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ASSESSMENT OF MIDDLE MANAGEMENT STRATEGIC INITIATIVES ON PERFORMANCE OF COMMERCIAL BANKS IN NAKURU TOWN, KENYA

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Abstract

Middle managers implement strategies mandated by top management. Recently, banks have faced challenges which have caused downsizing and closing shop or being put under receivership. Failure to post positive performance has largely contributed to collapse of banks. Given that, the middle-level managers are strategy implementers, there is likelihood that they have not been getting support from the top management. Therefore, this research assessed the middle management strategic initiatives on the performance of commercial banks in Nakuru town. It specifically assessed the implication of autonomous action of middle management on the performance of commercial banks. Descriptive research design was used. The study targeted 104 middle level managers. Simple random sampling was used to obtain a sample size of 83. Structured questionnaires were used for data collection. Descriptive and inferential statistics were used in data analysis using SPSS version 24. The study revealed that autonomous action of middle level managers was important to performance of commercial banks. The study concluded that middle level managers were largely autonomous in making decisions. The study recommended that managers be allowed space to make decisions affecting their work stations without involving their superiors.

Keywords: Middle Management, Autonomous Action, Performance, Strategic Initiatives, Commercial Banks

INTRODUCTION

Modern organizations face significant shifts in the environment. Technological developments force companies to adopt new technologies and build new interfaces with customers and suppliers. Industry consolidation has increased pressure on senior management planning as the number of mergers and acquisitions grows. Company products are now becoming commodities. Competition for customers and resources is growing. This pressure forces companies to change strategies. However, the success rate for strategic change programs may be as low as 30 percent (Balogun & Hailey, 2008).

Middle managers are crucial drivers of strategic change. They face many challenges in performing this role. They implement new strategies mandated by top management. Many management theories have excluded middle management from models of the strategy development process. Recent research has worked to remove this problem. The significance of middle management actions on strategy implementation has lead to a new area of management research (Balogun, 2007; Rouleau, 2005). Johnson, Scholes and Wittington (2008) have identified three forces that increase the importance of middle management: decentralization of organizational structures,; improved business education of middle managers; and the emergence of the knowledge-based organizations.

Despite these trends, little is known about actual middle management practices (Rouleau, 2005), how middle-management activities can be facilitated (Balogun, 2007), and why their role is often misunderstood and unsupported within organizations. It is clear that there is changing orientation of middle management work. The present orientation requires middle level managers to create relationships across boundaries, champion innovations, synthesize information, and also facilitate learning to their subordinates (Whittington et al., 2006).It has been established that middle level managers generally associate with the traditional roles as implementers of strategies and communicators linking their subordinates to higher management levels. Besides strategy implementation, these managers are posited to play the role of advocacy, improving operational performance, managing performance, and driving compliance within an organization (Rensburg, Davis & Venter, 2009).

The last three decades have seen the exponential increase in the number of financial institutions mostly in the developing countries. These coupled with technological explosions have significantly increased the pressure on managers to develop and implement strategies to keep abreast with the innovations, stem the competition and be profitable, in the long run (Whittington, Molloy, Mayer & Smith, 2006). Commercial banks, just like other established entities, have numerous middle level managers who are anticipated to drive forward the

performance of their respective banks. It is against this backdrop that it is necessary to evaluate the role played by middle level managers in the performance of commercial banks.

Middle Management Initiatives

The recognition in the research literature of middle management's importance to strategy began in the 1970s (Wooldridge et al., 2008). However, there is no universally accepted definition of a middle manager. Uyterhoeven (2000), for instance, characterizes the middle manager as one "who is responsible for a particular business unit at the intermediate level of corporate hierarchy". Furthermore, middle managers can be defined in a positional sense as "those below the general manager's executive team and above the level of supervisor" (Heckscher, 1995). Bower in 1970 was one of the first researchers to emphasize the contributions made by middle managers in the strategy making process.

To underline their importance he noted that middle managers "are the only men in the organization who are in a position to judge whether (strategic) issues are being considered in the proper context". The fundamental importance of middle managers for organizational success has been widely acknowledged (Mair & Thurner, 2008). However, middle managers were not previously considered as a part of the strategy making process, except in the provision of information and overseeing the implementation of the strategy. Literature suggests, however, that middle managers regularly attempt to be involved in making strategy and often are the origin of good new initiatives. Therefore, Wooldridge et al., (2008) call for an organizational climate supporting an enhanced contribution to strategy making from middle managers.

The role played by the middle level managers cannot be understated. Indeed as posited by Lavarda, Canet-Giner and Peris-Bonet (2010), this level of management is fundamental when a firm is managing integrative emergent strategy formulation processes. They also emphasize on the importance of middle level management particularly regarding its role of acting as a nexus between micro and macro organizational level where it offers crucial contribution when examining the strategy-as-practice perspective and integrative strategy formation process. McKinney et al., (2013) hold the view there ought to be a new development approach that can enable middle managers to master the skills and mind-set they need to succeed in present organizational structures.

Firm Performance

Firm performance has been a subject of intense research for many years. Although the concept of organizational performance is very common in the academic literature, its definition is difficult because of its many meanings. Organizational performance has been defined variously from the

early 50' to date as the extent to which organizations, viewed as a social system fulfilled their objectives, As an organization's ability to exploit its environment for accessing and using the limited resources in the 60's, As success in accomplishing its goals (effectiveness) using a minimum of resources (efficiency). In The 80's and 90's and today Performance is a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results (Lebans & Euske 2006).

Performance is dynamic, requiring judgment and interpretation. Performance may be illustrated by using a causal model that describes how current actions may affect future results. Performance may be understood differently depending on the person involved in the assessment of the organizational performance for example it can be understood differently from a person within the organization compared to one from outside. As firms actively seek to position themselves competitively in the market, and thus achieve performance the subject of strategy and the management roles in strategy development and execution become very important.

While middle management strategy development is a relatively new concept, it is extremely relevant for most nations where firm performance has become a vital element of the economy (McKinney, McMahon & Walsh 2013).Performance is therefore presented as a multidimensional concept (Venkatraman & Ramanujam, 1986). Can be both financial and non-financial (subjective measurements) such as, for example, shareholder satisfaction, employee satisfaction, customer satisfaction (Ong & Teh, 2009).

Relationship between Middle Management initiatives and Firm performance

During recent decades, management research has paid particular attention to the importance of the involvement of middle managers in the conduct of organizations. Research has suggested that this involvement may add value not only to the implementation of strategy but also to its formulation. It is postulated that managers at all levels are being required to do more in spite of having scarce resources while coping with uncertainty and a rapid continuous pace of change.

In the same breadth, it is noted that middle level managers play a critical role in the ultimate ability of a company to achieve its strategic goals (Pappas & Wooldridge, 2007). The authors note that program managers and marketing managers are some of middle level managers required to do more with limited resources. It is asserted that these managers are being held to account for the success of given projects even when they have no direct organizational authority over the same.

Middle managers operate in a complex environment. They have to manage relationships with top management, answer questions from all parts of the company and overcome resistance

from their teams. They have to build a workable balance between implementing the change and keeping normal business functions. Middle managers also continue to manage relationships with customers, suppliers and other external stakeholders (Johnson, Scholes & Wittington, 2008). These interactions often require compromises that are not aligned to the new strategy. It requires manager's autonomous decisions to be made on novel and pressing situations which alters strategy course. The change and the growing dynamism of the environment lead organizations to a strategy formation process requiring the involvement of all the organization hierarchical levels forcing the evolution of the top-down perspective towards a more bottom-up one -considered under a micro organizational perspective that sets the emphasis in the process- or towards a middle-up-down perspective.

Around these perspectives different studies have focused on the emergence of the strategy based on the middle manager role and their involvement in the strategic process (Wooldridge et al., 2003). On the other hand, the practice perspective suggests that organizations are brought into being through the organizing activities and practices of actors in interaction with one another (Schatzki, 2005; Whittington, Molloy, Mayer & Smith, 2006).

Commercial Banks

A Commercial bank is a profit making institution which accepts deposits, makes business loans, and offers related services. Commercial banks are financial institutions that are authorized by law to receive money from businesses and individuals and lend money to them. They are open to the public and serve individuals, institutions and businesses. They are mainly established with the aim to make a profit by carrying out these activities. Commercial banks in Kenya are established under the Companies Act, the CBK Act and the Banking Act. Their operations are licensed, supervised and regulated by the central bank. Commercial banks also allow for a variety of deposit accounts, such as checking, savings, and time deposit. While commercial banks offer services to individuals, they are primarily concerned with receiving deposits and lending to businesses, (WebFinance, 2010). In Kenya, the banking system has been cited as playing a major role in facilitating development and is therefore extremely important engine of economic growth (Kuria, 2013).Commercial banks operations in Kenya are controlled by CBK which defines the environment in which these banks should operate. It also sets the various capital requirements that any commercial bank should operate by setting up minimum capital requirements.

However, globalization of the financial markets though instrumental in developing the financial system and improving transparency, market discipline and financial infrastructure (Chipeta, Wolmarans, & Vermaak, 2012), brings about additional risks into the system.

According to Central Bank of Kenya (2015) Supervision Report, There are currently forty four commercial banks in Kenya categorized in as large, mid-tier and small commercial banks and are privately or publicly owned and foreign owned. The banking sector in Kenya experienced problems leading to closure of 37 banking institutions between 1986 and 1998.

Part of the problems was the poor credit asset performance that resulted in liquidity crises and closure of the banks. The need to introduce credit referencing as a risk management tool was identified by Kenyan lenders as necessary to create a vibrant and globally competitive financial sector. Following remarkable efforts and support of the Central Bank of Kenya (CBK), Kenya Bankers Association (KBA), and Financial Sector Deepening Trust (FSD–Kenya), a successful roll out of the credit information sharing mechanism amongst banks was officially launched in July 2010.However the report shows that the Kenyan banking sector remained stable and resilient in the last five years as evidenced by the enhanced performance recorded during that period. If this performance is not sustained the sector may plunge back into the crisis it has been into before.

Statement of the Problem

Commercial banks are some of the most dynamic organizations in a perfect market. For them to remain competitive in an otherwise turbulent financial sector, they must be innovative, recognize the ever changing needs of their customers, analyze the prevailing competition and also formulate and implement strategies that will keep them afloat in the sector. In the recent past, commercial banks have been facing many challenges which have led to downsizing, for instance cooperative bank of Kenya, and closing shop or being put under receivership as has been the case with Imperial Bank. For instance, in 2015/16 financial year, the banking sector in the Kenya was facing a crisis that saw banks, such as, Dubai bank and Imperial Bank closed down by the regulator. Other banks such as Chase bank were put on receivership while others were issuing profit warnings. Standard Chartered Bank have recorded decline in their profits in the year 2015 as a result of high loan provisioning and increase in non-performing loans (Kamau, 2016). Although studies have shown that the banking industry in Kenya has continued to improve, a few banks have recorded losses (Oloo, 2010). Failure to post positive performance has largely contributed to collapse of such banks as Dubai Bank. Given that, the middle-level managers are strategy implementers, it implies that there is likelihood that they have up till now not been getting requisite support from the top management. They may also be less involved in formulating strategies yet they better understand the customers' needs. Continued lack of support may occasion more negative consequences to the banking sector;

hence the need to assess the influence of middle level management strategic initiatives on performance of commercial banks.

Objective of the Study

The general objective of this study was to assess the influence of middle management strategic initiatives on the performance of commercial banks in Nakuru town, Kenya. The study specifically sought to assess the implication of autonomous action of middle level management on the performance of commercial banks in Nakuru town.

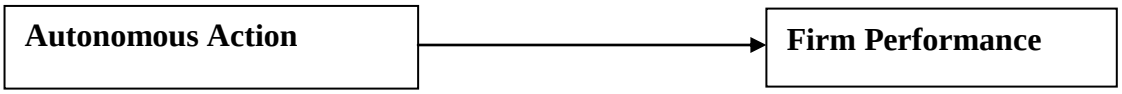
Hypothesis of the Study

H_0: The autonomous action of middle level management does not have statistically significant implication on the performance of commercial banks in Nakuru town.

Conceptual Framework

The study was conceptualized in a conceptual framework as presented in a schematic interpretation explaining the relationship. Figure 1 shows the relationship between the independent variable and the dependent variable governing the two.

Figure 1: Conceptual Framework



LITERATURE REVIEW

Theoretical Review

Social Cognitive Theory

With the publication of Social Foundations of Thought and Action: A Social Cognitive Theory, Bandura (1986) advanced a view of human functioning that accords a central role to cognitive, vicarious, self-regulatory, and self-reflective processes in human adaptation and change. People are viewed as self-organizing, proactive, self-reflecting and self-regulating rather than as reactive organisms shaped and shepherded by environmental forces or driven by concealed inner impulses.

From this theoretical perspective, human functioning is viewed as the product of a dynamic interplay of personal, behavioral, and environmental influences. For example, how people interpret the results of their own behavior informs and alters their environments and the

personal factors they possess which, in turn, inform and alter subsequent behavior. This is the foundation of Bandura's (1986) conception of reciprocal determinism, the view that (a) personal factors in the form of cognition, affect, and biological events, (b) behavior, and (c) environmental influences create interactions that result in a triadic reciprocality.

Bandura altered the label of his theory from social learning to social "cognitive" both to distance it from prevalent social learning theories of the day and to emphasize that cognition plays a critical role in people's capability to construct reality, self-regulate, encode information, and perform behaviors. Social cognitive theory is rooted in a view of human agency in which individuals are agents proactively engaged in their own development and can make things happen by their actions.

Key to this sense of agency is the fact that, among other personal factors, individuals possess self-beliefs that enable them to exercise a measure of control over their thoughts, feelings, and actions, that "what people think, believe, and feel affects how they behave" (Bandura, 1986, p. 25). Bandura provided a view of human behavior in which the beliefs that people have about themselves are critical elements in the exercise of control and personal agency. Thus, individuals are viewed both as products and as producers of their own environments and of their social systems.

Because human lives are not lived in isolation, Bandura expanded the conception of human agency to include collective agency. People work together on shared beliefs about their capabilities and common aspirations to better their lives. This conceptual extension makes the theory applicable to human adaptation and change in collectivistically-oriented societies as well as individualistically-oriented ones. Environments and social systems influence human behavior through psychological mechanisms of the self system.

Hence, social cognitive theory posits that factors such as economic conditions, socioeconomic status, and educational and familial structures do not affect human behavior directly. Instead, they affect it to the degree that they influence people's aspirations, self-efficacy beliefs, personal standards, emotional states, and other self-regulatory influences. In all, this social cognitive view of human and collective functioning, which marked a departure from the prevalent behaviorist and learning theories of the day, was to have a profound influence on psychological thinking and theorizing during the last two decades of the twentieth century and into the new millennium. The social cognitive theory will be used to assess the implication of autonomous action of middle level management on the performance of commercial banks in this study.

Empirical Review

Implication of Autonomous Action of Middle Level Management

Employee autonomy is defined as the freedom of an individual to perform tasks and control work (Drafke & Kossen, 2002). In other words, employee autonomy is associated with two things. The first is the freedom that an employee may have in order to make a variety of decisions in their work without the need for approval from their superiors. The second is the employee's ability to work without much supervision and control (Wilkinson, 2004; Szulkin, 1999).

For others, autonomy refers to the extent to which employees in the organization are involved in the decision making process and empowered to make decisions about their work without the approval of their superiors (Beehr *et al*., 2009). In the management literature, a number of outcomes of employee autonomy have been distinguished. Giving employees more freedom and empowerment to make their own work-related decisions would increase ownership, motivate them to try new tasks and develop new skills (Morgenson *et al*., 2005), improve employee wellbeing, make employees more responsible and efficient in their work (Andersen and Nielsen, 2009) and lead to employees acquiring more skills and less dependability.

According to Walton (1985), management literature suggests that employee autonomy permeates through companies to transform their culture from that of control-oriented organizations to commitment-driven ones leading to more competitive advantage. Despite all these benefits for employees' autonomous action, some disadvantages can also be identified in the literature. In their research, Gallie *et al*. (1998) found a positive association between task discretion and work pressure which means that giving employees further autonomy in their work will lead to greater work intensification and this probably lead to more stress in work.

While autonomy is a good thing for the wellbeing of employees, some forms of managerial control may be strengthened. Research shows that giving employees more autonomy is often accompanied by greater responsibility for producing results. However, in organizations where employees have a greater degree of autonomy and freedom some control mechanisms may exist leading to increased pressure and intensity of work (Kalleberg et al., 2009). However, modern literature in management suggests that organizations should pay a particular attention to design and create a favourable climate offering employees more freedom and empowerment in their work (Wilkinson, 2004).

Furthermore, autonomy requires certain qualities from the employees as individuals. Characteristics such as awareness of individual power, personal liability, sense of responsibility and risk taking are perceived as key attributes so that employees' autonomous action will be a

real success and lead to an improvement in the quality of work (Psychogios *et al*., 2009).Successful development of new businesses within established firms requires entrepreneurial behavior of individuals enabled by autonomy which can be described as “freeing organizational members (both individuals and teams) to operate outside of an organization’s existing norms and constraints where they can think and act more independently” (Lumpkin et al., 2009) to enable activities outside the “current concept of corporate strategy” (Burgelman, 1983). Based on the autonomy delegation argued in organizational life-cycle theory (Greiner, 1997), it is well accepted in corporate entrepreneurship literature that lower level managers (e.g. the leader of a business development team) require sufficient autonomy for experimenting in market interaction (e.g. customers, competitors or technology) in order to develop the new business (Kuratko & Michael, 2004).

Autonomy is a major motivation for people to engage in entrepreneurial initiatives, e.g. in developing a new business (Gelderen & Jansen, 2006; Oosterbeek, van Praag, &Ijsselstein, 2010). Autonomy promotes job satisfaction and lowers absenteeism (Turner & Lawrence, 1965), facilitates creation, transfer and application of knowledge (Janz & Prasarnphanich, 2005), it also positively influences future performance of entrepreneurial initiatives (Hill & Hellriegel, 1994) and enhances the competitiveness of the firm (Nielsen & Pedersen, 2003). There are different types of autonomy in the organizations that are practiced by the team leaders namely the middle managers; decision autonomy, strategic autonomy, functional autonomy and structural autonomy.

Furthermore, autonomy is argued to compensate for information asymmetry on market parameters between higher and lower level managers as decision autonomy enables lower level managers to leverage their war front knowledge for decision making (Floyd & Wooldridge, 1994; Kuratko & Michael, 2004).These studies are however hardly comparable as they use different definitions of autonomy. Thus their results refer to different dimensions of autonomy such as autonomous decision making, functional autonomy or the freedom to act without consensus seeking. This indicates that the concept of autonomy incorporates more dimensions than, for example, providing organizational members with time outside their regular job (Fry, 1987). These dimensions to date, however, remain ambiguous in the corporate entrepreneurship literature (Lumpkin et al., 2009). Thus, the aim of this review is to shed light on the dimensions of autonomy relevant for the context of business development in established firms.

Performance of Commercial Banks in Kenya

The Oxford English Dictionary defines performance as the "accomplishment, execution, carrying out and working out of anything ordered or undertaken". This refers to the outcomes as well results being achieved. As Brumbach (1988) explains, performance means both behaviors and results. Behaviors emanate from the performer and transform performance from abstraction to action. Not just the instruments for results, behaviors are also outcomes in their own right – the product for mental and physical effort applied to tasks and can be judged apart from results.

According to Stevens (1998), high performance culture embraces a number of interrelated processes which together make an impact on the performance of the organization through its people in such areas as productivity, quality, levels of customer service, growth, profits and, ultimately, in profit-making firms, the delivery of increased shareholder value. This is achieved by 'enhancing the skills and engaging the enthusiasm of employees.' Saleemi (2005) says that performance whether or an individual or a group is determined by the three factors: ability, effort and opportunity given by the relation;

Performance = ability x effort x opportunity

Performance is affected by the following factors, personal factors such as individual skills, motivation and commitment leadership factors including quality of encouragement, guidance and support provide by managers and team leaders; team factors such as facilities provided by the organization and internal and external environment pressures and changes.

Kane (1996) adds that performance is what a person leaves behind. Some researchers however see performance as consisting of both behavior and outcomes. One of the greatest underlying factors in the success or failure of any organization is the power of its people, and how well that power is focused towards meeting the organization's objectives. Organizations that can tap the strengths of their people will be stronger and more competitive than those that cannot. Organizations that regard people as automatons or mere cogs in a wheel will never realize their full potential. In the long run, such companies' inefficiencies attract competition, and unless the management philosophy changes, they will disappear.

A modern forward-looking business such as a commercial bank does not keep it's employees-especially the middle level management- in the dark about vital decisions affecting them. It trusts them and involves them in decision making at all levels. "Command and control" is no longer an adequate model. A more open and collaborative framework will exploit the talents of all employees (Hewitt, 2002). A deep employee involvement in decision making allows the influence of the frontline employees in the planning process. These are the people who are closest to the customer like the middle management and who can facilitate new product and service recognition, a central element in the entrepreneurial process (Li et al., 2006). This

means that employee participation in the strategy formulation and planning process surrounding the potential innovations may facilitate opportunity recognition throughout the organization (Kemelgor, 2002; Zivkovic et al., 2009).

There is growing evidence that firm performance rests increasingly on the involvement of workers in decision making (Arthur, 1994; Deninson & Mishra, 1995; Spreitzer & Mishra, 1999). According to the Central Bank of Kenya, there are 43 licensed commercial banks in Kenya. Three of the banks are public financial institutions with majority shareholding being the Government and state corporations. The rest are private financial institutions. Of the private banks, 27 are local commercial banks while 13 are foreign commercial banks. Commercial banks in Kenya play a major role in Kenya. They contribute to economic growth of the country by making funds available for investors to borrow as well as financial deepening in the country.

Commercial banks therefore have a key role in the financial sector and to the whole economy. A number of strategic decisions have been made in the banking industry in Kenya in the past two decades. For instance, there have been 33 mergers in the industry since 1989 with the recent one being the merger between Equatorial Commercial Bank and Southern Credit Banking Corporation in June 2010 (Central Bank of Kenya, 2012). There have also been three acquisitions since 2000 with the latest being the acquisition of EABS Bank Ltd by Ecobank Kenya Ltd in June 2008 (Central Bank of Kenya, 2012). Some of the reasons put forward for mergers and acquisitions are: to meet the increased levels of share capital; expand distribution network and market share; and to benefit from best global practices among others.

According to Okiri and Ndungu (2005) the banking sector in Kenya has undergone tremendous changes in the last two decades as a result of corporate strategies being laid out and implemented successfully. A lot of reforms have been undertaken in the sector that have led to proliferation of financial products, activities and organizational forms that have improved and increased the efficiency of the financial system. Advances in technology and changing economic conditions have created impetus for this change. All these developments coupled with changes in the international financial environment and the increasing integration of domestic and international financial markets have led to rapid financial innovation in this sector.

RESEARCH METHODOLOGY

Research Design

Descriptive research design was used in this study. This study was cross-sectional in nature since it studied many units at the same time. The research also adopted a survey method. Descriptive purpose focuses on finding key phenomena's in order to identify patterns and trends in a situation with the aim to draw conclusions from the data that are described (Yin 2003).

According to Orodho (2004) descriptive research design analyses the cause-effect relationship between two or more variables. Hence, the design was appropriate to the study because the research sought to establish a cause-effect relationship between the study variables.

Target Population

The study was carried out in Nakuru town in Kenya where there are currently 28 commercial banks branches in operation. Therefore, the study targeted 104 branch managers, credit managers, customer relationship managers, and operations managers drawn from all the banks.

Sample Size Determination

In order to draw a representative sample population from the target population, this study adopted the Krejcie-1970 model generated by Morgan in 1990 that shows sample sizes corresponding to given populations. From this the sample size was calculated as under;

$$n = {}^{N}/_{1 + N(e^2)}$$

Where N is the population and e = 0.05 is the level of precision (Yamane, 1967). Therefore, the sample at 95% confidence level given by n= 104/1+104(0.05)² = 82.53 which can be was rounded off to 83 respondents. Simple random sampling was used in this study to determine the sample size according to the strata. The advantage in simple random sampling is that it ensured inclusion of all the members of the population since the population under study was homogenous.

Research Instruments

The data collection instruments are tools used to collect information from the intended target population (sample size). The data collection instruments used in this study, were developed by the researcher. The study used structured questionnaire for primary data collection.

Data Collection Procedure

Before collecting data, the researcher sent a letter to the sampled banks that allowed the collection of data in the Institutions. The researcher also sought permission from the manager of the selected banks branches after introducing herself and explaining the purpose of the study. After obtaining permission, the researcher then proceeded to the respondents to whom she also explained the purpose of her visit. The respondents were assured of their confidentiality of any information they gave. The questionnaires were administered using a drop and pick later (After

two days) method. This gave the respondents ample time to respond to the questions asked in the instrument.

Data Processing and Analysis

The researcher used the computer software Statistical Package for Social Scientists (SPSS) version 24 for windows to conduct initial data analysis using simple descriptive statistical measures such as, mean, standard deviation and variance to give glimpse of the general trend. However, deeper analysis involving correlation analysis and multiple regression analysis was used to determine the nature of the relationship between variables at a generally accepted conventional significant level of P = 0.05 (Sekaran, 2003).

ANALYSIS AND FINDINGS

The sample size constituted 83 middle level managers. Therefore, a total of 83 questionnaires were issued to the sampled managers. Out of this figure, 66 were filled and returned. Therefore, response rate was 79.52% which was highly acceptable for generalization of results.

Autonomous Action of Middle Level Management

The study examined the views of middle level managers regarding their autonomous action in their respective banks. The relevant findings are captured in Table 1.

Table 1: Descriptive Statistics for Autonomous Action of Middle Level Management

	n	Min	Max	Mean	Std. Dev
I make most of the decisions at my work station without influence from my superior	66	2	5	3.82	1.044
I am able to solve most of the clients problems together with my colleagues without our superiors interventions	66	3	5	4.52	.667
We use knowledge over our computer terminals for problem solving	66	4	5	4.55	.506
Our practice and interaction on knowledge in our workplace has enhanced our problem solving abilities	66	4	5	4.42	.502
Our decision making capability in our department has increased our problem solving capabilities	66	2	5	3.79	1.166
It is our practice in our department to categorize problems first before solving them	66	1	5	3.67	1.472
We have proper channels to escalate problems for timely solutions	66	4	5	4.55	.506
We use technology extensively in problem solving in our bank	66	3	5	4.36	.653
to add to our knowledge bank we do cross departmental sharing of information	66	4	5	4.91	.292

As shown in Table 1, middle level managers strongly agreed (mean ≈ 5.00; SD< 1.000). These issues include the assertions that, middle level managers were able to solve most of the clients' problems together with their colleagues without their superior's interventions; they used knowledge over computer terminals for problem solving on three issues; they had proper channels to escalate problems for timely solutions; and that to add to their knowledge bank they do cross departmental sharing of information. The study also found that middle level managers were in agreement (mean ≈ 4.00; SD≈ 1.000) that they made most of the decisions at their work stations without influence from their superiors; their practice and interaction on knowledge in their workplace has enhanced their problem solving abilities; their decision making capability in their department had increased their problem solving capabilities; it is their practice in their departments to categorize problems first before solving them; and that they used technology extensively in problem solving in their respective banks.

Performance of Commercial Banks

Lastly, the study evaluated the views of middle level managers regarding performance of their respective banks. The outcome of descriptive analysis is as shown in Table 2.

Table 2: Descriptive Statistics for Performance of Commercial Banks

	n	Min	Max	Mean	Std. Dev
There has been an increase in new funded accounts in our department	66	4	5	4.45	.506
My department has impressive deposit mobilization	66	3	5	4.45	.666
My department has increased loan mobilization	66	4	5	4.45	.506
We have seen an increase in the value of loans referred	66	3	5	4.27	.626
We have been able to create new financial products	66	3	5	4.06	.827
Our bank has recorded impressive forex transactions	66	3	5	4.12	.857
My department has recorded impressive transaction commissions	66	3	5	3.91	.805
My department has impressive loans performance	66	2	5	3.70	1.045
My department has a good credit scoring method for borrowers	66	4	5	4.45	.506
We ensure that all the customers queries are addressed and noted where possible	66	4	5	4.64	.489
We work as a team on complex matters affecting customers	66	3	5	4.42	.663
We always discuss as a group the emerging issues affecting our customers	66	3	5	4.36	.653
We work to reduce the number of customers complaints by improving the quality of our services	66	4	5	4.45	.506

Middle level managers strongly agreed that they ensured that all the customers queries were addressed and noted where possible (mean = 4.64; SD = 0.489). It was also observed that, the aforesaid managers were generally in agreement relative to all other propositions touching on performance of commercial banks (mean ≈ 3.00; SD≈1.000). As such, it was agreed that there had been an increase in new funded accounts in their departments; their departments had impressive deposit and loan mobilization; there was an increase in the value of loans referred; managers had been able to create new financial products; commercial bank had recorded impressive forex transactions; departments had recorded impressive transaction commissions; and that departments had impressive loans performance and a good credit scoring method for borrowers. It was further agreed that middle level managers worked as a team on complex matters affecting customers and always discussed as a group emerging issues affecting our customers. It was also concurred that middle level managers worked to reduce the number of customers' complaints by improving the quality of their services.

Relationship between Autonomous Action and Performance

The study further examined the relationship between autonomous action of middle level managers and performance of commercial banks. The results of pertinent correlation analysis are as shown in Table 3.

Table 3: Correlation between Autonomous Action and Performance

		Performance
Autonomous Action	Pearson Correlation	.916**
	Sig. (2-tailed)	.000
	n	66

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

The results as indicated in Table 3 indicated that the relationship between autonomous action of middle level managers and performance of commercial banks was positive, strong and significant ($r = 0.916$; $p < 0.01$). As such, the greater the autonomous action of middle levels managers, the better the performance of commercial banks and vice-versa. A very slight change in autonomous action resulted in change in performance of the aforesaid banks. As such, the null hypothesis that autonomous action of middle level management does not have statistically significant implication on the performance of commercial banks in Nakuru town was rejected.

SUMMARY OF FINDINGS

Middle level managers strongly agreed with all issues touching on autonomous action of middle level management. as such, they agreed that, middle level managers were able to solve most of the clients' problems together with their colleagues without their superior's interventions; they used knowledge over computer terminals for problem solving on three issues; they had proper channels to escalate problems for timely solutions; and that to add to their knowledge bank they do cross departmental sharing of information. It was also agreed that they made most of the decisions at their work stations without influence from their superiors; their practice and interaction on knowledge in their workplace has enhanced their problem solving abilities; their decision making capability in their department had increased their problem solving capabilities; it is their practice in their departments to categorize problems first before solving them; and that they used technology extensively in problem solving in their respective banks.

Regarding the performance of commercial banks, middle level managers strongly agreed that they ensured that all the customers' queries were addressed and noted where possible. It was also observed that, the aforesaid managers were generally in agreement relative to all other propositions touching on performance of commercial banks. As such, it was agreed that there had been an increase in new funded accounts in their departments; their departments had impressive deposit and loan mobilization; there was an increase in the value of loans referred; managers had been able to create new financial products; commercial bank had recorded impressive forex transactions; departments had recorded impressive transaction commissions; and that departments had impressive loans performance and a good credit scoring method for borrowers. It was further agreed that middle level managers worked as a team on complex matters affecting customers and always discussed as a group emerging issues affecting our customers. It was also concurred that middle level managers worked to reduce the number of customers' complaints by improving the quality of their services. It was indicated that strategic initiatives played a very important role in performance of commercial banks and it was very important to emphasize on them. It was indicated that the relationship between autonomous action of middle level managers and performance of commercial banks was positive, strong and significant.

CONCLUSIONS

It was concluded that middle level managers were able to solve most of the clients' problems together with their colleagues without their superior's interventions. It was also concluded that they made most of the decisions at their work stations without influence from their superiors. It was further concluded that that middle level managers used technology extensively in problem

solving in their respective banks. The study also deduced that the relationship between autonomous action of middle level managers and performance of commercial banks was positive, strong and significant. The study recommended that middle level managers ought to be able to solve most of the clients' problems together with their colleagues without their superior's interventions. These managers should also make most of the decisions at their work stations without influence from their bosses.

LIMITATIONS OF THE STUDY

The study faced a number of limitations. Some of the sampled respondents were reluctant to participate in the study where in some instances respondents completely rejected to divulge the requisite information. Regarding the first challenge the researcher assured respondents that the study was for academic purpose and that their identity would be concealed. They were further cautioned against indicating their names on the questionnaire. Another challenge was on the research instrument since it contained close ended questions and some respondents were unable to give their open opinions. Regarding this, it was ensured that the instrument contained questions that comprehensively addressed study objectives.

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