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THE MODERATING EFFECT OF INDUSTRY POLICY ON THE RELATIONSHIP BETWEEN STRATEGIC ORGANIZATION DESIGN AND SUSTAINABLE PERFORMANCE OF PARASTATALS IN KENYA

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ABSTRACT

The main objective of the study was to examine the moderating effect of industry policy on the relationship between strategic organization design and sustainable performance of parastatals in Kenya. The institutional theory was used. The study undertook a descriptive research design using a quantitative technique. The study population was 231 Parastatals in Kenya. The research sample size was determined using slovin's mathematical formula, where 146 parastatals made up the sample for the study. One respondent from selected parastatals was selected using stratified random sampling. Data was collected using closed ended questionnaires which were analyzed using Statistical Package for Social Sciences. A pilot study of 20 respondents was done to test for validity, reliability and diagnostics. From a sample of 146 respondents, 97 respondents filled and submitted the results representing 66% response rate. It was evident from the findings that industry Policy has a significant moderating effect on the relationship between strategic organization design and sustainable performance of parastatals in Kenya. Organization Design was found to play a critical role towards the sustainable performance of parastatals.

Key Words: Industry Policy, Strategic Design, Sustainability

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INTRODUCTION

Policy response to global market powers are re-directing vocational education and training, from the resident and nation-state policy territory into global work policy altered to international labor demands and competitive global markets for labor and manufacture. The EU and the USA engage in similar rhetoric when it comes to policy framing and rationalization regardless of discrepancies in governance structure and supervisory settings. Serious comparative policy examination discloses not only a move from resident or national orientation to the multinational over similar policy discourse; but also a change of authority from a locally founded partnership of persons and the organizations that work for them to competitive international labor flows (Witt, 2017).

Strategic coordination that can examine which categories of corporate culture and strategic alignment add to better financial performance, founded on the concept that, to obtain a competitive advantage in the aggressive competitive environment and take full advantage of performance, the blend of corporate inner competitiveness and a suitable action strategy is vital. Corporate culture does directly affect financial performance (Han, 2012). Despite substantial scholarship being dedicated to the study of corporate political actions, conflicting communications surface concerning its influence on public policy results and firm performance. It was discovered that in the United States, corporate political activity merely feebly affects public policy and at finest has a (straight) frail influence on corporate results (Hadani, Bonardi, & Dahan, 2016).

Undesirable performance of Parastatals in Kenya by 1990 resulted in resources leaving the central government to parastatals corresponding to 1 percent of the GDP in 1991 (Miring'u, 2009). An assessment of global good practice in nations going through same development problems in the wake of Kenya recognizing five roles for Government Owned Entities (GOEs) in the struggle for national development discovered first and foremost that, they are significant in stimulating or hastening development and progress. Secondly, they are crucial to building the ability and technical capabilities of the state in helping and/or stimulating national development. Thirdly, they are significant instruments in refining the delivery of public services, together with meeting the simple needs of citizens. Fourthly, they have been severally functional in formation of respectable and widespread employment opportunities in different jurisdictions. Lastly, GOEs are significant for targeted and thoughtful development of global collaborations. In assisting countries attain the said objectives, GOEs play a big role in assisting social and economic revolution of the economies in which they function. Parastatals in Kenya are burdened with a vast variety of goals. They do various functions covering manufacturing and commerce, financial intermediation and infrastructure development to service delivery, regional development, environmental management to education and training plus regulation of the economy (Executive Office of the President, 2013)

The Kenya public sector has been consumed by mal performance hampering economic growth sustainability (Ogolla & Nzulwa, 2018). Public service performance generally and that of state corporations specifically has over the years been condemned for unstable and disappointing performance (Gikonyo, 2018).

Statement of the Problem

As a result of their growing reliance on budgetary support from the government in the form of grants, subsidies, government loans, and debt guarantees, many parastatals financial performance and operational efficiency have been declining in recent years, placing a significant burden on the public budgets. These payments from the government to parastatals are no longer in line with the social and economic gains made by these firms, which in turn reduces the amount of public funds that can be used to fund other crucial areas of national development (National Treasury, 2021). The vision 2030 in Kenya delivers the comprehensive long-term national development agenda as the Constitution of Kenya allows for the development of the quality of life of the people of Kenya. These high-level ambitions can be attained via a transformative environment in where policy reform initiatives, actions, programs and projects are executed flawlessly and reliably, by a public sector that is geared up for, and well-focused on service delivery (GOK, 2021).

The Kenyan government admits that the achievement of sustainable economic growth has been hampered by the public sector's poor performance over the years, particularly in the management of public resources. According to World Bank analysis, the overall amount of outstanding bills rose from 0.9% of GDP in the fiscal year 2015–16 to 1.6 % in the fiscal year 2017–18 (Kimia, 2019). State-owned companies in Kenya spend roughly Kshs. 180 billion on purchases annually. However, due to practices like inflating procurement quotations, the national government loses over Ksh. 76 billion annually, or 17% of the national budget (Mutua & Moronge, 2018).

Previous researches investigated in Kenya on performance of strategic corporate policies revealed that the studies analysed milieu issues that affected performance of corporate policies but not strategic corporate policies. Otieno, Linge, & Sikalieh, (2019) assessed Influence of idealized influence on employee engagement in parastatals in the energy sector in Kenya. Koech & Namusonge, (2018) examined determinants of effectiveness of corporate governance in parastatals in Kenya. Ogolla & Nzulwa, (2018) analysed the influence of performance contracting on service delivery in parastatals in Kenya: A case of the Kenya National Examination Council. Gikonyo, (2018) investigated employee engagement and performance of research and training in parastatals in Kenya. Kyereboah-Coleman, (2007) assessed the relationship between corporate governance and firm performance: An African perspective. Sasaka, Namusonge, & Maurice, (2016) investigated Strategic Management Practices on the Performance of Corporate Social Responsibility of State Parastatals in Kenya. Munyoki,(2015) analysed competitive strategies, organizational autonomy, positioning and performance of Kenyan parastatals. Muraga, (2015) examined Strategic Human Resource Management Practices and Performance of Parastatals in Kenya. It is against this background that this study sought to fill the knowledge gap.

Objectives of the Study

The objective of this study was to investigate the moderating effect of industry policy on the relationship between strategic organization design and sustainable performance of parastatals in Kenya. The study tested the following hypothesis;

- H_0 : Industry Policy has no significant moderating effect on the relationship between strategic organization design and sustainable performance of parastatals in Kenya.

LITERATURE REVIEW

Theoretical Framework

Institutional Theory

Institutional theory is a well-known perspective in modern organizational studies. It mainly focuses on a wide, varied body of theoretical and empirical work linked to a mutual emphasis on cultural compassions and collective expectations. The theory is frequently used to elucidate the implementation and spread of formal structures in organizations, including laid down policies, standard practices, and innovative ways of organization. Stemming from the writings of Max Weber on legitimacy and authority, the perspective started in the 1950s and 1960s with the work of Talcott Parsons, Philip Selznick, and Alvin Gouldner on organization–environment relations. Subsequently, it underwent a “cognitive turn” in the 1970s, with focus on habits taken for granted and assumptions, and it became generally known as “neo-institutionalism” in organizational studies. The new phenomenon is that work based on this perspective has moved from an emphasis on procedures involved in creating isomorphism to attention on institutional transformation, exemplified by studies of the appearance of new laws and regulations, services, products, and professions (David, Tolbert, & Boghossian, 2019).

Institutional theory seeks to understand management practices and organizations as the outcome of social instead of economic force. It can explain organizational behavior that rebel economic logic. The world is largely a product of subjective interpretation, social structures such as organizations and institutions gain their

essence not from empirical reality but an outcome of how they are categorized and perceived based on shared history and perception. A foundation basis of institutional theory is that organizations exist in social contexts with defined rules of appropriate behavior, away from economic rationality but pegged on prevailing myths of appropriate behavior. These prevailing myths and assumptions affect managerial perceptions of efficiency and rationality (Suddaby, 2015).

Conceptual Framework

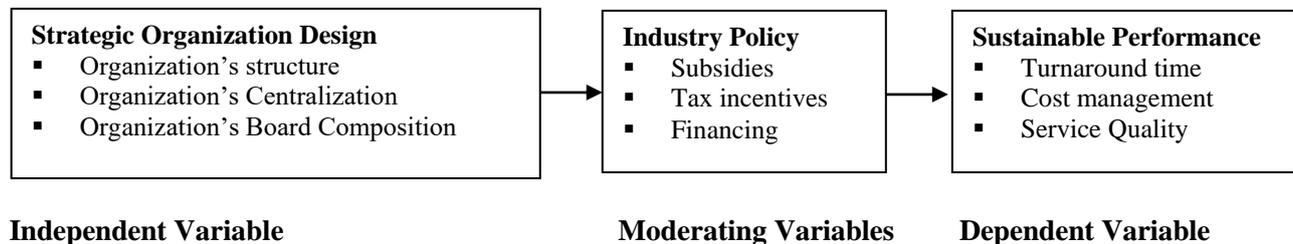


Figure 1: Conceptual Framework

Review of Literature of Study Variables

Strategic organization Design and Sustainable Performance

Organization design is complex by the possibilities that need to be measured as an organization creates its design selections. Numerous styles of contingency- the organizations environ, its approach, technology and interior procedures that grow in an organization over time- cause indecision and effect an organization's choice of structure and culture (Jones, 2013). The board is viewed as the link between shareholders and the administration of the business and, one of the components of the board's responsibility is to maintain good corporate governance. In some countries, corporations have one board while in others two: the board of management and the board of supervisors. Directors are the main players in corporate governance, and the mundane issue in corporate governance is how they are going to run the company and whose benefit. More importance is also put into accountability measures that are put up in relation to actions of directors in the carrying out of their functions (Keay, 2015).

Looking at organization design from an information processing perspective, scrutinizes in what way information technology (IT) has remained a promoter in the growth of innovative forms of organizational structures. They analyze from a past connection among the comparative steadiness of an organization's job setting beginning after the Second World War to the current environmental unpredictability which personifies many industries. The study proposes that progresses in IT have allowed managers to adjust prevailing forms and build fresh models for organizational design that well fit needs of an unsteady environment. Time has apparently brought out this premise as the organizational structure progressed to the matrix to the network and now to the incipient shadow structure. IT has grown from an aid machine to auxiliary for organizational structures taking the form of shadow structure. Organizational ownership improves the value of strategic resolutions made by the board, by dynamically engaging and increasing an external perspective (Deloitte, 2016).

The dilemma is concerning working of unitary boards, in which directors have responsibility for strategic direction of business and supervision activities of the executive management. In that the board is expected to engage in strategy formulation and planning and supervise management performance. It has been said that this means unitary boards is effectively trying to mark its own examination papers (Tricker, 2015).

Baldwin, 2012, in his study on Organization Design and Business Ecosystems explains that, ecosystems usually embrace several companies, people, and societies that might be discretely independent but linked through their association with an essential, budding technical system. He believed that the main difficulty for organization design will be the administration of spread innovation in such dynamic ecosystems. Precisely,

how should varied units be united into a comprehensible network that produces goods in the contemporaneous and novel designs for the future? In response to the question, organization designers have the obligation to think around how to dispense property rights, individuals, and actions across several self-governing enterprises in a manner that is beneficial for the cluster (ecosystem) as well as for the designer's own organization or community. Korhonen (2014), in big data- big deal for organization design? Explained that, requisite organization contends that a new strategic stress necessitates the adding of a new division in the organization, resulting in grander organizational complexity. Necessary organization could aid as an impartial, certifiable standard for what qualifies as an honest novel strategic importance. Such a condition is indispensable for investigation on the co-evolution of strategy and structure.

Today's organizations are becoming extra computerized and multifaceted, leading to the need to uphold and increase performance by structuring and restructuring founded on changing strategy (Ogbo, Chibueze, Christopher, & Anthony, 2015). Organizational structure has pertinent and expectable outcomes on a varied range of organizations (Ross & Arbor, 2012). Organization structure affects the financial performance of commercial parastatals. Organization size, formalization structure, complexity structure and structure centralization ought to be thought-out to be precisely essential when company's leadership is developing the organization's structure which will attain their strategic goals as it has an impact on financial performance of the businesses. Board members, their composition and size ought to also be reflected on as they are dynamically involved in modelling commercial state companies' strategic directions (Njeru, 2014).

Organization structure has influence on organization performance. There is a relationship between labour productivity and specialization of work procedure which suggests that organization structure affects the behaviour of workers in the organization. Performance of an organization is principally determined by the structure of the organization. When strong structures exists individuals perform better, responsibilities are shared and productivity is greater than before. Having an appropriate organization structure, one that identifies and addresses numerous human and business actualities of the corporation in query is a precondition for extended success. Management must visibly analyse turnover rate and effectiveness of the organization by ascertaining good structures are put up and executed with the purpose of attaining set objectives (Maduenyi, Oluremi, Fadeyi, & Ajagbe, 2016).

Firms of today especially big corporations cannot be controlled and administered by one person and in the event, it happens, the performance of the firms isn't as good as the decentralized firms. These days' firms give a chance to every member of the organization to participate in decision making and give them freedom to take their own decisions for the bigger interest of the firm. Senior management is released from most of everyday problem solving and are left to focus on strategy, decision making at higher levels, and coordination of activities. Decentralization gives subordinate level management staff possessing important knowledge in decisions making. Devoid of such experience, they would not be prepared well enough to make decisions when they have grown to higher level positions. Added responsibility and decision-making power regularly leads to better work fulfilment. The power that tags along with accountability and the authority, makes the job more exciting and offers bigger incentives for employees to give their best. Managers at lower levels generally have more comprehensive and fresh information regarding conditions than managers at the top. Thence, decisions made by managers at lower levels are every often founded on superior info. Manager's performance becomes challenging to assess if a manager is not given a lot of leeway in what he or she can achieve (Bashir, 2015).

Unless the written law by or under which a state corporation is established or the articles of association of a state corporation otherwise require, a Board will be answerable to subsection (4), comprise of: a chairman who is a presidential appointee who shall be non-executive except if the President otherwise guides; the executive chief; the Permanent Secretary of the parent Ministry; the Permanent Secretary to the Treasury; the Attorney-General or his representative; there should not be more than eleven members who are not employees

of the state corporation, of whom not more than three shall be public officers, chosen by the Minister (Parastatals Act, 2015). A study done on board composition and performance of banks in Kenya revealed that general board composition has a positive outcome on financial performance of commercial banks in Kenya. Board size and board freedom have an upward consequence on return on assets (the proxy for financial performance), whereas gender diversity has a downward effect, and more women are needed in these boards. Banks administration and shareholders should correctly create their boards, as this affects financial performance (Owande, 2016). In Indian Companies the separation of the chief executive officer (CEO) and the chairperson does have positive influence on the companies' return on equity (ROE), whereas for the Chinese firms, the percentage of independent directors on the board meaningfully influences ROE of the firms. Organizations with higher percentage of independent directors on their boards experience bigger ROE. Though, auditors' quality and board dimensions have no impact on the ROE (Chatterjee & Nag, 2018).

The board size has crucial impact on both freedoms of the board and firm performance. The results increase questions of whether 'one size fits all' type corporate governance practices can actually be applied everywhere in the world. Bangladesh has imitated the requirement of having external directors occupy spots in corporate boards to make corporate boards independent and answerable, disregarding the fundamental institutional dissimilarities. Despite, board independence being essential quality of corporate board practices in many advanced nations, board independence may still be a delusion in Bangladesh (Rashid, 2018).

Industry Policy

The current debate on industrial policy no longer focuses on whether it is important. It not only focuses about what policies are needed, but also how they are best implemented and what lessons can be learned from them. What we can learn (and pass on) from successful industrialization experiences (Bruhn, Calegario , & Borges , 2022). This discussion is also about how some people foreign governments use government assistance and guidance to do this could stimulate their industry and thereby cause this problem US and other countries are losing global Cost management and Competitiveness. China's national economic model development is, for example, a comprehensive Industrial policy covers a wide range of strategic, policy, and strategic fields, Emerging industries due to government policies, including subsidies and import protection and competition. The scope and magnitude of these market-distorting effects in this practice can create an unlevel playing field for US companies (Congress Research Service, 2023)

Industrial policy and industrial planning are not the only horizontal policies but are very similar and intersect with other interclass and intergenerational means of domestic redistribution. Migration from geographically rich areas to poor areas is also horizontal industrial plans almost always contain spatial logic aimed at fostering or developing industrial clusters. In certain states and localities, but not others. Similarly, industrial policy in rhetoric and rhetoric effects often have different effects depending on race and gender (different types of horizontal social relations). Examples of interactions between different types of industrial policy includes mobilization during World War II to restructure the auto industry. Switch factories to gun production, put more women on the assembly line, and Donald Trump's Steel and Coal Support (Right or Wrong) Caucasian male occupation. industrial policy has failed in the past in the United States due to differences in race and gender (Tucker, 2019). targeted subsidies in key industries such as agriculture and manufacturing have helped in not only bolstering production but also maintaining affordability for consumers.

Tax incentives, on the other hand, have enabled parastatals to reinvest savings into critical sectors, thereby enhancing service delivery. Such incentives provide opportunities for business expansion, technology adoption, and job creation, thereby fostering economic growth and sustainability. Financing, through government grants, loans, and public-private partnerships, has been pivotal in bolstering infrastructure, stimulating innovation, and improving cost management. These financial mechanisms contribute significantly to the effectiveness and turnover rate of parastatals. However, the Kenyan scenario isn't without challenges. The application and execution of these tools require strong governance, transparency, and strategic alignment

with national goals and international standards. Lessons from global practices, such as China's approach and the historical context of industrial policy in the United States, provide valuable insights into the careful balance needed to achieve success. In conclusion, industrial policy, encompassing the elements of subsidies, tax incentives, and financing, serves as a critical bridge between strategic corporate policies and sustainable performance in Kenya.

Measurement of Sustainable Performance

Organizational performance evaluation is a practice-based outline that constructs on the interaction between planning and assessment, and outcomes in the judgment of influence and significance. It endorses a set of practices that enable the organizations to successfully assimilate planning, strategy, performance, assessment, and organizational advancement (Bowlby, 2014). Good governance has always been coupled up with soundly run and successful businesses. Nations known for their huge governance institutions attract investment capital (Clarke, 2017). Properly governed organizations experience higher firm performance. Maladministration, bureaucracy, over expenditure, pilferage, lack of ability and carelessness by employees and directors are the core glitches that have rendered Parastatals (SCs) unsuccessful in achieving their set performance goals. Meagre performance of SCs in Kenya by 1990 steered high expenditure from the Kenyan government to parastatals an equal to 1 percent of the GDP in 1991 (Miring'u, 2009).

Constant performance is the goal of any business since only via this, can organizations develop and advance. Additionally, organizational performance is a key concept in management study. Knowledge of the determinants of organizational performance is significant particularly in the setting of the present economic catastrophes as it allows the identification of those factors that should be treated with greater interest than before in order to advance the performance (Ondoro, 2015). Performance measurement models have progressed from a cybernetic outlook where performance measurement was founded mostly on financial parameters and well-thought-out as a constituent of the planning and control cycle to a whole view grounded on various nonfinancial measures where performance measurement stands as an independent procedure encompassed in a wider set of actions (Henri, 2002).

The pointers to quantify and assess the performance are used devoid of a distinct understanding round what and how to measure and, subsequently, what to improve and consequently a chance to figure out how the findings limit the optimization of the most significant proofs associated to competitiveness and success (Felizardo, Félix, & Thomaz, 2009). Organization performance and organization excellence can be measured by combining performance variables, using two diverse methods: performance measurement by an average of the performance variable scores, and excellence measurement by an average of the associations of performance variable scores. The result is a new general meaning for organizational excellence suggested, as “the outstanding measure of relationship of all performance variables influencing an organization's functioning” (Anthony & Bhattacharyya, 2010). Growth of business is associated with productivity, growth for turnover rate is a key issue of concern, toting that productivity still is the key measure of business performance (Garg *et al*, 2014).

Empirical Review

Koehn & Namusonge, (2012) concluded that Laissez-faire leadership style is not substantially interrelated to organizational performance, managers ought to abandon laissez-faire leadership style by becoming more intricate in guiding their juniors; public bosses had better formulate and apply actual reward and acknowledgement systems. They further, managers should endeavor to become role models to their juniors, motivate them by giving significance and challenge to work, arouse subordinate determinations to become more inventive and creative, and finally, pay better consideration to each person's need for accomplishment and progress.

The bigger the implementation of strategic management practices in the parastatals, the bigger the outcome on performance of Corporate Social Responsibility. In addition, State Parastatals in Kenya ought to think through

performance of corporate social responsibility as a novel approach to governance. Performance of corporate social responsibility should be officially and informally being planned for in parastatals (Sasaka, Namusonge, & Sakwa, 2016). Uncertainties, inclinations and secondary practices positively impacted the performance of Parastatals in Kenya. Kenya requires to embark on an industry examination for it to decide which arrangement to use for the numerous sectors, at the same time putting extra measures to warrant the enhancement of the growing effects of public procurement for the domestic economy. The measures comprise creation of sub-contracting to firms in Kenya mandatory, downscaling agreements to capacities that local businesses can handle, tackling providers' anxieties over bidding expenses by sinking bureaucratic barricades, and giving improved response to Kenyan suppliers and bidders (Namusonge, & Nteere, 2014).

METHODOLOGY

The study used descriptive research design using quantitative method. There were 231 parastatals (SCAC, 2022). The target population therefore all parastatals in the country, respondents being the managers and administrators in the parastatals. The sampling frame for this study was a list of all parastatals in Kenya from different government ministries, these were: Industrialization and Enterprise development, Health, Sports and Heritage, Tourism and Wildlife, Energy, Information, Communication and Technology, Education, Science and Technology and Agriculture and Irrigation. The sample size of the study was 146 while data was collected using both primary and secondary data sources. Questionnaires were submitted via google forms. The data was then be coded and entered the statistical package for social sciences (SPSS) for analysis. Quantitative analysis was used to test theories in the theoretical framework behind the study and prove or disapprove it.

RESULTS AND DISCUSSIONS

Descriptive Statistics

Table 1: Organization Design and Sustainable Performance in Parastatals

Organization Design	SD %	D %	N %	A %	SA %	Mean .	Std. Dev	Disposition
Our organization's structure policy affects turnaround time	6.2	10.3	7.2	49.5	26.8	3.8	1.133	Agree
Our organization's structure policy affects cost management.	4.1	10.3	8.2	48.5	28.9	3.88	1.073	Agree
Our organization's structure policy affects service delivery.	5.2	6.2	6.2	25.8	56.7	4.23	1.141	Agree
Our centralization decision making affects turnaround time.	3.1	16.5	7.2	37.1	36.1	3.87	1.169	Agree
Our centralization decision making affects cost management.	4.1	8.2	8.2	52.6	26.8	3.9	1.026	Agree
Our centralization affect service delivery.	5.2	8.2	3.1	44.3	39.2	4.04	1.108	Agree
Our board composition affects turnaround time.	5.2	24.7	12.4	38.1	19.6	3.42	1.206	Neutral
Our board composition affects cost management.	2.1	20.6	19.6	43.3	14.4	3.47	1.042	Neutral
Our board composition affects service quality.	2.1	16.5	17.5	38.1	25.8	3.69	1.093	Agree
Aggregate	.	.	.	.	.	3.811	1.110	Agree

Key Scale for Interpretation

Strongly Disagree (SD) - Mean: <2.0

Disagree (D) - Mean: 2.0-2.9

Neutral (N) - Mean: 3.0-3.4

Agree (A) - Mean: 3.5-4.4

Strongly Agree (SA) - Mean: 4.5-5.0

Table 1 elucidated the influence of organizational design on sustainable performance within Parastatals in Kenya. Notably, the aggregate mean value stands at M= 3.811, landing in the "Agree" category of our scale. However, the notable standard deviation of SD = 1.110 underscores varied perceptions among respondents. A prominent number of respondents concurred that organizational structure significantly dictates parastatals' performance metrics, including turnaround time (Mean = 3.8, "Agree") and cost management (Mean = 3.88, "Agree"). Interestingly, the strong affirmation for the structure policy's influence on service quality was highlighted by the "Strongly Agree" category with a mean of 4.23. Centralization in decision-making showcases a discernible impact on parastatals' performance, most notably in service quality (Mean = 4.04, "Agree"). Furthermore, this centralization also significantly influences turnaround time (Mean = 3.87, "Agree") and cost management (Mean = 3.9, "Agree"). On examining board composition, its influence seems more nuanced. While its effect on turnaround time (Mean = 3.42) and cost management (Mean = 3.47) is "Neutral", its influence on service quality is more prominent, resting in the "Agree" category with a mean of 3.69.

Overall, the data underscores that service quality remains the most susceptible performance metric to organizational design, trailed by cost management and turnaround time. These findings resonate with Ross and Arbor (2012), underscoring the significance of organizational structure in influencing the financial outcomes of parastatals. Such correlations emphasize that variables like organizational size, formalization, and centralization are paramount. Furthermore, aligning with Njeru (2014), board composition is instrumental in sculpting the strategic direction of parastatals. Conclusively, these results accentuate the pivotal role of organizational design policies in strategizing for optimum performance in parastatals.

Industry Policy and Sustainable Performance in Parastatals

The study assessed the extent to which Industry Policy affects sustainable performance in Parastatals in Kenya. This objective was determined by posing several statements related to the Industry Policy, that is, Subsidies, Tax Incentives and financing in Parastatals in Kenya. A five-point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree and was analysed based on the mean score and standard deviation. The range of interpreting the Likert scale mean score was given as follows: 1.0-2.49 (Disagree), 2.5-3.49 (Neutral attitude), and 3.5-5.0 (Agree). The findings were presented in Table 2.

Table 2: Industry Policy and Sustainable Performance in Parastatals

Industry Policy	SD	D	N	A	SA	Mean	S.Dev	Disposition
	%	%	%	%	%	.	.	
Subsidies affects turnaround time.	4.1	5.2	17.5	48.5	24.7	3.85	0.993	Agree
Subsidies affects cost management.	4.1	9.3	11.3	47.4	27.8	3.86	1.061	Agree
Subsidies affects our service delivery.	3.1	9.3	12.4	48.5	26.8	3.87	1.017	Agree
Tax Incentives affects turnaround time.	1	5.2	8.2	50.5	35.1	4.13	0.849	Agree
Tax Incentives affects cost management.	1	3.1	8.2	59.8	27.8	4.10	0.757	Agree
Tax Incentives affects service delivery.	2.1	12.4	6.2	51.5	27.8	3.91	1.011	Agree
Parastatals Financing affects turnaround time.	1	6.2	10.3	53.6	28.9	4.03	0.859	Neutral
Parastatals Financing affects cost management.	3.1	9.3	13.4	46.4	27.8	3.87	1.027	Neutral
Parastatals Financing affects service quality.	1	4.1	9.3	55.7	29.9	4.09	0.805	Agree
Aggregate	.	.	.	.	.	3.968	0.931	Agree

Key Scale for Interpretation

Strongly Disagree (SD) - Mean: <2.0

Disagree (D) - Mean: 2.0-2.9

Neutral (N) - Mean: 3.0-3.4

Agree (A) - Mean: 3.5-4.4

Strongly Agree (SA) - Mean: 4.5-5.0

The results in Table 2 indicated that the aggregate mean, $M = 3.968$; $SD = 0.931$ was high and the standard deviation less than 1. This suggests that most respondents agreed with little variations that Industry Policy affects sustainable performance in Parastatals in Kenya. The findings further suggest that Subsidies affected performance of the parastatals slightly more through service quality (Mean = 3.87). This was followed by cost management (Mean = 3.86) and turnaround time (Mean = 3.85). There were also strong indications that Tax Incentives affected the performance of the parastatals largely in terms of turnaround time (Mean = 4.13) as compared to cost management (Mean = 4.1) and service quality (Mean = 3.91) respectively. This was corroborated by 35.1% of the respondents who strongly agreed that Tax Incentives affect turnaround time the most compared to cost management and service quality in the parastatals. Finally, regarding Parastatals Financing, it was evident that Parastatals Financing affected service quality (Mean = 4.09) the most compared to turnaround time (Mean = 4.03 and cost management (Mean = 3.87) respectively.

These findings imply that Industry Policy had profound effect on sustainable performance of the parastatals as per the respondents' opinions. Tax Incentives had the most comparable effect followed by Parastatals Financing and Subsidies respectively. However, service quality was the most affected performance construct followed by turnaround time and cost management. Mutua (2020) observed that owing to its value, Tax Incentives discussions and decision making has become a serious subject to businesses, the public and the economy as well due to the diverse effect that it will have on each of the said entities. According to Cochran and Malone (2014), literally every facet of a person's lifecycle from birth to death is affected in uncountable ways by Subsidies decisions of government.

Sustainable Performance of Parastatals

The study finally determined the sustainable performance of parastatals in Kenya. The status of this variable was described in terms of turnaround time, cost management and service delivery A five-point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree and was analysed based on the mean score and standard deviation. The range of interpreting the Likert scale mean score was given as follows: 1.0-2.49 (Disagree), 2.5-3.49 (Neutral attitude), and 3.5-5.0 (Agree). These results are presented in Table 3.

Table 3: Sustainable Performance of Parastatals

	SD	D	N	A	SA	Mean	S. Dev	Disposition
Sustainability Performance	%	%	%	%	%	.	.	
Our turnaround time has increased.	3.1	13.4	17.5	48.5	17.5	3.64	1.023	Agree
Our cost management is efficient.	3.1	13.4	25.8	45.4	12.4	3.51	0.98	Agree
Our service quality level has gone up	7.2	9.3	20.6	47.4	15.5	3.55	1.09	Agree
Aggregate	.	.	.	.	.	3.567	1.031	Agree

Key Scale for Interpretation

Strongly Disagree (SD) - Mean: <2.0

Disagree (D) - Mean: 2.0-2.9

Neutral (N) - Mean: 3.0-3.4

Agree (A) - Mean: 3.5-4.4

Strongly Agree (SA) - Mean: 4.5-5.0

With an aggregate mean of $M = 3.567$ and a standard deviation, $SD = 1.031$, it is evident that most of the respondents agreed that the parastatals had a positive sustainable performance. However, the standard deviation is greater than 1 suggesting that there was considerable variation in their responses on the performance status of the parastatals. In terms of turnaround time, there were indications that most parastatals had increased their service turnaround time (Mean = 3.64). There were also indications that the parastatals' cost management had improved and become more efficient (Mean = 3.51). Also, the levels of service quality in the parastatals had gone up (Mean = 3.55). Overall, the findings suggest that the parastatals had become more efficient owing to the improving cost management efficiencies and that had resulted in improved service quality. The findings, however, suggest there was an improvement in performance contrary to the findings of earlier studies by Gikonyo (2018) who found that public service performance generally and that of parastatals specifically has over the years been condemned for unstable and disappointing performance. The findings also fail to concur with Ogolla and Nzulwa (2018) who found that the Kenyan public sector has been consumed by mal performance hampering economic growth sustainability.

Inferential Statistics

Correlation Analysis

In this subsection a summary of the correlation analyses was presented. It determined the degree of interdependence of the independent variables and showed the degree and strength of their association with the dependent variable separately. These results were summarized in Table 4.

Table 4: Summary of Correlations (before moderation)

		DP	STP	IP
DP	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	97		
IP	Pearson Correlation	.527*	.782**	
	Sig. (2-tailed)	0.044	0.001	
	N	97	97	
SUP	Pearson Correlation	.533*	.700**	1
	Sig. (2-tailed)	0.041	0.004	
	N	97	97	97

Key Scale for Interpretation

Strongly Disagree (SD) - Mean: <2.0

Disagree (D) - Mean: 2.0-2.9

Neutral (N) - Mean: 3.0-3.4

Agree (A) - Mean: 3.5-4.4

Strongly Agree (SA) - Mean: 4.5-5.0

The correlation analysis was carried out to determine whether strategic organization design significantly affects sustainable performance of parastatals in Kenya. The correlation results showed that a strong positive significant relationship existed ($r = 0.533$; $p < 0.041 \leq 0.05$). This was indicative of the strong emphasis on organization design placed by the parastatals in their operations. It shows that parastatals with strong organization design had a better prospect of sustainable performance in the country. The findings concur with Ross and Arbor (2012) who observed that organizational structure has pertinent and expectable outcomes on a varied range of organizations.

Finally, the correlation analysis to determine whether Industry Policy had a significant effect on sustainable performance of parastatals in Kenya indicates that the relationship is, in fact, significant ($r = 0.607$, $p < 0.016 \leq 0.05$). This finding further indicated that the relationship between the two variables was strong and positive indicating that Industry Policy played an important role on the sustainable performance of parastatals in the country. This could be explained by the fact that as state bodies, the Industry Policy had much more influence on the direction they took in service quality.

Table 5: Summary of Correlations (after moderation)

		DP	IP	SUP
DP	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	97		
IP	Pearson Correlation	-0.072	1	
	Sig. (2-tailed)	0.385		
	N	97	97	
SUP	Pearson Correlation	.395*	.498**	1
	Sig. (2-tailed)	0.000	0.000	
	N	97	97	97

After the introduction of the moderating variable that is, industry policy, the bivariate correlations between the independent variables and were assessed. Correlation analysis was carried out to determine whether strategic organization design policy significantly affects sustainable performance of parastatals in Kenya. The correlation results showed that a strong positive significant relationship existed ($r = 0.395$; $p < 0.000 \leq 0.05$). The correlation is positive and significant suggesting that strategic organization design policy had a moderate effect on sustainable performance of parastatals in Kenya. However, looking at the findings on this variable, it is evident that introducing the moderating variable had decreased the strength of the relationship from a strong relationship ($r = .533$) before moderation to a moderate relationship ($r = .395$) after moderation. This shows that industry policy had an effect on the way organizational design was done in the parastatals in Kenya. The design of the organizations was meant to adjust to industry policies.

Finally, the correlation analysis to determine whether Industry Policy had a significant effect on sustainable performance of parastatals in Kenya indicates that the relationship is, in fact, significant ($r = 0.498$, $p < 0.000 \leq 0.05$). This finding further indicates that the relationship between the two variables was strong and positive indicating that Industry Policy played an important role on the sustainable performance of parastatals in the country. This could be explained by the fact that as state bodies, the Industry Policy had much more influence on the direction they took in service quality.

Hypothesis Testing

H₀: Industry Policy has no significant moderating influence on the relationship between strategic organization design and sustainable performance of parastatals in Kenya.

From the results, the study rejected the null hypothesis and concluded that Industry Policy has a significant moderating effect on the relationship between strategic organization design and sustainable performance of parastatals in Kenya.

The findings indicated that Industry Policy has a significant moderating effect on the relationship between strategic organization design and sustainable performance of parastatals in Kenya. The alignment or misalignment of industrial policies with organizational goals can have real implications for sustainability, as discussed by Porter and van der Linde in their seminal 1995 work, "Toward a New Conception of the Environment-Competitiveness Relationship." According to Tucker (2019), (Tucker, 2019), industry policies such as tax incentives have enabled parastatals to reinvest savings into critical sectors, thereby enhancing service delivery. Such incentives provide opportunities for business expansion, technology adoption, and job creation, thereby fostering economic growth and sustainability.

CONCLUSIONS AND RECOMMENDATIONS

The descriptive analysis indicated the profound effects of Industry Policy on strategic organization design within parastatals. The study's findings provide evidence that Industry Policy significantly moderates the relationship between strategic organization design and sustainable performance in Kenyan parastatals. This indicates that the influence of strategic organization design on performance is affected by specific industry conditions and regulations, thus reflecting the complex interactions between various industry policies and their role in shaping the overall performance of parastatals.

There was enough evidence to conclude that Industry Policy significantly moderates the relationship between strategic organization design and sustainable performance in Kenyan parastatals. This conclusions portray a nuanced picture of how strategic organization design can both enhance and impede the sustainable performance of parastatals in Kenya. The distinct impact of each area calls for tailored approaches to maximize their benefits and address their challenges, thereby contributing to the long-term sustainability and success of these organizations.

Drawing from the foregoing findings, the study recommended that the management of the parastatals need to collaborate with industry regulators to ensure that strategic organization designs are responsive to the dynamic nature of the industry. They should also conduct regular assessments to understand the moderating effects of industry policies on strategic organization designs. The study recommended fortifying organizational design to continue enhancing sustainable performance.

Suggestions for Future Research

Future research should; Investigate the underlying factors that influence the effectiveness of ethics, including cultural, political, and social dynamics. There is need to conduct comparative studies across different countries or industries to understand the universality of these findings. There is also need to explore the potential impacts of emerging trends such as digitalization and globalization on sustainable performance in parastatals.

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