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John Odhiambo Mudany, Dr. Nicholas K. Letting, PhD. &

Prof. Wainaina Gituro, PhD.

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John Odhiambo Mudany

Management and Leadership, School of Management and Leadership,

The Management University of Africa, Kenya

Dr. Nicholas K. Letting, PhD,

Management and Leadership, School of Management and Leadership,

The Management University of Africa, Kenya

Prof. Wainaina Gituro PhD, Professor,

Management, Department of Business Administration, School of Business,

University of Nairobi, Kenya

Email of the corresponding author: jomudany@gmail.com

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Abstract

The business environment is characterized by turbulence, unpredictability, and ever-changing circumstances. This compels organisations to revisit their strategic planning in order to adjust to the dynamic and complex environment that is ever changing. The influence of strategy implementation on performance is subject to soft, hard and mixed factors. Soft factors consist of human capital factors like commitment, communication, and consensus. The hard factors consist of hierarchy of positions in the organizational and administrative systems. Strategy implementation is a highly complex and interactive process and the success in strategy implementation depends crucially on the human or people side of project management, and less on organization and systems related factors. Most organizations do not report good performance outcomes because the organizations and their managers forget the vital role of strategy implementation. Strategy implementation is a connecting loop between formulation and control. Implementing strategies require the identification of the gap in skills and figure out how to bring those skills into the organization. The concept and practice of implementing strategies has been embraced worldwide and across various sectors because of its perceived contribution to organizational effectiveness and improvement in performance by organizations. This paper was anchored on the expectancy theory and buttressed by the open systems theory and resource-based view theory. This paper adopted positivism view with the aim of predicting and generalizing about the relationship between strategy implementation and performance of Energy sector institutions as moderated by macro environment. The target population was the 68 institutions under the energy sector. The pilot test was carried out on twenty managers from different departments of the selected firms. The Quantitative data was analysed using Statistical Package for Social Sciences (SPSS version 22). The study results showed a statistically significant relationship between strategy implementation and performance. The study findings also indicated a positive and a statistically significant relationship between macro environment and performance. The paper recommends continued scanning and analysis of macro environment attributes as they are important to firms in coining strategies.

Keywords: *Strategy implementation, Macro Environment, Organizational performance*

Introduction

Strategy implementation is the process of apportioning resources with the objective of supporting the chosen strategies (Pearce & Robinson 2013). This process ordinarily involves various management activities that are essential in putting strategy in motion, establish strategic controls that evaluates progress, and at the end achieve organizational goals (Pearce & Robinson 2013). Marginson (2012) pointed out a number of problems in strategy implementation: for example weak and poor management roles in implementation, lack or insufficient communication, unawareness or misunderstanding of the strategy, inadequate commitment to the strategy, unaligned organizational resources and systems, poor work coordination and sharing of responsibilities, competing activities, inadequate capabilities and uncontrollable environmental factors. Strategy implementation is an action phase of the strategic management process as stated by (Heracleous & Wirtz, 2012). Strategy implementation has been increasingly the focus of many numerous studies, particularly because the process from strategy formulation to strategy implementation is not effective and therefore not adequate in today’s business environment Sorooshian, Norzima, Yusof & Rosnah, 2010). Implementing strategy is putting the chosen strategy into practice, resourcing the strategy, configuring the organization’s culture and structure to fit the strategy and managing change (Campbell, Edgar & Stonehouse, 2011). Strategy implementation is important but difficult because implementation activities take a longer timeframe than formulation, involves more people and greater task complexity, and has a need for sequential and simultaneous thinking on part of implementation managers’ (Hrebiniak & Joyce, 2001). In view of these factors, research into strategy implementation is also difficult for it entails the need to look at it over time; presents conceptual and methodological challenges as it involves multiple variables which interact with each other and show reciprocal causality (Fajourn, 2010).

Challenges faced by managers in implementing organizations’ strategies is an issue that has been subject to investigation by Gebczynska (2016) and Radomska (2014). Manager characteristics play a critical role in determining the outcome of decisions made and the level of success in implementing strategies (Jespersen & Bysted, 2016). Successful managers spend valuable time in ensuring that strategies are implemented flawlessly given that an organization's output suffers when insufficient time and effort are expended on strategy execution or inappropriate execution actions thereof (Jiang & Carpenter, 2013). In addition, only about half of the ideas described in strategic plans ended up being implemented (Burlton, 2015). Managing undertakings internal to the firm is only part of the modern executive's tasks (Pearce & Robinson, 2013). Managers anticipate, monitor, assess and incorporate executive decision making to challenges posed by the firm's environment.

In the face of the increasing uncertainty and complex economic and political circumstances that define today's world, the idea of implementing policies strategically has been brought into play by governments to enhance capacities and performance standards (Bryson, 2018; Ferlie &Ongaro, 2015). Strategy implementation is considered as a difficult task that demands persistence, draws attention to details and prepares the organization for the future (Joyce & Drumaux, 2014). Jenkins, Breen, Brew and Lindsay (2003) consider that the implementation of a strategy in an organization is akin to fighting a long and bloody battle.

Strategy implementation is seen as the most difficult phase of the whole strategy process. There is often a concern that strategic management will fail during the implementation phase. It has been also claimed that less than 50% of formulated strategies are actually implemented (Hambrick & Cannella, 1989; Nutt, 1995; Miller, 2001). The challenges and problems faced in implementing strategies and the key attributes of successful strategy implementation have been widely investigated (Alashloo, Castka & Sharp, 2005; Elbanna *et al*., 2015). One of the most important reasons that makes this phase so problematic is the "implementation gap", in that formulating strategies and implementing them are frequently considered as entirely distinct processes (Noble, 1999). Most top managers are capable enough to create strategic documents that analyse existing situations and describe reasonable strategic practices for their improvement, but since key formulators of strategic decisions mostly play no active role in the implementation phase, the gap in implementation inhibits the acquisition of effective implementing strategies.

Research by Pettigrew (1988), Perry (1996) and Miller (1997) on emergent strategies highlight the way that strategies are actually implemented within organizations as being critical to their success, as well as the actual content of those strategies and the way in which they were initially formulated. In the same line, Hrebiniak and Joyce (2001) considers that implementation, as a challenging activity, takes a longer time than formulation, involves more people and greater task complexity, and implies the need for sequential and simultaneous thinking on the part of managers responsible for implementation. Without well planned strategy implementation program, no strategy would be implemented regardless of its superiority. Better strategy implementation assures companies of improved returns on investment (Lefort, McMurray & Tesvic, 2015). Effective strategy implementation enables an organization record great benefits in terms of improved customer satisfaction, loyalty and repeat purchase. Signs of poor strategy implementation could involve low self-esteem among employees, low employee retention, low customer satisfaction and struggling organizational performance. This paper focuses on assessing the relationship between strategy implementation and organizational performance and the moderating effect of macro environment on the relationship.

Strategy Implementation

The fatal problem with strategy implementation is the de facto success rate of intended strategies. In research studies it is as low as 10% (Judson, 2001). Despite this abysmal record, strategy implementation does not seem to be a popular topic at all. In fact, some managers mistake implementation as a strategic afterthought and a pure top-down-approach. Instead, management spends most of its attention on strategy formulation. Research emphasizing strategy implementation is classified by Bourgeois and Brodwin (1984) as part of a first wave of studies proposing structural views as important facilitators for strategy implementation success. Beyond the preoccupation of many authors with firm structure, a second wave of investigations advocated interpersonal processes and issues as crucial to any marketing strategy implementation effort (Noble, 1999). Conflicting empirical results founded upon contrasting theoretical premises indicate that strategy implementation is a complex phenomenon. In response, generalizations have been advanced in the form of encouraging: early involvement in the strategy process by firm members (Hambrick & Cannella, 1989); fluid processes for adaptation and adjustment (Drazin & Howard, 2004); and, leadership style and structure (Bourgeois & Brodwin, 1984). Poor strategy implementation results into overall reduced performance of an organization. Therefore, apart from developing strategies, every organization must ensure that such strategies are effectively implemented for it to remain competitive in the current era where competitiveness is very high. It is extensively acknowledged that no matter if a strategy is emergent or deliberate, planned or unplanned, it will have little effect on an organization’s performance until it is implemented (Mintzberg, 1993). This means that the successful implementation of strategies depends on the particular style of implementation that an organization decides to adopt, which in turn has important implications for organizational performance.

The concept and practice of implementing strategies has been embraced worldwide and across various sectors because of its perceived contribution to organizational effectiveness and improvement in performance by organizations (Thompson & Strickland, 2010). Today, organizations both public and private have taken seriously to the practice of implementing strategic plans to guide the performance of those organizations. Matanda and Ewing (2012) indicate that organizations’ strength, growth, and success depend on how well they implement their strategic plans. The process of implementing strategy involves aligning key organizational functions or factors with the chosen strategy (Matanda & Ewing, 2012). However, these strategies may not be fully implemented due to changes in the organizational environment. The concept and practice of implementing strategies has been embraced worldwide and across various sectors because of its perceived contribution to organizational effectiveness and improvement in performance by organizations (Thompson & Strickland, 2010). Today, organizations both public and private have taken seriously to the practice of implementing strategic plans to guide the performance of those organizations. The process of implementing strategy involves aligning key organizational functions or factors with the chosen strategy. However, these strategies may not be fully implemented due to changes in the organizational environment. Strategy implementation involves allocation and management of sufficient resources, establishing a chain of command or some alternative structure, assigning responsibility of specific tasks or processes to specific individuals or groups (Pearce, Robinson, & Subramanian, 2000). Successful strategy implementation starts with a good strategy.

The influence of strategy implementation on organizational performance continues to be singled out as important in research and practice (Gaya, Struwig & Smith, 2013). For many years, there has been constant emphasis on strategy formulation and inadequate emphasis on strategy implementation (Khan, Tahir & Zafar, 2016; Nnamani, Ejim & Ozobu, 2015; Akinyele & Fasogbon, 2007). This emphasis on the plan and little or none on the implementation has been the cause of under-performance in most organizations. Noble (1999) asserted that most institutions' best-conceived strategies fail to generate premium performance due to poor implementation. Unless the desired financial and non-financial results dictated by an institutional strategy are achieved, the institution will be incapable of exploiting the future opportunities and combating threats effectively (Hrebiniak, 2006). According to Aladwani (2003), strategy implementation means executing the results of planning through operationalization of the day to day activities so that an organization can achieve its competitiveness. Mashhadi, Mohajeri, and Nayeri (2008) postulate that for an organization to implement the strategy successfully, adequate resources, decision-making processes, organization structure, culture, information and communication technology, reward and motivation systems, effective communication, education, capabilities and skills should be provided.

Macro Environment

The industry environment has become a key factor influencing organizational performance as supported by Tam, Tam, Zeng and Ng (2007) who concluded from their study that organizations sometimes failed to adapt to the dynamism of business environment. The empirical survey showed that a negative relationship exists between environment uncertainty and export performance (Matanda & Freeman, 2009). In addition, environmental characteristics also affect how strategies are attained. Many studies considered the environment as a key factor that provides the infrastructure for strategy implementation (Taslak, 2004). Environmental issues are cited as a determinant of success or failure of strategy implementation in works such as Okumus (2003) and Taslak (2004). The results of these studies are inconclusive on the effects of macro environment and performance. This is of particular interest in view of the increasing recognition among researchers, policy-makers and managers alike of the importance of the synergy of organizational factors for creating and delivering value (Moore, 2000).

Theoretically, factors in the macro-environment could be considered as the external business environment conditions of a region as well as a nation. According to Mahadea and Pillay (2008), external business environment conditions refer to the factors outside the firm over which the entrepreneur has little control. In general, these conditions include the political, economic, social, technological, environmental and legal factors. According to Johnson, Scholes and Whittington (2009), the external environment for a firm will mainly focus on the macro-environmental factors that may influence the firms’ development in the real business world. These factors should include political, economic, social, technological, environmental, and legal factors. Macro-environmental factors can be considered as external factors, which affect the development of most enterprises and are beyond their control (Mahadea & Pillay, 2008).

The external environment comprises factors that originate beyond and usually irrespective of any firms operating situation (Hitt, Ireland, Camp, & Sexton, 2001). They include political, economic, social, technological, ecological and legal factors (PESTEL) (Pearce, et al, 2000). The external environment presents firms with opportunities, threats and constraints but rarely does a single firm exert any meaningful reciprocal influence. According to a study by Ho, (2014), a PESTLE analysis can contribute to strategic planning and decision-making through informing strategic decisionmakers about changes and development (Ho, 2014), identifying the key drivers utilised in war gaming exercises, the provision of important strategies to support internal analysis (Fleisher

& Bensoussan, 2003), maintaining organisational awareness and providing valid assumptions for a company's strategy development (Fleisher & Bensoussan, 2003). PESTLE analysis and any of its subsequent forms rely on the managers' ability at various levels to see and observe the environment as well as their capability to collect and analyse the relevant data to enable the analysis to be conducted (Fleisher & Bensoussan, 2003).

Ansoff and McDonnell (1990) posit that organizations must adapt to their environments if they have to remain viable. One of the shortcomings of the theoretical and empirical research on organizational environment has been failure to clearly conceptualize external environment (Machuki & Aosa, 2011). This could partly be due to the different perceptions of what constitutes the external environment. Different people perceive and act on occurrences in the external environment differently and will thus craft strategy depending on their perception of it bringing forth behavioural aspects in environmental analysis (Ogollah, 2012). Debate remains inconclusive whether environment should be analysed objectively or subjectively. Organizations are environment serving and dependent (Ansoff & McDonnell, 1990). They get resources and opportunities from the environment. This means that at all times organizations must align themselves to the ever turbulent and dynamic environment. It is important to note that the environment may play a bigger role for small firms than for bigger firms because of small firms" higher vulnerability to environmental influences. Paradoxically, the environment is a threat for the firm, but also an opportunity in providing resources the firm needs. Therefore, managers should be in the forefront in scanning the external environment for information in order to be in charge and not be caught unawares Ombaka (2014). Venkatraman and Prescott (1990) argue that the fit between environmental dimensions and strategy will lead to better organizational performance. This paper sought to establish why such a high percentage of strategies does not result in high performance and how the external environment affects and hinders the implementation process of strategies (Dandira, 2011). Exploring the reasons of implementation inefficiency and ineffectiveness means identify the gap between what is planned to be done and what is done during the implementation stage. This allows us to understand better what can be done to improve the implementation process so that it fits better with environment changes.

Performance

Performance is a measure of an organization's financial condition or financial outcomes resulting from management decisions and carried out by organization members. The size of performance reflects the strategic decisions, operational and financing (Fening, 2012). The analogy, finance is the heart of corporate, business strategy planning must be balanced by financial planning strategy. Any decision or business opportunity that taken should be adjusted according to calculations of financial performance outcomes, weather it is really profitable company or not. Significant information in financial statements can be used to assess performance during a specific time (Camisón & Villar- López, 2010). It was concluded that performance is part of financial statements which indicates the position of resources and performance of companies during the period, and financial statements describing company's financial performance and ability to generate revenue from its available resources. Organizational performance is the actual productivity of an organization measured against its projected goals and objectives (Upadhaya, Munir, & Blount, 2014). The performance of an organizational is based on the perception that the organization is comprised of valuable resources that include personnel, physical and capital assets that are used to achieve a shared goal. The performance can be measured in terms of productivity and outcome, profit, effectiveness of internal processes and procedures, staff attitudes and organizational responsiveness to the environment (William, 2002). These diverse constituents result in many different interpretations of successful or poor performance of organizations (Barney, 2002).

Organizational performance measurement is not only limited to economic outcomes governed by financial indicators such as accounting returns, stock market and growth measures, but also non-financial indicators such as customer contentment, personnel satisfaction and social performance (Combs, Crook & Shook, 2005). Therefore, organizational performance is the measure of internal performance results normally linked with more efficient or effective processes and other external measures such as corporate social responsibility that relate to considerations that are broader than economic valuation (Richard, Devinney, Yip, & Johnson, 2009). The key performance indicators of an organization can be measured through efficiency which is marked by the degree of production costs, output of labour and capital; through quality which is measured by the number of faulty products returned inwards; innovativeness is measured against number of new products developed against the competitors and percentage generated from new products (Richard et al., 2009).

Literature Review

Theoretical Review

This paper was anchored on the expectancy theory and buttressed by the open systems theory and resource-based view theory.

Expectancy Theory

Expectancy Theory was developed by Vroom (1964). This theory suggest that people will only carry out a task with the expectation that their action will help them achieve a required result. The theory deals with motivation and management. Expectancy theory assumes that behavior is a result of choosing among alternatives with the purpose of maximizing pleasure and minimizing pain. Expectancy theory is adopted for this study because it is a theory of management behavior that promotes employee commitment to organizational goals and standards. Expectancy theory as an aspect of management, occupies a very important place in business (Parijat & Bagga, 2014). Expectancy theory is relevant in strategy implementation which requires a large number of stakeholders that are motivated by different interests in relation to strategy implementation. Expectancy theory is relevant for this study because strategy implementation can be positioned as the pivotal behavioral choice which then can be used to advance factors that indirectly affect the adoption of implementation activities through expectancy. Expectancy theory attempts to identify relationships among variables in a dynamic state which affect individual behavior, hence it is a process theory.

Open Systems Theory

Open systems theory was developed by Burnes (2000). The theory suggests that organizations operate in open systems where there is interaction between the internal and macro environment. The proponents of open systems theory suggest that as enterprises perform their trades, they will be subjected to events and changes in their macro environments. This is so since enterprises are environment serving and reliant (Ansoff & McDonell, 1990). Organizations are open schemes that need careful management to gratify and stabilize internal needs and adapt to external circumstances (Burnes, 2000). Open systems theory argues that organizations are strongly influenced by their environment for change and survival. This theory explains how strategy helps an organization to achieve sustainable competitive advantage. Thus, survival of organizations relies on its affiliation with the environment. Organizational performance is vastly associated to the vibrant evolutionary nature of the fit between the environment and the organization (Machuki & Aosa, 2011). For any organization to thrive, they must constantly interact with the ever-changing macro environment. Organizations exist in open systems.

Organizational external environment consists of the micro and macro environments. In this regard it is prudent for organizations' management to be keen on current and trending issues, emerging technologies, new legal regulations, inflation, customer behavior, competition, supplier challenges, sponsor demands, political shifts among other issues that may affect their organizational performance. Failure to be on the lookout for environmental shifts, adaptation and response may lead to loss of market share, losses and at times extinction. Energy sector institutions operate in open systems where they transact with the environment. They are thus affected by environmental changes in the micro and macro environments. This theory is crucial in this study as it explains the effects of macro environment on the relationship between strategy implementation and performance. This explains the relevance of this theory in this paper.

Resource-Based View Theory

Resource Based View Theory was first advanced by Penrose (1959) who argued that a firm's superior performance is achieved when the resources are controlled by the firm. The resource-based theory (RBT) anchors propositions on organizational resources and contends that firm behaviors depend on resources (Barney, 1991). Resource based view theory states that, firm's performance is mainly driven by a unique set of resources that are valuable, rare and difficult to imitate (Singh & Mahmood, 2014). The chosen business strategy supports organisation to best and fully exploit its core competences given the available opportunities in organizations' external environment (Griffin, 2013). The theory emphases internally on assets, organizational processes, capabilities, knowledge, information, and other capacities controlled by an organisation that permits the development and implementation of effective strategies (Okioga, 2012).

The theory submits that for an organization to have competitive advantage over its competitors, it needs to prioritize the acquisition of unique resources and capabilities (Barney, 2002). The resource-based view (RBV) theory explains that valuable and rare organization resources can be difficult to replicate, and thus leading to sustained advantages in organizational performance (Alavi, Wahab, Muhamad, & Shirani, 2014). The RBV emphasizes the organization's resources as the fundamental determinant of competitive advantage. Two of RBV's assumptions are that firms within an industry or in a strategic group could be heterogeneous with respect to the kind of resources that they control. Secondly, it assumes that resource heterogeneity is long lasting because the resources used to implement firms' strategies are not perfectly mobile across firms and are difficult to accumulate and imitate. Theoretically, RBV addresses the fundamental question of why firms are different and how they achieve and sustain competitive advantage. The RBV model assumes that each organization is a collection of unique resources and capabilities.

Strategy Implementation, Macro Environment and Performance

According to Aaltonen and Ikavalko (2002), strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation and planning. Alexander (1991) as cited by Aaltonen and Ikavalko (2002) argues that, strategy implementation is less glamorous than strategy formulation. People overlook it because of the belief that it is easy to do. People are not exactly sure of what strategy implementation includes and where it begins and ends. Speculand (2011) argues that leaders must admit that strategy implementation is extremely difficult and they habitually underestimate its challenges. Implementing strategy is just as tough as crafting the right strategy. When leaders start to appreciate that formulating and implementing strategy are equal challenges, then they will easily start to pay more attention to strategy implementation.

Many leaders delegate their implementation responsibilities and do not follow through on their actions. When leaders stop paying attention to implementation, the staffs also relax and that is the beginning of its failure. A carefully prepared and solid strategic plan is no longer enough to ensure profitable success. It should link virtually every internal and external operation of an organization with a focus on customer needs (De Feo & Janssen, 2001). According to Davenport (2007), creating a brilliant strategy is not superior to executing it successfully. Execution is critical to organizational success, thus a carefully and well-planned approach to execution leads to attainment of strategic goals. Therefore, in order to achieve intended results, good strategies should be properly implemented. Implementing a strategy is as important, or even more important, than developing the strategy (Candido & Santos, 2015). The critical actions of strategy implementation make a strategic plan stop being a document that lies on the shelf. This is realized through adopting actions that drive business growth.

According to Ibrahim, Sulaiman, Kahtani, and Jarad (2012), previous research on organizational performance revealed that organizations that implement their strategies effectively also perform better than organizations that lack in implementing their strategies. Firms which implement strategic planning achieve better performances than those that don’t implement (Al-Kandi, Asutay & Dixon, 2013). Strategic management process is important for a firm’s success since it enables a firm to define a future direction, provides the means to achieve its mission, and ultimately leads to value creation (Porth, 2003). Powell (1992) also indicates that firms which adopt strategic management generally improve their performance. One of the most important management’s tasks is to constantly search for the best strategy to enhance performance.

Fermando (2017) regards business environment as external forces, factors and institutions that are beyond the control of the business and they affect the functioning of a business enterprise, these include customers, competitors, suppliers, distributors, community, industry trends, substitutes, regulations government activities, the economy, demographics, social and cultural factors, innovations and technological developments. Kinuu (2014) posit that the business environment in which organization operates exerts pressure on them the pressures from the environment provoke different responses as organization seek legitimacy in order to survive and prosper in the environment. O’Regan and Ghobadian (2007) mentioned the instability of macro environment which increases risks of specific situation such as expanding business on new markets, the development of new products or the investments on financial market.

Environmental conditions such as uncertainty, dynamism, hostility, the number of relevant components in the environment and the relationship between these components, all increase perceived complexity in managing organizations (Lehner, 2004). Machuki and Aosa (2011) operationalized the environmental constructs into internal and external factors. Murgor (2014) avers that it is impossible to examine everything occurring and some elements could be more relevant to some organizations than others. According to Welch and Welch (2005) an overall assessment of conditions that affect firm today indicates that for most organizations, their external environment is filled with uncertainty. To successfully deal with the uncertainty and achieve competitive advantage, firms must be aware of and fully understand the different manifestations of the external environments. Osuagwu (2001) postulate that environment has been seen as the totality of the factors that affect, influence, or determine the operation or performance of a business. The environment determines what is possible for the organization to achieve.

External and internal customers of a company such as shareholders, customers, employees, suppliers and technology exert pressure on the company's ability to adjust and drive internal and external advancement (Jaaskelainen & Sillanpaa, 2013). Pearce and Robinson (2013) indicated that for organizations to attain efficacy and productivity, there should be strategic change of structure. These can be achieved by retaining the traditional structures that are best as new structures that are superior are embraced. Burnes (2000) further observed that organization design can be considered to be a strategic tool for executing business strategy. Many businesses have been compelled to change their business strategies after increased advancement in technology, amplified competition, augmented demand on non-price competitive advantage and shifting economic regulations. The changes experienced in the businesses at the moment are greater than before and therefore there is need for companies to adapt to the changes (Burnes, 2000).

Neely (2013) postulates that performance refers concurrently to the action, the action results, and to the triumph of the outcome matched to some standard. Kaplan and Norton (2012) defined performance, therefore as a set of factors that describe the procedure by which countless outcomes and results are attained. The importance of organizational performance can be seen from theoretical, empirical and managerial lenses (Venkatraman & Ramanujam, 2016). The theoretical lens focuses on the effectiveness of strategies that influence the level of performance they cause while the practical lens brings to light the various constructs that have been utilized to capture performance (Mintzberg & Lampel, 2009). The managerial perspective focuses on the quality of the day-today decisions made by managers (Venkatraman & Ramanujam, 2016). Irrespective of this importance, the research outcomes on performance stay inconclusive, and several reasons have been advanced for the indecisive results including methodological defects, ignoring the organizational characteristics in performance relationships and related application of models (Mugambi & K'Obonyo, 2017).

Measuring performance is one of the utmost problematic issues in the study of strategic management. Strategic management scholars, in their mission for establishing performance associations of the strategic behavior of businesses, continue to measure performance of the business using a broad range of operationalizing schemes (Mugambi & K'Obonyo, 2017). However, there is no any research informed systematic deliberation among researchers as to what constitutes a valid set of criteria. Most of the strategic management studies have measured performance using traditional financial measures (Walsh, Weber, & Margolis, 2013). The main issue associated with traditional performance measurement is the failure to embrace non-financial and less tangible aspects such as employee morale, quality and client satisfaction (Kaplan &Norton, 2012). Nowadays, there is a belief that the traditional financial methods are still effective and relevant (Taylor, 2017). In summary, business environment is the combination of many factors both tangible and non-tangible that provides the lifeblood for the organizations success by providing a market for its products and services and also by serving as a source of resources to others. According to Ciano (2011), business is a series of collisions with the future while its present day challenges include convergence, corporate governance, corporate reporting, fraud, operating globally, improving business performance, managing assets, change and people, mergers and acquisitions, risk management, shareholder's values and sustainability.

Conceptual Framework for the Study

Literature review reveals gaps in the findings and opinions of past studies. Whereas some views agree that Strategy implementation has a direct influence on organizational performance, others argue that this relationship is not conclusive and is subject to other factors. This study investigated the moderating role of macro environment in this relationship as presented in a diagrammatical form in Figure 2.1.

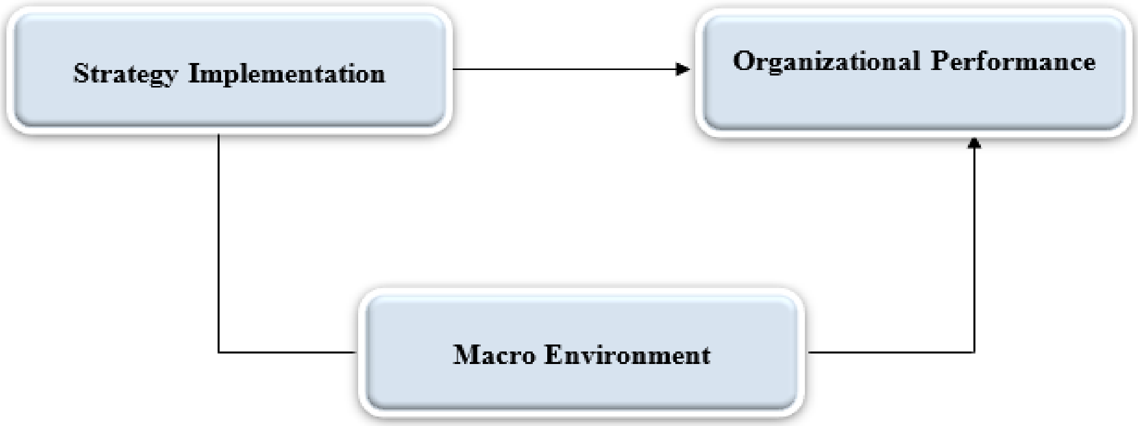

Figure 1: Conceptual Framework

Hypothesis of the Study

Based on the empirical review and the conceptual framework, the following research hypothesis was developed.

$H0_1$: There is no significant moderating effect of macro environment on the relationship between strategy implementation and performance.

Methodology

Research Philosophy

The study adopted a positivist paradigm which involves a statistical analysis approach. This paper adopted positivism view with the aim of predicting and generalizing about the relationship between strategy implementation and performance of Energy sector institutions as moderated by macro environment.

Research Design

This study employed a cross-sectional survey design. The adopted design enabled collection of data across different facilities and testing their relationships. The cross-sectional study was concerned with finding out what, when and how much of the phenomena under study (Cooper & Schindler, 2014).

Population of the Study

The study population comprised all key players under energy sector covering both public and private institutions listed in the register of Energy and Petroleum Regulation Authority February 2019. According to ERC (2019), there are 68 institutions under the energy sector. The unit of observation comprised of the C.E.O or the Head of the Institution and two members of management involved in finance, operations or technical. This is because they are at policy and strategy level. This made it three (3) respondents from each category. The researcher purposively included CEO, head of finance and technical or operation manager from all the institutions to select 204 employees.

Data Analysis

The study used primary data and secondary data. Primary data was obtained from the selected respondents using questionnaires. Quantitative data was analysed using Statistical Package for Social Sciences (SPSS version 22). The study employed linear regression analysis to determine the relationships that exist between the independent variable(s) and dependent variable. A multiple linear regression model was used to determine the moderating effect of macro environment on the relationship between strategy implementation and performance. Pearson correlation analysis was also done to measure the strength and direction of the relationship between the dependent and independent variables.

Findings and Discussions

Response Rate

The researcher distributed 204 questionnaires, out of which 166 responded positively by filling and returning the questionnaires. This represented an overall positive response rate of 81.37 percent. The remaining 18.63 percent were unresponsive even after several follow-ups and reminders. Table 1 and 2 give results for the response rate.

Table 1: Response Rate of study Population

Category	Targeted employees	Response of employees	Percent
Policy & Regulation	9	7	77.78
Distribution and Transmission	6	5	83.33
Generation	189	154	81.15
Total	**204**	**166**	**81.37**

Table 2: Response Rate

Category	Questionnaires distributed	Questionnaires filled and returned	Percent
Respondents	204	166	81.37

Reliability and Validity Tests

Table 3: Cronbach's Alpha Reliability Coefficients

Variable	Components of Variables	Cronbach's Alpha	Number of items	Decision
Strategy Implementation	-Leadership -Structure -Responsibility and Accountability -Culture	.906	20	Reliable
Macro Environment	-Political -Ecological -Social -Technology	.921	26	Reliable
Performance	-General performance -Service delivery	.853	14	Reliable

As shown in Table 3, the alpha coefficients for all the variables are above the 0.7 threshold. This was confirmation of reliability of the data used to draw conclusions from theoretical concepts. Cronbach's alpha coefficient was 0.921 (macro environment) revealing a high degree of reliability of the instrument. The results indicate that all constructs had high scores of reliability coefficients. This implies that all the variables had a reliable index measure indicating that the instrument was reliable in collecting data.

Descriptive Statistics

Moderating Effect of Macro Environment on the Relationship between Strategy Implementation and Performance of Energy Sector Institutions in Kenya

The respondents were asked to rate factors on macro environment on a Likert scale of 1(strongly disagree) to 5 (strongly agree) as applied in the energy sector. Table 4 gives the results of the findings.

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Table 1: Macro Environment Dimensions

Macro Environment	N	Mean	Std. Deviation	Coefficient of Variation (Percent)
Political- policy and support				
There is a lot of political interference which makes us adjust how we implement our strategic objectives.	166	2.20	0.647	29
Policy and Regulation (licensing, land, tariff) influences how my organization implements strategic plans in order to achieve our goals.	166	3.75	0.943	25
There is adequate Political support for our organization which enables us achieve our strategic goals	166	2.46	0.898	37
Regulation of Power tariffs has affected achievement of our strategic goals implementation	166	3.59	0.881	25
Overall Mean	**166**	**3.00**	**0.842**	**29**
Ecological				
Our company considers the environment when implementing strategy	166	4.21	0.438	10
Ecological factors affect our organization when implementing our strategy.	166	4.06	0.392	10
Our firm consider competitors as important market players and sources of information and opportunities for cooperation are explored	166	4.02	0.269	7
Resource commitment is guided by social environmental variable	166	3.96	0.187	5
Overall Mean	**166**	**4.06**	**0.322**	**8**
Social				
The social forces change very fast and they influence the way we implement our strategic initiatives	166	3.83	1.050	27
Harmonious working relationships with the stakeholders (community, employees, suppliers, political and administrative class)" is important when implementing our strategies	166	4.81	0.391	8
Preserving positive public image is one of the main policies for our Organization when implementing strategy	166	4.78	0.497	10
Resource commitment is guided by social environmental variable	166	4.54	0.989	22
Overall Mean	**166**	**4.49**	**0.732**	**17**

Macro Environment	N	Mean	Std. Deviation	Coefficient of Variation (Percent)
Technology				
My organization uses the most appropriate technology in the market to produce power or provide services	166	4.61	0.547	12
The level of technology in place has greatly assisted my organization to implement strategies	166	4.69	0.526	11
Our organization updates and improves our technology and systems to ensure they are the latest and most efficient	166	4.54	0.864	19
Our organization is keen to ensure that technology required is availed	166	4.73	0.494	10
Our organization is quick to respond to the changes in technology	166	4.64	0.698	15
My organization allocates funding for new technology, research and development	166	4.31	1.268	29
Overall Mean	**166**	**4.59**	**0.733**	**16**
Economic				
The actions of our competitors have made us change our strategy in the last five years	166	3.35	0.859	26
Bargaining powers of suppliers to service providers is very competitive	166	3.67	0.827	23
My company experiences threat of substitute services from other sources.	166	3.13	0.896	29
Economic factors like inflation, exchange rates, economic growth has significant influence on our strategy implementation	166	3.84	0.876	23
Overall Mean	**166**	**3.50**	**0.865**	**25**
Legal				
Strict government rules and regulation could hinder the viability of my business	166	2.92	0.846	29
Compliance requirement with various laws and regulations (e.g environmental, procurement, safety etc) has influenced implementation of our strategy	166	3.79	0.581	15
Laws on taxation has been unfavorable to our organization and impacted implementation of our strategic goals	166	3.62	0.878	24
Regulation of access to licenses has impacted implementation of our organization strategy	166	3.66	0.872	24
Overall Mean	**166**	**3.50**	**0.794**	**23**
Grand Mean	**166**	**3.86**	**0.715**	**19**

The grand mean of statements on macro environment was 3.86, standard deviation of 0.715 and coefficient of variation of 19 percent, a moderate mean indicating that macro environment factors were found to moderately affect performance. The factor that recorded the highest mean was technology with an average mean of 4.59, standard deviation of 0.733 and coefficient of variation of 16 percent. The findings indicated that most of the surveyed institutions used appropriate technologies and constantly updated the technology and systems to the latest for efficiency and effective power generation and distribution. Hence from the findings, it is evident that Technology infrastructure is an important factor in achieving business objectives and hence firms need to be technologically ready to take on the strategic challenges that can fuel growth. Additionally, firms with higher technological capability are able to deliver their services effectively. The implementation of strategy is affected by technological innovations, in that improved technology facilitates efficient communication and adoption of effective strategies for better firm performance.

The average mean of statements on social was 4.49, standard deviation of 0.732 and coefficient of variation of 17 percent, a high mean indicating that social factors affected implementation of strategy for improved firm performance. The findings indicated that harmonious working relationship among all stakeholders was crucial in strategy implementation for efficient firm performance. The firms were careful to promote positive public image as they implemented their strategies. A good social environment is hence necessary for implementation of strategy to influence better firm performance.

The average mean on statements on ecological factors was 4.06, standard deviation of 0.322 and coefficient of variation of 8 percent, a high mean indicating that the ecological environment which provides natural resources for manufacturing and energy production, is a key part of strategy implementation to influence firm performance. The findings indicated that ecological factors were found to affect the firms when implementing strategy as well as competitors were found to greatly affect market.

On economic, the average mean recorded was 3.50, standard deviation of 0.865 and coefficient of variation of 25 percent, a relative moderate mean indicating that economic factors had a moderate effect on strategy implementation to influence firm performance. The strength of business competition is a constantly changing factor in the external environment as competitors influence changes in the marketing strategies, product lines and prices which affect firm performance. Hence from the findings, firms ought to be keen on changes and competition present in the economic environment to formulate and adopt effective strategies for efficient firm performance.

The findings on legal environment indicated that most of the surveyed institutions in the energy sector had found legal factors such as taxations, compliance with laws and regulations and government strict rules affect strategy implementation which in turn affects firm performance. From the findings, in order for firms to cope with the legal environment, there is a need to develop and implement appropriate strategies that are compliant with the laws and regulations of the industry which would safeguard their operations and hence yield the desired results.

Lastly on political (policy and support), the average mean was 3.00, standard deviation of 0.842 and coefficient of variation of 29 percent, a relatively low mean indicating that political factors ought to be looked into clearly for effective strategy implementation leading to better firm performance. The findings indicated that the political environment in most firms was not favorable and there was need for leaders in the firms to ensure firms receive adequate political support for effective strategy implementation to influence better firm performance.

From the findings, it is prudent for organizations' management to be keen on current and emerging issues in the external environment such as emerging technologies, new legal regulations, inflation, customer behavior, competition, supplier challenges, sponsor demands, political shifts among other issues that may affect strategy implementation for effective organizational performance. Failure to be on the lookout for environmental shifts, adaptation and response may lead to loss of market share, losses and at times extinction.

Inferential Statistics

To test this relationship, the following hypothesis was tested; $H0_1$: *There is no significant moderating effect of macro environment on the relationship between strategy implementation and performance.*

The hypothesis was tested through Stepwise regression analysis using two steps. The first step involved testing the influence of strategy implementation and macro environment on performance. The second step involved introduction of the interaction term through stepwise regression analysis. Regression results for the influence of macro environment on the relationship between strategy implementation and performance are contained in Table 5.

Table 5: Regression Test of the Moderation Effect of Macro Environment

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.716[a]	.513	.510	.30712	.513	172.902	1	164	.000	
2	.764[b]	.584	.579	.28469	.071	27.858	1	163	.000	2.064

a. Predictors: (Constant), Strategy Implementation
b. Predictors: (Constant), Strategy Implementation, Macro Environment strategy implementation interaction
c. Dependent Variable: Performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.309	1	16.309	172.902	.000[b]
	Residual	15.469	164	.094		
	Total	31.778	165			
2	Regression	18.567	2	9.283	114.538	.000[c]
	Residual	13.211	163	.081		
	Total	31.778	165			

a. Dependent Variable: Performance
b. Predictors: (Constant), Strategy Implementation

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c. Predictors: (Constant), Strategy Implementation, Macro Environment strategy implementation interaction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.771	.195		9.083	.000		
	Strategy Implementation	.598	.046	.716	13.149	.000	1.000	1.000
2	(Constant)	.830	.254		3.267	.001		
	Strategy Implementation	.412	.055	.493	7.485	.000	.588	1.702
	Macro Environment strategy implementation interaction	.427	.081	.348	5.278	.000	.588	1.702

a. Dependent Variable: Performance

Table 5 shows that model 1 is significant (p-value < 0.05, R2 = .513) implying that strategy implementation and macro environment jointly explain 51.3 percent of variation in performance. Further, upon introduction of the interaction term, coefficient of determination (R2) changed from .513 in model 1 to .584 in model 2 therefore giving a variation change of .087 which is significant at 95 percent confidence level (p=0.000<0.05). Further the change in p-value in model 2 is 0.00 which is also significant (p-value<0.05) implying that macro environment significantly moderate the relationship between strategy implementation and performance. The results further depict that F-value for both models were high and significant (F=172.902 for model 1; F=114.538 for model 2) implying that the overall models for direct and moderating relationships are significant and have explanatory value in explaining performance. The results showed that strategy implementation and macro environment individually are significant in explaining performance (t=13.149, p<0.05) and for model 2 when interaction term is introduced it is also significant (t=5.278, p<0.05). Therefore, based on the results of the test, the hypothesis that there is no significant moderating effect of macro environment on the relationship between strategy implementation and performance was rejected and the alternative hypothesis supported.

This was guided by the following model; $Y= \alpha+ \beta_1X+ \beta_2Z+\beta_3 X.Z + \varepsilon$

Where: Y_i is Performance

X is Strategy implementation

Z is Macro environment (Moderating variable)

X.Z is strategy implementation and macro environment (interaction)

ε= Error term

β = the beta coefficients of independent variables after the regression analysis results, the model became $Y= 1.771 + .716 X_1 + .493 Z+ .348 XZ$

Conclusions

The study found that there is concrete reason to give more attention on strategy implementation to be able to achieve better outcomes and improve performance. The study further concluded that effective strategy implementation should devise internal action approaches, develop effective strategies to improve organizational performance, attain clarity of future direction, assign team work and expertise based on resources, deal effectively with organizational changes and uncertainties in external environment, processes and people and make appropriate choices and priorities in order to achieve better organizational performance.

The study results indicated that macro environment factors immensely contribute to the current Energy sector institutions woes in Kenya. The performance of the Energy sector institutions seems to be determined and dictated by the political, economical, social cultural or technological attributes. The study findings reported that there was a statistically significant moderating effect of macro environment on the relationship between strategy implementation and performance.

The study results indicated that macro environment enhances the relationship by accounting for relatively higher explanatory power and that macro environment affect strategy-performance in varying degrees. This provides support for open system theory and a basis for further exploration on other possible relationships in terms of research and theory development where macro environment can play a significant role.

The study concludes that while accommodating new ideas, firms should be receptive but careful about the dynamism and turbulence surrounding the work environment.

Recommendations

The study recommends that organizations should cascade their strategy throughout the organization through educating employees, so as to instill an understanding of the participation of each employee, and to foster buy-in and support for the initiatives. Communication aspects should be the corner stones in organizational performance and the strategic change must have top leadership commitment in order to successfully mobilize and cascade change throughout the organization. The paper recommends continued scanning and analysis of macro environment attributes as they are important to firms in coining strategies.

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