

# **ORGANIZATION STRUCTURE CAPABILITIES AND PERFORMANCE OF CONSTRUCTION FIRMS IN KENYA**

**Kanalo J. Akumu.**

Jomo Kenyatta University of Agriculture and Technology, Kenya.

**Professor. Margaret A. Oloko (PhD).**

Jomo Kenyatta University of Agriculture and Technology, Kenya.

**Dr. Jared O. Deya (PhD).**

Jomo Kenyatta University of Agriculture and Technology, Kenya.

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## **ABSTRACT**

Effective organization structure capabilities should make it possible for employees to understand hierarchical information flow, coordination, task allocation and delegation in a firm. Based on this dimension, this study examined the influence of organization structure capabilities on performance of construction firms in Kenya. The study used descriptive research design and applied the positivist approach. The target population were 357 firms registered with BORAQS and thirty best performing general contractor firms in the construction industry. Stratified sampling technique was adopted with a sample size of 189 firms. The study relied on primary data sources based on self-administered questionnaire and data collected were both qualitative and quantitative. The collected data were fed into SPSS and analyzed using descriptive and inferential statistics. Multiple linear regression revealed a significant statistical relationship between organization structure capabilities effect on performance, ( $R^2 = 0.257$ ,  $p < 0.001$ ). Correlation analysis revealed a strong

positive significant linear relationship between organization structure capabilities and performance of construction firms ( $r = 0.512$ ,  $p = < 0.001$ ) at significant p-values less than 0.05 at 95% confidence level. The qualitative data from respondents revealed that organization structure capabilities had weak effect on performance ( $M = 2.35$ ). Hypothesis testing results noted that the relationship between organization structure capabilities and performance of construction firms was strong and statistically significant and led to rejection of the null hypothesis. The conclusions drawn from study findings was that the construction industry players should align organization structure capabilities features like task allocation, coordination of parties and delegation strategies to lift valuable performance standards. Further research should be undertaken to compare results.

**Keywords:** Organization Structure Capability: Performance: Construction Industry.

## **INTRODUCTION**

World Bank (2023) detected that the Kenya's population and urbanization growth rates were at 1.9% and 3.7% respectively, above global averages of 0.8% and 1.5% as of 2022 and claimed that with the rapid growing population and surging middle class, demand for housing was inevitable and that the spike in construction demand was beyond construction firms performance and as a result led to a housing shortage in the country. This urgent need has compelled researchers to analyze the performance of construction firm's relapse in Kenya.

According to Kenya Vision 2030, the construction industry should achieve a target of 20% of the gross domestic product (KNBS, 2015). But still, it falls short of this mark and has been relapsing steadily since 2019. The affordable housing subsector, which forms a large part of the construction industry performance is assumed to have a significant opportunity for greater strategic capability benefit from this synergy (KNBS, 2014) but still, most construction firms continue to underperform due to inability of the construction players to focus on the effect of strategic needs that link organization structure capabilities and performance of construction firms. Deloitte (2021) report revealed that construction sector's growth expansion was set at 6.3% and added that the sector was vibrant and produced about 6% Kenya's GDP and initiated more than 221, 000 employment opportunities annually in the private and public sector on average over the last five years but again concluded the sector had experienced a serial year growth of 7.8% on average but dropped to 1.3% real growth in 2020 unexpectedly.

### **Statement of the Problem**

An effective organization structure enhances stronger working engagement among employees and performance. However, most construction firms struggle to adjust their performance and these anomaly findings reflect a situation facing several construction firms operating in Kenya despite availability of several studies with high level of evidence showing positive correlation link between organization structure capabilities and performance of firms in varied sectors globally. Knight Frank (2024) report on real estate sector noted a slow performance growth of 6.6% in 2024, down from the 7.3% growth noted in 2023 and a similar trend on the construction sector which recorded little performance growth of 0.1% down from the 3.0% growth achieved in 2023. Cement consumption also plummeted by 12.7% at 1,950 metric tonnes from 2,234 metric tonnes in 2023. The total value of buildings approved by Nairobi City County dropped from KES 63.8 billion in 2023 to KES 43.87 billion in 2024, reflecting a 31% drop in industry performance. Status of the value of approved buildings descended from KES 57.87 billion in 2023 to KES 35.8 billion in 2024 exposing performance hurdles and inadequacies. These dismal firm performance results created the urge to conduct this study.

### **Research Objective**

The general objective of this study was to examine the influence of organization structure capabilities on performance of construction firms in Kenya.

### **Research Hypothesis**

**H<sub>01</sub>**; Organization Structure Capabilities has no significant statistical influence on performance of construction firms in Kenya.

### **LITERATURE REVIEW**

Resourced Based Theory (RBT) by Penrose (1959) recognize firm's competitive performance based on internal owned resources optimum utilization and Barney & Wernerfelt (1984) later concurred with Penrose findings and added that firms were competing on the basis of their internal resources and capabilities strengths and that the more rational use of the scarce resources of the firm, the more the firm outperforms its competitors. Barney (1991) comprehensively noted that success depended on how internal firm resources were organized,

operationalized and coordinated in the organization structure. Newbert (2007) later noted that in 2001 in Barney & Arikan published report on RBT that out of the 166 studies conducted; only four (2%) results were inconsistent with RBT logic. Barney (1986; 1991; 2001a;), Conner (1991), Mills, Peteraf, & Bergen (2003) and Bourne *et al.*, (2003) and Ismail, Rose, Abdullah, & Uli (2010) individual studies all documented that the primary sources and drivers of superior firm performance leaned heavily on valuable and imitable resources and capabilities.

But some scholars disagreed with RBT that it was unable to address performance dynamics of the firm because it only narrowed on profit returns and failed to capture the critical issues like how future resources would be created (Barney, 2001a, b) and further failed to consider competitive performance for enterprises that were operating in highly dynamic markets and more so overlooked how the current stock of valuable, rare, imperfectly imitable and imperfectly sustainable resources could be reconfigured in a dynamic environment. But other scholars later tested the basic tenets of RBT and got consistent results and concluded that the critics were merely academic distractors (Lahiri, 2013; Schroeder, Bates, & Junttila, 2002). This RBT theory relate to this study because it supports better performance of a firm uniqueness based on organization structure capabilities. This research study focused on organization structure capabilities on task allocation, coordination and delegation process as constructs.

### **Organization Structure Capabilities and Performance**

Maduenyi, Oluremi & Fadeyi (2015) noted that the firm structure capabilities had a direct impact on both financial and non-financial performance within a firm. Shirazi *et al.*, (2019) viewed firm structure as a pivot of scope of decisions, tasks, responsibilities, goals, perspectives and rewards for achieving results. Muriu (2019) took organization structure as formal framework by which tasks allocation were divided, grouped, and coordinated while Hanafi *et al.* (2018) termed organizational structure as a formal arrangement of job in a work place, where jobs are split formally, grouped and coordinated. Situmorang (2023) viewed organizational structure as the amount and quality of work, the scope of knowledge about work and skills, how authentic the idea of willingness to operate with other employees, awareness and trustworthiness, enthusiasm in carrying out new task and personality.

Talib & Rahman (2020) classified organizational structure into type and pattern which included advisory structure, executive structure, functional structure and divisional structure. In terms of conceptualizing organizational structure, Johari & Yahya (2019), used two features: formalization and centralization. Shabbir (2017), conceptualized organizational structure using four dimensions: nature of hierarchical layer, nature of formalization, internal and external boundary and technology type.

Salmanulfarasi (2019) conceptualized organization structure along three dimensions: nature of layers in the hierarchy, nature of formalization and organizational boundary. The impact of organizational coordination on financial performance: A study of the moderating role of industry in manufacturing firms in China by Chen, Y., & Zhang, Y. (2021) assessed impact of organizational coordination on financial performance, with the moderating role of industry and

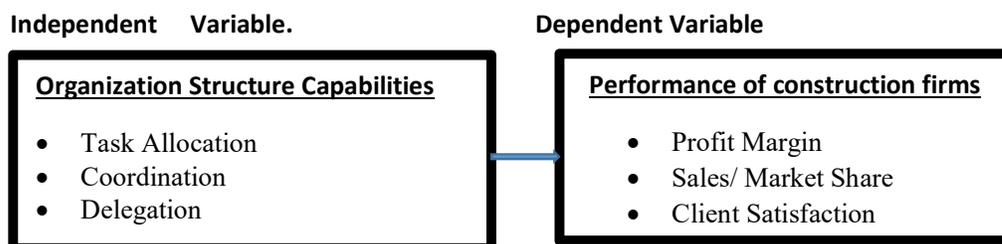
noted that organizational coordination had a positive impact on financial performance and stressed that the effect was stronger in industries that were more competitive and dynamic.

The use of inter functional coordination on firm performance was also evident in the study of Marjanova *et al.*, (2015) who argued that firms embracing inter functional coordination were more likely to realize higher profitability which was considered a good sign for better firm performance and competitiveness but added that, the entire personnel, regardless of the size of the enterprise, in various departments of the company, should be coordinated to create value for customers through mutual cooperation and assistance and was affirmed by Mohiuddin (2017), study which addressed how employees and firm’s inter functional coordination played a key role in the firm’s customer orientation that drove it’s customer-related performance. Senyuta (2013) study on delegation and performance that looked at legislative and adjudicative delegation of authority and their effect on performance in the Banking sector revealed that more authority delegated had a positive effect on quantitative measures of bank performance and decreased the quality of decisions taken. The findings demonstrated there was trade-off between the quantitative and qualitative performance characteristics and further argued that while the local bank branch was able to increase loan generation when more authority was delegated to it, there was also evidence of loan quality deterioration that led to a reduced curve in firm performance.

Longenecker, Newbert & Fink (2007) noted that among the factors that led to poor performance in U.S manufacturing and service firms was delegation of agenda setting authority to subordinates by senior managers which contributed 56% and warned that over delegation of authority in the long run affected firm performance. Hao, Kasper, & Muehlbacher (2012) revealed that organizational structure capabilities influenced performance both directly and indirectly in corporations in both China and Austria and concluded that many businesses desired to change their organizational structures capabilities to achieve better performance in the volatile marketplace.

Hold & Antony (1991) said that organization structure was a coordination parameter because it affected all the organizational processes if poorly delegated. The structure of a firm is the result of power conflict between internal organization coalitions with specific benefits and each requires a structure and their benefits to be fulfilled better through task allocation, delegation and coordination amongst other constructs (Arabi, 2017). The indicators measured in this study were task allocation, coordination and delegation.

### **Conceptual Framework**



*Figure 1: Conceptual Framework*

## **RESEARCH METHODOLOGY**

The study used a descriptive research design and the target population in this study was 357 firms which included; 196 selected architectural firms, 131 quantity surveying firms all registered with Board of Registration of Architects and Quantity Surveyors (BORAQS) and 30 contractors best performing firms in the construction industry. Stratified sampling technique was considered with a sample size of 189 firms. The study largely depended on primary data sources based on self-administered questionnaire as a source of data and the data collected included both qualitative and quantitative. The collected data were keyed into SPSS and analyzed using descriptive and inferential statistics.

The study considered descriptive, correlation research designs and inferential statistics were used to analyze the usable data. This study employed stratified random sampling with proportional allocation. The sample size (n) for the study was calculated using the Yamane (1967) and Serekan (2006) formulae, at 95% confidence level and precision level,  $e = \pm 5\%$  taken for the equation.

Multiple Linear regression analysis was used to assess the nature and immensity of the relationship between variables and hypothesized relationships. The coefficient (r) revealed the strength and direction of linear relationship between variables of study and the value of the coefficient of determination  $R^2$  showed the degree of variation in the dependent variable(s) attributed to the predictor variable(s). The Beta values revealed the amount of change in the dependent variable attributable to the amount of change in the predictor variable, and the F ratio measured the model fit. The statistical significance of each hypothesized relationship was interpreted based on the F and t values. The multiple regression model used was represented as below:

$Y_i = \beta_0 + \beta_1 X_i + \epsilon_i$  Where, organization structure capabilities =  $X_i$ ,  $\epsilon_i$  was the error term.  
Performance of Construction firms =  $Y_i$ .

ANOVA statistic was used for hypothesis testing to determine the relationships and predictions between the independent and dependent variables. The hypothesis was tested within 95 per cent level of confidence interval or 5 per cent level of significance. Multiple linear regression analysis was used to predict effect of independent variable on the dependent variable. Table 1 below gives a summary of the objective and Null Hypothesis of the study, the type of data analysis and interpretation of the results.

### **Test of Hypothesis**

Table 1 gives a summary of the objective and Null Hypothesis of the study, the type of data analysis and interpretation of the results.

**Table 1 Test of Hypothesis.**

Objective	Null Hypothesis	Type of Analysis and Interpretation of results
To examine influence of organization structure capabilities on performance of construction firms in Kenya.	<b>H<sub>1</sub></b> ; Organization structure capabilities has no statistical significance influence on performance of construction firms in Kenya.	Multiple linear regression analysis. If P value $\leq \alpha/2$ , we reject the null hypothesis, and conclude that organization structure capabilities significantly influence performance at the given level of significance, $\alpha$ .

**DATA ANALYSIS AND DISCUSSION**

The study targeted 189 firms in the construction industry in Kenya. Questionnaires administered to each of the firms had an overall response rate of 77% which supported earlier researchers like Zoubi (2012) and Bula (2012) that such response rates were admissible and fitted well with Mugenda & Mugenda (2003) response benchmark ratings, that regarded a response rate of 70% and above as excellent and a good thresholds for the research study to proceed to the data analysis and interpretation including discussion stages. The reliability variables were reliable since their Cronbach alpha values were greater than 0.7, that is, organization structure capabilities had 0.838 and firm performance had 0.791. A CVI of 0.947 was obtained and this was acceptable as a valid instrument and it met the standard measure of Oso & Onen (2009) study that noted validity coefficient of at least 0.70 acceptable as a valid research instrument for any empirical research study.

**Organization Structure Capabilities and Performance**

The researcher requested respondents to indicate their level of agreement on the influence of organization structure capabilities on performance in their firms and the statements were measured on a five-point Likert scale with 5 indicating strongly agree and 1 indicating strongly disagree. The results are presented in Table 2.

**Table 2: Descriptive Analysis of Organization Structure Capabilities**

	SD	D	N	A	SA	Mean	Std. Dev
	%	%	%	%	%		
Task allocation influence organization structure capability.	0.0	0.0	1.4	20.7	77.9	4.77	.457
Managers are decision makers and decisions made autocratically in your organization structure.	5.5	5.5	4.1	54.5	30.3	3.99	1.034
Coordination among departmental heads in your organization structure improve organization structure capability.	0.0	0.0	2.8	51.0	46.2	4.43	.550
Individual members and teams are deeply coordinated in your organization structure.	0.0	0.0	1.4	57.9	40.7	4.39	.518
Task allocation are carried out efficiently and improve your organization structure capability.	0.0	0.0	2.8	53.1	44.1	4.41	.548
Performance problems occurs due to over delegation process leading to wastage and abortive work in the firm.	0.0	5.5	2.8	47.6	44.1	4.30	.776
Effective coordination amongst parties and delegation of roles amongst managers accelerate the design/construction process in your organization structure.	0.0	0.0	0.0	42.8	57.2	4.57	.496
Defined work plans assist your organization structure capability processes in achieving maximum performance in the interest of firm objective leading to competitive advantage.	0.0	2.1	.7	42.1	55.2	4.50	.625
Power and decision making in your organization structure is decentralized	17.9	9.0	4.1	34.5	34.5	3.59	1.484
Your organization structure encourages a safe and friendly working environment, teamwork, support, active participation and consensus is embraced.	0.0	0.0	1.4	46.2	52.4	4.51	.529
Your organization structure considers leaders as mentors or parental heads that encourage delegation, sociable engagement with employees.	0.0	1.4		42.1	56.6	4.54	.578
Your organization structure encourages commitment, experimentation and independent thinking of employees during task allocation.	0.7	1.4		44.1	53.8	4.49	.647

The respondents responded to 12 aspects of organization structure capabilities in relation to its effect on performance of construction firms in Kenya. From the results, the respondents noted that task allocation influenced their organization structure capability (M = 4.77, SD = 0.457). Majority agreed (98.6%) while only (1.4%) of them remained neutral and none disagreed. The results again established that managers were decision makers and decisions were made autocratically in the organization structure (M= 3.99, SD = 1.034) and most of the respondents affirmed (84.8%) and (11.0%) dissented while (4.2%) remained neutral. The results revealed that coordination among departmental heads in the firm structure improved organization structure capability and this was shown by (M= 4.43, SD = 0.550) majority affirmed (97.2%)

and very few remained neutral (2.8%). The results implied that individual members and teams were deeply involved in decision making collectively in their organization structure ( $M = 4.39$ ,  $SD = 0.518$ ) and majority of the respondents (98.6%) affirmed while (1.4%) remained neutral. From the results it was clear that task allocation was carried out efficiently and improved the organization's structure capability ( $M = 4.41$ ,  $SD = 0.548$ ) and majority of the respondents (97.2%) agreed while (2.8%) were neutral. From the results most of the respondents shown that their performance problems occurred due to over delegation that led to wastage and abortive works in the firm ( $M = 4.30$ ,  $SD = 0.776$ ) with majority of the respondents (91.7%) agreeing and the least 5.5% dissenting and (2.8%) remaining neutral.

The respondents agreed that effective coordination amongst parties and delegation of roles amongst managers accelerated the design/construction process in their organization structure ( $M = 4.57$ ,  $SD = 0.496$ ) as all agreed (100%). The respondents shown that defined work plan assisted their organization structure capability processes in achieving maximum performance in the interest of firm objective led to competitive advantage ( $M = 4.50$ ,  $SD = 0.625$ ). This was so as most of them affirmed (97.2%). The respondents again affirmed that the power and decision making in their organization structure was decentralized ( $M = 3.59$ ,  $SD = 1.484$ ). The results varied with majority agreeing (69.0%). The respondents agreed that their organization structure treated leaders as mentors or parental heads that encouraged delegation and sociable engagement with employees ( $M = 4.51$ ,  $SD = 0.529$ ) which (98.6%) of them affirmed while 1.4% remained neutral and the respondents recorded that their organization structure encouraged commitment, experimentation and independent thinking of employees during task allocation ( $M = 4.54$ ,  $SD = 0.578$ ) which most of the respondents (98.6%) agreed while 1.4% disagreed. These findings concurred with Salmanfarasi (2019) that task allocation boosts firm performance and further agreed with studies by Chen *et al.*, (2021), Marjanova *et al.*, (2015) and Mohiuddin (2017) that had noted coordination positive influence on firm performance. This study also supported Senyuta (2013) findings on delegation.

### **Descriptive Analysis of Performance of Construction Firms**

Performance of construction firms was the dependent variable and data was collected from primary and secondary sources. Feedback from the respondents revealed their level of agreement to statements on performance of construction firms. The statements were measured on a five-point Likert scale with 5 indicating strongly agree and 1 indicating strongly disagree. The results presented in Table 3.

**Table 3: Descriptive Analysis of Performance of Firms**

	SD	D	N	A	SA	Mean	Std.Dev
	%	%	%	%	%		
Our firm profit margin performance is always above expectation.	0.0	0.0	1.4	44.8	53.8	4.52	.528
Our firm profit margin performance is always within expectation	0.0	0.0	.7	38.6	60.7	4.60	.506
Our firm profit margin performance is always below expectation	49.0	49.7	1.4	0.0	0.0	1.52	.528
Our firm sales performance is always above expectation.	0.7	2.1	2.8	54.9	39.6	4.31	.692
Our firm sales performance is always within expectation.	0.0	0.0	0.0	30.3	69.7	4.70	.461
Our firm sales performance is always below expectation.	42.8	55.2	0.0	1.4	.7	1.62	.635
Our firm client satisfaction is always above expectation.	0.0	0.0	0.7	53.1	46.2	4.46	.513
Our firm client satisfaction is always within expectation.	0.0	0.7	0.7	29.0	69.7	4.68	.525
Our firm performance on client satisfaction is always below expectation	49.0	49.0	0.7	1.4	1.4	1.57	.675

The respondents were requested to respond to 9 aspects of performance of construction firms in Kenya. The first item sought whether the firms’ performance profit margin was always above expectation (M = 4.52, SD = 0.528) and majority, (98.6%) of the respondents affirmed while (1.4%) remained neutral. The second item sought if the firms’ performance profit margin was always within expectation which majority agreed (99.3%) with only 0.7% being neutral. The third item was on whether the respondents’ firm performance on profit margin was always below expectation. From the results, the respondents dissented on average (M = 1.52, SD = 0.528) as majority seemed to disagree (98.6%). The results again established that firm sales performance was always above expectation (M= 4.31, SD = 0.692) and within expectation (M = 4.70, SD = 0.461). Therefore, the respondents disagreed that their firm sales performance was below expectation (M = 1.62, SD =0.635). On client satisfaction the respondents indicated that their firm performance was always within (M = 4.68, SD = 0.525) and (M = 4.46, SD = 0.513) above expectation. Therefore, the respondents dissented that client satisfaction performance was always below expectation (M = 1.57, SD = 0.643).

**Comparison of Study Variables across Firm Categories**

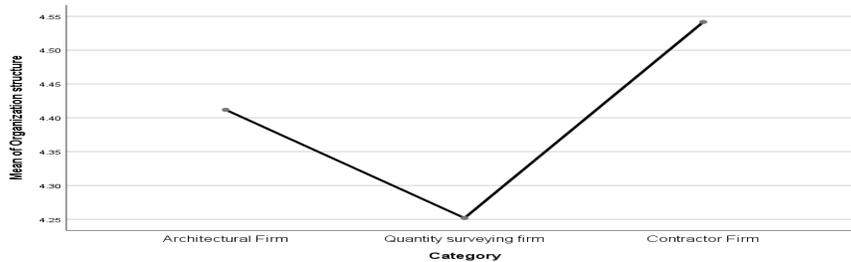
This section of the study sought to compare organization structure capabilities and firm performance across firm categories (architectural firms, quantity surveying firms and contractor firms). To achieve this, the researcher compared their mean differences using a one-way analysis of variance (ANOVA) with Tukey post hoc test at 5% significance level ( $\alpha = 0.05$ ). The results were considered to be significant when the probability value was less than 0.05 ( $p < 0.05$ ). The results are presented in Table 4.

**Table 4: Comparison of Study variables across Firm Categories**

Variable	Architectural firm	Quantity surveying firm	Contractor firm	F(2,142)	P-value
Organization Structure capability	4.41±0.25ab	4.25±0.366a	4.54±0.2196	7.139	0.001*
Firm performance	3.54±0.247a	3.51±0.212a	3.71±0.275b	3.661	0.028*

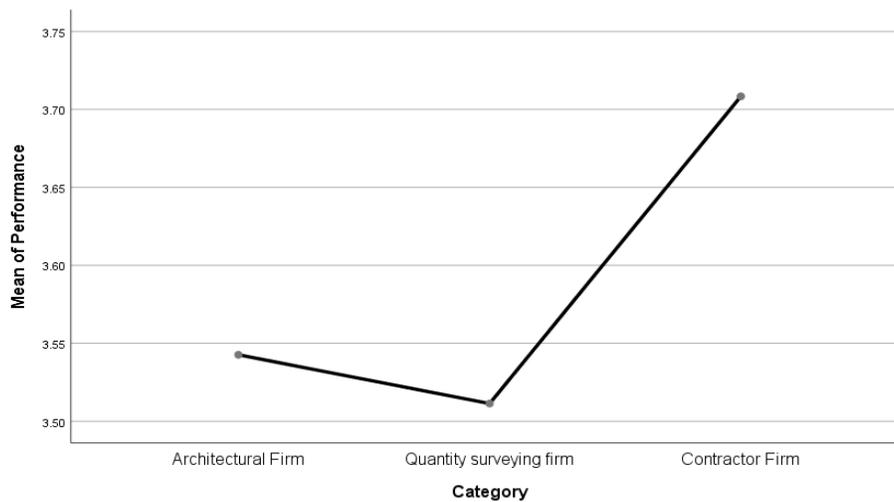
Notes: The means, followed by the same letter in a row are not statistically different at (P<0.05) using one way ANOVA with Tukey test on post-hoc t-tests. \* Indicates significance (p<0.05).

From the results in Table 4, the mean value of organization structure capability in contractor firms (M= 4.54, SD = 0.219) was significantly higher than that of quantity surveying firms (M = 4.25, SD = 0.366) which was not the case for architectural firms (M = 4.41, SD = 0.250) though different was insignificant,  $F(2,142) = 7.139, p = 0.001$ . This has further been illustrated in Figure 2.



**Figure 2: Comparison of Organization Structure Capability across Firm Categories**

Lastly, contractor firms (M= 3.71, SD = 0.275) performed better compared to architectural firms (M = 3.54, SD = 0.247) and quantity surveying firms (M = 3.51, SD = 0.212),  $F(2,142) = 3.661, p = 0.028$ . This was illustrated in Figure 3.



**Figure 3: Comparison of construction firm performance across firm categories.**

**Inferential Analysis of Organization Structure Capabilities.**

In this study, inferential analysis was used to test the study hypothesis. This study embraced the parametric tests which entailed Pearson’s correlation and linear regression analysis. This section tested assumptions made by regression and Pearson’s correlation first, performed the Pearson’s correlation and finally performed the linear regression which aided the researchers to solve the study objective.

**Table 5: Correlation Analysis**

4.1		4.2 Performance		4.3 Organization Structure Capabilities
4.4 Performance	4.5 Pearson Correlation	4.6 1	4.7	
	4.8 Sig. (2-tailed)	4.9		4.10
	4.11 N	4.12 144		4.13
4.14 Organization Structure Capabilities	4.16 Pearson Correlation	4.17 .512**	4.18 1	
	4.19 Sig. (2-tailed)	4.20 .000		4.21
	4.22 N	4.23 144		4.24 145

From the results in table 5, The results indicated a strong linear relationship between performance of firms in the construction industry and organization structure capability,  $r = 0.512, p = <0.000$  This was indicated by significant p-values less than 0.05 at 95% confidence level.

**Hypothesis Testing**

The study hypothesis sought stated that organization structure capabilities had no significant statistical influence on performance of construction firms in Kenya. A simple linear regression adopted and performed with performance of construction firms as the dependent variable and organization structure capabilities as the independent variable. The results were presented in three tables as shown in Table 6, 7 and 8

**Table 6: Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	0.512 <sup>a</sup>	0.262	0.257		0.21058

a. Predictors: (Constant), Organization structure

The findings revealed that the coefficient of determination (R square) for the regression model was 0.257 which meant that organization structure capabilities explained 25.7% variation or change that occurred in performance of construction firms in Kenya.

**Table 7: ANOVA Results**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.237	1	2.237	50.441	.000 <sup>b</sup>
Residual	6.297	142	.044		
<b>Total</b>	<b>8.534</b>	<b>143</b>			

Table 7 showed the ANOVA results where F-calculated was 50.441 and the p-value was <0.001 inferring that this relationship was significant at 95% significance level since F-calculated was greater than F-critical (3.89). This showed that the model could significantly predict the response variable (performance of construction firms in Kenya).

**Table 8: Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.734	0.256		6.772	.000
Organization Structure	0.415	0.058	0.512	7.102	.000

a. Dependent Variable: Performance of construction firms in Kenya

The regression equation obtained from this finding was: -

$$Y = 1.734 + 0.415 * X_1 \dots \dots \dots \text{Equation (1)}$$

Where Y = Performance of construction firms in Kenya and X<sub>1</sub> = Organization Structure Capabilities

Table 8 illustrated the findings where the coefficient for organization structure was 0.415 which was statistically significant since p= <0.001 and was less than 0.05 level of significance, meaning that when organization structure capabilities changed by one unit, it led to 0.415 units change in the performance of construction firms in Kenya. Also, if organization structure capabilities were to be held constant at zero, then the performance of construction firms in Kenya would be 1.734 units.

Therefore, the null hypothesis which stated that organization structure capabilities had no significant influence on performance of construction firms in Kenya, was rejected. This suggested that there existed a significant positive linear relationship between organization structure capabilities and performance of construction firms in Kenya. The study therefore concurred with Argote & Ingram (2000) earlier findings that knowledge built up in the organization structure of a firm, including knowledge transfer and delegation affects performance of such hierarchical levels of such firms. The study also supported earlier findings of Pfeffer (2005) and Zoubi (2012) earlier studies that concluded that task allocation to the most qualified employees in a firm, guaranteed best final desired performance results of such tasks in those firms comparatively. The study also converges with Ofori (2012) earlier findings that weak organization structure negatively influenced performance of construction firms in Ghana. The study further supported Wolf (2002) earlier conclusion that efficient organization structure enhanced firm culture, guided firm desired productivity and ensured desired performance results. The study underpinned Clemmer (2003) and Walton (1986) earlier findings that concluded that stronger organization structure was a catalyst on performance and staff communication because it links high competence, effectiveness, desired productivity and more so cultivate sound management principles in firms. The study also supported Tran & Tian (2013) findings that proper coordination amongst departmental heads in a construction firm improved productivity.

The study also noted similar findings with Ganesh (2013) earlier findings that task allocation if well managed led to efficient communication chain which eventually aided better desired performance of a firm. The study also converges with earlier findings of Winfred (2011) that concluded that appropriate managerial structure fulfills better performance of a firm and that individual employees and team work contributes collectively in decision making to underpin strategic business unit goals and objective desires of the firm. The study was also in agreement with earlier findings of Yinghui & Cheng (2004) that concluded that lack of proper coordination among staff members of the organization structure of a construction influenced negatively performance of such firms. The study therefore, concluded that there was significant statistical relationship between organization structure capabilities and performance of construction firms in Kenya.

The results of the multiple linear regression analysis, correlation analysis and hypothesis testing were in agreement that organization structure capabilities influenced performance of construction firms. The implication of this was that through solid and sound efficient and effective management in the organization structure, a construction firm can easily attain significant cost saving, improved production efficiency and greater profitability. This study supports RBT theory which asserts that the competitive advantage of an organization is explained by the distinctiveness of its capabilities and also blends with Dynamic capability theory including Winter (2003) study which noted that firms compete successfully in their markets if they entrench dynamic capabilities that reconfigure and upgrade ordinary capabilities into innovative capabilities and novelties.

## **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **Summary of Findings**

The coefficient for organization structure capability was 0.415 which was statistically significant since  $p < 0.001$  and was less than 0.05 level of significance, meaning that when organization structure capabilities changed by one unit, it led to 0.415 units change in performance of construction firms in Kenya. Also, if organization structure capabilities were held constant at zero, then the performance of construction firms in the construction industry in Kenya would be 1.734 units. Therefore, the null hypothesis which stated that organization structure capabilities had no significant statistical effect on performance of construction firms in Kenya, was rejected. This suggested an existence of a significant positive linear relationship between organization structure capabilities and performance of construction firms in Kenya.

The findings revealed that the coefficient of determination (R square) for the regression model was 0.257 which meant that organization structure capabilities explained 25.7% of change occurring in the performance of construction firms in Kenya. The research study noted high task allocation in the construction industry in Kenya. Coordination among parties and delegation process played a key role in the attainment of better firm performance. The construction industry in Kenya has performed well in task allocation as there were stronger respondents' general feeling that task allocation played a great role in assisting the firms' in attaining their targeted goals and objectives. The industry also depended heavily on delegation process.

Coordination among parties was highly valued and the organization structure capabilities of the industry was moderate and this moderate organization structure capabilities indicated weak task allocation, coordination of parties and delegation process. The outcome of multiple linear regression analysis revealed a positive significant statistical relationship between the organization structure capabilities and performance of construction firms. Correlation analysis noted that there was a significant statistical positive relationship between organization structure capabilities and performance of construction firms ( $r=0.512$ ,  $p < 0.001$ ) while hypothesis testing revealed that there was a strong significant statistical relationship between organization structure capabilities and performance of construction firms in Kenya that led to rejection of null hypothesis. This meant that if the organization structure capabilities was enhanced then performance of firms would improve significantly. This led to the logical conclusion that organization structure capabilities influenced performance of construction firms. The study outcome supported Resourced Based Theory (RBT) because it underpinned the merits of aligning the internal firm resources in order to gain impressive performance. RBT claims that the superior performance of a firm is noted by the distinctiveness of its resources and capabilities that this study supported.

### **Conclusions**

The conclusion that is drawn was that organization structure capabilities had a strong positive influence on performance of construction firms in Kenya as shown from the multiple linear regression, correlation analysis results and hypothesis testing results. The multiple linear

regression, correlation and hypothesis testing results revealed that relationship between organization structure capabilities and performance of construction firms were statistically significant.

### Recommendations

The recommendation made based on the research findings of the study was that organization structure capabilities had significant statistical influence on performance of construction firms and therefore required industry players to be more vigilant and tactical by aligning task allocation, coordination and delegation roles on performance of construction firms.

### Areas for further study

The study recommends further research that similar studies be done in other counties to confirm the results including further studies to identify and expose other variables that could be explaining the 74.3% change of on performance.

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