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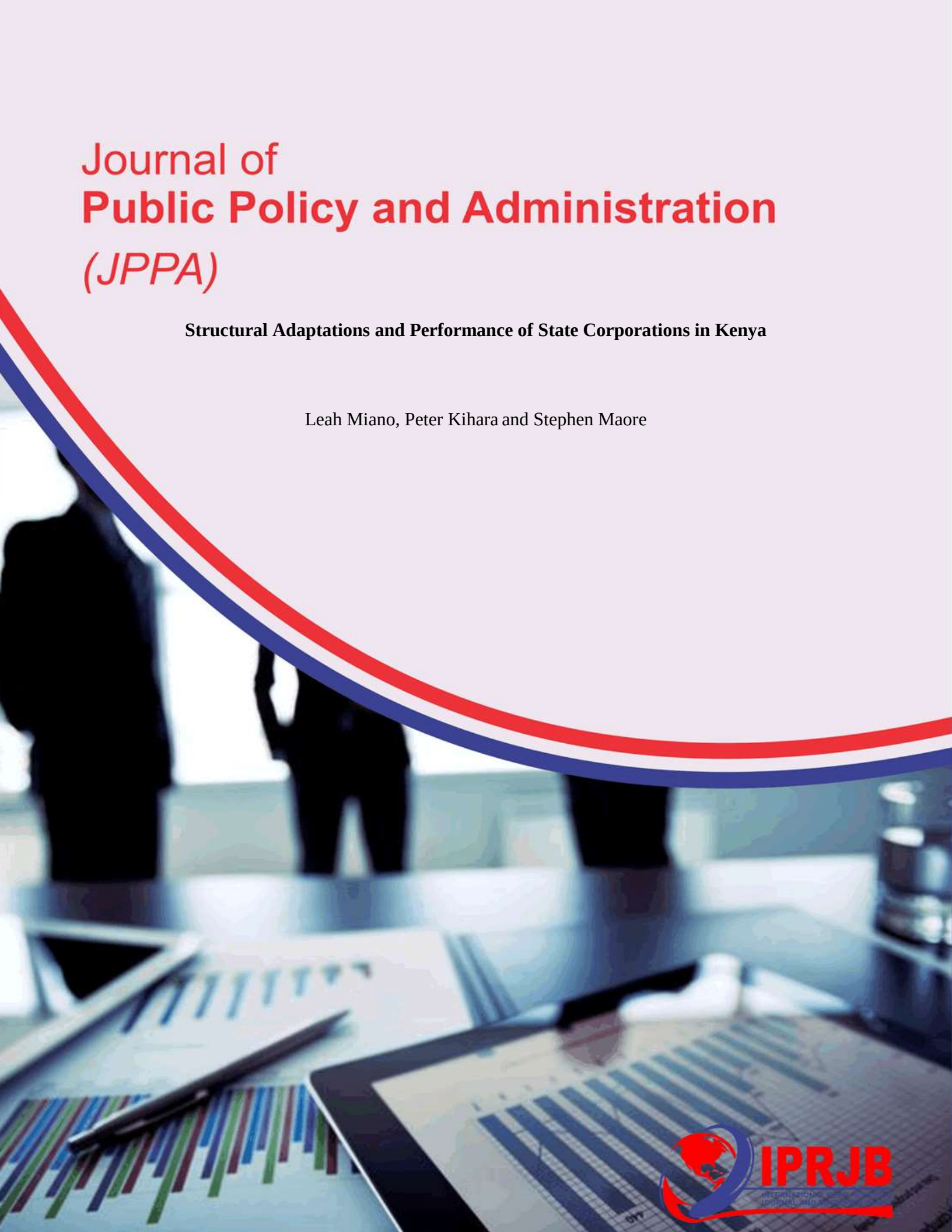

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Structural Adaptations and Performance of State Corporations in Kenya

Leah Miano[1*], Peter Kihara[2] and Stephen Maore[3]
[123]Kenya Methodist University

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Abstract

Purpose: In order to thrive in the extremely competitive market dynamics of the twenty-first century, state corporations in Kenya must overcome a number of obstacles and become more organized and efficient. The main objective of this study was to establish the influence of structural adaptations on performance of state corporations.

Methodology: Anchored on Dynamic Capabilities View of the Firm, the study employed a cross-sectional study design utilising mixed methods such as quantitative, qualitative and Descriptive analysis. One hundred and seventy-seven (177) state corporations were targeted where a total of 122 State Corporations were randomly selected and used in this study. The unit of observation was the Chief Executive Officer of each sampled organization since they are the vision carriers and accounting officers. A standard questionnaire was used to collect quantitative primary data.

Findings: The study found that there is a significant and positive influence of structural adaptations on performance of state corporations in Kenya. The findings were supported by the correlation results which showed a positive and significant association between the two variables ($r=0.517$, $p\text{-value}=0.000<0.05$). This was also supported by the regression results which revealed that structural adaptations had a positive and significant impact on performance ($\beta_1 =0.712$, $p=0.000$).

Unique Contribution to Theory, Practice and Policy: This study contributes to theory by extending the Dynamic Capabilities View to public sector institutions, demonstrating how structural adaptations influence performance. It informs policy by advocating for decentralization, digitization, and flattened hierarchies to improve service delivery. Practically, it guides state corporations in redesigning internal structures for greater efficiency, responsiveness, and accountability, offering a contextualized framework for structural reform in Kenya's state-owned enterprises.

Keywords: *Structural Adaptation, Performance, State Corporations*

JEL Codes: *H83, L25, O11*

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INTRODUCTION

The dynamic and often volatile environment in which public sector organizations operate necessitates continuous transformation, especially in their structural configuration. In Kenya, state corporations (SCs) which are government-owned entities tasked with delivering essential services and implementing socio-economic development policies play a critical role in national development. However, their performance has often been scrutinized due to inefficiencies, mismanagement, and misalignment with modern public sector governance principles. Amidst these challenges, the influence of structural adaptations defined as changes in organizational design, hierarchy, coordination mechanisms, and decision-making frameworks has emerged as a key determinant of performance.

Organizational structure defines the framework within which an institution operates, delineating responsibilities, authority, communication channels, and resource flows. In the Kenyan context, many state corporations historically inherited rigid bureaucratic systems from colonial and post-independence administrations. These structures, while suited for stability, often impede responsiveness, innovation, and accountability (Riany, 2021). Structural adaptation, therefore, becomes a strategic imperative, particularly in an era marked by decentralization, digital transformation, and performance-based management.

Several scholars argue that the structural configuration of public organizations significantly impacts service delivery, resource utilization, and staff motivation (Ndegwa, Ogutu & Awino, 2021). For instance, Riany (2021) established a strong correlation between decentralized decision-making structures and improved efficiency among Kenyan SCs. Similarly, Mutunga and Wainaina (2019) found that structural flexibility enhances strategic implementation, especially where there are mechanisms for horizontal coordination across departments. This flexibility allows organizations to respond effectively to emerging public demands and policy shifts.

Moreover, structural adaptations often interact with other organizational variables such as leadership, strategy implementation, and resource allocation to influence outcomes. According to Nzioki, Ntale, and Ngui (2018), structural adaptation in conjunction with effective leadership and planning significantly boosts institutional performance in research-based SCs like the Kenya Medical Research Institute. The alignment of structural changes with strategic priorities ensures that reforms are not merely cosmetic but deeply rooted in functional improvement.

Performance in state corporations is typically assessed through financial metrics, operational efficiency, citizen satisfaction, and compliance with regulatory expectations. Unfortunately, many SCs in Kenya underperform due to outdated or misaligned organizational structures that fail to support modern performance frameworks (Njiru, 2014). For example, rigid hierarchies often slow decision-making and discourage frontline innovation, while excessive centralization can lead to disconnects between management and operational realities on the ground (Chiluyi, 2018).

Furthermore, external factors such as regulatory changes, technological shifts, and political dynamics also necessitate internal structural responses. Kimwele, Nguyo, and Guyo (2015) observed that SCs able to embed ICT frameworks within their structure experienced notable improvements in knowledge sharing and process efficiency. This underscores the importance of not just structural change, but structural alignment with environmental contingencies.

Kenya's Vision 2030 and subsequent public sector reforms have emphasized the transformation of state corporations into high-performing entities. This vision necessitates deliberate structural evolution, characterized by strategic decentralization, integration of performance management systems, and incorporation of stakeholder feedback mechanisms. In support, the Presidential Taskforce on Parastatal Reforms (2013) advocated for restructuring as a tool to eliminate redundancy, enhance accountability, and streamline operations.

Nonetheless, structural adaptation is not without its challenges. Resistance to change, lack of capacity, and political interference often derail reform initiatives. Ogutu et al. (2021) argue that without a coherent change management framework, structural changes can exacerbate dysfunction by creating confusion or duplication. Hence, successful adaptation requires leadership commitment, employee involvement, and regulatory support.

Despite the increasing scholarly interest in public sector reform and structural adaptation, there remains a limited empirical understanding of how structural changes directly influence the performance of state corporations in Kenya. Few studies have holistically assessed this relationship within the context of evolving governance demands, digital transformation, and performance pressures. This study seeks to fill that gap by examining the influence of structural adaptations on the performance of Kenyan state corporations.

Statement of the Problem

In the dynamic business world, companies usually seek out new areas where they can outperform competitors. State corporations in Kenya have not performed as well as their private competitors. The majority of Parastatals' poor performance contracting outcomes demonstrates this. More specifically, very few commercially oriented enterprises have reported excess or profits. Decision-makers continue to try to find a solution to this economic problem.

A report published by The Presidential Taskforce on Parastatal Reforms in 2013 revealed that out of one hundred and thirty only twenty-three State Corporations were deemed financially viable. Despite receiving numerous bailouts, most state corporations continue to grapple with poor performance, as noted by Otieno, Ogutu, Ndemo, and Pokhariyal (2020). The primary culprits for this poor performance within state agencies are often attributed to mismanagement, political interference, corruption, and subpar service or product offerings, as outlined by Kabiru, Theuri, and Misiko (2018). These challenges have rendered state firms less transparent and profitable compared to privately owned companies that consistently generate substantial annual turnovers, as indicated by Gitundu, Kisaka, Kiprop, and Kibet (2016). As highlighted by Obudo and Wario (2015), the inability of Kenyan state enterprises to fulfill their fundamental objectives has placed them under mounting pressure to enhance efficiency and enhance service delivery.

Several studies have been conducted on strategy and performance of various institutions in Kenya, spanning both the private and governmental sectors. For instance, while studies such as those by Mutunga and Wainaina (2019) and Nzioki et al. (2018) have explored various aspects of strategy and performance, there remains a critical research gap in isolating and analyzing the direct influence of structural adaptation as an independent variable. This study aimed to fill this gap by investigating the influence of structural adaptations on performance in the unique context of Kenyan state corporations.

Study Objective

The general purpose of the study was to assess the influence of structural adaptations on performance of state corporations in Kenya.

Research Hypothesis

The study was guided by the following research hypothesis:

H_{01}: Structural adaptations in a state corporation has no significant influence on performance.

LITERATURE REVIEW

Theoretical Review

Dynamic Capabilities View of the Firm

Originally conceptualized by Teece, Pisano, and Shuen (1997), dynamic capabilities refer to a firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. The DCV framework is anchored on three fundamental pillars: sensing, seizing, and reconfiguring (Teece, 2007). Sensing involves identifying and assessing opportunities and threats in the external environment. For state corporations, this may mean recognizing shifts in government policy, technological innovations, or changes in stakeholder expectations. Seizing refers to mobilizing organizational resources to capture these opportunities, which may involve realigning departments, reallocating responsibilities, or creating new organizational units. Reconfiguring entails the continuous transformation of existing capabilities and structures to maintain strategic fit. Structural adaptations, therefore, are not ends in themselves but are enablers of this broader reconfiguration process.

In practice, Kenyan state corporations operate in an increasingly turbulent and demanding environment marked by public scrutiny, financial constraints, and regulatory changes. These conditions necessitate structural agility, which is the capacity to adapt internal systems swiftly and effectively. According to Riany (2021), many state corporations in Kenya still function under outdated bureaucratic frameworks that limit adaptability and slow decision-making. The lack of alignment between organizational structure and strategic intent often results in inefficiencies, poor service delivery, and underperformance.

Empirical evidence supports the notion that structural adaptation is a key dynamic capability for performance enhancement. Ndegwa, Ogutu, and Awino (2021) found that organizations that realigned their structural elements such as decentralizing authority and enhancing cross-functional integration achieved better alignment with strategic objectives and improved operational performance. Similarly, Kimwele, Nguyo, and Guyo (2015) demonstrated that embedding information and communication technologies (ICT) into organizational structures significantly enhanced knowledge sharing and responsiveness in Kenyan state corporations.

The dynamic capabilities view also highlights the importance of learning and organizational renewal. Structural adaptations should be guided by continuous assessment and feedback mechanisms, allowing for incremental and responsive changes rather than rigid, top-down reforms. Without such learning-oriented structures, state corporations risk engaging in superficial structural changes that fail to deliver meaningful improvements in performance (Teece, 2018).

Moreover, structural adaptation anchored in DCV implies strategic alignment, where structural changes are not merely administrative or symbolic but directly tied to performance outcomes. This alignment is critical for ensuring that changes in hierarchy, reporting lines, or functional configurations enhance rather than hinder service delivery and operational efficiency. Organizations that fail to embed this alignment often experience reform fatigue and resistance from staff, leading to stalled or ineffective transformation processes.

Empirical Literature Review

Kachisa and Otuya (2024) conducted an in-depth study on sugar companies in Western Kenya, focusing on the influence of structural alignment on organizational performance. Using the dynamic capabilities and resource-based theories, they demonstrated that structural alignment is crucial for navigating turbulent environments and enhancing competitive advantage. The study showed that internal alignment of roles, departments, and leadership structures significantly influenced customer retention, cost efficiency, and sales volume. Employing SPSS-based regression and correlation analyses, the findings indicated that structural alignment accounted for 70% of performance variability among the firms. The authors concluded that firms need to flexibly reconfigure their structures in response to dynamic environmental challenges. This supports the dynamic capabilities perspective that structural adaptations enable firms to effectively deploy resources to achieve strategic goals. The study is particularly significant for manufacturing sectors in developing countries where firms face frequent disruptions and policy volatility.

Anam (2024) investigated the role of distinctive and adaptive capabilities including structural alignment on MSMEs in Indonesia, specifically looking at their impact on business model adaptation and performance. Utilizing structural equation modeling (SEM), the research highlighted that firms with dynamic structural configurations such as team reconfiguration and workflow redesign outperformed those with rigid, static systems. The empirical data showed strong positive correlations between adaptive capabilities and various performance indicators such as innovation output, financial results, and customer satisfaction. Anam emphasized that adaptability in structure allows firms to pivot swiftly during crises or market changes, aligning with the dynamic capability view that prioritizes sensing, seizing, and reconfiguring organizational assets. The study also recommended managerial flexibility and decentralized decision-making as key enablers for successful structural adaptation, particularly for MSMEs operating in unpredictable market contexts.

Sarfo, Manesh and Caputo (2024) explored how exploitative and exploratory search, supported by structural adaptation, enhanced SME adaptation, innovation, and environmental performance. Using partial least squares structural equation modeling, the authors found that firms with reconfigurable structures were more adept at integrating market feedback and fostering innovation. Structural adaptationsnsuch as the decentralization of decision-making and modular organizational design allowed SMEs to toggle between exploration and exploitation effectively. The study also found that dynamic structural mechanisms served as mediators between knowledge acquisition and performance outcomes. The authors concluded that SMEs, constrained by fewer resources, could outperform competitors through adaptive structuring and flexible governance models. Their findings validate the dynamic capability framework, emphasizing that structural configuration is not merely a backdrop for strategy but a strategic resource in itself.

Pavi (2025) investigates into performance measurement systems in R&D organizations, focusing on how structural and policy adaptations influence both individual and organizational performance. While not limited to structural adaptation alone, the research emphasizes how flexible organizational structures and dynamic internal policies play a pivotal role in shaping productivity and innovation outcomes. Structural adaptation was approached through the lens of performance alignment mechanisms, incorporating role clarity, succession planning, and team dynamics. Using a large sample of 400 R&D professionals from various sectors in India, the study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) to validate relationships between structural components of PMS and performance outcomes. One of the key findings was that organizational politics negatively moderated this relationship, while policy coherence mediated it positively. Importantly, the study underscores the value of adaptive structures tailored to specific R&D contexts, highlighting the limitations of generic, one-size-fits-all approaches to performance systems. This contribution is novel in aligning dynamic capabilities theory with human capital measurement in complex environments.

Budianto, Rahadian, and Yunita (2025) examine how structural adaptation, especially in the context of artificial intelligence (AI), reshapes leadership roles and organizational performance. The study applies dynamic capabilities theory to explore how organizations restructure workflows and managerial hierarchies to integrate AI decision-support systems. Structural adaptation here involved transitioning from rigid, silo-based departments to collaborative, tech-enabled ecosystems. Key findings suggest that firms that adopted such structural changes experienced improved strategic agility and faster decision-making cycles, leading to enhanced innovation rates and performance efficiency. The study reinforces the notion that adaptability in organizational design, facilitated by digital technologies, constitutes a critical dynamic capability in the modern era.

Research Gaps

A review of the empirical literature reveals a growing consensus that structural adaptations are central to organizational performance, particularly in dynamic and uncertain environments. Studies such as Kachisa and Otuya (2024), Anam (2024), and Sarfo, Manesh, and Caputo (2024) strongly support the Dynamic Capabilities View, emphasizing that structural reconfigurations enhance adaptability, innovation, and strategic alignment. However, several notable research gaps persist.

Most existing studies are contextually limited to private sector organizations, including MSMEs, R&D institutions, and manufacturing firms in Indonesia, India, and Western Kenya. While valuable, these contexts differ significantly from public sector institutions, such as Kenyan state corporations, which operate under unique bureaucratic constraints, political oversight, and public accountability. There is limited empirical evidence on how structural adaptations influence performance within state-owned enterprises in developing countries, particularly in Kenya, where legacy governance models and policy inertia pose additional challenges.

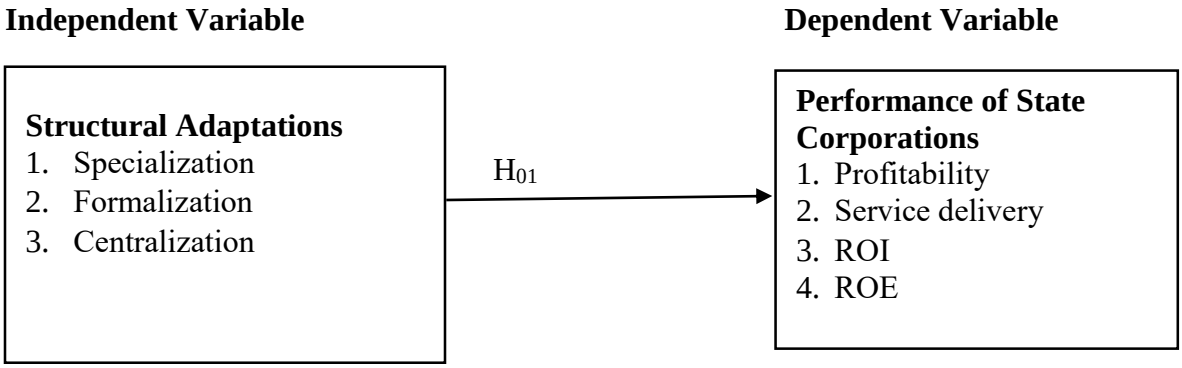
While studies like Anam (2024) and Sarfo et al. (2024) demonstrate the importance of flexible structures and decentralized decision-making, they often treat structural adaptation in combination with other capabilities (e.g., innovation, knowledge management), without isolating its specific

effects on performance. Consequently, the direct contribution of structural adaptation as a standalone dynamic capability remains underexplored, particularly in regulated public entities where strategic responsiveness is critical.

Additionally, although several studies employ advanced analytical techniques (e.g., SEM, PLS-SEM), there is a lack of longitudinal and cross-sectional studies examining how structural adaptation unfolds over time in response to evolving public sector mandates and reforms. Moreover, few studies address how external factors (such as political influence, regulatory changes, or digital mandates) interact with internal structural adjustments to influence performance outcomes.

This study addresses these gaps by focusing specifically on the influence of structural adaptations on the performance of Kenyan state corporations, a context largely missing from current literature. It further contributes by empirically testing structural adaptation as an isolated construct, while incorporating the influence of external contextual factors and internal governance realities.

Conceptual Framework



METHODOLOGY

This study utilized the pragmatism paradigm. The investigation adopted a mixed design comprising of descriptive, exploratory and quantitative designs. The study population comprised of all the 177 Kenyan Corporations which formed the unit of analysis in this study. The formula developed by Yamane (1967) was utilized to figure out the appropriate sample size of 122 respondents. To conduct this study, stratified sample technique was used in subsets (or "strata") consisting of respondents from each of the sectors of the state corporations. The participants in the study were chosen using a method known as simple random sampling, and their responses were then proportionately analyzed. Quantitative primary data was used in the investigation whereby a questionnaire served as the major source of information. A pilot research involving 10% of the 122 participants was conducted. Quantitative methods, including descriptive and inferential statistics, were applied to the questionnaire data. Because of its ability to produce both descriptive and inferential statistics, SPSS, version 24, was employed in this study. The features of the variables under consideration were captured via means and standard deviations and other descriptive statistics. In addition to descriptive statistics, the study made use of inferential statistics like correlation and regression to determine the connections between the variables.

FINDINGS

Response Rate

Response rate is defined as percentage of individuals or units in a sample who actually complete and return the survey or questionnaire out of the total number contacted or selected (Dillman et al., 2014).

Table 1: Response Rate

Response	Frequency	Percent
Returned	102	84%
Unreturned	20	16%
Total	**122**	**100%**

The study sample incorporated 122 respondents who comprised of CEOs, from each of the State corporations. A total of 122 questionnaires were administered, out of which 102 were properly filled and returned, resulting in a high response rate of 84%, as illustrated in Table 1.

Descriptive Statistics

Descriptive statistics were done to show the summary of the findings by including the mean and the standard deviation.

Structural Adaptations and Performance

The respondents were asked to indicate their agreement or disagreement with the statements relating to structural adaptations which included perceptions of work specialization, formalization, and centralization within the corporation and their influence on organizational performance. Results are shown in Table 2.

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Table 2: Structural Adaptations

Statement	N	Min	Max	Mean	Std. Dev
Within our corporation, we always emphasis on work specialization to improves our operational effectiveness.	102	1	5	3.91	0.857
In our departments, positions are clearly defined according to areas of expertise.	102	1	5	3.89	0.889
We put emphasis on specialized knowledge to remain competitive	102	1	5	3.94	0.865
In our company, specialization helps to expedite decision-making processes.	102	1	5	3.87	0.886
Specialization fosters skills and creativity in our corporation	102	1	5	4.01	0.862
Our operations are consistent and predictable due to formalized processes and procedures.	102	1	5	3.88	0.871
Formalization has helped minimize uncertainty and friction among employees.	102	1	5	3.98	0.832
Formalization has increased the level of responsibility and accountability.	102	1	5	3.88	0.859
Our formalized communication channels facilitate information flow and decision-making processes.	102	1	5	3.97	0.814
Formalization aids in risk management and regulatory compliance.	102	1	5	3.92	0.864
Across our corporation, centralized decision-making improves our strategic alignment.	102	1	5	3.9	0.839
Within our corporation, centralization speeds up the decision-making process.	102	1	5	3.91	0.857
Centralization has led to consistency in decision-making among departments	102	1	5	3.94	0.865
Resources are centralized to enhance usage and optimization	102	1	5	3.92	0.875
Centralization promotes transparent accountability and responsibility	102	1	5	3.93	0.836

Most respondents agreed that work specialization is emphasized to improve operational effectiveness, with a mean score of 3.91. Clear definition of roles (mean = 3.89) and reliance on specialized knowledge to maintain competitiveness (mean = 3.87) were strongly supported. Specialization was perceived to expedite decision-making (mean = 4.01) and foster skills and creativity (mean = 3.88). These high mean values indicated strong agreement on the benefits of specialization, and a relatively low standard deviation (0.857–0.889) suggested low variation in individual responses.

Formalization is also viewed positively, with mean scores ranging from 3.88 to 3.98. Respondents agree that formalized processes improve consistency and predictability (mean = 3.94) and reduce uncertainty and friction among employees (mean = 3.98). Formalized communication channels are believed to facilitate decision-making (mean = 3.97), and formalization is associated with increased responsibility, accountability, and regulatory compliance (mean = 3.88). These findings emphasize the importance of formal structures in enhancing organizational efficiency and reducing ambiguity.

Centralization scores are among the highest, with means of 3.90 to 3.93. Respondents agree that centralization improves strategic alignment (mean = 3.90) and consistency in decision-making across departments (mean = 3.94). Centralized resources are seen to enhance usage and optimization (mean = 3.92), while centralization is linked to improved transparency and accountability (mean = 3.93). These results reflect a consensus on the advantages of centralized decision-making in fostering coherence and efficiency.

Performance

The respondents were asked to indicate their agreement or disagreement with the statements relating to performance which included perceptions of profitability, service delivery, ROI and ROE within the corporation. Results are shown in Table 3.

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Table 3: Performance

Performance Statement	N	Min	Max	Mean	Std Dev
During this period, we have performed better year after year	102	1	5	3.95	0.883
We have been meeting our financial goals and targets	102	1	5	3.80	0.912
We have provided high-quality services/products to the public.	102	1	5	3.85	0.894
We are transparent in financial reporting and operations.	102	1	5	3.94	0.854
Our corporation has positively contributed to the overall economic development of Kenya.	102	1	5	3.79	0.86
We have been efficiently managing our total costs and expenses	102	1	5	4.00	0.89
We are accountable for our performance and decisions.	102	1	5	3.92	0.919
The number of employees has increased significantly in the last five years	102	1	5	3.79	0.883
Our customers have increasingly been satisfied by our services/products within this period	102	1	5	4.02	0.923
Our market share has significantly expanded within the last five years	102	1	5	3.82	0.906
We have been reporting profit/surplus in the last five years	102	1	5	3.88	0.882
We have been able to expand and finance our activities/operations well because we have experienced positive Returns on Investment (ROI) in the last five years	102	1	5	3.85	0.927
Our Return on Expenditure has been positive in the last five years	102	1	5	3.84	0.887
Improved performance has been a key indicator in every employee/ department and section within our corporation in the last five years	102	1	5	3.91	0.902
We have done well in the market relative to our competitors in the last five years	102	1	5	4.02	0.912

Respondents perceive their corporations as financially stable, with high agreement on meeting financial goals and targets (mean = 3.80), reporting profits or surpluses (mean = 3.88), and achieving positive Returns on Investment (ROI) (mean = 3.85). Cost management is also viewed positively, with a mean of 4.00. These findings suggest that the corporations are effectively

managing its finances and achieving sustainable growth. The corporations are also seen as providing high-quality services or products (mean = 3.85), contributing to increased customer satisfaction during the period (mean = 4.02). This reflects a strong commitment to maintaining service excellence and responding to customer needs, which is a key driver of performance and market success.

Additionally, respondents agree that their corporations have expanded their market share (mean = 3.82) and performed well relative to competitors (mean = 3.95). These results indicate that strategic efforts to enhance competitiveness and grow market presence have been effective. The corporations are perceived as transparent in financial reporting (mean = 3.94) and accountable for their decisions (mean = 3.92). Additionally, they are recognized for positively contributing to Kenya's economic development (mean = 3.79), demonstrating their broader impact on society. Improved performance across employees and departments (mean = 3.91) highlights the role of individual and team contributions to overall organizational success.

Test of Hypothesis One (Structural Adaptations and Performance)

A bivariate regression analysis was conducted to establish the relationship between structural adaptations and performance. The results were presented in Table 4.

Table 4: Bivariate Regression Analysis of Structural Adaptations on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.517a	0.267	0.26	0.61584

a Predictors: (Constant), Structural adaptations

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.846	1	13.846	36.508	.000b
	Residual	37.926	100	0.379		
	Total	**51.772**	**101**			

a Dependent Variable: Performance

b Predictors: (Constant), Structural adaptations

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.101	0.466		2.363	0.020
	Structural adaptations	0.712	0.118	0.517	6.042	0.000

a Dependent Variable: Performance

The results indicated an R^2 of 0.267 which implied that structural adaptations explained 26.7% of the total variation in performance. This also implied that 73.3% of the variation in performance was explained by other factors other than structural adaptations.

The ANOVA results show a statistically valid regression model ($F(1,100) = 36.508$, $p < 0.05$), confirming that structural adaptations contribute significantly to explaining variations in state

corporations' performance. The regression coefficients further support this, with structural adaptations having a significant positive effect ($B = 0.712$, $p < 0.05$), implying that for every one-unit increase in structural adaptations, performance improves by 0.712 units. Overall, these findings suggest that structural adaptations significantly and positively influence performance.

The null hypothesis on structural adaptations variable stated that:

H_{01}: Structural adaptations of a state corporation do not have a significant influence on performance.

This hypothesis was tested using the bivariate linear regression ($Y=\beta_0 + \beta_1 X_1 + \varepsilon$). The null hypothesis stated that structural adaptations of a state corporation do not have a significant influence on performance, while the alternative hypothesis was that structural adaptations of a state corporation have a significant influence on performance. Both the correlation and regression results ($r = 0.517$; $\beta = 0.712$, $p < 0.05$) show that structural adaptations has a significant relationship on the firm's performance. Therefore, the null hypothesis (H_{01}) was rejected in favour of the alternative hypothesis (H_1) and the study concluded that structural adaptations of a state corporation have a significant influence on its performance.

Discussion

The study established a positive and significant relationship between structural adaptations and the performance of state corporations ($r = 0.517$, $p < 0.05$; $\beta = 0.712$, $p < 0.05$), with structural adaptations explaining 26.7% of the variance in performance. These findings align with previous research by Perrini, Rossi, and Rovetta (2018), who examined the relationship between ownership structure and corporate performance among Italian firms. Their study indicated that structural configurations, particularly ownership concentration, significantly influence corporate valuation and performance. Similarly, studies by Chandler (1962) and Mintzberg (1983) have long argued that "structure follows strategy," meaning that structural modifications within an organization should align with strategic imperatives to drive performance. However, unlike this study, previous research has primarily focused on private-sector organizations rather than public-sector corporations.

Additionally, a deviation from past studies is the context-specific nature of this research. While most prior studies have investigated structural adaptations in developed economies, the current study provides a developing-country perspective, particularly within Kenya's public sector. Given the unique challenges faced by state corporations, including bureaucratic inefficiencies and political influences, this study's findings reinforce the argument that structural modifications remain critical for performance enhancement. This is consistent with the work of Thompson (1967), who argued that in complex organizations like state corporations, structural changes must be designed to manage both external pressures and internal dynamics to enhance performance. In the context of Kenya, these structural adaptations enable state corporations to overcome inefficiencies and remain responsive to both political and market demands.

Furthermore, the study's findings suggest that while structural modifications are crucial, they must also be continuously evaluated and adjusted as part of an ongoing strategy to ensure sustainable performance. As suggested by Galbraith (1973), organizations need to be flexible in adapting their structure to new challenges and opportunities. In public-sector entities, where external factors such

as regulatory changes and political shifts are prevalent, continuous structural adaptation becomes a key mechanism for maintaining high performance over time. This underscores the importance of not just one-time structural changes but ongoing reviews and adjustments based on performance feedback.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The study concludes that structural adaptations positively and significantly influence the performance of state corporations in Kenya. These adaptations, encompassing specialization, formalization, and centralization, are essential in enhancing operational efficiency. By fostering expertise through specialization, ensuring consistency and predictability via formalized processes, and enhancing strategic alignment through centralized decision-making, state corporations can achieve significant improvements in their operational and strategic outcomes. The results clearly demonstrate that structural adaptations not only streamline processes and enhance resource utilization but also facilitate timely and consistent decision-making, ultimately leading to superior performance. Organizations that prioritize these adaptations position themselves to mitigate uncertainty, foster accountability, and promote a culture of responsibility and innovation.

In addition, structural adaptations enhance organizational flexibility by enabling corporations to respond to unforeseen challenges with agility. With specialized roles and clear hierarchies, state corporations can efficiently navigate complex environments, ensuring a higher level of responsiveness to external shifts, such as regulatory changes or economic crises. Furthermore, these structural improvements often lead to better alignment of departmental goals with overall corporate objectives, making it easier for state corporations to achieve synergy across different units and optimize their performance across various levels of operations.

Recommendations

State corporations should regularly assess and refine their structural frameworks to ensure alignment with their strategic goals. Organizations should invest in training and development programs to enhance expertise in specialized roles and implement policies to support streamlined and predictable processes. Additionally, centralized decision-making mechanisms should be augmented with tools and systems that facilitate data-driven and timely decision-making.

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