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Effect of Organizational Structure on the Performance of State Corporations in Kenya

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Abstract:

The aim of this paper was to assess the influence of organization structure on the performance of state corporations in Kenya. The study adopted an exploratory survey since it sought to ascertain respondent's perceptions on the determinants of collective bargaining agreement in a structured manner. The target population of this study included all 187 state corporations in Kenya. The unit of analysis was all the State Corporations in Kenya while the unit of observation was the Heads of Human Resources in each corporation. The study used a sample of 95 state corporations and collected primary data using a self-administered questionnaire. The data was analysed using descriptive statistics comprising of mean, standard deviations, frequency distribution, percentages, factor analysis, correlation analysis, structural equation modeling as well as regression analysis; SPSS Version 24 was used. The study established that organizational culture had a significant and positive influence on the performance of state corporations in Kenya, in that it affected the employee productivity and so the firm's performance. The study recommended that firm leaders should embrace an effective and flexible organizational structure in order to promote employee performance.

Keywords:
organization culture; state corporations; organizational performance

I. Introduction

Centralization of command is common, especially, in many organizations that are hierarchical in nature where most of the functions of the organization are designed in such a way that orders, leadership, guidance and instructions come from one point and spreads through the organization. Ravasi and Schultz (2006) note that organizational culture, a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations and job positions, affect the overall organization structure. Although a company may have own unique structure, there is a diverse and sometimes conflicting culture that co-exist due to different characteristics of the management team hence it may have both negative and positive aspects. According to Kugler and Pica (2009), organizational structure is a product of developments over many years which begin when an organization comes into existence and understanding the culture molds expectations and influences working style.

Performance largely depends on how well an organization is structured, a number of processes have been identified as drivers behind the changing ideals or values that institutional leaders are supposed to sustain (Bleiklie, 2002). In organizations with high levels of bureaucracy, processes and procedures are long and take time hence the organization rarely benefits from proactivity which may arise spontaneously since the decision-making chain is long. Organizations often have very differing structures as well as substructures and systems

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with embedded qualities (Kugler & Pica, 2009). According to Ravasi and Schultz (2006), these qualities bring about a unique structure for an organization which managers need to know if they need to change an organization's working style, strategic direction, or positioning within an industry for culture builds competitive edge since people live and breathe a culture of quality and excellence.

Bleiklie (2002) notes that managers need to feel that the structure allows them to manage in the way they consider necessary to deliver organizational success. In some organizations, some managers have a large span of control compared to others. According to Fabiaan (2015), some have few subordinates while others have a large number. The span of control is majorly determined by the structure of the organization such that flattened organizational structures have a larger control span than tall structures.

Kugler and Pica (2009) point out that since organizations can be viewed as systems, management can also be defined as human action, including design to facilitate the production of useful outcomes from a system, a view that opens the opportunity to manage oneself which is a pre-requisite to attempting to manage others. Ravasi and Schultz (2006) opine that despite challenges companies manage to develop, integrate and sustain a number of key enablers (leadership, continuous improvement, innovation and employee development, etc.) into their corporate culture. Kugler and Pica (2009) add that the enablers considerably improve the organizations' performance and contribute towards its success and growth, resulting in a positive proactive culture based on the best practices.

State corporations may be called State Owned Enterprises (SOE) and are created under the laws of a state or country as separate legal entities that have privileges and liabilities distinct from those of its members (Crouch & Streeck, 2006). The entities assume undertakings on behalf of the state, who is the owner. The legal positions of these corporations vary from being part of the government to being a stock company with the state being a regular stockholder. They also include government agencies formed to pursue purely non-financial objectives. According to Crouch and Streeck (2006) corporatism refers to a political or economic system whereby power is given to civic assemblies representing economic, industrial, socio-cultural and professional groups. State corporations are legal enterprises managed by the government with an internal hierarchy predetermined by the state.

State corporations are common with natural monopolies and infrastructure, such as railways and telecommunications, strategic goods and services natural resources and energy, politically sensitive business, broadcasting, demerit good, among others (Carrell & Heavrin, 2012). At the level of local government, territorial or other authorities may set up similar enterprises which are sometimes referred to as Local Authority Trading Enterprises (LATEs) to participate in commercial activities on behalf of the government. Those activities include, establishment services, such as water supply as separate corporations or as a business unit of the authority participating in commercial activities. State corporations often operate in sectors in which the government has a strategic interest. However, government ownership of industry corporations is common (Carrell & Heavrin, 2012; Leibrecht, Klien, & Onaran, 2011). Their regulatory and business conditions may be significantly different from private-sector companies.

State Corporations, commonly referred to as Parastatals (in Kenya), are established within the provision of State Corporations Act Cap 446 of the laws of Kenya (GoK, 2011). From 1963 when Kenya achieved political independence up to 1979 when a comprehensive review of the State Corporations sub-sector was carried out, the Government's participation in commercial activities grew rapidly and broadly resulting in state dominance in various forms (including monopolies) in many commercial activities (Mwaura, 2007).

According to Njiru (2008), the Kenyan government forms State Corporations and gives them autonomy to meet both commercial and social goals. These corporations are useful in improving service delivery to the public. Kinyua (2012) points out that corporations exist for various reasons including: to correct market failure, to exploit social and political objectives, provide education, health, redistribute income or develop marginal areas.

There are approximately 187 state corporations in Kenya today which are divided into eight broad functional categories based on the mandate and core functions; the eight categories are: Financial Corporations, Commercial/ manufacturing Corporations, Regulatory Corporations, Public universities, Training and research Corporations, Service Corporations, Regional development authorities, Tertiary education and Training Corporations. The total number of State Corporations may have changed owing to time lapse and creation of new ones (GOK, 2012). Recently, there has been a move by the government to merge and dissolve some state corporations to improve efficiency and reduce the wage bill (mobi.nation, 2017). This saw the government constitute a task force, the State Corporations Advisory Committee (SCAC), to study the affected parastatals and provide a report to the president on how to implement the plan. However, the report is yet to be implemented partly due to the condition that for the mergers and job cuts to take effect, parliament should pass the Government-Owned Entities (GOE) Bill 2015 and communication of the report outcome to all affected parastatals.

1.2 Statement of the Problem

State Corporations' performance may be hampered by poor leadership and lack of a well-aligned organizational structure among others hence the current institutional setup and the work ethics must embrace appropriate management in order to achieve quality results. In the recent past, many state corporations have been facing declining performance trends a situation that has derailed the sustainability of most of these crucial institutions. Some of the state corporations that have almost collapsed due to poor performance in the last 10 years include Mummias Sugar company, Uchumi Supermarkets, Kenya Airways, Pan Paper Company, Kenya Broadcasting Corporation and the Athi River Cement among others. While most of these corporations have gone for restructuring as a remedy to salvage their performance, it is yet to be established whether the restructuring indeed achieved the intended results. Moreover, despite some of these corporations undergoing restructuring, their performance has continued to decline. For instance, despite Uchumi Supermarkets changing their organization structure more than once, they were yet to see any improved performance and continued recording losses. This raises the question whether the organization structure adopted in these corporations bore any fruits. This paper therefore sought to assess the effect of organization structure on the performance of state corporations in Kenya.

1.3 Objective of the Study

The objective of the paper was to establish the effect of organizational structure on the performance of State Corporations in Kenya.

1.4 Research Hypothesis

H_{a1}: Organizational structure in has a significant effect on the performance of State Corporations in Kenya.

II. Review of Literature

2.1 Theoretical Framework

A theory is defined as set of interrelated concepts, definitions, and propositions that present a systematic view of phenomena by specifying relations among variable with the purpose of explaining or predicting the phenomena (Bull, 2006). According to Mvumbi and Ngumbi (2015), the discussion of a theory is an exercise that testifies to the historical role, strength and effectiveness of the theory. Theories are formulated to explain, predict and understand phenomena and in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions (Swanson, 2007). This study was founded on the following underpinning theories.

This paper was informed by the theory of alienation. The theory was first developed by Karl Marx and rooted it in the social structures for it is these structures that act to break down the natural interconnections that characterize human nature (Wolfgang, 2012). According to Karl Marx, the structure of capitalism causes alienation since in an ideal sense of crucial significance, there is a two-class system: capitalists employ the workers thereby owning labour, time and the means of production, tools, raw materials as well as the ultimate products. According to Hans (2000), to survive and have access to tools and nature, workers have to sell their labour time to capitalists.

The duty to bargain does not require that either party to agree to particular demands or the making of concessions; if the organization considers changes that might arguably affect the general organization structure and thus the bargaining or negotiation structure, they should resolve all possible doubts in favour of collective negotiations (Schnabel, Zagelmeyer & Kohaut, 2011). The three argue that the general structure of the organization can substantially affect the way collective bargaining is set out and the eventual outcome. Organization structure defines the level of command, authority and bureaucracy, and span of control within the organization which affects the time it takes to complete negotiations. According to Wolfgang (2012), notions of the importance of the centralization of collective bargaining is very critical and can only be supplemented by coordination; centralized regimes and coordinated ones have been held out as offering scope for improved economic and organizational performance. The structure of the organization is also important in stabilizing underlying relationships between the negotiating parties (Wolfgang, 2012).

The products of workers' labour do not belong to them for use in order to satisfy basic needs but instead belongs to the capitalists who may use it in any way they wish since the workers are usually alienated from productive activities (Newman, 2002). Workers playing small roles in the process often end up feeling that it is the assembly line rather than the people who work on it that produces the final product. Alienation theory fits in this study and relates with the objective on organization structure because according to Newman (2002), workers relate to the tools of work and not to fellow human beings. Depending on the organization structure, it may provide centralized command, high levels of bureaucracy or limited span or control or vice versa which may set employees into fixed units which are structurally and operationally distinct and separate from each other (Wolfgang, 2012). Based on the organization structure, workers in various divisions in the process may not be able to relate with other divisions hence workers work for the sake of the work itself thereby limiting their relations thus this theory best fits with organization structure.

2.2 Conceptual Framework

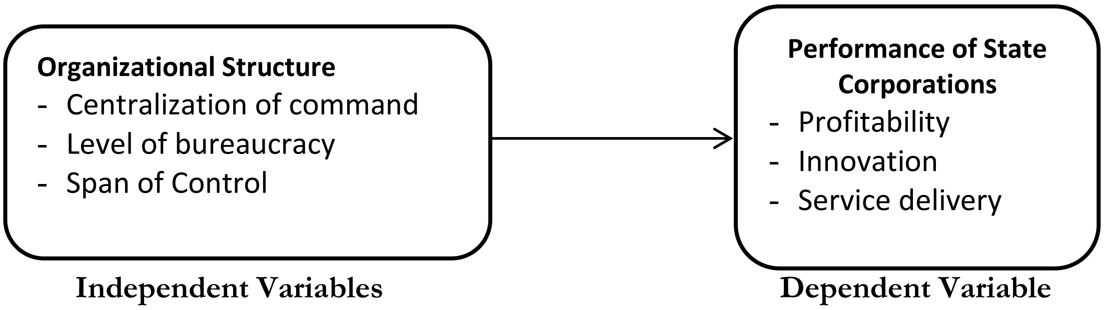

Figure 1. *Conceptual Framework*

2.3 Empirical Literature Review

Lavie (2010) gave evidence that the level of organizational structure and strategies is positively related to company effectiveness. Grewal and Tansuhaj (2011) reported that more successful companies have well defined organizational structures in sharp contrast to less successful companies. Focusing on large firms (Ekpu, 2004) found a positive relationship between the unstructured organizational patterns and large firm financial performance. Organizational structure is normally described as the way responsibility and power are allocated, and work procedures are carried out among organizational members. Robbin and DeCenzo (2009) argue that the organizational structure performs a significant role in the achievement of organizations set objectives and accomplishment of its strategic goals and direction. Organization's structure becomes more relevant when it is in harmony with the objective mission, competitive environment and resources of the organization. The two believe that one-cap-fits-all is non-existence in an organizational structure design as no two firms are entirely similar and as such face's different challenges from its environment.

Mansoor, Aslam, Barbu, Capusneanu and Lodhi (2012) reportedly assert that performance effect of organizational structure is moderated by changes in the environment and hence, to attain desired superior performance by an organization adequate attention is required to have an organizational structure that can match the prevailing environment dynamism in place. These structures are characterized with different attributes such as control, service delivery, communication, organizational knowledge, task, prestige, governance and values. Hajipour, Mohammad and Arash (2011) studied on relationship between organization structure, strategy type and organizational characteristics. Results indicate organizational structure determines organizational characteristics. Mansoor et al. (2012) contend that ideal organizational structure is a recipe for superior performance. Organizational structure includes the nature of layers of hierarchy, centralization of authority, and horizontal integration. It is a multi-dimensional construct in which concerns: work division especially roles or responsibility including specialization, differentiation or departmentalization, centralization or decentralization, complexity; and communication or coordination mechanisms including standardization, formalization and flexibility.

Oyewobi, Windapo and Rotimi (2013) study on impact of organizational structure and strategies on construction organizations performance, found that organization structure has no direct impact on both financial and non-financial performance. Qingmin, Helmut and Juergen (2012) study in Austria and China found that organizational structure influence performance directly and indirectly. According to Robbin and DeCenzo (2005), organization structure has two essential functions which are control and coordination. Controls involves making sure that decision makers at all levels use the managerial or hierarchical constrains as of one of the criteria in making their decisions. According to Bucic and Gudergan (2014), there are four generic types of control mechanism which include centralization, formalization, outputs and cloning.

Robbin and DeCenzo (2009) defines formalization as degree to which jobs are standardized while defines centralization as a situation where decisions are made at the top of the organization. Bucic and Gudergan (2014) consider decentralization as pushing decision authority downward to lower-level employees. There are different types of organizational structure which include divisional structure, functional structure geographical structure, horizontal structure, hybrid structure and matrix structure. According to Bucic and Gudergan (2014), organizational structure is the formal system of task and reporting relationships that controls, coordinates and motivates employees so that they cooperate to achieve organizational goals. Adeoye and Elegunde (2012) found that external environment had impact on organization performance in study of food and beverage industry in Nigeria.

III. Research Methods

3.1 Research Design

A research design is the general plan of how one goes about answering the research questions and gives the structures within which the study is implemented (Thomas, 2010). This paper adopted descriptive research design with an exploratory approach. Exploratory approach merely intends to explore the research questions, both quantitative and qualitative, and does not intend to offer final and conclusive solutions to existing problems. It helps to gain new insights, discover new ideas and for increasing knowledge of the phenomenon.

3.2 Research Philosophy

Research philosophy is a belief about the way in which data about a phenomenon should be gathered, analyzed and used (Wang, 2012). This paper adopted the positivism approach, which is based on the idea that science is an only way to learn about the truth. In positivism studies the role of the researcher is limited to data collection and interpretation through objective approach and the research findings are usually observable and quantifiable (Dudovskiy, 2011).

3.3 Target Population

Bajpai (2011) defines a population is a well-defined set of people, services, elements and events, group of things or households that are being investigated which implies that the population of interest is homogeneous. The target population comprised all the State Corporations in Kenya which are 187 (SCAC, 2019). These State Corporations are subdivided into five categories which include: Commercial State Corporations (34); Commercial State Corporations with Strategic Functions (21); Executive Agencies (62); Independent Regulatory Agencies (25); and Research Institutions, Public Universities, Tertiary Education and Training Institutions (45).

3.4 Sampling

The heads of departments and supervisors were picked as the respondents for this study. The sampling frame of this study was all the 187 State Corporations in Kenya (SCAC, 2019). The State Corporations are not homogenous due to their different mandates and functions. Hence, the study adopted stratified sampling. A total of 95 respondents were surveyed.

3.5 Data Collection

This study used questionnaires to collect primary data from State Corporations. The primary data was collected at source while secondary data was collected from published and reference materials such as reports and journals. The questionnaire was self-administered; self-administered questionnaires are advantageous in that they cost less than personal interviews and also enable the researcher to contact participants who might otherwise be inaccessible. The questionnaires were hand-delivered to the respondents for immediate response and where the respondents are either reluctant to fill immediately or are busy, then, the drop and pick method was used, where the researcher left the questionnaire with the respondent to fill on their own then pick it later at an agreed time.

3.6 Data Analysis and Presentation

The completed questionnaires were checked for completeness and consistency to ensure that all questions are answered and also for any false or inconsistent information. The collected data was edited to eliminate errors and omissions in order to ensure accuracy, completeness and clarity. The collected data was then tabulated and coded. This reduced them to small number of classes that enabled the researcher to tabulate and identify relevant themes. A descriptive analysis was then done. Descriptive statistics (mean, median, mode, range, variance, and standard deviation) was used to summarize the data.

This study used multiple regression model to measure the determinants of CBA on performance of state corporations in Kenya. There are four independent variables in this study thus the multiple regression model was as follows:

$$Y_1 = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where:
Y_1 = Performance of State Corporations
β_0 = constant (coefficient of intercept)
X_1 = Organization Structure
β_1 = regression coefficient of the variable.
ε = error term

Inferential statistics such as T-test and analysis of variance (ANOVA) to include F-statistics was used to test the significance of the overall model at 5% level of significance.

IV. Discussion

4.1 Response Rate

The study surveyed 95 respondents from state corporations in Kenya using a structured questionnaire. A total of 92 questionnaires were filled and returned for analysis. This implied that a response rate of 96.8% was obtained.

Table 1. Response Rate

Sample Size		**Response Rate**		**Non-Response Rate**	
Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
95	100%	92	96.8%	3	3.2%

4.2 Category of Corporations

The study sought to establish the category of corporation that the respondents worked in. The findings were as indicated in Table 4.2 below whereby 22.8% of the respondents were in commercial with strategic functions, 22.8% of the respondents were in pure commercial, 10.9% of the respondents were in the executive agencies, 20% of the respondents were in independent regulatory agencies institutions while 20% of the respondents were in research institutions, public universities, tertiary education and training institutions. The finding shows that the respondents were from different firms which helped in making a good conclusion.

Table 2. Category of Corporation

Options	Frequency	Percent
Commercial with Strategic Functions	21	22.8%
Pure Commercial	21	22.8%
Executive agencies	10	10.9%
Independent regulatory agencies institutions	20	21.7%
Research Institutions, Public Universities, TVETs	20	21.7%
Total	**92**	**100.0%**

4.3 Organization Structure

The study sought to assess the influence of organizational structure on the performance of state corporations in Kenya. The study was determined to establish how various prospects of organizational structure that influence firm performance among Kenyan State corporations. The variable was derived based on specific measures which included; centralization of command, level of bureaucracy and span of control.

a. Centralization and Command

The study sought to establish the respondents' level of agreement on the statements regarding centralization and command as an aspect of organizational structure. The findings as shown in Table 4.3 revealed that majority of the respondents disagreed with the first statement that all directions were given by the executive as evidenced by a mean of 2.61 and a standard deviation of 1.02 while on the second statement that decision making was from top to bottom, majority of the respondents disagreed with the statement as shown by a mean of 2.88 and a standard deviation of 1.10. The respondents further disagreed with the statement that employees had little say in the organization matters as evidenced by a mean of 2.77 and a standard deviation of 1.07 while on the last statement that the final authority rests with the CEO, majority disagreed as shown by a mean of 2.89 and a standard deviation of 1.50.

The findings imply that state corporations have not idealized the decentralization mode of management which ensures that employees are taking directives and guidelines from one source to avoid confusions and conflict of commands and controls. The findings further reveal that state corporations have not embraced self-dependent governance whereby there are not external forces that come-in to dictate how things should be done in an organization. According to Wolfgang (2012) while elaborating the theory of alienation, the structures formulated in an organization helps break down the roles and information flow thus making it effective to offer directions in both the top-bottom and bottom top criteria.

Table 3. Centralization and Command

Statements	Mean	Std. Dev.
All directions are given by the executive	2.61	1.02
Decision making is from top to bottom	2.88	1.10
Employees have little say in the organization matters	2.77	1.07
Final authority rests with the CEO	2.89	1.50

b. Level of Bureaucracy

The respondents' level of agreement or disagreement with specific statements on bureaucracy level as an aspect of organizational structure was sought. The findings as shown in Table 4.4 revealed that the majority of the respondents agreed with the first statement that employees have observe protocol in communication and actions as shown by a mean of 3.64 and a standard deviation of 1.29. On the statement that there were many levels of authority, majority agreed as portrayed by a mean of 3.44 and a standard deviation of 1.16. The respondents agreed by a mean of 3.38 and a standard deviation on 1.12 on the other statement that task execution takes time due to authorization challenges. On the last statement that employees have to seek clearance from their seniors, majority of the respondents agreed with the statement by a mean of 3.30 and a standard deviation of 1.28.

The findings compare with those by Hajipour *et al.* (2011) who found that as a result of a well outlined communication structure and reduce levels of authority; the employees are kept on their toes through effective management thus enhancing their productivity and performance. According to Bucic and Gudergan (2014), through formalized and cloned hierarchical constrains in an organization, the command flow and information sharing is properly integrated thus making the requirements and expectations of the management to the employees properly communicated to steer firm performance.

Table 4. Level of Bureaucracy

Statements	Mean	Std. Dev.
Employees have to observe protocol in communication and actions	3.64	1.29
There are many levels of authority	3.45	1.16
Task execution takes time due to authorization challenges	3.38	1.12
Employees have to seek clearance from their seniors	3.30	1.28

c. Span of Control

The study sought to find out the respondents' level of agreement on the statement regarding the span of control as an aspect of organizational structure. As shown in Table 4.5, the findings revealed that majority of the respondents agreed with the first statement that there were few managers in the company as shown by a mean of 3.61 and a standard deviation of 1.14 while on the second statement that many supervisors are under a single manager, majority of the respondents disagreed with the statement by a mean of 2.96 and a standard deviation of 1.23. The respondents disagreed that a big number of employees was supervised by few supervisors as shown by a mean of 2.93 whereas on the last statement that there was a strict control of all the organizations functions by the CEO, majority of the respondents agreed with the statement as evidenced by a mean of 3.65 and a standard deviation of 1.33.

The findings compare with those by Fabiaan (2015) who upholds the need for a properly aligned organizational structure that upholds the communication among the employees and puts together the organizational systems for efficient operations.

Table 5. Level of Agreement on Span of Control

Statements	Mean	Std. Dev.
There are few managers in the company	3.62	1.14
Many supervisors are under a single manager	2.96	1.23
A big number of employees is supervised by a few supervisors	2.93	1.18
There is a strict control of all the organizations functions by the CEO	3.65	1.33

4.4 Performance of State Corporations in Kenya

The study sought to assess the performance of state corporations in Kenya. The variable was measured by profitability, innovation and service delivery. Specific statements were used whereby the respondents were asked to rate them based on the Likert's scale. The responses are as herein presented.

a. Firm Profitability

The respondents' level of agreement on the statement regarding the firm profitability was sought. The findings as shown in Table 4.6 revealed that majority of the respondents agreed with the first statement that the company generates high level of revenue by a mean of 3.82 and a standard deviation of 0.87. On the second statement that the company declares healthy dividends, majority of the respondents agreed with the statement by a mean of 3.88 and a standard deviation of 0.89. The third statement was that the net income of the company was consistently high and in this, majority of the respondents agreed with the statement by a mean of 4.00 and a standard deviation of 0.81 while on the last statement that employees and creditors were paid timely, majority agreed as shown by a mean of 3.95 and a standard deviation of 0.88. The findings imply that as much as profitability was concerned, the state corporations were relatively recording increased profits. According to Kempe (2012), organizational performance and growth is mainly determined by the profitability of the firm which enables an organization to expand and diversify for competitiveness.

Table 6. Organizational Profitability

Statement	Mean	Std. Dev.
The company generates high level of revenue	3.81	0.87
The company declares healthy dividends	3.88	0.89
The net income of the company is consistently high	4.00	0.81
Employees and creditors are paid timely	3.95	0.88

b. Organizational Innovation

The study aimed at establishing the agreement level of respondents on statements on innovation as an aspect of firm performance. The findings as shown in Table 4.7 revealed that on the first statement that there was use of modern technology in the company, majority of the respondents agreed with statement as evidenced by a mean of 3.53 and a standard deviation of 1.38. The second statement was that the company invested in research and development where majority of the respondents agreed with the statement as shown by a mean of 3.65 and a standard deviation of 1.14. The third statement was that the company rewarded the members of staff who came up with new developments and in this majority of the respondents agreed as evidenced by a mean of 3.61 and a standard deviation of 1.02 while on the last statement that the company was a member of the industry association, majority of the respondents agreed with the statement as shown by a mean of 3.54 and a standard deviation of 1.28. The findings imply that most of the state corporations upheld innovation as a key driver towards competitiveness and performance. According to Hartle (2009), an innovative organization is the best example of a firm that is objected towards achieving competitiveness and firm growth and performance.

Table 7. Level of Agreement with Statements on Innovation

Statements	Mean	Std. Dev.
There is use of modern technology in the company	3.53	1.38
The company invest in research and development	3.65	1.142
The company rewards staff who come up with new developments	3.61	1.02
The company is a member of the industry association	3.54	1.28

c. Service Delivery

The study sought to find out the respondents' agreement level with the statements on service delivery as a measure of organizational performance. The findings as shown in Table 4.8 indicated that on the first statement that there was focus on customer feedback, majority of the respondents disagreed with the statement as shown by a mean of 2.14 and a standard deviation of 1.82. The second statement was that the company was keen in fulfilling clients' details and in this majority disagreed as shown by a mean of 2.71 and a standard deviation of 1.67. The other statement was that the company continually upgraded its services delivery platform where majority of the respondents disagreed with the statement as shown by a mean of 2.41 and standard deviation of 1.97 while on the last statement that the company regularly trained its staff on service delivery, majority of the respondents disagreed as shown by a mean of 2.66 and a standard deviation of 1.99. The findings imply that most of the state corporations do not uphold service delivery despite this being a crucial aspect in explaining the future of an organization as far as performance is concerned. Thomas (2010) stated that a well performing organization is m more likely to embrace effective and high level of customer service unlike a poorly performing organization that may not uphold customer service delivery.

Table 8. Agreement level with Statements on Service Delivery

Statements	Mean	Std. Dev.
There is focus on customer feedback	2.14	1.82
The company is keen in fulfilling clients details	2.71	1.67
The company continually upgrades its services delivery platform	2.41	1.97
The company regularly trains its staff on service delivery	2.66	1.99

4.5 Structural Equation Model and Regression Model

a. Structural Equation Model

The paper sought to establish the influence of organizational structure on the performance of state corporations in Kenya. The relationship between organizational structure and performance of state corporations was tested using the SEM. The findings as shown in Figure 4.1 revealed that organizational structure had a coefficient value of 0.29 when structured against firm performance an indication that a unit change in organizational structure influenced up to 29% of the performance of state corporations in Kenya.

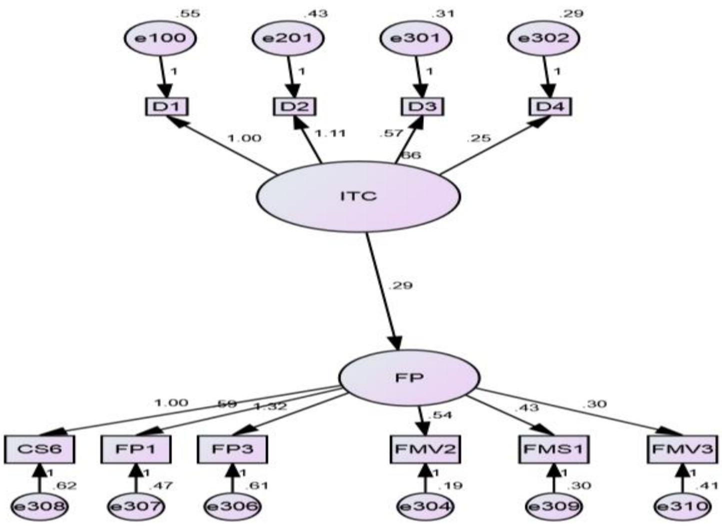

Figure 1. *Structural Model*

b. Regression Model

Ha₁: *Organizational structure has a significant effect on organizational performance of state corporations in Kenya*

Regression analysis was carried out to establish the statistical relationship between organizational structure and organizational performance. The model was of the form; $\mathbf{Y = \alpha + \beta_4 X_4 + \varepsilon}$

The results of the regression model are as shown in Table 4.9. As the model summary portray, the adjusted R squared (R^2) value for the variable was 0.231 an indication that 23.1% of performance of state corporations in Kenya is explained by a variance change in the organizational structure.

The ANOVA test results revealed a F calculated of 217.103 which was greater than the F-critical an indication that the model was significant. The P-value for the variable was 0.000 which is less than the standard p-value of 0.05 an indication that organizational structure has a significant relationship with organizational performance.

The regression coefficients for organizational structure as shown in Table 4.9. From the results, the new model for the variable now becomes;

$$\mathbf{Y = 1.201 + 0.585X_4 + \varepsilon}$$

The findings revealed that organizational structure has a positive influence on performance of state corporations in Kenya as evidenced by the unstandardized B coefficient of 0.585. The results also portray that organizational structure has a significant influence on performance as shown by the P-value of 0.000<0.05. The findings further showed that the t-statistic was 6.724 which is greater than the t-critical implying that organizational structure significantly influences performance.

Table 9. Regression Model Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.502[a]	.252	.231	.068

a. Predictors: (Constant), Organizational structure

b. Dependent Variable: Performance State Corporations

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.993	1	69.993	217.103	.000[b]
	Residual	208.223	91	2.288		
	Total	278.216	92			

a. Dependent Variable: Performance of State Corporations

b. Predictors: (Constant), Organizational structure

Regression Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	1.201	.201		5.975	.000
	Organizational Structure	.585	.087	.502	6.724	.000

a. Dependent Variable: Performance of State Corporations

From the results, the study accepts the alternative hypothesis that organizational structure has a significant and positive influence on the performance of state corporations in Kenya. The findings herein confirm that indeed organizational structure is a key aspect in determining the performance of state corporations in Kenya.

V. Conclusion

The study concluded that organizational structure significantly influenced the performance of state corporations in Kenya. The flow of information and commend control from one level of authority to another determined the efficiency of the organizations in conducting their mandate. The study concluded that as a result of too many bureaucracies, delays were experienced in delivering the mandate of the corporations since there should be approvals by many parties hence affecting the overall performance of the organizations.

The organizational structure is crucial to firm performance. There should be clear definition of roles to void duplication while the reporting levels should be reduced to avoid delays in execution of duties due to many approval requirements. The management should ensure that there are effective communication channels from employees to give their views and offered feedback effectively as well.

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