

**PERCEPTION OF MANAGERS ON THE INFLUENCE OF  
MANAGER DEMOGRAPHICS ON DEPARTMENTAL  
PERFORMANCE: A CASE OF CO-OPERATIVE BANK OF KENYA**

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**A Management Research Project Submitted In Partial Fulfilment of the  
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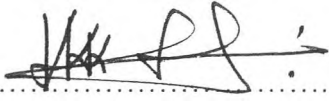
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## DECLARATION

This research project is my original work and has not been presented for a degree in any other University.


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## **DEDICATION**

I would like to dedicate this project to my Mum, Mrs. Tabitha Kariithi, Uncle Duncan Nderitu Ndegwa and the entire family who taught me to seek knowledge, to honor truth and for their steadfast support in my search for excellence.

## ACKNOWLEDGEMENTS

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## ABBREVIATIONS

AC.	<b>Academic qualification</b>
ACCA	<b>Association of Certified Chartered Accountancy</b>
BSC	<b>Balanced Score Card</b>
CFA	<b>Certified Financial Analyst</b>
Co-op Bank	<b>Co-operative Bank</b>
CPA	<b>Certified Public Accountant</b>
EXP	<b>Experience</b>
ROA	<b>Return on Asset</b>
TEN.	<b>Tenure</b>
TMT	<b>Top Management Team</b>
TQ	<b>Tobin's Q</b>
SPSS	<b>Statistical package for social Sciences</b>



## ABSTRACT

The purpose of the study was to assess perception of managers on the influence of manager demographics on departmental performance focusing on Co-operative Bank of Kenya. Specifically the study was guided by the following objectives(i) To analyze how managers age affect departmental performance .(ii) To establish how gender affects departmental performance (iii) To determine how academic qualification influences departmental performance.(iv) To analyze how managers experience affects departmental performance.(v) To determine how tenure influences departmental performance .

The study used a descriptive research design. The population of interest where the researcher used census of the population in this study consisted of departmental heads and their assistants in Co-operative Bank of Kenya totaling to 34 respondents .Both primary and secondary data was used in this study. Secondary data was collected through document review while Primary data was collected through a field survey where data was collected through questionnaires. Cluster probability sampling technique was used where the entire population was divided into departments. Quantitative techniques have been used for data analysis where researcher employed SPSS- Statistical Packages for Social Scientists.

The findings indicate that young employees are more aggressive and open to learning environment; flexible and adaptable to changes though they might not necessary perform better than the old as departmental heads. On gender, the organization had preference of a male as departmental head as opposed to a female. This could be attributed to the fact that male are risk takers, aggressive and more endowed in management skills and know how. High academic qualification is necessary to internalize matters and thus makes the difference in performance. The findings on experiences show that Employees with wealth of experience can perform better than those without. On the managers tenure, years improves the expertise of departmental heads, builds someone's confidence and high level of exposure in the department to improve service delivery.

# CHAPTER ONE

## 1.0 INTRODUCTION

### 1.1 Background of the study

Organization demography is conceptualized as the distribution of organizational members along any demographic traits (Mittman, 1992; Pfeffer, 1983). The foundation of organizational demography research is based on structuralist sociological theories that emphasize the importance of numbers and proportions for understanding interaction processes amongst social aggregates (Blau,1977;Simel,1955,p.125).These positions are most often defined by demographic attributes such as age, tenure, occupation, gender and ethnicity (Blau,1977). Thus the basic assumption underpinning demography theory is that demographic characteristics influence social dynamics, which in turn influence organizational outcomes (Pfeffer, 1983; Stinchcombe et al., 1986). Pfeffer (1983, p.348) argued that “demography is an important, causal variable that affects a number of intervening variables and processes and through them, a number of organization outcome”.

Demography theory focuses on compositional characteristics that influence interpersonal and group dynamics, and is particularly relevant to understanding outcomes involving “top teams” and their impact and influence in organizations (Pfeffer, 1983). Group demography attributes such as age, tenure, occupation, gender and ethnicity, may be used as surrogate measures for understanding the common experiences and background that shape human development and influence, amongst others, the language, quality and frequency of communication (Allen and Cohen, 1969; Rogers and Shoemaker, 1971). Demography reflects similarity and dissimilarity amongst individuals, making it a meaningful perspective for understanding the process affected by group dynamics, including such phenomena as the level of consensus within a group, innovation and turnover of personnel within the organization.

Performance has been previously defined by three dimensions: efficiency, effectiveness and adaptability (Bredrup and Bredrup, 1994a). K'Obonyo (1998, p.79), states that "...One of the critical aspects of the management of a company is the performance evaluation. It is the use of performance measurement information to effect positive change in organizational culture, systems and processes, by helping to set agreed-upon performance goals, allocating and prioritizing resources, informing managers to either conform or change current policy or program directions to meet those goals, and sharing results of performance in pursuing those goals (Amaratunga and Baldry, 2002). Performance measures may refer to such matters as income generation, sales, output, units processed, productivity, costs, delivery-to-time, 'take up' of a service, speed of reaction or turnaround, achievement of quality standards or customer/client reactions.

While some organizations are classified as high performance organizations, many continue to struggle for survival. The fact is that companies do not perform at the same level, even in the same industry or market. This could be attributed to different management styles, different levels of motivation and efficiency of staff, different levels of automation. Corporate performance is influenced by a number of factors, as each organization is unique in its operations. All high-performing organizations whether public or private are interested in developing effective measurement and performance management systems, since its only through such systems that they can remain high-performance organizations.

However within Co-operative Bank, there have been numerous changes among the top management teams resulting to subsequent changes in departmental managers. Such changes have been witnessed in CEO change that resulted to changes of a number of top management team and a rapid expansion program. With the above background in mind, the current study seeks to contribute to the vast study on demographics, and in particular will focus on influence of manager demographics on departmental performance in the public sector.

## **1.2 Statement of the problem.**

Although some researchers have argued against the manager's influence on organizational performance (Salancik and Pfeffer, 1977), more recent research suggests other conclusions in this respect (Finkelstein and Hambrick, 1990), beyond the anecdotal evidence about managers being able to change organizations (Tichi and Devanna, 1986; Tichy and Sherman, 1993), many works point towards the influence of managers on the success of organizations. This field of research has its origin in the work of Hambrick and Mason (1984), who, in turn, based their views on the theory of Cyert and March (1963). This theory explains that managers, through their decisions, influence organizational performance. Given that these decisions will be consistent with their cognitive base, which can be explained by their personal traits and experience; it is to be supposed that such aspects may be related to the performance of the organization. Different approaches have been followed in the line of this argument. Weiner and Mahoney (1981) demonstrated the limitations of the study by Lieberman and O'Connor (1972) which concluded that the manager characteristics did not affect company performance.

While no empirical studies have directly investigated the process through which the top management team's demography influences organizational outcomes, several social-psychological explanations for the linkages have been proposed. Michel and Hambrick (1992) used the concept of social integration to explain links between average team tenure and diversification strategy and performance. They proposed that the length of team tenure is a proxy for the level of team cohesion and that cohesion in turn affects performance. Similarly, Murray (1989) used social integration and communication patterns to predict the form of the relationship between team heterogeneity and organizational performance. He argued that team heterogeneity may lower performance in stable environments because the team would be less cohesive and require more formal communication. Eisenhardt and Schoonhoven (1990), Keck (1991), and Hambrick and D'Aveni (1992) have all attributed findings of links between team demography and organizational performance to unmeasured social psychological concepts. The logic in these studies has been that team demography influences team processes, such as social

integration and communication, and these processes in turn affect organizational outcomes.

Other related research are, The Top management team tenure and organizational outcomes: the moderating role of managerial discretion, (Hambrick.D, 1990). This study examined the relationship between managerial tenure and such organizational outcomes as strategic persistence and conformity in strategy and performance with other firms in an industry. Hambrick has further researched on; the influence of Top Management Team heterogeneity on firm's competitive moves (Hambrick D. Ming-Jer, Theresa, 1996) amongst others.

As can be seen, none of the studies has researched on the influence of manager demographics on departmental performance. A knowledge gap therefore exists. The aim of this study is, therefore, to analyse the perceived influence of *manager demographics*, as well as the process by which this influences departmental performance.

The current study is based on the belief that successful departmental managers are dependent on demographic variables while performance is dependent on financial and non-financial measures (Pfeffer, 1983). It is against this background that the proposed study seeks to explore the concept of demographics and organizational performance. As such, the research seeks to answer the questions:

- (i) How does the managers' age affect departmental performance in Co-op Bank?
- (ii) How does gender affect departmental performance in Co-op Bank?
- (iii) How does academic qualification affect departmental performance in Co-op Bank?
- (iv) How does experience influence departmental performance in Co-op Bank?
- (v) How does tenure influence departmental performance in Co-op Bank?

### **1.3 Research objectives**

#### **1.3.1 General objective**

To establish the perception of managers on the influence of manager demographics on departmental performance.

### **1.3.2 Specific objectives**

- (i) To analyse how managers age affect departmental performance in Co-operative Bank.
- (ii) To establish how gender affects departmental performance in Co-operative Bank.
- (iii) To determine how academic qualification influences departmental performance in Co-operative Bank.
- (iv) To analyze how managers experience affects departmental performance in Co-operative Bank.
- (v) To determine how tenure influences departmental performance in Co-operative Bank.

### **1.4 Importance of the study**

The research contributes to the debate of how perceived manager demographic influences departmental performance.

#### **1.4.1 To policy makers of Co-operative Bank**

The result of this study will help Co-op Bank management with a framework to base their decision on in regards to appropriate demographic factors to consider when appointing managers.

#### **1.4.2 Academicians and other researchers**

This project will provide information to potential and current scholars on the dominant demographic variables that influence organizational performance.

#### **1.4.3 Government agencies**

Government agencies may use the results to formulate positive national policies on a framework that is relevant and sensitive to the forces influencing performance in their agencies.

### **1.5 Scope of the research**

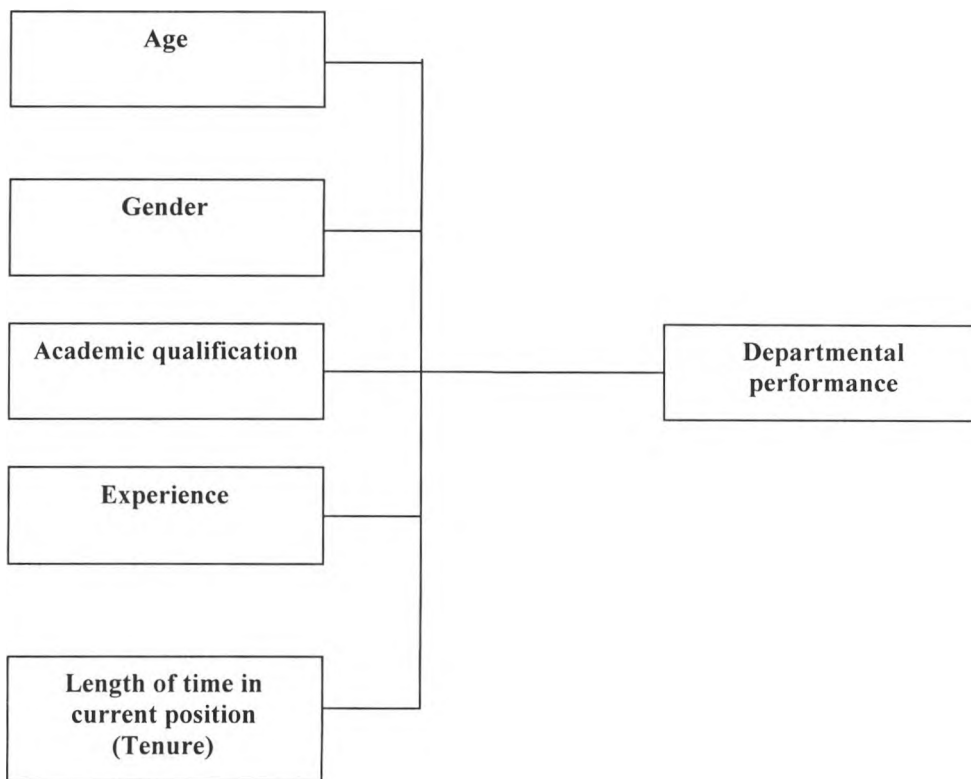
This study focused on Co-operative Bank of Kenya. Due to limitations of time and money, the researcher targeted the Headquarters' the departmental heads, their assistants and a junior staff.

## 1.7 Conceptual framework

Figure 1.1 Conceptual framework of Demographic influence on performance

*Independent Variables*

*Dependent variable*



*Source: Author 2007*

### Age

This is the definite period of time a person has lived. Younger people tend to be more willing to take risks than older ones, possibly because older individuals may have diminished physical and mental abilities (Child 1972) or may be less able to generate new ideas and learn new behaviors and because having these characteristics makes one fearful of risks. This has been previously used by researchers such as Hambrick and Mason (1984). To operationalise, this measure, respondents were expected to state the ages of individual departmental manager, their assistants and a junior staff.

**Gender**

This refers to the sex of the respondent. This was operationalised by requiring the respondent to state the gender of the individual manager and assistants. Results emphasized the composition of the top management team.

**Academic qualification**

This is the highest education level achieved by an individual. An individual's level of formal education reflects abilities and qualities. The highest levels of formal education are associated with a high ability to process information and to discriminate between wide varieties of alternatives. To establish these variables, the respondent was asked to state the highest level of academic qualification achieved. Response to these questions was coded and the sum of average of each used as a representative of top management team education level.

**Experience**

This refers to the exposure the managers possess in their line of duty. Hambrick and Mason (1984) suggest that managers make different strategic decisions based on their experiences in different functional areas. This variable has been previously used by Murray, 1989. To operationalise, the respondent was expected to state the total number of years worked in their organization.

**Length of time in current position (Tenure)**

This is defined as average number of years all top management team members have served in their current positions. This has been used by Hambrick and Mason (1984). To operationalise this variable, respondent was expected to state the length of time for which the incumbent have occupied their current positions.



## CHAPTER TWO

### 2.0 LITERATURE REVIEW

#### 2.1 Introduction

This chapter contains review of literature done in terms of introduction, theoretical review, past studies, critical review and summary of missing gaps. For a departmental manager to be effective, he must have particular demographic factors that influence performance. These includes; age, gender, academic qualification, experience and tenure.

#### 2.2 Theoretical review on Demographic factors and performance

Demography can be defined as “the study of the composition of a social entity in terms of its members’ attributes” (Pfeffer, 1983:303). Demographics include such factors as age, gender, academic qualification, experience and tenure. Organizational demography is conceptualized as the distribution of organizational members along any demographic trait or any set of demographic traits (Mittman, 1992; Pfeffer, 1983). Pfeffer (1983, p.348) argued, “Demography is an important, casual variable that affects a number of intervening variables and processes and through them, a number of organization outcomes”.

In this paper, primary emphasis is placed on observable managerial characteristics as indicators of the givens that a manager brings to an administrative situation. Examples of such characteristics are age, gender, academic qualification, experience and tenure in organization.

Numerous studies over the last ten years have observed significant associations between TMT characteristics, particularly using demographic data, and organizational characteristics. Several studies have linked specific managerial characteristics to differences in strategic orientation (Wiersema and Bantel,1992),risk taking propensity (Bantel and Jackson,1989),consensus building (Priem,1990),overall performance

(Finkelstein and Hambrick,1990; industry experiences (Eisenhardt and Schoonhoven,1990), and turnover of TMTs ( Virany et al.,1992). These studies generally have treated TMT cognition values and internal processes as a black box. Hence, the actual mechanisms by which group composition affects organizational outcomes can only be imputed (Hambrick, 1989).

A clear implication of increasing workforce heterogeneity is that more and more individuals are likely to work with people who are demographically different from them in terms of age, gender, race, and ethnicity. Building on the pioneering theoretical work of Pfeffer (1983) and on earlier sociological theories of group interaction (Blau, 1977) and demography, organizational demography has been linked empirically to many important organizational outcomes: inter-group cohesion, conflict and turnover (O'Reilly et al., 1989); culture; the distribution of power in organization (Innovation and adaptability (O'Reilly,89) and organizational demography.

Drucker (1974) posited in large, complex organizations, material responsibilities are unlikely to be the exclusive domain of just one individual. Thus there is a need for studying the relationships amongst members of “top teams” (Kakabadse, 1991) in relation to organization outcomes or strategic choice. The emerging empirical evidence shows that leaders and top management teams have a considerable impact on organizational outcomes (Finklestein and Hambrick, 1990,), Hambricks’ extensive study of “top teams” found that leadership has the strongest impact on attaining and promoting organizational effectiveness.

According to Cyert and March’s (1963) concept of the “dominant coalition”” Hambrick and Mason’s (1984) “upper-echelons” theory and Kakabadse’s (1991) discretionary leadership theory of “top team” behavior, upper-level management has an important impact on organizational outcomes because of the discretionary decisions they are empowered to make on behalf of the organization. Managers make discretionary decisions consistent with their cognitive base, which is in part a function of their personal

values and experiences, their past experiences and values can be linked to organizational outcomes (Kakabadse, 1991).

Maskell (1991) states that a good measurement system should be related to operations strategy, include non-financial measures, vary between locations, change overtime, be simple and easy, give fast feedback, and aim to teach rather than to monitor. A 'good system' should be comprehensive, casually oriented, vertically integrated, horizontally integrated, internally comparable and useful (White, 1996). Good systems include the need to: link operations to strategic goals, integrate financial and non- financial information, measure what is important to customers, motivate operations to exceed customer expectations, identify and eliminate waste, shift the focus of organizations from rigid vertical bureaucracies to more responsive, accelerate organizational learning and build a consensus for change when customers expectations shift.

It is generally agreed that businesses perform better if they are managed through formalized, balanced and integrated performance measures. Firm's performance can be measured in many ways such as using financial indicators i.e. profit, sales volume, market share and non-financial indicators such as customers goodwill, quality service and public image. The most encompassing way is the balanced scorecard. Developed in the early 1990s by two Harvard Business School professors, the balanced scorecard is a system for performance measurement that links a company's strategy to specific goals and objectives, provides measures for assessing progress towards those goals, and indicates specific measures to achieve those goals. It is a systematic attempt to create a business performance measurement process. BSC was derived following the realization that no single performance indicator could fully capture the complexity of an organization's performance. In modern business, increasingly dominated by "services", where assets are often intangible and organizations are mindful of the demands of a range of stakeholder groups, the measurement of competitive performance becomes more complex. The balanced scorecard looks at firm performance through four lenses on financial performance (Meigs 2001, 998). This includes:

### *The financial perspective*

Managers use this to view the company through the eye of shareholders and creditors in evaluating business performance. The balance sheet, income statement, and statement of cash flows are the underlying financial measures associated with the financial perspective. Return on investment, return on sales, sales turnover, residual income, and economic value added are the actual performance measures.

### *The customer perspective*

This provides a means for employees to consider their customers' needs and the markets in which their products sell. Through this employees examine how the organization's strategies, products, and services add value for the customer. Customer retention, customer satisfaction, customer quality perceptions, market share growth, and customer profitability are business performance measures relevant to customer perspective.

### *The business process perspective*

Both just in time inventory and the total quality management ideas are embodied in the business process perspective lens. It focuses on internal business process and external business relations with suppliers and distributors. Quality measures such as amounts of scrap, downtime, number of defects, costs of rework, and the number of warranty claims enable assessment of the quality of internal processes. Other internal processes are monitored with measures such as manufacturing cycle time, percent of on-time deliveries, and percent of orders filled. Relations with suppliers and distributors are assessed with both quality measures (on-time delivery, parts defects per million from suppliers) and profitability measures (profitability per distributor arrangement).

### *The learning and growth perspective*

This lens focuses on the people, information systems, and organizational procedures in place for organizational learning and growth. Employee satisfaction, retention, skill development, and training undertaken are measures focused on people. The number of patents awarded, amount of training programs offered, and money spent on training and development reflect organizational procedures that enhance learning and growth.

In private sector, the principal measure of successful performance is profit. Public agencies, on the other hand, have no such universal and widely accepted performance measure of success. For public sector organizations, performance must be judged against the goals of their programs and whether the desired results and outcomes have been achieved. Success is often viewed as from the distinct perspectives of various stakeholders, such as legislatures, regulators, other governmental bodies, vendors and suppliers, customers, and the general public (Serving the American Public, report, 1997).

An important assumption in management is that employee attitudes and reactions to organizational change are associated with departmental performance. In service business as Co-op Bank, customer satisfaction is a critical performance indicator along with measures of unit productivity and administrative effectiveness. Providing quality service energizes employees because it requires "...building an organisational culture in which people are challenged to perform to their potential and are recognized and rewarded when they do" (Schneider, 1980).

In today's competitive market place, organization effectiveness depends on understanding what customers' value and communicating this understanding to employees in the form of employee-performance goals and expectations. Firms' performance is measured by the relative efficiency of converting strategic assets into profitability as measured by return on investment (ROI) and return on sales (ROS). Leadership is critical in designing and deploying effective performance measurement and management systems. Clear, consistent, and visible involvement by senior executives and managers is a necessary part of successful performance measurement and management systems.

## **2.3 Past studies on perception of manager demographics**

### **2.3.1 Effects of age on departmental performance.**

Managerial youth appears to be associated with corporate growth (Child, 1974). Possible explanations for the apparent conservative stance of older executives are: First, older executives may have less physical and mental Stamina (Child, 1974) or may be less able

to grasp new ideas and learn new behaviors. A second explanation is that older executives have greater psychological commitment to the organizational status quo (Alutto & Hrebiniak, 1975; Stevens, Beyer, & Trice, 1978). Third, older executives may be at a point in their lives at which financial security and career security are important.

Prior research exploring the impact of the demographic variable of employer age shows that it is also associated with attitudinal and behavioral differences (Pfeffer 1985). Indeed, stereotypical beliefs about age are found to impact significantly on outcomes for certain age categories within an organization (Pfeffer 1984). The demographic attribute of age has importance linkages with individual experience and personal accumulated knowledge. There is some evidence older people face greater recruitment and selection barriers than younger people. A recent study (McKay 1998) found that 25 per cent of employers considered a person aged over 50 too old to recruit.

One can speculate that younger people tend to be more willing to take risks than older ones, possibly because older individuals may have diminishing physical and mental abilities (Child, 1972). Prior research exploring the impact of the demographic variable of employee age shows that it is also associated with attitudinal and behavioral difference (Pfeffer 1985, Lawrence 1988, Zanger and Lawrence 1989, Wehrmeyer and McNeil 2000, Konrad and Hartmann 2002). Indeed, stereotypical beliefs about age are found to impact significantly on outcomes for certain age categories within an organization (Wagner, Pfeffer and O'Reilly 1984, Lawrence 1988).

Those older senior managers, namely bureaucrats, whether male or female, and who see themselves as having had little or no exposure to development, or have not determined their own development, consider themselves as disadvantaged and hence emerge as more cynical and intolerant. The impact of such managers is that they de-motivate others in the organization, just as negatively as the younger age group, who are perceived by others as inhibiting dialogue and promoting anxiety.

### **2.3.2 Effects of gender on departmental performance.**

Many early philosophers have written about women, although in a largely derogatory or dismissive manner. Discrepancies based on such issues as differing traditions, historical events, education, training legislation, attitudes and behaviours, employment conditions, rights and benefits, equal opportunities policies and positive action programmes, all influence differences between men and women. Yet, despite not fully accounting for the emerging context and other related factors, research emanating from the sex-role perspective has produced contradictory results.

According to one stereotype, women are insecure, over-controlling and unable to engage in team play behavior (Madden, 1987), whilst the new stereotype suggests that women are relationship-oriented, non-hierarchical and interested in sharing power and information (Rosener, 1990). Thus, what was once labeled as women's weaknesses and cited as reasons for them being ill-suited for top jobs, are currently they traits male executives are expected to possess (Fireman, 1990). Plato discusses the topic of women, with regard to women's capacity for philosophical rationality and frequently finds them inferior in this respect (Kennedy and Mendus, 1987).

A large number of studies comparing the behavior and attitudes of males and females report that gender differences do exist (Mor Barak et al.1998, Konrad and Hartmann 2002). These differences are often attributed to the discriminatory treatment experienced by women (Kirton and Greene 2000), and it is suggested that these experiences in turn shape an individual's attitudes and behavior in the work place (Cianni and Romberger 1995). A study of gender proportions and the experience of managerial and professional women suggest that gender proportion has significant influence on job satisfaction (Burke and McKeen, 1996).

### **2.3.3 Effect of academic qualification on departmental performance.**

A person's formal educational background may yield rich but complex information. An individual's level of formal education reflects cognitive abilities and qualities. To some degree, education indicates a person's knowledge and skill base. Most people take

seriously their decisions about education; education serves to some extent as an indicator of a person's values, cognitive preferences and so on. An individual's level of formal education reflects cognitive abilities and qualities. The highest levels of formal education are associated with a high ability to process information and to discriminate between wide varieties of alternatives. Educated individuals are more likely to tolerate ambiguity and to show themselves to be more able in complex situations (Dollinger 1985).

*Highest levels of education tend to be associated with receptivity to innovation (Becker 1970). Hitt and Tyler (1991) found that the type of academic education managers had influenced their strategic decisions-that is, certain academic disciplines are more oriented to innovation and change than others.*

#### **2.3.4 Effect of managers experience on departmental performance.**

Katz (1982) points out that manager, with growing organizational experience, tend to rely increasingly on their past experiences and routine information sources rather than on new information. The length of time spent in an organization leads to the development of shared understanding and experiences (Wiersema and Bird 1993). Studies suggest that increased tenure in an organization is positively related to employee well-being and performance (Finkelstein and Hambrick 1990, Wiersema and Bantel 1992, Pfeffer 1993). Hayes-Roth (1977) argues that when an individual is provided with increased exposure to a given stimuli, a situation of "over-learning" results, which leads to clearly defined schema, and as a result only information consistent with the schema will be attended to.

Hambrick and Mason (1984) argue that managers with long tenure tend to have a restricted knowledge base that will impede their response to environmental changes. Finklestein and Hambrick (1990) found that longer tenured top team members tend to consider strategic initiatives in line with industry trends. They suggest that such a pattern reflects a manager's risk aversion, commitment to prior actions, and restriction of information processes.



Heterogeneity of organizational tenure suggests that top team members will differ in their sets of experiences within an organization and will bring forward varied cognitive perspectives (Bantel and Jackson, 1989). A top team with long organizational tenure is associated with high social cohesion (Michel and Hambrick, (1992), leading to a reluctance to change the status quo (Janis, 1972).

Managers with long tenure are more likely to have undergone common organizational experiences and thus are more likely to have developed similar schemata or dominant logic (Prahalad and Bettis, 1986). Schemata are cognitive structures used to organize knowledge of past experiences and are particularly called upon when people make sense of new stimuli. Similarly of schemata among team members, developed via long tenure, can be expected to enhance cohesion, as managers adopt common platforms based on their beliefs and attributes arising from past experiences.

Michel and Hambrick (1992) use the concept of social integration to explain links between average team tenure and diversification strategy and performance. The assumptions in demographics studies have been that team demography influences team processes, such as social integration and communication and these processes in turn affect organizational outcomes.

### **2.3.5 Effect of length of time in current position (tenure) on departmental performance.**

Top management team tenure has received the most extensive theoretical and empirical attention of all the TMT characteristics (Hambrick, 1996). The conventional argument comes from Katz (1982), who reasoned that increasing team tenure produces stability and enhanced socialization. Studying research and development teams, he found a nonlinear relationship between tenure and team performance and inferred from this finding that the performance decline was likely a by-product of increasing commitment to the status quo, which in turn reduced a team's responsiveness to innovative ideas. Although Hambrick (1990) support Katz inference, most subsequent TMT research has not. West and Anderson (1996) found no empirical evidence to support a negative association between

team and TMT innovativeness. Furthermore, these findings are consistent with other research that has positively linked TMT tenure to firm performance (e.g. Hambrick 1996).

The average tenure in an organization of a top management team's can be expected to indicate cohesion. Long tenure reflects a self-selection process by which only those who embrace certain norms and perspective are willing or allows to stay in an organization (Pfeffer, 1983). Managers with long tenure are more likely to have undergone common organizational experiences and thus are more likely to have developed similar schemata (Narman, 1976) or dominant logic (Prahalad and Bettis, 1986). Schemata are cognitive structures used to organize knowledge of past experiences and are particularly called upon when people make sense of new stimuli. Similarly of schemata among team members, developed via long tenure, can be expected to enhance cohesion, as managers adopt common platforms based on their beliefs and attributes arising from past experiences.

Michel and Hambrick (1992) use the concept of social integration to explain links between average team tenure and diversification strategy and performance. The assumptions in demographics studies have been that team demography influences team processes, such as social integration and communication and these processes in turn affect organizational outcomes. The conventional argument, primarily drawn from upper echelons theory, is that long-tenured executives are a source of organization complacency (Boeker, 1997). That is, they tend to resist change and embrace the strategic status quo (Hambrick 1990).

## **2.4 Critical review**

Various researchers have conducted studies to identify influence of demographics on performance. Because of the variability in the environmental, societal, economic and cultural factors from one region to another, it is conceivable that the demographic factors that influence departmental performance in Co-op Bank will also vary and hence the need for studies in different countries. Based on the available literature from different

researchers on this topic, the factors that have been found to influence departmental performance include: age, gender, academic qualification, experience, religion, marital status, ethnicity and tenure. These have varying effects.

However, a critical review of the literature shows that there are some dominant demographic factors that influence performance. These demographics include age, gender, academic qualification, experience and tenure. The proposed study will thus provide in depth information by including the above mentioned factors in the investigation. Furthermore, due to varying environmental, social, economic and cultural factors in different areas, coupled with fact that no such study has been done in banking industry in Kenya. It is essential for this study to be conducted in Co-op Bank in order to get up to date information on the dominant demographic factors that influence departmental performance, case of Co-op Bank.

### **2.5 Summary of research gaps to be filled**

This study established that most of the literature has been done in Western world thus little work has been done in Kenya in connection to influence of manager demographics on departmental performance. Hence justifications for a research study especially in connection to Co-operative Bank.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter gives the research methodology used in the study, which includes the research design, target population, Sampling design and procedure, data collection and data analysis.

#### **3.2 Research Design**

The research was conducted using descriptive research design. A descriptive research is defined as a process of collecting data in order to test hypotheses or to answer questions concerning the current status of the subject in the study. The design is appropriate for the study because it enabled the respondents to describe factors that are perceived to influence the manager demographics on departmental performance. According to Mugenda and Mugenda (2003) descriptive research design is used when the problem has been well designed and where the researcher can engage in a survey by going to the population of interest in order for the respondents to explain certain features about the problem under study.

#### **3.3 Target population**

The target population consisted of all departmental managers and their assistants. This is because they are the people who assess performance. The researcher used census of the population because it is a small population.

**Table 1 Sampling Frame**

<b>Department</b>	<b>Frequency</b>	<b>Percent</b>
Risk mgt dept	3	8.8
Security	2	5.9
Internal audit	3	8.8
Institution banking	2	5.9
Retail banking	2	5.9
Finance dept	3	8.8
Card center	3	8.8
Customer service	3	8.8
Operations	2	5.9
Marketing	4	11.8
System Administration	2	5.9
Treasury dept	3	8.8
Legal dept	2	5.9
<b>Total</b>	<b>34</b>	<b>100</b>

**Source (Author 2007)**

### **3.4 Data Collection method**

The study utilized both primary and secondary data. Primary data was collected using questionnaire (See Appendix II). The types of questions employed were semi-structured to collect both quantitative and qualitative data. The drop and pick method was used to disperse the questionnaires. Secondary data on financial measures was collected from the company's reports and publications. These publications relate to the overall departmental performance such as magazines, public records as well as reports.

### **3.5 Data Analysis**

Quantitative data was analyzed through descriptive statistics in order to find out how perceived manager demographics influence departmental performance. In this, the

researcher employed SPSS and Excel program as well as well as correlation matrix to facilitate the analysis of data. In addition, the qualitative data was analyzed through content analysis. The results have been presented in the form of frequency table for easy understanding and interpretation.

## CHAPTER FOUR

### 4.0 DATA ANALYSIS AND PRESENTATION OF FINDINGS

This chapter presents the results and interpretation of the study findings. Specifically it starts with the analysis of the background information then proceeds to results of perception of managers on the influence of manager demographics on departmental performance.

#### 4.1 Analysis of the Background Information

##### 4.1.1. Response Rate

A total of 34 questionnaires were produced and administered to the 40 sampled respondents. At the end of the data collection process, a total of 34 useful questionnaires were returned and hence were coded and analyzed representing 85% response rate. This high response rate increased confidence for the generalization of the study findings. Out of the 34 respondents interviewed; 15(44.18%) were male while 19(55.9%) were female hence the results of the study are gender sensitive.

#### 4.2. Effect of age on departmental performance

The researcher wanted to know the distribution of the age of the respondents, out of the 34 respondents interviewed the majority 24(70.6%) were between 41-45years of age while it was only 2(5.9%) who were of age below 30 yrs. Hence majority of the respondents interviewed were older employees.

**Table 2 Distribution of the age of the respondents**

Age	Frequency	Percent
Below 30 yrs	2	5.9
31 – 35 yrs	5	14.7
36 – 40 yrs	3	8.8
41 – 45 yrs	24	70.6
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

The researcher probed the respondents further about the implication of managers' age on department performance. The results shows that majority 25(73.5%) agreed that age of a manger influences departmental performance while 9(26.5%) did not agree. This meant that the older employees may suit the position as departmental head as compared to the younger ones.

**Table 3 Implication of managers' age on departmental performance**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	9	26.5
Yes	25	73.5
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

Table 4 shows respondents' opinion on performance between the young and the old, out of the 34 respondents 28(82.4%) agreed young employees perform better than the old. They said the young are more aggressive and open to learning environment, flexible and adaptable to changes. But 6(17.6%) said the young might not necessarily perform better than the old.

**Table 4 Respondents' opinion on performance on old and young employees**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	6	17.6
Yes	28	82.4
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

#### **4.3 Effect of gender on departmental performance**

The respondents were asked about the most preferred gender as a departmental head, the majority 27 (79.4%) said the most preferred gender as a departmental head is a male while 6(17.6%) said the preferred gender as a departmental heads is a female. In addition 1(2.9%) didn't answer the questions. Males are more academically qualified, risk takers,



more aggressive, endowed in technical studies which outshine females. However, females are natural managers, more practical and problem solvers. In bureaucratic settings, preferences are based on gender, qualification, age and experience.

**Table 5 Gender on your preference in the department**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Female	6	17.6
Male	27	79.4
Sub total	33	97.1
System	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

#### **4.4 Effect of academic qualification on departmental performance**

The respondents were asked about their academic qualification, out of the 34 respondents, majority 18(52.9%) had Bachelors degree while 14(41.2%) had masters and 2 (5.9%) had diplomas. In addition, on professional qualification 9(26.5%) had CPAs', 1(2.9%) with ACCA, 1(2.9%) CFA. This shows that the level of literacy among the departmental heads is very high and a function of departmental performance.

**Table 6 Respondents' opinion on academic qualification**

<b>Academic Qualification</b>	<b>Frequency</b>	<b>Percent</b>
Diploma	2	5.9
Bachelors	18	52.9
Masters	14	41.2
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

The researcher wanted to find out the implication of academic and professional qualifications on departmental performance, out of the 34 respondents interviewed,

29(85.3%) agreed academic qualification influences departmental performance while 4(11.8%) thought it has no influence on departmental performance and 1(2.9%) didn't answer the question. Those who did not think academic qualification has perceived influence departmental performance attributed to those head of departments who might have gotten their promotion through favoritism or through influence by their connections.

**Table 7 Implication of academic qualification on departmental performance**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	4	11.8
Yes	29	85.3
Sub-total	33	97.1
System	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

**Source (Author, 2007)**

The respondents were asked about their perception of performance of departments headed by employees with higher qualifications, out of the 34 respondents interviewed the majority 17 (50%) agreed that those department headed by heads with high academic qualification performed better, 14(41.2%) disagreed that those department headed by heads with high academic qualification performed better while 3 (8.8%) didn't answer the question. This shows high academic qualification is necessary to internalize matter and thus a function of performance. In addition the majority 32(94.1%) of the respondents said professional qualification improves performance than mere academic qualification.

**Table 8 Perception of performance of departments headed by employees with higher academic qualifications**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	14	41.2
Yes	17	50.0
Sub-total	31	91.2
System	3	8.8
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

#### 4.5 Effect of work experience on departmental performance

The researcher wanted to find out which year the employee join the organization. Out of 34 respondent interviewed, majority 17 (82.5%) had joined the organization in the past five years while the others joined the organization in past six to ten years. Therefore it shows that most employee have not been the organization for such a long.

**Table 9 Respondent entry year to the organization**

<b>Year</b>	<b>Frequency</b>	<b>Percent</b>
1997	2	5.9
1998	2	5.9
1999	1	2.9
2000	2	5.9
2001	2	5.9
2003	3	8.8
2004	5	14.7
2005	4	11.8
2006	7	20.6
2007	3	8.8
Sub-total	31	91.2
System	3	8.8
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

The researcher wanted to find out the respondent opinion on having worked elsewhere before joining this organization. Majority 28 (82.4) had worked elsewhere before joining the organization while 4(11.8%) was the entry level. This meant that the organization has ability to attract employee from other organization and this brings in lots of positive contribution into the organization because of the wider scope.

**Table 10 Respondent perception on having worked elsewhere**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	4	11.8
Yes	28	82.4
Sub total	32	94.1
System	2	5.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

**Source (Author, 2007)**

The respondents were asked if their working experience is relevant in their day to day work. Out of 34 respondents majority 33 (97.1%) agreed that it was relevant while 1(2.9%) did not give an opinion. The implication is that experience has a very big role to play. Employees with wealth of experience can deliver better services to organization as compared to those without.

**Table 11 Respondent perception on whether experience is relevant**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Yes	33	97.1
System	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

**Source (Author, 2007)**

The researcher wanted to find out the respondent opinion on whether experience contributes to departmental performance. Out of 34 respondent 32(94.1%) agreed that

experience contributes to departmental performance while 1 (2.9%) was not in agreement. This shows lack of experience would have negative implication to the organization and thus experience in employees' line of interest is highly recommended.

**Table 12 Respondent perception on whether experience contributes to departmental performance**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	1	2.9
Yes	32	94.1
Sub total	33	97.1
System	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

The researcher wanted to find out Perception of performance of departments headed by employees with higher experience. Out 34 respondents majority 26 (76.5%) agreed that departments headed by employees with higher experience perform better while 7 (20.6%) did not agree. This means experience contributes to shared understanding, employee well being and consistently increased performance because of routine information.

**Table 13 Perception of performance of departments headed by employees with higher experience**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	7	20.6
Yes	26	76.5
Sub total	33	97.1
System	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

#### 4.6 Effect of manager's tenure on department's performance

The researcher wanted to find out Respondent opinion on the number of years they worked in current position. Out of 34 respondent, 29 (85.3%) have been in the current position between one to five years while 1 (2.9%) have had less than a year in the current position and only 2(5.9%) who had been in the same position between six to ten years. This means most of departmental heads have not been in their position for long period of time this might have negative implication on their performance.

**Table 14 Respondent perception on the number of years worked in current position**

Period	Frequency	Percent
1 - 5 yrs	29	85.3
6 - 10 yrs	2	5.9
Less than an year	1	2.9
Sub total	32	94.1
System	2	5.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

**Source (Author, 2007)**

The researcher wanted to find out the Significance of tenure of office on departmental performance, out of 34 respondent majority 29(85.3%) agreed it was very significance on departmental performance while 4(11.8%) did not agree. This meant that tenure improves the expertise of departmental heads, builds someone's confidence and high level of exposure within the department.

**Table 15 Significance of tenure of office on departmental performance**

Response	Frequency	Percent
No	4	11.8
Yes	29	85.3
Sub total	33	97.1
System	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

**Source (Author, 2007)**

The respondents were asked about the Extent of Significance of tenure of office on departmental performance out of 34 respondents majority 14(41.2%) conquered that it was of great extent 8(23.5%) was to some extent, 7 (20.6%) to some extents while 3(8.8%) not to any extents. This meant that the extent of tenure is of great Significant on departmental performance.

**Table 16 Extent of Significance of tenure of office on departmental performance**

<b>Extent</b>	<b>Frequency</b>	<b>Percent</b>
Not at all	3	8.8
To some extent	7	20.6
To a great extent	14	41.2
To a very great extent	8	23.5
Sub total	32	94.1
System	2	5.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

The respondents were asked about the Perception on the difference in departmental performance length of tenure of office, out of 34 respondent 24(70.6%) agreed that it makes the difference while 10 (29.4%) did not find any difference. This shows that the difference is brought about by more efficient and effective personnel, common principles and theories in the department and improves conceptual skills.

**Table 17 Perception on departmental performance on tenure of office**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
YES	24	70.6
NO	10	29.4
<b>Total</b>	<b>34</b>	<b>100</b>

Source (Author, 2007)

The respondents were asked about the measure of departmental performance in the organization, out of 34 respondents interviewed, majority 15(44.2%) rated business excellence, 10 (29.4%) performance models and 9(26.5%) balance score card. The methods of measure above are closely used in the departmental performance measures of performance.

**Table 18 Measure of Departmental performance**

<b>Measure</b>	<b>Frequency</b>	<b>Percent</b>
Business excellence	15	44.2
Balance score card	9	26.5
Performance model	10	29.4
<b>Total</b>	<b>34</b>	<b>100</b>

**Source (Author, 2007)**

The respondents were asked about the financial measure of departmental performance in the organization, out of 34 respondents interviewed, majority 22(64.7%) uses return on assets while 11(32.4%) use net income and 1(2.9%) uses net sales. The main financial measure stands to be return on assets, which contributed towards organization profit.

**Table 19 Financial Measure on Departmental performance**

<b>Measures</b>	<b>Frequency</b>	<b>Percent</b>
Return on sale	22	64.7
Net income	11	32.4
Net assets	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

**Source (Author, 2007)**

The respondents were asked about the non financial measure of departmental performance measure in the organization out of 34 respondents interviewed majority



23(67.6%) agreed while 10(29.4%) did not agree this shows that customer contribution plays a big role in the organization.

**Table 20 Customer perspective as a non Financial Measure on Departmental performance**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	10	29.4
Yes	23	67.6
Subtotal	33	97.1
System	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

The respondents were asked about the non financial measure of departmental performance in the organization, out of 34 respondents interviewed, majority 18 (52.9%) did not agree while 15(44.1%) agreed. This shows that business process perspective does not contribute in a big way as non Financial Measure of Departmental performance.

**Table 21 Business process perspective as a non Financial Measure on Departmental performance**

<b>Process</b>	<b>Frequency</b>	<b>Percent</b>
No	18	52.9
Yes	15	44.1
Sub total	33	97.1
System	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

Source (Author, 2007)

The respondents were asked about the Learning and growth perspective as non financial measure on departmental performance in the organization, out of 34 respondents 17 (50.0%) did not agree while 16(47.1%) seem to agree, this shows that Learning and growth perspective is not a strong non Financial Measure on Departmental performance.

**Table 22 Learning and growth perspective as a non Financial Measure on Departmental performance**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	17	50.0
Yes	16	47.1
Subtotal	33	97.1
System	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

**Source (Author, 2007)**

The researcher wanted to find out Frequency Measure on departmental performance, out of 34 respondents interviewed 11(32.4%) measures quarterly, 10(29.4%) on yearly basis, 6(17.6%) on monthly basis and 5 (14.7%) said mid- year, this means that the performance is often measured regularly and often based on quarterly period.

**Table 23 Frequency of Measure on Departmental performance**

<b>Period</b>	<b>Frequency</b>	<b>Percent</b>
Monthly	6	17.6
Quarterly	11	32.4
Mid –year	5	14.7
Yearly	10	29.4
Sub total	32	94.1
System	2	5.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

**Source (Author, 2007)**

The respondents where asked to rank the performance of their departments. The majority, 20(58.8%) ranked Very good, 8(23.5%) said good and 4(11.8%) ranked excellent. This shows that performance is on the high positive level in the departments.

**Table 24 Rank on Level of departmental performance**

<b>Performance</b>	<b>Frequency</b>	<b>Percent</b>
Good	8	23.5
Very good	20	58.8
Excellent	4	11.8
Sub total	32	94.1
System	2	5.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

**Source (Author, 2007)**

#### **4.7 Empirical Findings**

The Pearson correlation matrix on the correlation coefficient measures the degree of association of manager demographics and performance. Note that only the use of age, academic qualification and work experience has a significant association with return on assets (ROA). They are negatively associated with significant association with ROA at 0.5 level of confidence. Other managers' demographic variables such as gender and tenure are not significantly associated with ROA.

The correlation analysis statistics above portrays the degree of association between manager demographic variables and performance variables. In addition to this, cross section multiple regression analysis was carried out to predict the relationship between manager demographics and firm performance and also to indicate the contribution of each predictor variable (Age, Academic qualification and Work experience) to the response variable (performance measures).

The table below extracted from appendix shows a summary of regression coefficients and other statistics of performance measures regressed on manager demographics variables.

Table 26: Summary of beta coefficients ( $\beta$ ) (denoting the relationship of performance measures and manager demographic), the intercept and the coefficient of multiple determinations (R-).

**Table 25 Beta coefficients**

<b>DEMOGRAPHICS</b>	<b>ROA</b>	<b>TOBIN'S Q</b>
INTERCEPT	-2.308	2.256
AGE	-0.478*	0.271
GENDER	0.201	-0.509
ACADEMIC QUALIFICATION	0.136	0.381
EXPERIENCE	-0.194	0.281
TENURE	-0.096	-0.159
<b>R<sup>2</sup></b>	<b>0.366</b>	<b>0.401</b>

\* Significant at the 0.5 level of significance (2 tailed)

#### **4.7.1 Manager Demographic Variables and Return on Assets (ROA)**

The estimated relationship between manager demographic variables and return on assets (ROA) as the performance measure is as follows:

$$ROA = -2.308 + 0.136 AC - 0.096 TEN + 0.201 GENDER - 0.478 AGE - 0.194 EXP$$

From the extracts above, the coefficient on multiple determination (R<sup>2</sup>) for ROA on manager demographics is 36.6%. This means that the proportion of the variation in ROA that is explained by the set of explanatory variables (manager demographics) is 36.6%, 63.4% of the variation in ROA is explained by other factors.

#### **4.7.2 Manager demographics and Tobin's Q Ratio (TQ)**

The estimated relationship between manager demographics and Tobin's Q ratio (TQ) as the performance measure is as follows:

$$TQ = 2.256 + 0.381 AC - 0.159 TEN - 0.509 GENDER - 0.271 AGE + 0.281 EXP$$

The coefficient on multiple determination (R<sup>2</sup>) for TQ on and control variables is 40%. This means that the manager demographic variables proportion of the variation in TQ that is explained by the set of explanatory variables (manager demographic variables) is 40%. 60% of the variation in TQ is explained by other factors.

## CHAPTER FIVE

### 5.0 SUMMARY, DISCUSSIONS AND CONCLUSIONS

#### 5.1 Introduction

This chapter gives the conclusions and recommendations arising from the study involving of 34 respondents sampled from Co-operative Bank of Kenya. The respondents were clustered into various departments of which gave useful opinions for this study. The chapter has been structured as summary of findings, discussions, conclusion and recommendations.

#### 5.2 Summary and discussions

This study sought to assess the perception of managers on the influence of manager demographics on departmental performance. A case of Co-operative Bank of Kenya. The study was guided by the following objectives (i) To analyse how managers age affect departmental performance, (ii) To establish how gender affects departmental performance, (iii) To determine how academic qualification influences departmental performance, (iv) To analyse how managers experience affects departmental performance and (v) To determine how tenure influences departmental performance .

##### 5.2.1 Effects of Managers age on departmental performance.

The study sought to find out how managers age affects departmental performance, out of the 34 respondents interviewed the majority were between 41-45years of age while it was only a relatively small percentage were of age below 30 yrs. Hence majority of the respondents interviewed were older employees. This is in agreements with prior research that shown that older executives have greater psychological commitment to the organizational status quo (Alutto & Hrebiniak, 1975; Stevens, Beyer, & Trice, 1978). Older executives may be at a point in their lives at which financial security and career security are important. Any risky actions that might disrupt these generally are avoided (Carlsson & Karlsson, 1970).

Respondents' opinion on performance between the young and the old, majority of respondents agreed that young employee perform better than the old. Young are more aggressive and open to learning environment, flexible and adaptable to changes. Unlike the aged or older employees were perceived as less of an investment. However a few said the young might not necessary perform better than the old. This is in agreement with the findings that there is some evidence that older people face greater recruitment and selection barriers than younger people. Due to employment, older employees need opportunities for training and development to maintain employability in the wider market place, never the less receive fewer such responsibilities. A recent study (McKay 1998) found that 25 per cent of employers considered a person aged over 50 too old to recruit. Statistical tests confirmed the perceived influence of age on departmental performance. One can speculate that younger people tend to be more willing to take risks than older ones, possibly because older individuals may have diminishing physical and mental abilities (Child 1972).

### **5.2.2 Effects of Managers Gender on departmental performance**

Further the researcher wanted to find out the effects Gender on departmental performance. The respondents were asked about the most preferred gender as a departmental heads, the majority preferred males. This shows that the organization had preference of males as departmental heads as opposed to female. This could be attributed to males as being more aggressive, risk takers and more endowed with skills and managerial competence than females. This is in agreements with prior research that, According to one stereotype, women are insecure, over-controlling and unable to engage in team play behavior (Madden, 1987), whilst the new stereotype suggests that women are relationship-oriented, non-hierarchical and not interested in sharing power and information (Rosener, 1990). Thus, what was once labeled as women's weaknesses and cited as reasons for them being ill-suited for top jobs, are currently the traits male executives are expected to possess (Fireman, 1990). Plato discusses the topic of women, with regard to women's capacity for philosophical rationality and frequently finds them inferior in this respect (Kennedy and Mendus, 1987).

### **5.2.3 Effects of Managers Academic qualifications on departmental performance**

In addition the study was to establish the effect of Academic qualifications on departmental performance. According to the respondents' academic qualification, out of the 34 respondents majority had Bachelors degree while a considerable had masters and just a few had diplomas. In addition, on professional qualification, majority had CPAs', ACCA and CFA. This shows that the level of literacy among the departmental heads is very high. This shows the implication of academic qualification on departmental performance. Out of the 34 respondents interviewed majority agreed that academic qualification influences on departmental performance.

Those who did not think academic qualification has influence on departmental performance can be attributed to those head of departments who might have gotten their promotion through favoritism or through influence by their connections. On perception of performance of departments headed by employees with higher qualifications, out of the 34 respondents interviewed the majority agreed that those department headed by heads with high qualification performed better and only a few disagreed that those department headed by heads with high qualification performed better while slightly a few didn't answer the question. This shows high qualification is necessary to internalize matters and thus makes the difference. Past studies have also shown that a person's formal educational background may yield rich but complex information. An individual's level of formal education reflects cognitive abilities and qualities.

To some degree, education indicates a person's knowledge and skill base. In addition the majority of the respondents said professional qualification improves performance than mere academic qualification due to specialization of ones competences in line of specialization. The level of education of departmental heads was significant indicator of departmental performance. This is probably due to the fact that any member has a basic minimum education level and additional education probably adds more to being a better manager. Prior studies have also shown highest levels of education tend to be associated with receptivity to innovation (Becker 1970). Hitt and Tyler (1991) found that the type of

academic education managers had influenced their strategic decisions-that is, certain academic disciplines are more oriented to innovation and change than others.

#### **5.2.4 Effects of Managers experience on departmental performance**

The researcher wanted to find out the effects of Managers experience on departmental performance. Out of 34 respondents majority agreed that the experience was relevant while one respondent did not give an opinion. The implication is that experience has a big role to play. Employees with wealth of experience can deliver better services to organization as compared to those with no experiences. This is in agreement with prior research that Katz (1982) points out that manager, with growing organizational experience, tend to rely increasingly on their past experiences and routine information sources rather than on new information. The length of time spent in an organization leads to the development of shared understanding and experiences (Wiersema and Bird 1993).

It was clear from the respondent opinion that experience contributes to departmental performance. Majority of respondents agreed that experience contributes to departmental performance while a meaningful of respondents was not in agreement. This shows lack of experience would have negative implication to the organization and thus experiences in employees lines of interest is highly recommended. The Perception of performance of departments headed by employees with higher experience is that, majority agreed that departments headed by employees with higher experience perform far much better than non- experienced. This means experience contributes to service delivery and performance of departments head in the organization because of routine information. This is in agreement with Hambrick findings in the upper echelon research.

#### **5.2.5 Effects of Managers tenure qualifications on departmental performance**

Finally the researcher wanted to find out Respondent opinion on the number of years they worked in current position. This means most of departmental heads have not occupied their position for long a period of time and this might have negative implication on their performance. Prior studies shown managers with long tenure are more likely to have undergone common organizational experiences and thus are more likely to have



developed similar schemata (Narman, 1976) or dominant logic (Prahalad and Bettis, 1986). Schemata are cognitive structures used to organize knowledge of past experiences and are particularly called upon when people make sense of new stimuli. Similarly of schemata among team members, developed via long tenure, can be expected to enhance cohesion, as managers adopt common platforms based on their beliefs and attributes arising from past experiences.

The Significance of tenure of office on departmental performance was significance on departmental performance while un-insignificant few did not agree. This meant that it improves the expertise of departmental heads, builds someone's confidence and high level of exposes in the department. Surprisingly, statistical tests confirmed that managers' tenure on departmental performance was not a significant departmental performance indicator.

### **5.3 Conclusions**

This study yielded substantial information on the factors influencing manager demographics on departmental performance. These findings also confirm the expectation of this study that Managers age is actually a factor that influences departmental performance. Furthers the researcher established that gender affects departmental performance in that preference gender is a male as departmental head as opposed to a female. Males are more academically qualified, risk takers, more aggressive, endowed in technical studies which outshine females. However, females are natural managers, more practical and problem solvers. In bureaucratic settings, preferences are based on gender, qualification, age and experience.

Based on the findings of this study, it emerges that the Academic qualification is a factor that influences departmental performance. Academic qualification is necessary to enable one internalize matters and thus makes informed decisions hence the difference in departmental performance. Managers experience affects departmental performance .This means employees with wealth of experience can deliver better services because of routine practices and information .The findings on tenure of office as factor did not agree with

the expectation of this study that tenure of office influences departmental performance. It is clear that this is not a factor that determine departmental performance in very significant extent

## **5.4 Limitations of the study**

### **5.4.1 Time**

The time available was not enough to allow for interview with respondents. Plenty of time was required to search for accurate data from various sources since materials containing the information required were not easily accessible and had to be collected to maintain balance in the information obtained and also the fact that only one person was available to carry out the research.

### **5.4.2 Access to data**

The data required was not easily accessible since banking policies could not allow the researcher access due to sensitivity of the information on the security systems and also because of the fear that such information, if given out, could be used by their competitors. Not all data obtained was accurate since it did not come from the main source, which is the bank. The source was the written materials from the library. Given the sensitivity of the topic, some of the respondents especially the top management did not fill the questionnaire.

### **5.4.3 Withholding of information**

Some respondents failed to give out the required information saying that the previous researchers had not helped them in any way.

## **5.5 Recommendations**

From the above discussion it's very clear that, age, gender, academics qualification, experience and tenure of years affect the departmental performance. Hence the researcher recommends that, the management should orient its staff on the issues touching on necessary demographic variables that influence departmental performance. The junior

staff should be made to understand the necessary variables to embrace in order to ascend to managerial position and to improve performance.

A similar study could be carried out in other sectors of the economy in which similar studies have not been carried out. However, if one choose to still look at this sector a research could be carried out in various banks in this country to establish whether the same demographic factors affect departmental performance

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## APPENDICES

### APPENDIX 1: LETTER OF INTRODUCTION TO RESPONDENTS

University of Nairobi  
School of Business  
Dept. Of Business Administration  
P.O. Box 30197  
**Nairobi**  
13th Aug, 2007

Dear Respondent,

#### **RE: COLLECTION OF CASE DATA**

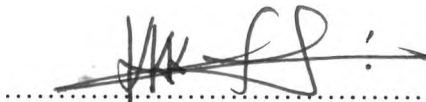
I am a postgraduate student at the University of Nairobi, School of business. In order to fulfill the degree requirements; I am undertaking a management research project on “**The influence of manager demographics on departmental performance: A case study of Co-operative Bank of Kenya.**”

You have been selected to form part of this study. Therefore, I kindly request you to assist me to collect the data by filling out the accompanying questions. The information provided will be used exclusively for academic purposes and will be held in strict confidence.

Thank you

Yours faithfully,

KENNETH K. KARIITHI



STUDENT

Adm. No. D61/P/ 7959/03

Tel. 0722 26 84 46

## APPENDIX II: QUESTIONNAIRE

This section is divided into two sections: **SECTION 1** is respondents' demographics. **SECTION 2** is meant to highlight departmental performance measures. Fill details as instructed:

### Section One: Respondent's Demographics

#### Effects of age on departmental performance

1) Kindly select your age Category

- a. 30 years and below [     ]
- b. 31 – 35 years [     ]
- c. 36 – 40 years [     ]
- d. 41 – 45 years [     ]
- e. 50 – 54 years [     ]
- f. Over 55 years [     ]

2) Do you think age of a manager has implication on performance?

Yes [     ]     No [     ]

If yes explain:

.....  
.....  
.....

3) Do you think young employees are in a better position to perform better than old employees?

Yes [     ]     No [     ]

Explain

.....  
.....  
.....

**Effects of gender on departmental performance**

4) Kindly state your gender:

Male [ ] Female [ ]

5) What is the gender of most departmental heads?

Male [ ] Female [ ]

6) Do you think the above gender is a function of departmental performance?

Yes [ ] No [ ]

Explain

.....  
.....  
.....

**Effects of academic qualification on departmental performance**

7) Kindly state your highest academic qualification :( Tick where appropriate ( √))

- a. PhD [ ]
- b. Masters [ ]
- c. Bachelors [ ]
- d. Diploma [ ]
- e. A levels [ ]
- f. O levels [ ]

8) Kindly list professional qualifications if any that you have pursued:

- a. ....
- b. ....
- c. ....

9) Do you think academic qualification has implications on departmental performance?

Yes [ ]  
No [ ]

Explain

.....  
.....  
.....

10) Do you think departments headed by employees with higher qualifications e.g. (Master) and above are better performing than others?

Yes [ ] No [ ]

11) If yes, do you attribute this to departmental heads academic qualification?

Yes [ ] No [ ]

12) Do you think professional qualification improves performance than mere academic qualification?

Yes [ ] No [ ]

Explain

.....  
.....  
.....  
.....

**Effects of experience on departmental performance.**

13) When did you join Co-op Bank?

Year.....

14) Kindly state the number of years you have worked in your current department

a. 1 to 5 years [ ]

b. 6 to 10 years [ ]

c. 11 to 15 years [ ]

d. 16 to 20 years [ ]

Over 21 years [ ]

15) Had you worked elsewhere before joining Co-op Bank?

Yes [ ] No [ ]

16) Do you think your working experience is relevant in your day to day work?

Yes [ ] No [ ]

17) If relevant, rate the level of your experience to your department:

Very relevant [ ]

Relevant [ ]

Slightly relevant [ ]

Not relevant [ ]

18) Does experience contribute to departmental performance?

Yes [ ] No [ ]

19) If yes, do those managers with higher experience perform better than those with less experience?

Yes [ ] No [ ]

Explain

.....  
.....  
.....

**Effects of managers' tenure on departmental performance.**

20) Kindly state the number of years you have worked in your current position (tenure)

a. 1 to 5 years [ ]

b. 6 to 10 years [ ]

c. 11 to 15 years [ ]

d. 16 to 20 years [ ]

e. Over 21 years [ ]

21) In your own opinion, does tenure of office of the manager affect departmental performance?

Yes [      ]      No [      ]

Explain

.....  
.....  
.....

22) To what extent is tenure of significance in your department?

To a very great extent [      ]

To a great extent [      ]

To some extent [      ]

Not at all [      ]

23) Is there a difference in performance with those managers who have remained in one department for long?

Yes [      ]      No [      ]

Explain

.....  
.....

## Section Two: Departmental Performance Management

24) How is performance measured in your department? Tick where appropriate

a) Business Excellence Model [      ]

b) Balance scorecard model [      ]

c) Performance model [      ]

25) Kindly tick the financial measures of performance used in your department

Net income [ ]

Net assets [ ]

Return on investment [ ]

Return on sales [ ]

26) If others, kindly list them here below:

.....  
.....

27) Kindly tick the non - financial measures of performance in your department

Customer perspective [ ]

Business process perspective [ ]

Learning and growth perspective [ ]

28) How often do you measure performance in your department? Tick as appropriate:

Monthly [ ] Quarterly [ ] Mid -Year [ ] Yearly [ ]

Kindly list others if any:

.....  
.....

29) Kindly rank your departments' performance.

(a) Excellent [ ]

(b) Very good [ ]

(c) Good [ ]

(d) Fair [ ]

(e) Poor [ ]

30)

**THANK YOU VERY MUCH FOR YOUR ASSISTANCE**



### Appendix III Descriptive Statistics

DESCRIPTIVE STATISTICS							
	<b>ROA</b>	<b>TQ</b>	<b>AGE</b>	<b>GENDER</b>	<b>AC</b>	<b>EXP</b>	<b>TENURE</b>
Mean	60	1.07	50.93	14.8405	7.7955	0.1364	76.2945
Standard Error	0.92	0.08	3.98	0.2542	0.3388	0.0523	1.3233
Median	6.91	0.96	46.74	14.8239	8	0	76.39
Standard Deviation	6.13	0.53	26.39	1.6865	2.2473	0.3471	8.7775
Sample variance	37.55	0.28	696.56	2.8442	5.0502	0.1205	77.0446
Kurtosis	-0.34	15.6	-1.15	-0.248	0.8632	2.9492	0.8579
Skewness	0.03	3.33	0.23	-0.0968	0.0228	2.1948	-0.7594
Range	26.34	3.43	96.19	7.3531	8	1	40.91
Minimum	-6.78	0.33	70.9	10.8256	4	0	50
Sum	19.56	3.76	103.28	18.1787	12	1	90.91
Count	290.3	46.87	2240.77	652.9798	343	6	3356.96
Confidence Level (95.0%)	34	34	34	34	34	34	34
	1.86	0.16	8.024	0.5127	0.6832	0.1055	2.6686

### Appendix IV Correlation Matrix

			TQ		CORRELATION MATRIX		
		AGE	.423(**)	GENDER	AC	EXP	TENURE
ROA	Pearson Correlation	-363	0.004	-0.058	0.071	-0.088	-0.011
	Sig. (2-tailed)	0.016	34	0.709	0.646	0.571	0.943
	N	34	0.014	34	34	34	34
AGE	Pearson Correlation	1	0.926	.563(*)	.442(*)	-445	-0.148
	Sig. (2-tailed)		34	0	0.003	0.002	0.338
	N	34	1	34	34	34	34
TQ	Pearson Correlation	0.014		-0.217	-0.021	0.24	-0.131
	Sig. (2-tailed)	0.926	34	0.157	0.894	0.117	0.398
	N	34	0.127	34	34	34	34
GENDER	Pearson Correlation	563(**)	0.157	1	.778(**)	-455	0.009
	Sig. (2-tailed)	0	34		0	0.002	0.952
	N	34	0.021	34	34	34	34
AC	Pearson Correlation	.442(**)	0.894	.778(**)	1	-440	0.154
	Sig. (2-tailed)	0.003	34	0		0.003	0.317
	N	34	0.24	34	34	34	34
EXP	Pearson Correlation	-445	0.117	-455	-440	1	-0.048
	Sig. (2-tailed)	0.002	34	0.002	0.003		0.755
	N	34	-0.131	34	34	34	34
TENURE	Pearson Correlation	-0.148	0.398	0.009	0.154	-0.048	1
	Sig. (2-tailed)	0.338	34	0.952	0.317	0.755	
	N	34			34	34	34