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**FIRM LEVEL DETERMINANTS OF STRATEGY IMPLEMENTATION IN THE ENERGY SECTOR IN NAIROBI, KENYA**

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***ABSTRACT***

*The decline in strategy implementation in energy sector in Kenya has been attributed to issues such as performance, inadequate policies, inadequate intra-organizational knowledge transfer techniques, organizational culture and lack of adequate directions in the management. The study was undertaken at five selected state parastatals in the energy sector in Nairobi ministry of energy and petroleum which included Kenya Pipeline Company, Kenya petroleum Refineries Company, Kenya power, Kenya electricity generating company, and National Oil Company. The target population comprised of200 staff in different managerial levels. The sample size of the study was drawn from the 142 management staff. The study drew emphasis in gathering data that helped to establish the determinants of strategy implementation in the energy sector in Kenya. The study specifically demonstrated how Communication, Organization structure, Leadership and Resources impact on strategy implementation in the energy sector in Kenya. The study was undertaken within a time frame of three months. This research problem was studied through the use of a descriptive research design. In this study the collected data was edited and coded into a statistical package (Statistical Package for Social Sciences (SPSS) version 23) for analysis. Both descriptive and inferential statistics were used to analyze quantitative data. In descriptive statistics, the study used frequency, mean, standard deviation and percentages. Findings of the study concluded that the independent variables i.e. human resources, organization structure, leadership and communication were determinants of strategy implementation in the energy sector in Kenya. The findings showed that 55.2% of the strategy implementation was explained by the four variables and the remaining 44.8 % was accounted by the standard error. The study recommended that the energy sector management should invest in research and development in order to develop new strategies that are competitive in the target market.*

***Key Words:*** *Human Resources, Organization Structure, Leadership, Communication, Strategy Implementation*

## INTRODUCTION

Strategy is a planned and emergent, dynamic, and interactive process. Strategy implementation is a vital component of the strategic management process, which entails strategy formulation, implementation, monitoring and control. Strategy Implementation involves putting into action the logically developed strategies (Shah, 2009). Strategy implementation is the second step in the strategic management process and it is usually regarded by many scholars and practitioners of management as the most difficult, challenging and time consuming activity (Barnat, 2012; Sage, 2015; et, al 2013). Other steps in the process include the strategy formulation and control which come first and third respectively. Strategic implementation is also dynamic. It involves a complex pattern of actions and reactions. It is partially planned and partially unplanned.

Strategic implementation operates on several time scales. Short term strategies involve planning and managing for the present. Long term strategies involve preparing for and pre-empting the future (Balogun & Johnson, 2008). Strategy implementation involves allocation of sufficient resources financial, personnel, time, and establishing a chain of command or organizational structure. It involves assigning responsibility of specific tasks or processes to specific individuals or groups. It also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and adjusting the process as necessary.

The strategic management literature indicates that, several researchers have identified various drivers in strategy implementation that leads to superior performance in an organization.

Kaplan and Norton (2010) identified four key factors that assure the success of implementation of strategic plan. These factors are, clarified and translated strategy according to structure of the organization, links and relationships with the executive team, planning and goal setting and strategic feedback and learning (Kaplan & Norton (2009) cited in Sial et al. 2013).

The globalization of the world economy and markets has given rise to the growth of multinational enterprises (MNEs). With the expanded geographical scope and dispersed operations across national borders, managing MNEs effectively has become a challenging task for managers. As such, numerous studies have been conducted to understand what contributes to the successful performance of MNEs in the global market. Many studies have adopted the resource-based view (RBV) of the firm as the theoretical basis of such an exploration, arguing that the competitive advantage of MNEs is sourced primarily in their ability to access and acquire rare and inimitable resources that create better value for customers around the world Peng et al. (2008). These resources are considered indicators of firm performance levels in the global market Lu et al, (2010); Peng et al, (2008). While firm resources have a more or less direct impact on the strategic courses of action firm may pursue, implementation of such strategies to realize value creation potential remains an under researched topic Barney and Arikan, 2008. Strategy implementation is critical to a company's success, addressing the who, where, when, and how of reaching the desired goals and objectives. William (2011), as cited in (Shah 2009), describes implementation as the implementation of tactics both internally and externally so that the organization moves in the desired strategic direction. While organizations formulate strategy, implementation is what determines their performance. Successful and effective implementation of strategy is, however, a function of the interaction of factors both internal and external to the organization. It is therefore more challenging than the formulation of strategy (Aosa, 2009; Machuki, 2011).

Increasing cross-border integration has been accompanied by high or rising levels of regionalization. In other words, regions are not an impediment to but an enabler of cross-border integration. The surge of trade in the second half of the twentieth century was driven more by activity within regions than across regions. The numbers also cast doubt on the idea that economic vitality is promoted more by cross-regional trade William (2011). It turns out that regions whose internal trade flows are the lowest relative to trade flows with other regions Africa, the Middle East, and some of the Eastern European transition economies are also the poorest economic performers.

Throughout most of modern business history, corporations have attempted to unlock value by matching their structures to their strategies. As mass production took hold in the nineteenth century, for instance, companies generated enormous economies of scale by centralizing key functions like operations, sales, and finance. A few decades later, as firms diversified offerings and moved into new regions, a rival model emerged. Corporations such as General Motors and DuPont created business units structured around products and geographic markets. The smaller business units sacrificed some economies of scale but were more flexible and adaptable to local conditions (Ogendo, 2014).

The Energy Sector in Kenya was incorporated in 1979 upon Kenya Government's realization that energy was a major component in the country's development process. This realization was mainly due to two oil price escalations of 1973/74 and 1979 which resulted in the country spending relatively more foreign exchange to import oil. Prior to formation, energy sector issues were scattered over several ministries. The Ministry of Power and Communications was responsible for electricity development including the Rural Electrification Programme, Tana River Development Company, Kenya Power and lighting Company and pricing of power jointly with Ministry of Finance. The Ministry of Finance was in charge of petroleum pricing and representation of government interests in the Kenya Petroleum Refineries Limited (GoK, 2007).

**Statement of the Problem**

Strategy implementation is a key for any organization's survival. Many organizations cannot sustain their competitive advantages, despite having a robust strategy formulation process, because they lack the processes in implementing the strategies. The problem is the higher failure rates in implementation of strategies (Atkison, 2017), thus more attention should be given by executives to implementing strategy. Several factors are frequently offered that determine the failure or success of implementing strategy. While this field of research attracted significant research interests and subsequently added quality theories and models in the western world, this topic has not attracted much attention in the Middle East region. Hence, the investigation of determinants of strategic implementation in the energy sector in Kenya.

Despite the value of effective strategy implementation, cases of continued decline in implementation in the energy sector have been on increase and arouse an urgent need to find solutions to address the problem. Strategy implementation which forms the basis of improving Energy Sector performance has not been adequately examined (Anitha, 2014). The GoK invests heavily in the, but have continued to record poor performance (OECD, 2009; RoK, 2011). The declined performance is of great concern to the Government, people of Kenya and International Community as the sector plays a critical role in enabling social and economic transformation of the economy. The dismal performance has been attributed to declining energy sector performance (IDSA, 2009; Ogendo, 2014).

To a large extent, studies on Energy Sector strategy implementation processes have been conducted in developed countries (Chiabaru, Dam & Hutchins, 2010; Tseng & Lee, 2014; Najabat, 2015). At regional and local level, there is inadequate information on strategy implementation processes (Guyo, 2012; Ogendo, 2014) and the studies conducted in developed countries may not adequately address the problem in developing countries due to social cultural differences and economic stability. It is therefore important that an organization gives the implementation phase of its strategic process due importance and allocate adequate resources that will enable it achieve the desired objectives. It will be inconsequential to an institution, for example, to come up with effective strategies but fail to achieve an effective implementation. This study therefore sought to examine the firm level determinants of strategy implementation in the energy sector in Kenya.

**Research objectives**

The main objective of the study was to investigate the firm level determinants of strategy implementation in the energy sector in Kenya. The specific objectives were:-

- To determine the influence of communication on strategy implementation in the energy sector in Kenya
- To establish the influence of organization structure on strategy implementation in the energy sector in Kenya
- To find out the influence of resources on strategic implementation in the energy sector in Kenya
- To evaluate the influence of leadership on strategy implementation in the energy sector in Kenya

## LITERATURE REVIEW

### Theoretical Framework

### Competency Theory

Competency theory (Kruger & Dunning, 1999) suggests that non-proficient individuals are less likely than proficient students to be able to self-assess their skill set accurately. The global move to competency-based training has introduced a number of new concepts and chief among these concepts is the concept of competence (Mansfield, 2011). The learners identify and select the required concepts, from the relevant domain knowledge, which is facilitated by the teacher. The learners are then guided to identify and draw the relationship of the concepts from the problem to required knowledge, from the required knowledge to performance criteria using skills as the interplay elements or links, and, finally, from performance criteria to the problem.

### Resource Based Theory

The resource-based view theory regards the firm as a cognitive system, which is characterized by context dependent competences that are core to strategic purpose. These are conditioned by hierarchical capabilities, or sets of routines involved in the management of the firm's core business processes that help to create value. Competences typically involve the development of specialist expertise, and firms may become locked into a trajectory that is difficult to change effectively in the short to medium-term (Tushman & Anderson, 2011). The premises of the resource-based view is that successful firms develop distinctive capabilities on which their future Competitiveness will be based; which capabilities are often idiosyncratic or unique to each firm, and may also be tacit and intangible in nature. Competitive advantage is seen to be founded on a complex of competences, capabilities, skills and strategic assets possessed by an organization, or in other words from the astute management of physical and intellectual resources which form the core capability of the business.

## Situational Theory

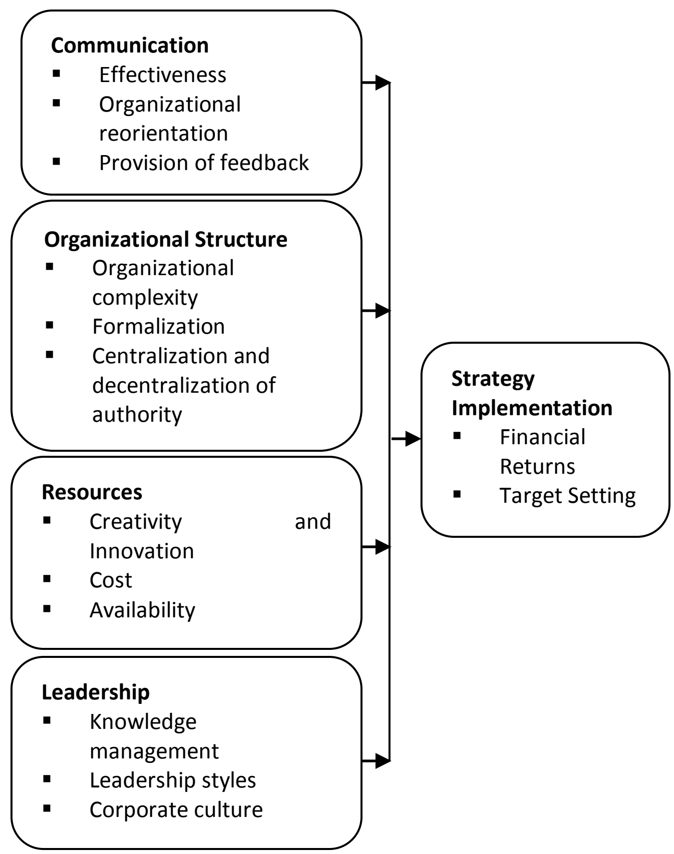
Management experts and authors Paul Hersey and Ken Blanchard developed the situational leadership theory. Their theory centers on the perspective that one of the most critical traits of effective managers is situational leadership adaptability. Rather than operating with one leadership style and forcing that approach in every scenario, situational leaders adapt from their preferred style based on the needs of their organization and workers (Hersey & Blanchard, 1988). According to situational leadership theory, leadership is primarily a set of skills rather than a set of traits. These skills include the ability to direct, motivate and support subordinates while helping the group stay focused on the job. These frameworks holds that anyone placed in the same position would learn and apply the same skills, and that their effectiveness would depend more on how well they learned and applied the necessary skills rather than on any inherent traits (Hersey & Blanchard, 1988). A business owner relying on situational leadership theory could appoint almost any qualified person to a management position, providing leadership training as needed to support them in their new role. This theory relates to research question: How does leadership affect strategy implementation in the energy sector in Kenya?

## Human Capital Theory

Bohlander et al. (2001) define human capital as "knowledge, skills, and capabilities of individuals that have economic value to an organization through communication skills." The Organization for Economic Cooperation and Development (OECD, 2001) describes human capital as "the knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being." Dess & Pickens (1999) also define human capital as "capabilities, knowledge, skills, and experience, all of them embodied in and inseparable from the individual."

Knowledge of an individual gained from education adds economic value to a firm, (Becker, 1964). Skills and knowledge gained through education is importance to employees when they are performing their tasks as it improves their performance. Community based project management teams require technical skills to run the projects successfully. These skills could be gained from technical institutions, formal education or on job training.

## Conceptual Framework




**Independent variable** **Dependent variables**

**Figure 1: Conceptual Framework**

Source: Author (2018)

**Leadership**

A leader in strategy implementation is someone who is responsible for owning up, steering and driving forward the implementation efforts towards achievements of the set objectives. He is responsible for fully supporting strategy implementation efforts by providing the necessary resources, giving directions and creating an enabling environment for the employees to perform without fear or intimidation.

Teece (2014) underscored the importance of leadership by stating that a leader must possess superior skills required to effectuate high performance through sensing, seizing and transformation. A strong leadership skill is an important dynamic capability required to drive superior performance in organizations operating in a dynamic environment that characterizes organizations today. Thompson and Strickland (2007) further stated that strategic leadership keeps organizations innovative and responsive by taking special plans to foster, nourish and support people who are willing to champion new ideas, new products and product applications.

**Structure**

A structure is a hierarchical arrangement of duties and responsibilities, lines of authority, communications and coordination in an organization. It refers to the shape, division of labour, job duties and responsibilities, distribution of power and decision making procedures within a company (Okumus, 2010). Higgins (2009) views an organizational structure in terms of five different elements that make a structure namely, the job itself, the line of authority to perform these jobs, the grouping of jobs in a given order that allows achievement of the objectives, the coordination mechanism applied by managers to supervise jobs effectively and the span of control that shows the number of subordinates that a manager can effectively supervise.

**Resources**

Organizations require resource management that is the efficient and effective development of an organization's resources when they are needed (Sorooshian et.al, 2009). Such resources may include financial resources, inventory, human skills, production resources, time and Information Technology. In any organization there is the need to utilize available resources for better performance. The term, management of organizational resources, refers to proper utilization of such resources as assets, information, human and financial resources. Many organizations fail to reach their set targets due to lack of proper management of these resources. How to manage organizational resources remains one of the fundamental organizational management questions (Higgins, 2008). It is about the management of three main resources; Human Resources, Time Resources and Financial Resources.

**Communication**

Communication in organizations encompasses all the means, both formal and informal, by which information is passed up, down, and across the network of managers and employees in a business, (Okumu, 2008). The challenge for businesses is to channel these myriad communications so they serve to improve customer relations, bolster employee satisfaction, build knowledge-sharing throughout the organization, and most importantly, enhance the firm's competitiveness.

**Firm’s Strategy implementation**

Strategy implementation is the process of putting strategies and policies into action through the development of programs, budgets and procedures (Bradford *et al* 2012). Strategy implementation is dependent on several factors such as management competency, Organizational culture, Organizational structure and leadership management style, employees motivation and satisfaction levels, facilities for example computers, tools, etc and the political legal environments. Any or all of the factors listed above will determine the direction the organization is heading to in so far as its performance is concerned. If the said factors are implemented to its fullest, then the rate of performance will be higher but if haphazardly done will not lead to improved results and efficiency. These factors includes regular recurring activities to establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently. Typically, these become integrated into the overall recurring management systems in the organization (as opposed to being used primarily in one-time projects for change (Brown, 2014).

**Empirical Review**

The influence of resources on strategy implementation in an organization has been a hot subject for research for the last two decades. The initial impetus to study this relationship was initiated by the works of Huselid (2008) in his study of the impact of resource management practices on productivity and corporate financial performance. To date, the empirical literature from several other scholars in management documents a supportive evidence of the existence of a positive influence between resources and strategy implementation in an organization (Amin, Ismail, Rashid & Salemani, 2014; 45.

Strategy of an organization is the roadmap towards attainment of its long term goals and objectives. Strategic management is the process of operationalization of the firm's strategy. It entails obtaining a fit between organizational strategy, structure, and environment. Since the organization operates in an external environment, it is imperative for the organization to conduct an industry analysis for efficient strategic management process. Robbins, (2010) Effective organizations are organic, integrated entities in which different units, functions and levels support the company strategy and one another.

Kotter (1990) argued that leadership is about coping with change. Part of the reason leadership has become important is that the business world has become more competitive and more volatile. Major changes are more necessary to survive and compete effectively. Ansoff & McDonnell (2010) characterize organization top management leadership as a general management capability. They define management capability as the propensity and ability to engage in behavior which optimizes attainment of the organizations short and long term objectives in the world to give more focus on firms (Delmar, Davidsson & Gartner, 2008). Heracleous (2010) identified various roles played by leaders during strategy implementation process and classified them as a commander (a leader who attempts to formulate an optimum strategy), an architect (a leader who tries to designs the best way to implement a given strategy), a coordinator (a leader who attempts to involve other managers to get committed to a given strategy, a coach (a leader who attempts to involve everybody in the strategy implementation efforts) and a premise-setter (a leader who encourages other managers to come forward as champions of sound strategies).

It is essential both during and after an organizational change to communicate information about organizational developments to all levels in a timely fashion. However, one may misunderstand communication, or the sharing of information, as engagement in the direct dialogue that produces lack of active participants in the process. The way in which a strategy is presented to employees is of great influence to their acceptance of it. Such a plan is an effective vehicle for focusing the employees' attention on the value of the selected strategy to be implemented (Rap & Kauffman, 2009).

With firms evolving in terms of structure it follows that the style of strategy implementation will differ depending on the style of organisation and management that exists in the firm. Mintzberg (1993) proposed that firms differ in terms of their structure and that theory should move away from the "one best way" approach towards a contingency approach, in that structure should reflect the firm's situation and strategies. The structure of a firm influences the flow of information and the context and nature of interpersonal interaction within it. Structure also channels collaboration, prescribes means of communication and co-ordination as well as allocating power and responsibility (Okumus & Roper, 2008).

Traditionally, firms have addressed these basic needs for coordination and cooperation by Hierarchical configurations, with centralized decision-making, strict adherence to formally prescribed rules and procedures and carefully constructed roles and relationships, decision-making, small senior executive teams and an emphasis on horizontal rather than vertical communication. Strategic typologies are becoming ever popular in researching strategy (Speed, 2013).

**METHODOLOGY**

This research problem was studied through the use of a descriptive research design. According to Cooper & Schindler (2014), a descriptive study is concerned with finding out the what, where and how of a phenomenon. The target population comprised 200 staff in different managerial levels employed at 5 selected state parastatals in the energy sector in Kenya at four levels namely top, middle, low level management ranks and subordinate staff. The study targeted the management staff since they were the one concerned with the strategy implementation and understand technical issues on strategy implementation in the energy sector in Kenya. This study used stratified random sampling technique. Stratified random sampling technique was used as it ensured that all the categories of energy firms are well represented. This constituted a sample size of 142 employees. A questionnaire was used to collect primary data. The collected data was edited and coded into a statistical package (Statistical Package for Social Sciences (SPSS) version 20) for analysis. Both descriptive and inferential statistics was used to analyze quantitative data. The regression equation was Y = $\beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4+E$

Whereby Y = Strategy implementation in the energy sector

X1 = Communication

X2 = Organisational Structure

X3 = Resources

X4 = Leadership

ε = is the error component.

$B_0$ = Constant Term

$B_1$, $B_2$, $B_3$ = Beta Co-efficient

β0 is the y-intercept (constant) whose influence on the model is insignificant, β1, β2, β3 and β4 are the model coefficients which are sufficiently large so as to have a significant influence on the model.

**RESULTS**

**Communication on Strategy Implementation**

The study sought to establish the influence of communication on strategy implementation. The researcher requested the respondents to indicate their level of agreement on statements provided. From the study findings, the respondents agreed on the statements that organization had the right channels of communication in order to ensure implementation strategy shown by a mean of 4.31. Effectiveness enabled firms to be more effective in strategy implementation shown by a mean of 4.25, Organizational reorientation increased the ability of strategy implementation as shown by a mean of 4.2 1,Feedback provision enhanced strategy implementation as shown by a mean of 4.15 and that Communication increased financial returns shown by a mean of 4.08.

The respondents further agreed that effective communication increased target settings as shown by a mean of 3.78. Consistent to the findings, Bashir & Banerjee (2016) revealed that effective communication facilitated strategy implementation in organizations.

**Table 1: Communication on Strategy Implementation**

| Statements | Mean | Standard deviation |
|---|---|---|
| The organization has the right channels of communication in order to ensure implementation strategy | 3.78 | 0.191 |
| Effectiveness enables firms to be more effective in strategy implementation | 4.15 | 0.237 |
| Organizational reorientation increases the ability of strategy implementation | 4.08 | 0.229 |
| Feedback provision enhances strategy implementation | 4.25 | 0.272 |
| Communication increases financial returns | 4.31 | 0.266 |
| Effective communication increases target settings | 4.21 | 0.231 |

### Organization structure on Strategy Implementation

On the influence of organization structure on strategy implementation, the respondent agreed on the statements that the organizational structure was essential in strategy implementation shown by a mean of 4.24, the organization had the right complexity in enhancing strategy implementation as shown by a mean of 4.23, Formalization enhanced strategy implementation as shown by a mean of 4.21, Central authority was key in implementing strategies as shown by a mean of 4.12, Organization structure enhanced the financial returns as shown by a mean of 4.09.Organization complexity enhanced target setting as shown by a mean of 4.08. Consistent to these findings a study by Zakaria & Taiwo (2013) also found that organization structure was concerned with having effective strategy implementation.

**Table 2: Self-Management on Performance**

| Statements | Mean | Standard deviation |
|---|---|---|
| The organization organizational structure is essential in strategy implementation | 4.09 | 0.251 |
| The organization has the right complexity in enhancing strategy implementation. | 4.12 | 0.218 |
| Formalization enhances strategy implementation | 4.23 | 0.268 |
| Central authority is key in implementing strategies | 4.08 | 0.239 |
| Organization structure enhances the financial returns | 4.21 | 0.244 |
| Organization complexity enhances target setting | 4.24 | 0.210 |

### Resources on Strategy Implementation

The study requested the respondents to indicate their levels of agreement on the statements relating to the influence of resources on strategy implementation in Kenyan energy sector. The respondents agreed on the statements that the organization resources adequacy influences strategy as shown by a mean of 4.31, Creativity and innovation influences strategy implementationas shown by a mean of 4.22, Cost effectiveness influences strategy implementation as shown by a mean of 4.21 and Resources availability influences the strategy implementationas shown by a mean of 4.13. The respondents further agreed that Resources adequacy influenced financial returns as shown by a mean of 4.21 and that the Creativity and innovation influences target settings as shown by a mean of 3.79. The findings were consistent to Bello (2016) who studied the concept of resources and its influences on the performance of the firms.

Consistently Wang and Workman (2014) established that resources availability and adequacy are positively and significantly related to strategy implementation.

**Table 3: Resources on Strategy Implementation**

| Statements | Mean | Standard deviation |
|---|---|---|
| The organization resources adequacy influences strategy implementation | 3.79 | 0.163 |
| Creativity and innovation influences strategy implementation | 4.06 | 0.197 |
| Cost effectiveness influences strategy implementation | 4.13 | 0.224 |
| Resources availability influences the strategy implementation | 4.22 | 0.224 |
| Resources adequacy influences financial returns | 4.21 | 0.241 |
| Creativity influences target settings | 4.31 | 0.275 |

**Leadership on Strategy Implementation**

The study requested the respondents to indicate their levels of agreement on the statements relating to the influence of leadership on strategy implementation in Kenyan energy sector. The study found that the respondents agreed on statements that; in organizations, leadership influences strategy implementation as shown by a mean of 4.27, Knowledge management influenced strategy implementation as shown by a mean of 3.98 and Leadership styles influences strategy implementation as shown by a mean of 3.96. The respondents also agreed that corporate culture influenced strategy implementation as shown by a mean of 3.90, Leadership influenced the financial returns as shown by a mean of 3.88 and that in organizations,knowledge management influenced target setting as shown by a mean of 3.78. Similar to these findings, Moran & Riesenberger (2008) found that effective leadership are able to motivate employees to excellence and inspire and lead effectively in multicultural teams. Consistent to the findings, Sheehan (2016) found that leadership skills influence the implementation of strategy.

**Table 4: Leadership on Strategy Implementation**

| Statements | Mean | Standard deviation |
|---|---|---|
| In the organization the leadership influences strategy implementation | 3.78 | 0.171 |
| Knowledge management influences strategy implementation | 3.88 | 0.166 |
| Leadership styles influences strategy implementation | 4.27 | 0.246 |
| Corporate culture influences strategy implementation | 3.98 | 0.174 |
| Leadership influences the financial returns | 3.90 | 0.177 |
| Knowledge management influences the target setting | 3.96 | 0.178 |

**Strategy Implementation**

The researcher requested the respondents to indicate their levels agreement with statements relating to the performance of the organization. From the study findings, majority of the respondents agreed on the statements that; the organizations get good financial returns as shown by a mean of 4.34, that the organizations target settings is effective as shown by a mean of 4.27 and that they ensure Firms have huge investments as shown by a mean of 4.27. The respondents also agreed on the statement that the organization have large market share as shown by a mean of 3.93 and that the customers are satisfied with their services as shown by a mean of 3.79. Consistent with the findings, Nielsen (2013) revealed that strategy implementation in an organization enhance returns, productivity and achievements which improves the overall performance of an organization.

**Table 5: Implementation of strategy in Kenyan energy sector**

| Statements | Mean | Standard deviation |
|---|---|---|
| The organizations gets good financial returns | 4.27 | 0.256 |
| The target settings is effective | 3.79 | 0.182 |
| Firms have huge investments | 4.34 | 0.269 |
| Organization have large market share | 4.08 | 0.232 |
| The customers are satisfied with their services | 3.93 | 0.222 |

**Table 6: Correlation Matrix**

| | | Communication | Organization structure | Resources | Leadership |
|---|---|---|---|---|---|
| Communication | Pearson correlation | 1 | | | |
| Organization structure | Sig Pearson correlation | 0.424<br>0.000 | 1 | | |
| Resources | Sig Pearson correlation | 0.315<br>0.000 | 0.421<br>0.000 | | |
| Leadership | Sig Pearson correlation | 0.453<br>0.000 | 0.362<br>0.001 | 0.334<br>0.001 | |
| Strategy Implementation | Sig Pearson correlation | 0.523<br>0.000 | 0.687<br>0.000 | 0.512<br>0.000 | 0.505<br>0.000 |
| | N | 113 | 113 | 113 | 113 |

* Correlation is significant at 0.01 level (2-tailed)

The summary of the correlation analysis indicated that the correlation between effective communication and strategy implementations in energy sector was 0.523 with a corresponding p value of 0.012. The correlation coefficient was therefore significant and positive. This showed that if communication was effective in the energy sector, the implementations of strategy would also be effective. Additionally, the findings showed that the correlation between organization structure and strategy implementations at energy level was 0.687 with a corresponding p value of 0.001. The correlation coefficient was also significant and positive which implied that an improvement in organization structure framework increases the strategy implementations at energy firm. This finding was opined by Njoroge & Ngugi (2016) who found out that there is a strong relationship between organization structure and strategy implementations; therefore, the study concluded that the presence of a organization structure portfolio positively affects strategy implementation in energy sector.

The findings also indicated that the correlation between resources allocated and strategy implementations at energy firm was 0.512 with a corresponding p value of 0.002. The correlation coefficient revealed a significant and positive association implying that if resources allocated are increased the strategy implementation was also affected positively. Okombe (2012) also emphasizes that the resources allocated for a strategy to be implemented is very essential, if resources are increased the strategy implementations is affected positively.

The finding results indicated that the correlation between leadership and strategy implementation at energy firms was 0.505 with a corresponding p value of 0.002. The correlation coefficient revealed a significant and positive association implying that increase in leadership skills increases the strategy implementation. According to Sadgrove (2016), good leadership skills enhance effective strategy implementation.

**Model Summary**

From the findings in the table the value of adjusted R squared was 0.524 an indication that there was variation of 52.4 percent on strategy implementation in energy sector due to changes in at 95 percent confidence interval. This showed that 52.4 percent changes instrategy implementation in energy sector could be accounted. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.743.

**Table 7: Regression analysis Model summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .743[a] | .552 | .524 | .3162 |

a. Predictors: (Constant), communication, organization structure, resources, leadership.

**Table 8: ANOVA Analysis on the combined variables**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 69.748 | 4 | 17.437 | 11.3893 | .013b |
| | Residual | 165.348 | 108 | 1.531 | | |
| | Total | 235.096 | 112 | | | |

$$\mathbf{Y_i=1.304+ 0.651\ X_1 + 0.686X_2 + 0.462\ X_3 + 0.497X_4 + \varepsilon}$$

From the regression equation above it was found that holding communication, organization structure, resources and leadership, to a constant zero, strategy implementation in energy sector would be at 1.304.

A unit increase in communication, would lead to increase in strategy implementation in energy sector by 0.651 units. A unit increase in organization structure would lead to increase in strategy implementation in energy sector by 0.686. A unit increase in resources would lead to increase in strategy implementation in energy sector by 0.462 units and a unit increase in leadership would lead to increase in strategy implementation in energy sector by 0.497units. Overall organization structure had the greatest influence on strategy implementation of the energy sector. At 5% level of significance and 95% level of confidence, all the variables were significant ($p<0.05$).

**Table 9: Coefficients for combines variables**

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |

| | | | | | |
|---|---|---|---|---|---|
| (Constant) | 1.304 | 0.381 | | 3.42 | 0.014 |
| Communication | 0.651 | 0.179 | 3.636 | 3.64 | 0.012 |
| Organization structure | 0.686 | 0.177 | 3.875 | 3.88 | 0.01 |
| Resources | 0.462 | 0.145 | 3.186 | 3.19 | 0.02 |
| Leadership | 0.497 | 0.158 | 3.145 | 3.15 | 0.02 |

**CONCLUSSION**

The study drew conclusion that strategy implementation had a great contribution towards realization of increased performance of state parastatals in the energy sector in Kenya. The study findings established that there was a significant positive relationship between resources, organization structure, leadership and communication and strategy implementation in the energy sector in Kenya. The findings also indicated that resources contribute more to the performance of state parastatals in the energy sector in Kenya followed by leadership, Organization structure and communication respectively.

**RECOMMENDATIONS**

From the study findings, the following recommendations were made to improve on strategy implementation in the energy sector; The management should invest in research and development and develop new strategies that are competitive in the target market. The parastatals should also make an effort to improve further on developing effective strategies in order to raise the level of performance of state parastatals in the energy sector. State parastatals in the energy sector which are implementing their strategies should develop effective strategic communication in order to attain their objectives.

**Areas for Further Studies**

The objective of the study was to assess the firm level determinants of strategy implementation in energy sector. It recommended that a similar research should be conducted with other variables or of other firms in other sectors, including the service industry in the Kenyan market. A review of literature indicated that there has been limited amount of research on the same topic. Thus, the findings of this study serve as a basis for future studies on strategy implementation. The determinants of strategy implementation in energy sector, has not been widely studied which presents gaps in African and Kenyan contexts. The study contributed to knowledge by establishing that communication influence, organizational structure influence, resources influence and leadership influence on strategy implementation. Apparently, Future research may be designed to compare the findings in this study with findings that relate to firms in other regions in Kenya and other countries. Concisely, the findings showed that 55.2% of the strategy implementation is explained by the four variables and the remaining 44.8 % can be accounted by the standard error.

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