ABSTRACT: In Kenya, where there are 40 million people and 15% of them are Muslims, Islamic banking makes up 2% of the stock market. The purpose of the study is to analyse the influence of strategy implementation on financial performance in Islamic Banks in County government of Mombasa, Kenya. The study Objective was to establish the influence of organizational structure on financial performance in Islamic Banks in County government of Mombasa, Kenya. The study was guided by Structural Contingency Theory. On organization structure the study focused on regulatory decisions, financial provisions, and human potential focused on positive look, set standards and social environment. Descriptive survey method was used in this study to compare study variables and analyze correlations. The study population involved three Islamic banks that is First Community Bank, Gulf African Bank, and Dubai Islamic Bank, in the county government of Mombasa County, Kenya. The targeted participants were 491 employees in the bank. Simple random sampling was used to pick respondents, and stratified sampling was employed to guarantee that all cases are fairly represented. Primary data was collected by the use of questionnaires while secondary data was collected from central bank publications for a period of five years (2018-2022). Pilot test from Gulf Bank was conducted in one of the branches among 23 participants. Cronbach’s Alpha of 0.7 was used to assess the questionnaire's internal consistency and reliability. University provided a letter of authorization, the Ethical Review Committee (ERC) clearance letter, and NACOSTI permit as well as informed consent were issued to ensure confidentiality and ethical consideration. The response rate was 93%. Majority of the bank employees were aged between 20-49 years and majority were undergraduate degree holders. Majority of the employees had worked for more than 10 years indicating they had a vast experience in the banking sector. Finding reveals that organization structure has an effect on strategy implementation on financial performance of Islamic banking with a mean deviation was 2.81 and a standard deviation of 0.97. The study therefore concludes that good organization structure, affects financial performance. This study recommends that management of Islamic banking in Kenya should strengthen the organization structure hence improving the financial performance of the Islamic banking, Kenya.

Key words: Strategy implementation, financial performance, organization structure, Islamic banks

1.1.2 Global Perspective of Islamic banking

Institution’s ability to increase shareholder returns is often based on three different forms of deposits. These include deposits made into current accounts, investments made Off-balance sheet deposits placed into investment funds and accounts with unique or restricted investment rights are ultimately deposits made without restrictions in saving and Mudharaba accounts. The notion that these deposits are unrelated to one another is false. Sheikh (2019) state that various studies have established the presence of relationships between them, which are often positive. The reports from the seven Islamic banks have also corroborated this, therefore when Off-balance sheet deposits placed into investment funds and accounts with unique or restricted investment rights are ultimately deposits made without restrictions in saving and Mudharaba accounts. The notion that these deposits are unrelated to one another is false. In his commentary on banking rules and Islamic banks in India, Riordan, (2015) suggests that these institutions diversify their investment instruments and establish Islamic banking training centers where the general public and borrowers can receive instruction. The Islamic banks' clientele would grow as a result. Zekiri & Nedelea (2017) adds that Islamic banks ought to prioritize jobs they can generate.
1.1.3 Africa Perspective of Islamic banking
Despite having a large potential and the advantage of a favorable demographic structure and the opportunity for growing financial depth, Islamic banking has remained modest on the African continent (Dewatripon et al., 2014). As of the end of 2012, there were about 38 Islamic financial institutions operating in Africa, including commercial banks, investment banks, and Takaful (insurance) providers (Barro, 2019). Of them, 21 operated in North Africa, Mauritania, and Sudan, and 17 in Sub-Saharan Africa. According to Dewatripon et al. (2014). South Africa was the first country in Sub-Saharan Africa to create a bank that followed Sharia law in the region, although having the smallest population (1.5%).

1.1.4 Kenya Perspective of Islamic banking
Barclays Bank launched the La Riba account, an interest-free bank account, on December 21st, 2005, making it the first bank in Kenya to market Islamic banking products. The CBK granted permission to First Community Bank, the first bank in Kenya, to function as a full-fledged Sharia Compliant banking institution under Cap 488 of the Banking Act on May 29th, 2007, and it began operations on June 1st, 2008 (First Community Bank, 2016). The second bank in Kenya to be completely shariah compliant opened its doors the same year Gulf African Bank did. Numerous traditional banks have begun to provide Islamic financial services. These include the National Bank (National Amanah), the Chase Bank (Chase Iman), the Standard Chartered Bank (Saadiq), and the KCB (Sahl).

1.1.5 Local Islamic Banks in County government of Mombasa
The county government of Mombasa has 15 operational commercial banks. The majority of them are found in Mombasa. Three of these provide Islamic goods that have been approved by Sharia law. They consist of Dubai Islamic Bank, First Community Banks, and Gulf African Bank. More than 23.6% of the population in Mombasa do not use official banking services (Grant, 2019). To add on, 44.5% of people reside within 8 kilometers of a banking facility. Therefore, this study was interested in Mombasa city, which is primarily an Islamic area, might provide rightful information from Islamic financial institutions.

1.1.8 Organizational Performance
According to Riordan (2015) organizational performance is a collection of monetary and non-monetary measures that provide data on the degree of results and objectives achieved. It is described by Irfan & Zaman (2014) as an organization's capacity to access and utilize its environment's scarce resources. Performance management includes technology in the workplace, employee interaction, a reward system that aligns with member work behavior, and performance evaluation. As a result, businesses that have a well-developed performance management approach typically do better than those that do not. According to Grant (2019).

1.1 Statement of the Problem
The global asset growth rate of Islamic Banking is placed at 21% per annum since 2016 (Zekiri, & Nedelea, 2017). According to the Asian Banker Research Group, the world's 100 largest Islamic banks have set an annual asset growth rate of 26.7%. Despite the global growth trend, the Islamic banks in Kenya have reported declining profits with First Community Bank's (FCB) net profit plunging by nearly half and Gulf African Bank (GAB) reporting slower growth in earnings in 2013-2016, reversing a trend where they recorded triple digit growth in 2012. FCB saw its full-year after-tax profit drop from 45.2 per cent to Sh182.2 million from Sh262.9 million in 2019 (Wako, et al., 2016). Customers want assurance on the financial soundness of banks and that their money was always be safe. It is therefore apparent that the financial sector is facing challenges on several fronts, which include: how to cope with technological developments, how to come to a new level in an environment of low interest rate, how to rebuild asset adequacy, enriching and increasing value of customer relationship at a time when customers’ behaviour and expectations are more demanding, restoring public confidence in the industry, how to deal with aggressive and innovative non-bank competitors, and how to embed a risk management culture into the fabric and practices in daily operations (Sheikh, 2019).

1.2 Purpose of the study
The purpose of the study is to analyses the influence of strategy implementation on financial performance in Islamic Banks in County government of Mombasa, Kenya.

1.4 Objective of the study
To establish the influence of organizational structure on financial performance in Islamic Banks in County government of Mombasa, Kenya.

1.5 Research Question
Does organizational structure influence financial performance in Islamic Banks in County government of Mombasa, Kenya?

2.2 Theoretical Review
2.2.1 Structural Contingency Theory
Abduh & Omar (2016) raised this issue, and its main point is that businesses must control their processes to account for unforeseen circumstances in order to maintain and maximize efficiency. According to the structural contingency hypothesis, no organization has a single, effective structure. According Alexander (2017), a corporation should, in the absence of this, set up its operation so that it can adapt to contingent circumstances and the environment properly. Contingency variables include technological advances, important assets, parent agency, scales, mission, unpredictability, and public transparency. According to Cheng & Lim (2017), theory of structural contingency demonstrates changes in the environment affect commercial banks. Less efficiency occurs from any mismatch between the layout and the contingent circumstances. The central idea of structural contingency theory is the transition from misfit to fit, which is known as an adaptive transition.

2.3.1 Organization Structure and Performance
It is the hierarchical arrangement of an organization in terms of ranking and responsibilities (Barro, 2019). Organization structure highlights the arrangement of people across different levels of authority within an organization. Organization structure highlights the way authority and responsibilities flow through an organization, from the top to the bottom (Celebi et al., 2015). There is close link between organization structure and the strategic implementation of organizational processes. Organization structure
highlights the clear picture in terms of which people are responsible for executing which tasks in the implementation of organization processes. The organization structure also highlights the underlying chain of command and the subsequent levels of accountability in the execution of organizational processes (Anderson, 2019).

### 2.4 Conceptual Framework

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy Implementation</strong></td>
<td><strong>Financial performance</strong></td>
</tr>
<tr>
<td>• Regulatory decisions</td>
<td>• Profitability</td>
</tr>
<tr>
<td>• Financial provision</td>
<td>• Return on asset</td>
</tr>
<tr>
<td>• Sufficient resources</td>
<td>• Sales growth</td>
</tr>
<tr>
<td>• Human potential</td>
<td>• Market share</td>
</tr>
</tbody>
</table>

Figure 1: Conceptual Framework; Source: own conceptualization (2023)

Figure 1 indicates the relationship between the dependent variable organizational performance and independent variable organizational structure. Structure is a crucial component of every organization and serves as the framework for coordinating organizational activities. Therefore, organizations are aware of the significance of structure in conducting business operations and its connection to strategy. Additionally, the organizational structure ought to guarantee sufficient fiscal support for the strategies. By doing this, it will be ensured that the necessary resources and people talent are acquired.

### RESEARCH METHODOLOGY

#### 3.1 Introduction

The search strategy, study population, sample size, sampling techniques, data collection plans, data analysis techniques, and ethical considerations are all covered in this portion of the article.

#### 3.2 Research Design

It aids in clearly stating the data that was needed, who provided it, and how it addressed the research questions. The descriptive survey method was used in this study to compare study variables and analyze correlations. The study methodology helped the researcher develop a comprehensive account of the situation (Anderson, 2019).

#### 3.3 Target Population

A population is thought of as a collection of people who have similar traits (Mugenda & Mugenda, 2016). The study focused on First Community Bank, Gulf African Bank, and Dubai Islamic Bank, three Islamic banks in the county government of Mombasa County, Kenya. Targeted participants totaled to 491 employees in the bank.

#### 3.5 Data Collection Tools

A survey was used to collect data. Four sections will make up the survey. There was a survey given out to each respondent.

#### 3.6 Pilot Study

The pilot test was carried from Gulf Bank in one of the branches with 23 participants who did not participated in the actual data collection procedure. To ensure dependability and validity, the exercise was carried out to identify any missing items or faults and rectify them. According to the pilot test results, a Cronbach's Alpha of 0.7 was used to assess the questionnaire's internal consistency and reliability.

#### 3.8 Data Analysis and Presentation

The collected data for this study was entered into a statistical tool (SPSS version 23) for analysis. Percentages, means, and frequency was applied to the analysis of quantitative data. Inferential statistics used regression and correlation. The method of regression was used to determine the impact of the independent variables on the dependent variable: $Y = \beta_0 + \beta_1X_1 + \epsilon$

Where: $Y =$ Financial Performance, $\beta_1 =$ Coefficients of the explanatory variables, $X_1 =$ Organization structure and $\epsilon =$ error term

### RESEARCH FINDINGS AND DISCUSSION

#### 4.1 Introduction

This chapter shows the findings of the data collected in relation to the study. Data presentation and analysis as well as data interpretation is also captured in this chapter. Descriptive statistics analysis and inferential statistics will also be discussed. Based on the findings. The study looked at organization structure strategy implementation on financial performance in Islamic Banks in County government of Mombasa, Kenya.

#### 4.2 Response Rate

The study’s sample was 148 employees from various departments in the three banks Islamic banks in Kenya that is First Community Bank, Gulf African Bank and Dubai Islamic Bank all located in Mombasa city. Out of the 148 questionnaires issued out 138 were filled thus a response rate of 93%. This is considered appropriate for generalization of findings by Mugenda and Mugenda's (2008) as its above 60%. Non response rate was 7% comprising of 10 questionnaires which were not duly filled.

#### 4.7 Organizational Structure

The study sought to establish the effect of organizational structure on financial performance of Islamic banks in county government of Mombasa, Kenya. The study findings used a 5 likert scale. Using a rating system of 1 to 5, where 1 represents a strong disagreement, 2 disagreements, 3 neutrality, 4 agreements, and 5 strongly agree. The result findings are as shown in table 4.
Table 1: Organizational Structure strategy implementation management on financial performance of Islamic banks.

<table>
<thead>
<tr>
<th>DETAILS</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Structure (OS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OS determines the distribution of responsibilities.</td>
<td>2%</td>
<td>4%</td>
<td>27%</td>
<td>46%</td>
<td>20%</td>
<td>3.77</td>
<td>1.40</td>
</tr>
<tr>
<td>OS defines the sphere of influence in the implementation of organizational operations</td>
<td>0%</td>
<td>4%</td>
<td>30%</td>
<td>51%</td>
<td>15%</td>
<td>3.74</td>
<td>1.43</td>
</tr>
<tr>
<td>OS impacts on the quality of demarcation in terms of employee commitment to responsibility</td>
<td>0%</td>
<td>5%</td>
<td>32%</td>
<td>45%</td>
<td>18%</td>
<td>3.75</td>
<td>1.39</td>
</tr>
<tr>
<td>OS influences on the structure of policy formulation towards departmental goals in the organizational strategic plans</td>
<td>0%</td>
<td>3%</td>
<td>36%</td>
<td>46%</td>
<td>14%</td>
<td>3.71</td>
<td>1.39</td>
</tr>
<tr>
<td>OS impacts on the nature of internal organizational relations between different department of an organization</td>
<td>1%</td>
<td>4%</td>
<td>30%</td>
<td>53%</td>
<td>12%</td>
<td>3.70</td>
<td>1.43</td>
</tr>
<tr>
<td>OS influences the speed in decision making across different departmental sections and ranking.</td>
<td>1%</td>
<td>5%</td>
<td>33%</td>
<td>45%</td>
<td>15%</td>
<td>3.68</td>
<td>1.37</td>
</tr>
<tr>
<td>OS builds the framework which enables the alignment of strategic plan with diverse organizational capacities</td>
<td>1%</td>
<td>3%</td>
<td>44%</td>
<td>43%</td>
<td>9%</td>
<td>3.55</td>
<td>1.35</td>
</tr>
<tr>
<td>OS builds the structure for communicating real-time strategic tasks execution.</td>
<td>10%</td>
<td>20%</td>
<td>22%</td>
<td>40%</td>
<td>9%</td>
<td>3.18</td>
<td>1.15</td>
</tr>
<tr>
<td>The organization structure lays down the framework for the flow of information across different levels of organization</td>
<td>1%</td>
<td>6%</td>
<td>32%</td>
<td>40%</td>
<td>20%</td>
<td>3.67</td>
<td>1.27</td>
</tr>
<tr>
<td>OS creates the framework for existing inter-organizational relations during programs execution</td>
<td>2%</td>
<td>2%</td>
<td>40%</td>
<td>46%</td>
<td>10%</td>
<td>3.25</td>
<td>1.38</td>
</tr>
<tr>
<td>OS creates the chain of operational linkages based on operational specialty</td>
<td>5%</td>
<td>25%</td>
<td>20%</td>
<td>41%</td>
<td>11%</td>
<td>3.08</td>
<td>1.35</td>
</tr>
</tbody>
</table>

Organization structure

Organizational structure variables on performance of financial performance of Islamic banks in County government of Mombasa, Kenya. | 22% | 14% | 33% | 22% | 9%  | 2.81 | 0.97    |

Source: Research Data, 2023
The results revealed that organization structure determines the distribution of responsibilities with the majority of the respondents agreeing at 46%. Those who strongly agreed was at 20% while, 27% were neutral. Minority of 4% disagreed while 2% strongly disagreed. This shows that organization structure determines the distribution of responsibilities hence affecting implementation of strategy. The results showed a mean score of 3.77 and a standard deviation of 1.43. Organization structure defining the sphere of influence in the implementation of organizational operations showed that majority of the respondents agreed at 50%. Those who strongly agreed was at 15% while those who are neutral at 30%. Minority disagreed at 4% and none strongly disagreed. This reveals that organization structure definition on sphere has an influence in the implementation of strategy hence affecting the financial performance. The results showed a mean of 3.74 with a standard deviation of 1.43.

Organization structure impact on the quality of demarcation in terms of employee commitment to responsibility showed that majority of the respondents agreed at 45%. Those who strongly agreed at 18% while those who are neutral were at 32%. Minority disagreed at 5% and none strongly disagreed. This result reveals that organization structure impact on the quality of demarcation in terms of employee commitment to responsibility has an effect on strategic implementation. The mean deviation was 3.75 and standard deviation was 1.39. Organization structure influence on the structure of policy formulation towards departmental goals in the organizational strategic plans revealed that majority of the respondents agreed at 46%. Those who strongly agreed at 14% while those who were neutral were at 36%. Those who disagreed were at 3% while none strongly disagreed. The mean deviation was at 3.71 and standard deviation was 1.39. This reveals that organization structure influence on the structure of policy formulation towards departmental goals in the organizational strategic plans has an effect on strategy implementation on performance of Islamic banks.

Organization structure impact on the nature of internal organizational relations between different department of an organization results revealed that majority of the respondents agreed at 53%. Those who strongly agreed were at 12% while those who were neutral were at 30%. Those who disagreed were at 4% while those who strongly disagreed were at 1%. These findings revealed that an Organization structure impact on the nature of internal organizational relations between different departments of an organization has an effect on strategy implementation on performance of Islamic banking. The mean deviation was 3.70 and a standard deviation of 1.43. Organization structure influence on the speed in decision making across different departmental sections and ranking revealed that majority of the respondents agreed at 45%. Those who strongly agreed were at 15% while 33% were neutral. Those who disagreed were at 5% while those who were neutral were at 1%. This revealed that Organization structure influence on the speed in decision making across different departmental sections and ranking has an effect on strategy implementation practices on financial performance of Islamic banking. The mean deviation was 3.68 and a standard deviation of 1.37.

Organization structure on building the framework which enables the alignment of strategic plan with diverse organizational capacities the results showed that majority of the respondents agreed at 43%. Those who strongly agreed at 9% while those who are neutral were at 44%. Those who disagreed were at 3% while those who were neutral were at 1%. This finding reveals that Organization structure on building the framework which enables the alignment of strategic plan with diverse organizational capacities has an effect on strategic implementation on financial performance of Islamic banking. The mean deviation was 3.55 and a standard deviation of 1.35.

Organization structure on building the structure for communicating real-time strategic tasks execution results showed that majority of the respondents agreed at 40%. Those who strongly agreed at 9% while those who are neutral were at 22%. Those who disagreed were at 20% while those who were neutral were at 10%. This finding reveals that Organization structure on building the structure for communicating real-time strategic tasks execution has an effect on strategy implementation on financial performance of Islamic banking. The mean deviation was 3.18 and a standard deviation of 1.15.

Organization structure laying down framework for the flow of information across various levels of organization. The results showed that majority of the respondents agreed at 40%. Those who strongly agreed at 20% while those who are neutral were at 32%. Those who disagreed were at 6% while those who were neutral were at 1%. This finding reveals that Organization structure laying down the framework for the flow of information across different levels of organization has an effect on strategy implementation on financial performance of Islamic banking. The mean deviation was 3.67 and a standard deviation of 1.27.

Organization structure creating framework for existing inter-organizational relations during programs execution. The results showed that majority of the respondents agreed at 46%. Those who strongly agreed were at 10% while those who are neutral were at 40%. Those who disagreed were at 2% while those who were neutral were at 2%. This finding reveals that Organization structure creating framework for existing inter-organizational relations during programs execution has an effect on strategy implementation on financial performance of Islamic banking. The mean deviation was 3.25 and a standard deviation of 1.38.

Organization structure on creating the chain of operational linkages based on operational specialty. The results showed that majority of the respondents agreed at 41%. Those who strongly agreed were at 11% while those who are neutral were at 20%. Those who disagreed were at 25% while those who were neutral were at 5%. This finding reveals that organization structure on creating the chain of operational linkages based on operational specialty has an effect on strategy implementation on financial performance of Islamic banking. The mean deviation was 3.08 and a standard deviation of 1.35.

Organizational structure variables on financial performance of Islamic banks in County government of Mombasa, Kenya. The results mean showed that respondents agreed at 22%. Those who strongly agreed were at 9% while those who are neutral were at 33%. Those who disagreed were at 14% while those who were neutral were at 22%. This finding reveals that organization structure has an effect on strategy implementation on financial performance of Islamic banking. The mean deviation was 2.81 and a standard deviation of 0.97. The results of the sample measures showed that respondents' replies were generally consistent, proving that the sample mean was a valid approximation of the population mean.
4.11 Inferential Statistics

4.11 Correlation Analysis

Both bivariate correlation analysis and multiple linear regression analysis were used to investigate the relationship between strategic implementation and financial performance of Islamic banking. Bivariate correlation analysis with the help of the Statistical Package for Social Sciences (SPSS) was used to determine the strength of the relationship between the three variables of strategy implementation and financial performance. The findings of the inquiry into product moment correlation are shown in Table 12.

<table>
<thead>
<tr>
<th>Organization Structure</th>
<th>Organization culture</th>
<th>Organization resources</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>1</td>
<td>.802**</td>
<td>.000</td>
<td>138</td>
</tr>
<tr>
<td>.847**</td>
<td>.000</td>
<td>138</td>
<td></td>
</tr>
<tr>
<td>.812**</td>
<td>.000</td>
<td>138</td>
<td></td>
</tr>
</tbody>
</table>

4.12 Discussion of findings

The study's first objective was to ascertain how organization resources on strategy implementation affect financial performance of Islamic banking in county government of Mombasa, Kenya. Table 15 regression analysis findings revealed that the statistical significance of organization structure is 0.605; t = 11.11; p = .000.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter includes a summary of the results, conclusion, recommendations for practice and policy, and ideas for more research. The goal of the study was to analyze how implementation of strategy affected financial performance of Islamic banking in county government of Mombasa, Kenya. Organization structure, was deemed to be the essential component of strategy implementation on financial performance.

5.1 Conclusion

Financial performance is a key concern for all organizations in contemporary corporate organizations and a recurrent subject in both theoretical and empirical investigations. In fact, financial performance is a measure of corporate performance. This mostly depends on the implementation of strategies laid down by the management and her stakeholders to achieve the company goals. This study set out to determine how implementation of strategy influence the financial performance Islamic banking in county government of Mombasa Kenya. The outcomes of the quantitative data analysis offer an empirical foundation for significant conclusions to be made on each of the study's unique objectives. The first particular goal was to determine how organization structure influence financial performance. The findings of the statistical research showed that financial performance is positively impacted by organization structure. The study's conclusion is that organization structure favorably financial performance of Islamic banking in county government of Mombasa, Kenya.

REFERENCES