontal organizational structures on the performance of supermarkets. The study is grounded in the agency theory. A cross-sectional descriptive research design was employed, targeting individuals responsible for operations, finances, and customer care from supermarkets located in the Embakasi region of Nairobi County. Using a judgmental sampling approach, 315 respondents were selected from the sampled supermarkets in the specified area. Primary data was gathered using a structured questionnaire. The collected data were rigorously examined for completeness, coded, and analyzed using the Statistical Package for Social Sciences (SPSS) Version 24. This analysis encompassed descriptive statistics, correlation analysis, and regression analysis. The findings were displayed using tables and graphs. The results indicated that all the organizational structure factors of divisional organization structure, hierarchical organization structure, functional organization structure, and horizontal organization structure significantly influenced the performance of the Supermarket business in Embakasi Region, Nairobi County. The study recommended that the Ministry of Trade and the Ministry of Industrial Development, SMEs, and Cooperatives provide policy directives to ensure that the supermarkets put in place effective organization structures that can help the supermarkets meet their desired performance. Additionally, the two ministries should increase their training and mentorship to build capacity among supermarket management and director to adopt an effective organizational structure that can help them achieve their performance objectives. Additionally, the supermarkets need to identify the most appropriate organization that meets their own organizational needs.

VT OMNES VNVM SINT

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

An organizational structure defines a system for guiding activities towards achieving the goals of an organization. It specifies regulations, functions, and duties within the organization. Additionally, it establishes the way information is communicated across various levels of the organization, detailing the hierarchy and the chain of command (Wang, Brabenec, Gao, and Tang, 2021). This hierarchy determines the lines of authority, communication, rights, and duties within the organization. Petroski (2015) defines organizational structures as the allocation of various company activities to different functions to direct all organizational activities towards the achievement of organizational aims. On the other hand, Lorr (2020) characterizes these arrangements as the allocation of units and positions within the organization, as well as the nature of interactions among them. Organizational structures affect organizational action by providing the allocation of duties where the organization's operations and procedures are carried out.

Organizational structures assist companies in maintaining organization, enhancing communication, and fostering productive collaboration. Hence, selecting the optimal organizational framework for their enterprise commences with delineating the desired operational mode and evaluating various organizational models conducive to realizing that vision (Heaslip, 2023). In the United States, the majority of organizations have adopted a structure that establishes clear guidelines, roles, relationships, and responsibilities to dictate the direction of the company's activities toward achieving organizational goals. Likewise, leading companies across different industries in the United Kingdom have adopted organizational structures that manage how information is shared across various levels and define the reporting lines among mid-level staff, senior management, executives, and owners. On the other hand, although many firms in Italy, Germany, Greece, and other European countries adhere to hierarchical structures, certain organizational models emphasize a flatter hierarchy.

Therefore, having the right and correct organizational structure that can steer the organization in the right direction not only leads to better organizational performance but also guarantees sustained growth for the organization, satisfied employees, and profitable outcomes for shareholders while an ineffective structure leads to conflicts between employees and managers, permits inefficient work habits to thrive, and diminishes company profitability (Adenike, Bello and Adekola,2019). Ramappa, Goudappa, Chandrashekhar, and Reddy (2018) expressed fear that not having the correct organizational structure in place is a recipe for poor performance.

The organizational structure that the organization adopts remains critical in achieving the desired organizational performance across several sectors. There is a connection between management frameworks and organizational effectiveness. Kollmann and Dobrovič (2022) identified that in European Union countries, organizational and management structures play a crucial role in developing competitive strategies. Similarly, Jonathan (2018) found a link between various organizational structures, such as divisional, team, and network structures, and their alignment with IT. In India, many technological businesses are adapting a more decentralized structure to achieve the desired organizational performance (Coleman,2023). Consequently, companies can remain agile, adaptable, and responsive, with nearly every worker possessing significant individual autonomy.

In Africa, Bidmon and Knab (2018) established a correlation between hierarchical arrangement and the effectiveness of retail outlets in Ghana, while Adenike, Bello and Adekola (2019) found divisional management structure was preferred and provided customer satisfaction especially where there are specific entity structures that provide different services across many sectors in Uganda. Additionally, Masimba (2018) also identified a connection between corporate structure and the organizational performance of supermarkets in Kenya. Although he failed to uncover a direct substantial connection between organizational arrangement and performance, he advocated for the necessity of a more appropriate management structure.

Evidence indicated that 38% of the supermarkets do not make it to the third generation, with 56% of these challenges associated with the management issues that include organization and management structure (Waal, Nierop, and Sloot,2017). In Kenya, several leading brands such as Nakumatt, Tuskys, Ukwala, Jack and Jill, among others that have gone under due to corporate and management-associated challenges (Bhavini,2022). It is critical to evaluate the effect of divisional, hierarchical, horizontal, and functional structure on organizational performance. Divisional structure denotes an organizational arrangement wherein staff members are categorized into distinct divisions according to the goods or services they generate, rather than their job roles (Freedman, 2023). Divisional structure, among other factors, significantly influences an organization's success across many spectrums. Additionally, the divisional management structure that is critical for the organization is also known to provide various specialized services, which significantly contribute to overall organization performance, including areas such as customer satisfaction and overall performance across almost all sectors (Bidmon and Knab,2018).

On the other hand, the organization performance of most organizations continues to be influenced by hierarchical structure among other factors, the pyramid, structure defines who various staff members reports to and who is responsible for what which ensured that decisions are made by the appropriate individuals, leading to faster decision-making and the effective implementation of strategies (Ogbo, Chibueze and Christopher,2019). Functional structure, on the other hand, arranges the employees based on the specific functions they perform and is widely employed in business, particularly in larger companies. The majority of supermarkets across the country were structured based on functional divisions, comprising line managers and personnel, and were owned by families (Ravulapally, 2023). Lastly, as much as a decentralized management framework facilitated improved and well-informed decisions within the firms' notable favorable correlation between a limited span of control and operational effectiveness, horizontal organization structure presented its challenges. Nonetheless, a strong link exists between organizational structure and performance (Ong, 2022).

1.1.1 Organization Structure

An organizational structure refers to a framework that delineates the management of specific operations aimed at fulfilling a strategic mission. Within these activities lie rules, roles, and obligations. Furthermore, the organizational structure controls the flow of information between departments within the company. For instance, while a centralized structure entails top-down decision-making, a decentralized structure disperses decision-making authority across the organization (Ubani, 2023).

While organizations may adapt different organization structures depending on their operations, Vishnu and Kumar (2019) categorized organizational structures into functional, divisional, horizontal, and matrix types, Freedman (2023) identified eight organization structured that included hierarchical structure, horizontal structure, matrix structure, and team structure. However, the top executives should consider multiple aspects, such as the company's goals, sector, and cultural environment, to decide on the most appropriate organizational design for their business.

This research focused on hierarchical, functional, divisional, and flat management structures as these are the most common management structures employed by most organizations (Ramappa et al,2018; Ong, 2022). Additionally, they are more applicable to the sector being focused on by the study, as applied by Vishnu and Kumar (2019), who established that divisional, hierarchical, and functional structures have been adopted by most supermarkets in Karnataka.

1.1.2 Organization Performance

Organizational performance refers to the assessment of a company's real achievements in comparison to its anticipated outcomes, analyzing how well a company meets its objectives and goals (George et al., 2019). Organization performance includes measurements that include both financial and non-financial indicators that indicate whether the company or an organization is achieving its goals and objectives as set by the firm (Gatoto,2018).

While there are several dimensions, metrics of evaluation, numerical and non-numerical measurements, or indicators to measure an organization, Luo *et al.* (2012) Proposed customer loyalty, customer satisfaction, the firm's social capital, and the competitive advantage gained from its resources and capabilities as key performance indicators in an organization. While Kaplan and Norton (1992) Developed a four-model of organizational performance from four perspectives that included financial, customer and innovation, internal business, and learning. Balanced Scorecard. Khatoon and Farooq (2014) stressed that the use of a BSC is a critical performance evaluation tool that fosters positive change in an organization.

Conversely, Elkington (2013) suggested that the most effective way to evaluate organizational performance is through a sustainability perspective, promoting the three-pillar approach that focuses on the dimensions of planet, people, and profit. Meanwhile, the Baldrige Foundation (2019) introduced the Baldrige Education Benchmarks, which focus on seven key categories representing the core areas of an organization that reflect its performance. Additionally, Kumar (2023) introduced customer satisfaction as a component of non-financial organization performance, which has been described as a person's feelings of pressure or disappointment resulting from his or her expectation. Addressing non-financial performance indicators continues to be critical in achieving the overall organization's performance. Therefore, this study concentrated on operational efficiency, operational effectiveness, and internal business processes (Kollmann and Dobrovi, 2022). The aspect of customer satisfaction was also introduced as a measure of organizational performance Kumar, 2023).

1.1.3 Super Markets in Embakasi, Nairobi County

Supermarkets are expansive retail establishments that specialize in selling food and other household items, typically allowing customers to serve themselves. They may also be defined as businesses that provide an extensive array of goods or services directly to consumers (Lorr, 2020). Supermarkets are also defined as self-service stores that provide a wide variety of food, drinks, and household items, which are systematically arranged in separate sections (Bhavini, 2022). These stores are larger and offer a broader selection

compared to traditional grocery stores, but are smaller and have a more limited inventory than hypermarkets or big-box retailers (Newman, 2022).

Supermarkets provide a variety of items at affordable prices that are lower than other retail outlets. These goods or items include food, drinks, and household items, electronics such as radios, TVs, Cookers, and electric Iron boxes, among others; equipment and tools that are used in various sectors. The supermarkets also include school uniforms, books, and learning equipment at different levels of learning; farm produce and farming inputs, among others. Reports indicate Accelerated Retail Investments in the retail sector. This sector has seen a growing number of supermarket outlets across the country, especially in major towns. The Nairobi Metropolitan Area (NMA), in addition to other key urban cities in Kenya, and the Mount Kenya Region have recorded the highest numbers of such outlets (Cyton,2023).

In Kenya, supermarkets are classified as ordinary supermarkets, which feature multiple departments each dedicated to various categories such as food, groceries, home furnishings, appliances, clothing, baby products, and freshly baked goods (Newman, 2022). Supermarkets aim to attract a wide range of customers by offering a diverse selection of merchandise. Hypermarkets, on the other hand, extend their offerings beyond groceries to include pharmacies and clinics. Additionally, there are smaller retail outlets commonly known as mini supermarkets (Indeed, 2023). In Kenya, modern retail is more prevalent compared to many other African countries, with significant expansion observed in mini or small supermarkets (Hinga, Change, and Njeru, 2022). Despite this, over 70% of consumer purchases still occur in informal, small stores, rather than in the more modern, air-conditioned supermarkets (Indeed, 2023).

The population in the Embakasi region is comprised of a lower and lower middle class, which is mainly associated with small but daily purchases. The region therefore provides opportunities for small stores and small. Therefore, the region is home to several small stores and supermarkets and continues to present a great opportunity for such businesses. Embakasi region has four sub-counties out of the 17 sub-counties in Nairobi County. They include Embakasi East, West, North, and South.

The supermarket retail sub-sector is regulated by the Ministry of Trade and Commerce at the national level and County Governments through various regulatory and licensing measures to ensure that the sub-sector operates. Although the sub-sector remains a critical sector that employs many youths across the country, the sector faces challenges that include a poor performing economy, customers' purchasing power, among others, fluctuating prices of goods, and high taxation that make it difficult to operate (Bhavini,2022).However, the high population in Nairobi and the growing number of the middle class in the country present opportunities for the retail sector in such populated sub-counties as Embakasi North, Embakasi South, Embakasi East, and Embakasi West (Cyton 2023).

There are 773 registered Supermarkets in Kenya, with 60% of these supermarkets based in Nairobi alone (Ministry of Trade and Commerce,2024). Out of these, a total of 105 Of these that also include ordinary Supermarkets and Mini-Supermarkets are registered to operate in the four sub-counties of Embakasi North, Embakasi South, Embakasi East, and Embakasi West (Nairobi County,2023). This study was based on ordinary supermarkets and mini supermarkets in the Embakasi region or formerly Embakasi Division has four Sub-counties, namely Embakasi North, Embakasi South, Embakasi East, and Embakasi West. Therefore, this study focused on all 105 registered supermarkets in the Embakasi region.

1.2 Statement of the Problem

Supermarkets serve a crucial function in the economy and can significantly contribute to job creation. Effective organization structures can help the organization perform better and create more employment in the informal sector (Shafae, 2024). While this is so, the effect of organization structures adapted by these businesses has not been evaluated, especially in the Embakasi area, with many of the supermarkets either closing do not meeting their performance targets, as organization structure remains one of the key determinants to the supermarkets' success. Supermarkets play a critical role in creating employment, and if they can be properly managed, they can help job creation in Kenya. Additionally, there have been several supermarkets that have gone under that could

otherwise create the desired employment in the country due to organizational management-related issues (Ubani,2023).

Jonathan (2018) researched to assess the influence of the organizational framework on business-IT outcomes. Utilizing a systematic literature review comprising 21 articles, the research concluded that divisional structure, among other variables, significantly influences an organization's ability to achieve alignment between business and IT objectives. Conversely, Ravulapally (2023) examined the role of hierarchical structures within large organizations. Through empirical analysis, the study revealed that a hierarchical framework fosters individual accountability, potentially enhancing productivity and efficiency. Meanwhile, Kollmann and Dobrovi (2022) explored the key elements that shape organizational and management structures in the development of competitive strategies throughout European Union nations. Covering the period from 2016 to 2020, the study included a sample of 460 businesses across different sizes and industries, such as manufacturing and services. The findings also indicated widespread adoption of functional management structures among the surveyed companies to guide daily management and decision-making processes. However, these studies did not cover how organizational structure affects organizational performance in Supermarkets and, more importantly, in Kenya, which will be the focus of the study.

Bidmon and Knab (2018) investigated the importance of hierarchical organization on the effectiveness of retail stores in Ghana. Utilizing a descriptive survey method, the study employed interviews to assess the effect of hierarchical structure on the outcome of retail stores. Findings revealed that a robust hierarchical framework facilitates teamwork coordination, conflict reduction, productivity enhancement, and the establishment of a clear chain of command.

In a separate study, Adenike, Bello, and Adekola (2019) explored the impact of organizational framework on organizational effectiveness in South Africa. Utilizing a quantitative research approach and involving a sample of 354 individuals, including both employees and customers of Covenant Micro Finance Bank, the study recognized the bank's divisional management framework as a determinant of its effectiveness. This structure entails distinct entity setups providing various services, thereby enhancing

customer satisfaction. Despite these studies focusing on organization structure, the studies did not cover how organization structure affects organization performance in Supermarkets and Kenya, which will be covered by the study.

Likewise, Kloot and Martin (2017) utilized a combination of qualitative and quantitative approaches to explore the effect of the organizational framework on the effectiveness of regional governments in Ghana. Their study revealed a substantial link between organizational structure and performance. Furthermore, Nwonu, Agbaeze, and Obi-Anike (2017) assessed the impact of organizational framework on the effectiveness of chosen manufacturing firms in Enugu State, Nigeria. Using structured surveys, the study found that organizational structure has a notable impact on organizational effectiveness. Additionally, the research identified variations in managerial approaches between government entities and manufacturing companies, indicating a conceptual disparity in this domain. Additionally, as these studies focus on organization structure, the studies did not cover how organization structure affects organization performance in Supermarkets and beyond in Kenya, indicating a conceptual gap to be filled by this study.

An inquiry led by Wanguia, Muhohob, and Kahuthiac (2021) scrutinized the impact of the organizational framework on the effectiveness of County Governments in the Central Region of Kenya. Employing a descriptive methodology, the study employed structured digital surveys disseminated to 252 participants spanning five counties. The investigation unveiled a favorable and noteworthy impact of organizational structure on organizational effectiveness.

In a separate investigation, Marangu, Kanchori, Nyandika, and Yegon (2018) analyzed the impacts of Organizational Structure on the Effectiveness of Public Health Service Providers in Western Kenya. Employing a blend of research methodologies, the study established a notable correlation between Organizational Structure and the effectiveness of Public Health Service Providers. Moreover, Mbaka and Mugambi (2018) assessed the determinants of effective strategy execution in the water industry in Kenya. Employing descriptive statistical analysis and standardized surveys, the research discovered that the organizational framework significantly impacts strategy implementation in the Kenyan water sector.

Supermarkets have a major impact on the economy and have the potential to contribute to job creation, ineffective organizational structures have negatively affected organizational performances of supermarkets with some of these enterprises going under due to such reasons such as inappropriate structures. Therefore, it is critical for the supermarkets in Nairobi to adopt appropriate organizational structures in order not only to achieve the desired performance but also to contribute to employment in Kenya.

While previous research has investigated how organizational structure affects different kinds of entities like county governments, health service providers, and the water sector in Kenya, there is a noticeable absence of literature regarding the impact of organizational structure on the effectiveness of supermarkets in the country. Additionally, some of these studies have used different methodological approaches, conducted in different contexts or locations, with the available studies not comprehensively covering the extent to which organizational structure influences the performance of supermarkets in the Embakasi Region of Nairobi County. Hence, this study explores the impact of organizational structure on the effectiveness of supermarket enterprises in Nairobi County, particularly in the Embakasi Region.

1.3 General Objective

The main objective is to assess the effect of organization structure on the performance of supermarkets in Embakasi, Nairobi County, Kenya.

1.3.1 Specific Objectives

- To determine the effect of divisional structure on the performance of Supermarket businesses in Nairobi's Embakasi Region, Kenya.
- i. To determine the effect of hierarchical Structure on the performance of Supermarket businesses in Nairobi's Embakasi Region, Kenya.
 - ii. To establish the effect of functional structure on the performance of Supermarket businesses in Nairobi's Embakasi Region, Kenya.
 - iii. To determine the effect of horizontal structures on the performance of Supermarket businesses in Nairobi's Embakasi Region, Kenya.

1.3.2 Research Questions

- i. What is the effect of divisional structure on the performance of Supermarket businesses in Embakasi Region, Nairobi County, Kenya?
- ii. What is the effect of hierarchical structure on the performance of Supermarket businesses in Embakasi Region, Nairobi County, Kenya?
- iii. What is the effect of functional structure on the performance of Supermarket businesses in Embakasi Region, Nairobi County, Kenya?
- iv. What is the effect of horizontal structures on the performance of Supermarket businesses in Embakasi Region, Nairobi County, Kenya?

1.4 Significance of the Study

The results of this investigation are anticipated to hold importance for the following interested parties:

The results of this study may offer valuable insights into how organizational structure affects organizational performance. The Kenyan government will benefit by coming up with more effective choices and policy frameworks in line with issues affecting management structures to enhance the performance of organizations. Additionally, the County Government of Nairobi will also benefit in that the county government may develop effective policies that can encourage effective management structures.

On the other hand, the outcomes of this research may offer valuable insights to practitioners, including supermarkets operating in different regions, by furnishing essential details on how organizational structure influences organizational effectiveness in Kenya. Additionally, it will provide insights into the impact of management structure on organizational performance. They may also understand how organizational structure can be improved to enhance organizational performance.

Additionally, scholars, researchers, and theorists will benefit as it will provide more insights into how the organizational structure affects organizational performance in Kenya. It will provide a deeper understanding of how organizational structure affects

organization performance. Finally, the findings of this study will provide reference material for future research on how organizational structure affects organizational performance in Kenya.

Lastly, the study results will be available to the possible stakeholders that include Policymakers, academicians, scholars, and Super Markets in the study area. The Dissertation report will be published with leading publishers and the reports will be available to in Strathmore Library and will be available to all stakeholder and any other possible beneficiaries.

1.5 Scope of the Study

The research investigated the effect of organizational structure on the performance of Supermarket businesses in Kenya. The study focused on how divisional structure, hierarchical structure, functional management structure, and horizontal management structures affect the performance of Supermarket businesses in the Embakasi Region, which included four Sub-counties, namely Embakasi North, Embakasi South, Embakasi East, and Embakasi West, Nairobi County. The study focused on 105 registered Supermarket businesses operating in the region. The research employed a descriptive research design and collected primary data through structured questionnaires that targeted the heads of finance and operations in the targeted supermarkets. The unit of analysis was the heads of finance and operations, and the quantitative analysis methods (descriptive and inferential statistical analysis) were used. The study was carried out between April and July 2024.

1.6 Chapter Summary

This section encompasses the study's outset, including the introduction, problem statement, research objective and questions, and the study's scope. Additionally, it outlined the significance of the study for different interested parties.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section delves into the existing literature, pertinent theories, empirical analysis, a synthesis of literature, gaps in research, and the conceptual framework.

2.2 Theoretical Review

The section provides the pertinent theories elucidating the correlation between the influence of a supermarket's organizations' structure on its performance. This research is based on a single theory and a framework.

2.2.1 Agency Theory

The concept of agency theory was initially developed by Stephen Ross and Barry Mitnick in 1973. It revolves around the inherent conflict between principals (owners) and agents (managers), commonly referred to as an agency problem (Mitnick, 1973). The Theory posits that conflict of interest is inherent in any type of relationship where one party (agent) is expected to act in the best interest of another (principal). Kallmuenzer (2015) Posits that the principal-agent relationship in the family-owned businesses context refers to the owner-manager relationship. It suggests that managers' motives are economically driven; they act in opportunistic ways which aim to maximize their returns with disregard to the actual performance of the supermarkets, referred to as agency costs. The agency theory standpoint opines that supermarkets, just like any other business, need structured governance mechanisms to monitor and control the opportunistic behavior of the managers (agents). This will, in turn, minimize agency costs, thereby improving the performance of the supermarkets. (Kallmuenzer, 2015).

The theory highlights the importance of organizational structure, especially hierarchical, divisional, and functional structures. It highlights that managers as agents of the stakeholders at different management levels. However, the theory has been criticized that the theory fails to account for the complexities of human behavior. Additionally, the theory assumes that the agents are motivated solely by self-interest and that they will always act in a way that maximizes their utility. Lastly, the theory has also been criticized

that the theory control mechanism being expensive and ineffective, and therefore these mechanisms may interfere with strategic decisions, restrict collective actions, and ignore the interests of others (Asaba, 2017).

The agency conflict between the principals and the agents can be minimized through the development of structured governance mechanisms. (Asaba, 2017; Kallmuenzer & Peters, 2018). Hence, this study focused on establishing the organizational structures that have been put in place by family-owned businesses to minimize these conflicts. Agency theory is key to the research as it conceptualizes the relationship between the managers and gives a dominant organizational theory perspective that can be applied to and further develop supermarket business research. The organizational structure of Supermarkets creates a unique situation that can negatively affect performance. The use of agency theory in describing management responsibility has been fronted by Ravulapally (2023) that pointed out that structural responsibilities and chain of command in the hierarchical structure ensures accountability for each employee's actions and performance, potentially enhancing productivity and efficiency while Kollmann and Dobrovič (2022) while employing agency theory in evaluating the factors influencing organizational and management structures in shaping competitive strategies highlighted that functional management structures as a management component can act as an agent that guide organization daily management and decision-making practices.

Therefore, having the appropriate organizational structure will enhance organizational performance in the targeted supermarkets. By the supermarkets putting in place the correct organization structures the more they are able to put in place the correct managers who can actively play their role as the agents of the company and deliver on the shareholders' objective which is to enhance the efficiency and effectiveness of operations that will result into more profits.

2.2.2 Resource-Based View

The Resource-Based View (RBV) theory is a managerial framework that identifies strategic resources within an organization that can be utilized to achieve a sustainable competitive advantage. Originally proposed by Edith Penrose in 1952, the theory was further developed and refined by Wanerfelt (1984) and Jay Barney in 1991, elucidating

its application in strategic management. As per Peteraf & Bergen (2003), the Resource-Based View (RBV) suggests that a company's competitive edge and enhanced effectiveness mainly arise from the uniqueness and abilities of its resources, which are valuable, rare, and difficult to duplicate. The theory posits that when organizational resources are effectively utilized, the organization can enhance its competitiveness. Therefore, to optimize performance, organizations must utilize their available resources efficiently.

Hence, the performance of supermarkets hinges on the efficient utilization of the limited resources available to the organization. The Resource-Based View emphasizes that a company's capabilities can be enhanced through the effective utilization of its internal resources, thereby making management a crucial tool for achieving desired outcomes in the supermarket context. Since the primary objective of any business is to achieve its goals, such as meeting customer needs, retaining clients, and enhancing organizational performance through effective management, the Resource-Based View (RBV) proves to be particularly pertinent to this study. This theory is pertinent as it elucidates how organizations can strategically leverage management structures to attain sustainable competitive advantages and desired outcomes in the supermarket industry. Conversely, organizations can strategically adopt effective management structures to gain a competitive edge and enhance overall performance.

The theory highlights the need for management as a critical resource in influencing organizational performance. The theory also highlights that the way the organization manages or handles the resources available to it determines the extent to which the organization or a firm can achieve its performance goals. Critics contend that although the Resource-Based View (RBV) suggests that similar resources across different firms should lead to similar performance, the theory lacks clear guidance on efficiently managing particular resources within an organization. Furthermore, it fails to acknowledge the significance of integrating other management theories for a more holistic approach (Peteraf & Bergen, 2003).

Studies linking organizational structure and the Resource-Based View (RBV) emphasize that a firm's structure is crucial for leveraging its resources and capabilities to achieve sustainable competitive advantage.

In addition to its application, Helfat and Peteraf (2003) highlighted two underlying assumptions of the RBT related to the explanation of how firm-based resources generate sustained competitive advantage and why some organizations may continually outperform others by gaining higher competitiveness. Davis and DeWitt (2021) while explaining the relationship between the application of Resource-Based View of the firm on organization structure across several sectors, and emphasized that a firm's structure is crucial for leveraging its resources and capabilities to achieve sustainable competitive advantage and highlighting that the more the organization adapts a more appropriate organization structure the more it is likely achieving the desired performance goals.

Additionally, Utami and Alamanos (2023), while explaining the application RBV on the effect of management and the performance of organizations and suggested that organizations should focus on internal resources and capabilities, that also includes the management that are valuable, rare, difficult to imitate, and non-substitutable to gain a competitive edge.

By adopting an effective organizational structure, supermarkets can ensure the achievement of their performance objectives. Organizational structures facilitate the utilization of management as a resource to help the organization reach its goals. The supermarket industry in Kenya has encountered numerous challenges, leading to the closure of several establishments.

2.3 Empirical Review

This segment evaluates different studies on the relationship between management framework and the effectiveness of supermarket enterprises. The literature review encompasses global, regional, and local investigations.

2.3.1 Divisional Structure and Organizational Performance

The divisional structure denotes an organizational arrangement wherein staff members are categorized into distinct divisions according to the goods or services they generate,

rather than their job roles. This framework arranges departments based on products, services, or markets. Jonathan (2018) undertook an investigation assessing the impact of organizational structure on Business-IT Alignment. The study employed a systematic review of literature to offer insights into previous research and identify potential avenues for future studies. Moreover, a thorough database search was conducted, indexing esteemed journals and conference proceedings within the information systems research field. This process led to the discovery of 21 articles included in the review. Findings revealed that the divisional structure, among other factors, significantly influences an organization's success in achieving business-IT alignment.

Vishnu and Kumar (2019) conducted research investigating the configuration and tactics of supermarkets focusing on the retailing of fruits and vegetables in Karnataka. Utilizing a primary survey method, data was collected in Bangalore, Karnataka, between 2016-17. Field observations revealed that domestic modern retailers adopted a divisional and network structure in managing their operations, often engaging in joint ventures with international companies. The study findings indicated that this approach allowed them to leverage international expertise in brand development and technological advancements in retail.

Likewise, Adenike, Bello, and Adekola (2019) conducted a study to evaluate how organizational structure influences the effectiveness of companies in South Africa. The research concentrated on factors such as the degree of centralization and formalization within organizational frameworks as independent variables. Using a quantitative approach, information was gathered from a sample group comprising 354 participants, consisting of both staff members (51) and clients (303) of Covenant Micro Finance Bank. Employing a mono-method approach, numerical data generated from administered questionnaires revealed that the bank's divisional management structure, which provides various specialized services, significantly contributed to customer satisfaction and overall performance.

Another investigation carried out in Kenya by Gatoto (2018) aimed to determine how competitive strategies impact the effectiveness of supermarkets in Nairobi Central Business. Employing a cross-sectional research design, the research utilized primary and

secondary data sources. Using descriptive analysis techniques, the study concluded that while many supermarkets had integrated modern technology and decreased operational expenses, the divisional management framework implemented by the surveyed supermarkets facilitated their operational efficiency.

The preceding research primarily focused on the performance of supermarkets, as exemplified by Gatoto's (2018) investigation, which examined the impact of competitive strategies on supermarkets in Nairobi Central Business. However, this study did not specifically address the impact of organizational structure on supermarket performance in Kenya. Similarly, Vishnu and Kumar's (2019) study explored the structure and strategy of supermarkets specializing in retail for fruits and vegetables, but it was conducted in Karnataka, not in Kenya, hence limiting the generalizability of its findings.

2.3.2 Hierarchical Structure and Organizational Performance

The hierarchical structure is characterized by an arrangement in which individuals or components are organized based on their level of authority or importance. This structure resembles a pyramid, with the highest level of power situated at the apex, and diminishing levels of authority as it descends. This organizational format is notably prevalent in corporate settings, where it typically comprises, the CEO occupying the topmost position, followed by executives, middle management, and employees forming the base.

Holmes and Holcomb (2023) conducted an investigation into the correlation between management structure and operational performance within Tesco PLC, a multinational retailer specializing in groceries and general merchandise. Utilizing a case study methodology, the investigation aimed to evaluate how the managerial framework influences the functioning of the organization. The study revealed that Tesco's operational framework is underpinned by three fundamental values, which significantly shape the company's organizational culture. Furthermore, the management structure was identified as a pivotal factor influencing the company's operations. The research also highlighted the advantages and drawbacks associated with Tesco's hierarchical, product-oriented, and decentralized organizational structure.

Ravulapally (2023) sought to understanding the Role of Hierarchical Structures in Large Organizations: Benefits and Implications for Growth organizations in Malaysia. The study, through an empirical review encompassing various sectors, examined pertinent research on the impact of hierarchical structures on organizational performance. The study established that hierarchical structure clearly defines who reports to whom and who is responsible for what which ensured that decisions are made by the appropriate individuals, leading to faster decision-making and the effective implementation of strategies. The research also found that a hierarchical structure ensures accountability for each employee's actions and performance, potentially enhancing productivity and efficiency. Finally, the study established that with a well-defined hierarchy, it becomes easier for the organization to coordinate its activities and monitor progress.

Bidmon and Knab (2018) conducted a study evaluating how hierarchical structure influences the performance of retail outlets in Ghana. Employing a descriptive survey approach, the research utilized interviews to explore the effects of hierarchical structure on the performance of retail outlets in the nation. The findings revealed that the absence of a hierarchical structure has resulted in communication breakdowns, delays in work processes, inefficient workflow, diminished morale, and other detrimental consequences hindering business growth in Ghana. Additionally, the study highlighted that a robust hierarchical structure facilitates effective teamwork coordination, conflict resolution, productivity enhancement, and establishment of a clear chain of command.

Masimba (2018) conducted a study to examine the influence of management structure on the performance of major supermarkets in Kenya. Grounded in agency and steward theories, the study also considered the moderating influence of corporate governance. Using a descriptive research design, the study employed regression analysis to explore the correlation between management structure elements, impacted by ownership structure, and the performance of prominent supermarkets in Kenya. Results indicated a notable impact of hierarchical structure on the performance of these supermarkets.

In contrast, Ravulapally's study (2023) aimed to explore the role of hierarchical structures in large organizations in Malaysia, focusing on their benefits and implications for organizational growth. However, this study was not conducted in the Kenyan context and

only examined one variable, lacking the comprehensive approach of the current study. Additionally, Masimba's research (2018) solely focused on larger supermarkets, excluding the smaller ones predominant in the Embakasi area. Hence, the findings may not apply to these smaller supermarkets.

2.3.3 Functional Structure and Organizational Performance

This organizational structure arranges employees based on the specific functions they perform. Functional structure is widely employed in business, particularly in larger companies. Kollmann and Dobrovič (2022) conducted a study examining the critical factors influencing organizational and management structures in shaping competitive strategies across European Union countries. The study extended from 2016 to 2020 and encompassed a sample of 460 businesses across different size ranges and industries, including manufacturing and services. The findings revealed that while many organizations had adopted functional management structures, there was a notable lack of clarity among managers regarding the objectives and functions of individual organizational units within the corporate system across European Union countries. Additionally, although many companies had fully implemented functional management structures to guide their daily management and decision-making practices, there was a need for improved management literacy in the application of these structures.

Belas and Amoah (2020) investigated the significant influence of functional management structure on the performance of Small and Medium Enterprises (SMEs) in Slovakia and the Czech Republic. The research, carried out via a literature review, aimed to evaluate the notable impact of functional management structure on the performance of SMEs. Utilizing descriptive analysis, the research found that the functional structure facilitates communication among employees within specific departments, who are required to report to all directors. Furthermore, the study revealed that employees from different departments collaborate on tasks beyond their expertise, facilitated by the functional structure. Additionally, the research highlighted that the functional structure allows managers to effectively address inadequacies within specific departments.

Ramappa, Goudappa, Chandrashekhar, and Reddy (2018) undertook a research project analyzing the investment trends and organizational structures of supermarkets in India.

They used financial ratio analysis as their primary method for assessing supermarket performance over the fiscal years from 2010 to 2011. It was found that the majority of supermarkets were structured based on functional divisions, comprising line managers and personnel, and were owned by families.

Hinga, Gichunge, and Njeru (2022) investigated to explore the correlation between governance frameworks and the operational outcomes of family-owned enterprises in Nairobi County. Using a descriptive research approach, the study focused on 1,200 employees from family businesses in Nairobi County. A stratified sampling technique was employed to select a cohort of 92 respondents. Findings indicated a notable influence of governance frameworks on the operational effectiveness of businesses in Nairobi County. The research suggested the adoption of a multi-directorship governance model by family enterprises, emphasizing the importance of diverse directorial perspectives in informing strategic decisions, safeguarding proprietary information, and staying abreast of industry trends, thereby bolstering overall performance. Additionally, at the operational level, the study suggested that businesses should implement a more functional management structure to attain their performance objectives.

While Belas and Amoah's (2020) study delved into the significant influence of functional management structure on SME performance in the Czech Republic and Slovakia, its conclusions might not directly translate to Kenya, given the distinct contextual variables. Conversely, Hinga, Gichunge, and Njeru (2022) investigated the correlation between governance frameworks and operational efficacy, concentrating specifically on family-owned enterprises rather than solely on supermarkets in Kenya.

2.3.4 Horizontal Structure and Organizational Performance

Hao, Kasper, & Muehlbacher (2012) undertook a study investigating the organizational structures of companies in Austria and China, revealing that organizational structure has both direct and indirect impacts on performance. Through an analysis of secondary data from various firms in both countries, the study examined prevalent organizational structures. It discovered that although there is a noteworthy association between organizational structure and performance, some industries might find greater advantages

in adopting a horizontal organizational structure, despite the prevalent preference for centralized or hierarchical structures in many organizations.

The study also recommended a continuous adjustment of organizational structures to improve performance in the competitive market. Ogbo, Chibueze, and Christopher (2019) researched how management structure affects the organizational performance of chosen technical and service firms in Nigeria. Both primary and secondary sources were used. Primary data collection consisted of disseminating tailored questionnaires to eighty (80) participants, forming the study's sample. Results showed that a decentralized management framework facilitated improved and well-informed decisions within the firms. Furthermore, the investigation unveiled a notable favorable correlation between a limited span of control and operational effectiveness.

Maduenyi, Oluremi, and Fadeyi (2015) undertook a study regarding the effect of organizational structure on organizational performance in Ghana. Employing a mixed-method strategy, the research aimed to investigate the influence of the implemented organizational structure on the organization's performance. The results implied that the organizational structure directly influences both financial and non-financial performance within a company. Particularly, the study suggested that a lateral organizational framework did not exhibit a noteworthy correlation with organizational performance.

In another investigation by Bhavini (2022), the focus was on exploring the correlation between management strategies and the organizational performance of retail supermarkets, specifically Carrefour retail supermarkets in Nairobi. The research adopted a cross-sectional survey design and sampled 237 respondents selected through a simple and stratified sampling technique, consisting of customers enrolled in the loyalty program. Data collection was conducted using questionnaires. The results indicated a strong link between organizational structure and performance, showing a preference for structures that enable quick decision-making on pertinent issues.

While Hao, Kasper, & Muehlbacher's (2012) research examined the impact of organizational structures on companies in China and Austria, revealing that structure affects performance both directly and indirectly, its applicability to Kenya, particularly

supermarkets in Embakasi, is limited. Similarly, Ogbo, Chibueze, and Christopher (2019) investigated the influence of management structure on organizational performance within the service and technology sectors in Nigeria. However, since their findings did not encompass supermarkets, they cannot be universally applied to this industry.

2.4 Summary of knowledge Gaps

The examination of the divisional organizational structure in prior research, as highlighted, revealed that although studies concentrated on supermarket performance, such as Gatoto's (2018) exploration of competitive strategies' influence on supermarket performance in Nairobi Central Business District, they did not delve into the ramifications of organizational structure on supermarket performance in Kenya. Similarly, Vishnu and Kumar's (2019) study, which analyzed the structure and strategy of fruit and vegetable retail supermarkets, was conducted in Karnataka, not in Kenya, hence the findings cannot be broadly applied.

While the study by Ravulapally (2023) sought to understanding the role of hierarchical structures in large organizations based on the benefits and implications for growth organizations in Malaysia, the study was not based on the Kenyan context and only covered only one variable and no other three variables covered in this study. Furthermore, the study conducted by Masimba (2018), which assessed the impact of management structure on the performance of larger Super Markets in Kenya, did not encompass the smaller supermarkets prevalent in the Embakasi area. Consequently, the outcomes of their research cannot be universally applied.

While studies like Belas and Amoah (2020) examined the substantial impact of functional management structures on SME performance in the Czech Republic and Slovakia, these findings may not be universally applicable to Kenya due to the differing contexts. On the flip side, while Hinga, Gichunge, and Njeru (2022) explored the relationship between governance frameworks and organizational effectiveness in family-owned enterprises, their inquiry was centered on family-owned businesses and governance frameworks rather than exclusively on supermarkets in Kenya.

In conclusion, while Hao, Kasper, & Muehlbacher's (2012) research delved into the influence of organizational structures on corporate performance in Austria and China,

suggesting that organizational structure impacts performance both directly and indirectly, these conclusions are not tailored to Kenya and therefore do not directly apply to supermarkets in Embakasi. Similarly, Ogbo, Chibueze, and Christopher's (2019) findings did not encompass supermarkets, thus limiting their generalizability.

Although the above studies covered various aspects of management structure and performance of supermarket, the above studies were not exhaustive and therefore they leave gaps that the study sought to fill as illustrated below.



Table 2.1 Summary of Literature and Research Gaps

Author	Study	Methodology	Findings	Study Gap
Jonathan (2018)	The influence of organizational structure on Business-IT Alignment.	systematic literature review	The structure of a division, among other elements, significantly influences an organization's success in achieving business-IT alignment.	The study only covered Business IT and not other parts of the organization performance
Gatoto (2018)	Effect of competitive strategies on the performance of supermarkets in Nairobi Central Business.	cross sectional study design	Divisional management structure adopted by the supermarkets covered by the study enabled them to operate efficiently	The study is not exhaustive in terms of concept in that it has not covered the proposed variables by the study
Bidmon and Knab (2018)	Effects of hierarchical structure on the performance of retail outlets in Ghana.	descriptive survey	a strong hierarchical structure helps to coordinate teamwork, reduce conflicts, and boost productivity and have a clear chain of command	The study is based in Ghana and hence its application and generalizability to Kenyan context is limited
Kollmann and Dobrovič (2022)	Key factors of organizational and management structures in	sampled 460 enterprises between 2016	Although many of the companies had fully implementing functional management structure to provide	The study is not specific to Super markets.

	the formation of competitive strategy in European Union countries	– 2020	guidance to their daily management and decision-making practices, these companies required management literacy in the application of these management structures	
Ramappa, Goudappa, Chandrashekhhar and Reddy (2018)	The investment pattern and organizational structure of Super markets in India	financial ratio analysis	The greatest number of supermarkets were organized into functional categories with line managers and staff and were family owned	The study is based in Ghana and hence its application and generalizability to Kenyan context is limited
Waal, Nierop and Sloot (2017)	Analysis of supermarket performance with the high-performance organization framework	HPO framework,	The smaller markets adapted a flat management structure that did not only enhanced the relationship between executives and the frontline employees but also reduced the overall cost of operations for the super markets.	The study used HPO framework and not descriptive statistics as proposed by the study
Bhavini (2022)	The connection between management strategies	cross-sectional survey design	Customers preferred a flat management structure that made it	The only covered only one variable (flat management

	and the organizational performance of retail supermarkets		easy to access the branch managers in case of complains	structure) and not the other
Hinga, Gichunge and Njeru (2022)	Relationship between governance structures and organizational performance of family-owned businesses	Stratified sampling technique	The study governance structures influences business performance in Nairobi County	The study focused on family-owned businesses and not supermarkets
Masimba (2018)	Effects of management structure and the performance of larger Super Markets in Kenya	Descriptive study design	Hierarchical structure had a significant effect on the larger super markets in Kenya	The study focused on larger Super Markets in Kenya only and were not also specific to Embakasi Region in Nairobi
Belas and Amoah (2020)	Effect of functional structured management on SMEs performance in Czech Republic and Slovakia	Desk review	Functional structure enables managers to significant in complement the specific departments inadequacy.	The study focused on functional structure and not on other management structures to be covered by the study.

Source: Researcher (2025)

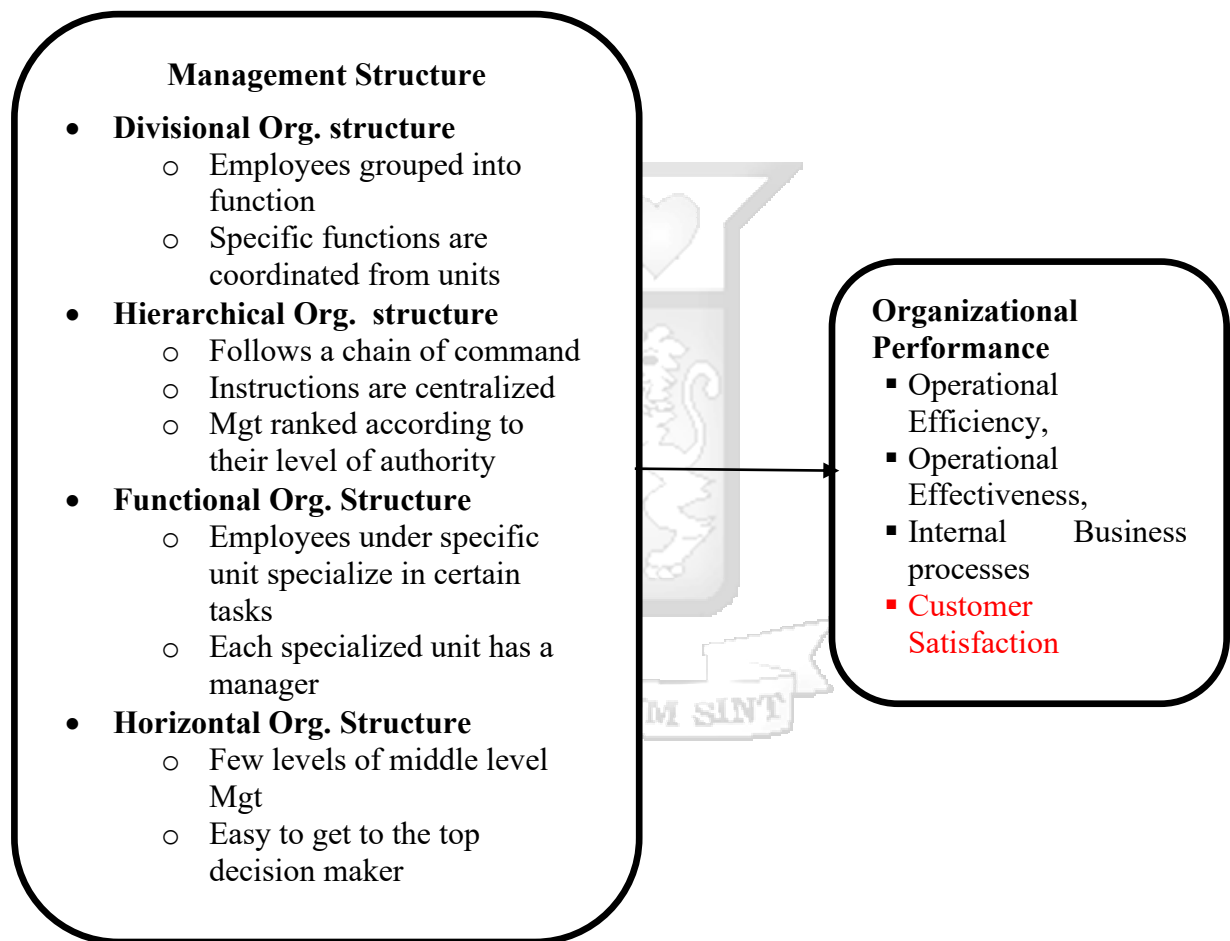
2.5 Conceptual Framework

This illustrates the correlation between management structure and organizational performance. Independent variables encompass divisional structure, hierarchical arrangement, functional management approach, and flat management systems, while organizational performance is the dependent variable.

Figure 1.1 Conceptual Framework

Independent Variables

Dependent Variable



Source: Researcher (2025)

2.5.1 Divisional organizational structure

Divisional organizational structure was segmented into semi-autonomous units, which can significantly impact performance by fostering flexibility, specialization, and accountability, but also presents challenges in coordination and resource allocation. Organization structure is how interrelated elements (resources) are arranged so that the organization is stable and can achieve the organization's performance (Sunday, Adenike

and Adekola,2023). Therefore, a divisional organizational structure offers advantages like increased customer focus, faster decision-making, specialization, and clear accountability, enabling organizations to serve multiple markets efficiently.

2.5.2 Hierarchical Organizational Structure

Hierarchical Organizational structure holds an important role in the performance of an organization. Therefore, anyone managing an organization must put in place critical structures to attain the desired performance. Various studies have associated organizational structure and organizational performance (Rajaeepour, Azizollah, and Mahmoud,2023). Notably, generally is a managerial function of organizing, which involves grouping of activities, establishing authority and responsibility relationships, coordinating different functional activities in pursuit of achieving overall organizational objectives and goals, and delegation of authority, and this will positively influence organizational performance.

2.5.3 Functional Organizational Structure

A functional organizational structure, where employees are grouped by their specialized skills and functions, offers advantages like increased productivity, clear roles and responsibilities, and enhanced skill development, which is critical for achieving the desired organization. The organization should have a functional structure that has the three characteristics, that includes top-down hierarchical structure, department heads who report to senior management and employees who specialize in certain tasks. A good functional organizational structure can help the organization to achieve the organization performance (Shafae, Rahnama and Jasour ,2024).

2.5.4 Horizontal Organizational Structure

A horizontal organizational structure, characterized by fewer management layers and greater employee autonomy, offers advantages like enhanced communication, faster decision-making, and increased employee engagement and motivation. A horizontal organizational structure offers significant advantages, particularly in collaboration, decision-making, and employee engagement (Ubani,2023). Therefore, by reducing layers

of management, businesses with a horizontal company structure can operate more efficiently and flexibly, allowing teams to work cohesively and innovate faster, which is critical in helping the organization achieve its performance.

Agency theory describes how organizational structures that include divisional organizational structure, hierarchical organizational structure, functional organizational structure, and horizontal organizational structure can be agents that can influence performance. The study also relates to the Resource-Based View theory highlights the on the effect of management aspects such as organization structure that comprises divisional organizational structure, hierarchical organizational structure, functional organizational structure and horizontal organizational structure can be an agent that influence performance with reference to Supermarkets in Kenya.

2.6 Operationalization of the Variables

This matrix facilitates the transformation of constructs into measurable attributes, allowing for their assessment using indicators. A Likert scale, ranging from one to five, was utilized for rating purposes, with options including "Strongly Disagree," "Disagree," "Neutral," "Agree," and "Strongly Agree." This approach was employed to gauge both the independent and dependent variables. The table below provides a condensed overview of the constructs.

Table 2.2 Operationalization of the Variables

Variable	Constructs	Construct a contextual definition	Indicators	Measure	Source
Organization Structure	Divisional Org. structure	This system within an organization entails grouping employees into specific segments based on the products or services they provide, rather than categorizing them according to their job descriptions.	<ul style="list-style-type: none"> • Employees grouped into a function • Specific functions are coordinated by units 	Likert Scale	Jonathan (2018); Vishnu and Kumar (2019); Adenike, Bello, and Adekola (2019); Gatoto (2018)
	Hierarchical Org. structure	An arrangement where individuals or elements are ranked according to their level of authority or significance	<ul style="list-style-type: none"> • Chain of command is followed • Centralized instructions are • Mgt ranked according to their level of authority 	Likert Scale	Holmes and Holcomb (2023); Ravulapally (2023); Bidmon and Knab (2018); Masimba (2018)
	Functional Org. Structure	Employees are organized according to the function they perform	<ul style="list-style-type: none"> • Employees under a specific unit specialize in certain tasks • Each specialized unit has a manager 	Likert Scale	Kollmann and Dobrovič (2022) Ramappa, Goudappa et al (2018) Hinga et al (2023); Ravulapally

					(2023); Bidmon and Knab (2018); Masimba (2018)
	Horizontal Org. Structure	An arrangement that has relatively few or no levels of middle management between the executives and the frontline employees	<ul style="list-style-type: none"> •New levels of middle-level management •Easy to get to the top decision maker 	Likert Scale	Hao et al (2012) Ogbo et al (2019) Maduenyi et al (2015) Bhavini (2022),
Organizational Performance (Dependent variable)	Operation efficiency	Indicates how the organization's operations are efficient	<ol style="list-style-type: none"> 1. Revenue 2. Cost of Operations 3. Profitability 4 Net Worth 	Likert Scale	Khatoon and Farooq (2014)
	Operation effectiveness	Indicates how the organization's operations are efficient	<ol style="list-style-type: none"> 1. Customer Satisfaction 2. Repeat Customers 3. Market Share 	Likert Scale	Gustafsson and Löfström (2018)
	Internal Business Processes Perspective	Expresses the capacity of internal business operations to enhance customer satisfaction and increase shareholder prosperity.	<ol style="list-style-type: none"> 1. Production efficiency 2. Reduction of wastage 	Likert Scale	Luo et al. (2012)

Source: Researcher (2025)

2.7 Chapter Summary

The chapter discusses the study's theoretical underpinnings, reviews the empirical studies in the study area, and identifies the emerging research gaps. It also provides a conceptual framework and an operationalization of the variables study.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the philosophy of the study, study design, population, and sample; the instruments utilized to gather data, and the statistical methods employed.

3.2 Research Philosophy

Mugenda and Mugenda (2003) Defines research philosophy as the framework applied in research to guide how it is conducted, depending on ideas about reality and the nature of knowledge. In addition, Zukauskas et al. (2018) Posit that research philosophy is the development of research assumptions, its nature, and knowledge. Interpretivism and positivism form the two main types of research philosophies applied in social sciences research. (Zukauskas et al., 2018). Interpretivism philosophizes that subjectivism is the only basis on which the social world can be interpreted, and it gives the greatest attention to individuals' experience of the social world. (Dudovskiy, 2018; Magout, 2020). The theory argues that acquired knowledge is not perceived objectively; rather, it is socially or subjectively constructed. Its main goal is to understand and interpret meaning in human behavior as opposed to generalization and prediction of the causes and effects. Positivism is centered on real facts, measurements, neutrality, validity of results, and attempts to gain descriptive and predictive knowledge through establishing the cause and effects in relationships. According to Zukauskas et al. (2018), under positivism, research begins with a theory, followed by data collection and analysis using statistical methods to obtain results that test the initial theory.

This study assumes that the social world can be understood from an objective perspective, and hence, the positivism research philosophy was applied. The study applied quantifiable data collected using a questionnaire directly from the respondents and quantitative techniques applied in the analysis. The interpretation of the findings relied solely on the data analysis, excluding any subjective biases from the researcher. This implies that the study operates under the assumption that only factual data is trustworthy, and the researcher prioritizes factual evidence over subjective impressions.

3.3 Research Design

The study utilized a descriptive cross-sectional research approach. Siedlecki (2020) contends that in descriptive research design, the researcher aims to gather information that defines an existing phenomenon within the studied population. Descriptive studies seek to answer questions regarding what, why, and when a phenomenon occurs. This method aids in identifying the characteristics of a population or specific phenomenon and allows for the recognition of patterns within a group's characteristics to comprehensively understand everything except why something occurred (Pallant and Bailey, 2005). On the other hand, a cross-sectional research design is characterized as an observational study design that enables the researcher to measure both the outcome and exposures in study participants simultaneously. It involves collecting data from various individuals at a single point in time (Loebet et al., 2017).

3.4 Target Population

In line with Saunders et al. (2015), a research population refers to a vast assembly or group of entities that constitute the primary focus of a scientific investigation. The targeted population for this study encompasses all 105 supermarkets situated within the Embakasi region, as registered by the Nairobi City County (2023) (Kenya Bureau of Statistics, 2023). Therefore, the study will target 315 Respondents. The Embakasi area is known for its dense population, and businesses such as supermarkets are observed to thrive, judging by their sheer abundance.

3.5 Sampling Design

Etikan and Bala (2017) describe sampling as a procedure of choosing a portion of elements from a statistical population to approximate or evaluate the population's attributes. The research selected non-probability sampling to select the study participants. The study used a judgmental sampling method to select persons in charge of finance and operations from the sampled supermarket retail businesses in the Embakasi area of Nairobi County. Judgmental Sampling ensures that the respondents with the right information are selected for the study (Loebet *et al*,2017). The people in charge of finance, operations (Duty Managers), and customer care were selected given that they are a category of staff who have the required information on the subject matter. Additionally, the study used stratification and proportionate sampling to ensure that the sample size is

as representative as possible. This ensured that only the respondents with the right information were included in the study sample.

The subsequent equation was employed to ascertain the sample size for a quantitative investigation. County Government of Nairobi (2022) indicated that there are 105 Supermarket businesses in Embakasi Region, Nairobi County. From each of the 105 supermarkets, the study targeted one person in charge of finance, in charge of operations and customer care adding to a total of 315 respondents. Therefore, the sample size was as follows.

Table 3.1 Sample Size

Area	Sample Size Distribution	Percentage (%) Distribution
Embakasi East	69	21.9
Embakasi West	93	29.5
Embakasi North	78	24.8
Embakasi South	75	23.8
Total	315	100.0

Source: Researcher (2024)

3.6 Data Collection Methods

The research employed a five-point Likert scale structured questionnaire to gather primary data. These questionnaires were categorized into three sub-sections, with Sub-section one recording the demographic details of the participants, Sub-section two focusing on inquiries related to the independent variable (organizational structure), and Sub-section three delving into questions concerning the dependent variables (performance of supermarket businesses). This segmentation facilitates regression analysis and the identification of significant relationships between organizational structure and supermarket business performance.

The data collection instrument was self-administered. This allowed the study participants to respond to the questionnaire items without being guided by the researcher. Moreover, the drop and pick technique was employed to distribute the questionnaires and later collect them from the respondents. An introductory letter clarifying the research's

purpose, the data being collected, and the privacy of the data was attached to the questionnaire. The study used research assistants to help improve the response rate.

3.7 Research Quality

This section focuses on the Pilot Study, Validity, and Reliability Tests.

3.7.1 Pilot Study

The pilot test was carried out via questionnaires that were conducted on 10% of the total respondents in Dagoretti sub-county, which also has the same characteristics as the Embakasi area, that is, the focus of the study.

3.7.2 Validity Test

Dudovskiy (2018) defines research validity as the degree to which research data aligns with its intended measurement. Mugenda & Mugenda (1999) outline various forms of validity in research, encompassing content, concurrent, predictive, construct, and convergent validity. The researchers used experts' opinions on whether the research instrument measures the construct of the study variables, whether the tools measure concepts that are similar to other tools, to establish the convergence of results. The study sought the experts or academicians, whether the measuring instrument would meet the intended purpose. Suggestions from the supervisor were incorporated into the revised tools, and the study ensured that the study instrument was convergent on whether the results predicted high correlation with the current tools/ measuring similar variables.

3.7.3 Reliability Test

The concept of reliability alludes to the consistency and stability demonstrated by a research tool (Goforth, 2015). The research instrument's reliability was evaluated using Cronbach's Alpha coefficient.

Table 3.1: Reliability Results

Study Variables	Cronbach's alpha coefficient
Divisional Organization Structure	.931
Hierarchical Organization Structure	.849
Functional Organization Structure	.836
Horizontal Organization Structure	.849

The results indicate a Cronbach's alpha coefficient mean of .931 for divisional organization structure questions, .849 for hierarchical organization structure, .836 for functional organization structure, and .849 for horizontal organization structure. These results indicated a Cronbach's alpha coefficient of more than 0.7, and this was considered adequate and therefore acceptable. George and Mallery (2003) provide guidelines for interpreting Cronbach's alpha test results, indicating that values exceeding 0.9 are excellent, those surpassing 0.8 are good, those exceeding 0.7 are acceptable, those surpassing .6 are questionable, and those surpassing 0.5 are poor, while values below .5 are unacceptable. Cooper and Schindler (2006) contend that a Cronbach's alpha coefficient falling within the range of 0.7 to 0.9 is satisfactory. Gliem and Gliem (2003) advocate for a Cronbach's value of 0.7, whereas Asikhia (2009) recommends a reliability threshold of 0.6. Bagozzi and Yi (2012) also assert that a value of 0.5 is considered reliable.

3.8 Data Analysis

Data analysis involves cleaning, transforming, and modeling data to uncover useful information that supports decision-making. The information gathered was sorted and manipulated to test for consistency and entirety. Statistical Package for Social Sciences (SPSS) software Version 26 was applied to analyze the data using descriptive and inferential statistical analysis. Descriptive statistical analysis included frequencies, mean, and standard deviation, while correlation and regression analysis were applied to establish the relationship between the variables.

Furthermore, the connection among the independent and dependent variables was examined via a linear regression model $QE = \beta_0 + \beta_1 DS + \beta_2 HOS + \beta_3 FS + \beta_4 HS + \epsilon$. The significance level was established at a critical level of $P < 0.05$, with a confidence interval of 95%. The hypothesis was tested using ANOVA, where a P-value less than .05 resulted in the rejection of the null hypothesis and acceptance of the alternative, while a P-value greater than .05 led to acceptance of the null hypothesis and rejection of the alternative.

$$Y = \beta_0 + \beta_1 DS + \beta_2 HOS + \beta_3 FS + \beta_4 HS + \epsilon$$

Where: -

PSB Performance of Supermarket Businesses in Embakasi Region, Nairobi County

β_0 =intercept

$\beta_1, \beta_2, \beta_3, \beta_4$, = regression coefficients

DS= Divisional Structure

HOS= Hierarchical Structure

FS= Functional Structure

HS= Horizontal Structures

ϵ =Error Term

3.9 Ethical Issues in Research

The researcher sought ethical approval from the Strathmore University Ethics Review Board. In addition, the researcher also acquired a research certificate from the National Commission for Science, Technology, and Innovation (NACOSTI), which is necessary for carrying out a survey. Besides, the respondents would be informed that their participation in the study would be entirely optional and that they may opt out at any time throughout the study. Participants needed to sign a consent form (Appendix I) indicating their willingness to participate in the study. The permission form indicated unequivocally that their participation and consent were entirely voluntary. Throughout the investigation period, the participants' information would be kept confidential and anonymous. This ensured that they respond honestly and truthfully.

The study was committed to upholding the welfare of the participants involved and tried to observe the rights of the respondents. The right quotations acknowledge related

authors and record perceptions and beliefs of the persons involved. The study acknowledged the various cultures, beliefs, and religions of the respondents targeted by the study.

3.10 Chapter Summary

The chapter contains key elements such as the target population, sampling strategies, methods of gathering data, and strategies for data analysis and presentation. It is organized into various sections, including research design, target population, methods for determining and selecting sample sizes, procedures for collecting data, and data analysis techniques. This organized structure of the chapter provides a comprehensive and systematic exploration of the study's methodology.



CHAPTER FOUR

DATA ANALYSIS, FINDINGS, AND INTERPRETATION

4.1 Introduction

The research aimed to establish how the structure of a supermarket influences its effectiveness, with a focus on supermarket enterprises within Nairobi City County. Therefore, the chapter gives an outline of the findings and discussions based on the analysis. The chapter is grouped into five subdivisions, which include the rate of response, demographic information section, a descriptive statistics section for the research variables, diagnostic tests, and an inferential statistical analysis section for the collected information.

4.2 Response Rate

The research aimed at establishing the participation of the study, the level of response, and the response per category of the respondents. The following were the responses.

Table 4.1 Response Rate

Area	Sample	Responded	Average Percentage Response
Embakasi East	69	59	85.5
Embakasi West	93	79	84.9
Embakasi North	78	66	84.6
Embakasi South	75	65	86.7
Total	315	269	85.4

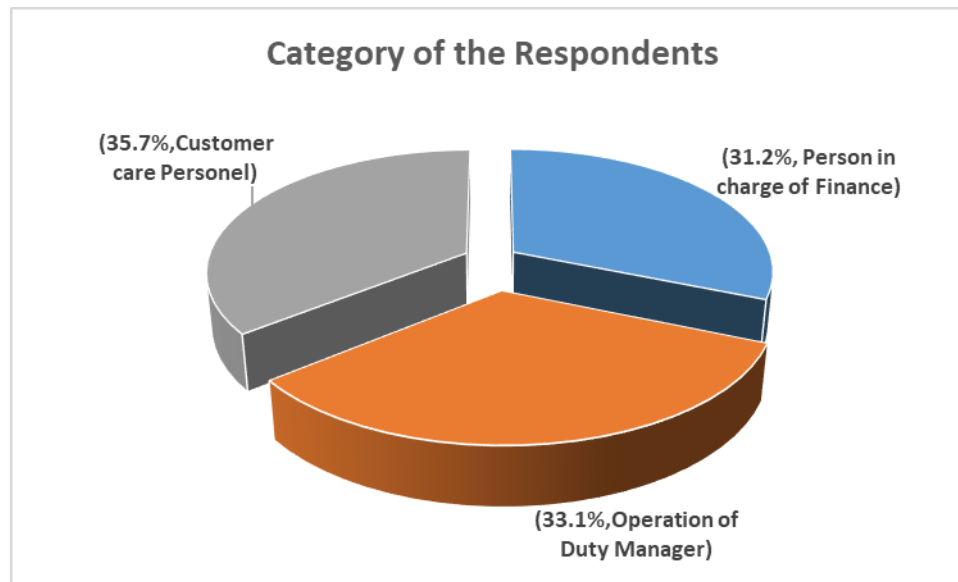
Source: Researcher (2025)

The study registered a response rate of 85.3%, which is regarded as enough. Arora (2003) notes that an interview or questionnaire-form of research that gives a rate of response of 65% and above is considered well-participated research.

4.3 General Information of the Respondents

The researcher aimed to determine the respondents' demographic data. Data on research participants is provided by demographic information, which is also required to determine if the participants in a given study are typical of the target community for generalization

purposes. Understanding how organizational structure affects the efficiency of supermarket businesses in Nairobi County required knowing the general information, which included the respondents' gender, age, education level, and length of time working as the person in charge of finance or operations in the supermarkets included in the study.



Source: Researcher (2025)

Figure 4.1 Category of the Respondents

The study established that 33.1% of the respondents included in the study were Persons in Charge of Operations of Supermarket Managers, 31.2% of the respondents included in the study were Persons in Charge of Finance of Supermarket Managers while 35.7% were persons in Customer Care Staff in the supermarkets that were covered by the study. This indicated that the categories of staff targeted for the study were well represented.

Table 4.2: Demographic Information

Category	N (%)
Gender of the Respondents	
Male	161(59.8)
Female	108(40.2)
Total	269 (100.0)
Age of the Respondents	
18-25	57 (21.2)

26-35	98(36.4)
36-45	77(28.6)
45-55	37 (13.8)
65 and above	0(0)
Total	269 (100.0)
Education Level	
Primary	0(0)
KCSE and Equivalent	0(0)
College Certificate	0(0)
Diploma	20(7.4)
Undergraduate Degree	180 (66.9)
Master's Degree	64(23.8)
PhD	5(1.9)
Total	269(100.0)
Duration that the respondents had worked in the Supermarket	
Less than a year	18(6.7)
1-5years	104(38.7)
6-10 years	100 (37.1)
11-15years	25 (9.3)
15-20 years	22(8.2)
More than 20 years	0(0)
Total	269(100.0)

Source: Researcher (2025)

The results of the research established that 59.8% of participants who were engaged in the study were men, while 40.2% were female. This indicated that there are more male than female staff in the categories covered by the study, indicating that, depending on the nature of work that sometimes requires late working hours and sometimes offloading of goods to the store, and there the industry staff is more dominated by males. On the other hand, the results from the data analysis also showed that 21.2% respondents were 18-25 years old, 36.4% were 26-35 years old, 28.6% were 36-45 while 13.8% of the respondents were 45-55 years old and no respondent was 65 years old and above. This

indicated that the industry preferred younger staff who are 35 years and below due to work demands.

The results of the study also indicated that 7.4% of the participants had a Diploma qualification, 66.9% of the had an Undergraduate degree, 23.8% of the respondents attained Master's Degree with another 1.9% had Doctorate Degrees (PhD) in areas that were not specified while no respondents had a college certificate or secondary education certificate or its equivalent. This indicated that the staff were more educated and therefore were able to effectively respond to the research questions due to their levels of education, and understood the questions that were being posed to them. On other hand, the results show that 6.7% of the participants had worked in the supermarket for less than a year, 38.7% of the respondents had worked in the supermarkets for 1-5 years, 37.1% of the respondents had been in the current jobs for 6-10 years, while 9.3 had worked for 11-15 years with another 9.3% of the participants having worked in the sampled supermarket for 15-20 years. This showed that most of the businesses were young and had not operated for 10 years or above, and that the staff opted for other job opportunities in other sectors. The study also indicated that none of the participants had been in a relationship for more than 20 years.

4.4 Descriptive Statistical Analysis

A summary statistic that quantitatively characterizes or condenses the characteristics of a set of data is called a descriptive statistic (Stapor, 2020). Descriptive statistics present facts and established results from a population, while inferential statistics use sample analysis to forecast outcomes for larger groups. Accordingly, descriptive statistics are often nonparametric statistics and, in contrast to inferential statistics, are not derived from probability theory (Trochim, 2006).

To evaluate the primary data gathered, the study used a 5-point Likert scale, with 1 denoting "strongly disagree" and 5 denoting "strongly agree." From the information gathered from the respondents, the data analysis produced means and standard deviations. According to the mean's interpretation, 1-1.8 indicates severely disagree, 1.9-2.6 indicates disagree, 2.7-3.4 indicates somewhat agree, 3.5-4.2 indicates agree, and 4.3-5 indicates highly agree (Mwiti, 2022).

4.4.1 Effect of Divisional Structure on the Performance of Supermarket Businesses

The study's first specific goal was to determine how divisional organization affected the performance of supermarkets in Nairobi County's Embakasi area.

Table 4.3 Effect of divisional structure on the performance of Supermarket businesses

Divisional Structure	N	Mean	Standard Deviation
Employees are grouped into functions to enable effective operations	269	2.13	.780
Specific functions are coordinated from specific units, affecting the overall supermarket performance	269	4.58	.671
The units are semi-autonomous, thereby performing their functions	269	4.41	.954
Different divisions help employees further develop their skills in their area of expertise	269	4.41	.954
Average	269	3.89	0.839

Source: Researcher (2025)

The findings established a strong concurrence that the specific functions are coordinated from specific units affecting the overall supermarket performance, with a mean of 4.58 and an SD of .671. There was a strong agreement that the units are semi-autonomous, thereby performing their functions (Mean 4.41, SD = .954). Furthermore, there was also a strong concurrence that different divisions assist the workforce in advancing their competencies in their areas of profession (Mean 4.41, SD = .954). The respondents disagreed that employees are grouped into functions to enable effective operations (Mean= 2.13, Standard Deviation= .780).

Moreover, the study outcomes established that the specific functions are coordinated from specific units affecting the overall supermarket performance, the units are semi-autonomous, thereby performing their functions, and that diverse divisions aid workers advance their competencies in their line of profession further. The findings of the study

established that diverse divisions may assist workers to advance their competencies in their profession further, notably that the employees are not grouped into functions to enable effective operations, but are always rotated through the various functions in the supermarkets. The results imply that the proper implementation of divisional structure is critical in achieving the desired Performance of Supermarket Businesses in Nairobi County's Embakasi area.

4.4.2 Effect of Hierarchical Structure on the Performance of Supermarket Businesses.

The study's second specific goal was to determine how the performance of supermarket companies in Nairobi County's Embakasi area was impacted by hierarchical organization.

Table 4.4 Effect of hierarchical structure on the performance of Supermarket businesses

Hierarchical Structure	N	Mean	Standard Deviation
Following the chain of command allows managers to provide direction	269	3.69	1.035
Centralized instructions facilitate performance efficiency	269	4.67	.943
Delegation of power to different employees has enhanced performance	269	4.19	.972
The authority effectively delegates tasks and ensures operational efficiency	269	4.42	1.128
Average	269	4.24	1.019

Source: Researcher Data (2025)

The study outcomes revealed that there was strong concurrence that centralized instructions facilitate performance efficiency with a mean of 4.67 and a Standard Deviation of .943; there was a strong agreement that the authority effectively delegates tasks and ensures operational efficiency (Mean 4.42, Standard Deviation = 1.128). There was also a strong agreement that delegation of power to different employees has enhanced performance (Mean 4.19, Standard Deviation = .972). The respondents agree

that following the chain of command allows managers to provide direction (Mean= 3.69, Standard Deviation= 1.035).

The results of the study showed that centralized instructions facilitate performance efficiency and that delegation of power to different employees has enhanced performance. Additionally, the results indicated that the management in the supermarkets effectively delegates tasks and ensure operational efficiency and to ensure that the supermarkets are operational even when the staff are not under supervision although sometimes the management does not follow the chain of command that allow managers to provide direction, but sometimes the business owners or the directors provide direct instruction to the employees. The results indicate that the desired Performance of Supermarket Businesses in Nairobi County's Embakasi area can be achieved if the supermarkets can implement an effective hierarchical structure.

4.4.3 Effect of Functional Structure on the Performance of Supermarket Businesses

The study's third specific goal was to determine how functional organization affected the performance of supermarkets in Nairobi County's Embakasi area.

Table 4.5 Effect of functional structure on the performance of Supermarket businesses

Functional structure	N	Mean	Standard Deviation
Functional structure on the performance of Supermarket businesses	269	4.42	.955
The employees under the specific unit are tasked with specific tasks	269	4.77	1.120
The manager in a specific specialized unit coordinates the function in their unit	269	3.76	1.127
The grouping of staff according to their specialties has enhanced performance	269	4.07	1.273
Clear functions for each unit or section have contributed to the better performance of the supermarket	269	3.43	1.074

Average	269	4.09	1.109
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Source: Researcher (2025)

The findings show a strong concurrence that there is a functional structure on the performance of Supermarket businesses as indicated by a mean of 4.42 and SD of .955, there was a strong agreement that the grouping of staff according to their specialties has enhanced performance (Mean 4.07, SD = 1.273). There was also an agreement that the employees under a specific unit are tasked with specific tasks (Mean= 3.77, SD= 1.120). The respondents agree that the manager in specific specialized units coordinates the function in their unit (Mean 3.76, SD = 1.127).

The findings of data analysis revealed that the functional structure affects the performance of Supermarket businesses and that the employees under specific units are tasked with specific tasks, with staff of the different functions being grouped according to their specialties. This grouping has contributed to enhanced performance, although there is a need for clear functions for each unit or section for better performance of the supermarket, and ensure that the supermarkets are able to achieve high levels of performance.

4.4.4 Effect of Horizontal Structure on the Performance of Supermarket Businesses

The study's fourth goal was to determine how the performance of supermarket companies in Nairobi County's Embakasi area was impacted by horizontal structure.

Table 4.6 Effect of horizontal structure on the performance of Supermarket businesses

Horizontal structure factors	N	Mean	Standard Deviation
The fewer levels of middle management enhance performance	269	4.01	1.251
The ease of getting to the top decision maker has led to an increase in customer satisfaction and overall supermarket performance	269	4.02	1.125
A flat management structure has facilitated quick decision-making	269	3.81	.963

The management structure also reduces the cost of operations	269	3.92	1.308
Average	269	3.94	1.162

Source: Researcher (2025)

The findings revealed a strong concurrence that the ease of getting to the top decision maker has led to increase customer satisfaction and overall supermarket performance as shown by a mean of 4.02 and SD of 1.125, there was a strong agreement that the fewer levels of middle management enhance performance (Mean= 4.01, SD = 1.251). There was also an agreement that the management structure reduces the cost of operations (Mean 3.92, SD = 1.308). The respondents agree that a flat management structure has facilitated quick decision making (Mean 3.81, SD = 1.308).

The study demonstrated that fewer levels of middle management enhance performance in the supermarkets, with the top management being easily accessible if any concerns may arise. The study also indicated that the ease of getting to the top decision maker has led to an increase in customer satisfaction, as customer complaints are addressed in a good manner. The study also established that these factors have contributed to the overall supermarket performance. This kind of management structure, as indicated by the study, reduces the cost of operations.

4.4.5 Performance of Supermarket Businesses Factors

Table 4.7 Performance of Supermarket Businesses Factors

Organizational Performance Factors	N	Mean	Standard Deviation
Operational Efficiency			
The way the supermarket delivers its operations is efficient	269	3.57	1.237
The operations in the supermarket are efficient in achieving the organization's objectives	269	3.40	.869
The performance of the supermarket depends on the organization's structure	269	2.71	.897
The current organizational structure is not efficient	269	3.30	1.487

and should be changed			
Average	269	3.25	1.123
Operational Effectiveness			
The way the supermarket delivers its operations is effective	269	3.70	1.157
The operations in the supermarket are effective in achieving the organization's objectives	269	3.91	.924
The current organizational structure is not effective and should be changed	269	4.19	1.221
The organization structure enables timely decision-making	269	2.83	1.150
Average	269	3.66	1.113
Internal Business Processes			
The internal business processes in the supermarket are effective	269	3.67	1.162
The internal business processes in the supermarket help in achieving the organization's objectives	269	3.93	.949
The internal business processes in the supermarket need to be evaluated	269	4.24	1.231
The current organizational structure does not effectively support the business process in the supermarket	269	2.91	1.155
Average	269	3.69	1.124
Customer Satisfaction			
The customers feel satisfied with the structure that is there to address their grievances	269	4.42	.759
The customers' complaints are addressed to the customer satisfaction	269	4.60	.661
The customers are satisfied with the supermarket's services	269	4.43	.945
The current organizational structure does not	269	2.41	1.183

effectively meet customers' needs			
Average	269	3.97	.887

Source: Researcher (2025)

The findings revealed that on Operational Efficiency, there was concurrence that the way the supermarket delivers its operations is efficient based on the mean of 3.57 and SD of 1.237, there was an agreement that the operations in the supermarket are efficient in achieving the organization's objectives (Mean= 3.40, SD = .869). There was also an agreement that the current organizational structure is not efficient and should be changed (Mean 3.30, SD = 1.487). The respondents somehow agree that the Performance of the supermarket depends on the organization structure (Mean 2.71, SD = .897).

This indicated that somehow the way the supermarket delivers its operations is efficient and that the operations of the supermarket are efficient in achieving the organization's objectives, the current organization structure is not efficient and should be changed, given that it sometimes affects the overall supermarket's performance. The results also showed that the performance of the supermarket did not entirely depend on the organization structure, but its performance was dependent on many other factors that should also be considered to optimize performance.

The study findings revealed that on Operational Effectiveness, there was a strong concurrence that the current organization structure is not effective and should be changed as demonstrated by a mean of 4.19 and SD of 1.221, there was an agreement that the operations in the supermarket are effective in achieving the organization objectives (Mean= 3.91, SD = .924). There was also an agreement that the way the supermarket delivers its operations is effective (Mean 3.70, SD = 1.157). The participants somehow concur that the organization structure enables timely decision-making (Mean 2.83, SD = 1.150).

This showed that there was agreement that the way the supermarket delivers its operations is effective and that the operations in the supermarket are effective in achieving the organization's objectives, although the success of the supermarket operations cannot be entirely attributed to the current organization structure which is not effective and therefore it should be changed. The current organizational structures in the

supermarkets did not enable timely decision-making, which was critical in achieving the desired organizational performance in these supermarkets.

The results indicated that on Internal Business processes, there was a strong agreement that the internal business processes in the supermarket needs to be evaluated based on the mean of 4.24 and standard deviation of 1.231, there was an agreement that the internal business processes in the supermarket help in achieving the organization objectives (Mean= 3.93, Standard Deviation= .949). There was also an agreement that the internal business processes in the supermarket are effective (Mean= 3.67, Standard Deviation= 1.162). The respondents somehow agree that the current organization structure does not effectively support business processes in the supermarket (Mean= 2.91, Standard Deviation= 1.155).

Additionally, the findings revealed that on customer satisfaction, the customers feel satisfied with the structure that is there to address their grievances, based on the mean of 4.42 and SD of .759 there was strong agreement that the customers complains are addressed to the customers' satisfaction (Mean= 4.60, SD = .661). There was also strong agreement that the current organizational structure does not effectively meet customers' needs (Mean 4.43, SD = .945). The respondents disagree that the current organization structure does not effectively meet customers' needs (Mean 2.71, SD = 1.183).

This indicated that, somehow, the internal business processes in the supermarket are effective, but cannot be fully considered as such. Additionally, though the supermarkets have internal business processes in and to some level help the supermarkets in achieving their organizational objectives, the current internal business processes in the supermarket need to be evaluated for the supermarkets to achieve the desired organizational performance. The current business structure does not effectively support the business process in the supermarket and therefore needs to be reviewed to see if the supermarket is to achieve its optimum operations and performance. Finally, the results indicated that the customers feel satisfied with the structure that is there to address their grievances, as it can address all their complaints to satisfaction.

4.5 Diagnostic Analysis

Prior to doing the regression tests, the researcher conducted a diagnostic test. This was done to make the model's presumptions true. The collinearity tests used in the study are explained below.

4.5.1 Collinearity Test

Variance Inflation Factors (VIF) were employed in the study to test whether the predictor variables had any linear connection with one another. A VIF value greater than 5 suggests a high correlation between predictor variables, whereas a value equal to 1 shows no association at all (Frost, 2020).

Table 4.8 Collinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1		
Divisional Organization Structure	.256	3.256
Hierarchical Organization Structure	.217	4.101
Functional Organization Structure	.341	2.728
Horizontal Organization Structure	.377	2.524

Source: Researcher (2025)

According to Table 4.9 above, the VIFs for divisional, hierarchical, functional, and horizontal organizational structures are 3.256, 4.101, 2.728, and 2.524, respectively. Regression analysis may be performed on the data, as it suggests that there is no connection between the independent variables. Furthermore, none of the variables that have an estimated regression coefficient below 5 are inflated by collinearity.

4.6 Inferential Analysis

Estimates were derived and hypotheses tested with the use of inferential statistical analysis. The study made the assumption that a sample of the study population was used to create the observed data set. As a parametric statistical test, inferential statistics was employed to help make assumptions about the distributions and population characteristics

from which the data originated. Analysis of Variance (ANOVA), Model Summary, and Regression Coefficient were among the regression and correlation analyses that were part of the methodology (Mwiti, 2022).

4.6.1 Correlation Analysis

The study employed correlation analysis, a statistical technique for calculating the link between two variables and gauging the strength of their linear relationship (Senthilnathan, 2019). The correlation analysis aided in determining the degree of change in the dependent variable, which was the performance of supermarkets in Nairobi County's Embakasi area as a result of modifications to the independent variable (hierarchical, functional, horizontal, and divisional organizational structures).

Table 4.9 Correlation Analysis

Correlations						
		Performance of Supermarkets	Divisional Organization Structure	Hierarchical Organization Structure	Functional Organization Structure	Horizontal Organization Structure
Performance of Supermarkets	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	118				
Divisional Organization Structure	Pearson Correlation	.653**	1			
	Sig. (2-tailed)	.000				
	N	269	269			
Hierarchical Organization Structure	Pearson Correlation	.734**	.590**	1		
	Sig. (2-tailed)	.000	.000			
	N	269	269	269		
Functional Organization Structure	Pearson Correlation	.777**	.480**	.520**	1	**
	Sig. (2-tailed)	.000	.000	.000		
	N	269	269	269	269	
Horizontal Organization Structure	Pearson Correlation	.813**	.461**	.566**	.571**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	269	269	269	269	269

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

Source: Researcher (2025)

The outcomes of the correlation analysis revealed an average positive association between divisional organization structure and the performance of Supermarket businesses in Embakasi Region, Nairobi County ($r=.653$); divisional organization structure was also

demonstrated to bear a substantial connection with the performance of Supermarket businesses in Embakasi Region, Nairobi County (Sig= .000<.05). The results of the correlation analysis also indicate a high positive relationship between Hierarchical Organization Structure and the performance of Supermarket businesses in Embakasi Region, Nairobi County (r=.734); Hierarchical Organization Structure was also found to have a significant relationship with the performance of Supermarket businesses in Embakasi Region, Nairobi County (Sig= .000<.05).

Additionally, the findings of the correlation analysis show a high positive association of functional organization structure and the performance of Supermarket businesses in Embakasi Region, Nairobi County(r=.777); functional organization structure was also established to contain a substantial relationship with the performance of Supermarket businesses in Embakasi Region, Nairobi County (Sig= .000<.05). The results of the correlation analysis also indicate a high positive relationship between horizontal organization structure and the performance of Supermarket businesses in Embakasi Region, Nairobi County (r=.813); horizontal organization structure was also found to have a significant relationship with the performance of Supermarket businesses in Embakasi Region, Nairobi County (Sig= .000<.05).

4.6.2 Regression Analysis

One of the statistical techniques for demonstrating the link between two or more variables is regression analysis. Regression analysis tries to determine which factors are most important to that change, as changes in the independent variable or variables affect changes in the dependent variable or variables (Sarstedt and Mooi, 2014). The following were the outcomes of the linear regression analysis:

Table 4.10 Divisional Organization Structure and the Performance of Supermarket Businesses in Embakasi Region

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.653 ^a	.426	.421	.508		
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.252	3	22.252	86.237	.000 ^b
	Residual	29.932	265	.258		

	Total	52.184	268			
a. Dependent Variable: Performance of Supermarkets						
b. Predictors: (Constant), Divisional Organization Structure						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.864	.301		2.875	.005
	Divisional Organization Structure	.710	.077	.653	9.286	.000

The coefficient of determination (R Squared) of .426 indicates that divisional organizational structure characteristics account for 42.6% of the variations in supermarket firms' performance in Nairobi County's Embakasi Region. Aside from divisional organizational structure considerations, additional factors not covered in the research account for the remaining 57.4%.

The Analysis of Variance (ANOVA) test was also used in the study to determine the statistical significance of the regression model. The results of the ANOVA test show a p-value of less than 0.05 (Sig=.000<.05), indicating that the model above is statistically significant in explaining the relationship between the performance of supermarket businesses in Nairobi County's Embakasi Region and divisional organization structure. Additionally, the model was statistically fit to test the link between divisional organization structure and supermarket business performance in Nairobi's Embakasi Region (F=86.237; 3, 265).

Based on the coefficients in Table 4.5.1 above, the regression equation that is produced is:

$$Y = .710 + .864X_1$$

The following is an interpretation of the equation above: The performance of the supermarket business in the Embakasi Region will vary by one unit if the divisional organizational structure is altered by 864. The regression model ($\beta = .710$) is also statistically significant (sig=.000<.05), according to the results.

Additionally, the results demonstrate the statistical significance of divisional organizational structure (Sig=.000<.05).

Therefore, the results indicated that divisional organizational structure significantly affects the performance of supermarkets in Nairobi County's Embakasi Region. Additionally, divisional organizational structure factors account for 42.6% of the variations in supermarket firms' performance in Nairobi County's Embakasi Region.

Table 4.11 Hierarchical Organizational Structure and the Performance of Supermarket Businesses in Embakasi Region

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.734 ^a	.539	.535	.455		
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.140	3	28.140	135.762	.000 ^b
	Residual	24.044	265	.207		
	Total	52.184	268			
a. Dependent Variable: Performance Of Supermarket Businesses						
b. Predictors: (Constant), Hierarchical Organizational Structure						
Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.253	.208		6.036	.000
	Hierarchical Organizational Structure	.558	.048	.734	11.652	.000

According to the coefficient of determination (R Squared) of.539, hierarchical organizational structure characteristics account for 53.9% of the variations in the performance of supermarket enterprises in Nairobi County's Embakasi area. Aside from

hierarchical organizational structure issues, additional factors not covered in the study account for the remaining 46.1%.

The Analysis of Variance (ANOVA) test was also used in the study to determine the statistical significance of the regression model. According to the results of the ANOVA test, the model above is statistically significant in explaining the relationship between hierarchical organization structure and the performance of supermarket businesses in Nairobi County's Embakasi Region. The p-value is less than 0.05 (Sig=.000<.05). Additionally, the model was statistically fit to assess the correlation between the performance of supermarket businesses in Nairobi's Embakasi area and hierarchical organizational structure (F=135.762; 3, 265).

$Y = 1.253 + .558X_1$ is the regression equation that results from the coefficients in Table 4.5.2 above.

The following is an interpretation of the equation above:

The performance of the supermarket company in the Embakasi Region will vary by one unit if the hierarchical organizational structure is altered by 558, as well. The regression model ($\beta = 1.253$) is likewise statistically significant (sig=.000<.05), according to the results. Additionally, the results demonstrate the statistical significance of hierarchical organizational structure (Sig=.000<.05).

Therefore, the results indicated that hierarchical organizational structure significantly affects the performance of supermarkets in Nairobi County's Embakasi Region. Additionally, hierarchical organizational structure factors account for 53.9% of the variations in supermarket firms' performance in Nairobi County's Embakasi Region.

Table 4.12 Functional Organizational Structure and the Performance of Supermarket Businesses in Embakasi Region

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.777 ^a	.604	.601	.422	
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.538	3	31.538	177.203	.000 ^b
	Residual	20.645	265	.178		
	Total	52.184	268			
a. Dependent Variable: Performance of Supermarkets						
b. Predictors: (Constant), Functional Organizational Structure						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.687	.150		11.211	.000
	Functional Organizational Structure	.497	.037	.777	13.312	.000

With a coefficient of determination (R Squared) of .604, functional organizational structure characteristics account for 60.4% of variations in supermarket enterprises' performance in Nairobi County's Embakasi area. Aside from functional organizational structure variables, other factors not covered in the research account for the remaining 39.6%.

The Analysis of Variance (ANOVA) test was also used in the study to determine the statistical significance of the regression model. According to the results of the ANOVA test, the model above is statistically significant in explaining the relationship between functional organizational structure and the performance of supermarket businesses in

Nairobi County's Embakasi Region. The p-value is less than 0.05 (Sig=.000<.05). Additionally, the model was statistically fit to assess the association between the performance of supermarket businesses in Nairobi's Embakasi area and the functional organization structure (F=177.203; 3, 265).

$Y = 1.687 + .497X_1$ is the regression equation that results from the coefficients in Table 4.5.3 above.

The following is an interpretation of the equation above:

The performance of the supermarket company in the Embakasi Region will vary by one unit if the functional organizational structure is altered by 497. The results also show that the regression model is statistically significant (sig=.000<.05) with $\beta=1.687$. Additionally, the results demonstrate the statistical significance of functional organizational structure (Sig=.000<.05).

Therefore, the results indicated that functional organizational structure significantly affects the performance of supermarkets in Nairobi County's Embakasi Region. Additionally, functional organizational structure factors account for 60.4% of the variations in supermarket firms' performance in Nairobi County's Embakasi Region.

Table 4.13 Horizontal Organizational Structure and the Performance of Supermarket Businesses in Embakasi Region

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.813 ^a	.661	.658	.390		
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.511	3	34.511	226.535	.000 ^b
	Residual	17.672	265	.152		
	Total	52.184	268			
a. Dependent Variable: Performance of Supermarket businesses						
b. Predictors: (Constant), Horizontal Organizational Structure						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.499	.146		10.305	.000
	Horizontal Organizational Structure	.539	.036	.813	15.051	.000

According to the coefficient determinant (R Squared) of .661, horizontal organizational structure characteristics account for 66.1% of variations in the performance of supermarket enterprises in Nairobi County's Embakasi Region. Aside from issues related to horizontal organizational structure, additional factors not covered in the research account for the remaining 33.9%.

The Analysis of Variance (ANOVA) test was also used in the study to determine the statistical significance of the regression model. The results of the ANOVA test show a p-value of less than 0.05 (Sig=.000<.05), indicating that the model above is statistically significant in explaining the relationship between the performance of supermarket businesses in Nairobi County's Embakasi Region and horizontal organization structure. The model was also statistically fit to examine the association between the performance of supermarket businesses in Nairobi's Embakasi Region and horizontal organization structure (F=226.535; 3, 265).

$Y = .539 + 1.499X_1$ is the regression equation that results from the coefficients in Table 4.5.4 above.

The following is an interpretation of the equation above:

The performance of the supermarket business in the Embakasi Region will vary by one unit for every unit change in the horizontal organizational structure of 1.499. The regression model ($\beta=.539$) is likewise statistically significant ($\text{sig}=.000<.05$), according to the results. Additionally, the results demonstrate the statistical significance of horizontal organizational structure ($\text{Sig}=.000<.05$).

Therefore, the results indicated that horizontal organizational structure significantly affects the performance of supermarkets in Nairobi County's Embakasi Region. Additionally, horizontal organizational structure factors account for 66.1% of the variations in supermarket firms' performance in Nairobi County's Embakasi Region.

Table 4.14 Effect of Organizational Structures on the Performance of Supermarket Businesses in Embakasi Region

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.849 ^a	.721	.711	.359		
ANOVA ^a						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	37.640	3	9.410	73.117	.000 ^b
	Residual	14.543	265	.129		
	Total	52.184	268			
a. Dependent Variable: Performance of Supermarket Businesses						
b. Predictors: (Constant), Divisional Organization Structure, Hierarchical Organization Structure, Functional Organization Structure, and Horizontal Organization Structure						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.367	.220		6.220	.000
	Divisional Organization Structure	.040	.091	.036	.435	.034
	Hierarchical Organization Structure	.118	.092	.155	-1.287	.011
	Functional Organization Structure	.269	.057	.421	4.737	.000
	Horizontal Organization Structure	.394	.069	.595	5.694	.000

The factors related to organizational structure (hierarchical, functional, horizontal, and divisional) account for 72.1% of the variations in the performance of supermarket

businesses in Nairobi County's Embakasi area, according to the coefficient determinant (R Squared) of .721. Aside from organizational structural considerations, additional factors not covered in the study account for the remaining 27.9%.

The Analysis of Variance (ANOVA) test was also used in the study to determine the statistical significance of the regression model. The results of the ANOVA test show a p-value of less than 0.05 (Sig=.000<.05), indicating that the model above is statistically significant in explaining the relationship between the performance of supermarket business in Nairobi County's Embakasi Region and the organization structure (Divided Organization Structure, Hierarchical Organization Structure, Functional Organization Structure, and Horizontal Organization Structure). The statistical fit of the model to assess the relationship between organizational structure (hierarchical, functional, horizontal, and divisional) and supermarket business performance in Nairobi's Embakasi Region was also demonstrated by the data (F=86.237; 3, 265).

With the coefficients in Table 4.5.1 above, the regression equation that results is $Y = 1.367 + .040 X_1 + .118 X_2 + .269 X_3 + .394 X_4 + \epsilon$.

The following is an interpretation of the equation above:

The performance of the supermarket business in the Embakasi Region will change by one unit for divisional organizational structure, .040 for hierarchical organizational structure, .118 for functional organization structure, and .394 for horizontal organization structure. The results also show that the regression model is statistically significant (sig=.000<.05) with $\beta = 1.367$. Additionally, the results demonstrate the statistical significance of the organizational structure (Divisional, Hierarchical, Functional, and Horizontal) (Sig=.000<.05).

Therefore, the results indicated that organizational structure (Divisional, Hierarchical, Functional, and Horizontal) significantly affects the performance of supermarkets in Nairobi County's Embakasi Region. Additionally, organizational structure (Divisional, Hierarchical, Functional, and Horizontal) factors account for 72.1% of the variations in supermarket firms' performance in Nairobi County's Embakasi Region.

4.7 Chapter Summary

This chapter includes the general information of the respondents, the descriptive statistics, the Collinearity Test, and the inferential statistics that include the correlation analysis and the multilinear regression analysis.



CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

Several subtopics are covered in this chapter, such as the study's conclusions, suggestions, and comments of the findings. The study's shortcomings, recommendations, and ideas for more research were also discussed in this chapter.

5.2 Summary of Findings

The study sought to establish the effect of organizational structure affects the performance of supermarkets in Nairobi County. Structured questionnaires were utilized to gather primary data, descriptive methods were employed, and regression analysis was performed on the acquired data. The results indicated that all the organizational structure factors (divisional organization structure, hierarchical organization structure, functional organization structure, and horizontal organization structure) significantly influenced the performance of the Supermarket business in the Embakasi Region, Nairobi County. In conclusion, the study found that the performance of the supermarket business in Nairobi County's Embakasi Region was significantly impacted by all four organizational structure factors: divisional, hierarchical, functional, and horizontal.

5.3 Discussions of The Study Findings.

The following is our discussion of the findings:

5.3.1 Divisional Organization Structure and the Performance of the Supermarket Businesses in the Embakasi Region

The study sought to determine the effect of Divisional Organization Structure on the Performance of the Supermarket Businesses in the Embakasi Region. The results indicated a significant relationship between Divisional Organization Structure on the Performance of Supermarket Businesses in the Embakasi Region. The study also established a moderate positive relationship between divisional organization structure and the performance of Supermarket businesses in the Embakasi Region, Nairobi County. These findings are consistent with Jonathan (2018), who established that divisional structure, among other factors, significantly influences an organization's success in

achieving business-IT alignment, and likewise et al (2019) that established that divisional management structure, which provides various specialized services, significantly contributed to customer satisfaction and overall performance. The study findings are also consistent with the findings by Gatoto (2018) that established that the divisional management framework implemented by the surveyed supermarkets facilitated their operational efficiency.

Additionally, Adenike, Bello, and Adekola (2019) also established that divisional structure, among other factors, significantly influences an organization's success across several sectors, as the study also highlighted that divisional management structure provides various specialized services that significantly contribute to specific organizational performance indicators, such as customer satisfaction, among others.

Results indicated that specific functions are coordinated from specific units affecting the overall supermarket performance, the units are semi-autonomous, thereby performing their functions, and that different divisions help employees further develop their skills in their area of expertise. Additionally, while different divisions may help employees further develop their skills in their area of expertise, noticeably, the employees are not grouped into functions to enable effective operations, but are always rotated through the various functions in the supermarkets. The benefits of Sunday *et al* (2023) divisional organization structure cannot be overemphasized and include increased customer focus, faster decision-making, specialization, and clear accountability, enabling organizations to serve multiple markets efficiently. Additionally, Shafae (2023) allows companies to tailor products and services to specific customer segments or markets, leading to greater customer satisfaction and loyalty.

5.3.2 Hierarchical Organization Structure and the Performance of Supermarket Businesses in Embakasi Region

The study sought to determine the effect of hierarchical organization structure on the Performance of supermarket businesses in the Embakasi Region. The results indicated a significant relationship between hierarchical organization structure on the Performance of supermarket businesses in the Embakasi Region. The study also established a high positive relationship between hierarchical organization structure and the performance of

Supermarket businesses in the Embakasi Region, Nairobi County. These findings are consistent with the findings by Masimba (2018) that established the impact of hierarchical structure on the performance of these supermarkets.

Results also indicated that management in the supermarkets effectively delegates tasks and ensure operational efficiency and to ensure that the supermarkets are operational even when the staff are not under supervision although sometimes the management does not follow the chain of command that allow managers to provide direction, but sometimes the business owners or the directors provide direct instruction to the employees, The significance impact of hierarchical organization structure on the performance of Supermarkets Businesses also supports findings by Ravulapally (2023) that established that hierarchical structure has been known to ensure accountability for each employee's actions and performance, potentially enhancing productivity and efficiency.

Additionally, a well-defined hierarchy makes it easier for the organization to coordinate its activities and monitor progress, as supported by findings by Bidmon and Knab (2018) that a robust hierarchical structure facilitates effective teamwork coordination, conflict resolution, productivity enhancement, and establishment of a clear chain of command. Lastly, the study supports findings by Holmes and Holcomb (2023) that established that the management structure was identified as a pivotal factor influencing the company's operations and that the advantages and drawbacks associated with hierarchical management are that sometimes the operations are not decentralized, affecting their operations. Rajaeepour (2023) also highlighted that while businesses can organize their authority levels in various ways, one of the most effective structures is a hierarchy, and if properly implemented hierarchy can help it achieve its goals.

5.3.3 Functional organization structure and the Performance of supermarket businesses in the Embakasi Region

The study sought to determine the effect of functional organizational structure on the Performance of supermarket businesses in the Embakasi Region. The results indicated a significant relationship between functional organizational structure on the Performance of supermarket businesses in the Embakasi Region. The study also established a high positive relationship between functional organizational structure and the performance of

Supermarket businesses in the Embakasi Region, Nairobi County. These findings are consistent with the findings by Belas and Amoah (2020), who cited that functional organization structure allowed employees from different departments to collaborate on tasks beyond their expertise, facilitated by the functional structure. The significance of the functional organization structure as established in the study also supports the findings by Ramappa, Goudappa et al (2018) who established that the majority of supermarkets were structured based on functional divisions, comprising line managers and personnel.

The results are also in line with the results by Kollmann and Dobrovič (2022), who felt that while many organizations had adopted functional management structures, there was a notable lack of clarity among managers regarding the objectives and functions of individual organizational units within the corporate system across European Union countries. Notably, although many companies had fully implemented functional management structures to guide their daily management and decision-making practices, there was low management literacy in the application of these structures.

The results also indicated that functional structure affects the performance of Supermarket businesses and that the employees under a specific unit are tasked with specific tasks, with staff of the different functions being grouped according to their specialties. On the other hand, while this grouping has contributed to enhanced performance, there is a need for clear functions for each unit or section for better performance of the supermarket, and to ensure that the supermarkets can achieve high levels of performance. The benefits of functional organization structure have been pointed out by Ubani (2023) to include increased efficiency, clear communication, and opportunities for professional development, and also promotes specialization, allowing employees to focus on their expertise and enhance productivity.

5.3.4 Horizontal organization structure and the Performance of supermarket businesses in the Embakasi Region

The study sought to determine the effect of horizontal organizational structure on the Performance of supermarket businesses in the Embakasi Region. The results indicated a significant relationship between horizontal organization structure on the Performance of supermarket businesses in the Embakasi Region. The study also established a high positive relationship between horizontal organization structure and the performance of

Supermarket businesses in the Embakasi Region, Nairobi County. These findings are consistent with the findings by Belas and Amoah (2020) that revealed that in a horizontal organizational structure, employees from different departments collaborate on tasks beyond their expertise, facilitated by the functional structure.

The importance of horizontal organization structure in the operation of supermarkets have also been highlighted by Ramappa et al (2018) that established that the majority of supermarkets were structured based on functional divisions, comprising line managers and personnel, and Hinga et al (2022) that advised that implementing more functional management structure were effective in attaining the organization performance objectives. Lastly, the results support the results by Maduenyi, Oluremi, and Fadeyi (2015) that the horizontal organizational structure directly influences both financial and non-financial performance within a company.

The study results indicated fewer levels of middle management as a result of enhanced performance in the supermarkets, with the top management being easily accessible if there is any concern that may arise citing that the ease of getting to the top decision maker has contributed to increased customer satisfaction as customer complaints are addressed in good time. Finally, as indicated by the study and highlighted by previous studies, this type of structure has not only contributed to the overall supermarket performance but has also led to a reduction in the cost of operations. The advantages of horizontal organization structure have been illustrated by Davis and DeWitt (2021) that this structure contributes to increased employee engagement, faster decision-making, enhanced communication, and greater agility. These flatter structures empower employees, fostering innovation and collaboration while reducing bureaucracy and improving overall organizational performance.

5.4 Conclusion

There is a significant relationship between all the organization structure factors (divisional organization structure, hierarchical organization structure, functional organization structure and horizontal organization structure) had a significant influence of the performance of Supermarket business in Embakasi Region, Nairobi County..

5.4.1 Effects of Divisional Organization Structure on the performance of supermarket business.

The findings of the study established that there is a significant relationship between divisional organization structure and the performance of the Supermarket business in Embakasi Region, Nairobi County. Results also indicated that specific functions in the covered supermarkets are coordinated from specific units, affecting the overall supermarket performance. The units are semi-autonomous, thereby performing their functions, and different divisions help employees further develop their skills in their area of expertise. Finally, while different divisions may help employees further develop their skills in their area of expertise, noticeably, the employees are not grouped into functions to enable effective operations, but are always rotated through the various functions in the supermarkets.

5.4.2 Effects of hierarchical organization structure on the performance of supermarket business

The findings of the study established that there is a significant relationship between hierarchical organization structure and the performance of the Supermarket business in Embakasi Region, Nairobi County. Study results also indicated that management in the supermarkets effectively delegates tasks and ensures operational efficiency, and ensures that the supermarkets are operational even when the staff are not under supervision, although sometimes the management does not follow the chain of command that allows managers to provide direction. Still, sometimes the business owners or the directors provide direct instruction to the employees.

5.4.3 Effects of functional organizational structure on the performance of supermarket business

The findings of the study established that there is a significant relationship between functional organizational structure and the performance of the Supermarket business in Embakasi Region, Nairobi County. The results indicated that the employees under a specific unit are tasked with specific tasks, with staff of the different functions being grouped according to their specialties. On the other hand, while this grouping has contributed to enhanced performance, there is a need for clear functions for each unit or

section for better performance of the supermarket, and to ensure that the supermarkets can achieve high levels of performance.

5.4.4 Effects of horizontal organization structure on the performance of supermarket business

The findings of the study established that there is a significant relationship between horizontal organization structure and the performance of the Supermarket business in Embakasi Region, Nairobi County. The results indicated that the fewer levels of middle management as a result of enhanced performance in the supermarkets with the top management being easily accessible if there is any concern that may arise citing that the ease of getting to the top decision maker has contributed to increased customer satisfaction as customer complaints are addressed in good time. The study stressed that this type of structure has not only contributed to the overall supermarket performance but has also led to a reduction in the cost of operations.

5.5 Recommendations

The findings of this study will have a different implication for different stakeholders depending on their need. The study findings have implications on management, knowledge and policy makers.

5.5.1 To the Policy Makers

Supermarkets in Kenya play a significant role in providing employment, and therefore, their performance is critical. They are also critical elements in the supply chain for many goods and commodities. This makes the performance of these supermarkets a matter of policy concern both at the organizational and sectoral levels. Additionally, the sector is identified as one of the priority sectors for economic development. Based on the findings of this study, supermarkets will ensure that they adapt the most effective structure for improved performance. The Ministry of Trade, the Ministry of Industrial Development, SMEs, and cooperatives will also benefit from the findings of this study and provide policy interventions and guidelines on the appropriate organizational structure that can ensure the supermarket businesses in Embakasi Region, Nairobi County, achieve the desired performance.

5.5.2 To the Management of the Supermarkets

The study findings suggest that the organizational structure is critical to ensuring that the supermarket businesses in Embakasi Region, Nairobi County, achieve the desired performance. Therefore, they must adapt the appropriate organizational structure to help them be as competitive in the market as possible. Specifically, the supermarket management will be able to identify the best organizational structure that can help them achieve their performance goals. Based on the findings, all the above factors are critical in ensuring that supermarket management and operations are structured in such a manner that they remain competitive in the dynamic and ever-changing sector and the economy at large. Further, supermarkets will enhance their organizational structure to facilitate effective management that will ensure they achieve their desired performance objectives.

5.5.3 To the academicians

The study specifically viewed organizational structure in terms of divisional organization structure, hierarchical organization structure, functional organization structure, and horizontal organization structure. The performance of supermarket businesses, on the other hand, was based on operational efficiency, operational effectiveness, and internal business processes. The findings indicated a significant relationship between organizational structure factors (divisional organization structure, hierarchical organization structure, functional organization structure, and horizontal organization structure) and the performance of supermarket businesses in the Embakasi Area, Nairobi County.

By applying the Agency Theory, supermarkets having the appropriate organizational structure will enhance organizational performance in the targeted supermarkets. Notably, also by the supermarkets putting in place the correct organizational structures, the more they can put in place the correct managers who can actively play their role as the agents of the company and deliver on the shareholders' objective, which is to enhance the efficiency and effectiveness of operations that will result in more profits.

Additionally, applying the Resource-Based View (RBV), the study elucidates how organizations can strategically leverage organizational structures to attain sustainable

competitive advantages and desired outcomes in the supermarket industry. Conversely, organizations can strategically adopt effective organization structures to gain a competitive edge and enhance overall performance. Based on the findings, scholars will use it as a basis for further studies to expand knowledge. The findings of this study support the significance of the relationship between organizational structure factors (divisional organization structure, hierarchical organization structure, functional organization structure, and horizontal organization structure) and the performance of supermarket businesses in Embakasi Area, Nairobi County. The study builds on the application of agency theory and resource-based view (RBV) in effective resource management and overall organization management as critical to achieving the desired organizational performance.

Therefore, the study recommends that the Ministry of Trade, the Ministry of Industrial Development, SMEs, and cooperatives provide policy directives to ensure that supermarkets put in place effective organizational structures that are able to help them meet their desired performance. Additionally, the two ministries should increase their training and mentorship in order to build capacity among the supermarket management and provide policy direction in the adaptation of an effective organizational structure that is able to help them achieve their performance objectives. Additionally, the supermarkets need to identify the most appropriate organization structures that meets their own needs.

5.6 Limitation of the Studies

The study was limited to organization structure factors (divisional organization structure, hierarchical organization structure, functional organization structure, and horizontal organization structure) and not the performance of supermarket businesses in Embakasi Area, Nairobi County. The future study should include other factors that may influence the performance of supermarket businesses in Embakasi Area, Nairobi County. The study was limited to only four organizational structure factors (or variables). Future studies should include other organization structure factors other than divisional organization structure, hierarchical organization structure, functional organization structure, and horizontal organization structure.

Additionally, the study covered only four aspects of the performance of supermarket business factors (effectiveness, efficiency, internal business processes and customer satisfaction) and may not represent the total reflection of the performance of supermarket business in the Embakasi area. Lastly, the study only focused on two key respondents (one in charge of finance and the other in charge of operations), and therefore the findings may not be as exhaustive as required. Future studies should focus on a wider range of respondents for more compressive and exhaustive findings in order to give a proper reflection of the sector.

5.7 Suggestions for Further Studies

The study recommends further research on the size of the supermarket in terms of the number of staff and the most effective management structures that is able to help achieve the desired organization performance. There is also need to conduct a study on the challenges of all the various organization structures and especially divisional organization structure and as slightly more than 57.0% is attributed to other factors other than divisional organizational structure factors.

5.8 Chapter Summary

The chapter included the introduction of the chapter , Summary of Findings , discussions of the study findings. The chapter also included limitation of the study and the suggestions of the study.

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APPENDIX I: LETTER OF INTRODUCTION

Grace Mutia
P.O. Box xxxx,
Nairobi, Kenya

Date: 14th April,2025

Dear Sir/Madam

RE: REQUEST FOR DATA COLLECTION

My name is Grace Mutia, a student from Strathmore University undertaking a Master of Commerce Degree in International Business Management. I am conducting research that seeks to *determine “the effect of management structure on performance of Supermarket businesses in Embakasi Region, Nairobi County.”* I wish to request permission from you to participate in this study. I am humbly requesting that you provide the information requested to allow me to complete the study.

The study aims to find out the effect of management structure on the performance of Supermarket businesses in the Embakasi Region, Nairobi County. The study results will help strengthen and support decision-making to improve the management of supermarkets in Kenya that continue to face challenges, with many of them going under.

Your Participation will be highly appreciated.

Thank you in Advance

Yours Faithfully

Grace Mutia

APPENDIX II: RESEARCH QUESTIONNAIRE
SECTION A: GENERAL INFORMATION

Instructions:

The questionnaire below is a data collection tool for academic purposes only and will be applied in the study on the effect of management structure on the performance of Supermarket businesses in Embakasi Region, Nairobi County. Kindly answer the questions by putting a tick (✓) in the appropriate box or by writing in the space provided.

SECTION A: GENERAL INFORMATION

1. Gender of the respondent: Male, Female
2. Age Group of the respondent
- 18-25 26-35 36-45
45-55 65 and above
3. What is your highest level of education?
- College Certificate Diploma
Undergraduate Degree Masters
PhD
4. Which of these positions do you currently hold in the supermarket?
- Operations Finance
5. How long have you been working in this business?
- Less than a year 1-5 years 6-10
11-15 years 15-20 years More than 20 years

SECTION B: EFFECT OF ORGANIZATIONAL STRUCTURE ON PERFORMANCE OF SUPERMARKET BUSINESSES IN NAIROBI COUNTY.

To what extent do you agree with the following statements on the effect of organizational structure on the performance of Supermarket businesses in the Embakasi Region, Nairobi County?

Key: 5 - Strongly Agree, 4 - Agree, 3 - Neutral, 2 - Disagree, 1 - Strongly Disagree

Divisional Structure	1	2	3	4	5
Employees are grouped into functions to enable effective operations.					
Specific functions are coordinated from specific units, affecting the overall supermarket performance.					
The units are semi-autonomous, thereby performing their functions.					
Different divisions help employees further develop their skills in their area of expertise.					
Hierarchical Structure					
Following the chain of command allows managers to provide direction.					
Centralized instructions facilitate performance efficiency.					
Delegation of power to different employees has enhanced performance.					
The authority effectively delegates tasks and ensures operational efficiency.					
Functional structure					
Functional structure on the performance of Supermarket businesses					
The employees under a specific unit are tasked with specific tasks.					
The manager in specific specialized units coordinates the function in their unit.					
The grouping of staff according to their					

specialties has enhanced performance.					
Clear functions for each unit or section have contributed to the better performance of the supermarket.					
Horizontal structure factors					
The fewer levels of middle management enhance performance.					
The ease of getting to the top decision maker has led to an increase in customer satisfaction and overall supermarket performance.					
A flat management structure has facilitated quick decision-making.					
The management structure also reduces the cost of operations.					

SECTION C: ORGANIZATIONAL PERFORMANCE OF SUPERMARKET BUSINESSES IN NAIROBI COUNTY.

To what extent do you agree with the following statements on the Organizational Performance factors

Key: 5 - Strongly Agree, 4 - Agree, 3 - Neutral, 2 - Disagree, 1 - Strongly Disagree.

Organizational Performance Factors	1	2	3	4	5
Operational Efficiency					
The way the supermarket delivers its operations is efficient.					
The operations in the supermarket are efficient in achieving the organization's objectives.					
The performance of the supermarket depends on the organization's structure.					
The current organizational structure is not efficient and should be changed.					
Operational Effectiveness					

The way the supermarket delivers its operations is effective.					
The operations in the supermarket are effective in achieving the organization's objectives.					
The current organizational structure is not effective and should be changed.					
The organizational structure enables timely decision-making.					
Internal Business Processes					
The internal business processes in the supermarket are effective.					
The internal business processes in the supermarket help in achieving the organization's objectives					
The internal business processes in the supermarket need to be evaluated.					
The current organizational structure does not effectively support the business process in the supermarket.					
Customer Satisfaction					
The customers feel satisfied with the structure that is there to address their grievances.					
The customers' complaints are addressed to the customer satisfaction.					
The customers are satisfied with the supermarket's services.					
The current organizational structure does not effectively meet customers' needs.					

THANK YOU FOR YOUR PARTICIPATION



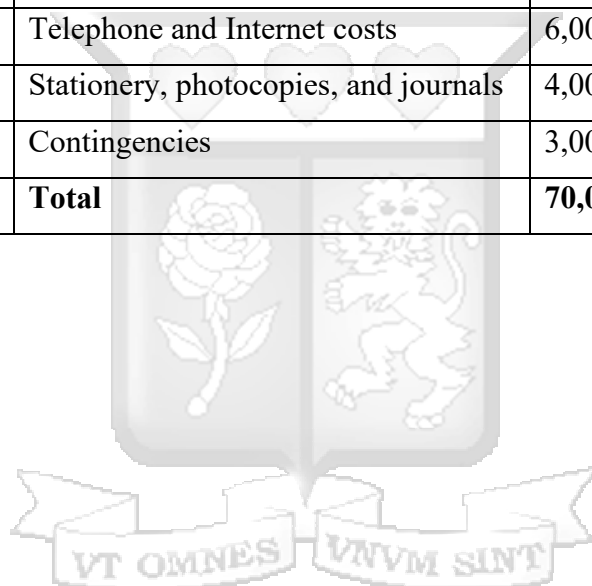
APPENDIX III: WORK PLAN/TIMETABLE

The total study duration is expected to be 6 to 10 months, if all goes as planned without major interruptions such as political unrest, natural calamities, among others. The activities and processes of the study were conducted in the Year 2024

Activity	March (2024)	April (2024)	April (2024)	April (2024)	May 1- 15 (2024)	June 16-18 (2024)	July (2024)	Sept -Oct (2025)	April 10-18(2025)
Concept development and Approval									
Research Proposal development and approval									
Ethics Approval									
NACOSTI Approval									
Data Collection									
Data Analysis									
1 st Report Writing and Presentation									
Final report writing and thesis presentation									

APPENDIX IV: STUDY BUDGET

No	Item	Amount	
		Kes	Cts
1	Preparation of the Proposal (Typing and Editing)	3,000	00
2	Data Collection /Fieldwork	28,000	00
3	Data Analysis	21,000	00
4	Preparation of the Report (Typing and Editing)	5,000	00
5	Telephone and Internet costs	6,000	00
6	Stationery, photocopies, and journals	4,000	00
7	Contingencies	3,000	00
	Total	70,000	00



APPENDIX V: ETHICAL REVIEW PERMIT



5th June 2024

Ms Mutia Grace,
grace.mutia@strathmore.edu

Dear Ms Mutia,

RE: The Effect of Organization Structure on the Performance of Supermarkets in Nairobi County

This is to inform you that SU-ISERC has reviewed and approved your above SU-masters proposal. Your application reference number is SU-ISERC2270/24. The approval period is from 5th June 2024 to 4th June 2025.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

APPENDIX VI: NACOSTI RESEARCH PERMIT


REPUBLIC OF KENYA


NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **163766** Date of Issue: **03/June/2024**

RESEARCH LICENSE



This is to Certify that Miss. Grace Kamene Mutia of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: **THE EFFECT OF ORGANIZATION STRUCTURE ON THE PERFORMANCE OF SUPERMARKETS IN NAIROBI COUNTY** for the period ending : **03/June/2025**.

License No: **NACOSTI/P/24/36198**

163766

Applicant Identification Number


Director General
NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION

Verification QR Code



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See overleaf for conditions