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THE MODERATING EFFECT OF ORGANIZATIONAL ENVIRONMENT ON STRATEGY IMPLEMENTATION AND PERFORMANCE OF KENYA OWNED STATE CORPORATIONS RELATIONSHIP

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Abstract

Globally, State Corporations are legal entities that undertake commercial activities in addition to other public policy objectives on behalf of an owner. In Kenya, State Corporations were established to accelerate economic growth. However, their performance and sustainability has been a concern especially due to over reliance on government funding. Previous studies have shown that approach to strategy implementation in an organization may have a bearing on its performance. Majority of the empirical studies reviewed have not explored the moderating influence of organizational resources on the relationship between strategy implementation and performance. This study aimed at filling this gap. The study was based on the institutional theory, Resource based View and the Dynamic capabilities theory. The population of this study comprised 249 Kenya owned State Corporations out of which data was collected from 181 organizations. Data, collected using structured questionnaires, was cleaned, sorted, coded, and analyzed using descriptive statistics and regression analysis. The study showed that neither tangible nor intangible resources had a moderating effect on the relationship between strategy implementation and performance. Similarly, organizational resources were found to exhibit no moderating effect. It is apparent from the results that managers should focus more on strategy implementation so as to enhance performance. However, for this to be realized, the available resources ought to be optimally and prudently utilized. The policy thrust should therefore be on value for money and self-sustenance through strategy implementation. The study recommends that further researcher could explore the influence of other factors on performance.

Key Words*: Strategy Implementation; Organizational Resources; Organization Performance; Kenya Owned State Corporations*

Introduction

Globally, State Corporations are legal entities that undertake commercial activities in addition to other public policy objectives on behalf of the Government. These entities engage in formulation of strategic plans as elucidated by Poister, Pitts and Edwards (2010) in their research findings. The Kenya owned State Corporations are part of the Kenyan public sector which comprise government ministries, departments and semi autonomous government agencies. They play various roles including commercial, non-commercial, oversight and regulatory. These organizations are established by the State Corporations Act Cap 466 and are either Government owned or managed by Boards or Councils. The enactment of this Act was instrumental in creating a policy and regulatory framework for oversight of State Corporations. The State Corporations Advisory Committee (SCAC) was also set up as an independent agency whose mandate includes formulation of general guidelines on management of State Corporations.

According to PTPR (2013), Kenya owned State Corporations are mandated to accelerate economic growth thereby contributing to attainment of the Kenya Vision 2030. At the same time, they are expected to improve delivery of public services, create employment opportunities, promote the institutional capability and technical capacity of the state, and support building of regional and international partneships. However, the report observed that “the current number of State Corporations is unsustainable since half of them rely on the exchequer” (PTPR, 2013). In addition, the report indicated that there was a proliferation of State Corporations which had resulted in duplication and overlapping of functions with the resultant inefficiency in management of resources. The state of poor performance for a number of State Corporations has persisted, with reported declining performance and cash flow problems exacerbating indebtness and increased reliance on fiscal support. This is despite government efforts to enhance their performance through various measures including strategic planning and performance contracting.

This study dwelled on the moderating influence of organizational resources on the relationship between strategy implementation and performance of Kenya owned State Corporations. Strategic management research has shown that strategic planning and implementation is instrumental for superior performance (Brown, Squire & Blackmon, 2007). At the same time, several researchers have explored the impact of organizational resources on performance. Newbert (2008) established that valuable and rare resources contribute to improved performance of micro and nano technology firms in the U.S. Another study by Ombaka (2014), concluded that resources made a significant impact towards the achievement of superior performance among insurance firms owned by the Kenyan State. This study seeks to explore whether organizational resources have a moderating effect on the relationship between strategy implementation and performance.

Strategy Implementation

Strategy implementation refers to all the programmes and activities undertaken during the implementation of strategy so as to realize organizational objectives (David, 2003). Noble (1999) argues that various definitions are limited in that they fail to take into account the emerging nature of strategy implementation occasioned by the constantly changing environment. The definition by Noble (1999) takes into account the aspects of cascading, internalizing, ownership, and enactment of strategic plans as key facets of strategy implementation. The observation by Hrebiniak (2008) that positive outcomes of strategic planning are realized through a dynamic and structured process of institutionalization and operationalization of strategy further gives credence to this argument.

Institutionalization implies that the strategy must permeate through the entire operations of the organization by creating the necessary institutional mechanisms for anchoring the strategic plan (Stuart, 1992). Jonathan (2009) observes that “such mechanisms include structures, skills systems, shared values and norms”. Strategy operationalization involves splitting strategic plans into annual objectives, specific policies and action plans so as to ensure that the strategic plan gets actualized. Strategic planning is unlikely to succeed as a performance management tool unless organizations are keen on implementation. Earlier studies in this area expose a relationship between implementation and outcomes but with minimal empirical testing (Poister et al., 2010). Based on these observations, the focus on strategy implementation as a key contributor to positive outcomes is gaining importance. However, the concept of strategy implementation has not been given much attention by scholars in terms of definition (Noble, 1999).

Organizational Resources

Organizational resources may be classified under three key areas: infrastructure, human resource, and organizational capital resources. Given that strategic resources are heterogeneously distributed across organizations (Barney, 1991), it follows that resources and sustainable competitive advantage (SCA) are intertwined. Along this vein, Barney (1991) expounds on the importance of emphasis on the potential value of resources if they are to configure SCA to organizations.

Hoskinsson, Hitt, Wan, and Yiu (1999) argue that the combination of resources in an organization can only be considered valuable if they are in sync with the external environment. As observed by Amit and Schoemaker (1993), an organization may not be capable of effectively exploiting its resources unless it has access to the appropriate capabilities. This argument is echoed by Newbert (2008) in his contention that any resource ought to be deployed via a relevant capability failure to which it remains inactive and thus unable to yield a valuable service. The implication is that the possession of resources may not necessarily confer competitive advantage (CA) unless combined with the relevant capabilities.

This position is also supported by Makadok (2001) where he highlights the importance of organizations exploiting resources more effectively and with better capabilities than competitors, over and above the mere fact of possessing better resources. Consequently, organizations with fewer resources and appropriate capabilities are likely to outwit those with more resources but lacking relevant capabilities. Clearly, resources and capabilities jointly contribute to the attainment of CA.

Organizational Performance

Performance is usually perceived from different perspectives by organizations and researchers. It may be limiting to restrict it to any specific definition due to its multifaceted and multidimensional nature (Ongeti, 2014). All the same, performance remains the reason of existence of any organization and the most valued subject of interest among stakeholders and shareholders of an organization. Indeed, performance is of paramount importance to managers and this is apparent from various researchers who have paid attention to this subject (Nash, 1983; Ansoff & McDonell, 1990). Traditionally, performance has been weighted against factors that have a bearing on financial performance especially those that lead to profit maximization (March & Sutton, 1997; Venkatraman & Ramanujam, 1986).

However, such traditional financial reporting systems are limited in that they fail to recognize that performance is a broad concept which encompasses a multiplicity of other factors. This perception is echoed by Kennerly and Neely (2003) who postulate that given the dynamic nature of the environment and the high level of competitiveness, financial measures provide insufficient information.

Organizations are under tremendous pressure to carry out self-assessment and report on various aspects of performance, including but not restricted to economic performance (Hubbard, 2009). This gap informed the conception of the Balance Scored Card, an approach which factors in various other measures that have a bearing on performance, over and above those with a direct financial bearing (Kaplan & Norton, 1992). This approach provides managers with a quick but comprehensive view of an organization from four related perspectives that emphasize on the customer, internal processes, innovation and learning, and financial performance.

Statement of the Problem

Kenya owned SCs are expected to enhance the institutional and technical capability of the State in addition to meeting basic needs of citizens through enhanced service delivery. The PTPR (2013) however observed that there was a proliferation of SCs which had resulted in duplication and overlapping of functions with the resultant inefficiency in management of resources. SCs at the global level are legal entities that undertake commercial activities in addition to other public policy objectives on behalf of the Government.

According to Poister et al. (2010), SCs may carry out strategic planning in an endeavour to discharge their mandates. They further observed that the approach to strategy implementation in an organization may have a bearing on its performance. Though scholars have attempted to explain variation in organizational performance by carrying out empirical studies, those linking strategy implementation to performance are quite few (Poister et al., 2010).

A number of empirical studies have explored the effect of organizational resources on performance. One such study by Ombaka (2014) established that resources made a significant impact towards the achievement of superior performance among insurance firms owned by the Kenyan State. A few other studies have sought to determine whether organizational resources have a moderating effect on the relationship between strategy implementation and organizational resources. In India, a study by Gaur, Vasudevan and Gaur (2011) explored the moderating role of firm resources on the link between implementation of market oriented strategies and performance of manufacturing SMEs. The study was based on a cross-sectional research design. Data was sourced through intensive surveys of the top-managers and chief executive officers of the SMEs and subjected to hierarchical regression analysis. The findings from the analysis revealed a positive link between implementation of the market-oriented strategies and performance of the manufacturing SMEs. Additionally, the results showed that firm resources moderated the relationship between the market-oriented strategies and firm performance.

Ipek and Tanyeri (2020) purposed to explore whether or not firm resources amplified or constricted the impact of implementing export market-oriented strategies on export performance of Turkish firms. The study was premised on a cross-sectional research design in which data was randomly from a sample of 221 companies. The emergent dataset was analyzed using structural equation modeling.

The results showed that higher levels of knowledge-based and managerial resources elevated the derived effect of implementing market-oriented strategies on export performance of the firms. Another study by Osoro (2013) sought to establish the influence of intangible assets and firm characteristics on the relationship between competitive strategy and performance of Kenyan companies listed at the Nairobi Stock Exchange. The study established that intangible assets moderated the relationship between competitive strategy and customer satisfaction. None of these studies explored the moderating influence of organizational resources on the relationship between strategy implementation and performance.

Contextually, several empirical studies on strategy implementation have been undertaken. A Okumus (2003) asserts that most studies on enactment of strategy were conducted in America and Britain. The study by Gaul et al. (2011) was conducted in India while that by Ipek and Tanyeri (2020) was carried out in Turkey. Consequently, it may be misleading to generalize the outcome of these studies to the Kenyan context.

In view of the foregoing, the empirical research has made little attempt to uncover how organizational resources moderate the relationship between strategy implementation and performance. This study sought to investigate whether organizational resources moderate the relationship between strategy implementation and performance of Kenya owned State Corporations by responding to the question: do organizational resources significantly moderate the relationship between strategy implementation and performance of Kenya owned State Corporations?

Objective

The objective of this study was to establish the infuence of organizational resources on the relationship between strategy implementation and performance of Kenya owned State Corporations.

Literature Review

Theoretical foundations

This study is rooted in the institutional theory and supported by the Resource based View and the Dynamic Capabilities Theory. Amenta (2005) views organizations as social structures which are dynamic and tend to operate with utmost flexibility. Proponents of institutional theory argue that organizational behaviour is structured around three main institutional pillars namely regulative, normative, and cognitive. These aspects, coupled with the adequate resources have a bearing on organizational resilience and performance. The Institutional theory also postulates that firms are vibrant enough to respond to ever changing demands emanating from a rapidly changing environment. Such environmental pressures elicit varied responses as organizations seek survival and supremacy in their industry (Scott, 2004).

The Resource Based View classifies organizational resources under three key areas: infrastructure, human resource, and organizational capital resources. Infrastructure in a firm include its plant and equipment; human resource includes training and experience; while organizational capital resources include intangible assets such as knowledge, organizational structure, values and coordinating systems (Barney, 1991).

Resources may be tangible or intangible whereby tangible resources are easily measurable while intangible resources are not easily quantifiable as they touch on hidden organizational aspects like knowledge, experiences, status, trade name and practices (Johnson, Scholes & Whittington, 2002). These aspects of hidden resources make them more organization specific and hence not easy to replicate with the consequent likelihood of conferring CA to organizations that possess them.

While organizational resources should support its strategic planning and implementation, not all of them may be strategically relevant. Indeed, Barney (1991) points out that some organizational attributes may have no impact at all while others may reduce the organization’s ability to optimally exploit its opportunities. Barney (1991) argues that though a firm’s resources may be valuable and rare, it can only enjoy SCA if competing firms are unable to obtain the same resources. It can therefore be inferred that organizational resources, given their heterogeneity, will have a bearing on performance irrespective of the approach to strategy implementation.

However, Critics argue that the theory merely informs managers to acquire resources, but does not go as far as to prescribe how they should go about it (Priem & Butler, 2001). In the same light, the theory espouses the assumption that managers have absolute control over resources and they are in a position to estimate the future value of the resources (Conner, 2002; Miller, 2003). The theory has also attracted criticism concerning the falsifiability of its core ideas. Any evidence that is obtained tends to suggest that differences in resource endowment across firms are responsible for variations (Miller, 2003). However, in the event that contrasting evidence is found, it may only imply that the resources examined are not valuable (Hoopes, Madisen & Walker, 2003).

Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece and Winter (2007) postulate that a dynamic capability is the "capacity of a firm to deliberately establish, expand and improve its resources". Dynamic capabilities research therefore aims at understanding how organizations can sustain a competitive advantage by creating and and matching environmental change (Teece, 2007). The dynamics capabilities approach therefore identifies those attributes of a firm that confer CA and at the same time sheds light on development, deployment and protection of firm competencies and resources.

Exploitation of these firm specific capabilities is consequently vital, given the dynamic nature of the environment. Drawing from findings by industry observers, Teece, Pisano and Shuen (1997)

argue that accumulation of valuable technology assets does not necessarily lead to possession of useful capabilities. On the contrary, only those firms that can demonstrate rapid response to change, coupled with flexibility and innovation as well as effective utilization of dynamic capabilities can succeed in the global arena.

The Dynamic Capabilities Theory (DCT) therefore complements the RBV by integrating and drawing upon research in various fields. Furthermore, the DCT, given its view of organizational capabilities as the main source of an organization's competitive edge, could therefore explain organizational performance. As articulated by O'Reilly and Tushman (2008), dynamic capabilities have the potential to assist organizations in coping with adaptations, thereby avoiding disruptive changes.

The DCT has been subject to a number of criticisms. The first criticism relates to its lack of proper definition of the term "dynamic capabilities." Critics have argued that the definition is constantly changing and the proponents of the theory have done little to resolve or manage the contradictions and incongruities in the definitions presented (Arend & Bromiley, 2009; Zahra, Sapienza, & Davidsson, 2006). Other critics such as Eisenhardt and Martin (2000) have remarked that the term has been described in a rather vague manner– for instance, as "routines to learn routines –that makes it difficult to operationalize. According to Di Stefano, Peteraf, and Verona (2010) this insufficiency of clarity of the fundamental terms will only serve to hinder further developments of the theory.

Strategy Implementation and Organizational Performance

The utility of implementing a strategy in the overall outcomes of an organization is contingent on several people-oriented factors, referred to as soft factors. This is in addition to hard factors comprising infrastructure and organizational structure, and other factors such as strategy formulation (Feo and Janssen, 2010) as cited by Njoroge, Machuki, Ongeti and Kinuu (2015). Managers have consequently a critical role to play in facilitating strategy implementation. Indeed, Lefort, Mc Murray and Tesvic (2015) established that firms which were good strategy implementers recorded twice financial success compared to poor implementers. Saunders, Mann and Smith (2008) observed that the processes of strategy implementation have not been given much attention by scholars.

This area of study may require more attention, given that it is key if organizations are to realize the benefits of formulation of organizational strategy (Shah, 1996). This perception is echoed by Rahimnia, Polychrokanis and Sharp (2009) in their argument that below average organizational performance could be due to failure by managers to prioritize strategy implementation. For an organization to realize improvement in performance through strategy implementation, selection of the best strategy through effective strategy formulation is essential (Kaplan & Norton, 2006; Lefort et. al, 2015). All members of the organization must own the strategy for effective implementation. Newbert (2008) on carrying out an empirical study on a sample of micro and nano technology firms based in the U.S. found out that an organization’s CA can be associated with the extent of value and rareness of its resources.

Strategy Implementation, Organizational Resources and Performance

The success of any strategic planning system relies heavily on its implementation. The implementation process in turn depends on the resources that the organization possesses. The pioneer scholars on the RBT emphasized the importance of resources on organizational performance (Rujman & Verbeke, 2002). In the same way, Newbert (2008) supported the RBT by his contention that possession of valuable and rare resources is vital in conferring SCA to an organization.

The RBT suggests that the organizations in the same industry possess idiosyncratic resources which may not be necessarily mobile across the organizations (Barney, 1991; Newbert, 2008). This view affirms that heterogeneity across different organizations makes it more difficult for resource mobility from one organization to another thus hindering industry homogenizing that may be occasioned by imitation. Consequently, similar organizations with different levels of resources and capabilities may record different levels of performance.

It follows that, resources coupled with appropriate capabilities should enable an organization to effectively implement its strategies thereby acquiring CA with the consequent performance improvement. Helfat and Peteraf (2003) posit that competitive heterogeneity affects organizational performance and competitiveness. Ultimately, managers ought to lay emphasis on acquisition of valuable and rare capital which should neither be readily substitutable nor easily duplicated by other organizations in order to realize optimum performance.

In a study by Ombaka (2014), it was established that resources significantly impact on performance of Kenya owned insurance companies. In India, a study by Gaur, Vasudevan and Gaur (2011) explored the moderating role of firm resources on the link between implementation of market oriented strategies and performance of manufacturing SMEs. The study was based on a cross-sectional research design. The findings from the analysis revealed a positive link between implementation of the market-oriented strategies and performance of the manufacturing SMEs. Additionally, the results showed that firm resources moderated the relationship between the market-oriented strategies and firm performance.

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It is evident that that there are only a few studies, that have examined the moderating effect on the linkage between strategy implementation and organizational performance. It is also apparent that these studies have focused on different contexts, sector- wise and country- wise, and thus have not addressed how the influence of strategy implementation on performance of Kenya-owned State Corporations is moderated by resources. This study endeavored to fill this gap.

Conceptual Framework

In the context of this research, strategy implementation was the predictor variable. Strategy implementation was operationalized along two dimensions; strategy operationalization and institutionalization. Organizational resources served as the moderating variable and was operationalized through tangible and intangible resources. Performance was the dependent variable and had three indicators namely; financial performance, process efficiency and relevance.

H_1: Organizational resources significantly moderate the relationship between strategy implementation and performance of Kenya owned State Corporations.

Methodology

In an effort to select a design that aligns ideally with the objectives of this inquiry, the descriptive cross-sectional survey design was deemed the most suitable on grounds that it is geared at describing and establishing correlations between variables. Such a design is accordingly appropriate for this study given its focus on Kenya owned State Corporations.

Given the scope of this research, a cross-sectional design afforded the researcher a chance to capture data on strategy implementation, organizational resources, operating environment, and their individual and joint impact on performance of Kenya owned State Corporations. Taking into account a host of other key factors such as the scope of the inquiry, nature and modes of data collection and the required tools and procedures for probing the data further adds to the reasons why the design was apt for the study (Cooper & Schindler, 2006). In addition, the design enhances minimization of bias and maximizes on reliability (Creswell, 2012). Such a design has been used in other studies by Lehner (2004); Shah (1996); Njoroge et al. (2015) and Waweru (2011).

The cluster of all corporations owned by the Republic of Kenya defined the population of this study. As of March 2019, a comprehensive list by the State Corporations Advisory Committee indicated there were 249 of these corporations distributed across various governmental ministries. Data collection entails obtaining various points of view and relevant information about the research questions or topic (Zikmund et al., 2012). This study made use of primary data on the manifestation of strategy implementation, organizational resources, operating environment, and performance of Kenya owned State Corporations. The researcher used a questionnaire for collecting data sourced via both structured and semi-structured questions as guided by conceptual and empirical literature. Given the sample size and nature of respondents, the questionnaire was the best suited method for this study. The research instruments were distributed through drop and pick method as well as by email. The respondents were officers in charge of the planning division and finance. The chief planning officers responded to questions regarding implementation of strategy while finance officers handled questions touching on organizational resources.

Prior to the main inquiry a pilot study was carried out to ascertain the feasibility of using the proposed questionnaire. A pilot study entails collecting representative data from a small portion of the intended full-scale study sample or target population (for a census study) (Babbie, 2013). The piloting process is critical in furnishing data for detecting the possible flaws with a survey instrument and its administration to the target audience. The pilot testing also allows the researcher to assess how much time is taken to complete a questionnaire, which is instrumental in charting the logistics of the full-scale investigation. In addition, a pilot study provides raw data through which the reliability and validity of scales measuring different constructs can be tested (Creswell, 2012). The pilot data was then analyzed whereby statistical checks on reliability and validity of the scales were implemented.

Reliability broadly focuses on the quality of measurement and narrows down to the consistency of the measurement. According to Sekaran and Bougie (2013), reliability is an indicator of the stability and consistence of a measuring instrument. This is because it indicates the level of minimization of bias leading to consistent measurement by the different items in the data collection tool. The reliability Cronbach's alpha values ranged from 0.860 to 0.933. Applying the threshold criterion by Bryman, Bell, Harley (2019) which suggests that a reliability coefficient above 0.7 signifies acceptable internal consistency, it was concluded that the two scales, each corresponding to a variable of interest, had excellent reliability.

Confirmatory Factor Analysis (CFA) was adopted to verify the convergent and discriminant validities of each variable scale. The strategy implementation scale KMO index obtained was 0.677. As this surpasses the recommended cut-off value of 0.5, it was concluded that the pilot sample size was sufficient with respect to the number of statements used to construct the scale. The performance scale KMO score was 0.693 suggesting that the dataset was sufficiently large. In carrying out the analysis the study incorporated multiple linear regression which allowed for an objective assessment of the effect of the predictor variables on the outcome variable.

The data collected was first subjected to an error-checking exercise so as to pave way for analysis meant to generated information related to the study variables. In carrying out the analysis, two sets of statistics were sought after–descriptive and inferential. The descriptive type were used to crystallize the characteristics of the variables. On the other hand, the inferential statistics facilitated the uncovering of the nature of interrelationships among the variables of interest.

This study incorporated multiple linear regression which allowed for an objective assessment of the effect of the predictor variables on the outcome variable (Sekaran & Bougie, 2013). It modeled the relationship between the variables by use of a linear equation which contains a coefficient, βi for each independent variable. Table 1 shows a summary of how the hypotheses were tested. A determination of the normality of data was carried out through visual inspection of data plots. Normality testing is vital for statistical tests because such tests are centred on the assumption of normal distribution of data (Osborne & Waters, 2002). Multicollinearity which exists when the predictor variables are higly associated (Sekaran and Bougie (2013) was also tested. Homoscedasticity is assumed when there constance of variability of error terms across the estimates of the outcome variable (Hair, Black & Anderson, 2010). The independence of error terms was assessed through the Breusch-Pagan test and graphically by plotting a residual plot of standardized residuals versus predicted values.

Table 1: Hypotheses, Analytical Statistical Models and Interpretation of Results

Research Objectives	**Hypothesis**	**Analytical Techniques**	**Interpretation**
Objective To establish the influence of Organizational Resources on the link between Strategy Implementation and performance of Kenya owned State Corporations.	H_1: Organizational Resources significantly moderate the relationship between Strategy Implementation and performance of Kenya owned State Corporations.	**Hierarchical Regression** Step I: P =f (strategy implementation) $P= \beta_0 + \beta_1X_1 + \varepsilon$ Step II: P = f (strategy implementation, organizational resources) $P= \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon$ Step III: P = f (strategy implementation, organizational resources, strategy implementation * organizational resources) $P= \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3 (X_1* X_2) + \varepsilon$; Where P = Performance composite score, β_0= constant term, β_1, β_2,β_3 = regresson coefficients, X_1= Strategy implementation composite score, X_2 = Organizational resources composite score, $X_1* X_2$ = interaction term, and ε = random error	R^2 depicts the amount of variation in performance explained by a model An *F*-ratio with an associated *p*-value less than 0.05 indicates the regression model is significant. A *t*-test on the regression coefficient β_3 that yields a significant outcome ($p < 0.05$) confirms the moderating effect of organizational resources on the link between strategy implementation and performance. This forms the basis for not rejecting the hypothesis.

Results And Discussion

Strategy Implementation

Strategy implementation was assessed using two constructs; strategy operationalization and institutionalization. Each of these constructs was assessed using a five-point Likert scale ranging from 1 to 5: 1 = "Negligible," 2 = "Minimal extent," 3 = "Moderate extent," 5 = "Large extent," and 5 = "Very large extent." A descriptive analysis of the responses to each of these constructs was performed and the results are expounded in the subsequent sub-sections.

Table 2: Summary of Strategy Implementation Descriptive Results

Index	Mean	Std. Deviation	CV (%)	*t*-statistic	df	Sig. (2-tailed)
Strategy Operationalization	4.460	0.555	12.444	35.421	180	0.000
Strategy Institutionalization	3.897	0.657	16.859	35.421	180	0.000
Strategy Implementation (Overall)	**4.179**	**0.557**	**13.33**	**28.505**	**180**	**0.000**

Source: Survey Data (2021)

Of the two strategy implementation dimensions, operationalization was the most extensively adopted in the State Corporations as indicated by a mean score of 4.46 (*SD*=0.56).

The strategy institutionalization dimension had a relatively higher Coefficient of Variation (CV) than the operationalization dimension. This is as seen in Table 2 where the CV for operationalization dimension was 12.44%, with that for institutionalization being 16.86%. This indicates that there was less unanimity among the participants in the degree to which it is applied in the State Corporations. Significant *t*-test results were reported for both constructs signifying that their large degree of usage in State Corporations did not occur out of chance.

Overall, the results reveal that strategy implementation was applied in the State Corporations to a relatively large degree indicated by an average score of 4.18 (*SD*=0.56). The one-sample *t*-test results for the strategy implementation index t (180) = 28.51, $p < 0.05$ show that the mean rating linked to the entire variable (*M*=4.18) was significant. This confirms that the outcome that the State Corporations implement their strategies to a large extent was not out of randomness.

Organizational Resources

The study sought to evaluate the amount of resources possessed by the State Corporations. To this end, two types of organizational resources were assessed; tangible and intangible. Two separate scales were developed to assess the two types of resources. The scales were based on a five-point Likert scale format ranging from 1 (Negligible) to 5 (Very large extent). The focus of this section is to present the descriptive statistical results of the two constructs.

Table 3: Summary of Descriptive Statistics for Organizational Resources

Index	Mean	Std. Deviation	CV (%)	*t*-statistic	df	Sig. (2-tailed)
Tangible Resources	3.160	0.739	23.386	2.934	180	0.004
Intangible Resources	3.897	0.548	14.109	21.678	180	0.000
Organizational Resources (Overall)	**3.522**	**0.565**		**12.436**	**180**	**0.000**

Source: Research Data (2021)

The mean rating for the organizational resources was 3.52 (SD=0.57) which can be rounded off to 4, implying that State the Corporations have adequate resources to support their operations. Of these resources, intangible resources account for the largest share. The significant *t*-test results (t (180)=12.44, p < 0.05) also indicate that the mean rating obtained for the overall organizational resources construct was different from the midpoint of the rating scale (3) and hence was not a random occurrence.

Organizational Performance

Performance was operationalized into three distinct constructs; financial performance, process efficiency and relevance. The manifestation of these constructs was assessed with a five-point Likert scale. The specific attributes of these constructs as reflected in the State Corporations are discussed in detail in the subsequent subsections.

Table 4: Summary of Performance Descriptive Results

Index	Mean	Std. Deviation	CV (%)	*t*-statistic	df	Sig. (2-tailed)
Financial Performance Index	2.663	0.829	31.130	-5.480	180	0.000
Process Efficiency Index	3.977	0.534	13.427	24.608	180	0.000
Relevance Index	3.777	0.625	16.548	16.715	180	0.000
Performance Index (Overall)	**3.472**	**0.526**	**15.150**	**12.074**	**180**	**0.000**

Source: Research Data (2021)

The mean score for the performance construct was 3.47 (SD=0.53). This suggests that the performance of the State Corporations is moderately high. The results also show that consensus in the participants' responses was highest in the process efficiency construct (CV=13.43%) and lowest in the financial performance construct (CV=31.13%). Significant *t*-test results were reported for each construct. This signifies that the manifestation of the three constructs in the State Corporations did not occur out of chance. In the same light, the one-sample *t*-test results for the performance index, t (180)= 12.07, $p < 0.05$ shows that the average score of the entire variable (M=3.47) was significantly different from the midpoint of the rating scale. This indicates that the outcome that performance of the State Corporations is moderately high was not a random event.

The objective of this inquiry was to determine the influence of organizational resources on the link between strategy implementation and performance of Kenya owned State Corporations. In line with this objective, a hypothesis was formulated that stated as follows:

H_1: Organizational resources significantly moderate the relationship between strategy implementation and the performance of Kenya owned State Corporations.

The hypothesis was tested using the hierarchical regression approach. This procedure is executed in three steps. In the first step, the outcome variable is regressed on the predictor variable. In this case, the strategy implementation composite index and performance composite score represented the predictor and outcome variables, respectively.

The second step entails regressing the outcome variable on both the predictor and moderating variable. For this step, the organizational resources composite index represented the moderator. The index was obtained by averaging organizational resources sub-construct indices, that is, the tangible and intangible resources indices. As for the final step, the outcome variable is regressed on the predictor variable, moderator, and the interaction term formed by taking the product of the predictor and moderator. Only if the regression coefficient associated with the interaction term is significant (p <0.05) will there be indication of moderation. Employing the analytical framework, a statistically significant coefficient for the interaction between organizational resources and strategy implementation would be grounds for not rejecting the hypothesis.

The testing involved the use of composite indices for organizational resources, strategy implementation and performance in a hierarchical regression analysis. The results derived from this analysis are shown displayed in Table 5

Table 5: Strategy Implementation, Organizational Resources and Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.602[a]	0.362	0.358	0.421
2	0.719[b]	0.516	0.511	0.368
3	0.719[c]	0.517	0.509	0.369

a. Predictors: (Constant), SI_Index

b. Predictors: SI_Index, OR_Index

c. Predictors: SI_Index, OR_Index, Strategy_Resources

ANOVA [a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.022	1	18.022	101.59	0.000
	Residual	31.754	179	0.177		
	Total	49.776	180			
2	Regression	25.707	2	12.853	95.055	0.000
	Residual	24.069	178	0.135		
	Total	49.776	180			
3	Regression	25.722	3	8.574	63.094	0.000
	Residual	24.053	177	0.136		
	Total	49.776	180			

a. Dependent Variable: OP_Index

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.096	0.238		4.609	0.000
	SI_Index	0.569	0.056	0.602	10.079	0.000
2	(Constant)	0.696	0.224		2.814	0.005
	SI_Index	0.268	0.072	0.233	3.055	0.003
	ORI_Index	0.471	0.073	0.516	6.767	0.000
3	(Constant)	0.335	1.078		0.311	0.756
	SI_Index	0.352	0.256	0.373	1.374	0.171
	OR_Index	0.590	0.354	0.634	1.665	0.098
	Strategy_Resources	-0.028	0.081	-0.198	-0.341	0.733

Sources: Research Data (2021)

The results indicate that all the three models were statistically significant (p <0.05). Of these models, the third model had the highest explanatory power of 51.7% (R^2=0.517). The first model accounted for the least amount of variance in performance of State Corporations amounting to only 36.2% (R^2=0.362). In the first and second model, all the regression coefficients were statistically significant. However, in the third model, which contained the interaction term, no regression coefficient was found to be statistically significant. This provided indication that organizational resources did not have a moderating effect. As such, the hypothesis that organizational resources moderate the influence of strategy implementation on the performance of State Corporations was rejected.

As such the findings failed to support the RBV, which considers exploitation of organizational assets to be important sources for superior organizational performance. Under the RBV, it would be anticipated that a high reserve of organizational resources would complement other factors that positively affect performance. The lack of moderating effect could also mean that the organizational resources did not meet the four requirements for competitive resources under the RBV framework which include; valuableness, rarity, inimitability and non-substitutability (Barney, 1991). The findings also contradicted the few previous studies that have established the moderating role of organizational resources. For instance, the findings are inconsistent with Ipek and Tanyeri (2020) who found evidence suggesting that firm resources played a significant and moderating role on the linkage between export market orientation and export performance of Turkish exporting firms. In another study, Gaur, Vasudevan and Gaur (2011) observed that the impact of market orientation on the manufacturing performance of small business in India was heightened by the aggregate resources possessed by a firm.

In Kenya, apart from demonstrating presence of a significant impact of competitive strategy on the performance outcomes of listed companies, Osoro (2013) observed that the effects of strategy were exacerbated by a firm's collection of intangible assets. This difference in operationalization of resources and the different contexts of the studies (private sector) may have led to the variance in the outcome on the moderating effect of organizational resources.

Conclusion and Implications

The study showed that neither tangible nor intangible resources had a moderating effect on the relationship between strategy implementation and performance. Similarly, organizational resources were found to exhibit no moderating effect. In light of these findings, the hypothesis that organizational resources significantly moderate the effects of strategy implementation on performance of Kenya owned State Corporations was rejected. As such the findings failed to support the RBV, which considers exploitation of organizational assets to be important sources for superior organizational performance.

Under the RBV, it would be anticipated that a high reserve of organizational resources would complement other factors that positively affect performance. The lack of moderating effect could also mean that the organizational resources did not meet the four requirements for competitive resources under the RBV framework which include; valuableness, rarity, imitability and non-substitutability (Barney, 1991). The findings yielded under this objective contradicted the few previous studies that have established the moderating role of organizational resources.

For instance, the findings are inconsistent with Ipek and Tanyeri (2020) who found that firm resources positively moderated the impact of export market orientation on export performance of Turkish exporting firms. In another study, Gaur, Vasudevan and Gaur (2011) found that firm resources moderated the link between market orientation and manufacturing performance of small and medium enterprises in India. In Kenya, Osoro (2013) established that intangible assets had a moderating effect on the link between competitive strategy and performance of listed firms.

This difference in operationalization of resources and the different contexts of the studies (private sector) may have led to the variance in the outcome on the moderating effect of organizational resources. The second conclusion drawn from the findings is that organizational resources do not strengthen or diminish the impact of strategy implementation on the performance of State Corporations. In other words, the amount of organizational resources does not matter as long strategy implementation is carried out. This finding goes contrary to what is predicted by the RBV and the results of previous studies (Gaur et al., 2011; Ipek & Tanyeri, 2020; Osoro, 2013).

The current study was founded on several theoretical frameworks including the Institutional theory, RBV, and DCT theory. The claims and assumptions of these theories formed the basis for hypothesizing the relationships among the variables of interest. Varying degrees of relationships involving the study variables were reported, most of which were found to be statistically insignificant. However, it was established that strategy implementation positively and significantly affects the performance of State Corporations. To this end the finding lent credence to the postulations of Institutional theory and Dynamic Capabilities theory. The study also found that organizational resources did not moderate the relationship between strategy implementation and performance of Kenya owned state corporations. However, significant direct effects of tangible and intangible resources were observed.

This signifies that tangible and intangible resources are still critical in driving performance. In this regard, the findings offer support to the RBV whose major emphasis is on how endowment with strategic resources could lead to better performance outcomes. The study established that Kenya owned State Corporations were endowed with a fair amount of tangible and intangible resources. However, neither tangible nor intangible resources exerted a significant moderating role on the link between strategy implement and performance. Similarly, organizational resources were found to exhibit no moderating effect. This implies that managers should focus more on strategy implementation so as to enhance performance. However, for this to be realized, the available resources ought to be optimally and prudently utilized.

The findings in this study clearly demonstrate the important role of strategy implementation in enhancing performance of Kenya owned State Corporations. Given that the corporations receive budgetary support from the exchequer, policy thrust should be on value for money and self-sustenance through strategy implementation. Whereas the government lays emphasis on strategic planning and performance contracting as a means of ensuring optimum performance, there is need to focus more on strategy implementation. The government could therefore come up with policies to ensure that strategy implementation is prioritized. This could be by putting in place monitoring and evaluation frameworks to keep track of strategy implementation.

Strategy implementation, organizational resources and operating environment explained 51.7% of variability in performance. The remaining proportion of variance was accounted by other factors not covered in the present study. Therefore, future researchers should consider exploring the effect of other factors on performance.

In addition, the researchers should assess the potential moderation and influences of other factors on the strategy implementation-performance link. The research design utilized in this study was limited in uncovering the causal effects among the variables of interest. Future researchers should thus consider replicating the present study using longitudinal research design. A longitudinal research design would offer comprehensive insights into the underlying mechanisms by which strategy implementation, organizational resources and operating environment affect performance.

The study focused strictly on State Corporations, which substantially diminishes the generalizability of the findings to other contexts. Future researchers should consider replicating the present study in private-owned corporations. This would add to the existing knowledge by offering a comprehensive portrayal of the linkage between strategy implementation, organizational resources and performance of organizations in the Kenyan private and public sectors.

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