



**THE EFFECT OF STRATEGY
IMPLEMENTATION ON PERFORMANCE
OF KENYA STATE CORPORATIONS**

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Full Length Research Paper

The Effect of Strategy Implementation on Performance of Kenya State Corporations

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Strategy implementation has been established to influence organizational performance. The main objective of the study was to establish the influence of strategy implementation on performance of Kenyan State corporations. The study's population consisted of 108 Kenyan state corporations and data was collected from 98 organizations. Data was collected using structured questionnaires collated, cleaned, sorted, edited, analyzed and interpreted based on correlation and multivariate regression analysis. It was established that strategy implementation had a statistically significant influence on all the indicators of performance as used in the study. The results anchor in literature the importance of strategy implementation in influencing performance of state corporations. The study has also made its unique contribution to policy formulation and managerial practice in Kenyan state corporations.

Key words: Strategy implementation; state corporations; organizational performance.

INTRODUCTION

Organizational performance remains of great concern today to all organizations including private, public, and profit or not for profit (Mkalama, 2014). Organizational performance is a recurrent theme of great interest to both scholars and practitioners (Venkatraman and Ramanujam, 1986). Researchers and practitioners alike have attempted to understand why some organizations achieve higher levels of performance than others (Ogollah et al., 2011). The role of strategy implementation in strategic management process and by extension organizational performance is gradually creating interest in management research. Previously, emphasis has been more on strategy formulation more than implementation. The relationship between strategy implementation and performance can be explained by the institutional theory (Scott, 2004; North, 1991). Institutional theory focuses on processes by which structures including schemas rules, norms, and routines, become established as authoritative guidelines for social behavior (Scott, 2004). Organizational performance is gradually getting grounded in the stakeholder theory (Christopher et al., 2003; Payne et al., 2000) whose measure is a

function of how well an organization satisfies her stakeholders.

Strategy implementation

Strategy implementation which is at the heart of the organization-environment co-alignment process is heavily emphasized in Business Policy (BP) and organization theory (OT) literature (Burnes, 2000). Strategy implementation delineates the activities through which organizations define her domains of action, and determine how she will navigate or compete (Murgor, 2014). Strategy implementation is an organizational adaptation activity through which continued organizational stellar performance can be achieved (Hill and Hoskisson, 1987). Strategy implementation is a vital component of the strategic management process. Implementation addresses who, where, when and how of reaching desired goals and objectives. Many scholars have defined strategy implementation in different but similar terms. According to David (2003) it is the sum total of the activities and choices required for the execution of a strategic plan to accomplish the objectives

of the organization. It is the process by which strategies and policies are put into action through the development of programs, budgets and procedures (Wheelen and Hunger, 2011).

Steiner and Schollhammer (1989) posit that strategy implementation is concerned with the design and management of systems so as to achieve the best integration of people, structures, processes and resources in reaching organizational objectives. It is the execution of tactics both internally and externally to achieve the desired strategic direction (Favaro, 2015). Thus, implementation is the process of translating strategic plans into results (Shah, 1996). This is through an integrated and dynamic process of institutionalization and operationalization of the strategic plan (Hrebiniak, 2008). Institutionalization of a strategic plan is a phase that involves creating necessary frameworks for the nesting of a strategic plan (Stuart, 1992). Such institutional frameworks include structures, skills systems, shared values and norms (Jonathan, 2009). Conversely, operationalization of strategy is concerned with breaking down broad strategies into action plans. Operationalization of strategy is about taking practical and hands on approach to ensuring that the strategic plan gets actualized (Machuki, Aosa and Letting, 2012).

Organizational performance

Organizational performance is a recurrent theme in most branches of management, including strategic management. An organization's performance is made visible through the activities it conducts to achieve its mission. Organizational performance has also remained a difficult concept both in terms of definition and measurement (Keats and Hitt, 1985; Mkalama, 2014) because of its multifaceted and multidimensional nature. Its multidimensional nature is such that any single index may not be able to provide a comprehensive understanding of relationship relative to the construct of interest (Chakravathy, 1986). Organizations whose performance is measured outperform and have superior stock prices (Gates, 1999) than those that are not measured (Kennerley and Neely, 2003). The biggest challenge for both scholars and practitioners is reaching a consensus on what is to be measured (Ongeti, 2014). Ideas about the concept of performance vary considerably. Each interest group or stakeholder may have an entirely different idea of what counts (IDRC, 1999).

The Balanced Scorecard (BSC) (Kaplan and Norton, 1992) complements conventional financial performance with measures that drive future performance putting firms under tremendous pressure to monitor and report on more than just financial or economic performance (Hubbard, 2009). The BSC came under criticism and suggestions for enhancement due to changing demands of the stakeholders led to the emergence of the (TBL) Triple Bottom-line (Elkington,

1997) as a new tool for measuring performance beyond economic profits to include natural environment and social responsibility performance (Hubbard, 2009). This is what is today referred to as the sustainable balanced score card (SBSC) which includes financial, customer service, internal business processes, organizational learning and development, environmental integrity and social equity measures. This study sought to test the role of strategy implementation on each of the indicators of organizational performance.

Kenyan state corporations

The Kenyan public sector comprises various categories of organizations. These include government ministries, departments, semi-autonomous government agencies and state corporations that carry out activities on behalf of the government for the benefit of the public (Ongeti, 2014). These entities carry out different functions depending on the mandate. Some of them play the facilitative role of public service delivery to achieve social, political, economic and regulatory objectives (GoK, 2013). Other Kenyan state corporations are fundamental in correcting market failures by carrying out activities which may not be profitably carried out by private sector entities. Kenyan State owned Corporations comprise the largest segment of public sector organizations (GoK, 2013). They are businesses owned by government for the purpose of carrying out commercial and non-commercial functions. They are also critical to building the capability and technical capacity of the state in facilitating and/or promoting national development. Further, they are important instruments in improving the delivery of public services, including meeting the basic needs of citizens. Additionally, they have been variously applied to the creation of good and widespread employment opportunities in various jurisdictions. The State Corporations are created and supervised under specific ministries with specific mandates. Over time, there have been concerns over their efficiency and effectiveness in service delivery. Owing to such concerns, the Government of Kenya (GoK) introduced, adopted New Public Management (NPM) (Obong'o, 2009). One form of NPM practice was introduction of strategic management practices.

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supervised under specific ministries with specific mandates. The Government of Kenya has pursued a deliberate policy of enhancing effectiveness and efficiency, relevance and financial viability of state corporations (Ongeti, 2014; GoK, 2013). Strategic plans are developed in all the Kenyan state corporations.

Strategy implementation and organizational performance

Business frontier demands new forms of managerial thinking and organizational structures, global mindsets, considerable strategic and structural flexibility, and innovative methods for implementing strategies (Behn and Kant, 1999). Scientific research from strategic management standpoint, suggests that adopting and implementing the right practices is essential to attaining outstanding performance (Brown et al., 2007). Strategy implementation is just as critical as formulation of effective strategies (Pryor, Anderson, Toombs and Humphreys, 2007; Favaro, 2015). Without a sound and aligned implementation process, even the most superior strategy is useless in the face of a dynamic, hypercompetitive environment being experienced today.

Researchers and practitioners are yet to reach a consensus on the exact influence of strategic management on performance. While some studies have established that formal strategy has a positive influence on performance, other scholars are critical of the formal process of strategic planning and implementation. Turning plans into reality isn't easy and certain organizations seem to outsmart others on this frontier. Good implementers have been found to outperform their competitors. Lefort (2015) found that companies which emphasize on good strategy implementation sustained twice financial success compared to poor implementers. Sometimes implementation is hard to get right, yet success of organizations depends on effective implementation. Shah (1996) posits that without effective implementation of strategy, organizations are unable to reap the benefits of organizational analysis, establishment of the organizational direction and the formulation of the organizational strategy.

The most elegantly conceived, most precisely articulated strategy is virtually worthless unless it is implemented successfully (Cater and Pucko, 2010; Shah, 1996; Kaplan and Norton, 2006). Therefore, for performance to be realized, measures have to be put in place to ensure effective implementation of the strategy. Concerns on success or failure of strategy implementation have seen researchers focus on activities and factors that should make strategy implementation successful (Hambrick and Cannella, 1989; Okumus, 2003; Feo and Janssen, 2010; Kaplan and Norton, 2006) as well as reasons for implementation failure (Rahimnia, 2009). For instance, Feo and Janssen (2010) argue that the influence of strategy implementation on performance is subject to soft factors, which are the people oriented

factors (like communication, consensus, and commitment), hard factors (such as organizational structure and administrative systems) and mixed factors (strategy formulation). It has been reported that most organizations do not report good performance outcomes because the organizations and their managers forget the vital role of strategy implementation (Rahimnia, 2009). Schaap et al. (2008) argues, that according lesser importance to implementation process results into poor implementation which brings an entire strategic plan into disrepute. It can thus be postulated that strategy implementation has an influence on organizational performance.

Research problem

While strategy implementation has been argued to influence organizational performance, empirical evidence is narrow. Perhaps, this is informed by the traditional focus of strategic planning with little efforts on the role of implementation. Moreover, studies that observe the specific role of strategy implementation on organizational performance in Africa are very rare. A number of studies have been undertaken in state corporations. Jonathan (2009) established that state corporations in China often juggle with multiple, unclear, or conflicting financial and social objectives such as providing blanket low-cost telephone service. Semmar (2012) concluded that structural reforms, modernization and liberalization had a positive bearing on financial performance of Moroccan state corporations. In Kenya, Kobia and Mohamed (2006) established that performance of Kenyan state corporations was impeded by lack of adequate resources, resources not being released on time, over ambitious performance contract targets and unplanned staff transfers. These studies however, did not underscore the role of strategy implementation. Ongeti (2014) established that organizational resources had an influence on performance of Kenyan state owned corporations while Mkalama (2014) found that top management demographics have an influence on performance of the same organizations. Similarly, Gachunga (2010) studied the effects of performance management systems and perceptions of organizational justice in Kenyan state owned corporations. Okwiri (2011) researched on the relationship between ISO 9001 certification status and operational performance of government agencies in Kenya. This study was therefore an attempt to answer the question, what is the influence of strategy implementation on performance of Kenyan state corporations?

To address this question, the following hypotheses were stated:

H₁: Strategy implementation has a significant influence on organizational performance of Kenyan state corporations;
H_{1a}: Strategy implementation has a significant influence on financial performance of Kenyan state corporations;

H_{1b}: Strategy implementation has a significant influence on customer focus performance of Kenyan state corporations;

H_{1c}: Strategy implementation has a significant influence on internal business processes of Kenyan state corporations;

H_{1d}: Strategy implementation has a significant influence on learning and growth of Kenyan state corporations;

H_{1e}: Strategy implementation has a significant influence on social equity of Kenyan state corporations;

H_{1f}: Strategy implementation has a significant influence on environmental performance of Kenyan state corporations;

METHODOLOGY

This study was anchored on the positivistic research philosophy because it was about theory testing like similar studies by Aosa (1992), Ongeti (2014), Murgor (2014) and Machuki (2011). Positivistic approach is considered most appropriate given that the researcher and the components of under investigation are independent and the researcher did not have any influence on what was being researched on. The study adopted a descriptive cross-sectional survey. Cross sectional studies are carried out once and represent a snapshot of a point in time. Cross-sectional surveys enable collection of data across a large number of organizations at one point in time. In such surveys, data is collected from the entire population or a section of it to help answer research questions of interest. Information about the subjects that was gathered represents what was going on at only a point in time. A cross sectional survey offers the opportunity to collect the data across different firms and test their relationship. Such surveys provide the researcher the opportunity to capture a population's characteristics and test the hypotheses quantitatively (Cooper and Schindler, 2006).

According to GoK (2015) there were 178 Kenyan state owned corporations spread across all 18 ministries as at 30th January 2015. However, at the time of the study, 70 SCs had been earmarked for dissolution, merger or transfer of functions to the newly created County governments. The 70 SCs were eliminated from the study leaving 108 state corporations as the population of the study. Primary data was collected using a semi-structured questionnaire. The questionnaire comprised of closed ended questions and a few open ended ones, guided by conceptual and empirical literature. The use of both qualitative and quantitative data was meant to reduce the weaknesses of relying on one type of data set. The research instrument was administered through drop and pick method by the researcher assisted by three research assistants as well as email. This method was successfully used by Mkalama (2014) and Ongeti (2014) in the same context. All the 108 corporations were approached and served with the questionnaire out of which 95 filled and returned resulting into a response rate

of 88 percent. This rate compares well with previous studies in the Kenyan state corporations. Awino and Mutua (2014) had a response rate of 77 percent; while Mkalama (2014) had 82 percent. High response rates yield results that can be better inferred to a population (Awino, 2011; Newbert, 2008).

DATA ANALYSIS AND RESULTS

Once data had been collected, it was prepared, organized, analyzed, and used to report the findings. Data preparation included questionnaire checking, sorting, editing, coding and data cleaning. Multiple regressions were used to establish the influence of strategy implementation on performance. The study's preliminary findings included descriptive statistics of the variables. Measures of central tendency, dispersion, one sample t-test coefficient of variation (CV) and correlation analysis were included in the preliminary findings. Strategy implementation was the independent variable of the study. The variable was operationalized using 12 items that were grouped into two main constructs of institutionalization and operationalization along propositions in literature. The 12 items were skills, systems, structures, management style, processes, resources, cultural values, action description, setting timelines, responsibility, defining outputs and reward systems. The results of the descriptive statistics for the strategy implementation constructs are as shown in table 1.

Table 2 shows that all the strategy implementation items scored above the mean of 2.5. Structures had the highest mean score of 4.1621 implying that most organizations had put in place structures to support strategy implementation in the last five years. Responsibility had the lowest mean score of 3.1018 implying that most organizations had moderately defined responsibilities to operationalize strategy implementation for the last five years. Further, variations in the responses are moderately low as the coefficient of variation (CV) ranged from 11 percent to 23 percent. The highest CV of 23 percent was attributed to responsibility, meaning it had a relatively higher level of disagreement among the respondents. Conversely, the variable process had the lowest CV of 10 percent implying that there were relatively low levels of disagreement among respondents. Correlation analysis was done on strategy implementation items in order to establish the bivariate relationship among the 12 items. The results of the correlation analysis are as shown in table 2.

The results in table 3 show that the strategy implementation items were all related. Notably, the relationship was not perfect and therefore concluded that the strategy implementation items were related and therefore suitable to measure the hypothesized relationship. Additionally, since the items were not perfectly correlated, this showed that the strategy implementation items were intrinsically different.

Table 1: Descriptive statistics for strategy implementation

Description	N	Mean	Std. Deviation	t-value	Sig. (2 tailed)	(CV) %
Structures	95	4.1621	.62793	64.605	0.000	15
Defining Outputs	95	4.1018	.81660	48.958	0.000	20
Systems	95	4.0884	.62209	64.057	0.000	15
Skills	95	3.9930	.50522	77.034	0.000	13
Action Description	95	3.9648	.43045	89.776	0.000	11
Reward Systems	95	3.9509	.83789	45.959	0.000	21
Setting Timeliness	95	3.8872	.46961	80.679	0.000	12
Cultural Values	95	3.7553	.55301	66.186	0.000	15
Process	95	3.7432	.37435	97.459	0.000	10
Management Style	95	3.6509	.45291	78.568	0.000	12
Resources	95	3.3526	.54149	60.347	0.000	16
Responsibility	95	3.1018	.70304	43.002	0.000	23

Source: Field data (2015)

Table 2: Correlation analysis of strategy implementation

		1	2	3	4	5	6	7	8
Skills	Pearson Correlation	1							
	Sig. (2-tailed)								
Systems	Pearson Correlation	.304**	1						
	Sig. (2-tailed)	.003							
Structures	Pearson Correlation	.109	.560**	1					
	Sig. (2-tailed)	.295	.000						
Management Style	Pearson Correlation	.359**	.088	.171	1				
	Sig. (2-tailed)	.000	.396	.097					
Process	Pearson Correlation	.144	.599**	.510**	.143	1			
	Sig. (2-tailed)	.163	.000	.000	.166				
Resources	Pearson Correlation	.359**	.112	.098	.760**	.066	1		
	Sig. (2-tailed)	.000	.281	.347	.000	.526			
Cultural Values	Pearson Correlation	.314**	-.017	-.068	.680**	.264**	.345**	1	
	Sig. (2-tailed)	.002	.871	.510	.000	.010	.001		
Reward Systems	Pearson Correlation	.239	.787**	.530**	.101	.407**	.269**	-.110	1
	Sig. (2-tailed)	.020	.000	.000	.331	.000	.008	.287	

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Field data (2015)

The results show that most of the strategy implementation operational indicators had positive correlations. However, cultural values had a negative correlation with systems as well as reward systems, although these negative correlations were not statistically significant. Reward systems had the highest positive relationship (R = 0.787) with systems and the relationship was statistically significant (p value of 0.000 was less than 0.05). Cultural values had the lowest negative correlation with structures (R= -0.068) although the relationship was not statistically significant.

Table 3 shows the results of analysis done to determine the influence of strategy implementation on performance of the state corporations in Kenya.

Results in table 3 indicate that, it was established that strategy implementation explained 91.3 percent (R² = 0.913) of overall organizational performance with the remaining 8.7 percent explained by other variables implemented by organizations. The regression model

was significant at F ratio = 974.795 with a p- value of 0.000. Since the calculated p-value was less than 0.05, this indicated that the model was robust enough to explain the relationship between the predictor and dependent variable. The analysis of t-test values showed significant results for strategy implementation. Equation 1 explains the model of strategy implementation and organizational performance of state corporations. Organizational Performance = 0.548 + 1.142 Strategy Implementation -Equation 1.

Additionally, strategy implementation explained between 35 percent and 66.8 percent of the six indicators of performance of Kenya state corporations. All the regression models for the six indicators of performance were all significant at 95 percent confidence level. Notably, strategy implementation explained 66.8 percent variations on customer focus which was the highest among all the other indicators of performance.

Table 3: Summary of regression analyses on the influence of strategy implementation on various performance indicators

Model	R	R ²	F- value	Sig	Individual significance	
					Institutionalization	Operationalization
Overall Performance = F(Strategy Implementation) P = 0.548 + 1.142 Strategy Implementation	0.955	0.913	974.795	.000	Strategy implementation is positive and significant.	
Financial= f(Strategy Implementation) FP = 0.694 Institutionalization	0.643	0.413	32.413	.000	.001	.413
Customer focus = f(Strategy Implementation) CF = 1.065 Operationalization	0.817	0.668	92.366	.000	.313	.000
Internal Processes= f(Strategy Implementation) IR = 0.134 Institutionalization	0.693	0.480	42.423	.000	.000	.474
Learning & Growth= f(Strategy Implementation) LG = 1.324 Institutionalization	0.734	0.539	53.883	.000	.000	.176
Social Focus= f(Strategy Implementation) SF = 1.166 + 1.035Institutionalization – 0.452Operationalization	0.667	0.445	36.926	.000	.000	.000
Environment= f(Strategy Implementation) E = 0.645 Institutionalization	0.591	0.350	24.740	.000	.014	.165

Strategy implementation (Institutionalization, Operationalization)
Source: Field Data (2015)

DISCUSSION OF FINDINGS

In order to establish the effect of strategy implementation on overall organizational performance, a composite index of organizational performance comprising of financial performance, customer focus, internal business processes, learning and growth, social equity and environmental integrity variables was computed. The results of analysis established that strategy implementation explained 91.3 percent organizational performance. Even though strategy implementation has been considered less exciting, and glamorous hence suffering general lack of academic attention, without solid strategy execution nothing tangible can be realized (Machuki and Aosa, 2011). This notwithstanding, the findings of this study are consistent with findings of similar studies and contradicts the findings of other studies. For instance, studies by Aosa (1992) Hambrick and Cannella (1989) as well as Machuki and Aosa (2011) found that strategy implementation had positive significant influence on performance. Conversely, other researchers have established that strategy implementation does not significantly influence performance especially if strategy formulation is faulty (Schaap, et al., 2008).

The study established that strategy implementation explained 41.3 percent ($R^2 = 0.413$) of financial performance. Scientific research from strategic management standpoint suggests that adopting and implementing the right practices is essential to attaining outstanding performance (Brown et al., 2007). Despite organizations having technological and marketing capabilities without formulating and implementing strategies that harness organizational capabilities all is in vain (Singh, 2009). Capabilities can be harnessed when the right strategies are formulated and implemented. The

findings of this study are consistent with the findings of a study by Awino et al. (2012) who found that the influence of strategic planning on organizational financial performance of commercial banks in Kenya to be statistically significant. This is so because strategy implementation enables firms to invest in technological advancement and marketing expenditure all of which have a bearing on financial viability of a firm.

The study also sought to determine the influence of strategy implementation on customer focus of the state corporations. It was established that strategy implementation explained 66.8 percent ($R^2 = 0.668$) of customer focus. These findings are in tandem with Spencera, Sarah, Joinerb and Salmon (2009) who concluded that firms pursuing a differentiation strategy achieved higher levels of customer satisfaction as the customized their products and services to suit customer needs. Customer focus has emerged in the last decade as one of intangible measures of organizational performance as its affects company profitability in that it is more efficient to maintain an existing customer than to win a new one (Payne, Christopher, Clark and Peck, 1999; Reichheld, 1996). For organizations to achieve a competitive edge they must explore strategies meant to improve their customer relations which help to retain and win new customers (Newell, 2000). In effect, it can be concluded that customer relationship management is a metric that can help a firm achieve sustainable competitive edge. Implementation of customer focus strategies has been highlighted as a key success factor in a study by Newell (2000).

The results of analysis done to determine the influence of strategy implementation on internal business processes of the state corporations in Kenya established that strategy implementation explained 48 percent ($R^2 =$

0.480) of internal business processes. This findings in tune with similar findings of a study done by Letangule and Letting (2012) who established that implementation of performance contracting in Kenya as tool of reforming the public sector improved on operational efficiency in the ministry of education. The primary focus of internal operations is to produce the goods and services required by customers whilst managing resources as efficiently as possible. Proponents of the Resource-Based view argue that organizational resources form the foundation of the firm's superior performance (Barney, 1991). This comes from the way an organization acquires, develops and deploys its resources and builds its capabilities, rather than the way it positions itself in the market place (Werner, 1984). These are the basic processes by which an organizations add value to the products it provides (Slack, Chambers, Johnston and Betts, 2006). The arguments by Prahalad and Hamel (1990) on core competencies as a source of competitive advantage arise from organizations ability to integrate multiple technologies and the coordination of diverse production process functions to achieve competitive edge. Thus, success of strategy institutionalization and operationalization should be based on optimization of current operational capabilities, and an analysis of how these could be developed in the future for organizational success (Barney, 1991).

Statistical tests were done to determine the influence of strategy implementation on learning and growth of the state corporations in Kenya. It was established that strategy implementation explained 53.9 percent ($R^2 = 0.539$) of learning and growth. For organizations to achieve sustainable competitive edge, they must develop a strong learning culture that acquires creates and transfers knowledge as well as modifying behavior to reflect new knowledge and insight (Huber, 1991; Garvin, 1993). Learning and growth focuses on understanding customer needs and effectively devices innovative ways of satisfying their expressed and latent needs through new products, services through implementation of new strategies (Slater and Narver, 1995). Organizational learning results to improvement of products, services, and processes resulting from reskilled employees, use of superior technology, and aligned organizational procedures Lukas, Hult and Ferrel, 1996). Successful strategy implementation depends on employee's competency and their capabilities, seen from their bundles of skills and collective learning, knowledge and technological know-how. It is these attributes that give the organization a competitive advantage and process value, which in turn enhance the implementation of operation strategy.

The study also sought to determine the influence of strategy implementation on social focus of the state corporations in Kenya. It was established that strategy implementation explained 44.5 percent ($R^2 = 0.445$) of social focus. The regression model was significant at

F-ratio = 36.926 with a p- value of 0.000. Since the calculated p-value was less than 0.05, this indicated that the influence of strategy implementation on social focus as a measure of organizational performance was statistically significant.

Social Equity which is mostly about corporate social responsibility in its simplest form is corporations' broader responsibility towards society (Carroll, 1979). Corporate social responsibility (CSR) has gained momentum in the last decade as the latest metric through which organizations advance social benefits to all its stakeholders to rejuvenate its performance (Bear et al., 2010). Proponents of stakeholder theory assert that for organizations to remain viable and to gain support from all stakeholders, they have to engage in CSR activities (Jamali et al., 2008). In this sense CSR is perceived as a resource which can help organizations to achieve sustainable competitive advantage (Hart, 1995, McWilliams et al., 2002). Organizational success should be judged on how best they manage the interests of its multiple stakeholders (Shahin and Zairi, 2007). Stakeholder theory asserts that managers need to focus on fulfilling the demands of various stakeholders such as customers, employees, suppliers, and local communities who have the potential to influence organizations' activities (Friedman and Miles, 2006).

The results of analysis done to determine the influence of strategy implementation on environmental equity of the state corporations in Kenya established that strategy implementation explained 35 percent ($R^2 = 0.350$) of environmental equity. Environment focus is an organizational performance measure which is as a result of the evolving voice of natural environmentalists (Hubbard, 2009; Elkington, 1997). Organizations are aggressively initiating eco-friendly processes that would trigger competitive advantage to create long term values. Organizations are building consensus on environmental social responsibility that lead to sustained competitive advantage (Ricks, 2005). Environmental regulation bodies have introduced a mandatory requirement that for organizations to continue operating they must use technologies that are eco-friendly (McAlister and Ferrell, 2002). This has come to being out of realization that some organizational processes have negative consequences to the environment.

Implications, Limitations and Recommendations

The findings of this study have several implications on theory, managerial practice as well as policy. First, the role of strategy implementation on performance has received empirical backing. It is evident that strategy implementation has a major contribution to organizational performance. The institutional theory which is still in the nascent stages has equally been supported by establishing specifically the role of institutionalization to organizational performance. Further, policy formulators in the Kenyan government can use the findings of this study

to lay more emphasis on policies that support strategy implementation because the study reveals it has a very high impact on organizational performance. Additionally, policy implementers should equally consider focusing on all the indicators of organizational performance and managerial practice in Kenyan state corporations. Managers would benefit by identifying the specific elements of strategy implementation that would yield to higher performance and committing more resources to them. One of the limitations of this study was that all the study's data were obtained through self-administered questionnaires. The reliance on primary data could have the potential associated with sources of systematic measurement error. Finally, the study employed a cross sectional research design; it would be interesting for future studies to consider a longitudinal approach. Future research could also consider using both primary and secondary. Replicating this study in different contexts in order for researchers to draw patterns showing the effect of strategy implementation on organizational outcomes, is another potential frontier for new knowledge.

CONCLUSIONS

The main objective of this research was to establish the effect of strategy implementation on performance of Kenya state corporations. The results show that all the hypotheses were supported. It was established that strategy implementation had a significant influence on all the indicators of performance. Strategy implementation accounted for 91.3 percent of performance of organizational performance. Additionally, strategy implementation explained between 35 percent and 66.8 percent of the six indicators of performance of Kenya state corporations. The results anchor in literature the importance of strategy implementation in influencing performance.

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