STRATEGY IMPLEMENTATION, CAPITAL STRUCTURE, MACRO ENVIRONMENT AND PERFORMANCE OF ENERGY SECTOR INSTITUTIONS IN KENYA

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DECLARATION

I declare that this thesis is my original work and has not been previously in its entirely or in part been presented for a degree or other academic work.

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DEDICATION

I lovingly dedicate this study thesis to my wife, Dr. Mildred Mudany, as a show of immense gratitude for her relentless unconditional love and support over the years. Much affection also goes to my lovely children Nick (deceased), Marion, Lorraine and Gloria.

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OPERATIONAL DEFINITION OF TERMS

Capital structure: is the way Energy sector institutions finances their business through the combination of equity, debt or hybrid securities

Installed capacity: termed peak installed capacity or rated capacity, describes the maximum capacity that a system is designed to run at

Macro Environment: aggregate of factors external to Energy sector institutions that influence and impact its operation of performance. These include; economic, sociocultural, political, legal, technical, and ecological considerations

Medium Term Plans: five-year horizon plans through which Kenya Vision 2030 is to be implemented, with the first plan covering the period 2008 to 2012, second plan covering 2013 to 2017 and third plan from 2018 to 2022

Organizational Performance: actual output or results of Energy sector institutions as measured against its intended outputs.

Strategy Implementation: process that converts plans to action thus ensuring projects are delivered in a way that meets the strategic plan's stated objectives

Sustainable energy: energy that is consumed at insignificant rates compared to its supply and with manageable collateral effects, especially environmental effects

Transmission: operation, management or control of facilities, consisting of high voltage electric supply lines for movement of electrical energy in bulk between generating plants and transmission substations for the purposes of enabling supply to customers

ACRONYMS AND ABBREVIATIONS

CEEC	Centre for Energy Efficiency and Conservation
ERC	Energy Regulatory Commission
GDC	Geothermal Development Company
GoK	Government of Kenya
GW	Gigawatt
GWh	Gigawatt hour
HVDC	High Voltage Direct Current
IPPs	Independent Power Producers
KAM	Kenya Association of Manufacturers
KenGen	Kenya Electricity Generating Company Limited
KETRACO	Kenya Electricity Transmission Company
KNBS	Kenya National Bureau of Statistics
KP	Kenya Power
KPLC	Kenya Power and Lighting Company Limited
KWh	Kilowatt hour
LCPDP	Least Cost Power Development Plan
LTD	Long-Term Debt
MTP	Medium Term Plan
MW	Megawatt
PPPs	Public-Private Partnerships
REA	Rural Electrification Authority
REN21	Renewable Energy Policy Network for the 21st Century
SDGs	Sustainable Development Goals
STD	Short-Term Debt
UN	United Nations

ABSTRACT

Strategy implementation has direct influence on corporate performance of organizations. An indicator of successful strategy implementation is whether actual organization performance matches or exceeds the targets spelled out in the strategic plan. Poor performance can be attributed to weak strategy, weak implementation or both. The main objective of the study was to establish the influence of capital structure and macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya. The specific objectives were to: Establish the effects of strategy implementation on performance of energy sector institutions in Kenya; Determine the intervening effect of capital structure on the relationship between strategy implementation and performance of energy sector institutions in Kenya; Determine the moderating effect of macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya; and Determine moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya. The study was anchored on the institutional theory, open systems theory, pecking order theory and resource-based view theory. This study employed a cross-sectional survey design. The study population consisted of 68 institutions under the energy sector. These 68 institutions formed the target population for the study. The study used primary data sources, which was collected through structured questionnaire. Validity was tested through content validity. Cronbach's alpha coefficient was used to test the reliability of the measurement scales. The study used 'split-halves' and 'internal consistency' method to measure reliability of the research tools. The findings showed that there was a significant relationship between strategy implementation and performance. The introduction of either capital structure as a mediator or macro environment as a moderator was equally found to have a statistically significant influence on the relationship between strategy implementation and organizational performance. The study established that there was a statistically significant moderating effect of macro environment on the intervening effect of capital structure. The study also showed significant moderating effect of macro environment on the relationship between strategy implementation and performance. From the findings of this study, it was concluded that the attributes of strategy implementation had a great influence on performance. The study further concluded that the indicators of capital structure had significant effect on the relationship between strategy implementation and performance and that appropriate capital structure is a critical decision for any business organization. The study further concluded that macro environment had significant impact on the relationship between strategy implementation and performance. The study recommended that firms should exhaust their internal cash flows in order to cut on the financing cost and must constantly interact with the ever-changing macro environment. The study also recommended that employees should be enlightened on the strategies that the organization aim to adopt to eradicate the possibility of opposition to its implementation and other challenges faced in the process of changes. The study further recommended that studies could be done on other sectors other than energy and compare the similarities and differences that will be established in these sectors. The main limitation was that the study only considered primary data which is prone to system error and manipulations. Future studies could consider employing both primary and secondary data.

CHAPTER ONE: INTRODUCTION

This chapter seeks to cover the linkage between capital structure, macro environment, strategy implementation and performance of Energy sector institutions in Kenya. The study evaluates the performance of Kenya's energy sector institutions based on goals in the Kenya Government (GoK) least cost power development plan 2013 to 2033. This chapter discussed conceptual issues from global, regional and local Kenyan perspective focusing on how strategy implementation, capital structure, and macro environment affect performance of Energy sector institutions.

1.1 Background of the Study

Strategy implementation is the process of bringing plans into practice, including the preparation and execution of services, the improvement of operational quality and effectiveness, and the creation of organizational structures, assessment processes and cultures needed to adapt to the new strategy (Hill, Jones & Schilling, 2014). The obstacles and barriers faced in implementing strategies and the attributes of successful implementation of the strategy have been extensively reviewed (Elbanna et al., 2015). In the face of the growing complexity and dynamic economic and political circumstances that characterize the world today, the idea of policy implementation has put into play the concept of strategically adopting policies to improve capability and performance levels in the government (Ferlie & Ongaro, 2015). Strategy involves matching the resources available, skills of the organization, the risks involved, and the environmental opportunities with the goals and purposes of the organization (Thompson, 2013)

Strategy implementation ensures that projects are delivered in a way that meets the strategic plan's stated objectives (Kotler & Keller, 2012), whereas functional strategies direct on how implementation needs to be done and operational strategies combine all the functions of the organizations. When a strategy does not deliver means that it was not well executed because successes of organizations depend on strategy implementation (Lefort, McMurray & Tesvic, 2015). The effect of strategy implementation on performance can be intervened by variables such as capital structure and moderated by macro environment which act as catalysts (Kengatharan & Lingesiya, 2014). The relationship between strategy implementation and organization performance is anchored on institutional theory (DiMaggio & Powell, 1991). This theory focuses on establishment of leadership, culture, structure, strategic plan, responsibility and accountability as the indicators of strategy implementation.

Capital structure is anchored on pecking order theory (Myers & Majluf, 1984), which postulates that the level of debt, the gearing-ratio, does not influence the value of the firm and hence performance because investors can create and remove leverage by accessing the same financial markets. Macro environment is anchored on open systems theory (Burnes, 2000). Open systems theory avers that organizations are strongly influenced by their environment for change and survival. This theory explains how strategy helps an organization to achieve sustainable competitive advantage (Machuki & Aosa, 2011). In this study, open system theory explained how strategy implementation fits into the macro environment in which it is operating to achieve better performance. Performance was anchored on resource-based view theory which posits that for an organization to have competitive advantage over its competitors, it needs to prioritize the acquisition of unique resources and capabilities (Barney, 2002).

1.1.1 Strategy Implementation

Strategy implementation refers to activities through which an organization defines action it will undertake to navigate and compete (Murgor, 2014). It converts the plans to meet the set objectives and deliverables (Odundo, 2012). Strategy implementation has been established through extensive research that it affects performance of organizations. Strategy implementation, which is anchored on institutional theory, focuses on what, who, when, where and how to achieve desired goals and objectives (Njoroge et al., 2015). Success of any organization depends on how strategy employed is implemented (Lefort, McMurray & Tesvic, 2015).

The indicators used to measure strategy implementation include; strategic planning, management, action plans, processes, systems, and timelines, among others. Over the years, MoE has rolled out several strategic plans to achieve its energy goals and the most ambitious of them being its long term 20-year rolling Least Cost Power Development Plan (LCPDP). While the sub-sector has made some meaningful gains in the recent past, it still has to pursue greater, more focused strategy implementation action in order to achieve its mission and reduce the cost of power. The indicators that were used by the current study to measure strategy implementation include; leadership, structure, culture, strategic plan, responsibility and accountability.

1.1.2 Capital Structure

Capital structure is the combination of debt and equity used to finance firm's assets, operations and growth. A firm can be financed by the shareholders or debt holders or hybrid (Umar, Tanveer, Aslam & Sajid, 2012). The capital structure is also a framework which depicts how equity and debt are employed for financing the firm's operations to yield optimum returns for the stakeholders to maximise firms returns given a level of risk (Dada & Ghazali, 2016). Capital structure involves different sources of long-term capital through which an enterprise finances its assets (Kirmi, 2017). Capital structure influences both shareholders' return and the ability of a firm to survive economic depression (Joshua, 2017). Mohammad and Jaafer (2012) states that firms can use either equity or debt to finance their assets. But where the interest was tax deductible, firms would maximize the value accruable by using more debt.

Source of capital refer to the place or platform where financial resources can be acquired. A firm can source for fund; either internally or externally or both, which constitute the firm's structure of capital (Zunckel & Nyide, 2019). Structure of capital refers to the blend of firm's financial liability (Uremadu & Onyekachi, 2019). It could be seen as the debt and equity mixture that the firm has employed to finance business operation (Aziz & Abbas, 2019). Structure of capital is the sum of debt and equity quantum or preference shares, common stock and other debt obligations. The problem of capital structure, therefore, arises from determining the quantum of each source of finance that will yield optimum return with little risks (Akintoye, 2016; Dada & Ghazali, 2016).

1.1.3 Macro Environment

The macro-environment, also referred to as the remote environment, comprises of factors that originate beyond and usually irrespective of any firms operating situation (Hitt, Ireland, & Hoskinson, 2011). They include political, economic, social, technological, ecological and legal factors (Pearce et al., 2012). Organization theorists emphasize that organizations must adapt to their environments if they have to remain viable (Ogollah et al., 2011). This environment presents firms with opportunities, threats and constraints but rarely does a single firm exert any meaningful reciprocal influence. However, choice of strategy alone cannot guarantee performance without considering the role of macro environment in that relationship.

The decisions of the managers of the Institutions are affected by the macro environment factors. These factors include political, economic, social, regulatory and policy-related issues that do not prioritize power generation; high fuel cost levies owing to volatile oil prices; weather conditions and over-reliance on hydro power; high investment; risk of failure; foreign exchange volatility; community demands; land availability constraints; wayleave restrictions; electricity theft; vandalism of electric power infrastructure; and deficiency of needed skills and knowledge. The environment is important and energy sector institutions have to respond to its dynamism, heterogeneity, instability and uncertainty. To be successful overtime, energy sector institutions must be in tune with its macro environment and respond to challenges posted by such actions.

1.1.4 Organizational Performance

Performance is important to all organizations including public corporations, private companies, government ministries and even nonprofit organizations (Mkalama, 2014). Researchers, scholars and practitioners have researched to understand why some organizations achieve higher level of performance compared to others (Ogollah, Bolo & Ogutu, 2011) with the result that “no one single variable can effectively affect an organization's performance" (Ogollah et al., 2011). Organizations are in business or undertake various ventures in order to achieve certain purposes, intentions and goals and those organizations must succeed. Performance is, therefore, crucial for any organization and is at the heart of any strategic management (Ongeti, 2014).

The performance of Kenya's energy sector institutions needs to be strengthened, sustained and fast tracked in order for it to make significant impact in transforming the national power landscape and meet its strategic goals. More specifically, performance of the energy sector institutions must increase supply, reliability, safety of electricity, attain universal electricity access by 2020; exploit new technology; reduce tariffs and high system losses and exploit innovative financing instruments; and finally spur economic growth, employment, investments and social development in tandem with the objectives of MoE strategic plan 2013 to 2017 and Kenya Vision 2030.

1.1.5 Energy Sector Institutions in Kenya

Energy in Kenya is a key enabler in achieving the Vision 2030 dream. Energy is vital to key sectors of the economy namely commerce, transportation and agriculture. Almost every product or service that is consumed has some energy in it and hence is considered a major source of inflation. The energy consumption within the country consists of 68 percent from wood fuel and biomass, 22 percent from petroleum and 9 percent from electricity (Energy in Kenya, 2013). The electricity demand in 2018 stood at 1,802 MW and the country's installed capacity stood at 2,351 MW (Kenya Power, 2018).

The increasing demand for electricity is attributed to the economic growth being experienced. The cost of energy determines the competitiveness of goods manufactured domestically to those of imports. High energy costs impede domestic wealth creation, creation of employment and balance of trade. In Kenya economic activity is crippled by shortages in energy supply alongside the inherent disruptions. Tax policies have been used "to encourage investment in geothermal exploitation, development of hydroelectric power" coupled with renewable energy forms including wind, biomass and solar (National Energy and Petroleum Policy, 2014). In 2014 the energy and petroleum sector was allocated KShs 43.6 billion to grow energy production and decrease the cost of energy (KPMG, 2014). Kenya's electricity sector is currently governed by two regulators, MoE is responsible for overall policy coordination and development in the energy sector institutions and sets the strategic direction for the growth of the sector and provides long-term visions for all players in the sector (MoE, 2016). The second regulator ERC, established during the reform under the Electric Power Act in 2006, which is an autonomous, independent sub-sector regulator. It sets, reviews and adjusts consumer tariffs, approves power purchase agreements, promotes competition in the energy sector institutions where feasible, resolves consumer complaints and enforces environmental, health, and safety regulations (Electricity Regulatory Commission, 2016).

Electricity is generated by Kenya Electricity Generating Company (KenGen) and an increasing number of Independent Power Producers (IPPs). Kenya Power and Lighting Company (KP&LC), the wholesale buyer and sole distributor of electricity in Kenya, purchases electricity from all generators through negotiated Power Purchase Agreements (PPAs) approved by ERC. Electricity is then conveyed over transmission systems owned by KP&LC or Kenya Electricity Transmission Company (KETRACO). Finally, KP&LC carries out distribution and retail supply of the electrical energy to customers in accordance with licenses and permits issued by ERC.

1.2 Statement of the Problem

The linkage of strategy implementation and organization performance has been of great interest to scholars globally. The success of a strategy depends upon the efficacy of implementation and therefore top priority of strategy implementation is building a capable organization (Sorooshian, Norzima, Yosuf, & Rosnah, 2010; Njoroge et al., 2015; Favaro, 2015). Performance of energy sector institutions in Kenya is crucial for the economic development and more significantly, Kenya has identified manufacturing as one of the big four agenda for economic growth and energy has been identified as a critical enabler if the goals are to be achieved. Electricity is a major concern for business enterprises and is considered as one of the key problems to enterprises (Blimpo et al., 2018). Despite its integral national role, Kenya's energy sector institutions continue to have challenges of performance failures against its own stated goals and objectives. The MoE launched in 2013 the ambitious 5,000 + MW road map projecting to increase installed power generation capacity from 1,765 MW to 6,700 MW by December 2016 (MoE, 2013-2016). Actual installed capacity as at June 2018 was 2,351 MW (Kenya Power, 2018) – a performance target shortfall of 4,349 MW. The electricity peak demand stood at 1,802 MW as per KP&LC 2017/2018 report, while the country's installed capacity was 2,351 MW. This short fall of demand behind electricity supply means high cost of power to the customer who has to shoulder the burden of surplus capacity. Cost and quality of electricity is one of the constraints to manufacturing in Kenya. Cost of electricity in Kenya is high at US$ 0.15/Kilowatt hour (KWh) compared to China US$ 0.086/KWh, USA 0.129/KWh, Mexico US$ 0.08/KWh, Egypt US$ 0.018/KWh Taiwan US$ 0.094, Cameroon US$ 0.09, Ghana US$ 0.065/KWh, Uganda US$ 0.173/KWh, Tanzania US$ 0.1/KWh, and Zambia US$ 0.048/KWh. This increases cost of production making manufactured products from Kenya uncompetitive.

Several studies have found positive and negative correlation between strategy implementation dimensions and organizational performance making the relationship inconclusive. The inconsistence in empirical results may point to the possibility, that important intervening or moderating variables such as capital structure and macro environment may have been over-looked in carrying the studies. However, there exists knowledge gaps that this study sought to address along theoretical, conceptual, contextual and methodological spheres. However, there exists knowledge gaps that this study sought to address along theoretical, conceptual, contextual and methodological spheres.

Methodologically, some studies revealed knowledge gaps. Ongeti (2014), Mkalama (2014), Ongombe and Mungai (2018), Hasan, Ahsan, Rahaman, and Alam (2014) used secondary data on performance of these organizations. The study by Zaidi, Zawawi, Nordin and Ahnuar (2018) was a critical theoretical review on the strategy implementation process and performance of construction companies. Conceptually, while strategy implementation has been found to positively impact on performance, empirical evidence on the moderating role of macro environment on the relationship between the two variables is lacking. Additionally, capital structure has been conceptualized as an independent variable in some studies Hasan, Ahsan, Rahaman, and Alam (2014); Mohamed and InunJariya (2015); Ahmad (2018). Nevertheless, its mediating role on the relationship between strategy implementation and performance is yet to be established empirically. Contextually, the current study did not come across any study that was carried out on strategy implementation in energy sector institutions and the empirical evidence in Kenyan context is scanty. Further, the intervening effect of capital structure and moderating role of macro environment on the relationship between strategy implementation and performance is yet to receive empirical attention. Finally, there is a gap in literature on the moderating role of macro environment on the intervening effect of capital structure. This study was an attempt to address the gaps demonstrated along theoretical, conceptual, contextual and methodological fronts.

This study filled the gap in literature on how strategy implementation has influenced performance of energy sector institutions in Kenya and also provide strategies and policies for Vision 2030 and the big four agenda with regard to strategy implementation and performance of energy sector institutions in Kenya. In addition, there is a gap on empirical evidence on the intervening effect of capital structure and moderating influence of the macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya. The main research question that guided this study was therefore what is the influence of strategy implementation, capital structure and macro environment on the performance of energy sector institutions in Kenya?

1.3 Objectives of the Study

The broad objective was to investigate the influence of strategy implementation, capital structure and macro environment on the performance of energy sector institutions in Kenya. The specific objectives were to:

i. Establish the effects of strategy implementation on performance of energy sector institutions in Kenya;

ii. Determine the intervening effect of capital structure on the relationship between strategy implementation and performance of energy sector institutions in Kenya;
iii. Determine the moderating effect of macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya; and
iv. Determine moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya

1.4 Justification of the Study

Energy is a key driver of economic development and Sustainable Development Goals (SDGs) seven on affordable and clean energy adopted in 2015 has modern energy accessibility, affordability, reliability and sustainability to all as a key blueprint (UNEP, 2015). Global electrification reached 85.3 percent in 2014, with Europe, North America and Central Asia having attained universal access. Both Asia-Pacific and the Arab region access rates were around 90 percent in 2014 (World Bank, 2017). Sixteen percent of the global population live in Africa, however Africa has only 2.8 percent of the world's power generation capacity with 25 Sub-Saharan countries facing energy crisis and majority of the population, approximately 600 million people still live without electricity. Only 37 percent of the population had access to electricity in 2014 (Blimpo, McRae, & Steinbuks, 2018).

The weakness of the Africa's energy sector institutions has constrained economic growth and development with electricity declared as second biggest problem to organizations in the region after finance (Blimpo et al., 2018). Many African cities are characterized by rural to urban migration phenomenon. This is driven by the quest for increased participation in economic activities. Increase in the population within cities results in the straining of energy production sources which leads to the adoption of a rationing system of energy among localities (UNEP, 2015). Tackling energy poverty in the country is a major challenge and electrification has been the focus of extensive research of the past few years (Zeyringer et al., 2015). During 2013 to 2017, Ministry of Energy (MoE) launched the ambitious 5000+MW road map projecting to increase installed electricity generation capacity from 1,765 Megawatts (MWs) by 30 June 2013 to 6,700 MW by December 2016 (MoE, Investment Prospectus 2013-2016).

Within the same period of 2013 to 2016, the system losses were 19.4 percent, customer satisfaction index was 68.4 percent. Cost of energy in Kenya remained high compared to other countries, power outage stood at 33 percent (Energy in Kenya, 2015) and high cost of power, shortages in energy supply, and inherent disruptions impedes socio-economic development. Cost and quality of electricity is one of the constraints to manufacturing. A survey done in 2012 indicated that, 67 percent of the respondents were unanimous that cost of electricity is very expensive. In addition, provision of electricity is erratic, eight to 12 times per month which results in loss of production time, leading to low productivity by up to 7 percent of sales and damage to equipment. This led to 44 percent of the manufacturers being forced to invest in generators and electricity connection costs (Kenya Association of Manufacturers, 2012).

Successful strategy implementation remains a major and most challenging task in any organization. Transforming and implementing strategies into actions is far more complex, difficult and often challenging. Strategy implementation may take a form of developing new processes of doing things, improving on the existing process and capacity building among staff and customers to enable them work comfortably with new systems implemented in an organization (Thompson & Strickland, 1993). Organizations right practices and ability to integrate these components in the strategy implementation ensures that its successfulness.

Through strategy implementation, organizations are able to align their day to day operations to the changing operational environment for competitive advantage (Johnson, & Scholes, 2008). The organization’s ability to adapt to its operating environment ensures its competitiveness. It is difficult for any management team to formulate a consistent strategy and it’s even more difficult to implement the strategy in the whole organization several factors can affect the process of turning strategies into organizational action (Noble, 1999).

Strategy implementation in organizations in the energy sector institutions has in general not received much attention and hence significant gaps exist in our knowledge. Increased research in this area to unveil problems associated with implementation of organizational strategies, capital structure and macro environment is important. Hence the study is designed to fill this gap by establishing the influence of strategy implementation, capital structure and macro environment on the performance of energy sector institutions in Kenya.

1.5 Scope of the Study

The study aimed at determining the relationship between strategy implementation, capital structure and macro environment on the performance of energy sector institutions in Kenya. The study only targeted energy sector institutions. According to the Republic of Kenya, Energy and Petroleum Regulation Authority 2019 there are 68 institutions engaged in energy sector institutions in Kenya with about 17,640 employees. The respondents included the staff from all institutions. The research majorly focused on how the elements of strategic implementation, capital structure and macro environment influence performance energy sector institutions. The data was collected between October 27th to November 28th 2019.

1.6 Limitation of the Study

Some respondents were reluctant to give some of the information due to their sensitive nature and for fear of victimization. This was mitigated by the researcher assuring the respondents of total anonymity to encourage the respondents to share the needed information. The researcher also reaffirmed them the information so obtained was purely for research purpose. Due to the busy schedules of most of the respondents, the researcher may have a lower respondent’s rate. This challenge was overcome by arranging visits to the institutions accompanied with the introduction and authority letter from the university.

The study only focused on energy sector institutions in Kenya. The study was only limited to primary data since it only depended on questionnaires for data collection. The study was also constrained by lack of previous studies in the specific research area since very little has been done on the contemporary and evolving research problem on the relationship between strategy implementation, capital structure, macro environment and performance

1.7 Delimitation of the Study

The study aimed at establishing the effects of strategy implementation, capital structure and macro environment on the performance of energy sector institutions in Kenya. The study employed a cross sectional survey design. The population of interest of the study was the 68 institutions engaged in energy sector institutions listed in Energy and Petroleum Regulation Authority February 2019. The study used data from primary and secondary sources. Structured questionnaires were used to collect primary data. The study was only limited to the study variables namely; strategy implementation, capital structure, macro environment and performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature advanced in the area of strategy implementation, capital structure, macro environment and performance of organizations. The chapter starts by reviewing various theories relevant to this study. The theories include the institutional theory, open systems theory, pecking order theory and Resource based view theory which form the basis of the concept of strategy implementation. A conceptual framework is also presented based on the study's objectives. To assist in identification of existing gaps in the literature, empirical review is done in this chapter.

2.2 Theoretical Review

Scholars have developed various contemporary theories that link strategy implementation, capital structure, macro environment and performance. This section reviews several important theories namely; the institutional theory, open systems theory, pecking order theory and Resource based view theory.

2.2.1 Institutional Theory

The initial wave of institutional theory was developed by DiMaggio and Powell (1991) among others. This theory was built on the argument that the institutionalized "rules and norms of society intrude on the internal structure of organizations" (Beggs, 1995). The core idea of institutional theory is that organizations are deeply embedded in an expansive environment and consequently become influenced by the pressures and constraints of this environment. From previous theoretical work, Scott (1995) identified three major factors of institutionalization in the literature cognitive elements that include meaning systems and cultural foundations of the society, the authority of which rests on a consensus of shared conceptions of social reality; normative elements that stipulate expectations for the appropriate behaviour, which are learned and internalized through socialization or education; and enforcement processes which involve surveillance, assessment, and the application of sanctions by formal regulatory structures.

This theory asserts that organizations are social structures, which have achieved high degree of resilience (Njoroge et al., 2015). It postulates that where the businesses are situated has a great effects on the firm (Kinuu, 2014). This is because it dictates whether the business will actually survive (Njoroge et al., 2015). The link of strategy implementation, external environment and organizational performance can be explained by institutional theory. Institutionalization leads to successful strategy implementation, which leads to organization performance and finally contributes to sustainable competitive advantage (Kinuu, 2014). In the institutional theory, organizations are influenced by normative reassurance arising from external forces such as the state and sometimes arising from forces within the Energy sectors institutions. This was the anchor theory of the study.

2.2.2 Open Systems Theory

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

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

2.2.3 The Pecking Order Theory

The Pecking Order Theory (POT) was developed by Myers and Majluf in 1984 (Salminen, 2013). According to POT, organization's finances are gotten from the internal funds, debt and new equity. The POT suggests that firms will initially rely on internally generated funds, and then they will turn to debt if additional funds are needed. Finally, they will issue equity to cover any remaining requirement (Ahmad, Abdullah & Roslan, 2012). This theory argues that firms follow a certain hierarchical fashion in financing their operations in the sense that they initially use internally generated funds in the form of retained earnings, followed by debt, and finally external funding (Mateev, Poutziouris & Ivanov 2013). The pecking order theory predicts a negative relationship between debt ratio and profitability, because firms utilize the available internal funds as first financing source and debt as a last resort (Brendea, 2012).

According to the pecking order hypothesis, firms that are profitable and therefore generate high earnings are expected to use less debt capital than those who do not generate high earnings (Ahmad et al., 2012). This is because funds used from profits do not dilute ownership. Besides, the funds obtained from debt attract interest which is an extra burden to the firm. According to the Pecking Order theory, there is no optimal debt-equity mix because there are two kinds of equity, retained earnings at the top of the pecking order and the issue of new shares at the bottom (Myers, 1984). The Pecking order Theory further stipulates that optimal capital structure is reached when tax advantage to borrowing (tax shield) is balanced, at the margin, by cost of financial distress (Maina & Muturi, 2013).

Myers (1984) summarizes the theory by stating that there is no optimal debt-equity mix because there are two kinds of equity, retained earnings at the top of the pecking order and the issue of new shares at the bottom. Myers (1984) claims that asymmetric information and transaction costs overwhelm the forces that determine optimal leverage in the trade-off models. For this reason, therefore, to work first with internal cash flows. Only if there's residual financing need will firms use external capital. So, contrary to the trade-off theory, the pecking order theory predicts no long run target capital structure (Maina & Kondongo, 2013).

The theory holds that organizations tend to use their internal excess liquid assets or retained earnings first before considering debts. If it is necessary to turn to external finance firms use debt with little or no risk, which usually corresponds to short term debt and in the last place, firms will select external equity (Njagi, Kimani & Kariuki, 2017). According to Njeru (2013) internal finances are preferred to firms because they are cheaper and easy to get at a short notice. In any case that internal financing isn't adequate to finance investment ventures, outside funding might be sourced and in the event that they do, so as to limit costs, the managers need to pick obligation before utilizing value. This theory sees that organizations follow a progressive system of financing and lean toward internal financing first; organizations prefer debt over equity as is brings in new ownership from outside.

The Pecking order theory shows the lifeline of an organization. This means if the company finances itself internally it means it is a strong company and if the company has external financing then this shows high level of confident that the company has high chance of satisfying its obligations (Wahome, Memba & Muturi, 2015). This theory is also relevant to this study because it assisted in determining whether an institution exhaust internally generated funds before turning to debt financing. The theory implied that institution could opt to use internal financing (profits, sale of assets and savings from reduced capital) as a means of financing and will only result to debt finance after exhausting internal finances. This is because internal sources of finance are perceived to be cheaper compared to debt as means of financing. This theory has been found to be of help to previous studies on capital structure, for instance, Maina and Kondongo (2013), Daskalakis, Jarvis and Schizas

(2013). The critique of Pecking order theory is that it does not explain the influence of taxes and financial distress. The theory can be critiqued to be having a downside of assuming that there is capital structure target in firms.

2.2.4 Resource Based View Theory

Resource Based View was first advanced by Penrose (1959) who argued that a firm's superior performance is achieved when the resources are controlled by the firm. The resource-based theory (RBT) anchors propositions of organizational resources and contends that firm behaviors depend on resources (Barney, 1991). Resource based view theory states that, firm's performance is mainly driven by a unique set of resources that are valuable, rare and difficult to imitate (Singh & Mahmood, 2014). The chosen business strategy supports organisation to best and fully exploit its core competences given the available opportunities in organizations' external environment (Griffin, 2013). The theory emphases internally on assets, organizational processes, capabilities, knowledge, information, and other capacities controlled by an organisation that permits the development and implementation of effective strategies (Okioga, 2012). Organizations may also be seen as bundles of human, physical and capabilities which creates sustainable competitive advantage in such a way they are rare, valuable, non-substitutable and inimitable (Ferlie & Ongaro, 2015). Moreover, firm resources are the basis for the sustainable realization of competitive advantage (Singh & Mahmood, 2014; Gebhardt & Eagles, 2014). The resources must have the capacity to exploit opportunities and reduce threats in its external environment, while offering something rare, which cannot be easily imitated, or substituted by rivals within the same industry (Okioga, 2012).

The theory submits that for an organization to have competitive advantage over its competitors, it needs to prioritize the acquisition of unique resources and capabilities (Barney, 2002). The resource-based view (RBV) theory explains that valuable and rare organization resources can be difficult to replicate, and thus leading to sustained advantages in organizational performance (Alavi, Wahab, Muhamad, & Shirani, 2014). The RBV emphasizes the organization's resources as the fundamental determinant of competitive advantage. Two of RBV's assumptions are that firms within an industry or in a strategic group could be heterogeneous with respect to the kind of resources that they control. Secondly, it assumes that resource heterogeneity is long lasting and are difficult to accumulate and imitate. Theoretically, RBV addresses the fundamental question of why firms are different and how they achieve and sustain competitive advantage. The RBV literature suggests that firm's sustainability of competitive advantage come from building on the resource endowment and core competencies of the organization (Kostopoulos, 2003). Conceptually and empirically, resources are the foundation for attaining and sustaining competitive advantage and eventually high performance for the organization (Ismail, Raduan, Uli, & Abdullah 2011). The resource-based view is considered relevant to competitive advantage. RBV contributes to the understanding of competitiveness of an organization.

The RBV model assumes that an organization is a blend of organizational capabilities and the available resources. RBV also assumes that firms acquire different resources and develop unique capabilities based on how they combine and use the resources; that resources and capabilities are not mobile across organizations and that the differences in resources and capabilities are the basis of competitive advantage (Hitt, 2013). Bridoux, (2004) argued that RBV has focused on internal resources at the expense of external factors that does influence firm performance. He opines that strategic managers, should have resources as the basis of competitive strategy. Other critics (Foss, Foss, Klein, & Klein, 2007b), argue that the practical assessment and evaluation of resources involves subjectivism, knowledge creation and entrepreneurial judgement. The RBV's critics notwithstanding, this study still finds the RBV theory applicable in the current research context.

2.3 Empirical Review

The section covers empirical studies on strategy implementation, capital structure, macro environment and performance. The section also provides the relationships between the study variables.

2.3.1 Strategy Implementation and Performance

Strategy implementation is a key challenge for today's organizations and most strategies stagger at the implementation stage (Coulson-Thomas, 2013). Effective strategy implementation is facilitated through action planning, coordination and institutional alignment. According to Hinton (2012), action planning includes formulating of activity timelines, estimating the resources required, allocating responsibilities and defining expected output. All these activities have to be coordinated efficiently. Institutional alignment in terms of culture and structure is also critical for successful strategy implementation. In order for organizations and business entities to reach the ambitions set out for their strategies, they need to give thought to how they go about implementing the organization's strategy (Getz & Lee, 2011).

Challenges faced by managers in implementing organizations' strategies is an issue that has been subject to investigation by Gebczynska (2016) and Radomska (2014). Manager characteristics play a critical role in determining the outcome of decisions made and the level of success in implementing strategies (Jespersen & Bysted, 2016). Successful managers spend valuable time in ensuring that strategies are implemented flawlessly given that an organization's output suffers when insufficient time and effort are expended on strategy execution or inappropriate execution actions thereof (Jiang & Carpenter, 2013). In addition, only about half of the ideas described in strategic plans ended up being implemented (Burlton, 2015). Managing undertakings internal to the firm is only part of the modern executive's tasks (Pearce & Robinson, 2013). Managers anticipate, monitor, assess and incorporate executive decision making to challenges posed by the firm's environment. Rajasekar (2014) linked strategy implementation to an organization's success. Rajasekar (2014) avers that successful strategy implementation is key for any organization's survival. Kibicho (2015) posited that manager characteristics needed greater attention as they were key to an organization's implementation of its strategies among insurance companies. Managers' characteristics therefore play a key role in influencing organization's outcomes, but the question of how organizations can build and benefit from a diverse composition of managers remains unanswered (Georgakakis, 2014).

Njoroge et al. (2015) studied the effect of strategy implementation on performance of Kenyan State Corporations. The study used the 108 State corporations as the unit of analysis. Data collection was done using the questionnaires. The study used regression analysis. The study findings indicated a statistically significant influence of strategy implementation on performance. The study finding also revealed that external environment had a positive and statistically significant relationship of between the strategy implementation and performance. The current study seeks to incorporate different constructs of strategy implementation namely; strategic plan, management, processes, responsibility and accountability and also establish whether the intervening and moderating variables have influence on the performance.

Njagi and Kombo (2014) study on the effect of strategy implementation on performance of commercial banks found that there is a moderately strong association between strategy implementation and organizational performance and that institutions that want to thrive and compete effectively must implement strategy effectively. They however noted that, only 44.8 percent difference in performance is explained by strategy implementation. The current study therefore sought to evaluate other factors other than strategy implementation, that affect performance. Organizations need to systematically evaluate their strategic management styles to determine strengths and weakness in strategy implementation. Additionally, Abass, Munga and Were (2017) study revealed a statistically significant relation between strategy implementation and performance. The study looked at the conducted on the relationship between strategy implementation and performance in county governments of Kenya. A mixed research design was used for the study. The study findings showed that organizational structure influences implementation of the strategic plan. The study revealed organizational structure affects implementation of the strategic plan. The current study introduced the moderating and intervening variables and measured their effect on the relationship between strategy implementation and performance of Energy sector institutions in Kenya.

Kariithi and Ragui (2018) looked at the relationship between Strategy implementation Practices on Performance. The aim of this study was to determine strategy implementation practices on the performance of Huduma (Service) Centres in Kenya. The study adopted descriptive research design to determine the influence of strategy implementation practices on the performance of Huduma (Service) Centres in Nairobi County, Kenya. The study adopted a census approach during data collection where information was collected from all (130) employees working in 5 Huduma Centres operating in Nairobi City County, Kenya which included; GPO Huduma Centre, Makadara Huduma Centre, Kibera Huduma Centre, Eastleigh Huduma Centre and City Square Huduma Centre. Primary data was collected using questionnaires. The questionnaires were used to collect the data. The data collected was analysed using Statistical Package of Social Sciences (SPSS Version 21). Descriptive statistics such as means, standard deviations and percentages and inferential statistics such as correlation and regression analysis method were used to find out the statistical relationship between variables of the study. Regression analysis was used in the analysis. Before conducting regression analysis diagnostic tests which include normality, linearity, homogeneity and multicollinearity were conducted. The analysed and presented in the form of tables. The study results revealed that there was a significant positive relationship between employee training, leadership and communication and performance of Huduma Centres.

Ibrahim, Sulaiman, Kahtani and Abu-Jarad, (2012) investigated the relationship between strategy implementation and performance of manufacturing firms in Indonesia. Jakarta Stock Exchange formed the population of the study. With a sample size of 112 out of 164 respondents, their study findings indicated that there was a significant relationship between strategy implementation and performance of the manufacturing firms. Strategy implementation was operationalized into a program of budget and control of resources and performance of the manufacturing firms measured by return on equity. Ibrahim et al. (2012) in their study found six silent killers of strategy implementation, identified as top-down or laissez-fair senior management style, unclear strategy and conflicting priorities, an ineffective senior management team, poor communication, poor coordination across functions, inadequate down-the-line leadership skills and development, (Kiliç & Aktuna, 2015). In a nutshell the role of leadership and if the organization leadership is able to control and eliminate the six killers, the firm becomes capable organization, hence building on organizational capacity.

Zaidi, Zawawi, Nordin and Ahnuar (2018) study resolved a strong positive relationship between strategy implementation process and construction companies' performance. The study looked at the relationship between strategy implementation process and performance of construction companies. The study used questionnaires to collect data. Quantitative data was used in the study. Correlation analysis was used to analyse the relationship between the study variables. Čater and Pučko (2010). The study examined the factors of effective strategy implementation in Slovenian companies. Multiple regression analysis was used in the study. The study findings also indicate that only the company size influences the way most strategy implementation activities are practiced, whereas the influence of sector, ownership and sales market is almost non-existent. Finally, the results reveal negative but significant relationship between inadequate leadership skills and employees' reluctance and performance. The results further indicate that adapting the organisational structure has a positive influence on performance.

Alharthy, Rashid, Pagliari and Khan (2017) revealed that leaders and the management should devote more attention and effort to strategy implementation owing to the fact it faces high chances of failure. Alharthy et al. (2017) also found out that many institutions could not sustain their competitive edge despite having a streamlined strategy. This was attributed to lack of achievement in the strategy implementation stage.

Mailu, Ntale, and Ngui (2018) study revealed that the success of strategy implementation was influenced by operational process factors, namely, resource availability, communication, operational planning in addition to control and feedback. Strategy implementation was found to have significant effect on organizational performance. The study found out that performance was influenced by the organizational structure, resources and culture have a significant effect on the performance. The study looked at the relationship between strategy implementation and organizational performance. The used questionnaire to collect data from pharmaceutical companies.

Obeidat, Al-Hadidi, Tarhini and Masa'deh (2017) study showed that the strategy implementation was influence by resource availability, communication, operational planning in addition to control and feedback. The study reviewed factors affecting strategy implementation in pharmaceutical companies. The study employed questionnaires to collect data. Kibicho (2015) studied the determinants of strategy implementation in the insurance industry in Kenya. Data collection was collected and analyzed through mixed methods. Questionnaires were used to collect data. The relationship between the study variables was measured using multiple regression. Mann-Whitney test was used to test the hypothesis. Maika (2020) study found out that organization culture had a significant relationship effect on strategy implementation. The study looked at the effects of organisational culture on strategy implementation in water boards in Kenya. The study used regression analysis to analyze the relationship between the study variables. The data was presented in frequencies, percentage mean, standard deviation, chi-square results and tables and charts. Abok (2014) study revealed that management styles, organization culture, stakeholders and organization resources had a statistically significant relationship with the strategic plan implementation. The study reviewed the factors affecting effective implementation of strategic plans in non-governmental organizations in Kenya. The study used descriptive survey. Both tests of significance using ordinary least squares regression and correlation analysis indicated a strong significance amongst the variables as well as when combined against the dependent variable.

Chiuri (2015) reviewed the challenges of strategy implementation in higher education institutions in Kenya. The study results revealed that strategy implementation was influence by the organizational culture. The study also realized that organizational structure and external environment had a significant effect on strategy implementation. Descriptive survey design was used by the study. Both stratified sampling and simple random sampling were employed in getting sample size. Isaboke (2015) studied the influence of organization culture on strategy implementation. The study used a descriptive survey design. The proportionate stratified sampling method was used to get the sample size. The study results indicated that organization culture had a significant relationship between strategy implementation.

2.3.2 Strategy Implementation, Capital Structure and Performance

A firm needs to finance its operations and in so doing, there is need to choose debt and equity combination which will form its capital structure. Debt keeps the leaders in check; if the firm is not committed to some fixed payments like paying for principal debt and related interest, they can misuse the free cash flow (Jensen, 2013). Countries like Kenya have a challenge attracting private capital due to volatile returns, concerns by long term investors about transparency and reliability of policies and regulations, particularly policy makers short term political priorities. Investment involves availing funds for projected assets (Jensen, 2013).

Fosu (2013) incorporated the reverse causation between performance and capital structure in econometric modelling and to the best of the author's knowledge, only a few studies stand out as they directly test this theoretical relationship (Margaritis & Psillaki, 2010; Berger & Bonaccorsi Di Patti, 2006). Berger and Bonaccorsi Di Patti (2006) tested the efficiency-risk and franchise value hypotheses on the banking industry in the U.S. On the other hand, Margaritis and Psillaki (2010) tested the same hypotheses on firms in New Zealand and France respectively. Berger and Bonaccorsi Di Patti (2006) found that significant effect of efficiency on leverage. This is consistent with findings from New Zealand firms which also revealed that both the efficiency-risk and franchise value hypotheses operate (Margaritis & Psillaki, 2010). Abdul (2015) posited that in other to decide the debt-equity combination of financing, the capital market is important and plays a prominent role because companies that seek for long-term funding to finance their business activities will approach the capital market. The relationship between capital structure decisions and the Nigerian capital market lies on how often companies place offers on NSE and on the number of equities listed and traded on NSE. The Nigerian corporate sector is characterized by many firms operating in a largely diversified, competitive and deregulated environment.

Traditionally, a lot of investment in energy sector was made by the government. However, there is an increasing role being played by private sector and therefore, in order to close the investment gap, there is need to mobilize private investment and finance (Younger, 2011). Anwar (2011) took a sample of 199 firms (149 from textile, 23 from cement and 27 from energy sector) and set out to investigate cross industry determinants of capital structure with data collected between 2005 and 2009. According to the study, debt to equity ratio accounted for a very small percentage of financial performance of companies in Kenya. However, there exist a knowledge gap as previous studies failed to look at the intervening effect of capital structure on the relationship between strategy implementation and performance. The current study introduced the intervening variables and measured their effect on the relationship between strategy implementation and performance of Energy sector institutions in Kenya.

Additionally, the results from the study conducted by Fatoki (2018) study revealed mixed results. The study examined the effect of financial performance on capital structure of non-financial firms in the Nigerian Stock Exchange (NSE). The study examined the effect of financial performance on capital structure of non-financial firms. The study employed the causal research design approach. The study used panel data extracted from the annual reports and financial statements of the firms under the study. The study results revealed that all the performance variables conclude a significantly positive relationship effect on capital structure except Return on Assets (ROA) and Return on Capital Employed (ROCE) when regressed against total leverage and debt equity which exhibits negativity. At the level of long-term debt only ROCE exhibited a negative relationship when moderated Olokoyo (2013) examined the impact of leverage on firm’s performance in Nigeria using fixed-effect estimation, random-effect estimation and a pooled regression model. The study looked at the relationship between corporate performance and capital structure. The study findings revealed that all the leverage measures have a positive and highly significant relationship with the market performance measure (Tobin's Q). The study used secondary study. The equity capital was found to be the source of financing for the firms.

Ongombe and Mungai (2018) demonstrated a mixed study finding. The study looked at the effects of effects of capital structure decisions on financial performance of sugar manufacturing firms in Kisumu County. The sugar manufacturing firms formed the population of the study. The study revealed a positive significant relationship between capital structure and the financial performance of the sugar firms. The study looked at the relationship between the choice of capital structure decision and financial performance of sugar milling firms in Kisumu County. The study findings showed negative and non-significant statistical relationship between debt-ratio on financial performance. The study is similar to the current study in that they both used census survey. The study used correlation analysis. The study however used only the secondary data. The current study sought to employ both the primary and secondary data in determining the relationship between the study variables.

Hasan, Ahsan, Rahaman, and Alam (2014) investigated the influence of capital structure on firm's performance in Bangladesh during the period 2007-2012. The study findings showed that earnings per share (EPS) had a significant positive correlation with short-term debt while significant negative correlation with the long-term debt. The findings also revealed a significant negative correlation between ROA and capital structure. On the other hand, the study findings indicated no statistically significant correlation between capital structure and firm's performance. The study was based in Bangladesh. The current study was conducted among energy sector institution in Kenya. Javed, Younas and Imiran (2014) explored the impact of capital structure on firm performance in Pakistani firms. The looked at non-financial firms registered on Karachi Stock Exchange. The study findings recorded mixed results on the relationships between capital structure and firm performance. The study results revealed that capital structure has a significant impact on firm performance.

Hossain and Nguyen (2016) examined the effect of financial leverage on firm performance in Canadian oil and gas companies from 2004 to 2013. The study results indicated a strong negative but significant association between financial leverage and performance. The study used regression analysis to assess the relationship between the study variables. Muhammad, Shar and Islam, (2014) investigated the impact of capital structure on the performance of cement manufacturing companies in Karachi stock exchange during the period 2009-2013. Pearson correlation and multiple regressions models were used to analyze data. The study revealed a negative but a significant relationship between capital structure and firm performance. The result showed a strong negative relationship between debt to asset and firm performance. The study findings further showed that capital structure variables significantly impact firm performance. The study did not consider the constructs of capital structure entirely. The study finding was also limited to stock exchange. The current study looked at energy sector institutions.

There is extant literature on capital structure and ROA but their conclusions are mixed. While some researchers concluded its positive (Mujahid & Akhtar, 2014), some authors (Ebaid, 2009; Khan, 2012; Črnigoj & Mramor, 2009) have revealed a negative relationship. For an instant, Nirajini and Priya (2013), in a study, on the Capital structure and financial performance during 2006 to 2010 carried out on listed trading companies in Sri Lanka employing data extracted from the annual reports of sample companies which were analysed using correlation and multiple regression analysis. The study findings revealed a positive and significant effect of capital structure on financial performance. The study established that there was a significant effect of capital structure on financial performance of the firm. The study was carried out in trading companies in Sri Lanka. The current study was carried out in energy sector institution in Kenya.

In a study carried out on the effect of capital structure on firm performance, Nasimi (2016) while exploring the effect of capital structure on firm profitability, empirically investigated a sample of 30 firms selected from FTSE-100 index of the London Stock Exchange between years 2005 to 2014. The study results indicated a positive significant impact on ROA, ROE and ROIC where DE has a positive significant impact on ROE but a negative significant impact on ROA and ROIC. In the same vein, Lawal, Edwin, Kiyanjui and Adisa (2014), examines the effect of capital structure on firm's performance (ROA and ROE) in Nigeria manufacturing companies from 2003 to 2012. The descriptive and regression research techniques were employed in their analyses for 10 manufacturing companies and their finding revealed that capital structure is negatively related to firm's performance.

Mohamed and InunJariya (2015) studied the effect of capital structure on profitability of Food and Beverage sectors in Sri Lanka by taking 14 companies of the Beverage, Food & Tobacco industry and 24 companies from the Manufacturing industry. The study utilized secondary data from annual report s for a period of 5 years. Capital structure was measured by total debt to total asset and total debt to total equity. The study results revealed that capital structure had a negative but a significant effect on profitability. The study only used some of the constructs for the capital structure. The current study introduced other constructs of capital structure different from the ones studied in the previous studies.

In finding out the determinants of capital structure and its impact on financial performance, Swain and Das (2017) by means of data generated from listed companies on the Indian stock exchange for a time period of 10 years analysed a total of 50 sampled manufacturing companies using regression model. Capital structure was measured by debt-equity ratio, total debt to total asset, current ratio and long-term debt to total asset ratio while the financial performance was proxied by return on capital employed, return on assets, earnings per shares and return on equity. From their findings, a statistically significant positive relationship was concluded between all the independent and the dependent variables. Yadav (2014) in studying the determinants of the capital structure and financial leverage of selected Indian companies applied the correlations and multiple regression analysis and found among other measures a negative correlation between firm size and financial leverage as measured through debt to equity ratio, while Srivastava (2014) study was carried out on Indian cement sector with the aid of a linear regression model in estimating the effect of five variables which includes size on leverage and risk of companies but found a negative correlation between firm size and financial leverage whereas asset tangibility was noted to have positive effect on financial leverage.

Ahmad (2018) investigated the relationship between capital structure and performance of non-financial firms of Pakistan. The results of the study depicted that capital structure negatively and significantly influence the accounting measures of performance whereas the relationship between capital structure and market performance (Q ratio) was significantly positive. In addition, the results showed that 31 percent of the selected sample firms were inclined towards the cost leadership strategy to accomplish their business objectives. The results of moderating analysis showed that cost leadership strategy positively moderate the relationship between capital structure and firm performance. The study implied that debt financing is financially viable for the cost leadership firms. In addition, the results specified that when the firms try to maintain high debt ratio while pursuing a product differentiation or hybrid strategy, incur a significant performance penalty.

Getahun (2014) examined the determinants of capital structure and its impact on the Performance of Ethiopian insurance industry. The study used only secondary data. The study used statistical tests like descriptive statistics, correlation, specific linear assumption and fixed effect regression estimation model. The study showed that the proxies of capital structure had a significant effect on the performance. The study results indicated a significant negative relationship between leverage and performance. The study was however limited to insurance industry. The current study was carried out in the energy sector institutions. According to Arulvel and Ajanthan (2013), capital structure choice is an important decision for a firm. It is important not only from a return maximization point of view, but also this decision has a great impact on a firm's ability to successfully operate in a competitive environment. The capacity of organizations to complete their partners' needs is firmly identified with capital structure. Therefore, this derivation is an important fact that we cannot omit. Capital structure in financial term means the way a firm finances their assets through the combination of equity, debt, or hybrid securities (Saad, 2010).

Salim and Yadav (2012) investigated the relationship between capital structure and firm performance of Malaysian listed companies. The study findings revealed a negative but significant relationship between capital structure and firm performance. Tobin's Q reports demonstrated a significantly positive relationship between short-term debt (STD) and long-term debt (LTD). The study findings also revealed a significant negative relationship between capital structure and the performance of the firm. The study results indicated that firm performance have negative relationship with capital structure.

In another study of Pakistani firms, Nazir (2017) measured the impact of financial leverage on financial performance of twenty-one (21) listed companies in the textile, automobile, sugar, petroleum and energy sectors of Pakistan using ordinary least squares and correlation techniques during the period 2012- 2015. The study unraveled that financial leverage measured by debt to asset ratio has significant negative effect on financial performance proxy by ROA. Abubakar (2017b) analyzed the effect of financial leverage on the financial performance of industrial goods firms in Nigeria. The study used descriptive statistics and panel data techniques. The results showed that short-term debt ratio (STDR) and total- debt ratio (TDR) have no significant effect on the financial performance. The study findings further indicated that there was a negative but a statistically significant relationship between total-debt equity ratio (TDER) and the financial performance.

Abubakar (2016) examined the effect of financial leverage on financial performance in Health Care Sector of the Nigerian Stock Exchange. The study employed descriptive statistics. The study used panel data techniques. The study findings resolved that short-term debt ratio (STDR) and long-term debt ratio (LTDR) have significant positive effect on financial performance. The results indicated a negative but a statistically relationship between total-debt ratio (TDR) and total-debt equity ratio (TDER) and financial performance.

Yahaya and Andow (2015) analyzed the effects of capital structure on financial performance of conglomerate firms in Nigeria. The study examined the relationship between capital structure and firm’s financial performance. Regression analysis was used in the analysis to examine the relationship between the study variables. The study findings revealed no significant association between financial leverage measures (debt equity ratio, debt to total asset ratio and long term debt to total asset) and return on asset (ROA). The study result reported a negative statistical relationship between firm’s financial performance and debt capital. The findings further indicated a positively statistically significant relationship between equity capital to financial performance. Also, there is evidence that size is positively related to financial performance. Enekwe, Agu and Eziedo (2014) revealed a negative but a statistically significant relationship between financial leverage and financial performance. The study examined the effect of financial leverage on the financial performance of pharmaceutical firms in Nigeria. The study used descriptive statistics. The study employed the ex-post facto research design. Secondary data was obtained from the financial records Pearson correlation and multiple regression was used in the analysis. The study findings indicated that debt ratio and debt-equity ratio have negative relationship with ROA, while interest coverage ratio is positively associated with ROA. The study results also revealed leverage no statistically significant effect on financial performance.

Nirajini and Priya (2013) studied the impact of capital structure on financial performance of listed trading companies in Sri Lanka. The study extracted data from the annual reports. The study used descriptive statistics. The study utilized multiple and correlation regression in the analysis. The study results revealed a positive and a statistically significant relationship between capital structure and financial performance. The findings also showed a statistically significant relationship between capital structure and financial performance of the firm. Using 136 quoted companies in South Africa during the period 2000- 2014, Abata, Migiro, Akande & Layton (2017) discovered that total debt to total equity and total debt to total assets are negatively related to Tobin's and ROA, while long-term debt to total assets is positively related to Tobin's and ROA. The study results indicated that total debt to total equity and long-term debt to total assets are negatively linked to ROE.

Akingunola, Olawale and Olaniyan (2017) evaluated the effect of capital structure decisions on the performance of 22 listed non-financial firms in Nigeria spanning 2011 to 2015. The study used panel dataset. The results revealed that short term debt to total asset (STDTA) and total debt to total equity (TD/TE) have significant negative effect on performance indicated by ROA, while STDTA and longterm debt to total asset (LTDTA) have significant positive effect on the ROE. The study results found total debt to total asset (TD/TA) to be significantly positively associated with ROE.

Ubesie (2016) study unraveled mixed results on the effect of capital structure on financial performance. The study examined the relationship between Nigerian banks' capital structure on the performance of conglomerates. The study used descriptive statistics for data analysis. The study findings showed that LTDTA and STDTA a significant negative effect on ROA. The results indicated that TD/TA has no effect on ROA. The study indicated that the debt proxies (short-term debt ratio, long term debt ratio and total debt ratio) have negative effect on firm's performance surrogated by Tobin's Q and ROA. The study results that capital structure has effect on both return on assets and asset turnover of the conglomerates but no effect on return on equity and earnings per share of the conglomerate.

Hsu (2013) investigated the moderating effect of leverage and ownership structure on firm performance. The study revealed a positive statistical relationship between ownership structure and performance. the study targeted 336 information technology firms in Taiwan. Utilizing descriptive statistics, correlation and multiple regression techniques, the study revealed that ratio of total debt to total asset has a negative effect on the association between research and development and performance. The study findings showed that leverage has a negative effect on the relationship between R&D and firm performance. Enakirerhi and Chijuka (2016) study results revealed a negative statistical relationship between profitability and the long term debt, short term debt and total debt. The study assessed the determinants of capital structure of United Kingdom (UK) Financial Times Security Exchange (FTSE). Panel data was used by the study. The study targeted UK FTSE 100 firms. The study findings showed that firms engage in trading off the benefit and the cost of debt in order to determine their capital structure.

Javed, Rao, Akram and Nasir (2015) examined the effect of financial leverage on performance of textile companies in Pakistan. The target population was 154 companies. The study employed regression analysis. The study findings indicated that negative but a statistically significant relationship between leverage and the efficiency of firms. The study results further showed a negative but statistically significant relationship between leverage, return of assets and equity. Kuria and Omboi (2015) investigated the relationship between capital structure and financial performance of listed firms from the investment and banking sector of Kenya. Descriptive analysis was used to asses the relationship between the study variables. The study results revealed that revealed that debt to equity have a positive and negative significant relationship with ROE. The findings further revealed a negative significant relationship between debt to capital and ROE. Finally, the result established that long term debt does not have a statistically significant relationship with financial performance of investment companies and banking institutions listed in NSE.

Sivathaasan and Rathika (2013) studied the impact of capital structure on earnings per share (EPS) in selected financial institutions listed on Colombo Stock Exchange in Sri Lanka during 2006 to 2010. Regression analysis was used to test the study hypothesis. The study findings showed a negative relationship between equity and debt ratio and earnings per share. The study results also indicated a positive correlation earnings per share. The capital structure was found to have significant effect on earnings per share. Another effort by Kalpana (2014) to study the impact of leverage on profitability i.e. earnings per share of selected steel companies traded in BSE shows that that there is a negative correlation between degree of operating leverage and Earning per share, degree of financial leverage and Earning per share, and degree of combined leverage and Earning per share. The study looked at how the fixed financial charges and operating cost were influenced by profitability. The study used the secondary data. The study revealed that the profitability of the firms would decline if the debt and fixed cost expenses were used.

Anafo, Amponteng and Yin (2015) in determining the impact of capital structure or leverage on profitability employed data collected from 17 listed banks on Ghana stock exchange from 2007 to 2013 using descriptive statistics and multiple regression models. The study gave a mixed result on the effect of capital structure, leverage on profitability. The study findings showed a significant positive relationship between financial leverage and profitability. The findings also indicated that firm size had a positive and significant relation with all the profitability. The study results indicated that asset growth rate had a negative and insignificant relationship with profitability. The study was however limited to banks in Ghana and therefore the results cannot be generalized. The study also did not exhaust all the indicators of capital structure hence the current study sought to introduce other constructs of capital structure.

Nyanamba (2018) study revealed that the internal equity financing, debt financing and retained earnings have significant influence on the financial performance. The study looked at the influence of capital structure on financial performance. The study used semi-structured questionnaires. Stratified sampling technique was employed. The also used both descriptive and inferential statistics. Khatoon and Hossain (2017) reported that short-term debt and cash flows have significant positive effect on performance variables. The study results also revealed that long-term debts, tangibility of assets and liquidity have significant negative effect on the financial performance variables except on ROE. The study looks at the effects of capital structure and firm's financial performance. The study used panel data.

Ahmad (2018) studied the effects of capital structure and firm performance. The study results indicated that the relationship between capital structure and market performance (Q ratio) was significantly positive. The results of moderating analysis showed that cost leadership strategy positively moderate the relationship between capital structure and firm performance.

Hantiro and Maina (2020) looked at strategy implementation and performance. The study was anchored by resource-based theory, systems theory and stakeholder theory. The study used proportionate stratified sampling method. The study employed descriptive research design. Data was collected using the questionnaires. The study used both qualitative and quantitative data. The association between the study variables was tested using multiple regression. The study revealed a significant relationship between organizational structure, organizational culture, resource allocation, communication and organizational performance.

2.3.3 Strategy Implementation, Macro Environment and Performance

Njoroge et al. (2015) conducted on the effect of strategy implementation on performance of Kenya state corporations. The study was done on 98 state corporations in Kenya. The findings revealed that external environment has a positive significant effect on performance of those organizations. The study also found out that strategy implementation has a statistically significant influence on performance. The study established a statistically significant influence of performance contracting and external environment on the relationship between strategy implementation and performance. The research was significant to the current study in that they both employed cross sectional research design and quantitative analysis were used to study relationship between various constructs of strategy implementation and performance. The current study sought to establish moderating effect of macro environment on the relationship between the strategy implementation and performance.

Cherugutt and Juma (2016) examined the determinants of strategy implementation at Libya Oil. The study sought to fill this gap by investigating the factors affecting strategy implementation at Libya Oil (K) ltd. The target population of the study was 64 respondents from a population of 30 percent of 212 employees. Random sampling was used to select the respondents. The study used structured questionnaires to collect data. The study used descriptive and inferential statistics to analyze the relationship between the study variables. The study results showed existence of budget allocation however, it was never timely. The study exhibits limitation on the constructs of strategy implementation. The current study looked at different constructs not covered by the previous study. The Nguyen and Nguyen (2017) study results revealed a significant positive relationship between strategy formulation and business strategy implementation. The study looked at the impact of factors affecting on business strategy implementation of Vietnam garment companies. The study used questionnaires to collect data. The study also indicated a positive correlation between human resources, communication, corporate culture, organizational structure and strategy implementation. However, the study did not consider all the constructs of strategy implementation. Thus, the current study will seek to introduce different constructs of strategy implementation.

In addition, Murgor (2014) study found mixed results on the relationship between on external environment, firm capabilities, strategic responses and performance of large-scale manufacturing firms in Kenya. Descriptive and inferential statistics to assess the relationship between the study variables. The study used cross- sectional survey. The study revealed positive correlations between external environment dimensions and some strategic response variables. The results further indicated that external environment had a statistically significant influence on some indicators of performance. The study however indicated that firm capabilities was not statistically significant in moderating the relationship between external environment and strategic responses.

Njagi and Kombo (2014) carried out study on effect of strategy implementation on performance of Commercial Banks in Kenya. Correlational research design was used. The study results revealed that there is a moderately strong relationship between strategy implementation and organizational performance. The study conducted a census of all the commercial banks. The study used descriptive statistics to analyze the relationship between strategy implementation and performance. The relationship between the strategy implementation and performance was tested using Pearson's correlation. The study was however limited to commercial banks and therefore the results cannot be generalized. The study also used different constructs of strategy implementation different from the current study's constructs hence the study results yielded may be different.

Iamratanakul (2015) analyzed the modeling the macro-environmental factors of international distribution. The contexts on the model leveraged the understanding of macro-environmental influences on international distribution. The six influences also provided significant challenges for international distribution. The analysis showed that the political, economic, and cultural influences become the most challenge that international trade specialists should be concerned vigilantly. Guo, Wang, Wang (2017) did an empirical study on the effect of environmental factors on enterprise growth-comparative analysis of Chinese Large-Scale Industrial Enterprises and Small/Medium Industrial Enterprises. The study extracted and used secondary data from financial records. The study employed exploratory factor analysis. The study revealed a positive impact of environment on the small/medium industrial enterprises. However, the study was limited to Small/Medium Industrial Enterprises hence the study findings cannot be generalized.

Kihara (2017) study revealed that a positive and significant influence exists between strategy implementation and performance of the manufacturing SMEs. The study looked at the influence of strategy implementation on the performance of manufacturing small and medium firms in Kenya. The study was guided by dynamic capability theory. The employed logical positivism philosophy. The study also used both qualitative and quantitative methods. The study used random sampling to select the sample size from the population. The data was analyzed using SPSS.

2.3.4 Moderating Effect of Macro Environment on the intervening effect of capital structure

Moderated mediation is used to examine the extent to which the mechanism(s) by which an effect operates depends on or varies across situation, context, stimulus, or individual differences (MacKinnon, 2008; Hayes & Rockwood, 2020. Although Moderated mediation is a relatively new term, introduced into the literature in 2013 (Hayes & Preacher, 2013; also in the first edition of Hayes, 2018a), the idea of analytically combining moderation and mediation is not new. Some of the seminal articles in mediation analysis discussed their integration (Baron & Kenny, 1986; James & Brett, 1985; Judd & Kenny, 1981). Previously, several important articles have introduced systematic approaches to integrating moderation and mediation analysis (Edwards & Lambert, 2007; Fairchild & MacKinnon, 2009; Hayes, 2018a; Langfred, 2004; MacKinnon, 2008; Muller, Judd, & Yzerbyt, 2005; Preacher, Rucker, & Hayes, 2007; VanderWeele, 2015). Although Moderated mediation is becoming more common, it remains obscure or unknown to many.

Rajasekar (2014) examined how different factors affect electricity distribution companies in the Sultanate of Oman by addressing the role played by organizational communications in strategy implementation. The study looked at the effect of available resources on organizational effectiveness in Non-governmental organizations (NGOs). The study was supported by positivism research philosophy. Descriptive research design was also used. Data collection utilized the questionnaires. Inferential and descriptive statistics was used in the analysis. The study revealed that the process efficiency was negatively though significantly influenced by staff empowerment. Mbaka and Mugambi (2014) study established that level of management support, inadequacy of resources and technical expertise among staff affected the strategy implementation. Descriptive design was used in the study. The study used secondary data to assess factors affecting the strategy implementation. The type of management leadership and the communication effectiveness was also found to affect the strategy implementation. The study however did not use the primary data. The current study will employ both the primary and secondary data to determine the influence of strategy implementation on performance. The study was carried out in water sector which have different operating environment as compared to energy sectors institutions and therefore the results cannot be generalized.

Akeem, Terer, Kiyanjui and Kayode (2014) established a negative and significant relationship between capital structure and firm's performance. The study looked at the effect of capital structure on firm's performance. Descriptive and regression analysis was employed. Secondary data was used in the study. The study only used secondary study to assess the effects of capital structure on performance. From the study findings, there was a negative correlation between capital structure measures like total debt and debt to equity ratio and the firm performance.

Mardones and Cuneo (2020) examined the relationship between capital structure and performance in Latin American companies. The study realized a positive relationship between financial performance, growth, and size of the company. The study also found a positive relationship between company's performance with size and growth as proposed performance measures. Finally, the study revealed no relationship between firm performance and ownership structure, except for first largest shareholder with Tobin's Q. M'ng, Rahman and Sannacy (2017) reviewed the determinants of capital structure. The study found out that profitability has a significant negative influence on capital structure. Firm size had a significant positive influence on capital structure. The study further indicated that the tangibility of assets has a significant positive influence on capital structure. Balios, Daskalakis, Eriotis and Vasiliou (2016) study on SMEs capital structure determinants during severe economic crisis revealed that there was a negative relationship between profitability, tangibility of assets and leverage.

Muyundo, Eugine and Jinghong (2020) studied the effect of capital structure on the financial performance of non-financial firms. The study revealed a direct relationship of financial performance to changes in the capital structure. The study employed secondary data obtained from financial statements. Regression analysis was used to analyze the data. The findings showed that capital structure has a direct influence on the financial performance. The results showed that the financial performance of firms increases with the increase in the changes in debt in the capital structure. However, the study utilized only qualitative data and failed to use the quantitative data. The current study will incorporate both qualitative and quantitative data to establish the effects of capital structure on performance. Saeedi and Mahmoodi (2011) looked at the relationship between capital structure and firm performance. The study used panel data. The results showed a positive association between the capital structure and performance. The study also indicated that there was no significant relationship between ROE and capital structure. Siddik, Alam, Kabiraj and Joghee (2017) examined the impacts of capital structure on performance. The study employed panel data. The results of the pooled ordinary least square analysis showed that capital structure inversely affects bank performance.

Rouf (2015) examined the relationship between capital structure and firm performance and found out that a significant negative relationship between capital structure and performance. Hossain and Hossain (2015), investigated the antecedents of capital structure. The study indicated that tangibility and liquidity ratio have positive relationship with long term debt and negative relationship with short term debt and total debt. The study also found out that the pecking-order theory and Static. The study used panel data. Trade-off theory were associated with capital structure. In a similar study, which excluded the performance of bank sector, Hasan, Ahsan, Rahaman and Alam (2014) studied the influence of capital structure on firm performance. The study used panel data. The study revealed that there is no statistically significant relationship between capital structure and firm's performance. The study also found out that capital structure has negative impact on firm's performance. On the contrary, Nikoo (2015) found a significant positive effect of capital structure choice on the performance. The study used panel data. Memon, Bhutto, and Abbas (2012) studied the effects of capital structure on firm performance. The study used linear regression to test the relationship between the study variables. The study found out that there was a significant relationship between capital structure and firm performance. Detthamrong, Chancharat and Vithessonthi (2017) examined the corporate governance, capital structure and firm performance. The study results indicated a negative effect of audit committee size on firm performance. The study further indicated that financial leverage mediates the effect of audit committee size on firm performance. Tudose (2012) also studied the effects of capital structure on firm performance and realized that there is no significant relationship between capital structure and firm performance. However, the study established that there was positive significant relationship between the firm's debt level and performance.

Ashraf, Ameen and Shahzadi (2017) study revealed mixed results. The study established that debt ratio and long term debt ratio have significantly negative relationship with return on asset (ROA) and return on equity (ROE), while short term debt have significantly positive link with ROA and ROE. The study examined the impact of capital structure on firm's profitability in 18 firms listed on Karachi Stock Exchange (KSE. The study used descriptive and inferential statistics. The firm's profitability was measured by ROA and ROE, while capital structure was measured by debt equity ratio (DER), interest coverage ratio (ICR), debt Ratio (DR), short term debt ratio (STDR), and long term debt ratio (LTDR). Jayiddin, Jamil and Roni (2017) study finds a mixed result where short term debts ratio indicates a significant negative effect, while long term debt ratio presents a non-significant influence. The study examined the effects of capital structure on performance in the construction firm. The study used Tobin's Q as a proxy for firm performance. the study results indicated that capital structure had a significant effect on the firm performance.

Usman (2019) looked at the impact of capital structure on financial performance of Consumer Goods Industry in Nigeria. The Dependent variable of the study is financial performance proxied by return on asset (ROA), while the independent variables of the study are: Short term debt (STD), Long term debt (LTD) and shareholders' funds (ROE). The data generated from annual report and accounts of the selected companies were analyzed by means of descriptive statistics, correlation and regression analysis using E-views 8.0. The result of the analysis was tested at 0.05 (5%) significance level. The study results indicated showed that Short term debts have no significant impact on the financial performance of listed firms in the Nigeria consumer goods industry. The results also indicated that Long term debts have no significant impact on the financial performance of listed firms in the Nigeria consumer goods industry. The study also revealed that Equity has significant impact on the financial performance.

Kausar, Nazir and Butt (2014) explored the association between firm performance and capital structure of 197 listed firms of Pakistan during the period of 2004 to 2011. Capital structure was determined through long term, short term and total debt ratio while price earnings ratio and Q ratio were selected to determine the performance of the selected firms. The outcomes of the Ordinary Least Square and panel regression analysis indicated that all proxies of the capital structure were inversely and significantly related to P/E ratio and Tobin's Q. Moreover, the study also showed that the listed firms of Pakistan were largely dependent upon the short term debt financing. Javed, Younas and Imran (2014) empirically examined the leverage-performance relationship by selecting 63 listed firms of Karachi Stock Exchange over the period of five years from 2007 to 2011. Performance of the selected sample was calculated through return on sales, return on assets and return on equity while long term debt ratio, total debt ratio and equity to assets ratio were selected to compute the capital structure of the firms. The results of the study revealed mixed results as leverage positively predated ROA and ROE when measured through equity to assets ratio. Conversely, LDR and TDR significantly and negatively predicted ROS.

Tauseef, Lohano and Khan (2015) explored the leverage-performance relationship by selecting the sample of 95 listed textile firms of Pakistan from 2002 to 2008. Return on equity was selected to measure the financial performance while capital structure computed through debt to assets ratio. Results showed a non-liner relationship between debt to asset ratio and return on equity. It implied that as the leverage increases, performance of the firms enhances till optimal level of capital structure and then starts declining. The study also designated that optimal level of debt ratio is around 56 percent in textile sector of Pakistani. Moreover, firm's sales growth was positively predicting return on equity while size was not predicting performance of the firms. Shahzad, Ali, Ahmad and Ali (2015) explored the relationship between capital structure and financial performance of panel data of 112 listed textile firms of Pakistan over the period of fourteen years i.e. 1999 to 2008. The study utilized both accounting i.e. return on total assets and market measures i.e. Q ratio to compute the financial performance while total debt ratio, long term debt ratio, short term debt ratio and debt to equity ratio were selected to measure the capital structure. The findings of the research illustrated mixed results as capital structure of the selected sample showed negative impact on accounting performance and positive impact on market performance of the firms.

Kerosi, Mugo and Fredrick (2018) examined the relationship between capital structure and profitability of firms listed at the Nairobi Securities Exchange. The study employed a longitudinal research design. Secondary data was obtained the annual reports. The study used descriptive and inferential statistics to analyse the relationship between the study variables. The study findings showed that organizations relied more on short-term debt than long-term debt. The findings also indicated that firms preferred internal equity to external equity. The study results reported a negative but significant relationship between long-term debt and ROCE. The result also showed a negative statistically significant relationship between Short-term debt and profitability. The study findings also revealed a statistically significant relationship between external equity and profitability. The study concluded that there was a significant relationship between sales growth and profitability while there was no statistically significant relationship between firm size and the profitability of firms.

Rouf (2015) studied the relationship between capital structure and firm performance of listed non-financial companies in Bangladesh. The study employed regression analysis to examine the relationship between the variables. The study employed secondary data. The results obtained from regression models show that Debt Ratio, Debt Equity Ratio and Proprietary of Equity Ratio are negatively and significant relationship with Return On Asset (ROA) and Return On Sales (ROS). The study findings further indicated a positively and significant relationship between the control variable total asset and Return On Asset (ROA). There was also positively and significant relationship between control variable total asset and Return On Sales (ROS).

Ahmad and Ali (2016) studied the impact of financial leverage on the performance of the cement sector of Pakistan. They selected 18 listed firms of cement sector over the period of six years from 2009 to 2015. The performance was measured through return on total assets while debt ratio was utilized to compute the financial leverage. The outcomes illustrated a statistically significant negative relationship between debt ratio and profitability. The appropriate mixture of debt and equity financing is considered one of the fundamental and critical decisions faced by the company's top management to enhance the shareholders wealth or overall performance of the organization. Awais, Iqbal, Iqbal and Khursheed (2016) explored the impact of capital structure on the firm's financial performance. The financial data of 100 listed non-financial firms of Pakistan was selected over the period of 2004 to 2012. Study showed that total debt ratio enhanced all indicators of the firm's performance i.e. ROA, ROE, Q ratio and EPS while long term and short term debt ratios negatively influenced the firm's corporate performance.

Anowar (2016) studied the relationship between capital Structure and profitability of Bangladeshi Firms. Secondary data was gotten from annual reports of the 40 companies in the Dhaka Stock Exchange (DSE). The study used Granger causality test and fully modified least square (FMOLS) to examine the long and short run relationship between Current Ratio CR and other explanatory variables in this study. This finding indicates liquid firms have less preference for debt in the short run. Moreover, unidirectional causality also exists among profitability to capital structure and firm size to liquidity in the short run. The study revealed that there was astatistically significantly relationship between capital structure and profitability. The study findings confirmed a statistically significant relationship between capital structure and profitability, firm size and liquidity.

Habib, Khan and Wazir (2016) expanded the existing literature by empirically examining the leverage-performance relationship by selecting the financial data of 340 listed firms of Pakistan over the period of ten years (2003 to 2012). The study used SDR, LDR and TDR as explanatory variables while firm's performance was measured through return on assets. The outcomes of the panel regression analysis indicated that the relationship between all proxies of capital structure and firm performance were significantly negative. By selecting the panel data of 218 oil exploration firms for the period of 1970 to 2007, Chung, Na and Smith (2013) investigated the impact of capital structure on the firm's survival. The results support the pecking order hypothesis and illustrated that debt financing declines the financial performance of the firms in the presence of retained earnings.

Yazdanfar and Ohman (2015) selected the cross-sectional sample of 15,897 Swedish small and medium enterprises (SMEs) during the span of 2009 to 2012 to investigate the leverage-performance relationship. The outcomes of the research depicted that both short term and long term debt ratios negatively influence the firm performance of selected SMEs. In addition, the owners of SMEs preferred equity financing due to agency cost and threat of losing control on firms associated with the debt capital. By choosing the 136 listed industrial firms of Turkey over the period of 2005-2012, Nassar (2016) examined the relationship between debt ratio and firm's performance. Return on Asset (ROA), Earnings per Share (EPS) and Return on Equity (ROE) and were utilized to compute the performance while capital structure of the selected firms was computed through debt ratio. The outcomes of the multivariate regression analysis indicated the leverage was harmful for the performance of Turkish companies as all the measures of performance were inversely related to debt ratio.

Abata and Migiro (2016) empirically examined the impact of capital structure on the performance of listed firms of Nigeria. A sample of 30 companies was selected over the period of 2005 to 2014. Results of multivariate regression analysis indicated that both proxies of the performance i.e. ROA and ROE decline with the increase of debt financing. Mauwa, Namusonge and Onyango (2016) used both primary and secondary data of listed firms in Rwanda Stock Exchange (RSE) Nigeria to investigate the leverage-performance relationship. The results of the regression analysis depicted that all measures of firm performance i.e. ROE and ROA were inversely and significantly related with the firm's performance. Vithessonthia and Tonguraib (2016) explored the impact of capital structure and the firm's performance by collecting the financial data of 159,375 non-financial firms of Thailand during the phase of financial crises (2007-2009). The outcomes of the study revealed that high debt financing was harmful for the financial performance of the whole selected sample. The explanatory power of the leverage-performance relationship was higher in the case of domestically oriented firms. Additionally, Mwangi, Makau and Kosimbei (2014) The study examined effects of capital structure on performance of non-financial companies listed in the Kenya. Non- experimental research design was used in the study. The study carried out census of 42 non-financial companies in Nairobi Securities Exchange (NSE). Secondary data was obtained from the annual financial reports of the companies. Inferential and descriptive statistics were used in the study. The study used panel data. The study results revealed a negative but a statistically significant relationship between financial leverage and performance. The study further revealed a statistically significant positive relationship between total current assets to total assets ratio and performance of companies listed in the NSE as measured by return on equity.

Mumtaz, Rauf, Bashir and Noreen (2013) selected 83 listed firms from KSE 100 index of Pakistan to examine the association between capital structure and firm's financial value. Leverage was measured through total debt ratio while earnings per share, return on assets and net profit margin and return on equity were selected to compute the performance of the firms. The outcomes of the study reported that firm's accounting performance was significantly and negatively affected by the formation of debt and equity financing. Moreover, market performance and level of risk was inversely related to debt financing. Khan (2012) investigated that stock returns of the 189 listed textile firms of Pakistan are sensitive to change in the debt equity choice. The financial data was collected over the period of 2003 to 2009. Findings of the ordinary least square regression analysis suggested that variations in the stock returns were not significantly affected by the financing choices of the firms.

Zavala and Salgado (2019) study reported that there was a positive and statistically significant relationship between changes in financial leverage and the firm value. The study examined the effects of capital structure on market value among Mexican publicly listed companies. The study looked at the impact of capital structure changes on the market value. The study sampled 69 of the non-financial firms. The findings showed a negative but statistically significant relationship between firm size and the relative firm value. The results indicated a positive and statistically significant relationship between profitability and firm value. The findings also revealed a negative but a statistically significant relationship between risk and the firm value.

Badar and Saeed (2013) selected the financial data of 10 listed food firms of Pakistan during the period of 2007 to 2011 to empirically examine the impact of capital structure on firm's performance. Return on assets and assets turnover ratio as response were used to variables to compute the firm's value. On the other hand, capital structure of the firm was computed through long term debt ratio, short term debt ratio and debt to equity ratio. The results of the multiple regression models showed significant and inverse relationship of debt to equity ratio and short term debt ratio with firm's performance while long term debt financing significantly enhances the company's performance. Rehman (2013) conducted a research to examine the leverage-performance relationship of 35 listed firms from sugar industry of Pakistan. The study selected debt ratio to estimate the capital structure whereas return on total assets, earnings per share, net profit margin, return on total equity, and sales growth were chosen to measure firm's performance. The findings of the research demonstrated mixed results as capital structure positively was related to sales growth and return on total assets while debt ratio was negatively related to ROE, NPM and EPS.

Using the sample of 25 listed cement firms of Pakistan over the period of 20092013, Muhammad, Shah and Islam (2014) examined the association between debt ratio and firm's performance. They selected debt to assets ratio and debt to equity ratio to measure the capital structure of the selected firms while firm's performance was measured through return on total assets, return on equity, gross profit margin and net profit margin. The outcome of the research revealed a significant and negative relationship between leverage and firm performance. Mujahid and Akhtar (2014) considered the 155 listed textile firms of Pakistan covering a pan of six years (2006 to 2011) to explore the impact of capital structure on the firm's financial performance. The research used EPS, ROE and ROA to compute the firm's performance and shareholders wealth and the outcomes of the research showed that leverage was significantly and positively associated to shareholders wealth and firm's performance. Inam and Mir (2014) investigated the impact of debt ratio on the firm's performance by selecting the sample of all listed energy and fuel sectors of Pakistan. Financial performance of the firms was computed through earnings per share, return on capital employed, return on equity, return on total assets and net profit margin and while capital structure was measured through gearing ratio and debt to equity ratio. The outcomes of the study showed that leverage had a positive relationship with financial performance of the firms. They also proposed that Pakistan's energy and fuel sectors can uplift their future growth by incorporating the appropriate capital structure or more debt financing.

Taani (2013) looked at the relationship between capital structure and firm performance in Jordan. The study obtained the secondary data from the annual financial statements. The study used a target population of 45 manufacturing companies listed on the Amman Stock Exchange. The study employed regression analysis to assess the relationship between the study variables. The study findings indicated there was a negative and insignificant relationship between Short term Debt to Total Assets **(**STDTA) and Long term debt to Total assets (LTDTA), and ROA and Profit Margin **(**PM). The study findings reported positively and statistically significant relationship between Total debt to Equity (TDE) and ROA. The results also indicated a negatively but a statistically significant relationship between TDE and PM. STDTA is significant using ROA while LTDTA is significant using PM. The study concluded that there was no statistically significant relationship between capital structure and firm performance. This is buttressed by a study on Malaysian listed firms by Salim and Yadav (2012) analyze the effect of capital structure on performance of listed firms. The results indicated that capital structure as measured by total debt and short term debts have negative impacts on ROE. Long term debt and Total debt as measure of capital structure has negative impact on the performance of firms when it was measured by ROA. This result is consistent with Ebaid (2009) study which revealed. The study examined the empirical relationship between debt level and financial performance of 64 listed non-financial Egyptian firms. The study findings showed a negative but a statistically significant relationship exists between short term debt, total debt and financial performance. The findings further revealed that there was no statistically significant relationship between financial leverage and long-term debt. The study findings also reported that there was no statistically significant relationship between short-term debt, long-term debt and total debt and financial performance when it was measured by ROE and Gross Margin.

This supports the findings of Zeitun and Tian (2007) and Abor (2007) that indicate that performance is negatively related to capital structure. The study also found that Tobin's Q has positive and significant impact on short term. Fosu (2013) examined the relationship between capital structure and firm performance. The target population was 257 South African firms listed on the Johannesburg Stock Exchange (JSE) Limited. The study used panel data. The findings revealed a positive and significant relationship between that financial leverage and firm performance. Oino and Ukaegbu (2015) study on Nigeria firms indicated that profitability is negatively related to leverage. The study used descriptive statistics. The study revealed observed a negatively but a statistically significant relationship between leverage profitability and asset structure. The study findings reported a positively and a statistically significant relationship between the leverage and size of the firm and non-debt tax shield. Bandyopadhyay and Barua (2016) examined the relationship between capital structure and firm performance in India. The study results indicated a statistically significant relationship between macroeconomic cycle and capital structure choice of firms.

Dao and Ta (2020) examined the relationship between capital structure and performance of the firm. The study used secondary data. The study findings indicated a negatively but statistically significant relationship between corporate performance an capital decisions. Vătavu (2015) studied the impact of capital structure on financial performance in Romanian listed companies. The results indicated that there was preference for debt by firms when they encountered financial crisis thereby subjecting the firms to high business risks. The study findings further indicated that performance was higher when the firms avoided debt and worked with equity. In addition, Gharaibeh (2015) examined the effect of capital structure on the financial performance of listed companies in Bahrain bourse. Secondary data was used in the study. The study used multiple regression in the analysis. The results indicated a positive and a statistically significant relationship between capital structure on the performance of the firm. The results also indicated a negative but a statistically significant relationship between macroeconomic variables of inflation and ROA, ROE, and Earnings Per Share (EPS). Furthermore, the results indicated a significantly negative relationship between gross domestic product growth (GDPG) and financial performance. The results indicated a significantly relationship between gross domestic product growth and financial performance.

Khodavandloo, Zakaria and Nassir (2017) studied the effects of capital structure and firm performance during global financial crisis. The study targeted 45 listed companies involved in trading and services sector of the Bursa Malaysia, over the period between 2004-2006, crisis (2007-2009), and post-crisis recovery (2010-2013). The study results showed that there was a negative but a statistically significant relationship between that financial leverage and firms' performance. Further consistent evidence from Jordan results from the study by Soumadi and Hayajneh (2012) who examined the relationship between capital structure and corporate performance. The study targeted 53 industrial firms and 23 service corporations. The study results revealed that there was a negative but a statistically significant relationship between financial leverage and firm performance. Similarly, Kanwal, Shahzad, ur Rehman and Zakaria (2017) study revealed that there was a negative but a statistically significant relationship between financial leverage and the firms' financial performance. The study examined the effects of capital structure on performance of non-financial listed companies in Pakistan. The study sampled 213 companies listed on Karachi Stock Exchange for the years 1999 to 2015. The findings further indicated a negative but a statistically significant relationship between the short term and long term debts and the financial performance.

Sheikh and Wang (2013) examined the impact of capital structure on performance. The study targeted non-financial firms listed on the Karachi Stock Exchange Pakistan during 2004-2009. The study used secondary data extracted from the annual financial reports. The study results revealed that there was a negative but a statistically significant relationship between capital structure and return on assets. The findings further indicated that there was a negative but a statistically significant relationship between total debt ratio and long-term debt ratio and market-to-book ratio. The study results showed there was a positive but a statistically non-significant relationship between short-term debt ratio and market-to-book ratio. A negative relationship between capital structure and performance indicates that agency issues may lead the firms to use higher than appropriate levels of debt in their capital structure. Similarly, Awunyo-Vitor and Badu (2012) examined the relationship between capital structure and performance of listed banks in Ghana. The result revealed there was negative but a statistically significant relationship between high level gearing and performance of the banks. From the results, it was evident that there was high level gearing among the listed banks. This can be attributed to their over dependency on short term debt as a result relatively high Bank of Ghana Lending rate and low level of bond market activities. The study results further reported an inversely relationship between capital Structure and the performance of the banks (return on Equity and Tobin's q).

Pouraghajan, Malekian, Emamgholipour, Lotfollahpour and Bagheri (2012) examined the relationship between capital structure and firm performance among Companies Listed in the Tehran Stock Exchange. The study results suggested a significant negative relationship between debt ratio and financial performance of companies. The study findings showed a significant positive relationship between asset turnover, firm size, asset tangibility ratio, and growth opportunities with financial performance measures. The findings further revealed that there was no significant relationship between ROA and ROE measures and firm age. In addition, study results showed that by reducing debt ratio an organization could increase their profitability thus increase the financial performance. Venugopal and Reddy (2016) examined the effects of capital structure on firms' profitability and shareholder wealth maximization. The target population was the cement manufacturing companies listed on NSE. The study employed descriptive and inferential statistics. Two kinds of variables were used in the study. The study results showed that there was a positive and a statistically non-significant relationship between the capital structure (debt equity ratio) the firm's profitability, market value and shareholder wealth. Githire and Muturi (2015) looked at the effects of capital structure on financial performance of firms in Kenya. The study conducted a census of firms listed on the NSE from the year 2008-2013. The study used nonexperimental research design. The study extracted secondary data form the annual financial reports. The study results indicated that there was a positive and a statistically significant relationship between equity and long term debt and financial performance. The results further showed that there was a negative but a statistically significant relationship between short term debt and financial performance.

Chinaemerem and Anthony (2012) studied the impact of capital structure on the financial performance of Nigerian firms. The study employed panel data. The result showed a negative but a statistically significant relationship between firm's capital structure firm's financial performance. Additionally, Birru (2016) looked at the impact of capital structure on financial performance of commercial banks in Ethiopia. The study obtained secondary data collected from the financial statements of the commercial banks. The study then used multiple regression models to analyse the data. The study used two accounting-based measures of financial performance (i.e. return on equity (ROE) and return on assets (ROA)) as dependent variable and five capital structure measures (including debt ratio, debt to equity ratio, loan to deposit, bank's size and asset tangibility) as independent variable. The study findings indicated a negatively but a statistically significant relationship between financial performance and capital structure. Musah (2017) examined the impact of capital structure on profitability of commercial banks in Ghana. Data was analysed using inferential and descriptive statistics. The study results negative but statistically significant between profitability and short term debt ratio and long term debt ratio of banks in Ghana.

The study findings reported a positively and a statistically significant relationship between total debt ratio and profitability of Banks in Ghana. The study findings further revealed a positively and a statistically significant relationship between profitability and firm size, foreign ownership and age of the bank. The study results showed a negative but a statistically significant relationship between customers' deposits and banks' profitability.

Chadha and Sharma (2015) studied the relationship between capital structure and firm performance. The study utilized secondary data. The study also used panel data. Empirical study was examined using the ratio analysis. The study findings indicated that there was no statistically significant relationship between financial leverage and firm’s financial performance parameters of return on asset and Tobin’s Q. The study results further showed a negative but a statistically significant relationship between financial leverage and return on equity. Aggarwal and Padhan (2017) studied the effects of capital structure on firm value. The panel data was used to perform the empirical study. The study findings revealed a statistically significant relationship between the firm value and firm quality, leverage, liquidity, size and economic growth. The results also indicated that there was a statistically significant relationship between the leverage and the firm value. Le and Phan (2017) study posited a positive and a statistically significant relationship between capital structure and firm performance. The study examined the relationship between capital structure and firm performance in performance in Vietnam. The study used secondary data from the annual financial records of between 2007-2012. Kodongo, Mokoaleli-Mokoteli and Maina (2015) examined the relationship between capital structure, profitability and firm value. The study revealed negative but a statistically significant relationship between leverage and firm profitability. The study findings postulated that there was no statistically significant relationship between leverage and the firm value. The findings further reported that there was a negative but a statistically significant relationship between asset tangibility and profitability.

Strategy implementation affects organization performance by anchoring the organization to its external environment (Murgor, 2014). Effects of strategy implementation on organization performance may be affected by other variables including capital structure

(Dawar, 2014). The effectiveness of strategy implementation is effected by the individuals involved. The strategic management process includes analysis, direction setting, developing strategies, implementation and control (Kotter & Keller, 2012). The three organizational elements that provide fundamental long-term success for a business strategy are leadership, structure and culture. Strategies entail creating a vision, communicating the strategy and anchoring new approaches in the culture of an organization (Kotter & Keller, 2012). Strategy is executed at corporate, business and functional levels of the organization. These strategies are responsible for ensuring that the firms are competitive (Coulter & Robbins, 2013).

Operational strategies combine all the functions of the organization and when a strategy does not deliver, it is because it was not well executed. Those who lead organizations to success should be able to implement the strategies rather than just having the ideas. The problem is always on how to deliver results from the strategies (Prinsloo, 2014). Without being coherently aligned, the strategies become void. Unfortunately strategies flop at the implementation stage resulting in significant loss of resources already invested (Prinsloo, 2014). Baroto (2014) asserts that in most cases up to 75 percent of the strategies may fail. Kaplan (2012) states that 70 to 90 percent of entities may fail while at the implementation stage. Additionally, 66 percent of the plans are never implemented, 95 percent of people do not understand why execution fails.

Kola-Lawal (2015) study on the relationship between pro-environmental behaviour environmental performance revealed mixed results. The study results gave a conflicting view on environmental performance. The study concluded that there is need for a better knowledge of organisations’ interpretation of environmental performance and a determination of the indicators used to measure performance. Results also revealed that organizations had differing views of environmental performance. Pîndiche and Ionita (2013) reviewed the influence of micro and macro environment components on trade companies in Romania. The study investigated the impact of micro and macro environment components on trade companies in Romania. The results showed that trade companies organize and operate under specific environmental conditions impact or both.

Banahene, Ahudey and Mensah (2016) analyzed macro environment for strategy implementation. The study employed qualitative approach. The study examined the environmental analysis done by managers of handicraft export organizations. Strategy implementation enables such as political, international and economic factors were found as some of the challenging factors to strategy implementation. From the study, the results indicated that the firms should be keen on the macro environment as it a key player on strategy implementation.

The executives have tried to create coherence between finances and the proper capital structure because of their relationship (Mohammadzadeh, Rahimi, Rahimi, Aarabi & Salamzadeha, 2013). Organization performance will, therefore be as a result of managing the interplay between strategy implementation as the independent variable, and capital structure and external environment as intervening and moderating variables, respectively. Macro environments are ever dynamic and turbulent depending on the industry in which an organization is operating (Favaro, 2015). Events within this environment may have a bearing on the relationship between strategy implementation and performance (Messah & Kariuki, 2011).

Milovanovic and Wittine (2014) did a research on the moderating role of external environment on entrepreneurial orientation and business performance relationship among Italian small enterprises. The findings showed that there was a positive relation between the external environment and entrepreneurial orientation and the dynamism of the marketplace had an influence on the entrepreneurial orientation variables and performance. Descriptive statistics was used to analyse the quantitative data collected using SPSS. The study established that to ensure strategy is implemented as intended, senior executives must not spare any effort to persuade the employees of their ideas. The current study investigated the role of leadership in terms of leadership style and skills, communication, decision making and teamwork to assess their effect on performance. Data analysis was done using descriptive and inferential statistics and sampling was conducted through stratified and random sampling techniques.

Genc (2017) established a positive and significant relationship between strategy implementation and organizational performance. The study looked at the effects of strategy implementation styles and the performance of public sector organizations. The study employed a mixed research design. The study used 134 survey responses and 16 semi structured interviews to collect data. Quantitative data was analysed using multiple regression. The study findings result established the presence of a significant and a positive relationship between strategy implementation and organizational performance. Strategy implementation is the process of putting strategies into practice, which includes planning and delivering services, developing the efficiency and effectiveness of operations, and designing organizational structures, evaluation systems and cultures required to fit the new strategy (Hill &Jones, 2008). It is considered as a difficult task that demands persistence, draws attention to details and prepares the organization for the future (Ferlie & Ongaro, 2015).

Andrews, Beynon, and Genc (2017) studied the relationship between strategy implementation style and public service effectiveness, efficiency, and equity. Using fuzzy cluster analysis, the study explored the effects of strategy implementation style on perceived service effectiveness. The study identified four distinctive though inter-related styles of strategy implementation. A logical-incremental and mostly rational style of implementation were associated with better effectiveness, efficiency and equity; with the absence of an implementation style associated with worse performance.

Katamei, Omwono and Wanza (2015) studied challenges of strategy implementation on performance of constituency development fund projects. The study adopted descriptive research design. The study targeted 263 Management Committees. Stratified random sampling was used to select 79 respondents. Questionnaire and Interview Guide were used to collect data. Descriptive statistics was used for data analysis. The findings showed that leadership, cultural receptivity; structural factors and communication were identified to be challenges to performance of projects. Measures established included training of various committees through workshops, incorporating well educated people in various committees, involving all stakeholders in the implementation processes, and adopting effective and efficient methods of transferring information.

Kakanda, Bello and Abba (2016) studied the effect of capital structure on the performance of listed consumer goods companies in Nigeria. The annual financial reports served as the source of secondary data the sampled firms from the year 2008 – 2013. This was obtained from Nigerian Stock Exchange website. The relationship between independent and dependent variables was tested using ex-post facto research design the while controlling for other variables. In order to test the hypotheses developed in the study, the descriptive statistics and multiple regression analysis were used. The study results indicated a positive and significant relationship between firm's capital structure and corporate financial performance.

Ogenche, Githui and Omurwa (2018) conducted a study on effect of capital structure on financial performance of consumer goods firms Listed in the Nairobi Securities Exchange (NSE). The study employed panel research design. The study used all the 12 firms listed in Nairobi Securities Exchange was used as a unit of analysis from the year 2012 to 2016. Secondary data extracted from the financial statements was used to compute the relevant ratios. The study employed a dynamic panel data regression model and E-views software was used for data analysis. The results showed that debt ratio had a negative coefficient of -0.401967 and a t-statistic of -6.006392. The p-value of 0.0000 suggests that the relationship is statistically significant at 5 percent significant level since the value is lower than the critical p-value of 0.05. The null hypothesis was that debt ratio does not have a statistically significant effect on financial performance of consumer goods firms listed on the NSE. The study adopted the alternative hypothesis that debt ratio has a statistically significant effect on financial performance of consumer goods firms listed on the NSE. The results also indicated that firm size has a positive coefficient of 0.080114 and a t-statistic of 4.085403. The p-value of 0.0002 suggests that the relationship is statistically significant at 5 percent significant level since the value is lower than the critical p-value of 0.05. The null hypothesis was that firm size does not have a statistically significant effect on financial performance of consumer goods firms listed on the NSE. The study rejected the null hypothesis that firm size has no statistically significant effect on financial performance of consumer goods firms listed on the NSE. Debt ratio and firm size were found to be important aspects of capital structure influencing financial performance of consumer goods firms listed on the NSE.

Mauwa, Namusonge and Onyango (2016) studied the effect of capital structure on financial performance of firms listed on the Rwanda Stock Exchange. The descriptive research design was used in the study. The target population were the six companies listed in the Rwanda Stock Exchange (RSE). The study adopted census survey used purposive sampling technique to select the respondents to participate in the study. Descriptive and inferential statistics was tested using SPSS version 20. The study results showed a negative correlation between the capital structure and the ROA and ROE. Ganiyu, Adelopo, Rodionova and Samuel (2019) studied the relationship between Capital structure and firm performance in Nigeria. Using a non-monotonic relationship between capital structure and firm performance based on the prediction of the agency cost theory of capital structure, the relationship between capital structure and firm performance was examined. This was examined against when firm use debt financing excessively. The study used dynamic panel model on panel data of 115 listed non-financial firms in Nigeria. The result showed a statistically significant relationship between capital structure and firm performance particularly when debt financing is moderately employed.

Nassar (2016) looked at the impact of capital structure on Financial Performance of firms. The relationship between the capital structure and financial firm performance of industrial companies in Turkey was examined. The secondary data was obtained from the annual financial statements of 136 industrial companies listed on Istanbul Stock Exchange (ISE) from 2005-20012. The relationship between capital structure and firm performance was checked using the multiple regression. A negative significant relationship between capital structure and firm performance was realized from the study. This finding collaborates the finding of Saeedi and Mahmoodi (2011) who found a negative relationship between capital structure and ROA, but no significant relationship between capital structure and ROE.

Skopljak and Luo (2012) found a significant relationship between capital structure and firm performance of Australian Authorised Deposit-taking Institutions. The impacts of variation in debt at different levels of leverage on firm performance were found relatively different. Agnihotri (2014) showed that firms' decision on a suitable capital structure whether high or low leverage will reduce the cost of debts depending on their competitive strategies and market condition, and consequently increasing their performance. Tan and Hamid (2013) found a significant positive relationship between capital structure and return on equity (ROE) and significant negative relationships between capital structure and gross profit margin (GPM) as well as with return on assets (ROA).

Echekoba and Ananwude (2016) examined the effect of financial structure on the performance of Nigeria consumer goods firms. The study assessed the effect of financial structure on performance of consumer goods firms quoted in Nigerian Stock Exchange. In this study, twenty-three (23) out of the twenty-seven (27) firms were randomly chosen for the period 1993 to 2013. The study applied earnings per share and return on equity as performance indices. Total debt to total equity ratio, short term debt to total equity ratio were adopted to measure financial structure while tangibility, firm size, growth and risk were included as control variables capable of influencing performance. The effect of financial structure on performance was analysed using pooled ordinary least square, fixed effect and random effect regression technique. The results of the analysis divulged that financial structure represented by total debt to total equity ratio and short-term debt to total equity ratio, negatively affect financial performance of consumer goods firms measured by earnings per share and return on equity. The negative effect of financial structure variables: total debt to total equity ratio and short-term debt to total equity ratio tends to buttress that as result of agency conflict, performance of firms that are highly geared are negatively affected. The findings also were in conformity with the proposition of the pecking order theory that firm performance and financial structure are negatively correlated.

Ajayi (2016) assessed the impact of external business environment on organisational performance of small and medium scale enterprises. The relationship between organizational performance and the external environment on of Micro, Small and Medium

Scale Enterprises in Nigeria was examined. From the review, it was evident that the SMEs are greatly affected by the environment they operate in. The study revealed the need to scan the external environment in which the business operates and how it affects the performance hence recognizing the opportunities and threats faced by their businesses.

Mark and Nwaiwu (2015) studied the impact of political environment on business performance of multinational companies in Nigeria. The relationship between the performance of multinational firms the business performance and the political environment was tested. Twenty-seven (27) of such companies were identified and the necessary data were sourced from the Nigerian Stock Exchange Fact Book of 2012 and the World Development Indicators of World Bank Group. Political stability and absence of violence was used to measure the political environment while profitability was used to performance. The study results revealed that the performance of the businesses was significantly affected by the political environment.

Ruhomaun, Saeedi and Nagavhi (2019) studied the effects of selected macro and micro economic variables on firm performance. The study established the relationship exchange rate, interest rate, financial distress and derivatives usage as independent variables and firm performance as dependent variable. A dynamic panel data model was employed in this study which comprised of 196 companies over a time period of 5 years (2012-2016). The relationship between the variables was established via GMM as econometric analysis technique. The study revealed that exchange rate had a negative but not significant impact on firm performance. Moreover, both interest rate and financial distress had a negative and significant effect on firm performance.

Tawane and Muathe (2019) studied the relationship between strategy implementation and growth of Small and Medium Enterprises. The study looked at the growth of SMEs in the Garissa County of Kenya. This study used exploratory and descriptive research design. Stratified sampling technique was used to sample 294 SMEs. Data was analysed using descriptive and regression statistics. The study results revealed a positive and statistically significant relationship strategy implementation components and the growth of the SMEs.

Orugun, Nafiu and Aduku (2017) examined the effects of strategy implementation on superior performance and competitive advantage of SMEs in Nigeria. The study the survey technique to collect data. Yamane formula was used to sample the study population. Data was analysed using regression models. The study results revealed a statistically significant relationship between strategy implementation and performance.

Nderitu, Waiganjo and Orwa (2020) study results revealed a linear positive relationship between clan culture and strategy implementation. The study examined the relationship between organizational culture and strategy implementation process of private chartered universities in Kenya. The study used cross-sectional survey research design. The study employed stratified sampling to select the respondents for the study. The study employed both quantitative and qualitative data. Multiple regression analysis was used to analyse the data. Breusch-Pagan tests were used to test the hypotheses of the study. The study findings also indicated that clan culture had a significant influence on the strategy implementation process.

Mwanthi (2018) linked strategy implementation to organizational performance in Kenyan universities. The study unveiled that the business environment is characterized by turbulence, unpredictability, and ever-changing circumstances. This situation calls for organizations to position themselves in the ever-changing environment the effort to remain competitively advantaged. Universities in Kenya are not an exception, and therefore have to adapt to the dynamic environment and create a competitive edge. There is need for organization to embrace strategy implementation which entails putting into place intended strategies towards organizational performance for them to stay competitive. The paper sought to establish whether strategy communication, organizational leadership, employee participation, and resource allocation had a positive influence on strategy implementation in Kenyan universities.

Jabeen, Aliyu and Mahmood (2016) studied the moderating effect of external environment on the relationship between market orientation and business performance. The purpose of this study is to examine the moderating role of external environment on the relationship between market orientation (MO) and business performance of small and medium enterprises (SMEs) in Punjab, Pakistan. A five-point questionnaire was used to collect the data. SPSS was used to code the data. The study findings showed that there is a significant market orientation-performance link while this relationship is moderated by the external environment.

Milovanovic and Wittine (2014) analyzed the external environment's moderating role on the entrepreneurial orientation and business performance relationship among Italian Small Enterprises. The findings showed that entrepreneurial orientation and performance as moderated by the internal and external factors is complicated. Dragnić (2014) looked at the impact of internal and external factors on the performance of fast-growing small and medium businesses. The study aimed at broadening the understanding of small and medium businesses (SMBs) as a significant driver of economic development, as particularly related to their market performance, as well as the impact of the internal and external environment on it. The results indicated that the internal factors had a significant impact on the performance/effectiveness (sales growth and achievement of goals) of SMBs. Emeka and Eyuche (2014) examined the relationship between environmental factors and organizational performance in Nigeria. The population of 1,152 companies were used. Using Taro Yamene's formulae, a sample of 297 was achieved. The results gave concerns about the unhealthy and unsafe work environment, lack of motivation, interference and lack of innovation within the companies. The study further revealed the unsafe and unhealthy situation at Juhel which caused low productivity in the company.

Waititu (2016) study revealed a negative but a statistically significant relationship between organization structure and performance. The study examined the relationship between strategy implementation and performance in commercial banks in Nairobi County Kenya. The study used cross-sectional design. System sampling was used to select the firms. The study used questionnaires to collect data. The study revealed that communication had a positively and significant statically relationship with the performance. The study findings further revealed a positive statistical relationship between organization culture, communication systems, leadership styles, organization structure, and the performance.

2.4 Research and Knowledge Gaps

The review of literature above identified several research gaps in the relationship among the four variables, which are strategy implementation, capital structure, macro environment and performance. The research gaps relate to conceptual, contextual and methodological gaps. The conceptual gaps comprise of gaps identified during the literature review among the various concepts in the study. The research methodological gaps relate to population, research design, and data analysis gaps.

Specifically, in Kenya strategy implementation moderated and intervened by macro environment and capital structure respectively have scantly been studied to establish their effects on performance, hence there exists a contextual gap with respect to the few studies conducted in developing countries. It is on this basis and the knowledge gaps documented above that this study was carried out to investigate the influence of strategy implementation, capital structure and macro environment on the performance of Energy sector in Kenya. Table 2.1 below presented the empirical evidence and research gaps of the study.

Table 2.1: Summary of Research Gaps

Author (s)	Focus of the Study	Methodology	Findings	Knowledge Gap(s)	Contribution of Current Study
Ongeti (2014)	Organizational resources, corporate governance and performance of Kenyan state-owned corporations.	Used Primary and secondary data	The findings revealed a statistically significant relationship between aggregated organizational resources and performance.	The context was the state-owned corporations in Kenya. The study used secondary data	This study was contextualized in Energy sector institutions in Kenya.
Mkalama (2014)	Top Management demographics, strategic decision making, and Macro- Environment and Performance of Kenyan State-owned corporations	Primary and secondary data were used	The findings indicated that top management demographics had a statistically significant influence on the performance of Kenyan SCs.	The variables under study were the Top Management demographics, strategic decision making, and Macro-Environment and Performance. The context was the state-owned corporations in Kenya.	This study used purely primary data This study considered influence of capital structure which the previous studies did not test for.
Ongombe & Mungai (2018),	Capital structure decisions and financial performance of sugar manufacturing firms in Kisumu County	The study used secondary data	The findings indicated that debt-ratio had a negative insignificant statistical relationship while debt-equity ratio had a significant negative effect on monetary performance	The study used secondary data	This study used primary data This study was carried out in Energy sector institutions in Kenya. This study considered influence of strategy implementation which the previous studies did not test for.
Olokoyo (2013)	Capital structure and corporate performance of Nigerian quoted	Descriptive research design	Capital structure had a significant impact on the firm's accounting	Study did not employ moderating effect of macro	This study examined effects of macro environment on performance

Author (s)	Focus of the Study	Methodology	Findings	Knowledge Gap(s)	Contribution of Current Study
	firms: A panel data approach		performance measure	environment was not considered	
Njoroge et al. (2015)	Strategy implementation, performance contracting, external environment and performance of 108 Kenyan state corporations	Cross sectional research design and used primary data	Strategy implementation effects performance contracting, external environment effects	Intervening effect of capital structure was not considered	Study introduced capital structure as a variable
Odundo (2012)	Environmental context, implementation of strategic (performance of state corporations in Kenya	A combination of cross-sectional survey design and relational study design. Primary data used	Political goodwill and support affects relationship between strategic plans implementation and performance of commercial state corporations	Study focused on moderating effects of political goodwill and support. Moderating effects of capital structure and external environment were not highlighted	The current study focused on different context of Energy sector institutions and investigates moderating effects of capital structure and macro environment on relationship between strategy implementation and performance
Letangule and Letting (2012)	Effects of performance contract on performance	Descriptive research design using data from cross sectional survey	Performance contracting affected employee creativity, quality, efficiency and consistency of service at Ministry of Education	Other factors that could affect performance like strategy implementation, capital structure, macro environment was not considered	Study considers effect of strategy implementation, capital structure and macro environment on performance
Nyamwanza (2013)	Strategy formulation and implementation link	Cross sectional survey of 8 SMEs in four Zimbabwe cities with less than 100 employees	Lack of linkage between strategy formulation and implementation as a part of a process affects performance of SMEs	Context different being SMEs in Zimbabwe. Other variables not considered	Study examined effect of strategy implementation on performance

2.5 Operationalization of the Study Variables

The study was informed by four variables, that is, strategy implementation as the independent variable, capital Structure as the intervening variable, macro environment as the moderating variable, and performance as the dependent variable. Table 3.2 below presents operationalization and measurement of the study variables.

Table 2.2: Measurement of Study Variables

Study Variables	Indicators	Measurement	Section
Independent Variable:	-Leadership	Interval	B
Strategy Implementation	-Structure		
	-Responsibility and Accountability		
	-Culture		
Intervening Variable:	-Cost of capital	Interval	C
Capital Structure	-Covenants		
	-Debt		
	-Equity		
Moderating Variable:	-Political – policy and support	Interval	D
Macro Environment	-Ecological		
	-Social		
	-Technology		
	-Economic		
	-Legal		
Dependent Variable:	-Customers satisfaction	Interval	E
Performance	-Innovation		
	-Cost of power		
	-Quality of service		

2.6 Hypotheses of the Study

Based on the empirical review and the conceptual framework, the following research hypotheses were developed.

H_{01}: There is no significant effects of strategy implementation on performance of energy sector institutions in Kenya.

H_{02}: There is no significant intervening effect of capital structure on the relationship between strategy implementation and performance of energy sector institutions in Kenya

H_{03}: There is no significant moderating effect of macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya

H_{04}: There is no significant moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya

2.7 Conceptual Framework

Literature reviewed has provided the relationship between the variables being studied and the gaps, which this study seeks to fill. The study addressed four key relationships - the effects of strategy implementation on performance; the intervening role of capital structure on the relationship between strategy implementation and performance; the moderating role of macro environment on the strategy implementation and performance; the moderating effect of macro environment on the intervening effect of capital structure.

The operational indicators have been developed guided by conceptual, empirical and contextual literature. The strategy implementation was measured using the following indicators; processes, responsibility and accountability. The indicators for measuring the macro environment were; political (policy and support), environment, social, technology, economic and legal. Capital structure was measured by cost of capital, covenants, debt, and equity. The performance was measured by the customer satisfaction levels, innovation, quality of service and cost of power.

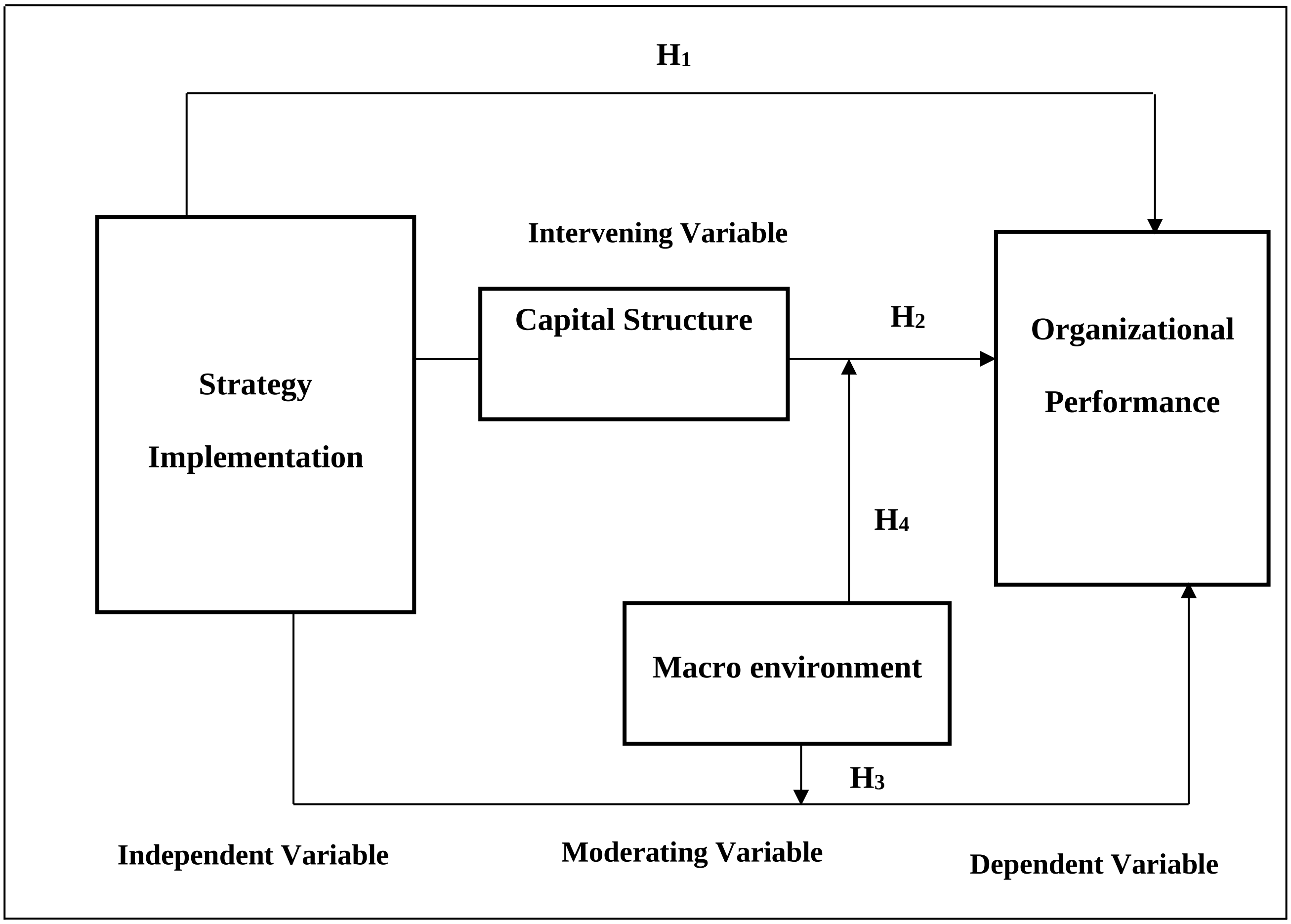


Figure 2.1: Conceptual Model

2.8 Summary

The chapter looked at the various theories underpinning this study. Conceptual and empirical literature has also been reviewed. The chapter has discussed and synthesized conceptual and empirical evidence of strategy implementation, capital structure, macro environment and performance relationship. A summary of selected empirical studies was presented and clearly highlighted the focus of study, findings and conclusions, the knowledge gaps and how the current study addresses them. The chapter also presents a conceptual model in a diagrammatic relationship with variables of the study with resultant hypotheses. Chapter three presents the research methodology employed in this study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented processes that were followed to conduct the study. This section outlined the study's research philosophy, research design, target population, data collection, operationalization of variables, validity and reliability, data analysis and ethical considerations.

3.2 Research Philosophy

Research philosophy is a belief about the way in which data about a phenomenon should be gathered, analyzed and used (Saunders, Lewis & Thornhill, 2012). This research involved drawing conclusion and considering research issues using a quantitative research approach. Research philosophy includes three major aspects; ontology, epistemology and axiology (Scotland et al., 2012). There are three main research philosophies that is, realism, interpretivism and positivism. A research philosophy can be either positivist or constructivist depending on the approach to be used for the study. The principle of a realist research philosophy is that what the senses show us as reality is the truth such that objects have an existence independent of the human mind i.e. a reality quite independent of the mind exists (Scotland et al., 2012). Critical realism ontologically assumes that a reality exists although it is usually difficult to understand. Realism differentiates between the real world, the actual events that are created by the real world and the empirical events which a researcher captures and records. Further, in realism it is argued that there are entities in the real world which have powers to act and are prone to be acted on by others (Easton, 2010).

This study adopted a positivist paradigm which involves a statistical analysis approach. This is closely associated with the scientific approach and implies that investigations should be capable of replication (Scotland et al., 2012). While phenomenology is suitable in exploratory approach to research, positivism enables generalizations and predictions to be made about phenomena through statistical approaches (Hammersley, 2015). This study adopted positivism view with the aim of predicting and generalizing about the relationship between strategy implementation and performance of Energy sector institutions through the intervening influence of capital structure and moderation by macro environment. The reviewed studies concerning the variables mainly adopted explorative case study design and phenomenological viewpoint hence the need to apply positivism in subsequent studies. This study adopted the positivism philosophy due to ontological, epistemological and methodological considerations. These influenced the assumptions that were made in the study as well as the hypothesis testing results from the identified variables in the determination of the existing relationship in the generalization of study population.

3.3 Research Design

A research design constitutes the blueprint for the collection, measurement and analysis of data (Cooper & Schindler, 2014). It ensures that the research is relevant to the problem and is an economical procedure for acquiring information. This implies that a research design is a methodological link between the adopted philosophical underpinnings and the subsequent choice of methods to collect and analyse data. There are common types of research designs capable of affecting the credibility of the research findings. They include case study, survey, action research and experimental design (Bryman & Bell, 2011; Farquhar, 2012).

The experimental design places a high level of confidence in statistical inference, thus ensuring that the significant relationship established raises reliability (Maxwell, 2010) and hence achieves an internal validity that demonstrates cause-effects between the two variables. This design is often preferred in natural science research rather than business research because the independent variables are usually manipulated to examine their impact on the dependent variable (Creswell & Creswell, 2017). It is not just associated with laboratory research but often grounded in hypothesis (Saunders et al., 2012). This study did not adopt the experimental design because of its close association with laboratory research. The need for this design arises out of the desire to explore a phenomenon within its real-life context (Saunders et al., 2012). This enables the researcher to gain an in-depth understanding of the phenomenon under investigation (Yin, 2014). It implies that the case study design is capable of enabling a phenomenon to be studied in its natural setting so that meaningful and relevant theory is generated from the understanding gained through actual practice (Farquhar, 2012). For this reason, it can be argued that the case study design has the objective of presenting a detailed and intensive analysis of the phenomenon. When used for qualitative research, a structured or semi-structured interview guide is employed to draw large amounts of data, which offers an opportunity for the researcher to carry out an in-depth investigation into the problem (Creswell & Creswell, 2017; Easterby-Smith et al., 2012).

The core feature of case study design is its ability to combine both qualitative and quantitative data collection techniques which, to an extent, enhances the robustness of the analysis, hence adding value to the results (Yin, 2014). Yin refers to the technique of collecting data using interviews, observations and documentary review as data triangulation. Common case study types include critical, revelatory and longitudinal (Yin, 2014). In a critical case the researcher clearly specifies the hypothesis and the chosen case creates an opportunity for better understanding of the conditions in which the findings may be accepted or rejected. The revelatory case is more associated with a laboratory type of investigation to analyse a previous situation that was not considered, whereas a longitudinal case is concerned with how a condition has changed over time (Bryman & Bell, 2011; Yin, 2014). Questions related to why, what and how are better answered with a relatively full understanding of the nature of the phenomenon in case study design (Easterby-Smith et al., 2010; Yin, 2014).

This study employed a cross-sectional survey design. The adopted design enabled collection of data across different facilities and testing their relationships. The cross-sectional study was concerned with finding out what, when and how much of the phenomena under study (Cooper & Schindler, 2014). This design was preferred because it enabled production of statistical information about the matter at hand, testing hypotheses quantitatively and drawing conclusions. Cross- sectional survey design involves a systematic method of collecting data from individuals by use of open-ended, closed-ended questionnaires, interviews and observations.

Other researchers (Awino & Gituro, 2011; Sifa, 2009; Kariuki 2014) have used cross-sectional survey and regarded it appropriate and reliable to investigate similar studies. This approach is versatile since organizational capacity is a broad concept which can be studied using a survey.

This allows the pattern of convergence to develop and corroborate the overall interpretation of relationships between the study variables. This design was deemed appropriate because of the need to collect data from several organizations at one point in time and data analysis according to set hypotheses and the corresponding objectives. This approach provided the researcher with an opportunity to develop a broad understanding effects of strategy implementation, capital structure and macro environment on performance of Energy sector institutions in Kenya.

Cross-sectional surveys are descriptive in nature and may support inferences of cause and effect. Cross- sectional surveys involve collecting data at a specific point in time unlike longitudinal studies which involve a series of observations of the study population over a period of time. Cross-sectional design is appropriate for studies where data is collected from a large sample with several variables being studied at the same point in time as opposed to longitudinal designs where variables are studied over a period of time (performance). Cross-sectional survey design was considered to be ideal since Mugenda and Mugenda (2003) indicate that it can be used for explaining or exploring the existing status of two or more variables, at a given point in time, and is usually the most appropriate measure of characteristics of large populations.

3.4 Population of the Study

The study population comprised all key players under energy sector covering both public and private institutions listed in the register of Energy and Petroleum Regulation Authority February 2019. According to ERC (2019), there are 68 institutions under the energy sector. These 68 institutions formed the target population for the study. These are the units of analysis as listed in Appendix VIII.

Table 3.3: Population Distribution

Category	No. of Institutions
Policy & Regulation	3
Distribution & Transmission	2
Generation	63
Total	**68**

Source: ERC (2019)

The unit of observation comprised of the Chief Executive Officer or the Head of the Institution and two members of management involved in finance, operations and technical. This is because they are at policy and strategy level. This made it 3 respondents from each category. The researcher purposively included CEO, head of finance and technical or operation manager from all the institutions to select 204 employees.

3.5 Data Collection and Instruments

The study used primary data. Primary data was obtained from the selected respondents using structured questionnaires. A questionnaire is a collection of questions or statements that assesses attitudes, opinions, beliefs, biographical information or other forms of information (Cooper & Schindler, 2014). According to researchers, questionnaires are preferred for primary data collection because they are less costly, especially when the population is large and widely spread geographically. They ensure anonymity, permit use of standardized questions and ensure uniform procedures. It also ensures that respondents who are not easily approachable are reached conveniently. Besides, questionnaires can provide time for respondents to think about responses and are easy to administer and score (Mugenda & Mugenda, 2003; Kothari& Garg, 2014). Thus, questionnaires were used as important tools for collection of primary data due to their many positive attributes discussed herein. The method was found useful in the interest of time and given the wide spread of the counties that were involved in the study. Likert scale types of questions were designed in the questionnaire and balanced between quantity and quality of data collected.

Quantitative methods are those methods which aim to collect data on numbers, or data which can be quantified to enable researchers use statistical techniques and compare different groups in the study (Bryman & Bell, 2011; Martin & Bridgmon, 2012). Conversely, Qualitative methods enable researchers to understand new phenomena through exploration and understanding the social world surrounding these phenomena (Cohen & Crabtree, 2008). One of the potential strengths of qualitative research methods comes from the close and interactive relationship between the researcher and the participants (Bryman & Bell, 2011). However, that same close relationship may lead to difficulty in distinguishing between the researcher's views from the participant's views. This means that the researcher's responsibilities are extended, with positionality and bias being carefully considered (Mayo, van Knippenberg, Guillen, & Firfiray, 2016).

Qualitative research methods focus on the data that relate individuals to their experience, judgment and feelings, which, to a large extent, may not be quantified. Some scholars and researchers believe that the primary differences between the two research methods are not serious since the two methods produce and generate data (Bryman & Bell, 2011). However, the two methods are totally different in terms of the methodologies and data analytic tools used. Additionally, the two methods differ fundamentally in addressing the research questions or objectives. For instance, quantitative methods use the terms 'determine' or 'identify' the factors while qualitative methods use 'explore' or 'describe' the challenges or obstacles. The ontological position gives the main difference between the qualitative and quantitative data. For example, qualitative data depends upon construction of information through understanding the reality of social phenomena. These phenomena are also constructed through the interaction between the interviewees and interviewer (Ennis & Chen, 2012).

The questionnaires for the study consisted of closed and open-ended questions on the various study objectives. The questionnaire were coded using a five- point key where 1 = SD (strongly Disagree), 2=D (Disagree), 3= N(Neutral), 4=A(Agree), 5= SA (Strongly Agree) to enable the researcher capture responses on the study variables. This likert five-point scale was used in similar studies by Lee *et al*., (2013) and Nyamute *et al*., (2015) to measure qualitative variables. The questionnaire comprised of five sections. The first section comprised of the respondent's general information while all the other four sections focused on gathering information focused on the four objectives of the study. The questionnaire was arranged in terms of objectives. The questionnaire was in five sections. Section A contained demographic information; Section B was on strategy implementation; Section C was on macro environment and Section D was on capital structure.

3.6 Data Collection Procedure

Data collection is a process of collecting information from all the relevant sources to find answers to the research problem, test the hypothesis and evaluate the outcomes (Cooper & Schindler, 2014). Data collection can be divided into two categories, secondary and primary methods of data collection. Secondary data is a type of data that has already been published in books, newspapers, magazines, journals, online portals. Primary data on the other hand is defined as data used in research originally obtained through the direct efforts of the researcher (Saunders & Lewis, & Thornhill, 2012). Primary data collection methods can be divided into two groups, qualitative and quantitative. Qualitative data collection method includes case studies, observation focus groups and interviews. Quantitative data collection methods include use of questionnaires, surveys, census and experiments (Cooper & Schindler, 2014).

Depending on the adopted philosophical stance, the method and procedure for data collection can either be qualitative, quantitative or both (Saunders et al., 2012; Yin, 2014). Qualitative data collection is associated with tools such as semi-structured questionnaires and interview guides, whereas quantitative data collection predominantly uses structured questionnaires or closed-ended questions (Creswell & Creswell, 2017; Bryman & Bell, 2011). According to Yin (2014), qualitative research is deeply rooted in understanding a phenomenon. Basic research methodologies include quantitative, qualitative and mixed-methods. Welch, Plakoyiannaki, Piekkari, and Paavilainen-Mantymaki (2020) indicated that a quantitative method is appropriate to examine the relationship between two or more variables in the study, and is mainly relevant for theory testing. Tsang (2014) identified an important difference between qualitative and quantitative methods.

Allwood (2012) indicated a qualitative method is appropriate to describe particular situations using interviews, observations, and document reviews. A qualitative method met the needs for the study because the qualitative method is important to explore the phenomenon in the study (Tsang, 2014). The qualitative method is the most popular method in business and management research (Welch et al., 2020). Yin (2014) indicated that the qualitative method is appropriate for social science research, particularly in studying individual and group behaviour in the organization. A qualitative method was appropriate for the study because the qualitative method applies to studying individual and group behaviours in the organization. Allwood (2012) noted the importance of a qualitative method to explore experiences, processes, and problems in the study.

The quantitative method is important to compare two groups or to determine the existence of a relationship between two or more variables in the study (Tsang, 2014). Allwood (2012) indicated a quantitative method is appropriate to analyze quantifiable and numerical data in the research. Quantitative and mixed-methods are appropriate to quantify causal relationships and to analyze numbers instead of exploring and describing situations (Allwood, 2012). Prior to commencing the study, the researcher obtained a letter of authority from MUA and research permit was also obtained from NACOSTI. The study respected and honoured all guarantees of privacy, confidentiality and anonymity in carrying out research. Participants were informed of the nature of the study and were allowed to choose whether to participate or not. Confidentiality was assured to the participants of the information provided in the questionnaires through a written introductory letter to ensure high response rate. Confidentiality in this case referring to the separation of any personal identifying information provided by participants from the data and ensuring protection of the information shared (Saunders & Lewis, 2016).

Data was collected by administering of questionnaires to respondents who were considered in the sampling to obtain the quatitative data. A questionnaire is described as an objective method of obtaining information from members of a population. It is a cost-effective way of gathering quantitative data for further analysis. Questionnaires offer anonymity thus encouraging the respondents to answer. It provides a channel for the standardized collection of data that can be compared easily (Saunders & Lewis, 2016). The researcher administered questionnaires through either drop and pick-later method or electronic method where appropriate considering distance or convenience. One set of the questionnaire was administered per respondent. Primary data was obtained from the selected respondents of the research project using questionnaire.

The study was quantitative in nature. Quantitative data was obtained through close-ended questions (Cooper & Schindler, 2014). A questionnaire with a 5-point Likert rating scale was divided into five sections. the first section capturing the demographics of the respondents such as gender, age and education, with the remaining sections focusing on the research questions. Section two focused on identifying the Strategy implementation in place in the organization and its effect on performance, section three focused on Capital structure and its effect on performance and section four focused on Macro environment and its effect on performance and finally section five focused on performance.

3.7 Pilot Study

A pilot test was carried out to test whether the instruments meet the reliability and validity thresholds before the actual study is conducted. This was done by taking a sample equivalent to 10 percent of the selected sample size for the test as suggested by Mugenda and Mugenda (2003). Respondents were picked from each category. The researcher picked 1 respondent from Policy and Regulation; 1 respondent from distribution and transmission; and 6 respondents from generation. This will sum up to 24 respondents from the 3 categories. These respondents were allowed to participate in the main study. The pre-test was aimed at determining whether the questions was understood by the respondents.

Pre-testing is considered necessary since it is a means of determining to what extent a questionnaire communicates. It is important to pre-test the research instrument to actually determine the strengths and weaknesses of the questionnaire in terms of the format, wording, and order of the questions and clarity of questions (Collis & Hussey, 2013; Cooper & Shindler, 2013). The questionnaires were administered through drop and pick-later method and the respondents requested to complete the questionnaires and return in time owing that it is for academic purpose. Appropriate electronic method was also used to supplement questionnaires.

3.7.1 Validity

Validity concerns what research instrument measures, and how well it does so (Mohajan, 2017). Validity is the accuracy and meaningfulness of inferences, which are based on the research results (Mugenda & Mugenda, 2003). According to Creswell and Creswell (2017) and Pallant (2011) validity test is mainly divided into four types of content validity, face validity, construct validity, and criterion-related validity.

Face validity is how much a test seems to gauge what it professes to measure (Leedy & Ormrod, 2005). It is a quick assessment of what the test is measuring (Mohajan, 2017). If the research instrument is known to have content validity, face validity can be assumed, but face validity does not ensure content validity (Mohajan, 2017). Since the content validity for the research instrument under this study was known, it was assumed to have face validity. Concurrent validity is how much the scores on a test are identified with the scores on another test, effectively settled as substantial, intended to measure a similar construct.

Content validity is the extent to which the questions on the research instrument and the scores from these questions represent all possible questions that could be asked about the content (Creswell & Creswell, 2017). Content validity was achieved through structuring the questionnaire into sections. Each section contained specific variable, and this was also achieved through expert judgments to confirm if the theoretical dimensions emerge as conceptualized for this study. Construct validity was assessed from conceptual framework and correlation of variables, checked for multicollinearity and normality to ensure that statistical assumptions were valid in this study. The data was normal and did not suffer from multicollinearity.

Validity ensures that the questionnaire includes an adequate set of items that represent items therein. The more the scale items represent the domain of the concept being measured, the greater the content validity (Sekaran & Bougie, 2016). There is no statistical test to determine whether a measure adequately covers a content area, content validity usually depends on the judgment of experts in the field (Mohajan, 2017). According to Mohajan (2017), the unclear and obscure questions can be amended, and the ineffective and nonfunctioning questions can be discarded by the advice of reviewers. In this study, the questionnaire was reviewed by the researcher and the supervisors. Unclear questions were reframed, some questions added, and others discarded. Content validity was also increased by studying questionnaires and questions used in similar studies. This study adopted content validity. Content validity was also increased by studying questionnaires and questions used in similar studies

A test done simultaneously or to some other available criterion accessible simultaneously. It is necessary when a test is constructed with a view to replacing less efficient one used (Mohajan, 2017). In this study, the research instrument was not replacing another one. Theoretical assessment of validity, also referred to as translational validity looks into how items of the theoretical parameter is put in an operational measure. Translational validity was achieved by the procedures developed by Cooper and Schindler (2013) which involved identifying the existing scales, developing data collection instrument and administering it for clarity, comprehensiveness and relevance.

3.7.2 Reliability

Reliability is concerned with the consistency, stability or repeatability of a variable being measured and therefore mirrors on the estimates of the degree to which the measurement is free of being random or unstable (Cooper & Schindler, 2013). There are three genres of validity, namely; face, content and construct validity, (Awino & Gituro, 2011). The measurement scales used in the questionnaire were deemed to have face validity because they reflected the key issues in strategy implementation, capital structure and macro environment and performance and was subjected to expert judgment.

The study used 'split-halves' and 'internal consistency' method to measure reliability. Split-halves method was used for comparing the two halves of the responses to each other and similarities identified. Reliability focused on the degree to which empirical indicators were consistent across two or more attempts to measure the theoretical concept. To achieve reliability in this study, the researcher used inter-rater reliability. This was achieved by issuing the questionnaires to different senior executives of the same organizations to gauge whether their judgement of same constructs would produce similar results.

Internal consistency is the most relevant for the survey questionnaire that this study employed (Cooper & Schindler, 2014). Internal consistency is defined as the mean of correlations of all variables, and does not depend on their arrangement (Anastasiadou, 2011). A high measure of reliability implies that if future researchers were to undertake the research process independently, they would obtain similar results (Saunders, et al., 2012). For measuring reliability, the study used the Cronbach Coefficient (Alpha value) to evaluate the internal consistency of the data collection tool. It is a common statistical measure of reliability for a set of two or more construct indicators. Cronbach alpha is considered the most important reliability index and considers the number of variables/items of the instrument, and the correlation between the variables. The range of values is between 0 and 1.0 Poor and unrelated items could lead to a low value of alpha. This could be also due to a low number of questions or due to heterogeneous constructs.

The more similarities between the two halves and each question can be found the greater the reliability. Split-halves method is the most suitable and basic method for checking reliability when there is a large amount of raw data. Internal consistency method was tested using Cronbach's Alpha. As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable and a good indication of construct reliability (Zaiontaz, 2013).

3.8 Data Processing and Analysis

Data analysis refers to scrutinizing the collected data and making deductions and inferences (Oso & Onen, 2011; Cooper & Schindler, 2011; Kothari, 2011; Mugenda & Mugenda, 2012; Kombo & Tromp, 2011). Data analysis involves uncovering underlying structures, extracting important variables, detecting any anomalies and testing any underlying assumptions. It involves scrutinizing the acquired information and making inferences. Qualitative data from open-ended questions were analysed using conceptual content analysis. The data collected in this study was organized and classified based on the research design and the problems formulated. The data was coded, tallied and tabulated to facilitate the presentation and interpretation of results. This generated quantitative reports through tabulations, percentages, and measure of central tendency.

Statistical Package for Social Sciences (SPSS version 22) was used to analyse the quantitative data. The study employed linear regression analysis to determine the relationships that exist between the independent variable(s) and dependent variable. Effects of the capital structure on the performance of Energy sector institutions in Kenya and the relative effects of macro environment and strategic implementation on the performance were tested using multiple linear regression model.

The direction and strength of the relationship between dependent - independent study variables were measured using the Pearson correlation analysis. The technique of applying precursor Pearson's correlation analysis on the independent variables to establish the association levels with the dependent variable, was used. The construct variable is a composite variable and is obtained by aggregating the components in the independent variable that are significantly correlated with the dependent variable (Kothari & Garg, 2014). By this technique, the components that were not statistically significantly correlated with the dependent variable were eliminated from the composite of the construct variable.

3.9 Diagnostic Tests

Before conducting regression analysis, the following diagnostic tests were carried out to minimize errors that the data collected may have had influence on the decisions to reject or not to reject the hypothesis. The researcher carried out diagnostic tests to confirm data normality, linearity, and multicollinearity before actual data analysis. For normality, the researcher used P-P (probability) plots and numerically using skewness, kurtosis and Shapiro-Wilk's test for normality. This was important because correlation, regression, chi-tests, t- tests, and analysis of variance all assume that data is normally distributed. Multicollinearity was tested by examining tolerance and the variance inflation factor (VIF) and linearity was tested using scatterplots and analysis of variance (ANOVA). Regression analysis was used to establish the relative significance of each of the variables on the influence of strategy implementation, capital structure and macro environment on the performance of Energy sector institutions.

3.9.1 Multicollinearity

Multicollinearity refers to a situation in which two or more explanatory variables in a multiple regression model are highly linearly related. Strong multicollinearity may lead to over acceptance of null hypothesis for individual parameters (Cameron, 2005). Multicollinearity was tested using variance inflation factor (VIF) and Tolerance, since both are widely used measures of the degree of multi-collinearity of the *i*th independent variable with the other independent variables in a regression model. A VIF =10 would indicate presence of multicollinearity.

According to Hair et al. (2011), if the VIF is greater than 10 and the tolerance is less than 0.1, a serious problem is indicated. Therefore, it becomes important to ensure that no multicollinearity exists among the predictor variables. There are two most popular ways of testing for multicollinearity in the data: a) Tolerance, and b) Variance Inflation Factor (VIF). VIF can be derived from Tolerance by inversing it. According to Hair et al. (2011), multicollinearity exists among the predictor variables when the value of Tolerance is less than 0.10 and the value for VIF is more than 10. Tolerance and VIF can be calculated using SPSS while performing multiple regressions.

In statistics Multicollinearity occurs when two or more predictor variables in a multiple regression model are highly correlated (Bickel, 2015). The Gauss Markov assumption requires that there be no perfect multicollinearity. So long as there is no perfect multicollinearity the model can estimate all the coefficients and that the coefficients remain best linear unbiased estimates and that the standard errors are correct and efficient (DeFusco, McLeavey, Pinto, Anson & Runkle, 2013). To detect multicollinearity one can use; correlation matrix, Variance Inflation factor, or Eigen System of Correlation Matrix. In this study, Variance Inflation Factor (VIF) analysis was used to test the degree of possible multicollinearity of the independent variables in the regression model. VIF helped to identify whether a predictor has a strong linear relationship with the other predictor(s). Therefore, for the VIF_j a value greater than 5, X_j is highly correlated with other explanatory variables. Multicollinearity is present when the VIF is higher than 5 to 10 or the condition indices are higher than 10 to 30.

3.9.2 Normality

Normality refers to the extent in which the distribution of the sample data corresponds to the normal distribution (Hair, 2010). A variable is reasonably close to normal if its skewness and kurtosis have values between -1.0 and +1.0 (Myoung, 2008). Normality test was crucial because regression model estimation methods were based on assumption of normality since normally distributed data ensured that the data was fit for further statistical analysis and did not result to inflated statistics or under-estimated standard errors (Field, 2013). Kolmogorov-Smirnova and Shapiro-Wilk Test was also performed. A normality test is important as it enables a researcher to compute the likelihood of a random variable underlying the data set to be normally distributed (Cooper & Schindler, 2014).

A normality test is also important as it enables a researcher to compute the likelihood of a random variable underlying the data set to be normally distributed (Cooper & Schindler, 2014). A normality test was, thus, carried out on the dependent variable, the performance. The rule of thumb is that if the significance level is >0.05, we assume that the data is normally distributed and if less than 0.05, we assume that the data is not normally distributed. Statistical tests have the advantage of making an objective judgment of normality, but are disadvantaged by sometimes not being sensitive enough at low sample sizes or overly sensitive to large sample sizes (Ghasemi & Zahediasl, 2012). Normality of the data was tested using Shapiro –Wilk test. The significance level for this study was at a =5 percent, for P=0.05 normality would be assumed while P=0.05 deviation from normality was assumed. The Shapiro-Wilk Test was more appropriate for small sample sizes (< 50 samples), even though it can equally handle sample sizes as large as 2000. For this reason, the Shapiro-Wilk test was used as the numerical means of assessing normality. If the p-values is significant, then the data deviates significantly and as such the normality assumption is violated, otherwise the data does not significantly deviate from normal. The normality of data was tested using the Kolmogorov-Smirnov test and the Shapiro-Wilk test. If the probability is greater than 0.05, then the data is normally distributed (Saunders &Thornhill, 2012).

Based on the Quantile-Quantile (Q-Q) plots, when the data is normally distributed, the data points are close to the diagonal line but when data points are scattered far from the line in a physical non-linear fashion, the data was regarded as not normally distributed Field (2013) has justified that a test with a large sample size is very sensitive, and a minor deviation from normality is enough to bias any statistical procedures that is applied to the data. Thus, a significant test does not reveal departure from normality of data. A normality test was, thus, carried out on the dependent variable, the Performance of Energy Sector Institutions in Kenya. A Normal Q-Q plot of the data was then generated. The values of Skewness and Kurtosis should be zero if the data is normally distributed otherwise the data is said to be skewed or highly peaked but the acceptable range of values is -2 and +2 (Field, 2013). To test the normality of organizational performance (dependent variable) was done by use of Kolmogov-Smirvov test. The hypothesis was tested at a critical value at 0.05, where the rule is that reject H_0 if the probability (P) value is less than 0.05 or else fail to reject. The dependent variable should be normally distributed for the condition of normality to be satisfied.

3.9.3 Homoscedasticity

Homoscedasticity is the extent to which the data values for the dependent and independent variables have equal variances (Hair, et al., 2010). However, if the variances happen to be unequal, then heteroscedasticity exists. Homoscedasticity refers to the level of homogeneity of variance that assumes dependent variable(s) exhibit equal levels of variance across the range of predictor variable(s) (Hair et al., 2010). It gives the assumption that the criterion variable exhibits equal levels of variance across the range of predictor variables. Thus, the normality is assumed because when the multivariate normality assumption is met, the relationships between variables are homoscedasticitic.

The study used the 0.05 significance level to determine statistical significance so, if Levine's test shows a significance value of less than 0 .05, then it is concluded that the variances are significantly different meaning the study's statistical test (t-test or F-test) is invalid and therefore conclusive inferences cannot be made from it. Likewise, if Levine's test shows a significance value of greater than 0.05, then the conclusion is that the variances are not significantly different (Hair et al., 2010).

3.9.4 Linearity

The study adopted the scatter diagram to test linearity. Linear regression is performed under the assumption that the relationship between the independent and dependent variables is linear. The linearity assumption tested by scrutinizing a scatter plot. From a scatter plot, outliers were identified and the source of the outlier investigated if it is a legitimate observation or an error in entry. If it was due to error it was removed. If it was legitimate observation, it was retained.

The scatter plot also revealed the nature of correlation between the independent variables and dependent variable. The use of linear regression models to predict the independent-dependent variable relationship is premised on the assumption of linearity. Holding all other factors constant, the dependent variable's expected value is a direct function of each predictor variable and these are additive (Kothari & Garg, 2014). Rejecting a null hypothesis means there is a significant linear relationship between the independent and dependent variables (Kothari & Garg, 2014).

3.10 Hypotheses Testing

Each of the hypotheses was tested using a multiple regression model, since the hypotheses are premised on a single response variable that depends linearly on a number of predictor variables. Every test of significance begins with a null hypothesis H_0 (Kaur, 2015). The testing of hypotheses was done using the T-test and F-Test. A Null hypothesis is a specific baseline statement to be tested and it usually takes such forms as "no effect" or "no difference." An alternative (research) hypothesis is a denial of the null hypothesis (Bali, Gupta, & Gadhi, 2007).

3.10.1 Model for the Study

The significance of the independent variable (Strategy Implementation) on the dependent variable (Performance) was tested using the following empirical model: In order to facilitate application of regression model incorporating the moderating and intervening variables, the independent variable was computed from weighted averages of the constructs.

According to Talukder, Hipel and vanLoon (2017), a typical composite indicator can be built from a weighted linear aggregation rule that is applied to a set of variables as follows:

$$I = \sum_{i=1}^{n} w_i \, x_i$$

where:

x_i = normalized variable

w_i = weight attached to x_i

$\sum_{i=1}^{n} w_i$ = 1 and $0 \leq w_i \leq 1$, i = 1, 2. . . n.

Thus, the composite variable for Strategy Implementation was established using the following equation:

$$SI = \sum(w_1 P_L + w_2 P_S + w_3 P_{SP} + w_3 P_{RA} + w_3 P_C) \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{(X}_1\text{)}$$

Where

SI = Composite variable for Strategy Implementation

w_1, w_2, w_3, w_4 = relative weight of each aspect of the Strategy Implementation variable

$w_1 P_L, w_2 P_S, w_3 P_{SP}, w_3 P_{RA}, w_3 P_C$ = components of the Strategy Implementation variable (Leadership, P_L; Structure, P_{SP}; Responsibility and Accountability, P_{RA}; Culture, P_C)

The model for the study:

$P = \alpha_0 + ß_0SI + \varepsilon$……………………………………………………………………… (1)

Where:

P = Performance

SI= Strategy Implementation

α_0 = Constant

β_1= Beta coefficients

ε = Error term

$P = \alpha_0 + w_1P_L + w_2P_S + w_3P_{RA} + w_3P_C + \varepsilon$…………………………………...……. (2)

3.10.2 Moderation Model

Regression analysis (process analysis method) as suggested by Baron and Kenny (1986) was used to establish the moderating effect of Macro Environment on Strategy Implementation and Performance of Energy sector institutions in Kenya. The model checks the prediction of the dependent variable, "P", differs across levels of a third variable, "ME". Since the moderating variable affects the strength and direction between the independent and dependent variable, the test involves determination of the statistical significance of the interaction term (Whisman & McClelland, 2005).

$P= \alpha + (\beta_1SI) + \varepsilon$……………………………………………………………………… (3)

$P= \alpha + (\beta_1SI) + (\beta_2ME) + \varepsilon$……………………………………………………………… (4)

$P = \alpha + \beta_1SI+ \beta_2ME+ (\beta_3SI*ME) + \varepsilon$………………………………………...………. (5)

Where:

P= Performance; SI= Strategy Implementation; ME= Macro Environment; α = constant (intercept); β=Coefficient parameters to be determined, composite* =interaction term, ε = Error/disturbance)

ε = Constant error

3.10.3 Intervening Model

Four Step Mediation Methodology (Baron & Kenny,1986) was used to establish the intervening effect of capital structure on the relationship between strategy implementation and performance of Energy sector institutions in Kenya.

Step1: a regression analysis of SI Predicting P

$P = \alpha + \beta_1 SI + \varepsilon$………………………………………………………………...… (3)

Step 2: a regression analysis of SI Predicting CS

$CS = \alpha + \beta_1 SI + \varepsilon$…………………………………………………………….… (6)

Step3: a regression analysis of CS Predicting P:

$P= \alpha + \beta_2 CS + \varepsilon$………………………………………………………………… (7)

If the relationship is significant then proceed to:

Step 4: a regression analysis of SI and CS Predicting P.

$P= \alpha + (\beta_1 SI) + \beta_3 CS + \varepsilon$……………………………………………………… (8)

P= Performance of Energy sector;

SI = Strategy Implementation,

CS = Capital Structure

β = Coefficient parameters to be determined

ε = Constant error

Steps 1-3 was used to establish that zero-order relationship existed among the variables. Situations where one or more of the relations is non-significant depicts no possibility of mediation (Baron & Kenny, 1986). If there are significant relationships from Step 1 to Step 3, then one proceeds to Step 4 where the mediation is supported if the effect of CS remains significant after controlling for SI. If SI is not significant when CS is controlled, then there is full mediation, and if both SI and CS significantly predict P, there is partial mediation.

3.10.4 Moderated Mediation

To determine moderating effect of macro environment on the intervening effect of capital structure, Hayes and Rockwood (2020) model for moderated mediation was adopted.

$M = i_M + aSI_i + \varepsilon$ ……………………………………………….……………..…....... (9)

$P= i_Y + c'SI + b_1 M + b_2 CS + b_3 M*CS + \varepsilon$………………………………………….……... (10)

Where;

i_Y and i_M = Constants

P= Performance; CS= Capital structure; ME= Macro Environment

$\beta CS*ME$ = Interaction

3.11 Analytical Models

Table 3.4: Objectives, Hypothesis Testing, Analysis and Model Estimation

Objectives	Hypotheses	Analytical Model	Analyses	Interpretation of Results
Establish the effects of strategy implementation on performance of energy sector institutions in Kenya	There is no significant effects of strategy implementation on performance of energy sector institutions in Kenya.	**Univariate model** $P = \beta_0 + \beta_1 SI + \varepsilon$ Where: P = Performance SI = Strategy implementation	Simple linear regression	• R^2 for goodness-of fit • F-test for overall significance • t-test for individual significance • Marginal changes
Determine the intervening effect of capital structure on the relationship between strategy implementation and performance of energy sector institutions in Kenya	There is no significant intervening effect of capital structure on the relationship between strategy implementation and performance of energy sector institutions in Kenya	**Multivariate model for mediation** (i) $P = \beta_0 + \beta_1 SI + \varepsilon$ ii. $CS = \beta_0 + \beta_1 SI + \varepsilon$ iii. $P = \beta_0 + \beta_2 CS + \varepsilon$ iv. $P = \beta_0 + \beta_1 SI + \beta_2 CS + \varepsilon$ Where: P = Performance SI= Strategy Implementation CS = Capital structure β_0 = Intercept, β_1, β_2= Coefficient ε =Error term	• Multiple linear regression and Baron and Kenny's test	• R^2 for goodness-of fit • Test i, ii &iii, • If significant, move to iv. Control SI in model iv, if M becomes insignificant then there is full mediation if both are significant then there is partial mediation
Determine the moderating effect of macro environment on the relationship strategy implementation and performance of energy sector institutions in Kenya	There is no significant moderating effect of macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya	**Multivariate model for moderation** i. $P = \beta_0 + \beta_1 SI + \varepsilon$ ii. $P = \beta_0 + \beta_1 SI + \beta_3 MC + \varepsilon$ iii. $P = \beta_0 + \beta_1 SI + \beta_4 SI^* ME + \varepsilon$ Where: P = Performance β_0 = Intercept, β_1, β_4, = Coefficients SI* ME = Interaction Term SI= Strategy Implementation ME= Macro Environment	Multiple linear regression	• R^2 for goodness-of fit • F-test for overall significance • t-test for individual significance • Marginal changes • Check on R^2 change if positive it means enhancing moderation
Determine the moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya	There is no significant moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya.	**Moderated Mediation** Stepwise regression analysis: $M = i_M + aSI_i + \varepsilon$ $P = i_Y + c'SI + b_1 M + b_2 CS + b_3 M^*CS + \varepsilon$ Where; P= Performance CS= Capital structure ME= Macro Environment	Multiple linear regression	• R^2 for goodness-of fit • F-test for overall significance • t-test for individual significance • Marginal changes

3.12 Ethical Considerations

The researcher officially wrote to the target population top management for permission to conduct the study in their institutions. Clearance from the Management University of Africa and the National Commission of Science, Technology and Innovation was obtained before proceeding to the field to collect data. A consent form was written to the respondents explaining the nature of the research and confidentiality of any information obtained was assured. Using the consent forms, the researcher was able to gain the informed consent of all the participants.

Neuman (2014) indicates that social researchers must balance between the pursuit of knowledge on the one hand, and the rights of research participants or of others in society on the other. There should also be a balance between potential benefits of the research outcome and its potential costs like loss of dignity, privacy, self-esteem or democratic freedoms. It is important that ethical considerations are taken into account in the business research process (Zikmund, Babin, Carr & Griffin, 2010). Care must be taken while conducting social research so that the research participants are not harmed be it physical harm, psychological abuse, stress related, loss of self-esteem or legal jeopardy (Neuman, 2014). According to Neuman (2014), ethical principles should ensure that research participants give informed consent in which participation is voluntary and based on an informed decision. Participants are guaranteed privacy, anonymity and confidentiality. Privacy was ensured by the nature of the questions which were generally non-intrusive, and were emailed to the respondents without physical contact. Anonymity was ensured by putting in place measures not to disclose the participant's identity after the information is gathered. Confidentiality required that the information collected be kept in confidence away from public disclosure (Neuman, 2014) or sharing with others (Zikmund *et al.*, 2010).

All participants were informed of the nature and proceedings of the study, were assured of anonymity, and names were not required on the questionnaire. Identified information including that they may be disclosed in the return email while submitting the completed questionnaire were not to be made available to anyone and were stored securely to ensure data protection and guarantee of privacy. The respondents were assured that the research was being carried out as fulfilment of the requirements of a doctoral program and would not be used for any other purposes outside the doctoral program. Data was collected and reviewed for inconsistencies and proper methods of coding and analysis applied. Pseudonyms was used in respect of the respondents of the institutions. The purpose of this was to ensure that anonymity and confidentiality is strictly adhered to. Permission was sought from the respective institutions by giving self-introduction and the purpose of the study. An introductory statement was placed on every research tool.

3.13 Chapter Summary

This chapter discussed the general methodology used in this research to answer the research questions and to achieve the set study objectives. The research philosophy, research design, target population, respondents of the study, data collection and instruments, data collection procedure were discussed. The chapter also discussed piloting, hypotheses testing and ethical considerations. Data analysis and research results and were presented in the next chapter.

CHAPTER FOUR: FINDINGS AND DATA ANALYSIS

4.1 Introduction

In this chapter both descriptive and inferential analysis were applied to analyze the data. The chapter presents the demographic characteristics, descriptive statistics, inferential statistics and test for hypothesis. The details of descriptive analysis using frequency distribution tables, descriptive statistics such as means, standard deviations and coefficient of variations are well presented and discussed.

Through the use of descriptive statistics, this chapter provides the premise on which further statistical operations and analyses were carried out to test the study hypotheses. The data analyzed were obtained through a well-structured questionnaire. For each study variable, respondents were presented with descriptive statements in a 5-point likert scale and were required to indicate the extent to which the statements applied in their organizations.

4.2 Response Rate

The study population comprised all key players under energy sector covering both public and private institutions listed in the register of Energy and Petroleum Regulation Authority February 2019. According to ERC (2019), there were 68 institutions under the energy sector. These 68 institutions formed the target population for the study. The unit of observation comprised of the C.E.O or the Head of the Institution and two members of management involved in finance, operations and technical. This made it 3 respondents from each category which accumulated to 204 employees from all the institutions.

The researcher distributed 204 questionnaires, out of which 166 responded positively by filling and returning the questionnaires. This represented an overall positive response rate of 81.37 percent. The remaining 18.63 percent were unresponsive even after several follow-ups and reminders. Table 4.5 and 4.6 give results for the response rate.

Table 4.5: Response Rate of Study Population

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

Table 4.6: Response Rate

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

This response rate was comparable to similar studies by Odhiambo (2014) at 96 percent and Nyongesa (2018) at 87.27 percent. Previous studies in a similar area which had lower response rates include Wanambisi and Bwisa, (2013) at 67.7 percent and Oborah (2014) at 74.6 percent. Therefore, this study's response rate is considered good for survey research as recommended by Punch (2003) who proposes a score of 80-85 percent as good response rate, whereas Mugenda and Mugenda (1999) suggest a 50 percent response rate is adequate, 60 percent good and above 70 percent very good. On his part, Fowler (1984) cited in Njeru, (2013) suggests that a response rate of 60 percent is representative of the population of the study.

4.3 Reliability and Validity Tests

Reliability refers to a measure of degree to which results from an instrument are consistent on repeated measurements. Its goal is the estimation of measurement errors which are normally random. It is a measure of an instrument's internal consistency. The measurement instrument should be reliable for it to measure consistently (Mugenda & Mugenda, 1999; Cooper & Schindler, 2014). The test items for internal consistency or average correlation was assessed using Cronbach's alpha. The alpha coefficient value ranging from 0 to 1 were used. This study adopted the alpha coefficients ranges to describe reliability factors extracted from formatted questionnaires on Likert-type scale (rating from scale 1 to 5).

The study used a cut off Cronbach alpha coefficient of 0.7. Different authors recommend different cut off points for reliability. Nunally (1978) and Gliem and Gliem, (2003) indicate that Cronbach value of 0.7 and above is considered reliable, Cooper and Schindler (2014) suggest a range of 0.7 to 0.9 Cronbach's alpha coefficient to be good for reliability test, while Asikhia (2009) recommends a reliability cut off point of 0.6. Hair, Babin, Anderson and Tatham (2007) and Bagozzi and Yi (2012) instead recommend a value of 0.5 to be the reliability cut off point necessary for further analysis. The reliability for this study had a Cronbach cut off of 0.7.

This study adopted a cut off Cronbach value of 0.7 which is considered a strong measure of reliability consistency as suggested by Gliem and Gliem, (2003) and Cooper and Schindler (2006). Reliability of the survey instrument was thus established by carrying out a pilot study on firms who were required to respond to the questionnaire and report any ambiguous questions, identify any defects in the questions or lack of clarity in the instructions as well as suggest any changes. Hair et al. (2007) suggests that a pretest of 5 to 10 respondents selected from the targeted population is sufficient enough to allow validation of a questionnaire. The results of the reliability tests are summarized in Table 4.7

Table 4.7: Cronbach's Alpha Reliability Coefficients

Variable	Components of Variables	Cronbach's Alpha	Number of items	Decision
Strategy Implementation	-Leadership -Structure -Responsibility and Accountability -Culture	.906	20	Reliable
Macro Environment	-Political -Ecological -Social -Technology	.921	26	Reliable
Capital Structure	-Cost of capital -Covenants -Debt -Equity	.749	19	Reliable
Performance	-General performance -Service delivery	.853	14	Reliable

As shown in Table 4.7, the alpha coefficients for all the variables are above the 0.7 threshold. This was confirmation of reliability of the data used to draw conclusions from theoretical concepts. Cronbach's alpha coefficient ranged from 0.749 (Capital structure) to 0.921 (macro environment) revealing a high degree of reliability of the instrument. The results indicate that all constructs had high scores of reliability coefficients. This implies that all the variables had a reliable index measure indicating that the instrument was reliable in collecting data. The findings of this study are consistent with the findings of Creswell and Clark (2017) who asserted that the reliability score of more than 70 percent is sufficient for performing of other statistical tests.

Validity refers to the questionnaire's ability to measure what is intended meaningfully and describe the construct accurately (Cooper & Schindler, 2014). Validity is used in science as an evaluation criterion on whether conclusions made in a study explain what happened accurately. Aiken, West and Reno (1991) further stated that validity refers to whether the research instrument is able to produce the expected measurement in a study.

Pre-testing for validity of the questionnaire initially involved a few respondents from the study population to improve the instrument. Construct and criterion validity were carried out on the instrument by pilot testing 24 respondents from the 3 categories to establish if the respondents could answer the responses. The final survey included this pilot group. Construct validity shows how the instrument is measuring the target construct (Zapolski, Guller & Smith, 2012). In extracting the factors, Principal Component Analysis was used and Varimax rotation method applied to rotate the factors.

4.4 Factor Analysis

Factor analysis (FA) was employed to test for convergent validity, discriminate validity and construct validity. It was performed by use of Kaiser-Meyer-Olkin (KMO) and Bartlett's Test for sampling adequacy to test various types of validity including construct, discriminant and convergent validity. The study results are presented in Table 4.8

Table 4.8: Summary of Kaiser-Meyer-Olkin and Bartlett's Test

Variable	**KMO**	**Bartlett's Test of Sphericity**		
		Chi-square (χ)	**Df**	**Sig. Level**
Strategy Implementation	.715	719.563	231	.000
Macro Environment	.807	468.864	136	.000
Capital Structure	.830	5843.112	171	.000
Performance	.794	1000.423	91	.000

The results indicate that the sampling adequacy for all the variables under study showed adequacy in the respective samples. Strategy implementation (KMO=.715, Chi-square (χ)= 719.563, df=231 and sig. level=0.000); Macro Environment (KMO=.807, Chi-square (χ)= 468.864, df=136 and sig. level=0.000), Capital Structure (KMO=.830, Chi-square (χ)= 5843.112, df=171 and sig. level=0.000), Performance (KMO=.794, Chi-square (χ)= 1000.423, df=91 and sig. level=0.000). All the variables showed varied factor loadings therefore implying that they closely measure the dependent variable. This result indicates a highly significant relationship among variables. According to Ghazali (2008), any item with KMO score ranging from .70 to .99 is deemed valid and reliable for making further statistical analysis. From the statistical analysis as shown above, all the KMO score was significant with a value greater than 0.70 which implied that all the items captured were valid for making further statistical analysis on the dataset.

4.5 Tests for Normality, Multicollinearity, Homoscedasticity and Linearity

In this study, several tests were used to test for linearity, normality, multicollinearity and homogeneity. Prior to performing the inferential analyses, statistical assumptions were tested to establish whether the data met the normality, linearity, independence, homogeneity and collinearity assumptions. It was on the basis of these results, that the measures of central tendency, dispersion, tests of significance, tests of associations and prediction were performed. Bolker et al., (2009) indicated that all data is considered to have been included in the model if the basic assumptions are met. Otherwise information had been left on violation of these assumptions. Data multicollinearity, homogeneity and normlity were tested after which the model was applied to analyse results of the regression and significance testing of the slopes. The objective of the regression analysis was to predict the strength and direction of association between the study variables.

Use of inferential parametric statistical procedures requires that the data to be tested is normally distributed. Ghasemi and Zahediasl (2012) noted that the assumption of normality needs to be checked before carrying out any parametric test, because validity depends on it. Normality test was intended to ascertain whether data was distributed normally. When normality is absent using statistical tests that assume normality may not be appropriate. The Shapiro-Wilk test was employed to test for normality. This test establishes the extent of normality of the data by detecting existence of skewness or kurtosis or both. Shapiro-Wilk statistic ranges from zero to one with figures higher than 0.05 indicating that the data is normal (Razali & Wah, 2011). The results are presented in Table 4.9.

Table 4.9: Shapiro-Wilk Test of Normality

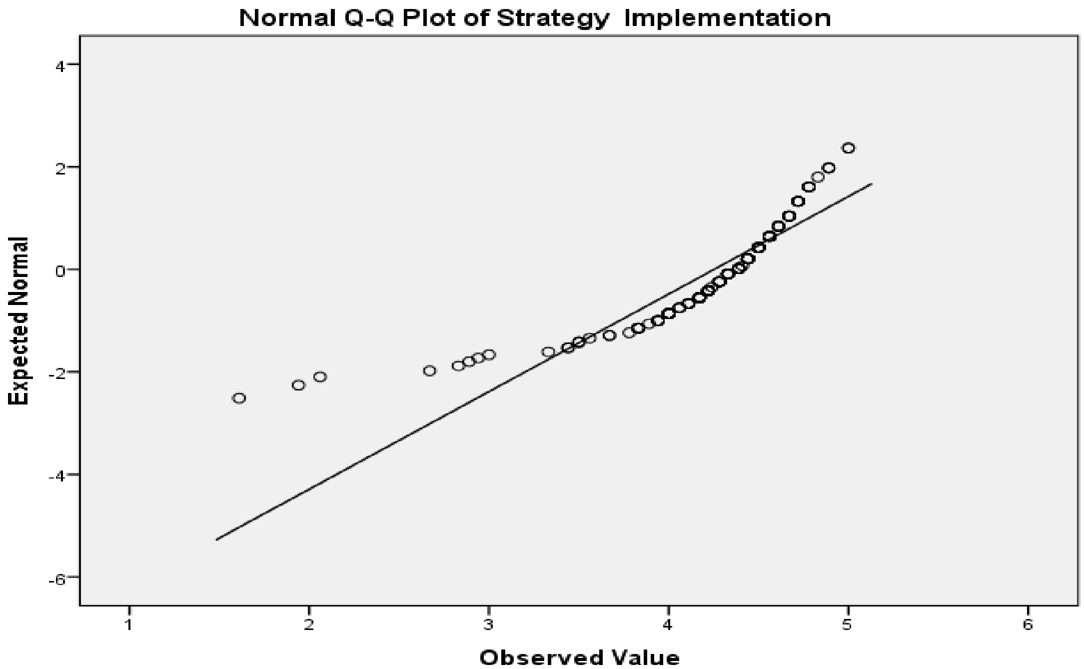
Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Strategy Implementation	.172	166	.200*	.797	166	.106
Macro Environment	.106	166	.200*	.913	166	.116
Capital Structure	.111	166	.159	.890	166	.059
Performance	.152	166	.000	.864	166	.600

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

Normality test using the Shapiro-Wilk showed that all the variables were above 0.05 ($p > 0.05$) hence confirming data normality. Normality assumes that the sampling distribution of the mean is normal. As shown in Table 4.9, p-values for the Shapiro-Wilk tests were 0.106 for strategy implementation, 0.116 for Macro environment, 0.059 for capital structure and 0.600 for firm performance.

Since all the p-values were greater than the cutoff point of 0.05, this confirms the hypothesis that data was collected from a population which is normally distributed. Data normality was also demonstrated by the plotted Q-Q plot and normal histograms. Q-Q plots are as presented in Figures 4.2, 4.3, 4.4 and 4.5. The normal distribution had a good fit for the study variables.

Figure 4.2: Normal Quantile-Quantile Plot of Data on Strategy Implementation



The findings in Figure 4.2 shows that data was normal since most of the cases were observed to cleave along the best fit line. The few cases of the observed values that cleaved away from the straight line can be taken care of by the large sample ($n \geq 30$). This demonstrates a good fit and therefore normal data on strategy implementation variable. According to Mordkoff (2012), the assumption of normality turns out to be relatively uncontroversial, at least when large samples are used, such as $N \geq 30$.

Figure 4.3: Normal Quantile-Quantile Plot of Data on Macro Environment

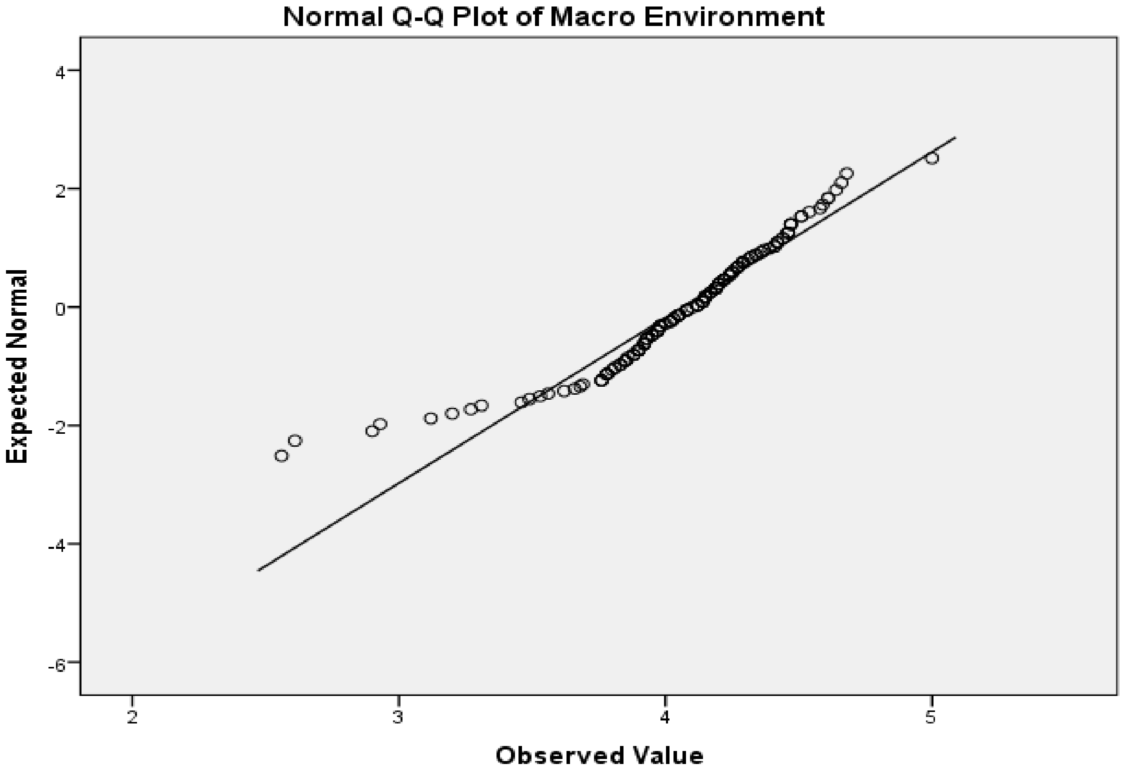


Figure 4.3 shows that data was normal since most of the cases were observed to cleave along the best fit line. The few cases of the observed values that cleaved away from the straight line can be taken care of by the large sample ($n \geq 30$). According to Mordkoff (2012), the assumption of normality turns out to be relatively uncontroversial, at least when large samples are used, such as $N \geq 30$.

Figure 4.4: Normal Quantile-Quantile Plot of Data on Capital Structure

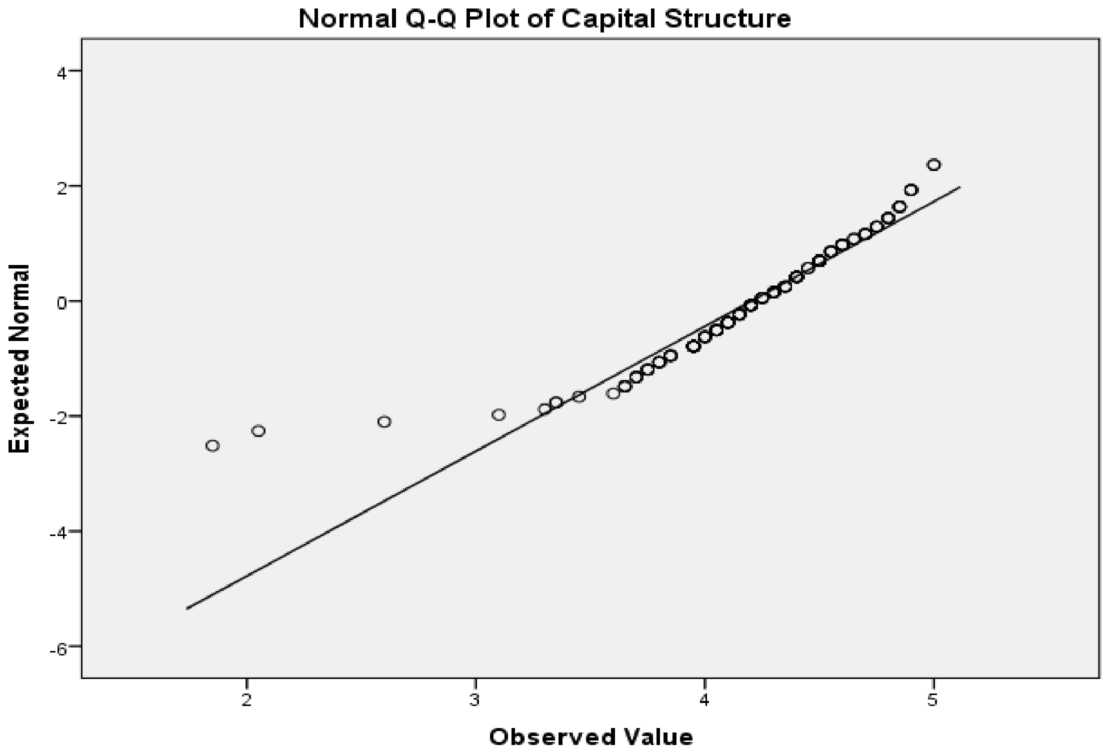


Figure 4.4 shows that data was normal since most of the cases were observed to cleave along the best fit line. The few cases of the observed values that cleaved away from the straight line can be taken care of by the large sample ($n \geq 30$). According to Mordkoff (2012), the assumption of normality turns out to be relatively uncontroversial, at least when large samples are used, such as $N \geq 30$.

Figure 4.5: Normal Quantile-Quantile Plot of Data on Performance

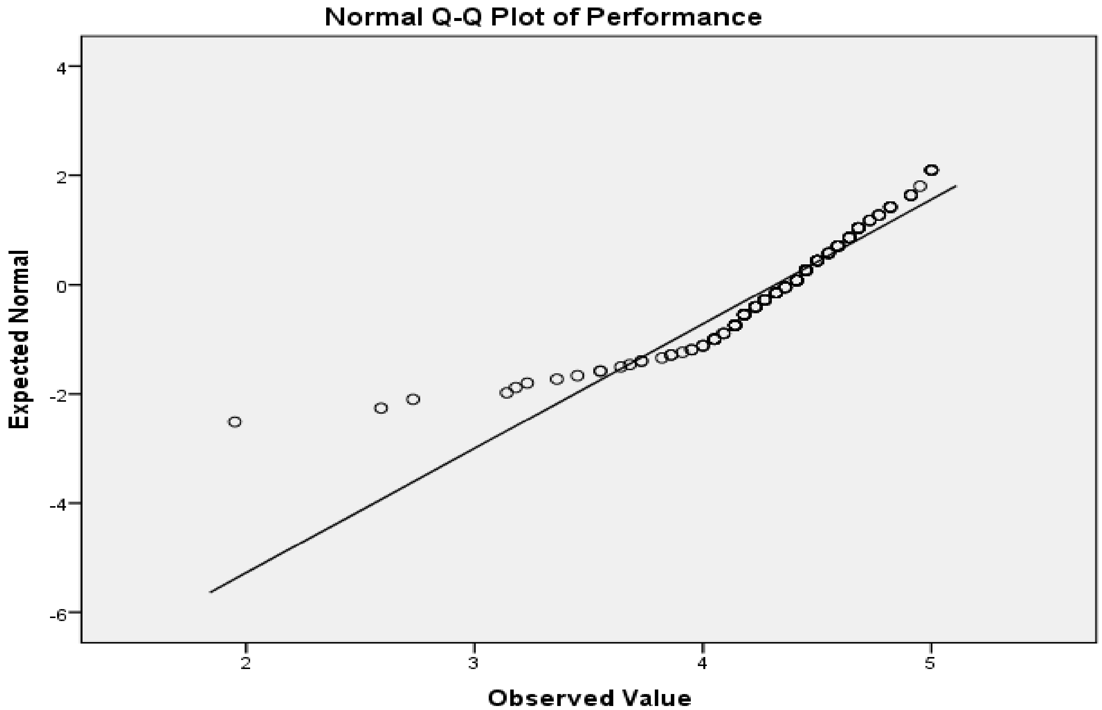


Figure 4.5 shows that data was normal since most of the cases were observed to cleave along the best fit line. The few cases of the observed values that cleaved away from the straight line can be taken care of by the large sample ($n \geq 30$). According to Mordkoff (2012), the assumption of normality turns out to be relatively uncontroversial, at least when large samples are used, such as $N \geq 30$.

Multicollinearity test was conducted to assess whether high correlation existed between one or more variables in the study with one or more of the other independent variables. Multicollinearity is a phenomenon whereby high correlation exists between the independent variables. Multicollinearity occurs in a multiple regression model when high correlation exists between these predictor variables leading to unreliable estimates of regression coefficients. This leads to strange results when attempts are made to determine the extent to which individual independent variables contribute to the understanding of dependent variable (Creswell, 2014).

The consequences of multicollinearity are increased standard error of estimates of the Betas, meaning decreased reliability and often confusing and misleading results. Variable Inflation Factor (VIF) measured correlation level between the predictor variables and estimated the inflated variances due to linear dependence with other explanatory variables.

A common rule of thumb is that VIFs of 10 or higher (conservatively over 5) points to severe multi-collinearity that affects the study (Newbert, 2008). A tolerance threshold value of below 0.2 indicates that collinearity is present (Menard, 2000). Table 4.10 presents the result of tests for Multicollinearity.

Table 4.10: Test for Multicollinearity

Model	**Collinearity Statistics**		**Comment**
	Tolerance	**VIF**	
(Constant)			
Strategy Implementation	.535	1.869	No multicollinearity
Macro Environment	.529	1.891	No multicollinearity
Capital Structure	.631	1.584	No multicollinearity

As shown in Table 4.10 the results revealed no problem with multicollinearity. The variables of the study indicated VIF values of between 1.584 and 1.891 which is less than the VIFs value of 10 or higher figure recommended by the rule of thumb. Therefore, the data set investigated displayed no multicollinearity.

Homoscedasticity was measured by Levene's test. This test examines whether or not the variance between independent and dependent variables is equal. If the Levene's Test for Equality of Variances is statistically significant $\alpha = 0.05$ this indicates that the group variances are unequal. It is a check as to whether the spread of the scores in the variables are approximately the same.

Table 4.11: Test of Homogeneity of Variances

Variable	Levene's Statistic	df1	df2	Sig.
Strategy Implementation	2.282	24	128	.102
Macro Environment	2.124	24	128	.204
Capital Structure	1.161	24	128	.290

a. Predictors: (Constant), Strategy, Macro environment, Capital structure

b. Dependent Variable: Performance

As presented in Table 4.11, the significant values for the Levene's test were 0.102 for strategy implementation, 0.204 for Macro environment and 0.290 for Capital structure. From the results in Table 4.11, P-values of Levene's test for homogeneity of variances were all greater than 0.05. The test therefore was not significant at $\alpha = 0.05$ confirming homogeneity.

The study used scatterplots to test for linearity. Scatter plot shows a visual impression of the relationship between the independent and dependent variables. The relationship may be positive (both dependent and independent variables moving in the opposite directions), negative, meaning that dependent and independent variables moving in the opposite directions or none at all, thus, no clear pattern of linear relationship. The absence of a linear relationship between independent variables and the dependent variables influences the outcomes of the regression linear analysis to mis-approximate the true relationship.

Regression models only estimate the relationship between the dependent and independent variables if the relationship is linear, hence the need to test of linearity assumption. As shown in the scatter plot below there exist a moderate positive linear relationship between the independent variables (strategy implementation, macro environment and capital structure) and the dependent variable (Performance). That is, as independent variables increase, dependent variables also increase. This shows that the relationship supports the assumption of linearity.

Figure 4.6: Test for Linearity for Strategy Implementation

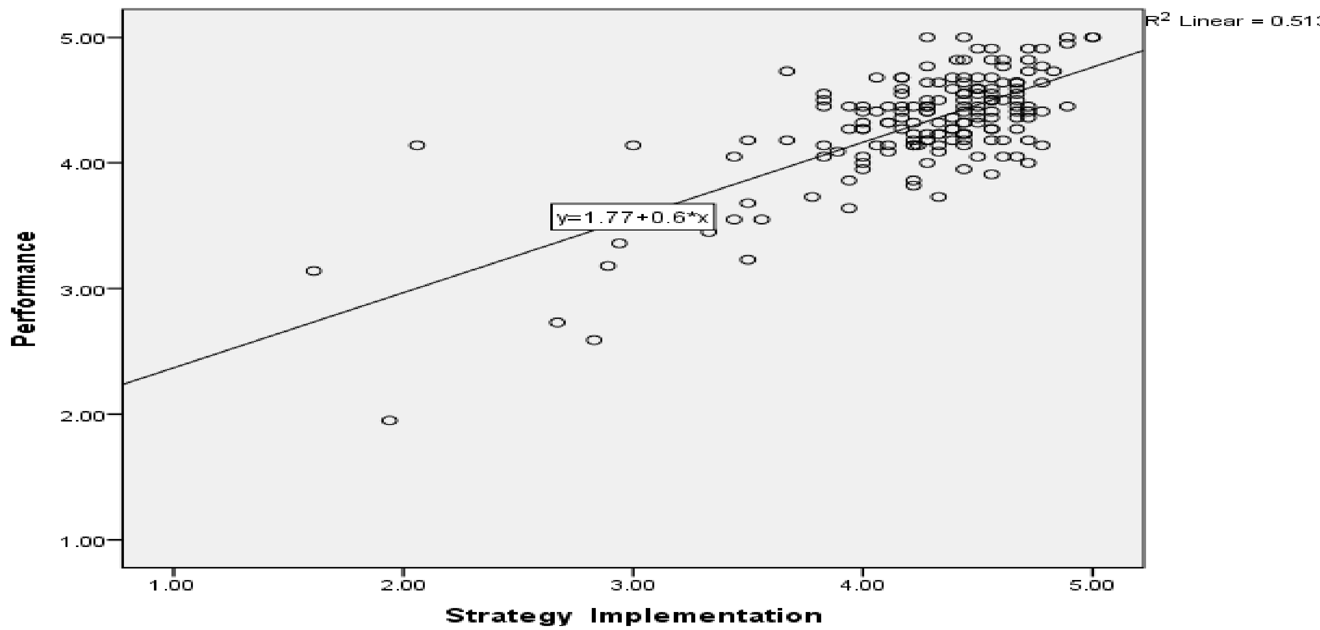


Figure 4.7: Test for Linearity for Macro Environment

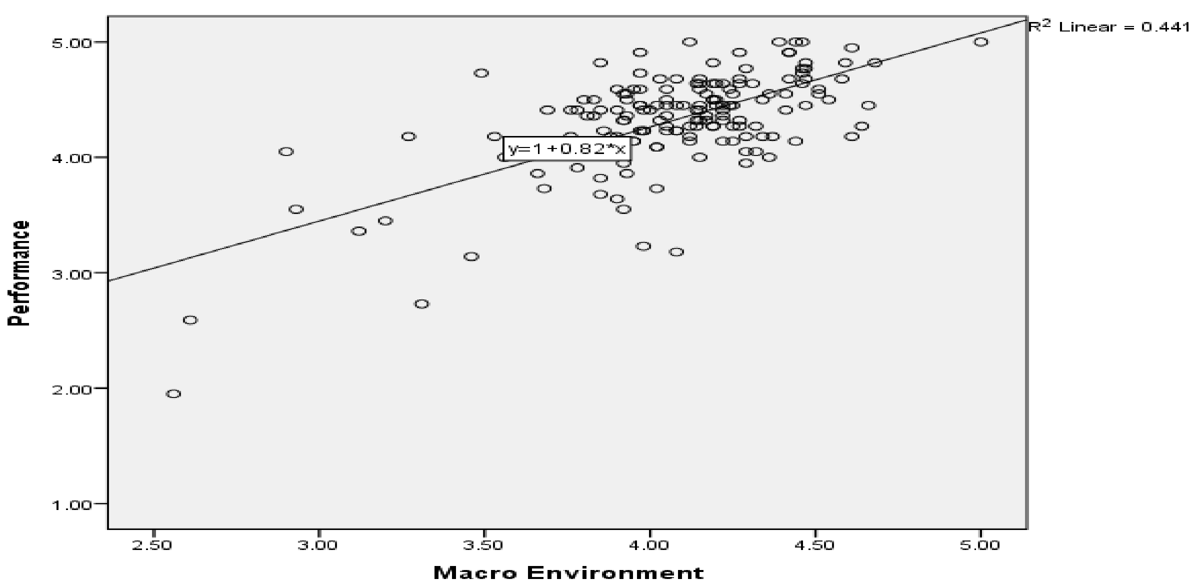
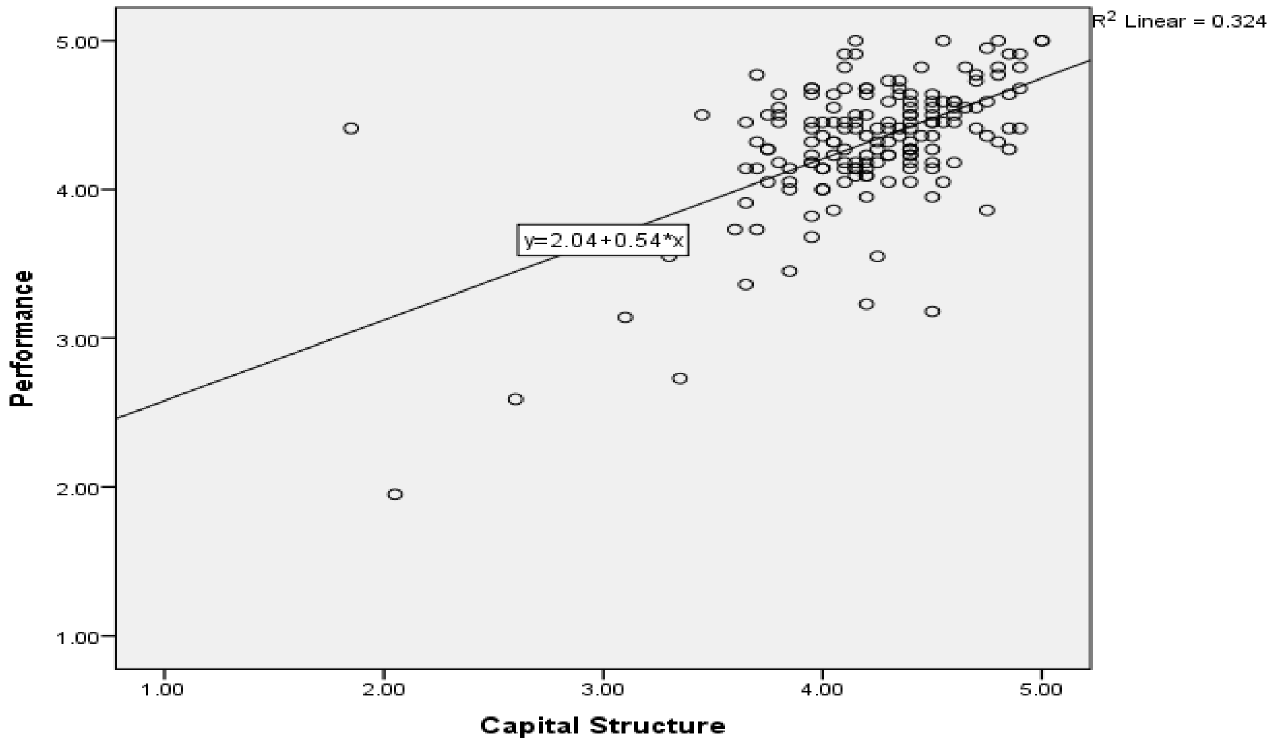


Figure 4.8: Test for Linearity for Capital Structure



4.6 Employee Demographic Profile

The study sought to establish the demographic profile of respondents and hence respondents were requested to indicate their age distribution and highest level of education. The age of the employees in organizations is an important factor because it determines how well they can interpret the environment (Miles & Snow, 1978). Therefore, adapt to changes from the environment (Bourgeois & Elsenhardt, 1988) and consequently make decisions for their organizations that would eventually influence performance. Education is the level of academic and professional qualifications that is possessed by employees. It is an indicator of their knowledge, skills and capability (Horwitz, 2005). Education can influence decisions made in respect to the need for building valuable strategy implementation leading to overall performance. The results on the demographic profiles of respondents are presented in Table 4.12.

Table 4.12: Respondents' Demographic Profiles

Demographic Profiles	Frequency	Percentage (%)
Age Bracket		
Under 25 years	2	1.2
25 – 34 years	12	7.2
35 - 44 years	67	40.4
45- 54 years	77	46.4
55 years and Above	8	4.8
Total	166	100.0
Highest Academic Qualifications		
Diploma	14	8.4
Graduate Degree	107	64.5
Master's Degree	45	27.1
Total	**166**	**100.0**

The results in Table 4.12 show that 46.4 percent of employees were in the age bracket 45-54 years and 35-44 years at 40.4 percent. other respondents were in age bracket 25-34 years at 7.2 percent, 55 years and above at 4.8 percent and under 25 years at 1.2 percent. these findings indicated that most of the respondents were within the active age of 35-54 years. This is an indication that in the energy sector most of the employees in management positions managers were within the active age and hence could actively interpret innovative environment to boost performance. Further, it indicates that most managers, being in the active ages, they are receptive to technological changes in the energy sector.

The study further sought to establish the education level of the employees in the energy sector. The results indicated that majority of the respondents 64.5 percent, had Graduate degree as the highest academic qualification followed with those that had Master's degree as the highest qualification at 27.1 percent. Those with diploma as highest academic qualification were 8.4 percent. This was a clear indication that education levels of employees were considered as important and most of them were well educated. Employees with higher levels of education and especially those in management positions perform their duties better because higher education provides them with the knowledge and skills as well as have the capacity and expertise to steer organization's success. According to Kariuki et al. (2012) an individual's level of formal education reflects cognitive abilities and qualities. High levels of formal education are associated with a high ability to process information and to discriminate between varieties of alternatives. The results thus indicate that the respondents had the ability to make informed decisions that could influence performance of institutions in the energy sector.

4.7 Institutional Demographic Profile

The firms that were studied manifested demographic profiles. The firm profile demographics that were considered in the study include years organization has been in existence, number of employees the organization has and type of institution. These firm characteristics established in the study are all summarized in the table 4.13.

Table 4.13: Institutional Demographic Profile

Institutional Demographic	**Frequency**	**Percentage (%)**
Years Organization has been in operation		
5 to 10 years	13	7.8
11 to 15 years	10	6.0
16 to 20 years	111	66.9
Over 20 years	32	19.3
Total	166	100.0
Number of employees in the organization		
1 to 50	3	1.8
101 to 200	17	10.2
201 to 300	79	47.6
Over 300	67	40.4
Total	166	100.0
Type of Institution		
Regulation	7	4.2
Generation	154	92.8
Distribution	5	3.0
Total	**166**	**100.0**

Results of the findings indicate that most of the surveyed institutions had been in operation for 16 to 20 years at 66.9 percent. Other institutions had been in operation for over 20 years at 19.3 percent, 11-15 years at 6 percent and 5 o 10 years of operation at 7.8 percent. The findings therefore suggest that majority of the firms having been in the industry for long are in position to innovate and make informed decisions on environmental issues that affect operation and have best strategy implementation in place. Old firms have a better experience on handling clients and hence because of this experience in the market, they are able to attract many clients. Despite the positive impact that age has on performance of a firm, other studies indicated that older firms are highly inertial and tend to become increasingly ill-suited to cope with changing competitive environment. Additionally, the more years of operation of institutions in this sector could be explained by strict requirements of operation hence only limited firms operate to give affordable, clean and sustainable energy.

The findings further indicated that majority of the surveyed institutions had 201-300 employees at 47.6 percent and over 300 employees at 40.4 percent. Other firms had 101-200 employees at 10.2 percent and 1 to 50 employees at 1.8 percent. The findings indicate that majority of the firms (47.6%) were large in size based on the number of employees recorded which could be attributed to the many years of operation that has seen the companies expand in business and operation as well as recruit more employees. The study further sought to establish the category of operation the institutions surveyed operated in. The findings indicate that majority of the surveyed institutions were in generation of energy at 92.8 percent while other firms were in regulation at 4.2 percent and in distribution at 3 percent.

4.8 Effects of Strategy Implementation on Performance of Energy Sector Institutions in Kenya

The study focused on how the key variables were manifested in different institutions in energy sector in Kenya. This was determined through presenting statements in each of the study sub variables to be responded to in line with how the manifestation occurred. The key study variables included strategy implementation, capital structure, macro environment and performance. The results were derived and discussed in the following subsections.

To determine the dimensions of strategic implementation that influenced performance, statements to measure this aspect were developed. The respondents were asked to rate factors on strategic implementation on a Likert scale of 1(strongly disagree) to 5 (strongly agree) as applied in the energy sector. Table 4.14 gives the results of the findings.

Table 4.14: Strategy Implementation Dimensions

Strategy Implementation	N	Mean	Std. Deviation	Coefficient of Variation (percent)
Leadership				
My leader ensures that employees have adequate knowledge, experience and skills to perform their work	166	4.27	.443	10
The vision of our leaders is aligned to our strategy	166	4.27	.443	10
My organization gives adequate information, encourages employee feedback and participation before a new strategy is implemented	166	4.23	.421	10
Employees have annual performance targets linked to our strategic goals	166	4.18	.416	10

Strategy Implementation	N	Mean	Std. Deviation	Coefficient of Variation (percent)
Adequate resources are allocated to support delivery of strategic goals	166	4.02	.373	9
My leader ensures that employees are rewarded equitably based on their work performance and achievement of set objectives.	166	4.01	.389	10
The leadership in my organization demonstrates commitment to strategy implementation in order to achieve the set strategic objectives	166	4.11	.355	9
Overall Mean	**166**	**4.16**	**0.406**	**10**
Structure				
My organization structure supports our strategy and is revised regularly to match the changes in strategy requirements.	166	4.03	.473	12
My organization is governed by a clear system of policies, rules, regulations, and procedures which guide implementation of strategy.	166	4.20	.400	10
My organization’s structure allows quick timely decisions and feedback during implementation of strategy to ensure we achieve our goals	166	4.08	.412	10
Overall Mean	166	4.10	0.428	10
Responsibility and Accountancy				
Decision-making is mainly done by top management and managers must consult in most cases	166	4.01	0.561	14

Strategy Implementation	N	Mean	Std. Deviation	Coefficient of Variation (percent)
The management encourage employees to conduct continuous research to improve products and services.	166	4.09	0.394	10
All employees of our company including those at the lower level are held accountable for achievement of the goals of the company	166	4.07	0.390	10
The middle managers are better in strategy implementation as compared to senior managers	166	3.02	0.572	19
Overall Mean	166	3.80	0.479	13
Culture				
The management encourages employees to be creative, try new methods and conduct continuous research to improve products and services	166	4.07	0.333	8
My organization is like a family where everyone is focused on smooth implementation of strategies in order to achieve set goals	166	3.93	0.689	18
My organization has precise rules, procedures and methods for implementing strategic objectives	166	4.01	0.412	10
My organization regularly reviews and measures progress against set targets as teams when implementing strategies	166	3.98	0.460	12
My organization encourages teamwork among employees	166	4.14	0.466	11

Strategy Implementation	N	Mean	Std. Deviation	Coefficient of Variation (percent)
In my organization problems affecting strategy implementation are addressed openly and resolved	166	4.08	0.440	11
Overall Mean	166	4.04	0.467	12
Grand Mean	166	4.03	0.445	11

The grand mean of statements depicting strategy implementation was 4.03, standard deviation of 0.445 and coefficient of variation of 11 percent, a high mean indicating that strategy implementation played a key role in influencing performance of institutions in the energy sector, that is, success of any organization depends on how strategy employed is implemented. The findings further indicated that on aspects of strategy implementation, leadership had the highest mean of 4.16, standard deviation of 0.406 and coefficient of variation of 10 percent. Leadership cover all aspects of dealing within and outside of an organization, handling or dealing with conflicts, helping and guiding the workforce to achieve and accomplish their tasks and appearing as a role model for all. Strategic leadership brings interaction between leaders and their followers and how such leaders influence the said followers in pursuing certain organizational goals. Strategic leaders define key and crucial organizational strategic change moments, create appropriate strategies and translate such strategies to actions in operational terms for the change direction required. Therefore, strategic leadership is required to harness and deploy requisite organizational capabilities that allow the organizations achieve their goals and objectives through formulating and implementing necessary strategies to ensure successful performance.

Statements depicting leadership were My leader ensures that employees have adequate knowledge, experience and skills to perform their work (Mean=4.27, SD=0.443 and CV=10 percent), The vision of our leaders is aligned to our strategy (Mean=4.27, SD=0.443 and CV=10 percent), My organization gives adequate information, encourages employee feedback and participation before a new strategy is implemented (Mean=4.23, SD=0.421 and CV=10 percent), Employees have annual performance targets linked to our strategic goals (Mean=4.18, SD=0.416 and CV=10 percent), The leadership in my organization demonstrates commitment to strategy implementation in order to achieve the set strategic objectives (Mean=4.02, SD=0.373 and CV=9 percent), Adequate resources are allocated to support delivery of strategic goals (Mean=4.01, SD=0.389 and CV=10 percent).

The findings indicated that leaders in institutions in the energy sector ensured that employees had adequate knowledge and skills to perform their duties, encouraged employee participation in formation and implementation of strategy as well as provided adequate resources for strategy implementation, all these geared for better organization performance. Hence from the findings, leaders in organizations in the energy sector play a crucial role in steering the organizations for better performance which is achieved by the leaders coming up with ways of advancing the organizations key mandate in the face of scarce resources, linking job performance to valued rewards and by ensuring employees have the resources needed to get the job done and therefore performance in the organizations. On structure, the average mean recorded in the study was 4.10, standard deviation of 0.428 and coefficient of variation of 10 percent, a high mean indicating that a good structure is necessary to promote coordination in an organization by ensuring that people across the organization know what to do and to ensure that they stay focused on the key targets under everyday pressures.

An organization structure provides a mechanism for keeping today's actions in congruence with tomorrow's goals. Statements on structure were My organization is governed by a clear system of policies, rules, regulations, and procedures which guide implementation of strategy (Mean=4.20, SD=0.400 and CV=10 percent), My organization’s structure allows quick timely decisions and feedback during implementation of strategy to ensure we achieve our goals (Mean=4.08, SD=0.412 and CV=10 percent), My organization structure supports our strategy and is revised regularly to match the changes in strategy requirements (Mean=4.03, SD=0.473 and CV=12 percent).

On structure the findings established that there was a clear system that outlined rules and regulation in strategy implementation and that the institutions indicated high level of respect in terms of employees' ideas, and opinions as they were allowed to participate in the organizational decision-making process by giving feedbacks in the implementation of strategy. On statements depicting culture, the average mean established in the study was 4.04, standard deviation of 0.467 and coefficient of variation of 12 percent, a high mean indicating that culture had a great influence on performance. Statements on culture were My organization encourages teamwork among employees (Mean=4.14, SD=0.466 and CV=12 percent), In my organization problems affecting strategy implementation are addressed openly and resolved (Mean=4.08, SD=0.440 and CV=11 percent), The management encourages employees to be creative, try new methods and conduct continuous research to improve products and services (Mean=4.07, SD=0.333 and CV=8 percent), My organization has precise rules , procedures and methods for implementing strategic objectives (Mean=4.01, SD=0.412 and CV=10 percent), My organization regularly reviews and measures progress against set targets as teams when implementing strategies (Mean=3.98, SD=0.466 and CV=11 percent), My organization is like a family where everyone is focused on smooth implementation of strategies in order to achieve set goals (Mean=3.93, SD=0.689 and CV=18 percent).

The findings indicated that organization culture was essential during strategy implementation as it ensured organizations promoted teamwork among employees, effectively addressed problems encountered during strategy implementation on a timely basis and also encouraged everyone to be focused on smooth implementation of strategies in order to achieve set goals. Strategies implemented within an organization that support the culture associated with the firm enhances organizational performance. The proposed strategy should preserve, emphasize, and enhance the culture, in accordance with the culture supporting the proposed strategy. Therefore, from the findings strategies to be implemented must be consistent with organizational culture to realize the desired organizational performance results.

On responsibility and accountancy, the average mean was 3.80, standard deviation of 0.479 and coefficient of variation of 13 percent, a relative moderate mean indicating that attributes of responsibility and accountability in the surveyed institutions were found to influence firm performance to a moderate extent. Statements depicting responsibility and accountancy were The management encourage employees to conduct continuous research to improve products and services (Mean=4.09, SD=0.394 and CV=10 percent), All employees of our company including those at the lower level are held accountable for achievement of the goals of the company (Mean=4.07, SD=0.390 and CV=10 percent), Decision-making is mainly done by top management and managers must consult in most cases (Mean=4.01, SD=0.561 and CV=14 percent), and The middle managers are better in strategy implementation as compared to senior managers (Mean=3.02, SD=0.572 and CV=19 percent).

The findings indicated that there was effective accountability in the surveyed institutions as each employee was held accountable for achievement of goals in the companies. Additionally, top managers were responsible for decision making process assisted by other middle managers and staff. From the findings it is evident that there was effective leadership by the top management through creation and sharing of organizational goals, acting as a role model, encouraging creativity, providing support for employees, and allowing employee participation in making job-related decisions which influenced employees' attitude and reflected in their performance. In general, the findings suggested that effective strategy implementation should devise internal action approaches, develop effective strategies to improve organizational performance, attain clarity of future direction, promote team work and expertise based on resources, deal effectively with organizational changes and uncertainties in external environment, processes and people and make appropriate choices and priorities in order to achieve better organizational performance. The regression results were presented in section 4.15

Table 4.15: Regression Test of the Effect of Strategy Implementation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716[a]	.513	.510	.30712

a. Predictors: (Constant), strategy implementation

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.309	1	16.309	172.902	.000[b]
	Residual	15.469	164	.094		
	Total	31.778	165			

a. Dependent Variable: performance

a. Predictors: (Constant), strategy implementation

Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	1.771	.195		9.083	.000
	Strategy implementation	.598	.046	.716	13.149	.000

a. Dependent Variable: performance

P =1.771 +.598 SI

The results in Table 4.15 indicate that there is a strong association between strategy implementation and performance (R=.716). The coefficient of determination R^2 =.513 implies that strategy implementation explains 51.3 percent of the variation in performance. The other variables not included in this study explain the remaining 48.7 percent. This result shows a strong influence of strategy implementation on performance. The overall model was statistically significant (F = 172.902, P-value < 0.05). The results of the beta coefficient showed that a unit increase in strategy implementation will cause a .716 increase in performance (B=1.771, t=13.149, p<0.05) suggesting that the influence of

strategy implementation on performance was statistically significant. Additionally, in the absence
of strategy implementation, organizational performance will be constant at 1.771. This implies, overall, strategy implementation is a good predictor of performance. The findings thus were sufficient to reject the first hypothesis this implies that strategy implementation significantly influence performance and therefore the hypothesis that Strategy implementation has no significant effect on performance of energy sector institutions in Kenya was rejected and the alternative hypothesis accepted.

Based on the outcomes of the results of the regression analysis, the model becomes

P=1.771 +.598 SI

Where P was performance and SI is strategy implementation.

On performance, respondents were asked to rate factors depicting performance of institutions in the energy sector on a Likert scale of 1(strongly disagree) to 5 (strongly agree). Table 4.16 gives the results of the findings.

Table 4.16: Performance Attributes

Performance	N	Mean	Std. Deviation	Coefficient of Variation (percent)
Performance agreements have enhanced performance at my organization	166	4.45	0.666	15
The reward structure at my organization has enhanced performance	166	4.35	0.737	17
Strategic alignment with organization goals and objectives have enhanced performance	166	4.33	0.796	18
Performance appraisal is conducted to check on the performance	166	4.25	0.726	17
Organization conceptualizes continuous innovativeness as a tool in strategy execution	166	4.18	0.749	18

Performance	N	Mean	Std. Deviation	Coefficient of Variation (percent)
My organization has enough skilled and experienced employees to achieve high performance	166	4.33	0.715	17
Overall Mean	**166**	**4.32**	**0.732**	**17**
Performance (Service Delivery)				
Quality of outputs is high (e.g. reliability of service delivery).	166	4.33	0.766	18
Quantity of outputs is adequate (e.g. volume of service delivery).	166	4.27	0.689	16
Value for Money is high (e.g. cost per unit of service delivery).	166	4.20	0.780	19
Effectiveness (e.g. whether your objectives were achieved).	166	4.37	0.664	15
Citizen satisfaction is high	166	4.23	0.947	22
Financial (e.g. services are fairly distributed amongst shareholders).	166	4.37	0.789	18
Innovation is high	166	4.34	0.828	19
Overall performance is excellent	**166**	**4.54**	**0.535**	**12**
Overall Mean	**166**	**4.33**	**0.750**	**17**
Grand Mean	**166**	**4.33**	**0.741**	**17**

The grand mean of statements depicting performance was 4.33, standard deviation of 0.741 and coefficient of variation of 17 percent. On performance measured in terms of service delivery, the average mean depicted in the study was 4.33, standard deviation of 0.750 and coefficient of variation of 17 percent. Statements on service delivery were Overall performance is excellent (Mean=4.54, SD=0.535 and CV=12 percent), Financial (e.g. services are fairly distributed amongst shareholders) (Mean=4.37, SD=0.789 and CV=18 percent), Effectiveness (e.g. whether your objectives were achieved) (Mean=4.37, SD=0.664 and CV=15 percent), Innovation is high (Mean=4.34, SD=0.828 and CV=19 percent), Quality of outputs is high (e.g. reliability of service delivery) (Mean=4.33, SD=0.766 and CV=18 percent), Quantity of outputs is adequate (e.g. volume of service delivery) (Mean=4.27, SD=0.689 and CV=16 percent), Citizen satisfaction is high (Mean=4.23, SD=0.947 and CV=22 percent), Value for Money is high (e.g. cost per unit of service delivery) (Mean=4.20, SD=0.780 and CV=19 percent). The findings indicated that on service delivery, the surveyed firms delivered quality outputs as the citizens were satisfied with the services they received from the institutions. Additionally, there was value for money that is services offered were efficient. The findings further indicated that the institutions in the energy sector had achieved objectives which led to conclusion of effective firm performance.

The findings established that there was good operation and efficiency in the firms surveyed. The organization should focus on operational efficiency which is not just about cutting the company costs and expenses but largely looking at how the back end of the company and the operations of the company as a whole are taking place. The approach that will ensure consistent healthy profits is not only for a firm to look at what it is doing but more so to how it is doing it, and how it is offering its goods and services to its customers. Well-structured organizations can operate on low cost, create healthier environment and therefore increase its profits.

The average mean recorded for general performance was 4.32, standard deviation of 0.732 and coefficient of variation of 17 percent. Statements on general performance were Performance agreements have enhanced performance at my organization (Mean=4.45, SD=0.666 and CV=15 percent), The reward structure at my organization has enhanced performance (Mean=4.35, SD=0.737 and CV=17 percent), Strategic alignment with organization goals and objectives have enhanced performance (Mean=4.33, SD=0.796 and CV=18 percent), My organization has enough skilled and experienced employees to achieve high performance (Mean=4.33, SD=0.715 and CV=17 percent), Performance appraisal is conducted to check on the performance (Mean=4.25, SD=0.726 and CV=17 percent), Organization conceptualizes continuous innovativeness as a tool in strategy execution (Mean=4.18, SD=0.749 and CV=18 percent). The study results from the surveyed firms showed that they recognized the importance of good treatment to employees and offering of rewards in ensuring a good working environment as well as motivation to employees. Employee recognition is an important aspect to be considered for any firm to succeed. Annual employee appraisals are not just enough, employees need regular and frequent feedbacks. Where the management teams provide regular feedback, employees are normally motivated to constantly maintain good performance.

4.9 Intervening Effect of Capital Structure on the Relationship Between Strategy Implementation and Performance of Energy Sector Institutions in Kenya

The dimensions of capital structure that were hypothesized to affect performance of institutions in the energy sector were cost of capital, covenants, debt and equity. The respondents were asked to rate factors on capital structure on a Likert scale of 1(strongly disagree) to 5 (strongly agree) as applied in the energy sector. Table 4.17 gives the results of the findings.

Table 4.17: Capital Structure Dimensions

Capital Structure	N	Mean	Std. Deviation	Coefficient of Variation (percent)
Cost of Capital				
An aggressive financing policy is important for the firm	166	4.82	0.430	9
Investors are likely to invest in a firm where shareholders have a stake	166	4.82	0.386	8
Firms rank internal sources of finance higher than external sources	166	4.51	0.932	21
My organization ensures cost of capital is minimized while maximizing the value of the firm	166	4.25	0.463	11
My organization creates benchmark to evaluate its performance and discount rate for evaluating capital investments	166	4.17	0.467	11

Capital Structure	N	Mean	Std. Deviation	Coefficient of Variation (percent)
My organization employs' financial ratios for business analysis	166	4.11	0.528	13
Overall Mean	166	4.45	0.534	12
Covenants				
My organization has debt agreements with the external financiers	166	4.01	0.534	13
Stakeholder are given right of partial information disclosure to the company's debt holder	166	4.01	0.534	13
Investors are protected from extravagant investments by the covenants	166	3.74	0.622	17
My organization has large assets which could be used to act as collateral for securing the loans.	166	3.99	0.447	11
Overall Mean	166	3.94	0.534	14
Debt				
The firm has a mix of debt and equity in its capital structure	166	3.85	0.629	16
The survival of my business is highly dependent on the country's economy	166	4.55	0.751	17
The organization prefers internal funding to external funding	166	3.27	0.832	25
High levels of debt in a firm's capital structure may cause liquidity problems	166	3.86	0.622	16
Excessive use of debt can lead to higher financial distress costs	166	3.90	0.619	16
There are tax savings associated with use of debt as a source of financing	166	4.05	0.531	13
Overall Mean	166	3.91	0.664	17
Equity				
Equity element in a firm's capital structure is attractive to lenders	166	4.08	0.440	11
My organization's net income is greater than ordinary shareholders' equity	166	3.96	0.452	11

Capital Structure	N	Mean	Std. Deviation	Coefficient of Variation (percent)
My organization’s leverage ratio is inversely related to market-to-book equity ratio.	166	3.75	0.639	17
Overall Mean	166	3.93	0.510	13
Grand Mean	166	4.06	0.561	14

The grand mean of statements on capital structure was 4.06, standard deviation of 0.561 and coefficient of variation of 14 percent, a high mean indicating that capital structure decisions play a key role in the overall firm strategy in order to enhance shareholder firm value in Energy sector institutions. On factors of capital structure, cost of capital had the highest mean of 4.45, standard deviation of 0.534 and coefficient of variation of 12 percent. Statements on cost of capital were An aggressive financing policy is important for the firm (Mean=4.82, SD=0.430 and CV=9 percent), Investors are likely to invest in a firm where shareholders have a stake (Mean=4.82, SD=0.386 and CV=8 percent), Firms rank internal sources of finance higher than external sources (Mean=4.51, SD=0.932 and CV=21 percent), My organization ensures cost of capital is minimized while maximizing the value of the firm (Mean=4.25, SD=0.463 and CV=11 percent), My organization creates benchmark to evaluate its performance and discount rate for evaluating capital investments (Mean=4.17, SD=0.467 and CV=11 percent), My organization employees financial ratios for business analysis (Mean=4.11, SD=0.528 and CV=13 percent).

The findings indicated that an appropriate and strategic financial policy was a crucial factor to be considered for efficient financial performance of an organization. Additionally, for effective firm performance, the surveyed institutions ensured that they minimized cost of capital in order to maximize profits for their organizations as well as adopted benchmark programs which constantly evaluated performance. The choice of financing makes cost of capital a crucial variable for every organization since it determines the company’s capital structure and hence firms ought to develop and implement right strategies which provide adequate funding and as well as minimize cost of capital for improved firm performance. The average mean on statements on covenants was 3.94, standard deviation of 0.534 and coefficient of variation of 14 percent. Statements depicting covenants were My organization has debt agreements with the external financiers (Mean=4.01, SD=0.534 and CV=13 percent), Stakeholder are given right of partial information disclosure to the company's debt holder (Mean=4.01, SD=0.534 and CV=13 percent), My organization has large assets which could be used to act as collateral for securing the loans (Mean=3.99, SD=0.447 and CV=11 percent), Investors are protected from extravagant investments by the covenants (Mean=3.74, SD=0.622 and CV=17 percent). The findings indicated presence of debt covenant of the surveyed firms with external financiers and that most of the firms had large assets to be used as security when acquiring loans. Effective debt covenants facilitate development and implementation of right strategies that steer a firm to increase its income to enable it clear debt and enjoy profits hence better performance.

On equity, the average mean recorded was 3.93, standard deviation of 0.510 and coefficient of variation of 14 percent. Statements on equity were Equity element in a firm's capital structure is attractive to lenders (Mean=4.08, SD=0.452 and CV=11 percent), My organization's net income is greater than ordinary shareholders' equity (Mean=3.96, SD=0.452 and CV=11 percent), My organization's leverage ratio is inversely related to market-to-book equity ratio (Mean=3.75, SD=0.639 and CV=17 percent). Lastly on debt, the average mean depicted by the findings was 3.91, standard deviation of 0.664 and coefficient of variation of 17 percent. Statements on debt were The survival of my business is highly dependent on the country's economy (Mean=4.55, SD=0.751 and CV=17 percent), There are tax savings associated with use of debt as a source of financing(Mean=4.05, SD=0.531 and CV=13 percent), Excessive use of debt can lead to higher financial distress costs (Mean=3.90, SD=0.619 and CV=16 percent), High levels of debt in a firm's capital structure may cause liquidity problems (Mean=3.86, SD=0.622 and CV=16 percent), The firm has a mix of debt and equity in its capital structure(Mean=3.85, SD=0.629 and CV=16 percent), The organization prefers internal funding to external funding (Mean=3.27, SD=0.832 and CV=25 percent). The findings indicated that capital structure decisions played a key role in the overall firm strategy in order to enhance shareholder firm value in Energy sector institutions. Determining the optimal composition and level of long-term debt and specific short-term debt relative to equity can enable an Energy sector Institution to gain competitive advantages over its rivals.

To test this relationship, the following hypothesis was tested; H_{02}: There is no significant intervening effect of capital structure on the relationship between strategy implementation and performance of energy sector institutions in Kenya.

Baron and Kenny (1986) four-step method was used to test the hypothesis using regression analysis. Intervening is confirmed when the following four conditions are fulfilled. The first condition; the independent variable must be significantly related to the dependent variable in the absence of the intervening variable.

The second condition; the independent variable must be significantly related to the intervening variable. The third condition; the intervening variable must be significantly related to the dependent variable and the final condition; when the effect of the intervening variable on the dependent variable is controlled, the effect of the independent variable on the dependent variable should not be significant. Thus, step one involved regressing strategy implementation with performance. The process moves to step two if step one yields statistically significant results. If step one does not yield significant results, the process terminates. In such a case it would be concluded that capital structure does not intervene the relationship between strategy implementation and performance.

In step two strategy implementation was regressed against capital structure. If the results are significant, the process moves to step 3 because the necessary condition for an intervening effect exist. In step three the influence of capital structure on performance is tested using a simple linear regression model. A statistically significant effect of capital structure on performance is a necessary condition in testing for the intervening effect. Finally, step four tested the influence of strategy implementation on performance while controlling for the effect of capital structure. These tests were done using simple linear regression analysis. The influence of strategy implementation on performance should be statistically significant when capital structure is controlled. This is a necessary condition in testing for an intervening effect. Results from the four steps are presented in Table 4.18, 4.19, 4.20 and 4.21 respectively.

Step One: strategy implementation was regressed against performance. The results are presented in Table 4.18.

Table 4.18: Regression Test of the Effect of Strategy Implementation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716[a]	.513	.510	.30712

a. Predictors: (Constant), strategy implementation

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.309	1	16.309	172.902	.000[b]
	Residual	15.469	164	.094		
	Total	31.778	165			

a. Dependent Variable: performance

b. Predictors: (Constant), strategy implementation

Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	1.771	.195		9.083	.000
	Strategy implementation	.598	.046	.716	13.149	.000

a. Dependent Variable: performance

The findings in Table 4.18 shows a statistically strong and positive relationship between strategy implementation and performance (R=.716). Coefficient of determination

(R^2=.513) depicts that strategy implementation explains 51.3 percent of performance. The F-value of 172.902 with p-value of 0.00 which is less than the level of significant 0.05, hence the model is statistically significant. The results thus confirmed the first step of testing for the intervening effect of capital structure on the relationship between strategy implementation and performance.

The intervening testing then proceeded to step two that involved testing the influence of strategy implementation on capital structure. The results of the tests are presented in table 4.19.

Table 4.19: Regression Test of the Intervening influence of Capital Structure

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.546[a]	.299	.294	.38735

a. Predictors: (Constant), strategy implementation

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.478	1	10.478	69.833	.000[b]
	Residual	24.606	164	.150		
	Total	35.083	165			

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

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	2.163	.246		8.796	.000
	Strategy implementation	.480	.057	.546	8.357	.000

a. Dependent Variable: capital structure

The results presented in Table 4.19 indicated that strategy implementation have a positive and statistically significant relationship with capital structure (R = .546). Further the coefficient of determination (R^2 = .299) depicted that capital structure is explained by 29.9 percent by strategy implementation. Further the F-value was 69.833 with P-value of .00

which is < 0.05, hence the model is statistically significant. The results therefore, suggest that the second step of testing confirms the process of testing the intervening effect to move to step 3.

In Step Three capital structure was regressed against performance. The results for the step 3 are presented in Table 4.20

Table 4.20: Regression Test of the Effect of Capital Structure on Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.569[a]	.324	.320	.36188

a. Predictors: (Constant), Capital structure

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.301	1	10.301	78.656	.000[b]
	Residual	21.477	164	.131		
	Total	31.778	165			

a. Dependent Variable: Performance
b. Predictors: (Constant), Capital structure

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	2.038	.258		7.891	.000
	Capital structure	.542	.061	.569	8.869	.000

a. Dependent Variable: performance

The results in Table 4.20 indicate that capital structure had a strong and significant relationship with performance (R = .569) with capital structure explaining 32.4 percent of performance (R^2 = .324) with remaining percent being explained by other factors not considered in the model. The analysis from the model had F-value of 178.592 with P-value of 0.00 which is less than the level of significance 0.05, hence the model is statistically significant. Therefore, the condition in the third step in testing for intervening effect was satisfied and therefore progressed to step 4 in testing for the intervening effect.

Finally, step four tested the influence of strategy implementation on performance while controlling for the effect of capital structure. These tests were done using simple linear regression analysis. The mediation is supported if the effect of capital structure remains significant after controlling for strategy implementation. If strategy implementation is not significant when capital structure is controlled, then there is full mediation, and if both strategy implementation and capital structure significantly predict Performance, there is partial mediation. The influence of strategy implementation on performance should not be statistically significant at α=.05 when capital structure is controlled. The relevant results are summarized in Table 4.21.

Table 4.21: Regression Test of the Intervening Effect of Capital Structure

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.716[a]	.513	.510	.30712	.513	172.902	1	164	.000
2	.747[b]	.559	.553	.29336	.045	16.744	1	163	.000

a. Predictors: (Constant), Strategy Implementation
b. Predictors: (Constant), Strategy Implementation, Strategy implementation Capital structure controlled
c. Dependent Variable: Performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.309	1	16.309	172.902	.000[b]
	Residual	15.469	164	.094		
	Total	31.778	165			
2	Regression	17.750	2	8.875	103.123	.000[c]

	Residual	14.028	163	.086
	Total	31.778	165	

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategy Implementation

c. Predictors: (Constant), Strategy Implementation, Strategy implementation, Capital structure controlled

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.771	.195		9.083	.000		
	Strategy Implementation	.598	.046	.716	13.149	.000	1.000	1.000
2	(Constant)	1.244	.226		5.496	.000		
	Strategy Implementation	.240	.098	.287	2.453	.015	.198	5.062
	SI_CS	.485	.119	.479	4.092	.000	.198	5.062

P= 1.244 + 0.240SI + 0.485SI_CS

The results in Table 4.21 shows that when capital structure is controlled strategy implementation is statistically significant (p-value=0.000 which is less than 0.05 threshold at 95 percent confidence level).

At model 2, capital structure adds significantly to the firm performance as the variation increased from coefficient of 0.513 to .559 and p-value=.000. The results further reveal that the variance explained by capital structure is significant (p-value=.000<0.05) and the significance was increased from F=172.902 in the first model to (F=103.123, p-value<.05) in the second model.

The results show that when capital structure was controlled, model 2 was statistically significant and therefore there was no full mediation. This is because the condition for full mediation is that the influence of strategy implementation on organizational performance should not be statistically significant when capital structure is controlled, the study therefore supports partial mediation and the hypothesis that there is no significant mediating effect of capital structure on the relationship between strategy implementation and organizational performance was partially supported and therefore concluded that work place culture partially mediates the relationship between strategy implementation and organizational performance. The hypothesis that there is no significant intervening effect of capital structure on the relationship between strategy implementation and performance of institutions in the energy sector in Kenya was rejected and the alternative hypothesis accepted.

This objective was guided by the following model; $P_4 = \alpha + \beta 1\ SI + \beta_2 CS + \varepsilon$

Where: P_i is Performance

SI is Strategy implementation

SI_CS is capital structure (Intervening variable controlled)

ε= Error term

β = the beta coefficients of independent variables

After the regression analysis the model became P= 1.244 + 0.240SI + 0.485SI_CS

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

The macro-environment comprises of factors that originate beyond and usually irrespective of any firms operating situation. Organizations must adapt to their environments if they have to remain viable. The environment is important and Energy sector institutions have to respond to its dynamism, heterogeneity, instability and uncertainty. To be successful overtime, Energy sector institutions must be in tune with its macro environment and respond to challenges posted by such actions. The factors in the environment that were thought to affect performance of institutions in the energy sector were political, ecological, social, technology, economic and legal. The respondents were asked to rate factors on macro environment on a Likert scale of 1(strongly disagree) to 5 (strongly agree) as applied in the energy sector. Table 4.22 gives the results of the findings.

Table 4.22: Macro Environment Dimensions

Macro Environment	N	Mean	Std. Deviation	Coefficient of Variation (Percent)
Political- policy and support				
There is a lot of political interference which makes us adjust how we implement our strategic objectives.	166	2.20	0.647	29
Policy and Regulation (licensing, land, tariff) influences how my organization implements strategic plans in order to achieve our goals.	166	3.75	0.943	25
There is adequate Political support for our organization which enables us achieve our strategic goals	166	2.46	0.898	37
Regulation of Power tariffs has affected achievement of our strategic goals implementation	166	3.59	0.881	25
Overall Mean	166	3.00	0.842	29
Ecological				
Our company considers the environment when implementing strategy	166	4.21	0.438	10
Ecological factors affect our organization when implementing our strategy.	166	4.06	0.392	10
Our firm consider competitors as important market players and sources of information and opportunities for cooperation are explored	166	4.02	0.269	7
Resource commitment is guided by social environmental variable	166	3.96	0.187	5
Overall Mean	166	4.06	0.322	8
Social				

Macro Environment	N	Mean	Std. Deviation	Coefficient of Variation (Percent)
The social forces change very fast and they influence the way we implement our strategic initiatives	166	3.83	1.050	27
Harmonious working relationships with the stakeholders (community, employees, suppliers, political and administrative class)" is important when implementing our strategies	166	4.81	0.391	8
Preserving positive public image is one of the main policies for our Organization when implementing strategy	166	4.78	0.497	10
Resource commitment is guided by social environmental variable	166	4.54	0.989	22
Overall Mean	166	4.49	0.732	17
Technology				
My organization uses the most appropriate technology in the market to produce power or provide services	166	4.61	0.547	12
The level of technology in place has greatly assisted my organization to implement strategies	166	4.69	0.526	11
Our organization updates and improves our technology and systems to ensure they are the latest and most efficient	166	4.54	0.864	19
Our organization is keen to ensure that technology required is availed	166	4.73	0.494	10
Our organization is quick to respond to the changes in technology	166	4.64	0.698	15
My organization allocates funding for new technology, research and development	166	4.31	1.268	29
Overall Mean	166	4.59	0.733	16
Economic				

Macro Environment	N	Mean	Std. Deviation	Coefficient of Variation (Percent)
The actions of our competitors have made us change our strategy in the last five years	166	3.35	0.859	26
Bargaining powers of suppliers to service providers is very competitive	166	3.67	0.827	23
My company experiences threat of substitute services from other sources.	166	3.13	0.896	29
Economic factors like inflation, exchange rates, economic growth has significant influence on our strategy implementation	166	3.84	0.876	23
Overall Mean	166	3.50	0.865	25
Legal				
Strict government rules and regulation could hinder the viability of my business	166	2.92	0.846	29
Compliance requirement with various laws and regulations (e.g environmental, procurement, safety etc) has influenced implementation of our strategy	166	3.79	0.581	15
Laws on taxation has been unfavorable to our organization and impacted implementation of our strategic goals	166	3.62	0.878	24
Regulation of access to licenses has impacted implementation of our organization strategy	166	3.66	0.872	24
Overall Mean	166	3.50	0.794	23
Grand Mean	166	3.86	0.715	19

The grand mean of statements on macro environment was 3.86, standard deviation of 0.715 and coefficient of variation of 19 percent, a moderate mean indicating that macro environment factors were found to moderately affect performance. The factor that recorded the highest mean was technology with an average mean of 4.59, standard deviation of 0.733 and coefficient of variation of 16 percent. Technological factors suggest possibility of new products, manufacturing and market techniques and hence it is important since it improves productivity of firms. Additionally, technological capability plays an important role in achieving competitive advantages. It also increases performance of firms, industries, and as well as for the countries. Statements on technology were Our organization is keen to ensure that technology required is availed (Mean=4.73, SD=0.494 and CV=10 percent), The level of technology in place has greatly assisted my organization to implement strategies (Mean=4.69, SD=0.526 and CV=11 percent), Our organization is quick to respond to the changes in technology(Mean=4.64, SD=0.698 and CV=15 percent), My organization uses the most appropriate technology in the market to produce power or provide services (Mean=4.61, SD=0.547 and CV=12 percent), Our organization updates and improves our technology and systems to ensure they are the latest and most efficient (Mean=4.54, SD=0.864 and CV=19 percent), My organization allocates funding for new technology, research and development (Mean=4.31, SD=1.268 and CV=29 percent).

The findings indicated that most of the surveyed institutions used appropriate technologies and constantly updated the technology and systems to the latest for efficiency and effective power generation and distribution. Hence from the findings, it is evident that Technology infrastructure is an important factor in achieving business objectives and hence firms need to be technologically ready to take on the strategic challenges that can fuel growth. Additionally, firms with higher technological capability are able to deliver their services effectively. The implementation of strategy is affected by technological innovations, in that improved technology facilitates efficient communication and adoption of effective strategies for better firm performance. In order for strategies and strategic plans to be relevant, it is important for the management of organizations to keep a close eye on technology and various innovation initiatives (Phaal & Palmer, 2010). With knowledge of the various technological developments in a particular industry and the impact these technologies have on the business processes, products and services, management can ensure it factors this into the strategy formulation process to facilitate organizational success (Tassey, 2012).

The average mean of statements on social was 4.49, standard deviation of 0.732 and coefficient of variation of 17 percent, a high mean indicating that social factors affected implementation of strategy for improved firm performance. Statements on social were Harmonious working relationships with the stakeholders(community, employees, suppliers, political and administrative class)" is important when implementing our strategies (Mean=4.81, SD=0.391 and CV=8 percent), Preserving positive public image is one of the main policies for our Organization when implementing strategy (Mean=4.78, SD=0.497 and CV=10 percent), Resource commitment is guided by social environmental variable (Mean=4.54, SD=0.989 and CV=22 percent), The social forces change very fast and they influence the way we implement our strategic initiatives (Mean=3.83, SD=1.050 and CV=27 percent). The findings indicated that harmonious working relationship among all stakeholders was crucial in strategy implementation for efficient firm performance. The firms were careful to promote positive public image as they implemented their strategies. A good social environment is hence necessary for implementation of strategy to influence better firm performance.

The average mean on statements on ecological factors was 4.06, standard deviation of 0.322 and coefficient of variation of 8 percent, a high mean indicating that the ecological environment which provides natural resources for manufacturing and energy production, is a key part of strategy implementation to influence firm performance. Statements on ecological factor were Our company considers the environment when implementing strategy (Mean=4.21, SD=0.438 and CV=10 percent), Ecological factors affect our organization when implementing our strategy (Mean=4.06, SD=0.392 and CV=10 percent), Our firm consider competitors as important market players and sources of information and opportunities for cooperation are explored(Mean=4.02, SD=0.269 and CV=7 percent), Resource commitment is guided by social environmental variable (Mean=3.96, SD=0.817 and CV=5 percent). The findings indicated that ecological factors were found to affect the firms when implementing strategy as well as competitors were found to greatly affect market. The strength of business competition is a constantly changing factor in the external environment as competitors influence changes in the marketing strategies, product lines and prices which affect firm performance. Hence from the findings, firms ought to be keen on changes and competition present in the ecological environment to formulate and adopt effective strategies for efficient firm performance.

On economic, the average mean recorded was 3.50, standard deviation of 0.865 and coefficient of variation of 25 percent, a relative moderate mean indicating that economic factors had a moderate effect on strategy implementation to influence firm performance. Statements on economic were Economic factors like inflation, exchange rates, economic growth has significant influence on our strategy implementation (Mean=3.84, SD=0.865 and CV=23 percent), Bargaining powers of suppliers to service providers is very competitive (Mean=3.67, SD=0.827 and CV=23 percent), The actions of our competitors have made us change our strategy in the last five years (Mean=3.35, SD=0.859 and CV=26 percent), My company experiences threat of substitute services from other sources (Mean=3.13, SD=0.896 and CV=29 percent). The findings indicated that economic factors affected strategy implemented on a moderate extent and hence its effect on performance was moderate.

The average mean on statements on legal was 3.50, standard deviation of 0.794 and coefficient of variation 23 percent. Statements on legal were Compliance requirement with various laws and regulations(e.g environmental, procurement, safety etc.) has influenced implementation of our strategy (Mean=3.79, SD=0.581 and CV=15 percent), Regulation of access to licenses has impacted implementation of our organization strategy (Mean=3.66, SD=0.872 and CV=24 percent), Laws on taxation has been unfavorable to our organization and impacted implementation of our strategic goals (Mean=3.62, SD=0.878 and CV=24 percent), Strict government rules and regulation could hinder the viability of my business (Mean=2.92, SD=0.846 and CV=29 percent).

The findings on legal environment indicated that most of the surveyed institutions in the energy sector had found legal factors such as taxations, compliance with laws and regulations and government strict rules affect strategy implementation which in turn affects firm performance. From the findings, in order for firms to cope with the legal environment, there is a need to develop and implement appropriate strategies that are compliant with the laws and regulations of the industry which would safeguard their operations and hence yield the desired results. Lastly on political (policy and support), the average mean was 3.00, standard deviation of 0.842 and coefficient of variation of 29 percent, a relatively low mean indicating that political factors ought to be looked into clearly for effective strategy implementation leading to better firm performance. Statements on political factors were Policy and Regulation (licensing, land, tariff) influences how my organization implements strategic plans in order to achieve our goals (Mean=3.75, SD=0.943 and CV=25 percent), Regulation of Power tariffs has affected achievement of our strategic goals implementation (Mean=3.59, SD=0.881 and CV=25 percent), There is adequate Political support for our organization which enables us to achieve our strategic goals(Mean=2.46, SD=0.898 and CV=37 percent), There is a lot of political interference which makes us adjust how we implement our strategic objectives (Mean=2.20, SD=0.647 and CV=29 percent). The findings indicated that the political environment in most firms was not favorable and there was need for leaders in the firms to ensure firms receive adequate political support for effective strategy implementation to influence better firm performance.

To test this relationship, the following hypothesis was tested; H_{03}: There is no significant moderating effect of macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya. The hypothesis was tested through Stepwise regression analysis using two steps. The first step involved testing the influence of strategy implementation and macro environment on performance. The second step involved introduction of the interaction term through stepwise regression analysis. Regression results for the influence of macro environment on the relationship between strategy implementation and performance are contained in Table 4.23.

Table 4.23: Regression Test of the Moderation Effect of Macro Environment

Model Summary[c]

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

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

ANOVA[a]

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

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

Coefficients[a]

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

implementation interaction	

a. Dependent Variable: Performance

$P = 0.830 + 0.412SI + 0.427SI\_ME$

Table 4.23 shows that model 1 is significant (p-value < 0.05, R^2 = .513) implying that strategy implementation and macro environment jointly explain 51.3 percent of variation in performance. Further, upon introduction of the interaction term, coefficient of determination (R^2) changed from .513 in model 1 to .584 in model 2 therefore giving a variation change of .087 which is significant at 95 percent confidence level (p=0.000<0.05). Further the change in p-value in model 2 is 0.00 which is also significant (p-value<0.05) implying that macro environment significantly moderate the relationship between strategy implementation and performance. The results further depict that F-value for both models were high and significant (F=172.902 for model 1; F=114.538 for model 2) (p-value<0.05) implying that the overall models for direct and moderating relationships are significant and have explanatory value in explaining performance. The results further show that strategy implementation and macro environment individually are significant in explaining performance (t=13.149, p<0.05) and for model 2 when interaction term is introduced it is also significant (t=5.278, p<0.05). Therefore, it was concluded that, the introduction of macro environment had an enhancing moderating effect on the relationship between strategy implementation and organizational performance Therefore, based on the results of the test, the hypothesis that there is no significant moderating effect of macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya was rejected and the alternative hypothesis supported.

This was guided by the following model; $P = \alpha + \beta_1 SI + \beta_2 ME + \beta_3 SI.ME + \varepsilon$

Where: P is Performance

SI is Strategy implementation

ME is Macro environment (Moderating variable)

SI.ME is strategy implementation and macro environment (interaction)

ε= Error term

β = the beta coefficients of independent variables after the regression analysis results, the model became P = 0.830 + 0.412SI + 0.427SI_ME

4.11 Moderating Effect of Macro Environment on the Intervening Effect of Capital Structure and Performance of Energy Sector Institutions in Kenya

To test this relationship, the following hypothesis was tested; $H0_4$: There is no significant moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya. The hypothesis was tested through Stepwise regression analysis using two steps. The first step involved testing the influence of capital structure and macro environment on performance. The second step involved introduction of the interaction term through stepwise regression analysis. Regression results for the influence of macro environment on the relationship between capital structure and performance are contained in Table 4.24

Table 4.24: Moderated Mediation of Capital Structure

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.707[b]	.500	.494	.31227	.176	57.245	1	163	.000
2	.734[c]	.539	.530	.30080	.039	13.678	1	162	.000

a. Predictors: (Constant), Capital Structure and Macro Environment

b. Predictors: (Constant), Capital Structure and Macro Environment, Interaction

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.883	2	7.941	81.438	.000[c]
	Residual	15.895	163	.098		
	Total	31.778	165			
2	Regression	17.120	3	5.707	63.074	.000[d]
	Residual	14.657	162	.090		
	Total	31.778	165			

a. Dependent Variable: Performance
b. Predictors: (Constant), Capital Structure and Macro Environment
c. Predictors: (Constant), Capital Structure and Macro Environment, Interaction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	4.316	.024		178.069	.000	4.268	4.364		
	Capital Structure	-.276	.063	-.290	-4.364	.000	-.401	-.151	.693	1.443
	Macro Environment	-.618	.082	-.503	-7.566	.000	-.779	-.457	.693	1.443
2	(Constant)	4.343	.024		177.544	.000	4.295	4.391		
	Capital Structure	-.199	.064	-.209	-3.085	.002	-.326	-.072	.620	1.613
	Macro Environment	-.552	.081	-.449	-6.835	.000	-.711	-.392	.659	1.518
	CS_ME	-.297	.080	-.231	-3.698	.000	-.456	-.139	.730	1.370

a. Dependent Variable: Performance

Analysis in Table 4.24 shows that model 1 is significant (p-value = 0.000 < 0.500, R^2 = .500) indicating that capital structure and macro environment collectively explain 50 percent of variation in performance. In model 2 when interaction term was introduced, coefficient of determination (R^2) improved from .500 in model 1 to .539 in model 2. This resulted in a significant R^2 change of .039 with p-value=0.000<0.05. The findings further showed that F-value for both models were high and significant (F=81.438, p-value = .000<.05 for model 1; F=63.074, p-value = .000<.05), thus the two models were in overall significant. Individually in model 1, capital structure (β =-.276, t = -4.364, p-value = .000<.05) and macro environment (β =-.618, t = -7.566, p-value = .000<.05) were significant. This facilitated analysis in step two. In model two when the interaction term was introduced, the results (β =-.297, t = -3.698, p-value = .000<.05) indicated a significant relationship, thus macro environment moderates the relationship between capital structure and performance (moderated mediation). Therefore, it was concluded that, the introduction of macro environment had an enhancing moderating effect on the relationship between capital structure and performance. Based on the results of the test, the hypothesis that there is no significant moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya was rejected and the alternative hypothesis accepted.

The predictive model become; $P = \alpha + \beta_1 CS + \beta_2 ME + \beta_3 CS.ME + \varepsilon$

Where: P is Performance

CS is Capital structure (mediating variable)

ME is Macro environment (Moderating variable)

CS.ME is Capital Structure and Macro Environment (interaction)

ε= Error term

β = the beta coefficients of independent variables after the regression analysis results, the model became P = 4.343 -.199 CS -.552 ME - .297CS.ME

CHAPTER FIVE: DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter presents a critical discussion of the findings in line with the research objectives and the formulated hypotheses from which the study results were discussed, corroborated with the literature reviewed and inferences drawn. The primary objective of the study was to determine the influence of strategy implementation, capital structure and macro environment on the performance of Energy sector institutions in Kenya. The research objectives and the hypotheses were formulated based on existing conceptual and empirical literature and led to the development of the conceptual model which outlined the relationships between the variables. This chapter discusses the results and explains the reasons for the findings and the extent to which they are consistent or not consistent with previous empirical studies or theoretical arguments. To test the hypotheses, regression analysis was used after conducting tests for statistical assumptions.

The results showed that there is a statistically significant relationship between strategy implementation and performance of energy sector institutions in Kenya. Additionally, the study also noted a significant intervening effect of capital structure on the relationship between strategy implementation and performance, while macro environment had a moderating effect on the relationship between strategy implementation and performance. In addition, macro environment had a significant moderating effect on the relationship between capital structure and performance. A detailed discussion of these findings is provided in the next sections.

5.2 Strategy Implementation and Performance

On general effects of strategy implementation and performance, the study found a strong association between strategy implementation and performance (R=.716). The coefficient of determination R^2 =.513 implies that strategy implementation explains 51.3 percent of the variation in performance. The other variables not included in this study explain the remaining 48.7 percent. This result shows a strong influence of strategy implementation and performance. The overall model was statistically significant (F = 172.902, P-value < 0.05). The results of the beta coefficient showed that a unit increase in strategy implementation will cause a .716 increase in performance (B=1.771, t=13.149, p<0.05) suggesting that the influence of strategy implementation on performance was statistically significant. This implies, overall, strategy implementation is a good predictor of performance. The findings were sufficient to reject the first hypothesis this implies that strategy implementation significantly influence performance and therefore the hypothesis that Strategy implementation has no significant effect on performance of energy sector institutions in Kenya was rejected and the alternative hypothesis accepted.

A strong association between strategy implementation and performance has been reported in the extant literature to the extent that strategy implementation is a key strategy for performance. The first objective of this study was to determine the relationship between strategy implementation and the performance of Energy sector institutions in Kenya. The descriptive summary showed that of the strategy implementation dimensions, leadership had the highest mean followed by structure, while the inferential statistics showed that there was a significant relationship between strategy implementation and performance.

Findings of the study suggested that leaders in the energy sector institutions define key and crucial organizational strategic change moments, create appropriate strategies, and translate such strategies to actions in operational terms for the change direction required. Therefore, strategic leadership is required to harness and deploy requisite organizational capabilities that allow the organizations accomplish their goals and objectives through formulating and implementing necessary strategies to ensure successful performance. It further indicated that leaders in institutions in the energy sector ensured that employees had adequate knowledge and skills to perform their duties, encouraged employee participation in formation and implementation of strategy as well as provided adequate resources for strategy implementation, all these geared for better organization performance.

Hence from the findings, leaders in organizations in the energy sector play a crucial role in steering the organizations for better performance which is achieved by the leaders coming up with ways of advancing the organizations key mandate in the face of scarce resources, linking job performance to valued rewards and by ensuring employees have the resources needed to get the job done.

This finding concurs with studies by Lunenburg (2011) which focused on leadership behavior that promotes employee commitment to organizational goals and standards. A particular chosen type of leadership ensures increased productivity and therefore, managers should ensure that their employees are well motivated to ensure that the optimum performance is realized. This is essentially because the human achievement is greatly predicted by the motivation as a driving force. The findings are also supported by Chen et al. (2016) which concluded that successful strategy implementation requires that strategy is reflected in the way the firm organizes its activities, the key organizational leaders and the culture of the organization so that the strategy and the organization become one. Systems that offer strategic control as well as capability of adjusting strategies, the confirmed commitments, as well as objectives in response to the dynamic conditions must also be put in place by the implementers.

This study finding is supported by Abdullah, Haim Hilman and Siam, Mohammed (2014) who looked at the influence of organizational structure and organization culture on the organizational performance of higher educational institutions. The study concluded that the organization structure should be flexible enough to respond quickly to change, challenge and uncertainty. This flexibility should be enhanced by the creation of core groups and by using part-time, temporary and contract workers to handle extra demands. The study established that even in troubled organizations, structural change is intermittent and can take long periods of time and changes with little or no tangible results.

The study by Musyoka (2011) avers that there is an intrinsic association between strategy formulation and structure of the organization. The structures facilitate how the process and relationships work, thus affecting strategy implementation process. Organizational structure and strategy have to be linked for the success of any firm. The firm's strategies need to be aligned to its structure. There is a relationship between organizational structure and leadership in any successful strategy implementation process. However, the findings of the study were confined to commercial banks in Kenya but failed to address variables of this study.

The study is further supported by Ogunmokun, Hopper and McClymont (2005) who investigated on strategy implementation and performance. The study found out that the changes in organizational structure, enables organizations to register high levels of performance. The research gap in this case was conducting the same study in a developing country such as Kenya, and the factors affecting organizational structure are: formal organizational structures, structural design (tall vs. flat) and alignment of structures to implemented strategy, in a bid to evaluate whether strategy implementation has an effect on performance.

Additionally, on culture, the findings noted that strategies implemented within an organization that support the culture associated with the firm enhances organizational performance. The preferred strategy should preserve and enhance the organizational culture. Therefore, from the findings strategies to be implemented must be consistent with organizational culture to realize the desired organizational performance results. The study findings are supported by Ahmadi, Ali, Salamzadeh, Daraei, and Akbari (2012) who studied the relationship between organizational culture and strategy implementation. The results confirm the hypotheses and unveil the relations between all typologies and dimensions of cultures and components of implementation. Additionally, the findings verify flexible cultures have to do more with policy formation and structural factors in implementation. The study findings revealed that there was a significant correlation between the organizational culture and strategy implementation within the organizations.

The study concurs with Calciolari, Prenestini and Lega (2018) who reviewed how cultural type dominance and strength influence different performance goals. According to the study, organizational culture might influence results, especially in public healthcare organizations characterized by strong professional control. This is also evidenced through a study conducted by Hotstede, Fritz, Canavan, Oosterkamp and Van (2010) who observed norms, values, beliefs, tactics and guidelines as additives of organizational culture. According to Kinyanjui and Juma (2014), well-developed systems help to overcome resistance on strategy implementation within an organization. Top management is involved in resolving the conflict by mediating between groups, and they are also involved in promoting project acceptance by building cooperation between various stakeholders. The study concluded that even though organizational culture influences performance, there exist a difference between culture and organizational performance.

Lastly on responsibility and accountancy, the findings noted that there was effective accountability in the surveyed institutions as each employee was held accountable for achievement of goals in the companies. Additionally, top managers were responsible for decision making process assisted by other managers. Effective leadership by the top management through creation and sharing of organizational goals, acting as a role model, encouraging creativeness, providing support for employees, and allowing employee participation in making job-related decisions which influenced employees' attitude and reflected in their performance.

The findings concur with Rajasekar (2014) who examined how different factors affect electricity distribution companies in the Sultanate of Oman by addressing the role played by organizational communications in strategy implementation. The findings of the study also agree with that of Murgor (2014) who opined that strategy implementation affects organization performance by anchoring the organization to its external environment. Effects of strategy implementation on organization performance may be affected by other variables including capital structure (Dawar, 2014). The effectiveness of strategy implementation is affected by the individuals involved. The strategic management process includes analysis, direction setting, developing strategies, implementation and control (Kotter & Keller, 2012). This argument thus supports the ability of the firm to develop and implement strategies as a crucial aspect to fostering performance.

The findings concur with Njoroge et al. (2015) who studied the effect of Strategy Implementation on Performance of Kenyan State Corporations. The study results indicated that the indicators of performance had a significant influence on strategy implementation. Additionally, studies by Njagi and Kombo (2014) on the effect of strategy implementation on performance of commercial banks found that there is a moderately strong association between strategy implementation and organizational performance and that institutions that want to thrive and compete effectively must implement strategy effectively.

The study findings coincide with that of Salum (2018) that looked at factors influencing implementation of strategic plans in Tanzania's Executive Agencies. The result indicated that, collectively and individually all predictors that is top management (R-square = 0.473); organizational resource (R-square = 0.315); organizational culture (R-square = 0.085); and Role of stakeholders (R-square = 0.056) influences implementation of strategic plans, but only top management support (R = 0.690) and organizational resources (R = 0.562) had significant strong positive relationship while organizational culture (R = 0.292) and the role of stakeholders (R = 0.236) had significant weak positive correlation with implementation of strategic plans. The findings recommended more emphasis on organizational culture as a key element in the strategic plans.

5.3 Strategy Implementation, Capital Structure and Performance

The second objective of the study was to determine the intervening effect of capital structure on the relationship between strategy implementation and performance of Energy sector institutions in Kenya, through the hypothesis there is no significant intervening effect of capital structure on the relationship between strategy implementation and performance. The study sought to establish whether cost of capital, covenants, debt and equity had an intervening effect on the relationship between strategy implementation and performance.

The findings indicated that capital structure decisions played a key role in the overall firm strategy in order to enhance shareholder firm value in Energy sector institutions in Kenya. Determining the optimal composition and level of long-term debt and specific short-term debt relative to equity can enable an Energy sector Institution to gain competitive advantage over its rivals. On testing the intervening effect of capital structure on the relationship between strategy implementation and performance, the study found that when capital structure is controlled strategy implementation is statistically significant. The hypothesis that there is no significant intervening effect of capital structure on the relationship between strategy implementation and performance of institutions in the energy sector in Kenya was rejected and the alternative hypothesis supported.

The study findings indicated that an strategic financial policy was a crucial factor to be considered for efficient financial performance of an organization. Additionally, for effective firm performance, the surveyed institutions ensured that they minimized cost of capital in order to maximize profits for their organizations as well as adopted benchmark programs which constantly evaluated performance. The choice of financing makes cost of capital a crucial variable for every organization since it determines the company’s capital structure and hence firms ought to develop and implement right strategies which provide adequate funding and as also minimize cost of capital for improved firm performance. Additionally, the findings indicated presence of debt covenant agreements of the surveyed firms with external financiers and that most of the firms had large assets to be used as security when acquiring loans. Effective debt covenants facilitate development and implementation of right strategies that steer a firm to increase its income to enable it clear debt and enjoy profits hence better performance.

The study is supported by that of Riesel (2014) who studied the impact of firm' growth opportunities on the restrictive covenants in debt contracts. The study realized that high-growth firms are generally less likely to include covenants, which suggests that the advantage of preserving future flexibility outweighs the advantage of reducing the cost of debt, and this by including covenants. The study also found that high-growth firms are less likely to include covenants that limit investment activities and asset sales, as well as covenants that restrict dividend payments to shareholders. The creditor's power is not just suspected to be influential in default situations, but in non-default situations as well. After financial covenant violation creditors have the right to immediate repayment, but instead of opting for this immediate repayment they use the chance of a waiver violation to impose stronger restrictions on the debtor by renegotiating the credit agreement, resulting in amended credit agreements with less funding, having higher interest rate spreads and shorter maturities. Due to a lower possibility of managerial expropriation induced by improved monitoring of creditors, the agency costs are assumed to decrease, positively affecting firm value.

The finding is buttressed by Kajirwa (2015) who sought to find out whether the use of debt in a firm's debt structure affects firm performance. The study concluded that the use of debt in a firms' capital structure has a negative influence on the performance of commercial banks in Kenya though not statistically significant. The findings are also supported by Chava, Kumar and Warga (2010) manifested that, in a growth opportunity scenario, the use of covenants in debt agreements may limit the opportunities perceived in the future and the use of short-term debt can bring the company liquidity risk problems. As these instruments may limit future investments by firms, the logical solution is to decrease the current level of indebtedness or to use less debt to raise funds in need of funding (Chava et al., 2010). As debt covenants and short-term debt may limit future opportunities, some companies might prefer not to raise debt instruments when they face growth opportunities (Chava et al., 2010). The findings also concur with Jensen (2013) that capital structure of a firm influences its performance and that a firm needs to finance its operations and in so doing, there is need to choose debt and equity combination which will form its capital structure. Debt keeps the leaders in check. An appropriate capital structure is a critical decision for any business organization. The decision is important not only because of the need to maximize returns to various organizational constituencies, but also because of the impact such a decision has on an organization's ability to deal with its competitive environment. Once established, this capital structure should provide greater returns to stockholders than they would receive from an all-equity firm.

The study findings coincide with that of Akomeah, Bentil and Musah (2018) who examined the effect of firm capital structure decisions on their performance based on a sample of non-financial firms. The study findings allude that there is a significant relationship between capital structure and performance. The findings showed that Short-term debt had negative relationship with the performance. The results indicate that the capital structure decisions significantly affect the return on equity. Finally, the study findings also correspond to that by Okoth (2017) who studied the effect of debt financing on performance of non-financial Firms listed at Nairobi Securities Exchange in Kenya. The study concluded that there is need for efficient management of debt as a source of capital.

The results from Dube (2013) study on the relationship between debt financing and productivity of small and medium scale enterprises in Zimbabwe, concluded that performance and level of debt financing had a positive relationship. The study also realized that Debt financing affects a company's performance because companies will usually agree to fixed repayments for a specific period. These repayments occur regardless of the firm's performance. Although equity financing typically avoids these repayments, it requires companies to give an ownership stake in the company to venture capitalist or investors. Thus, the choice of capital structure is fundamentally a financing decision problem which becomes even more difficult in times when the firm's environment operates presents a high degree of instability.

Sadeghian, Latifi, Soroush and Aghabagher (2012) studied the effect of debt policy on corporate performance. The relationship between debt policies and performance was looked into. Financial performance indicators were considered such as Gross Margin Profit, Return on Assets (ROA), Tobin's Q Ratio, and Debt Ratios (Current Debt, Non-Current Debt, and Total Debt). The results showed a direct negative relationship between debt policy on performance. Additionally, Olaniyi, Elelu and Abdulsalam (2015) studied the impact of capital structure on corporate performance. The study examined the impact of capital structure choices (Equity or Debt) on performance of selected firms in US in the pre, during and post crisis periods (2003-2006), 2007-2008 and 2009-2012 respectively) with a view to determine whether or not the relationship between the two variables is period related. The results showed a significant relationship between capital structure and performance. This finding is also supported by the work of John (2013) studied capital structure and its effect on firm performance. The study results indicated that Long-term Debt to Capital (LDC) was significantly but negatively related to ROE. Similarly, each of DC, DCE, SDTD and AGE was significantly and positively related to ROA. However, LDC was significantly and negatively related to ROA. The hypotheses tested confirmed that there was significant relationship between capital structure and financial performance using both ROA and ROE.

5.4 Strategy Implementation, Macro Environment and Performance

The third objective of the study was to determine the moderating effect of macro environment on strategy implementation and performance of Energy sector institutions in Kenya done through the hypothesis, there is no significant moderating effect of macro environment on the relationship between strategy implementation and performance.

On testing the moderating effect, coefficient of determination (R^2) changed from .513 in model 1 to .584 in model 2 therefore giving a variation change of .087 which is significant at 95 percent confidence level ($p=0.000<0.05$). Further the change in p-value in model 2 is 0.00 which is also significant (p-value<0.05) implying that macro environment significantly moderate the relationship between strategy implementation and performance. The results further depict that F-value for both models were high and significant (F=172.902 for model 1; F=114.538 for model 2) implying that the overall models for direct and moderating relationships are significant and have explanatory value in explaining performance. The results further show that strategy implementation and macro environment individually are significant in explaining performance ($t=13.149$, $p<0.05$) and for model 2 when interaction term is introduced it is also significant ($t=5.278$, $p<0.05$). Therefore, based on the results of the test, the hypothesis that there is no significant moderating effect of macro environment on the relationship between strategy implementation and performance was rejected and the alternative hypothesis supported. The study findings are in agreement with that of Njoroge et al. (2016) who assessed whether external environment influence organizational performance. The study results were in agreement with the study hypothesis and manifested a positive significant influence performance indicator. The environment appeared to have a positive effect contrary to the common belief. The organization had a well-developed environmental scanning tools for the environmental effects. The findings showed a direct external environment-performance link.

Nyakego (2017) conducted a study on strategy implementation, planning typologies and performance of Universities in Kenya. The study results showed that proactive planning typology did not significantly moderate the relationship between organizational leadership, organizational culture and the overall performance of the universities. In this study, the use of the Balanced Scorecard Model was extended to non-profit organizations to measure performance. Subsequently, moderating variables were added to extend the literature on the match between strategy implementation and university performance. The study established that reactive planning typology moderated the relationship between leadership and society expectations, leadership and employee effectiveness, culture and society expectations and culture and employee effectiveness. Proactive typology also moderated the relationship between leadership and research and leadership and financial sustainability.

According to Ireland, Hoskisson and Hit (2009), technological factors involves institutions and activities which create new knowledge and translate that knowledge to new products, outputs, processes, and materials. Technology involves rapidly changing hence firms need to thoroughly embrace and study the technological segment (Ireland, Hoskisson & Hit, 2009). The study agrees with Pearce and Robinson (2007) who state that sudden technological breakthrough can have a dramatic effect on a firm's environment in terms of new markets, products or significantly shortened manufacturing life. Therefore, all firms especially those in turbulent growth must strive to understand both existing technology and technological advances and the probable future advances that may affect their products and services.

The study findings are supported by Pearce and Robinson (2007) who argue that political factors determine the legal boundaries in which an organization operates considering the regulatory requirements. The set laws tend to eat on the organization's profits as they strict and must adhered to. These laws tend to reduce the firms' profits or to benefit by protecting some firms through actions like patent laws and government subsidies. The findings are propped by Ireland, Hoskisson and Hitt (2009) who state that economic factors concern the nature and direction of the economy that the organisation operates in both the national and international level management must consider the availability of credit, the level of disposable income, the propensity of people to spend, interest rates, inflation rates, and trends in the growth of the gross national product among other economic factors. Pearce and Robinson (2007) further identify that as nations are interconnected as a result of the global economy the organizations must therefore scan, monitor, forecast and assess the health of the economy outside their host nation.

The study findings are also supported by Pearce and Robinson (2007) who hold that the social factors that affect a business involve from beliefs, values, attitude, opinions and lifestyles of persons in the business or firm's external environment. This usually is developed from cultural, ecological, demographic, religious, educational and ethic conditions. It has however been noted that translating social change into business forecasts is a difficult process due to shifts in population, changing work values, ethical standards and religious orientation. Ireland et. al. (2009) states that sociocultural factors is mainly concerned with the society's attitude and cultural values. Ireland et. al. (2009) also noted that attitude and values form the cornerstone of a society as well as drive demographic, economic, political/legal and technological conditions and changes. The findings of the study are supported by Machuki and Aosa, (2011) who opined that organizational performance is vastly associated to the vibrant evolutionary nature of the fit between the environment and the organization. For any organization to thrive, they must constantly interact with the ever-changing macro environment.

The findings concur with Murgor (2014) who carried out a study on external environment, firm capabilities, strategic responses and performance of large-scale manufacturing firms in Kenya. Through a cross-sectional descriptive survey, the inferential and descriptive statistics were analyzed. The results showed that performance is to great extent is affected by the environment. The parameters of strategic response and that of external environment indicated a positive correlation. The study findings agree with that of Mbithi, Muturi and Rambo (2017) who studied the moderating effect of macro environment factors on relationship between combined strategy choices and performance. The moderating effects of macro environment on the relationship between strategic choice and performance were tested and the result showed that the macro environment factors in the organization manifest and affect strategy-performance relationship in various ways. The results suggest that organizations depend on the environment hence appropriate strategy should be weaved to deal with this organization environment interface, a fitting procedure decision is essential. The results additionally introduced a vital connection between the organization and performance with the end goal that administrators of such organizations ought to consider in improving organization endurance and development.

Ivančić, Mencer, Jelenc and Dulčić (2017) looked at strategy implementation–external environment alignment. The study examined the relationship between the external environment and strategy implementation process, taking into account two perspectives of analysis. The study was based on empirical research, conducted in large Croatian enterprises. The sample includes 78 enterprises and includes respondents from different hierarchical levels and business functions. The results indicated that, enterprises do not associate the lack of implementation success to the context uncertainty. The study also found that enterprises with a higher level of proactiveness in researching context characteristics, demonstrate a greater level of preparation in opportunities exploitation. In addition, private enterprises, mainly focused on international market, perceive a higher level of context uncertainty.

Akpoviroro and Owotutu (2018) examined the impact of external business environment on organizational performance of frozen fish companies in Nigeria. The study looked at the relationship between the operating environment and the performance. Questionnaires were used to data from 3 fish companies making a sample size of 120. Multiple regression was used in the study analysis. The results showed that the organizational operating environment had a significant influence on the performance of the firms. Thus, organization should understand the implications of the firm's environment on the organizational performance to be able to survive in the industry. Kowo, Akinrinola and Sabitu (2018) assessed the relationship between macro environment and performance of multinational agricultural enterprises. The study adopted survey method. Cronbach Alpha was used to test for reliability. 114 copies of questionnaire were administered. The results revealed that variance in multinational agricultural enterprise performance could be explained by service macroeconomic environment. Itani and Mason (2014) looked at the macro-environment approach to civil aviation strategic planning. By using Structural Equation Modelling (SEM) significant factors were found to be environmental enablers in determining the capacity of an economy and society to benefit from the air transport system's productivity. The findings direct the organization to consider the environmental dynamism during the situation analysis part of the strategic planning process.

5.5 Moderating Effect of Macro Environment on the Intervening Effect of Capital Structure

The fourth objective of the study was to determine moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya through the hypothesis; there is no significant moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya. The study revealed that there was a statistically significant moderating effect of macro environment on the intervening effect of capital structure. The results show that jointly the variables explain 53.9 percent of the variations in performance ($R_2 = .539$). Therefore, the hypothesis was supported by the results of the study. The results show that capital structure and macro environment collectively explain 53.9 percent of variation in performance. The joint effect was thus higher and significant compared to the individual effect of individual variables therefore rejecting the hypothesis.

The findings of the study concur with Murgor (2014) who opined that strategy implementation affects organization performance by anchoring the organization to its external environment. Effects of strategy implementation on organization performance may be affected by other variables including capital structure (Dawar, 2014). The effectiveness of strategy implementation is effected by the individuals involved. The strategic management process includes analysis, direction setting, developing strategies, implementation and control (Kotter & Keller, 2012). The three organizational elements that provide fundamental long-term success for a business strategy are leadership, structure and culture. Strategies entail creating a vision, communicating the strategy and anchoring new approaches in the culture of an organization (Kotter & Keller, 2012). Strategy is executed at corporate, business and functional levels of the organization. These strategies are responsible for ensuring that the firms are competitive (Coulter & Robbins, 2013). Robin (2014) suggests that well formulated strategies only produce superior performance for the firm when they are successfully implemented. Studies agree with the nature of strategic planning, which includes strategy implementation that shows the organizational characteristics suggested as significant factors for effective strategy implementation. It is also portrayed as a lively process by which companies identify future opportunities (Chiang, Kocabasoglu-Hillmer & Suresh, 2012).

The study findings agree with that of Mailu, Ntale and Ngui (2018) who conducted a study on strategy implementation and organizational performance in the pharmaceutical industry in Kenya. The purpose of this study was to investigate the strategy implementation and organizational performance in the Kenyan pharmaceuticals. The study reviewed the effects of organizational structure, organizational resources and organizational culture on strategy implementation among the pharmaceutical industry in Kenya. The study applied a descriptive survey research design and the population target comprised of all the 64 pharmaceutical companies in Nairobi Kenya. Data was collected through the questionnaires and analysed using descriptive statistics. The findings were presented using tables and graphs for further analysis and to facilitate comparison. Multiple regressions were used to estimate the effect of strategy implementation on organizational performance. The study found out that there was a significant influence of strategy implementation on organizational performance. The study established that organizational structure, organizational resources and organizational culture have a significant effect on the performance of the pharmaceutical industry. Mutua and Atheru (2020) studied the relationship between capital structure and financial performance of companies listed under manufacturing and allied sector at Nairobi Securities Exchange in Kenya. The purpose of this study was to assess capital structure and financial performance of companies listed under manufacturing and allied sector at Nairobi Securities Exchange, Kenya. The study employed descriptive research design and data was analyzed using multiple regressions. The target population comprised all the eight companies listed under manufacturing and allied sector at the Nairobi Security Exchange, Kenya where census approach was adopted. Results of the study revealed that retained earnings and equity have negative influence on financial performance of firms listed under manufacturing and allied sector in Kenya. Long term debt however, was found to have a positive impact on financial performance. Mwangi (2016) studied the effect of financial structure on financial performance of firms listed at East Africa Securities Exchanges. Specifically, it evaluated the effect of short-term debt, long term debt, retained earnings and other shareholders funds on financial performance. The study concluded that gross domestic product growth rate had indeed a significant moderating effect. In addition, short term financing was found to be the preferred choice of financing though equity financing generally contributed more to financial performance. The study therefore concluded that pecking order theory may not be applicable in practice, at least at East Africa Securities Exchanges.

Wangombe and Kibati (2019) did a study on the influence of capital structure on financial performance of licensed microfinance banks in Kenya. The study was descriptive in nature. The study used panel data of five years. The study population was the microfinance banks that are licensed to operate in Kenya. The results uncovered that the organizations used trade credits to back microfinance banks. Further the study demonstrated that, the authorized microfinance banks considered the utilization of asset-based lenders to guarantee consistency in capital stream. Essentially, the results additionally demonstrated that the firm considered the financing through commercial banks as a method for raising their capital.

Hidayat and Akhmad (2015) examined the effects of environmental factors on corporate strategy and performance of manufacturing industries in Indonesia. The study looked at previous studies on the environmental factors (external and internal) and their effects on strategy and performance on the firms. 150 questionnaires were used to obtain the primary data. To obtain the study samples, random sampling was employed. The study findings showed that the environmental factors to a great extent affected the integration of their firm's environment with the surrounding environment in order to realize the performance set by the organization. Ibrahim and Primiana (2015) studied the influence of business environment on the organization performance. The purpose of the study was to find solutions for problems related to the organization performance when connected with business environment. The study was theoretical review, especially about the effect of business environment on the organization performance. The results showed that business environment has a significant effect on organization performance. Furthermore, it was found that business environment has implication for organization performance. VanderWeele (2015) and Hayes (2018a) indicated that moderated mediation allows for an evaluation conditional indirect effects, which is not the case when mediation and moderation are tested independently of one another. Moderated mediation analysis allowed for a simultaneous test of the mediating effect of capital structure and the moderating effect of macro environment.

5.6 Summary of the Findings

This section presented a summary of the objectives, hypotheses, analytical models. Summary of the findings were presented in table 4.25

Table 4.25: Summary of the Objectives, Hypotheses, Analytical Models

Objectives	Hypothesis	Findings
Objective One: Establish the effects of strategy implementation on performance of energy sector institutions in Kenya;	H_{01}: There is no significant effect of strategy implementation on performance of energy sector institutions in Kenya	There was a significant effect of strategy implementation on predictor of performance of energy sector institutions in Kenya.

Objectives	Hypothesis	Findings
		H_1 was rejected
Objective Two: Determine the intervening effect of capital structure on the relationship between strategy implementation and performance of energy sector institutions in Kenya	H_{02}: There is no significant intervening effect of capital structure on the relationship between strategy implementation and performance of energy sector institutions in Kenya.	There was a significant intervening influence of capital structure on the relationship between strategy implementation and performance of energy sector institutions in Kenya. **$H0_2$ was rejected**
Objective Three: Determine the moderating effect of macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya	H_{03}: There is no significant moderating effect of macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya.	There was a significant moderating effect of macro environment on the relationship between strategy implementation and performance of energy sector institutions in Kenya. **$H0_3$ was rejected**
Objective Four: Determine the moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya.	H_{04}: There is no significant moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya.	There was a significant moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya. **$H0_4$ was rejected**

From the results, there is a statistically significant and positive association between strategy implementation and performance of energy sector institutions in Kenya. Capital structure and Macro environment were found to significantly intervene and moderate the relationship between strategy implementation and performance. Regarding the joint effects the results reveal that this effect is significantly greater than the individual effect of each variable. Therefore, all four study hypotheses were rejected and the alternative hypothesis supported.

CHAPTER SIX: SUMMARY AND CONCLUSION

6.1 Introduction

This chapter presents a summary of findings of the objectives of the study. The chapter also presents conclusion drawn from the study findings. The chapters present a summary of findings of the objectives of the study. Then, recommendation and the implication for theory, practice and policy are presented. The chapter ends by presenting the limitations of the study, suggestion on areas for further study and a discussion of the contribution this research has made to the body of knowledge

6.2 Summary of Findings

The purpose of this study was to investigate the influence of strategy implementation, capital structure and macro environment on the performance of Energy sector institutions in Kenya. There were four specific objectives out of which four hypotheses were developed and tested.

6.2.1 Strategy Implementation and Performance

The first objective was to determine the relationship between strategy implementation and the performance of Energy sector institutions in Kenya. A hypothesis was developed on this objective which stated there is no significant relationship between strategy implementation and performance and thereafter tested. The research findings established that the hypothesis was rejected and the alternative hypothesis supported.

6.2.2 Strategy Implementation, Capital Structure and Performance

The second objective of the study was to determine the intervening effect of capital structure on the relationship between strategy implementation and performance of Energy sector institutions in Kenya. A hypothesis was developed on this objective which stated that there is no significant intervening effect of capital structure on the relationship between strategy implementation and performance. Baron and Kenny (1986) approach was used to test the hypothesis. The results provided evidence to support capital structure intervenes the relationship between strategy implementation and performance and hence the hypothesis was rejected and the alternative hypothesis supported.

6.2.3 Strategy Implementation, Macro Environment and Performance

The third objective of the study was to determine the moderating effect of macro environment on strategy implementation and performance of Energy sector institutions in Kenya. This was done through formulating and testing the hypothesis that states there is no significant moderating effect of macro environment on the relationship between strategy implementation and performance. Baron and Kenny (1986) approach was used to test the hypothesis. The results provided evidence to support macro environment moderates the relationship between strategy implementation and performance and hence the hypothesis was rejected and the alternative hypothesis accepted.

6.2.4 Moderating Effect of Macro Environment on the Intervening Effect of Capital Structure

The fourth objective of the study was to determine the moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya. A hypothesis stating there is no significant moderating effect of macro environment on the intervening effect of capital structure and performance of energy sector institutions in Kenya was formulated and tested. The hypothesis was tested using stepwise regression analysis. The research findings showed that there was a statistically significant moderating effect of macro environment on the intervening effect of capital structure.

6.3 Conclusion

6.3.1 Strategy Implementation and Organization Performance

The overall objective of the study was to investigate the influence of strategy implementation, capital structure and macro environment on the performance of Energy sector institutions in Kenya. The study prepared a conceptual framework that was used to test this relationship. Data was collected using questionnaire from employees of energy sector institutions in Kenya. The data facilitated in the testing of the model.

The findings show that the relationship between strategy implementation and performance is statistically significant. The findings in the study suggested that strategy implementation attributes that include leadership, structure, responsibility and accountancy and culture had a great influence on performance. The results of this study therefore provide a concrete reason to give more attention on strategy implementation to be able to achieve better outcomes. The study further concluded that effective strategy implementation should devise internal action approaches, develop effective strategies to improve organizational performance, attain clarity of future direction, assign team work and expertise based on resources, deal effectively with organizational changes and uncertainties in external environment, processes and people and make appropriate choices and priorities in order to achieve better organizational performance. The study findings observed that a proposed structure is a precursor to a great organizational performance and a successful strategy implementation.

6.3.2 Strategy Implementation, Capital Structure and Organizational Performance

On testing the effect of capital structure on the relationship between strategy implementation and performance, the study established a significant intervening effect of capital structure on the relationship between strategy implementation and performance. The study further concluded that an appropriate capital structure is a critical decision for any business organization. The decision is significant not just on account of the need to increase the returns of various departments, yet additionally due to the effect such a decision has on the capacity of the organization to manage its ever-competitive environment. When set up, this capital structure ought to give more noteworthy returns to the investors than they would get from an all equity-value firm.

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

6.3.3 Strategy Implementation, Macro Environment and Performance

On testing effect of macro environment on the relationship between strategy implementation and performance, the study found that macro environment moderates the relationship between strategy implementation and performance. Finally, the study's conceptual model was tested and retained as is by empirical evidence hence pointing to the likelihood of the organizational performance being influenced by more than one variable. The retention of the model therefore, served to validate the main objective of this study that capital structure and macro environment significantly influence the relationship of strategy implementation and performance of energy sector institutions in Kenya.

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

The study found that most of the surveyed institutions used appropriate technologies and constantly updated the technology and systems to the latest for efficiency and effective power distribution. Customer service agents in the energy sector institutions can serve customers since the available puts all the information needed available to both parties. Hence from the findings, it is evident that Technology infrastructure is an important factor in achieving business objectives and hence firms need to be technologically ready to take on the strategic challenges that can fuel growth. Additionally, firms with higher technological capability are able to deliver their services effectively. The implementation of strategy is affected by technological innovations, in that improved technology facilitates efficient communication and adoption of effective strategies for better firm performance. The study findings further indicated that harmonious working relationship among all stakeholders was crucial in strategy implementation for efficient firm performance. The firms were careful to promote positive public image as they implemented their strategies. A good social environment is hence necessary for implementation of strategy to influence better firm performance.

6.3.4 Moderating Effect of Macro Environment on the Intervening effect of Capital Structure

On testing the moderating effect of macro environment on the intervening effect of capital structure. The findings indicated presence of debt covenant agreements of the surveyed firms with external financiers and that most of the firms had large assets to be used as security when acquiring loans. Effective debt covenants facilitate development and implementation of right strategies that steer a firm to increase its income to enable it clear debt and enjoy profits hence better performance. The study also found that high-growth firms are less likely to include covenants that limit investment activities and asset sales, as well as covenants that restrict dividend payments to shareholders. Ecological factors were found to affect the firms when implementing strategy as well as competitors were found to greatly affect market.

The findings also revealed that when the when interaction term was introduced, indicated a significant relationship, thus macro environment was found to moderate the relationship between capital structure and performance (moderated mediation). Therefore, it was concluded that, the introduction of macro environment had an enhancing moderating effect on the relationship between capital structure and performance. Hence from the findings, firms ought to be keen on monitoring changes and competition present in the economic environment in order to formulate and adopt effective strategies for efficient firm performance.

CHAPTER SEVEN: RECOMMENDATIONS

7.1 Introduction

The objective of the study was to investigate the influence of strategy implementation, capital structure and macro environment on the performance of Energy sector institutions in Kenya. This chapter presents the recommendations and limitations of the study. It also discusses the implication of this study on theory, policy and practice.

7.2 Implications of the Study

The study was anchored mainly on the institutional theory, open systems theory, pecking order theory and Resource based view theory. The overal purpose of this study was to determine the influence of strategy implementation, capital structure and macro environment on the performance of Energy sector institutions in Kenya: Specifically, Determine the relationship between strategy implementation and the performance of Energy sector institutions in Kenya; Determine the intervening effect of capital structure on the relationship between strategy implementation and performance of Energy sector institutions in Kenya; Determine the moderating effect of macro environment on strategy implementation and performance of Energy sector institutions in Kenya; Determine the moderating effect of macro environment on the intervening effect of capital structure. The findings have several implications on strategic management theory, policy, practice and methodology as discussed below.

7.2.1 Theoretical Implications

The study found that strategy implementation had a positive effect on performance of energy sector institutions in Kenya. The findings in the study concurs with institutional theory which suggest that organizations are deeply embedded in an expansive environment and consequently become influenced by the pressures and constraints of this environment. The institutional theory assumes that organizations are influenced by normative reassurance arising from external forces such as the state and sometimes arising from forces within. This theory is concerned with how information flow in an organizational structure affects its performance. The adoption of this theory enables the organization to coordinate different resources towards a given strategy implementation reducing chances of any deviations from the anticipated results. The institutional theory also emphasizes the logic and the thinking of the senior managers and how they interpret their business environment and its challenges; and how these same processes define their collective purposes and organizational arrangements, the institutionalist perspective challenges the quasi-rational strategic thinker central to much strategic management theorizing. This theory is relevant in that the institutional theory may help students of organizational culture to explore how cultures within organizations are worked out in relation to cultures outside organizations. The theory is significant since it will also help the government look at the possibility of the influencing or improving existing laws and regulations in the implementation of strategies.

7.2.2 Implication on Policy

The study has examined ways by which strategy implementation affects performance of institutions in the energy sector in Kenya. Also, the study examined the moderating effect of macro environment and intervening effect of capital structure between strategy implementation and performance. Centered on the research findings, recommendations are made that best practices that were identified in the process of implementation of strategy ought to be done while putting into consideration the effects of external environment in order to attain superior performance. The study is useful to policy-making agencies as it will guide in formulation of policies that could enforce best practices in development of formal guidelines for strategy implementation, performance management s and establishment of key performance indicators to increase level of success of institutions in the energy sector in implementation of strategy.

The study recommends that Policy guidelines should be developed to support institutions in Energy sector access capital, build capacity and adopt appropriate technology and earn a fair return on their investment. In addition, policy makers should enhance Political support and develop enabling Laws, policies and regulations which facilitate investment for superior performance by Energy Sector Institutions.

Managers in institutions in the energy sector ought to formulate policies that facilitate development of leadership and appropriate structures. In addition, the policis should enable employees to acquire adequate knowledge and skills to perform their duties, encourage employee participation in formation and implementation of strategy as well as provide adequate resources for strategy implementation, all these geared towards better organization performance. Additionally, policies that promote harmonious working relationship among all stakeholders should be enhanced for efficient strategy implementation. The study recommended that employees should be enlightened on the strategies that the organization aim to adopt to eradicate the possibility of opposition to its implementation and other challenges faced in the process of changes.

7.2.3 Implication on Practice

The study showed that each of the tested variables had an effect on performance either individually or jointly. The findings suggested that leaders in the energy sector institutions define key and crucial organizational strategic change moments, create appropriate strategies and translate such strategies to action in operational terms for the change direction required. Hence the study advocates for strategic leadership to be enhanced in institutions in the energy sector to harness and deploy requisite organizational capabilities that allow the organizations achieve their goals and objectives through formulating and implementing necessary strategies to ensure successful performance.

The choice of financing makes cost of capital a crucial variable for every organization since it determines the company's capital structure and hence management of institutions in the energy sector ought to develop and implement right strategies which provide adequate funding and also minimize cost of capital for improved firm performance. Additionally, management of institutions in the energy sector ought to promote effective debt covenants which facilitate development and implementation of right strategies that steer a firm to increase its income to enable it clear debt and enjoy profits hence better performance.

Organizational macro environment was found to affect the relationship between strategy implementation and performance and hence it is prudent for organizations' management to be keen on current and trending issues, emerging technologies, new legal regulations, inflation, customer behavior, competition, supplier challenges, sponsor demands, political shifts among other issues that may affect implementation of strategy to enhance organizational performance. The study results revealed that the macro environment had a positive and significant effect between strategy implementation and performance. This study there recommends that the linkages between macro environment and strategy implementation should not be ignored.

7.3 Limitation of the Study

Among the key challenges faced in the course of the study, confidentiality of information was a key constraint as some respondents appeared to withhold crucial information pertinent to the achievement of the study objectives. It was necessary therefore for the researcher to explain to the respondents that the study was only meant for education purposes. The researcher also presented the introductory letter from the University to prove to them that the research had no negative motive as it is meant for education purposes.

The study was conducted only among key players under energy sector engaged in policy and regulation, generation, transmission and distribution and therefore the results from this research should be generalized with caution. The study adopted a cross-sectional survey research design since it had clearly stated hypotheses or investigative questions. The design however has the disadvantage that it cannot establish causality among variables. Thus, while the study could establish the direction and nature of relationships among variables, it may not establish the causality effects among the variables.

Similarly, the selection of strategy implementation parameters included in the operationalization of study variables was not exhaustive. Therefore, other factors could provide additional insights into the effect of strategy implementation on performance of energy sector institutions. The major underlying issues driving the study variables as identified by factor analysis could provide a good start. The inclusion of more variables and application of more robust set of statistical tools apart from those used in this study could increase the robustness of study models and hence the validity of the results. Therefore, the study would serve as an important reference for future research on strategy implementation and performance of energy sectors.

7.4 Suggestions for Further Research

The study sought to establish the relationship between strategy implementation, capital structure and macro environment on performance of the energy sector institutions in Kenya. Further studies should also consider introducing different variables other than capital structure and macro environment in testing for intervening and moderating effect. Secondly the current study used quantitative measures of performance energy sector institutions performance. A similar study could be conducted based both qualitative and quantitative measures of performance by using institutional records like performance contracting.

The cross-sectional design adopted by this study limited the ability to draw hard conclusions about the direction of causality on the variables studied. For instance, institutions that are good at implementation of their selected strategies may be better at hiring and ensuring that their employees are better equipped to do their jobs. Future research could use longitudinal design set up to address this limitation and draw specific conclusions on the direction of causality. This could further widen the scope of the current study. Further research may validate the findings and conclusions of the study in a different time frame. It would be interesting to carry out a similar research in the same sector so as to come up with strategies that integrate various strategies, environment and fiscal structures of the institutions. Future study could be done on other sectors other than energy and compare the similarities and differences that will be established in these sectors. The scope of this study was energy sector institutions in Kenya. The study recommends that researchers replicate this study in other studies. Both the contextual and organizational factors in these other sectors will be different and so are bound to influence the study variables differently.

7.4.1 Chapter Summary

This chapter has presented a summary of the study, conclusion and the recommendations. The chapter discussed the findings of the study where all the hypotheses were supported as statistically significant. Conclusion of the study was discussed. The chapter discussed the various implications of the study on theory, managerial practice, policy and methodology. This study recommendations and suggestions for future study were discussed. The chapter concluded by discussing limitations of the study, bearing in mind that the respondents were rigid and not enthusiastic to participate in the study.

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APPENDICES

Appendix I: Letter of Introduction

Dear Sir/Madam,

I am a postgraduate student at Management University of Africa pursuing a Doctor of Philosophy in Management and Leadership. I am conducting a research on "**Strategy Implementation, Capital Structure, Macro environment and Performance of Energy sector institutions in Kenya"**.

In view of the above, I am requesting you to answer the questions, which are provided in the questionnaires attached here-with. I also request you to provide me with the necessary documentation and information regarding strategy implementation practices of your firm. This will help me collect the necessary data which will help me to achieve the objectives of the study.

The information that you will provide will remain confidential and will be used exclusively for this research and not for any other purpose. Your response and cooperation in this matter will be highly appreciated. Thank you in advance.

Yours Faithfully,

JOHN MUDANY

Appendix II: Questionnaires

SECTION A Demographic Information

1. Kindly indicate your experience.

   Under 25 years [ ]

   25 to 34 years [ ]

   35 to 44 years [ ]

   45 to 54 years [ ]

   55 and above [ ]

2. What is your highest educational qualification achieved?

   Diploma [ ]

   Under Graduate Degree [ ]

   Master's Degree [ ]

   PhD [ ]

   Others please specify…………………………………………………………...

3. How many years have this organization been in operation?

   Below 5 years [ ]

   5 to 10 years [ ]

   11 to 15 years [ ]

   16 to 20 years [ ]

   Over 20 years [ ]

4. Kindly indicate the number of employees in your organization

   1 to 50 [ ]

   51 to 100 [ ]

   101 to 200 [ ]

   201 to 300 [ ]

   Over 300 [ ]

4\. Type of institution

   Regulation [ ]

   Generation [ ]

Transmission [ ]

Distribution [ ]

SECTION B STRATEGY IMPLEMENTATION

5. Using a scale of 1 to 5 tick the appropriate answer from the alternatives provided for each of the questions

(1=Strongly Agree, 2=Agree, 3=Neutral, 4 =Disagree, 5=Strongly Disagree)

	Questions	1	2	3	4	5
	Leadership					
1.	My leader ensures that employees have adequate knowledge, experience and skills to perform their work					
2.	The vision of our leaders is aligned to our strategy					
3.	My organization gives adequate information, encourages employee feedback and participation before a new strategy is implemented					
4.	Employees have annual performance targets linked to our strategic goals					
5.	Adequate resources are allocated to support delivery of strategic goals					
6.	My leader ensures that employees are rewarded equitably based on their work performance and achievement of set objectives.					
7.	The leadership in my organization demonstrates commitment to strategy implementation in order to achieve the set strategic objectives					
	Structure					
1.	My organization structure supports our strategy and is revised regularly to match the changes in strategy requirements.					
2.	My organization is governed by a clear system of policies, rules, regulations, and procedures which guide implementation of strategy.					
3.	My organization's structure allows quick timely decisions and feedback during implementation of strategy to ensure we achieve our goals					
	Responsibility and Accountability					
1.	Decision-making is mainly done by top management and managers must consult in most cases					
2.	The management encourage employees to conduct continuous research to improve products and services.					
3.	All employees of our company including those at the lower level are held accountable for achievement of the goals of the company					
4.	The middle managers are better in strategy implementation as compared to senior managers					

	Culture					
1.	The management encourages employees to be creative, try new methods and conduct continuous research to improve products and services					
2.	My organization is like a family where everyone is focused on smooth implementation of strategies in order to achieve set goals					
3.	My organization has precise rules , procedures and methods for implementing strategic objectives					
4.	My organization regularly reviews and measures progress against set targets as teams when implementing strategies					
6.	My organization encourages teamwork among employees					
7.	In my organization problems affecting strategy implementation are addressed openly and resolved					

SECTION C MACRO ENVIRONMENT

6. In a scale of 1 to 5, indicate the extent to which each environmental aspects have been favorable in the development and provision of Energy sector services.

   (1=Not at all, 2=Small extent, 3=Neutral, 4= Large extent, 5=Very large extent)

	Environmental Factors	1	2	3	4	5
	Political – policy and support					
1.	There is a lot of political interference which makes us adjust how we implement our strategic objectives.					
2.	Policy and Regulation (licensing, land, tariff) influences how my organization implements strategic plans in order to achieve our goals.					
3.	There is adequate Political support for our organization which enables us achieve our strategic goals					
4.	Regulation of Power tariffs has affected achievement of our strategic goal's implementation					
	Ecological					
1.	Our company considers the environment when implementing strategy					
2.	Ecological factors affect our organization when implementing our strategy.					
3.	Our firm consider competitors as important market players and sources of information and opportunities for cooperation are explored					
4.	Resource commitment is guided by social environmental variable					
	Social					
1.	The social forces change very fast and they influence the way we implement our strategic initiatives					

2.	Harmonious working relationships with the stakeholders(community, employees, suppliers, political and administrative class)” is important when implementing our strategies					
3.	Preserving positive public image is one of the main policies for our Organization when implementing strategy					
4.	Resource commitment is guided by social environmental variable					
	Technology					
1.	My organization uses the most appropriate technology in the market to produce power or provide services					
2.	The level of technology in place has greatly assisted my organization to implement strategies					
3.	Our organization updates and improves our technology and systems to ensure they are the latest and most efficient					
4.	Our organization is keen to ensure that technology required is availed					
5.	Our organization is quick to respond to the changes in technology					
6.	My organization allocates funding for new technology, research and development					
	Economic					
1.	The actions of our competitors have made us change our strategy in the last five years					
2.	Bargaining powers of suppliers to service providers is very competitive					
3.	My company experiences threat of substitute services from other sources.					
4.	Economic factors like inflation, exchange rates, economic growth has significant influence on our strategy implementation					
	Legal					
1.	Strict government rules and regulation could hinder the viability of my business					
2.	Compliance requirement with various laws and regulations (e.g environmental, procurement, safety etc) has influenced implementation of our strategy					
3.	Laws on taxation has been unfavorable to our organization and impacted implementation of our strategic goals					
4.	Regulation of access to licenses has impacted implementation of our organization strategy					

SECTION D: CAPITAL STRUCTURE

7. Kindly indicate the extent to which the following attributes of capital structure affect your firm's performance. Please (y) tick appropriately on a scale of 1-5. 1- Strongly Disagree, 2- Disagree, 3- Uncertain, 4- Agree, 5- Strongly Agree.

	Statement	1	2	3	4	5
	Cost of capital					
1.	An aggressive financing policy is important for the firm					
2.	Investors are likely to invest in a firm where shareholders have a stake					
3.	Firms rank internal sources of finance higher than external sources					
4.	My organization ensures cost of capital is minimized while maximizing the value of the firm					
5.	My organization creates benchmark to evaluate its performance and discount rate for evaluating capital investments					
6.	My organization employees financial ratios for business analysis					
	Covenants					
1.	My organization has debt agreements with the external financiers					
2.	Stakeholder are given right of partial information disclosure to the company's debt holder					
3.	Investors are protected from extravagant investments by the covenants					
4.	My organization has large assets which could be used to act as collateral for securing the loans.					
	Debt					
1.	The firm has a mix of debt and equity in its capital structure					
2.	The survival of my business is highly dependent on the country's economy					
3.	The organization prefers internal funding to external funding					
4.	High levels of debt in a firm's capital structure may cause liquidity problems					
5.	Excessive use of debt can lead to higher financial distress costs					
6.	There are tax savings associated with use of debt as a source of financing					
	Equity					
1.	Equity element in a firm's capital structure is attractive to lenders					
2.	My organization's net income is greater than ordinary shareholders' equity					
3.	My organization's leverage ratio is inversely related to market-to-book equity ratio.					

SECTION D PERFORMANCE

	Questions	1	2	3	4	5
1.	Performance agreements have enhanced performance at my organization					
2.	The reward structure at my organization has enhanced performance					
3	Strategic alignment with organization goals and objectives have enhanced performance					
4.	Performance appraisal is conducted to check on the performance					
5.	Organization conceptualizes continuous innovativeness as a tool in strategy					
6.	My organization has enough skilled and experienced employees to achieve high performance					

8. Please indicate the extent to which you agree with each of the following statements using a scale of 1- Strongly Disagree, 2- Disagree, 3- Uncertain, 4- Agree, 5- Strongly Agree., in relation to your firm's performance.

	Statement	1	2	3	4	5
1.	Quality of outputs is high (e.g. reliability of service delivery).					
2.	Quantity of outputs is adequate (e.g. volume of service delivery).					
3.	Value for Money is high (e.g. cost per unit of service delivery).					
4.	Effectiveness (e.g. whether your objectives were achieved).					
5.	Citizen satisfaction is high					
6.	Financial (e.g. services are fairly distributed amongst shareholders).					
7.	Innovation is high					
8.	Overall performance is excellent					

Appendix III: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **887509**

Date of Issue: **23/October/2019**

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Appendix IV: Medium Term Plan I Installed Power Generation Capacity for Kenya

Table 1 Medium Term Plan I Installed Power Generation Capacity for Kenya (2007/2008-2012/2013)

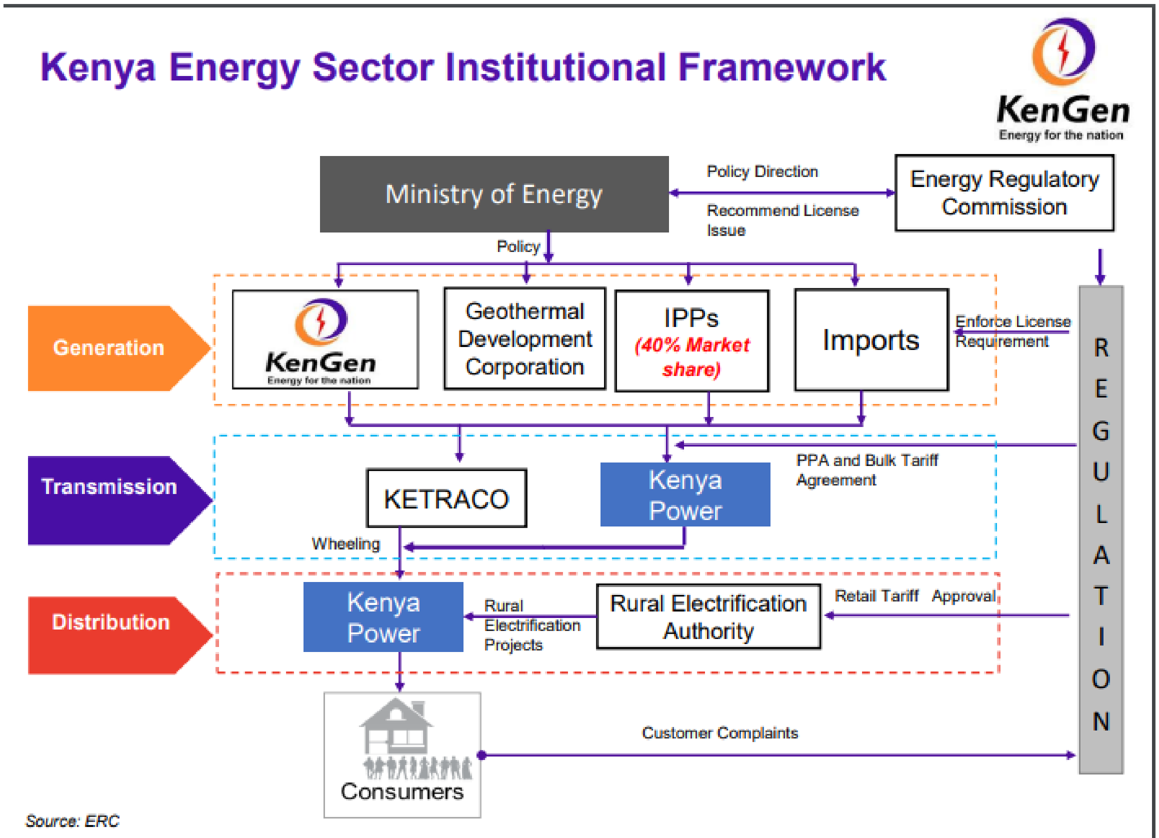
Period	Installed Power Generation Capacity
2011/2012	1690
2012/2013	1,765

Table 2 Medium Term Plan II Installed Power Generation Capacity for Kenya (2013/2014 – 2017/2018).

Period	Installed Power Generation Capacity
2013/2014	2,195
2014/2015	2,333
2015/2016	2,341
2016/2017	2,333
2017/2018	2,351

Source: KPLC Report (2017/2018)

Appendix V: Organogram of the Kenya's Energy Sector



Source: Ministry of Energy and Petroleum Strategic Plan, 2013-2016

Appendix VI: Krejcie and Morgan Table

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

Appendix VII: Electric Power Generation Licenses and Permits

Energy Regulatory Commission

Table 1 Electric Power Generation Licenses and Permits

	Licensee	Technology	Location of Power Plant(s)	Capacity (MW)	Date Granted	Duration (Years)	Supply To	Remarks
1	KenGen[1]	Geothermal	Olkaria I	185	2nd Oct 2008	25	Grid	Modified on 6th Dec
2	Tsavo Power[6]	Thermal	Mombasa	74	21st Mar 2000	23	Grid	
3	Iberafrica[7]	Thermal	Nairobi	108.8	20th July 2005	27	Grid	
4	OrPower4[8]	Geothermal	Naivasha	150	24th Nov 2000	25	Grid	Modified on 16th July
5	Pwani oil products limited	Biomass	Kilifi	1.5	24th Jan 2018	20	Captive	
6	Nzoia Sugar Co. Ltd	Bagasse	Bungoma	7	11th April 2018	20	Captive	
7	Homabay Biogas One	Biogas	Homabay	8	11th April 2018	20	Grid	
8	Hydro project services peters Ltd	Hydro	Meru	0.51	11th April 2018	20	Grid	
9	Chania Green Generation Ltd	Wind	Kajiado	50	11th April	20	Grid	
10	Oserian Development Co.ltd	Solar	Nakuru	1	22rd August	20	Captive	

11	Pan Paper9	Cogeneration	Webuye	9	2004	15	Captive	
12	Mumias Sugar	Cogeneration (Bagasse)	Mumias	38	24th Apr 2008	25	Grid	
13	Rabai Power	Thermal	Mombasa	90	15thJuly 2008	15	Grid	
14	Lake Turkana10	Wind	Marsabit	300	16th Dec 2010	20	Grid	
15	Bidco11	Biothermal	Thika	2.125	18thAug 2011	20	Grid	
16	KPRL12	MSD	Mombasa	8.5	24thFeb 2011	20	Captive	
17	GulfPower Ltd	Thermal	Athi River	80	14thSept 2011	20	Grid	
18	Triumph13	Thermal	Athi River	83	14thSept 2011	20	Grid	
19	Thika Power	MSD	Mang'u Area	87	9th Feb 2012	20	Grid	
20	Kinangop14	Wind	Kinangop	61	9th Feb 2012	20	Grid	
21	RegenTerem15	Hydro	Mt. Elgon	5.2	27thFeb 2014	20	Grid	
22	Cummins16	Biomass	Marigat	8.4	29thJan 2014	20	Grid	
23	QPEA Menengai17	Geothermal	Nakuru	35	4th Dec 2014	25	Grid	
24	Mt Kenya Power 18	Hydro	Meru	0.6	4thDec 2014	25	Grid	
25	Tindinyo19	Hydro	River Yala, Nandi County	1.5	4thDec 2014	25	Grid	
26	Sosian- Menengai20	Geothermal	Nakuru	35	4thDec 2014	25	Grid	
27	Orpower 22 21	Geothermal	Nakuru	35	16thJuly 2015	25	Grid	
28	CemtechLtd	Coal	West Pokot	30	16thJuly 2015	30	Captive	
29	Kleen Energy22	Hydro	Embu	6	16thJuly 2015	25	Grid	
30	Kipeto Energy Limited	Wind	Kajiado	100	16th Sep 2015	20	Grid	
31	Ol-ndanyat Power Ltd	Wind	Kona Baridi, Kajiado County	30	3rd December 2015	25	Grid	
32	Greater Meru Tea Power Co	Hydro	Meru County	1.5	30th March	25	Grid	
33	Greater Meru Power Co Ltd	Hydro	TharakaNithi County	2	30th March 2016	25	Grid	

34	Kirinyaga Power Co Ltd	Hydro	Kirinyaga County	1.8	30th March 2016	25	Grid	
35	Chania Power Co Ltd	Hydro	Murang’a County	1	30th March 2016	25	Grid	
36	Kwale International Sugar Co Ltd	Cogen	Kwale County	18	25th February 2016	20	Grid and Captive	
37	Devki Energy Co Ltd	Coal	Merrueshi, Kajiado	15	25th May 2016	20	Captive	
38	Butali Sugar Mills Limited	Cogen	Kakamega County	11	1st December 2016	25	Captive	
39	Chemelil Sugar Co Limited	Cogen	Kisumu County	3	1st December 2016	25	Captive	
40	Amu power	Coal	Lamu County	1050	3rd March	20	Grid	
41	Alten Energy	Solar	Uasin Gichu County	40	3rd March 2017	25	Grid	
42	Radiant Energy	Solar	Uasin Gichu County	40	3rd March 2017	25	Grid	
43	Eldosol Energy	Solar	Uasin Gichu County	40	3rd March 2017	25	Grid	
44	SONY Co. Ltd	Bagasse	Migori County	8.7	26th April	20	Captive	
45	Ofgen Power Ltd	Solar	Nairobi & Taita	0.455	26th April 2017	20	Captive	
46	Strathmore University	Solar	Nairobi County	0.6	26th April 2017	20	Grid & Captive	
47	Malindi solar	Solar	Kilifi	40	26th July	20	Grid	

Table 2 Electric Power Generation, Distribution and Supply Licenses

Ref No	Name of Licensee	Technology	Location of Undertaking	Capacity (MW)	Date Granted	Duration (Years)	Supply to	Remarks
48	James Finlay	Hydro and Thermal	Kericho	6.7	19th April 05	15	Self and Grid	
49	Sotik Tea23	Thermal	Arroket Tea Factory	1.5	19th April 05	15	Self	
50	Sotik Highlands24	Thermal	Sotik Highlands	1.06	19th April 05	15	Self	
51	Unilever25	Hydro and Thermal	Kericho	4.66	11th Dec 08	25	Self	Modified 28th Oct 2010
52	Imenti26	Hydro	Imenti Tea Factory	0.92	29th April 10	25	Self and Grid	

53	Powerhive27	Solar PV	Kisii and Nyamira Counties	3.0	16th Feb 15	25	Public	Transferred to Cloverfield Energy Services Ltd
54	Talek Power Company Ltd	Solar PV-Diesel Hybrid	Talek, Narok County	0.05	16th Sep 15	25	Public	Mini-grid
55	Two Rivers Power Company Ltd	Solar, Diesel & Purchase from KPLC	Nairobi County	2 MW Solar, 35 MW purchase from KPLC& 10 MW	16th September 15	25	Self & Public	
Ref No	Name of Licensee	Technology	Location of Undertaking	Capacity (MW)	Date Granted	Duration (Years)	Supply to	Remarks
56	Biojoule Kenya Ltd	Biogas	Naivasha, off Moi South Lake Road, Nakuru County	2.6	3rd December 2015	25	Self and Grid	The energy will be supplied primarily to Gorge Farm and surplus to
57	Metumi Power Co Ltd	Hydro	Murang'a County	5.6	30th March 2016	25	Self and Grid	
58	Oserian Development Company	Geothermal	Nakuru County	3.7	26th April 2017	20	Captive	Amended on 26th April 2017 to include distribution &
59	Nyakwana Power Company ltd	Hydro	Kisii County	2	28th June 2017	25	Self and Grid	
60	Gura Power Company Ltd	Hydro	Nyeri County	5.8	28th June	25	Self and Grid	
61	Tatu City Power Co. ltd	Grid power	Kiambu	135	26th Sep 2018	25	Import of Grid power	

Table 3 Electric Power Distribution and Supply Permits for Kenya Power and Lighting Company Off-Grid Stations

Ref No	Licensee	Technology	Location of Power Plant(s)	Capacity (kW)	Date Granted	Duration (Years)	Supply To	Remarks
62	KPLC29	30IDO	Elwak	520	24th Sep 2009	50	Mini grid	

Table 4 Electric Power Transmission, Distribution and Supply Licenses

Ref No	Name of Licensee	Description of the Undertaking	Date Granted	Duration (Years)	Remarks
63	KPLC34	Transmission of electrical energy in bulk over the Kenya National Grid, comprising 1,323 km of 220 kV lines and 993 km of 132 kV lines, from the major sources of generation to the transmission substations, together with the interconnection with Ugandan Grid. The sources of generation comprise the Seven Forks hydro power plants, vizMasinga` Kamburu, Kindaruma, Gitaru and Kiambere, Turkwel and SonduMiriu hydro power plants operated by KenGen, the geothermal power plants at Olkaria operated by KenGen and Orpower4 and the thermal power plants at Mombasa operated by KenGen, Tsavo and Rabai Power.	24th Sep 2009	50	
64	REA	Rural Electrification Authority			
65	KETRACO35	Transmission of electrical energy in bulk over the 132 kV, 220 kV, 400kV ac and 500kV HVDC36network in Kenya and interconnections with all	18thJuly 2013	50	
66	GDC	Geothermal development Company			
67	MOE	Ministry of Energy			
68	ERC	Energy Regulation Commission			

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