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EFFECT OF SPAN OF CONTROL ON DECISION-MAKING EFFECTIVENESS OF DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

This study employs an ex-post facto research design to examine the effect of the span of control on decision-making effectiveness in Nigerian deposit money banks (DMBs). Employing ordinary least squares (OLS) multiple regression analysis, with 98 observations the findings indicate that managerial workload positively and significantly affects decision-making effectiveness in Nigerian DMBs. Additionally, communication efficiency enhances decision-making effectiveness, and organizational agility contributes considerably to this effectiveness. The study highlights the importance of managerial workload in preventing poor decision-making among bank managers. It is recommended that promoting managerial ownership within financial institutions and enhancing communication efficiency are crucial, as these measures help mitigate management's opportunistic behaviors, which could lead to creative accounting practices. Moreover, the study suggests that improving the organizational structure to increase agility encourages managers to involve more subordinates in decision-making processes, enhancing overall decision-making effectiveness.

Keywords: Communication efficiency, decision-making effectiveness, organization agility, managerial workload, span of control,

JEL Classification Codes: D23, D70, J82.

1. Introduction

In the banking industry, making an effective decision is vital for fostering business growth, controlling risk, and sustaining a competitive edge. The breadth of control, or the number of workers who report directly to a manager or supervisor, is a crucial factor that affects how well decisions are made. A broader span of control can enhance efficiency and lower expenses, but it may also impair the quality of decisions due to an overload of information and less oversight. On the other hand, a narrower span of control can enable better-informed and quicker decision-making, but it may raise costs and restrict scalability (Pathak & Gupta, 2023). The concept of span of control and effective decision-making in the banking industry represents a management framework that enables quicker and more

efficient decisions, aiming to minimize excessive bureaucracy and redundant tasks. As the Oxford Advanced Learner defines it, decision-making is the process of concluding and forming a judgment. Consequently, decision-making is a critical function within management for many organizations, from small businesses to large multinational companies (Daniel & Agbaeze, 2018). The ways organizations approach decision-making are evolving due to changes in tasks, environments, and personnel. We no longer deploy forces in combat; we seek thoughtful engagement rather than mere compliance. Today, competitive advantages stem from employees making informed decisions, embracing creativity, and posing inquiries. Effectiveness can only be attained through the complete involvement of management at the appropriate time, recognizing that the core of their role involves making choices about what actions to take, who will carry them out, and where these actions will occur, often determining how and when they will be executed. A manager supervising five employees has a span of control (SOC) ratio of 5:1. Organizational layers refer to the levels within an organization with supervisory duties. The spans and layers of an organization affect how tasks are delegated to specific functions, processes, teams, and individuals (Nickerson & Silverman, 2024). Conducting a formal analysis of spans and layers can often be valuable in maintaining organizational efficiency and effectiveness.

The banking sector faces daily challenges, including insufficient decision-making effectiveness, poverty, and a lack of trust (the failure of bank managers to exercise effective decision-making within their span of control for the benefit of top management or shareholders), which together have adversely impacted the efficiency of decision-making processes within the banking industry (Kwan & Isa, 2021). In Nigeria today, there is significant debate whether bank employees should be involved in managerial decision-making. Numerous authors argue that employees in banks or organizations ought to participate in decision-making processes, particularly when it impacts them or their positions. Such involvement is anticipated as a development and evaluation platform for prospective upper-management members (Koutoupis & Malisiovas, 2021). Managers at the organization's various levels are responsible for planning, organizing, directing, and controlling, which aids in making swift strategic decisions. Rapid strategic decision-making is one of the key challenges confronting the banking sector today, as it is essential for developing policy implementation and control results. Previously, the researcher has sought to understand how these spans of control have affected effective decision-making processes

within management. Several additional factors that influence the span of control include whether employees are engaged in routine tasks, which may allow for a wider span of control, or in more varied and complex tasks, which might necessitate a tighter span of control. Furthermore, if the overall business environment was stable, a broader span could be appropriate, while a dynamic business environment might require a narrower one. (Olabisi; Ayodele & Salawu, 2021) Several authors have argued that banks or organizations are involved in decision-making processes to enhance the organization's progress, particularly in matters that impact their roles or employment. This involvement is anticipated to act as a development and evaluation platform for potential future members of higher management. (Abumandil, 2019). Due to the banking industry's strong dependence on financial data, the quality of this information has become essential for making effective decisions.

The span of control within banks significantly impacts the effectiveness of decision-making processes. A narrow span of control often leads to slower decision-making due to increased layers of management. In contrast, a wider span of control can enhance flexibility and speed but may overwhelm managers with excessive responsibilities. Understanding the optimal span of control is crucial for banks to balance efficiency, communication, and managerial workload, ultimately affecting overall organizational performance.

Numerous studies have looked at the connection between decision-making efficiency and the span of control, but thorough investigations conducted especially in the banking industry are still lacking. Existing literature, such as Bandiera (2019); Alabi, Olaoye and Ojo, 2022 primarily focused on general organizational structures and managerial behaviour across various industries. However, banks' unique operational and regulatory environment necessitates a more targeted investigation. Additionally, there is limited empirical data on how different spans of control impact the speed, quality, and outcomes of decision-making processes in banks, particularly in the context of rapidly evolving financial technologies and market conditions. Furthermore, these studies do not differentiate between industries, and banking as they have unique regulatory, operational, and risk management challenges that may influence the span of control. Thus, there is a need for more studies to examine the correlations between the span of control and decision-making effectiveness in banks.

Based on the outlined background, the objective of the study is to investigate the effect of span control on the decision-making effectiveness of banks in Nigeria from 2017 -

2023. The study therefore hypothesized in null form that the effect of span of control on decision-making effectiveness varies across different management levels within banks. The outcome of the study is expected to benefit banks performance and financial institutions in Nigeria. The study is in line with the study of Bestman & Chinyere, (2021) and contradicts studies by Foyeke, Odianonsen and Aanu, (2019); Maas & Verdoorn, (2017) which state that span of control does not reflect the performance of banks in Nigeria. Addressing these gaps could provide valuable insights for optimizing organizational structures in banks to enhance decision-making effectiveness. This measure is directly influenced by managerial workload, communication efficiency, and the organizational agility of the industry. The span of control and the effective utilization of communication efficiency in decision-making in banks aid in the growth and financial performance of the banks. The findings of this study will provide Nigeria's deposit money banks with valuable insights that can help them in making informed financing decisions. Additionally, current and prospective investors will find this information helpful as it will guide them in making appropriate choices concerning organizational agility and the quality of decision-making.

The remaining part of the structure of the paper include: Section 2 which reviews relevant literature. Section 3 details the methodology used in this research. In Section 4, the results are presented and discussed while Section 5 concludes the study by summarizing the findings and discussing their policy implications.

1. 2. Literature Review

This section reviews relevant studies on effect of the span of control on decision-making effectiveness. The concept of span of control, defined as the number of subordinates directly managed by a supervisor, has long been a critical topic in organizational theory and management studies. Its effect on decision-making effectiveness is significant in the banking sector, where the structure of management can greatly influence operational efficiency and strategic outcomes. Research on the span of control suggests that it plays a pivotal role in determining the quality, timeliness, and overall effectiveness of decision-making. A narrower span of control, where managers oversee fewer subordinates, is often associated with more effective supervision, better communication, and quicker decision-making. Conversely, a wider span of control, with a larger number of subordinates, can lead to challenges in management oversight, communication bottlenecks, and delayed decision-making processes. In the context of banking, where

rapid and accurate decision-making is crucial for maintaining financial stability and customer satisfaction, understanding the optimal span of control is essential. Previous studies have examined various industries, but the unique regulatory, operational, and risk management characteristics of banks warrant a focused analysis. The literature indicates that managerial workload, communication efficiency, and organizational agility are key factors influenced by the span of control, impacting the decision-making processes within banks. This literature review aims to synthesize existing research on the span of control and its effects on decision-making effectiveness, with a specific focus on the banking industry. It will explore theoretical frameworks, empirical studies, and case examples to provide a comprehensive understanding of how organizational structure can be optimized to enhance decision-making in banks.

Remenova (2018) examined the span of control in organizational structure and teamwork. The study tracks the effects of factors such as the team's size and makeup, the manager's age, the length of time in their managing role, the level of management, and the functional area of control. Rather, the functional area of control determines the team's size. It is not verified that growing older and, thus, more experienced also results in a larger team. Nonetheless, it has been verified that the manager spends more time in the leadership role. Given the way organizations are currently run, a manager's age is not a reliable predictor of how long they have held their post. Abumandil (2019) examining the factors affecting decision-making effectiveness in Palestinian banks and found that the decision-making effectiveness of any institution depends on the level of managerial workload and effective communication among the subordinates. Narawish (2022), looked into the significance of cost effectiveness in key areas that affect banks' decision-making processes. Historical bank data from 2008 to 2018 was used in the investigation. Since they seem to affect costs, data analysed with econometric models showed a substantial correlation between the independent and contingent factors.

2.1 Conceptual Review:

Span of Control: The number of workers who answer directly to a single boss is known as the span of control. It affects the organizational structure; a flat structure is produced by a greater span of control, whereas a hierarchical organization is produced by a restricted span. The scope of control has an impact on the additional operational costs since management includes tasks that are regarded as overhead and do not immediately contribute to productivity.

Wide Span of Control: A wide span of control involves a scenario where a manager

in a bank supervises a greater number of subordinates. To put it simply, they are responsible for a large team. This is often seen in organizations with flat structures that have fewer layers of management, allowing for more informed decision-making. With the aid of efficient technology and competent managers, maintaining a wide span can be feasible, encouraging quicker communication and decision-making. Nonetheless, it demands strong delegation skills and may not be ideal for every circumstance, as some employees might require more individualized attention.

Narrow Span of Control: A narrow span of control refers to a management style where a supervisor oversees only a limited number of subordinates, resulting in a smaller team. This approach is common in organizations with a layered hierarchy. With fewer direct reports, managers can offer more individualized support and mentorship. However, this may lead to delayed communication and slower decision-making processes. This structure is particularly effective for complex tasks or for employees who are less experienced and require closer oversight. In summary, a narrow span provides enhanced control but may demand additional managerial resources.

Effective communication: Effective communication is supported by an appropriate span of control, which facilitates a seamless flow of information throughout the organization. When managers oversee the optimal number of subordinates, they can share information swiftly, resulting in faster decision-making and a more immediate response to challenges.

2.2 Theoretical Literature and Frameworks

This section describes the theoretical literature and frameworks that support the study. Various theoretical viewpoints are employed to clarify the connection between the span of control and the effectiveness of decision-making in Nigerian deposit money banks. But for this study, contingency theory will be used to underpin the study.

i. **Agency Theory**: This theory explores the relationship between principals (owners/shareholders) and agents (managers), and how the span of control can impact the effectiveness of this relationship, particularly in terms of decision-making and monitoring.

ii. **Contingency Theory**: This theory posits that there is no one-size-fits-all approach to organizational structure; instead, the optimal span of control depends on various contingent factors such as the size of the organization, the complexity of tasks, and the external environment.

iii. **Information Processing Theory**: This theory focuses on the flow and processing of information within an organization. It suggests that a narrower span of control can

enhance information processing capabilities, leading to more effective decision-making.

iv. Human Capital Theory: This theory emphasizes the role of human resources in an organization's performance. It suggests that the span of control can affect the development and utilization of human capital, which in turn influences decision-making effectiveness.

v. Social Network Theory: This theory examines how social structures and networks within an organization affect its functioning. It suggests that the span of control influences the formation and dynamics of social networks, impacting decision-making processes and outcomes.

These theories provide a robust foundation for understanding how the span of control can affect decision-making effectiveness in banks. By exploring these theories, the study can offer a comprehensive analysis of the factors influencing this relationship.

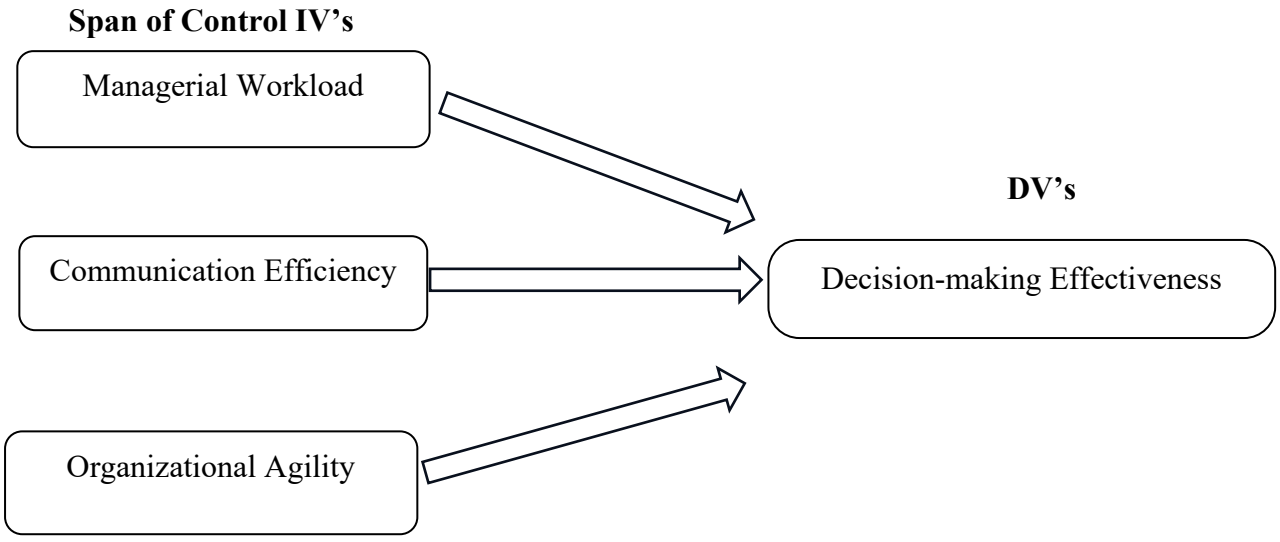


Figure 2.1: Conceptual framework
Source: Authors' Conceptualization

The conceptual framework in Fig 2.1 illustrates the relationship between the span of control and the decision-making effectiveness of deposit money banks in Nigeria.

3. Methodology

The study, utilized an expo-factor research design to investigate the causal relationship between an independent variable and a dependent variable. This design is guided by a research paradigm that aligns with the positivist approach. The study population comprises all 14-deposit money bank listed on the Nigeria stock exchange. The sample size was determined to include all deposit money banks in Nigeria, employing a non-probability sampling method specifically convenience sampling, based on predetermined criteria.

i. The firm must be listed on the NSE one (1) year before 2017.
ii. The firm must not be de-listed during the period of study
iii. Availability of data in the annual financial reports of deposit money banks for the period under study i.e., 2017-2023. The financial data used for the study is secondary and obtained from the annual reports. Panel regression analysis was employed based on the fact that the study involves the use of both time series and cross-sectional data. The independent variables considered are managerial workload, communication efficiency, and organization agility. The dependent variable is the decision-making effectiveness of deposit money banks in Nigeria. Proxied operational efficiency ratio which is determined by operating expenses + cost of goods sold/Net Sales.

3.1 Variable Definition and Measurements

Table 3.1 Variable Measurement and Description

S/N	Variable	Variable Type	Measurement	Sources
1	Decision-making effectiveness (operational efficiency ratio)	Dependent	Measuring decision-making effectiveness in banks involves evaluating various dimensions such as decision quality, speed, implementation, and effort. Which measure the weighted scoring model, as: DME =∑ (Weight of Criterion×Score of Criterion)	(Wilson, 2019)
2	Managerial workload	Independent	Measuring managerial workload in banks often involves analyzing various tasks and activities to determine the time and effort required. One common method is the Standard Time (ST) calculation. This involves timing each activity using a stopwatch and calculating the average time taken for each task. Workload = ∑(Standard Time per Task×Frequency of Task)	(Wilson, 2019)
3	Communication efficiency	Independent	Calculating communication efficiency can vary depending on the context, but a common approach is to measure the efficiency of data transmission in communication systems. One useful formula is the Data Transmission Efficiency (DTE), which can be calculated as follows: (DTE= Useful Data/ Total Data×100%)	(Ebizie et al., 2022)

4	Organization agility	Independent	Measuring organizational agility involves evaluating various factors that contribute to an organization's ability to adapt and respond to changes effectively. Organizational agility: This measures the time taken to complete a process from start to finish. (Cycle Time = Total Time/ Number of Completed Processes)	Jensen & (Meckling 1976)

Source: Authors' Compilation, 2023.

Model Specification

To investigate the effect of independent variables (managerial workload, communication efficiency, and organization agility) on the dependent variable (decision-making effectiveness Which measures the weighted scoring model, as: DME = ∑ (Weight of Criterion × Score of Criterion) A regression of a variable, Y on X is an equation model that expresses the influence of Y (the dependent variable) on X (the independent variable) symbolically, the linear regression is:

$Y = F(X)$, that is Y is a function of X (3.1)

$Y = \beta_i + 1X1 + 2X2 + \ldots. + NXN + e$ (3.2)

Where, Y= the dependent variable decision-making effectiveness; X = the independent variables

β = the intercept, the value of the dependent variable Y, when the explanatory variable X assumes a value as a value beta coefficient. 1……n = coefficient of the explanatory variables or the slope, that is, the rate at which a change in the explanatory variable affects the behavior of the dependent variable and e is the error term.

The empirical model for this study is thus stated as follows:

$DMEit = \beta 0 + \beta_1 SOC_{it} + \beta_2 MW_{it} + \beta_3 COMMEFFl_{it} + \beta_4 ORGAG_{it} \ldots + \epsilon it$ (3.3)

Where, DMEit = Decision-making effectiveness for bank I at time t; SOCit = span of control for bank i at time t; MGMWit = managerial workload (e.g., executive, mid-level); $CMMEFF_{it}$ = communication efficiency (technology used in decision-making processes); $ORGAG_{it}$ = organizational agility ((e.g., regulatory, competitive pressures); ϵit = error term.; β_1 - β_5 = coefficients to be estimated

4. Results and Discussions

In this section, the results from the analyses are presented and discussed. The hypotheses formulated for the study were tested to determine the impact of the span of control on the decision-making effectiveness of deposit money banks in Nigeria.

Summary of Descriptive Statistics

The descriptive statistics in Table 4.1 show that the degree of decision-making effectiveness among banks in Nigeria does not differ significantly. The model yields a

positive mean value for decision-making effectiveness with (0.057). This meant that, a positive value indicates a larger span of control which leads to more effective decision-making, whereas a negative value would suggest the opposite.

Table 4.1 Descriptive Statistic

Variable	Obs.	Mean	Std. Dev.	Min	Max
DME	98	0.057	0.512	0.002	1.605
MW	98	0.065	2.346	2	12
CE	98	0.580	0.013	0.325	0.87
ORG. AGILITY	98	0.081	0.317	0.013	0.321

Source*:* Output obtained from STATA, 2024.

The decision-making efficiency is found to have marginal standard deviations of 0.512 and a min value of 0.02 across those involved in the control of the management of banks in Nigeria. Managerial workload also shows a positive relationship with the decision-making efficiency of deposit money banks in Nigeria with 0.065 with a standard deviation of 2.35 and a minimum value of 2 respectively. The communication efficiency indicates a mean value of 0.580 this shows a positive relationship among the variables but is not significant. The standard deviation and the minimum value show a positive correlation with 0.013 and 0.325 with a maximum value of 0.87. The organization's agility with the large scope of employees involves more in the span of control. The managerial workload is on average significantly higher at the 5% level with a mean value of 0.08% which indicates that the span of control in banks has a greater influence on the decision-making process.

Table 4.2: Correlation Matrix of Independent Variables

DV's/IV'S	DME	MW	CE	ORG.AGILITY
DME	1.0000			
MW	0.0649	1.0000		
CE	0.4916	0.2638	1.0000	
ORG AGILITY	0.0676	0.2055	-0.0318	1.0000

Source: Output obtained from STATA, 2024.

The coefficient of correlation between decision-making effectiveness and managerial workload is 0.0649. This indicates a low correlation between the span of control on decision-making effectiveness in banks in Nigeria. The correlation coefficient between decision-making effectiveness and communication efficiency is 0.4916, according to the Pearson correlation matrix table. The findings suggest that the composition of the span of control in Nigerian banks has a positive relationship with decision-making effectiveness. The correlation coefficient between organizational agility and decision-making speed in Nigerian banks is 0.0676, according to the findings. The findings suggest that decision-making effectiveness has a positive relationship with the span of control and the time taken from the identification of a decision point to the final decision being made. Furthermore, the cycle time taken correlated with 0.2055 and was associated with communication effectiveness and decision-making speed. Quality of decision seems to have a positive relationship with organization agility. This implies that this attribute can be linked to a higher level of banks' decision-making effectiveness.

Overall, the Pearson Correlation Matrix does not reveal any major multicollinearity issues among the model variables. The highest correlation is 0.0649, which is significant at the 5% level and is between managerial workload and organization agility. This correlation is not strong enough to suggest a multicollinearity problem. This implies that the degree of correlation between and among all of the independent variables is suitable for the research.

Residual Tests

To test for heteroskedasticity, the study employed the Breusch-Pagan/Cook-Weisberg test. The results showed a Chi2 value of 0.894 with a p-value of 0.1706, indicating no heteroskedasticity and thus, the null hypothesis of constant variance (homoscedasticity) is not rejected. A multicollinearity test was also conducted to assess the strength of relationships among the explanatory variables, which could influence the study's results. The Variance Inflation Factor (VIF) values for all variables were below 10, and the tolerance values were above 0.10, indicating no multicollinearity issues.

The Hausman specification test was used to decide between fixed and random effect models. The test revealed a Chi2 value of 0.05 with a prob>chi of 0.9649. The insignificant p-value suggests that the random effect model is preferred. Additionally, the Breusch and Pagan Lagrangian multiplier test for random effects was conducted to choose between the random effect model and OLS regression. The test results showed a Chi2 value of 0.000 with

a p-value of 1.000, indicating that the OLS regression model is the most appropriate for interpretation in this study.

Table 4.3: Summary of Regression Result (Pooled REM)

Variables	Coefficient	Std Error	Z- Value	P>(Z)
Constant	0.0040817	0.0652513	-0.67	0.000***
MW	0.092909	0.4703311	-0.02	0.013
CE	0.3425699	0.1168949	0.04	0.005
ORG.AGILITY	0.2185109	0.109204	0.21	0.049
R-squared	**0.2773**	**0.1876**	**0.4077**	
Adjusted R-square	**0.2636**	**0.2661**	**0.2019**	
F-statistic	**20.21**	**88.40**		
Prob (f-stat)	**0.0000**	**0.0000**		

Source*:* Output obtained from STATA, 2024.

The beta coefficient of the MW is 0.092909 and the p-value is 0.013, which is significant at a 1% level of significance. This indicates that the managerial workload of deposit money banks has a positive significant effect on decision-making efficiency. It means a 1% increase in managerial workload will lead 112% increase in the decision-making efficiency of banks. This finding implies that the higher the managerial workload of banks the better the quantum of decision-making effectiveness to be reported by the management The result provided a basis for rejecting the null hypothesis, which states that managerial workload has no significant effect on the decision-making effectiveness of Nigerian banks. That managerial workload has a significant positive effect on decision-making effectiveness which is not in line with a prior expectation that larger span of control and greater managerial workload decrease decision-making effectiveness This finding is in line with that of (Alhaji, 2018). but contradicts the study of (Ukaidi, 2024; Olabisi-Ayodele & Salawu, 2021) who found that there was a significant negative relationship between managerial workload and decision-making effectiveness. The result from table 4.3 shows that the beta coefficient of CE is 0.3425699 and the p-value is 0.005 which is significant at a 1% level of significance. This indicates that communication efficiency has a positive significant effect on the decision-making effectiveness of deposit money banks in Nigeria. It means a 1% increase in communication efficiency will lead to a 34.3% increase in the decision-making effectiveness of deposit money banks. This finding implies that the higher the

communication efficiency the better the quantum of decision-making effectiveness to be reported by the banks. According to Lawrence and Lorsch, contingency theory states that there is no single best way to structure an organization or lead a company, and the optimal course of action depends on the internal and external environment thus communication efficiency can be used as a control mechanism, in which managers can adopt to make an effective decision for the betterment of the organization corporate governance structure. The result provided a basis for rejecting the null hypothesis, which states that communication efficiency has no significant effect on the decision-making effectiveness of deposit money banks in Nigeria. This finding is in line with that of (Anafo, Amponteng, & Yin,2015; Olabisi-Ayodele & Salawu, 2021) who found that communication efficiency has a significant relationship with decision-making effectiveness. Conversely, it contradicts the results of Remenova, (2018) who found that communication efficiency has a significantly negative effect on decision-making effectiveness.

Finally, the result from Table 4.3 shows that the beta coefficient of organizational agility is 0.2185109 and the p-value is 0.049, which is also significant at a 5% level of significance. This indicates that organization agility has a positive significant effect on the decision-making effectiveness of deposit money banks in Nigeria. It means a 1% increase in organization agility will lead to a 21.85% increase in the decision-making effectiveness of deposit money banks in Nigeria. This finding implies that the higher the organization's agility the better the quantum of decision-making effectiveness to be reported by the banks. The result provided a basis for rejecting the null hypothesis, which states that organization agility has no significant effect on the decision-making effectiveness of deposit money banks in Nigeria.

The research on the impact of the span of control on decision-making effectiveness in banks reveals several critical insights. Firstly, it is evident that an optimal span of control is crucial for enhancing decision-making effectiveness. A balanced span of control ensures that managers can supervise adequately while empowering employees to make timely decisions, thereby improving overall organizational performance. The study also highlights the significant role of managerial workload in influencing decision-making effectiveness. Excessive workload can hinder a manager’s ability to make effective decisions, suggesting the need for banks to manage workloads carefully to maintain high decision-making standards. Furthermore, communication efficiency was found to have a negative impact on the span

of control and decision-making effectiveness. This underscores the importance of robust communication channels and practices within banks to support effective decision-making processes. Lastly, organizational agility emerged as a key factor influencing the span of control. Agile organizations are better equipped to adapt to changes and make swift decisions, which is essential for maintaining competitiveness in the banking sector.

5. Recommendations and Conclusion

The study examined the effect of the span of control on decision-making effectiveness in banks. the span of control is classified as the number of subordinates a manager can control or supervise for effective decision-making in an organization. The study identifies several key policy implications based on its findings and recommends as follows: Banks should aim to find an optimal span of control that balances supervision and autonomy. A narrower span can enhance oversight and control but may slow down decision-making and increase bureaucracy. Conversely, a wider span can promote faster decision-making and greater employee empowerment but may lead to reduced supervision and coordination. Implementing training programs for managers to effectively handle a wider span of control can improve decision-making effectiveness. This includes leadership development, communication skills, and decision-making frameworks. Leveraging technology to support managers with a wider span of control can enhance decision-making efficiency. Tools such as decision support systems, communication platforms, and data analytics can provide managers with timely and relevant information[3]. Banks should consider restructuring to reduce unnecessary layers of management. Flattening the organizational hierarchy can streamline decision-making processes and improve responsiveness to market changes. Establishing clear performance metrics and accountability mechanisms can help ensure that decision-making remains effective even with a wider span of control. Regular performance reviews and feedback loops can support continuous improvement. Encouraging a culture of empowerment and autonomy among employees can enhance decision-making at all levels. Providing employees with the necessary resources and authority to make decisions can lead to more agile and responsive operations. Engaging stakeholders in the decision-making process can improve the quality and acceptance of decisions. This includes involving employees, customers, and other relevant parties in discussions and feedback sessions. These policy implications can help banks enhance their decision-making effectiveness by carefully managing the span of control within their organizational structures.

In conclusion, banks must strive to optimize their span of control, manage managerial workloads, enhance communication efficiency, and foster organizational agility to improve decision-making effectiveness and achieve better financial performance.

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