DETERMINANTS OF STRATEGY IMPLEMENTATION AMONG THE INSURANCE COMPANIES IN KENYA

PAUL MWANGI KIBICHO
Jomo Kenyatta University, Nairobi Kenya


ABSTRACT
The fundamental importance of strategic management is that the world keeps changing. Strategy implementation is a series of actions aimed at putting a selected strategy at work by planning how the chosen strategy can be put into effect and managing the changes required. Organizations have come up with credible strategies which have failed to see the light of day due to poor implementation. For successful implementation, an organization’s various resources, systems, structures and other variables must be expended. Many studies have been carried out on various issues on strategic management but none has focused on the strategy implementation in a locally incorporated insurance company. This study was meant to evaluate how competitive strategy implementation affects the performance of insurance industry in Kenya. To achieve the objective of this study, data was collected from the managers in insurance firms in Kenya. The study used mixed methods research design to collect and analyse the data. The data was collected using questionnaires. The target population of the study was the entire 51 registered insurance companies operating in Kenya. The data collected was checked for completeness and thoroughly edited before being coded and entered into a computer software SPSS version 17 for analysis. The variables of the study were analysed using descriptive statistics such as mean, frequencies, and standard deviation. A multiple regression model was adopted to examine the effect of the variables of the performance of the firms. The hypothesis of this study was tested using non-parametric statistics of hypothesis testing Mann-Whitney test. The findings of this study will provide useful information to the insurance firm managers on the strategies for competition in today’s volatile and ever changing market environment. The study found out that to a very great extent Choice of strategies on advertising and promotion affects the strategic decisions of
company while to a great extent Choice of Staff; Product development and Choice of branch networks affects the strategic decisions of company. The study concluded that to a very great extent, Choice of branch networks affects the strategic decisions of company while Choice of Staff; Choice of strategies on advertising and Product development affects the strategic decisions of company. Further the study recommends that managerial competences be implemented since they are key ingredients in organizational success. It has been found out that minor competence developments are unlikely to have any impact on improvement of firms performance
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The objective of strategy is to bring about advantageous conditions within which action will occur. The concept of strategy has developed as an important aspect of managing as the dynamics and complexity of the world and business environment have increased. The term strategy is used to explain both the processes for example organizational restructuring and the outcomes of chosen long-term directions. It can be either a conscious, planned activity or a series of events, which lead to a desirable objective. A strategy involves an evaluation of the likely impacts of both the external and internal organizational environment, the long-term goals of the organization (Mintzberg et al., 1998).

From the perspective of classical strategic management theory, strategy is considered a deliberate planning process, initiated by top management, based on an elaborate industry analysis and aimed at designing a cohesive grand strategy for the corporation. Mintzberg et al. (1998) point out that a firm's strategic planning process involves explicit systematic procedures used to gain the involvement and commitment of those principal stakeholders affected by the plan. According to Barney (2001) rather than adopting a single style of strategy development, organizations mix six elements of planning, incremental, cultural, political, vision and enforced choice in different combinations.

The basic strategic planning model suggests that a company’s strategies are as a result of a plan hence the planning process itself is rational, highly structured and that the process itself is orchestrated by top management (Hickson et al., 2003). The organizations engage in
strategic planning practices so as to clearly define their goals and objectives. The strategic planning model assesses both the internal and external environments to formulate strategy, implement the strategy, and evaluate the success of strategy. Strategic planning incorporates planning, incremental, cultural, political and visionary views. Moreover, strategic planning should involve objective setting, analysis of environmental trends and resource capabilities, evaluation of different options and careful planning and implementation of strategies (Johnson et al., 2006). Strategic plans include elements that describe an organization’s present state, aspirations, and intentions for the future, and approach for going forward. A well-documented strategic plan is critically important for organizing thinking and communicating thoughts.
1.1.3 Strategy implementation –global scene

In recent years organisations have sought to create greater organisational flexibility in responding to environmental turbulence by moving away from hierarchical structures to more modular forms (Balogun and Johnson, 2004). Responsibility, resources and power in firms has been the subject of decentralisation and delayering. Given an intensifying competitive environment, it is regularly asserted that the critical determinant in the success and, doubtlessly, the survival of the firm is the successful implementation of marketing strategies (Chebat, 1999). The role and tasks of those employees charged with strategy implementation duties, the mid-level managers, in these new restructured organisations is under scrutiny.

Globally, strategy implementation is slowly taking into account functional areas such as accounting, marketing, human resource management, or information management (for instance, Naranjo-Gil and Hartmann, 2006). The next trend is the continuing emphasis on the well-accepted factors of strategy implementation such as structure, culture or organizational processes. For instance, the work of Olson et al. (2005) reiterates the significance of organizational structure and processes in strategy implementation. The third trend noted is of reporting studies in specific socio-economic contexts such as those in specific countries (e.g. China as in Wu et al., 2004) or developing economies (e.g. Latin American as in Brenes et al., 2007). Referring to strategy implementation as systematic execution, these scholars include organizational culture and structure, work and information system, and essential business processes as the key implementation factors. They also stress the significant point that the degree
to which an organization succeeds in establishing a priority system for each implementation action is necessary.

1.1.3 Strategies and strategy implementation by insurance firms in Kenya

In Kenya, Health financing systems have three inter-related functions, which are central to achieving universal coverage (UC). They include revenue collection, pooling and purchasing (Kutzin, 2001). Revenue collection refers to the process by which health systems receive money from households and organizations. Pooling refers to the accumulation and management of revenues to ensure that the risk of paying for health care is borne by all the members of the pool and not by each contributor individually. It embodies the insurance function within a health system. Pooling can be explicit or implicit: explicit, when people knowingly subscribe to a health insurance scheme; and implicit, where contributions are through tax revenue (WHO, 2005). Purchasing is the process by which pooled funds are paid to providers in order to deliver a set of health interventions. It involves the transfer of pooled resources to service providers on behalf of the population for which the funds are pooled (Kutzin, 2001). Purchasing can be strategic or passive (WHO, 2005): strategic purchasing involves a continuous search for the best ways to maximize health systems performance by deciding which interventions should be purchased, while passive purchasing implies following a pre-determined budget or simply paying bills when presented. Strategic purchasing is best for universal coverage. In most cases, pooling and purchasing are implemented by the same organisation. Depending on how they are designed, payment mechanisms can influence provider behaviour (Kutzin, 2001) they can act as incentives/disincentives to providers. Achieving UC will depend on the extent to which countries combine these functions to ensure there is equitable and efficient revenue generation, the extent
to which financing systems encourage cross-subsidization and the degree in which health systems provide or purchase effective health services for the population (WHO, 2005).

1.1.4 Insurance Industry in Kenya

The insurance industry in Kenya is quite competitive and crowded. According to Olotch, (1999) the number of players in the Insurance industry was relatively large. There are Forty Three (43) insurance Companies in a small market of about Kshs. 20 Billion. He noted that the Republic of South Africa accounted for more than 90% of the premium in Africa and had half the number of insurers listed in Kenya. He further suggested that the local Insurance Companies in Kenya should merge to create bigger but fewer units (Olotch, 1999). The industry is governed by the Insurance Act and is regulated by the Insurance Regulator.

Insurance business in Kenya is governed by the Insurance Act 1 of 1985 which provides the registration of Insurance companies, Intermediaries, Risk managers, Loss adjusters, Insurance surveyors and Claim settling agents. All persons and companies carrying out insurance business in Kenya must be registered (Christian, 2006). After independence transformation has taken over Kenya’s insurance industry. In reference to Association of Kenyan Insurers, in the end of 2009 “there were 44 licensed insurance companies, 20 companies engaged in non lifeinsurance while 9 wrote life insurance and 15 companies were composite engaging in both life and non life insurance. The industry had 137 licensed insurance brokers, 21 Medical Insurance Providers (MIPs) and 3,076 insurance agents. Other licensed players included 106 investigators, 57 motor assessors, 18 loss adjusters, 2 claims settling agents, 5 risk managers and 26 insurance surveyors” (AKIa 2009).
Forty one insurance companies and three reinsurance companies are currently licensed to operate in Kenya. Due to the presence of many players in the market, competition for business has unfortunately focused on pricing. In a survey carried out for the period 2003 to 2005, the market produced positive underwriting results despite the pressure on rates. Over these three years, nineteen companies averaged a combined ratio of under 100%, signifying underwriting profit, while the remaining sixteen companies showed underwriting losses, with the worst performer recording a combined ratio of 135%. In spite of this, all but two companies were able to realize a profit for year 2005 because healthy investment returns boosted the poor underwriting performance, Oloch (1999). He states that as a result of price wars and other management inadequacies, the industry experienced company failures, with five companies being placed under liquidation or statutory management. The issue of price competition has been of such concern to market players in the industry over the last few years that the Association of Kenya Insurers was forced to give guidance to its members. In place of such competition and failure in the sector, players in the industry need to adopt diversification strategies that will minimize the chance of loss to the Company.

There are several insurance sectors and products in Kenya’s market. They can be split into; non life and life insurance. Non life insurance is also referred to as General insurance. It covers the policy owner from risks, for instance property/casualty; it protects your possessions from fire and peril (Floods, Earthquakes etc). Health insurance protects you through settling the costs related to your health (Physicians fees). Life insurance is the payments paid to the beneficiaries as a result of death of the insured, according to the contract made by the policy owner and the insurer.
1.2 Statement of the Problem

Insurance market activity, both as a financial intermediary and as a provider of risk transfer and indemnification, promotes economic growth by allowing different risks to be managed more efficiently. This activity would encourage the accumulation of new capital and mobilize domestic savings into productive investments. Arena (2008), found that a robust causal relationship exists between insurance market activities and economic growth.

Insurance sector is a highly competitive and has a very dynamic market. This makes the firms in the sector to continually create, implement, assess and improve on strategies so as to remain relevant and competitive in this market. The competitors keep also changing their strategies to counter these moves. The firms need strategies that can give them competitive advantage over their competitors. Therefore, strategy implementation practices must be streamlined to ensure successful implementation that ensures success to the firms. Successful strategies implementation involves a more skill-based strategic thinking, innovation, execution, critical thinking, positioning and the art of warfare (Sidorowicz, 2007), all which requires one to be fully prepared to deal with. Thompson & Martin (2005) claims that successful strategies implementation leads to financial and competitive success and this acts as the greatest persuasions for use of the strategic management in promoting the development of a constantly evolving business model that will produce sustained profitability for the business.

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work – implementing it throughout the organization – is even more difficult (Hrebinjak, 2006). A myriad of factors can potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is
often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999b). It is thus not surprising that, after a comprehensive strategy or single strategic decision has been formulated, significant difficulties usually arise during the subsequent implementation process.

The best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented, as Noble (1999b) notes. Although, many companies have been implementing strategies in their respective organizations and re-organizing their business processes (Rajagopal, 2002), it is important to note that more than 70 per cent of standard package implementation projects fail (Milis&Mercken, 2002). Results from several surveys have confirmed this view: An Economist survey found that a discouraging 57 percent of firms were unsuccessful at executing strategic initiatives over the past three years, according to a survey of 276 senior operating executives in 2004 (Allio, 2005). According to the White Paper of Strategy Implementation of Chinese Corporations in 2006, strategy implementation has become “the most significant management challenge which all kinds of corporations face at the moment”. The survey reported in that white paper indicates that 83 percent of the surveyed companies failed to implement their strategy smoothly, and only 17 percent felt that they had a consistent strategy implementation process.

It is thus obvious that strategy implementation is a key challenge for today’s organizations. There are many (soft, hard and mixed) factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control. How can we better understand these issues and their importance for successful strategy implementation? This study responded
to this question by analyzing existing factors that influence strategy implementation among insurance companies in Kenya.

Despite these problems in implementation, there is scanty local research on this important sector of strategic implementation to shed light on the best way to carry out the implementation process. A study by Gworo (2012) determined the challenges of the implementation of growth strategies at Equity Bank Kenya Ltd. The challenges established included resistance on the part of the staff to accept the new strategy, political and cultural challenges that resulted from the locals getting political support to accept or not accept the new strategies. Also lack of proper coordination and aggregation of activities was also a challenge, competition from among others players in the market also posed a challenge to the Banks strategy implementation. Other challenges included sabotage of the process by some of the parties, limited resources and technological challenges. Another study by Gakenia (2008) investigated strategy implementation in Kenya Commercial Bank. The study found that study found that strategy implementation process at KCB follows the basic requirements for a successful strategy implementation.

Amollo (2012) has studied the challenges of strategy implementation at the Parliamentary Service Commission of Kenya. He found that the organization encountered slow procurement procedures due to bureaucracy in administration hence delays in decision making for some of the key projects, inadequate office space, lack of a clear communication framework due to poor inter and intra-communication and coordination among/within Directorates/Departments and slow implementation of some projects due to lack of adequate technical staff. Chege (2012) evaluated the challenges of strategy implementation for firms in the petroleum industry in Kenya. The survey found out that Strategy implementation challenges in the petroleum Industry in Kenya has
a relationship to global oil industry factors and government legal statutes put in place to regulate the sector. The survey further revealed that strategic management practices exist in most the firms in the oil industry although in some cases strategy formulation process does not involve all the stakeholders. Lack of buying-in the stakeholders during strategy formulation could explains why there are challenges in strategy implementation. The study further indicated that challenges of strategy implementation can be addressed appropriately through use of appropriate technology, resource allocation and prioritization, involvement of stakeholders and adopting reward system that fit an organization. Atandi (2011) reviewed strategic plan implementation at the Higher Education Loans Board of Kenya. The study found that regular reviewing of the strategic plans was crucial in making the strategy implementation at HELB successful. It revealed that limited financial resources, resistance to change, incapacitation in terms of infrastructure, technology, organizational structure and skills inhibit the strategic plan implementation at the board. The numerous studies on strategy implementation have not focused on the insurance industry in Kenya; a sector which is so critical and crucial to the motor industry. This represents a gap in insurance knowledge. It is against this background that this study was proposed so as to critically evaluate the factors affecting strategy implementation among the insurance companies in Kenya.

1.3 Objectives of the study

The objectives of this study were subdivided into general objectives and specific objectives which have been explained below.

1.3.1 General objective
The main objective of this study was to evaluate the determinants of strategy implementation in insurance companies in Kenya.

1.3.2 Specific Objectives

i. To establish the contribution of management competence on strategy implementation in insurance companies in Kenya.

ii. To deduce the effects of resource strength on strategy implementation in insurance companies in Kenya.

iii. To determine how corporate culture influences strategy implementation in insurance companies in Kenya.

iv. To ascertain the effects of innovation on strategy implementation in the insurance firms in Kenya.

1.4 Research Questions

i. What is the contribution of management competence towards strategy implementation in insurance companies in Kenya?

ii. How does resource strength affect strategy implementation of insurance companies in Kenya?

iii. What is the influence of corporate culture on strategy implementation in insurance companies in Kenya?

iv. How does innovation and entrepreneurship affect strategy implementation in insurance firms in Kenya?
1.5 Research Hypotheses

1. The study was guided by the following null hypotheses $H_0$: Managerial competence does not affect strategy implementation in insurance companies in Kenya.

2. $H_0$: Resource mobilization/strength does not influence strategy implementation in insurance companies in Kenya.

3. $H_0$: Corporate cultures do not influence strategy implementation in insurance companies in Kenya.

4. $H_0$: Innovation and entrepreneurship do not affect strategy implementation in insurance companies in Kenya.

1.6 Justification and significance of the Study

The study will provide knowledge on adopted strategies in Kenyan insurance companies and effect of appropriate strategy implementation process on their success and better performance. Managers of firms in the insurance industry will use the study findings as a basis of formulation and implementation in strategic management that can enhance their performance.

The results of the study will also assist the government of Kenya in formulating policies that assist firms in the insurance industry to improve their service delivery through better and more efficient processes. This will help create fair competition and improve this sub-sector of insurance with a general aim of promoting development of the economy.
To the general public, the study will provide information on the strategies used by the insurance firms in their operations. This will help them in decision making when choosing the firms to insure their anticipated risks based on the suitability and the credibility of the firms.

The study findings will also be used by scholars and academicians to explore and conduct further studies in this sector so as to further extrapolate the issues contained herein. The findings will greatly contribute to the existing body of knowledge on strategic management which future scholars and academicians will use as a reference in their studies.

1.7 Scope of the Study

This study was carried out in Nairobi County. The study collected data on aspects and factors affecting strategy implementation from the managers of insurance companies licensed to operate in Kenya. Specifically, the study collected data on the organizational performance of the study findings was limited to the time of the study period.

1.8 Limitation of the study.

This study collected data from distant respondents; this increased the study data collection period. This was overcome by increasing the number of research assistants to quicken the process of data collection. Also, the study collected data from insurance companies only. It was thus limited in its use and application since only a few companies work as insurance companies in Kenya.
CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction
This chapter reviews available literature that is related to strategy implementation and its relationship to organizational success. It includes the following sections: the theoretical review and models of strategy implementation, conceptual framework, empirical review, summary, critique and gaps. There seems to be widespread concurrence in the literature regarding the nature of strategic planning, which includes strategy implementation. The strategy implementation literature also presents various models showing the organizational characteristics suggested as significant factors for effective strategy implementation (Guffy, 1992).

2.1 Theoretical framework
There are many studies that have focused their attention on explaining strategy implementation and its importance. The aspects of strategic implementation and related ideologies are discussed by various authors and scholars under different contexts and places. The varying opinions and altitudes have been discussed under different theories as presented in this section.

2.1.1 The Higgins’s Eight (8) S Model
This model was put forward by Higgins is of the views that the executives must align the cross functional organizational factors; structure, system and processes, leadership style, staff, resources and shared values with the new strategy so that the strategy opted can succeed (Higgins, 2005). All these factors tinted above in the Eight S model are vital for successful strategy execution. Higgins (2005) says that the key here is that all the factors falling in the Contextual Seven S’s must be aligned to achieve best possible strategic performance.
Importantly organization’s arrows should be pointing in the same direction that is they should be aligned with one another. The other six contextual S’s should point in the similar direction as of the strategy (Higgins, 2005). For better understanding of the model it is essential to know and understand as what the Eight S’s offer. This model constitutes the theoretical framework of the study shown in the figure 2.1 below:

**Figure 2.1  Theoretical framework**

*Source: Higgins (2005); Journal of Change Management, vol. 15*
Strategy and Purpose: The element of ‘strategy’ refers to the “actions that a company plans in response to or in anticipation of changes in its external environment, its customers, and its competitors” (Waterman et al., 1980). According to Higgins (2005), strategies are formulated to achieve an organization’s purpose. Change in strategic purpose leads to change in strategy. Strategic purpose includes strategic intent, vision, focus, mission, goals and strategic objectives. There are four types of strategies named by Higgins as; corporate, business, functional, and process strategies. All the four differs in the organizational level of application for each of the strategies. A strategy that promotes success in a firm after implementation has to be a good strategy and hence it is important to ensure that the strategy is good enough and fits the purpose behind its formulation before it is implemented.

Structure: De Wit & Meyer (2003) define organisational structure as the clustering of tasks and people into smaller groups, i.e. dividing the organisations into smaller sections (departments, divisions). Higgins (2005) avows that organizational structure consists of five parts; jobs, the authority to do those jobs, the grouping of jobs in a logical fashion, the managers span of control and mechanism of coordination. Hence when executing a business strategy, decisions are to be made regarding how an organization is structured. This incriminates decisions in terms of jobs to be completed, authority to do the jobs, grouping of jobs into departments and divisions, the span of manager’s control and the mechanisms of control of such a structure. A good business structure relies heavily on a competent management and good human resources (Higgins, 2005).

Systems and Processes: The category ‘systems’ refers to all the procedures, formal and in-formal, that help the organisation to function on a daily basis (Waterman et al., 1980). Higgins
(2005) has described systems and processes by stating that systems and process enable an organization to execute daily activities. Hence, this element is about the formal and informal procedures used in an organization to manage information systems, planning systems, budgeting and resource allocation systems, quality control systems and reward systems. These are broadly classified as the innovative and entrepreneurial qualities of the firm which according to Higgins impacts on the implementation process and the successful implementation.

**Style:** Style refers to leadership/management mode exhibited by the leaders/managers when relating to subordinates and other employees. According to Hitt, Ireland, & Hoskisson (2009), strategic leadership is defined as “the leader’s ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary”. Abridging it further, Management style is about the manner in which management treats their colleagues and other employees and what and how they focus their attention on. This difference brings out the management competencies of the management team in an organization.

**Staff:** After defining company’s strategic purpose, management must settle, as how many employees are needed and what are the required backgrounds and skills essential to achieve the strategic purpose. This factor also covers aspects such as staff training, career management and promotion of employees (Higgins, 2005).

**Resources:** According to Waterman et al. (1980) the company’s crucial attributes and/or capabilities are the so called ‘skills’. Higgins (2005) affirms that management must ensure that an organization has access to sufficient resources toward successful strategy execution. Resources include people, money and technology and other management systems. Resource strength therefore has some impact in the implementation process of strategies in a firm.
**Shared Values**: Shared values on the whole relates to corporate/organizational culture. Therefore, shared values are the values shared by the members of the organization making it different and diverse from the other organizations. This is because a company’s culture acts as a kind of organisational glue, thus affecting the degree to which a strategy is successfully implemented (Heide et al., 2002).

**Strategic performance**: Higgins (2005) states that strategic performance is a derivative of the other seven ‘S’s. Strategic performance is possessed by an organization as a total, or for profit-based parts of the whole. Performance can be measured at any level. Financial performance measurements are critical barometers of strategic performance. However an expanded balanced scorecard approach is best.

From the above mentioned factors it is evident that almost everything an organization carries out is roofed within the Eight S’s. Indubitably by applying and using this model during the formulation of strategies, the leaders as well as the mangers involved can foresee changes that are to be made within the organization in order to make the strategy workable (Higgins, 2005). Higgins pinpoint that importantly the model serves as a road map for implementation during the execution stage, helps uncovering the causes of failure during implementation. This study will adopt this model as its theoretical framework.

### 2.1.2 Noble’s Strategic Implementation Model (minimalist model)

Noble (1999b) in turn speaks of barriers to effective implementation. The physical distances hindering the necessary, cross-functional collaboration in the organization form physical barriers. Turf barriers are the other side of this coin, representing the differing interests of the distinct
units. Interpretive barriers are formed by the different ways different units interpret and comprehend the strategy. Communication barriers need no explanation. Personality barriers reflect the personal characteristics of key personnel, as well as between different groups in the organization's hierarchy. Another important barrier is that of varied goals amidst the organization and its units. Noble’s perspective, therefore, is that of the organization as consisting of different units and functional groups with different characteristics. Noble’s model communicates a willingness to overcome the barriers between the content and process paradigms. It combines the strict demarcation between implementation and formulation with concepts from process orientated literature.

Mantere (2000) called it the minimalist model and gave two criticisms to Noble’s rather linear view on strategy implementation. The first was the actual linearity, which is not a very realistic view even in the interpretation of a single person. Aberg’s three levels of interpretation provided the necessary depth to Noble’s model. Aberg’s notions help me to augment the minimal model of strategy implementation. The second concern was about the difficulty of determining who the communicator is and who the receiver is in various stages of strategy implementation. Aberg gives a partial answer to this social complexity by speaking of a web in which different levels of interpretation assigns meanings to things and events (Aberg 2000, 54), which is rather far from being clear. It does not answer questions such as what are the roles of managerial and operational processes in such a network. Aberg’s levels of interpretation provide some sense for the interpretation process but fail to fully address the complexity of the interrelations between interpretation, adoption and enactment.

There seem to be, however, some interconnections between interpretation and adoption. If one thinks about the three levels of interpretation presented by Aberg, one notes that the factors
essential to adoption would seem to be essential to the connotative and symbolic levels of interpretation as well. Personal values play a role in the connotative layer of interpretation. Organizational values on the other hand play a role in the symbolic, interpersonal layer of interpretation.

It might be prudent, therefore not to speak of interpretation and acceptance as separate processes. It would seem that the structural and systemic dimensions can act as strong strategic messages themselves in many cases, which mean that if the structural and systemic properties are not matched with communication practices (directly affecting the life worlds of the organizational members), one is faced with conflicts in the cultural dimension as well. To put it bluntly, if the structures and systems do not support the change effort, it seems as if the organization (or the management) is saying one thing and doing another. Therefore, when designing systems and changing structures to support the strategy, one possible viewpoint would be to endeavour packaging desired strategic message in the structures and systems. This could also be viewed as creating shared meaning. It is, however, important not to confuse creating shared meaning with the programming of the employees.

2.1.3 Resource Based Theory

The resource-based view (RBV) is a business management tool used to determine the strategic resources available to an organization. The fundamental principle of the RBV is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal (Wernerfelt, 1984). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (Barney, 1991). Effectively, this translates into valuable
resources that are neither perfectly imitable nor substitutable without great effort (Hoopes, 2003; Barney, 1991). If these conditions hold, the firm’s bundle of resources can assist the firm sustaining above average returns. A resource based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors which ultimately creates a competitive barrier. RBV explains that a firm’s sustainable competitive advantage is reached by virtue of unique resources which these resources have the characteristics of being rare, valuable, inimitable, non-tradable, non-substitutable as well as firm specific (Makadok, 2001). A firm may reach a sustainable competitive advantage through unique resources which it holds, and these resources cannot be easily bought, transferred, copied and simultaneously they add value to a firm while being rare. Major concern in the RBV is focused on the ability of the firm to maintain a combination of resources that cannot be possessed or build up in a similar manner by competitors.

The above theoretical background guided this study in various ways. The transactional theory is highly useful in understanding the risk management strategies used by the companies. The agency theory boldly explains the relationship between the insurers and the insured. The chaos theory explains the concept of competition among the insurance firms. The market differentiation variable will be developed from the competitive strategy theory which explains the market positions of the firms. The models of strategy implementation will explain how the firms plan and execute their competitive strategies while resource based theory is useful in explaining how the available resources could be managed to counter competition. This will be useful in developing human resource management, consumer relations management and advancement of technology in the conceptual framework.
2.1.4 Strategic Management theory

Management begins with individuals in leadership positions, but it doesn’t end there. The ability of an organization to accomplish its goals does not depend solely on the force or will of a single great leader, or even upon the effectiveness of the organization’s chain of command but on the whole of the firm’s human resource. Studies show that we must understand leadership culture, as defined by the collective actions of formal and informal leaders acting together to influence organizational success (Pasmore, 2013). It is not simply the number or quality of individual leaders that determines organizational success, but the ability of formal and informal leaders to pull together all resources and efforts in the support of organizational goals that ultimately makes the difference. Each organization's experience with strategic management is unique, reflecting the organization's distinct culture, environment, resources, structure, management style, and other organizational features which are developed as organizations implement strategic management (Disbury, 1996). Leaders who have addressed these questions and concerns have developed a common basis of experience that is valuable for those just beginning a strategic management process.

Strategic management consists of the analysis, decisions, and actions an organization undertakes in order to create and sustain competitive advantages. The strategic management of an organization entails three ongoing processes: analysis, decisions, and actions. This means that strategic management is concerned with the analysis of strategic goals (vision, mission, and strategic objectives) along with the analysis of the internal and external environment of the organization. Next, leaders must make strategic decisions (Gregory et al, 2010). These decisions, broadly speaking, address two basic questions: What industries should we compete in? How
should we compete in those industries? These questions also often involve an organization’s domestic as well as its international operations. And last are the actions that must be taken. Decisions are of little use, of course, unless they are acted on.

Firms must take the necessary actions to implement their strategies. This requires leaders to allocate the necessary resources and to design the organization to bring the intended strategies to reality. As we will see in the next section, this is an on-going, evolving process that requires a great deal of interaction among these three processes. The essence of strategic management is the study of why some firms outperform others. Thus, managers need to determine how a firm is to compete so that it can obtain advantages that are sustainable over a lengthy period of time. That means focusing on two fundamental questions: How should we compete in order to create competitive advantages in the marketplace? For example, managers need to determine if the firm should position itself as the low-cost producer, or develop products and services that are unique which will enable the firm to charge premium prices—or some combination of both. This strategy lays a lot of responsibilities on the firm managers as the drivers behind strategy successful implementation. The firm’s internal and external conditions are put under the direct control of the management who make the decisions that influence the firm’s production and innovation. This model also considers other factors such as the organization culture, innovativeness, and the entrepreneurial strength of the firm; all of which are key factors under consideration in this study.

Most of the popular management innovations of the last two decades—total quality, just-in-time, benchmarking, business process reengineering, outsourcing all are about operational effectiveness. Operational effectiveness means performing similar activities better than rivals.
Each of these is important, but none leads to sustainable competitive advantage, for the simple reason that everyone is doing it. Strategy is all about being different from everyone else. Sustainable competitive advantage is possible only through performing different activities from rivals or performing similar activities in different ways, through being innovative and employing entrepreneurial skills, both factors that are central to this discourse.
2.2  EMPIRICAL LITERATURE

2.2.1 Independent variables

There are many factors that may affect the successful implementation of firms’ strategies. The aspects of strategic implementation are broadly discussed in this section with keen interest on the major variables of the study.

Managerial competence

For strategies implementation to be successful, optimally functioning competent management system needs to be put in place to ensure the right decisions are made. Certainly organizations that adopt a total quality management philosophy will be better prepared to meet the challenge of competing in the global economic marketplace (1996).

Managerial competence is a concept well known to academics, business practitioners, and consultants in strategic management. It was originally invented as a tool for justifying business diversification at large companies, and for supporting internal processes such as product development (Prahalad and Hamel, 1990). Scholars have acknowledged the importance of the concept by advancing it in multiple directions: by connecting it to conceptual notions of learning, suggesting core competence models to sustain competitive advantage, building on the concept's basic notions to invent similar concepts (Sanchez, 2004), and by developing processes for its identification (Eden and Ackermann, 2000). The importance of the concept is also acknowledged when testing the implementation of core competence as strategy (Clark, 2000).
The three criteria given above make competence a central concept in core competence issues. Competencies are crucial in general too, since they play a major part in organizational developments. Javidan (1998) has suggested a “competence hierarchy,” in which the competence concept is of greater value to a company than (in decreasing value order) the capability concept and the resource concept. Javidan's research is important to this paper, since it is he who suggested the associated concepts as being fundamental to core competence issues. The hierarchy notion, however, is discarded here, since Javidan discusses neither its conceptions nor its implications.

Discussion of the theoretical ideas behind the competence concept has already been dealt with in more detail by others (Sanchez, 2004). The primary signifying characteristic of a competence, apart from its being inherent in individuals and teams, is development. The concept is generally separated into functional competencies and integrative competencies (Henderson and Cockburn, 1994). The former are used in daily activities, and the latter to integrate and develop new competence components. From a technology perspective, scholars suggest that product innovation, facilitated and improved by competencies, are a driving force of firm renewal (Danneels, 2002). Three types of competencies are distinguished: first-order competencies, which comprise customer and technological competencies; integrative competencies, or the ability to combine first- and second-order competencies, or the ability to build first-order competencies. Danneels' typology is based on the same fundamentals as the division into functional versus integrative and exploitation versus exploration (March, 1991), and is relevant to the concerns of this paper since he studies manufacturing companies with a focus on technology, which is appropriate for the empirical case. Here, we follow the lead of Danneels
(2002), and define a competence as residing in individuals and teams with development as its general characteristic. However, since managerial competences are key ingredients in organizational success, they are already highly developed, which implies that minor competence developments are unlikely to have any impact on them. Consequently, only major developments (i.e. improvements) are included here.

**Resource strength**

Strategy formulation comprises the articulation of a mission, a set of long term objectives to be achieved within the stated mission, and an action plan specifying how the mission and objectives will be realized. In the context of health care, a mission common to governments of most countries is to provide, or cause to provide, health care for all citizens of the country. Long term objectives include efficient provision of quality health care that is accessible and equitable, in a manner that is socially and ethically acceptable. One of the principal components of an action plan for achieving these objectives is finding ways and means to finance the provision of health care (Berman, 1996).

Mankins & Steele (2005) suggest that resources deployment has to be discussed as early as possible in the whole implementation planning process, and these resources – financial, personal and time – have to be included in the company’s budget from the beginning (Allio, 2005). Resource allocation contains two aspects. The first one is the level of necessary resources; the second one is the timing of the allocation (Mankins & Steele, 2005). In order to assure the necessary amount and the right timing Mankins & Steele (2005) argue that every business unit has to answer three questions precisely: What actions have to be taken in order to implement the
new strategy within the unit? How long will it take? What kind of resources will be needed and when during the implementation stage? After obtaining the answers for these questions from every unit, organizations can build up their resource allocation for the whole strategy initiative (Mankins & Steele, 2005).

A resource mobilization strategy, therefore, comprises the mix of mechanisms the government employs in order to directly finance its own production and delivery of health care (and indirectly ensure nongovernment provision of health care) in a manner that is efficient, equitable, sustainable, transparent and improves quality of care, (Chawla & Govindaraj, 1996). The direct tools available to the government for mobilizing resources for the health sector are tax revenues, public sector user fees, insurance and donor funding, and the government may employ any one or a combination of many to meet its requirements of funds.

**Corporate culture**

The concept of culture has principally stemmed from the study of ethnic and national differences in the disciplines of sociology, anthropology and social psychology. A good summary of the many definitions for culture developed in each of these disciplines was given by the cultural geographer Haggett (1975, p. 238):

Culture describes patterns of behaviour that form a durable template by which ideas and images can be transferred from one generation to another or from one group to another. The corporate culture of a company determines its overall direction in terms of its general attitude towards growth and management of its various businesses and product lines. Organizational culture
includes the shared beliefs, norms and values within an organization. It sets the foundation for strategy.

Three aspects of this definition need further explanation. First, the transfer of behaviour does not take place through genetics but instead takes place through the social interaction between members of a group. Second, according to the culture pattern theory (e.g. Benedict, 1934) the various elements of a culture tend to form a relatively stable harmonious system and therefore any cultural template is durable and slow to change. Third, the ideas and images of culture provide a guide for the conduct of acceptable behaviour. As such, many aspects of the culture are embodied in rules of various sorts; some are laws (e.g. against stealing) which are backed by official punishment for deviation; others are social norms (e.g. about what clothes to wear) which are backed by social disapproval and rejection of deviates.

Initially, within organisational theory, scholars used the culture concept as a metaphor to study organizations as forums in which meanings are constructed and expressed through social interactions. But as it became part of the vocabulary of management thinking, more and more researchers began to employ culture as a variable rather than as a “root metaphor”, something an “organisation had” versus something “it was”. Some of the earliest references to the concept of culture as an internal organisational variable are found in the literature of organisation development (Harrison, 1972). Several researchers began to link various types of cultures (e.g. “strong vs. weak”) to certain outcome variables such as performance and internal integration (Wilkins and Ouchi, 1983). Thus, culture became a mechanism with which to achieve managerial effectiveness and control (Barley et al, 1988).
During these stages of development, a large number of definitions have been proposed for the concept of culture in the corporate setting. Some of these draw directly on the definitions from anthropology and the other root disciplines; others are specific to the corporate sector.

The more basic definitions do not aid understanding but simply provide a vague description to replace the term culture. These descriptions range from the “feeling in the organisation” (Tagiuri and Litwin, 1968) to the “rules of the game” (Ritti and Funkhouser, 1982) to “how things are done around here” (Drennan, 1992). These simple descriptions contrast with the more all-embracing and more useful definitions produced by Schein (1991), Schneider (1988) and Kotter and Heskett (1992).

It is also defined as a pattern of basic assumptions, invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and relate to those problems (Schein, 1991, p. 9).

These definitions outline some of the common key elements that appear in many of the definitions proposed for organizational culture. First, organizational culture is a shared phenomenon (Wilkins and Ouchi, 1983). Culture, in this sense, is a learned product of group experience and is, therefore, only to be found where there is a definable group with a significant history. The group does not necessarily have to be a whole company. Companies can have multiple cultures (Kotter and Heskett, 1992) or subcultures (Wilson, 1997) usually associated with different functional or geographic groupings.
Second, the majority of authors, with the exception of Schein (1991), believe that there are two levels of culture, the visible level and the deeper, less visible level. Schein’s (1990) view is that the term culture should only relate to the “deeper” less visible level, although he does use visible evidence to understand and describe different cultures.

The visible aspects encompass behaviour patterns, the physical and social environment and the written and spoken language used by the group. Many of these have been researched using a semiotic approach by researchers such as Barley (1983), Manning (1979) and Van Maanen (1977).

The deeper, less visible level of culture relates to the group’s values and what Schein (1991) calls their basic assumptions. The shared values consist of the goals and concerns that shape a group’s sense of what “ought” to be. These notions, about acceptable norms, values and behaviour, can vary greatly in different groups; in some settings people care deeply about money, in others about customer well-being or employee well-being.

From a marketing perspective, some of these values may remain conscious and may be explicitly stated in a company’s mission statement as the “dominant values of the organization” (Deal and Kennedy, 1982). However, if these values are not based on prior cultural learning they may also come to be seen only as what Argyris and Schon (1978) have called “espoused values”, which predict what people will say in a variety of situations but which may be out of line with what they will actually do in situations where those values should be operating. Therefore the company’s corporate marketing activity may say something about commitment to serving the customer, but its record in that regard may contradict what it says. Therefore the underlying
values, assumptions and beliefs of organizational culture are more than simply strategic priorities and goals.

The third element relates to the manner in which new members learn the culture. A process of cultural socialization arises informally from the existing employees and formally through induction training programmes. Harrison and Carroll (1991) explained that if an individual enters an organization where employees work in an environment of strong group and peer pressure, the individual adopts the employees’ norms. Whereas when the group pressures are weak, the individual is likely to accept the norms encouraged by management. There is therefore no guarantee that the service personnel interacting with customers will adopt or communicate the content of the internal corporate marketing messages.

Finally, organizational cultures tend to change slowly over time. Kotter and Heskett (1992) explained that culture evolves as a result of the turnover of group members, changes in the company’s market environment and general changes in society. Wilkins and Ouchi (1983) quoted a number of examples of organisations claiming to experience great distress because the culture could not be changed or because its members would not change fast enough.

Developing these elements into a definition results in organizational culture being defined as the visible and less visible norms, values and behaviour that are shared by a group of employees which shape the group’s sense of what is acceptable and valid. These are generally slow to change and new group members learn them through both an informal and formal socialization process.
Thompson et al. (2007) define corporate culture as the character of a company’s work climate and personality – as shaped by its core values, beliefs, business principles and policies, traditions, ingrained behaviours, work practices, and styles of operating. It is considered one of the success factors for strategy implementations because it influences the organization’s actions, approaches to conducting business and the way of executing strategies (Thompson et al., 2007). A company’s culture can promote strategy execution, when its values are strategy-supportive and its practices and behavioural norms add to the company’s strategy execution efforts (Thompson et al., 2007). A company’s culture should encourage strategic thinking and dialogue, which helps to develop a strategically more aware workforce which is also more open to necessary strategic changes (Beaudan, 2007). It is the task of top management to foster a corporate culture that paves the way for the effective implementation of new strategies (Thompson et al., 2007; Raps, 2004).

**Innovation**

“Entrepreneurship, in its narrowest sense, involves capturing ideas, converting them into products and, or services and then building a venture to take the product to market” (Johnson, 2001, p. 138). A noticeable trend in the study of entrepreneurship in recent years has been away from the subject of small business *per se* towards the concept of entrepreneurship (Chell, 2001). The present study reflects this trend by emphasizing the concept of entrepreneurship itself, rather than the personality or psychology of small business entrepreneurs. Omung'ala (2006) studied the entrepreneurial strategies in business development services in Kenya. The study discovered that there were business development service providers employing entrepreneurial strategies and as a result, had gained competitive edge in relation to the delivery of their services.
On a different view, invention is the narrowest definition of innovation. Drucker (1994) maintained that there are seven basic sources of opportunities to innovate. Only one of them is to do with inventing something new. Innovation is thus more than invention, and does not have to be technical. There are numerous examples of social and economic innovations (Drucker, 1994).

Innovation is a proposed theory or design concept that synthesizes extant knowledge and techniques to provide a theoretical basis for a new concept (Sundbo, 1998). Innovation thus has many facets and is multidimensional. The most prominent innovation dimensions can be expressed as dualisms: radical versus incremental; product versus process; and administrative versus technological (Cooper, 1998).

Innovation can be radical and incremental. Radical innovations refer to path-breaking, discontinuous, revolutionary, original, pioneering, basic, or major innovations (Green et al., 1995). Incremental innovations are small improvements made to enhance and extend the established processes, products, and services. However, this contradistinction does not “necessarily [correspond] to the more fine-tuned reality” because “radicalism is a continuum” (Katila, 2002, p. 307). Product innovation, as the name suggests, “Reflects change in the end product or service offered by the organizations, [whereas] process innovation represents changes in the way firms produce end products or services” (Utterback cited in Cooper, 1998, p. 498).

Some researchers have categorized innovation into technological and administrative innovations. Technological innovation is about “the adoption of a new idea that directly influences the basic output processes, [whereas] administrative innovations include changes that affect the policies, allocation of resources, and other factors associated with the social structure of the organization” (Daft 1978 cited in Cooper, 1998, p. 497). The created innovation leads to the lower production
cost of the organization, new beneficial knowledge, new products, new production process, new working technique and new working procedure which in turn would generate competitive advantage in the long run (Dunning and Dunham, 2010). Innovation factor generates value added to the organization through strategy, behaviour, support and motivating activities under 5 principles, i.e. (1) customer satisfaction (internal and external), (2) best practices (3) teamwork (4) challenging spirit and (5) the effective communication in integrating derives to achieve objective goals.

According to Schumpeter 1934, entrepreneurs are innovators. The concept of the entrepreneur as innovator underpins the entrepreneur paradigm in which the role of the entrepreneur is highlighted in the innovation process. According to this paradigm, only a person who founds a new company on the basis of a new idea can be called an entrepreneur. Entrepreneurship is viewed as a creative act and an innovation. Entrepreneurship is about creating something that did not previously exist. The creation adds value to the individual and the community, and is based upon perceiving and capturing an opportunity (Johnson, 2001). Bygrave and Hofer (in Legge and Hindle, 1997) held similar views. They regarded entrepreneurship as a change of state, a dynamic process, and a unique event. Legge and Hindle (1997) believed that people who lead teams and organisations to introduce innovations are entrepreneurs. Entrepreneurs seek opportunities, and innovations provide the instrument by which they might succeed. Corporate entrepreneurship often refers to the introduction of a new idea, new products, a new organisational structure, a new production process, or the establishment of a new organisation by (or within) an existing organisation. As Herbiget al. (1994 pp. 37 and 45) have observed:
“Innovation requires three basic components: the infrastructure; the capital; and the entrepreneurial capacity needed to make the first two components work”.

Innovation is the specific tool of entrepreneurship by which entrepreneurs exploit change as an opportunity for a different business or service. There is considerable overlap between entrepreneurship and innovation (Kanungo, 1999). Moreover, innovation has to address market needs, and requires entrepreneurship if it is to achieve commercial success (Zhao, 2001).

2.2.2 Dependent variable: Strategy Implementation

Researchers have realized the need to develop a sound strategy and then reorganize the structure, systems, leadership behaviour, human resource policies, culture, values, and management procedures of the company in order to ensure successful strategy implementation, (Schaap, 2006). A problem does not so much seem to exist in the development or formulation of strategies (Dannenmaier&Dannenmaier, 2007) but is realized in its execution. Companies have the awareness of the importance of proper strategy development and they can refer to lots of appropriate methodologies, such as Gaelweiler’s concept on strategic and operative corporate management, Hamel’s and Prahalad’s model on future-oriented strategy development, Porter’s Five Forces and generic strategy types or Puempin’s Strategic Success Positions or SEPs (Eschenbachet al, 2003). But the challenge in strategic management lies in the effective implementation of the developed strategies after their successful formulation, (Krassniget al, 2009). Many companies, even though they had dedicated considerable resources to the development of their business strategies, ends up not satisfied with the transformation of the developed strategic framework and guidelines into business reality due to the challenging intricacies of strategy implementation (Dannenmaier&Dannenmaier, 2008).
Particularly, strategy implementation includes designing the organization's structure, allocating resources, developing information and decision process, and managing human resources, including such areas as the reward system, approaches to leadership, and staffing (Barnat, 2005). Successful strategic planning implementation requires a large commitment from executives and senior managers, whether the strategic planning is occurring in a department or in a complete organization. Executives must lead, support, follow-up, and live the results of the strategic planning implementation process or else the strategic planning implementation process will fail.

Without the full commitment of the senior executives in the organization, there is no need to start strategic planning. Participants will feel fooled and misled. A vision statement and a mission statement, along with goals of the current year, filed, unimplemented in a cabinet or computer is a serious source of negativity and poor employee morale (Kodali & Chandra, 2001).

In a study about effective leadership behaviour in which 38 organizations were studied, Howell (2005, p. 108) stated that "Effective champions are distinguished by three behaviours that includes (a) conveying confidence and enthusiasm about the innovation, (b) enlisting the support and involvement of key stakeholders, and (c) persisting in the face of adversity." Although the growing need for change in organizations is widely acknowledged by researchers, it is alleged that up to 70% of change initiatives fail (Higgs & Rowland, 2005). But, why do change efforts not succeed? Execution cannot succeed unless the strategy itself is designed to be executable. Apart from wasting significant amounts of time and money, they result in lower employee morale, a diminished trust and faith in senior-level leadership, as well as create an even more rigid organization since a company that has failed to change will encounter more employee scepticism in its next attempt (Heracleous, 2000). Research suggests that senior-level leaders are
more than willing to communicate, but they often approach the task on a tactical rather than a strategic level (Clampitt et al, 2002). In addition, these same people are trained to plan but not execute plans (Hrebiniak, 2005). While the reader may perceive strategy implementation to be complex, sufficient allocation of resources together with through research of the market place will boost chances of success. CEOs must endeavour to: (a) Identify the market factors that bear most upon a strategy, (b) Set up contingencies for known situations that are susceptible to unknown changes, and (c) Have various measures in place to cope with the real possibility of encountering unexpected developments in the external environment (Anonymous, 2003, p. 4).

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work by implementing it throughout the organization has always been a challenge across the industry (Hansson et al., 2003; Hrebiniak, 2006). Ability to implement strategy is the deciding factor between success and failure of a strategy in any company. Implementation manifests the strategic intent of a company through various tactical and competitive actions to achieve the desired results, which otherwise may remain as distant dreams. Great strategies are not discovered over a couple of strategic sessions. In fact great strategies evolve over time as a result of rigorous monitoring of progress towards strategic goals, when emerging realities are discussed thread bare, the learning of which helps in revising the strategies. In effect, it can be said that meticulous implementation has strategy development embedded in it. Similarly companies need to incorporate strategy implementation in the planning phase itself. This can be done by involving persons key to execution during planning phase itself (Hansson et al., 2003).

It will not only help in gaining insights in to practical aspects of strategy at an early stage, but it also helps politically to get their whole hearted commitment to strategy implementation.
Planning is no doubt important, but making the plan work is a bigger challenge which deals with organizational politics, culture and sometimes managing change. All of which require single minded pursuit from top and unquestionable commitment from managers. Organizational politics especially when strategy execution contradicts the existing power structure in the company may hamper proper allotment of resources, which will adversely impact strategy deployment.

Apart from inter-twining strategy planning and implementation through incorporating execution into planning and evolving strategy through rigorous follow up and corrections, there are other factors that may bridge the gap between great strategies and effective execution. First of these factors is communication (Hartmann, 2002). Many a times we find that managers who are supposed to be delivering performance to meet the strategic goals of the company do not have a clear idea of what the strategy is all about. They do not realize what needs to be done to fulfil the strategic plan. They are unaware of their role in the strategic game plan. They cannot describe company’s strategy in one simple sentence, which means that the strategy is not understood by the people responsible for acting on it. Great strategic plans or intents are represented by a catchy tag line, which conveys the company’s intentions to all concerned, even to marketplace. Lack of proper understanding of what is important for the strategy to be delivered, may result in having your priorities wrong – and the projected levels of returns will never be a reality (George, 2002). Strategy implementation failures may be as a result of unfeasibility of the strategy, weak management, unworthiness or a misunderstanding of strategy, unaligned organization systems and resources, poor coordination, uncontrolled environment factors, linking performance and pay to strategies and resistance to change within the organization.
According to Pearce and Robinson (2000) strategic management can be seen as a combination of strategic formulation and strategic implementation. Strategy formulation involves doing a situation analysis of both internal and external environment, setting the vision, mission and objectives of the organization and suggesting a strategic plan to achieve the set objectives. There is a forward and backward linkage between strategy formulation and implementation (Pearce and Robinson, 2000). From inception to the outcomes, there is a clear path of strategic management that most firms travel. Strategies formulated are not actions but rather have to be activated through implementation. The same path is observed in the intertwined implementation process where: strategies implemented leads to plans, which should then lead to programs; the programs leads to formulation of projects which require allocation of a given amount of resources and have to be completed within a given timeframe; projects then provide the requisite infrastructure that directs the day to day operations of the firm. Also, Strategic implementation involves allocating sufficient resources, establishing chains of command and reporting structure, assigning responsibility of specific tasks and processes to specific individuals or groups and managing of the process. Strategy formulation and implementation is continuous and requires continuous reassessment and reformulation (Pearce and Robinson, 2000).

Competitive strategy is the strategic choice that can influence construction firms' performance. In analysing the strategies of firms, the Porter framework has been the dominant tool for the past two decades. Porter's model of the five relevant forces in an industry and his generic strategies are still popular concepts. Sandberg (1986) found that business strategies and industry structure have direct influence on growth performance of firms. In addition, such factors as strategic types, the adoption of new technologies, quality products and services, customer relations and other
organizational strategy related factors are also revealed to have important influence on superior performance of firms. Given the limited resources in terms of finances, human expertise and production process, construction firms can address the scope of competition by adopting a narrow product/service and market approach.

Research not only suggests a relationship between strategy and performance, but also that performance measures can, and perhaps should, be linked to strategy (Abernethy and Guthrie, 1994; Ittner et al., 2003). Traditionally, business performance has been measured in three ways. First, financial measures provide objective artefacts of a firm's performance. Accounting data such as return on assets (ROA), return on investment (ROI), and return on sales (ROS) have been applied to numerous studies (Daily et al., 2002; Jacobson, 1987; Palepu, 1985). The new financial measure, Economic Value-Added (EVA), also has been applied to some studies (Bacidore et al., 1997; Chen and Dodd, 1997). However, the use of EVA is not that popular because it is too complex for managers to understand and use (Ittner and Larcker, 1998a). Proponents of using financial measures emphasize the objectivity associated with comparing the performance level of various business units along standardized lines (Sieger, 1992). However, financial measures often do not result in the valid valuation of intangible assets (Huselid, 1995). Nonetheless, financial measures remain the most popular and widely accepted approach in strategy-performance studies (Geringer et al., 1989).

Second, market-based measures of performance have received considerable attention in the literature (Amit and Livnat, 1988). Market value added (MVA) has been touted in the popular press as the most accurate means of evaluating how well a firm creates shareholder wealth (Tully, 1994).
Third, qualitative measures include subjective areas of performance such as ethical behaviour, stakeholder satisfaction with performance, customer satisfaction, and management satisfaction with performance (Parnell et al., 2000). They may also include employee satisfaction, delivery performance, process improvement, measures of material and parts delivery time, throughput time, due-date performance, quality, machine flexibility, and inventory levels (Hendricks et al., 1996). Specifically, a number of Internet businesses rely heavily on measures of web traffic to gauge performance. Viewing performance through a non-financial lens can provide insight into organizational processes and outcomes that cannot be seen via financial measures. In fact, non-financial measures are indicators of intangible assets and key drivers of firm value and may be better predictors of future financial performance than historical accounting measures, and thus should be disclosed (Ittner and Larcker, 1998; Kaplan and Norton, 1996; Wallman, 1995).

Today’s important things for organizations are the amount of their goal achievement and how they should consider all aspects for reaching the desired ends. The problem of today’s managers is competition and dynamism of environment and unknowns of the outside and inside of the organization each affecting the implementation of plans especially strategic ones. Strategic implementation is an elemental step in revolving a company's vision and objectives into reality. Without proper implementation, even the most superior and fine strategy would not make the grade as established. In last few decades, a number of articles have been published to understand the significance of strategy implementation presenting not only models for better execution of strategies, also highlighting factors that affect effective strategy implementation.

According to Kaplan and Norton (2008) managers have always found it difficult to balance their near-term operational concerns with long-term strategic precedence. Implementation success
depends on motivating employees which is the art of managers. In order to focus on implementation of strategies, all the factors should specifically be noticed. In addition, every factor consists of sub-factors which should be noticed too, for defining the main factors substances and characteristics. Because the model is formed based on ranking sub-factors, it is essential to distinguish, analyse and evaluate them initially, and then making decision about the indexes for each main and sub-factors. Bhatti, (2011) claims that for implementation of strategies, it is important to plan a program in which job descriptions of all occupational titles are defined and appropriate implementation tools such as technology and information are accessible for staff. He states that in such conditions, as proper structure of organization, sufficient resources along with a strong leadership who has a predefined vision, and explicit organizational culture, a successful implementing can be set going (Bhatti, 2011). A strategy which might look fine and effective on papers, may fail to take off for a basic reason as employees might not like the change and resist it by going around its basic set requirements. Implementation of strategy may also fall short as of inadequate accessibility and availability of required resources. Derisory communication and training can play a major role for poor implementation. Similarly if people do not understand the basic essence as what is to be done or do not enclose the required knowledge, skills and expertise it become difficult for the strategy to implement and work as expected. From the discourse, it is clear that strategy implementation is very important to the success of the firm and factors that affect it also indirectly affect the performance of a firm.

Strategy implementation and Success of the firm

Several studies have indicated that implementation of a strategy is a difficult task, but nobody really seems to know the true rate of implementation as evidenced in Dandira (2011) among
other cited authors in the earlier literature. Candido and Santos (2008) in their article “Strategy implementation: what is failure rate?” noted that the difficulty of successfully implementing new business strategies has long been recognized in the literature; for example, Wernham (1986), and Ansoff and McDonnell (1990) concluded that most managers believe that the difficulty in implementing strategy surpasses that of formulating it. Even with all this criticism, strategic management is a widely practiced undertaking within the corporate world and a lot of companies have benefited from its use. This means that many firms have been able to successfully implement strategies and are gaining from them, though, after successful implementation there needs to be periodical reviews of the same.

Even though, many researchers have studied the strategy implementation process, i.e. Pearce n Robinson (2001), Noble (1999), Mintzberg (1994) among others, there is a given trend where they all embark on their studies using different paths leading to very differing causations and none has been able to bring together all these factors together in the same document. Each of the researchers has come up with different models and these models differ in that they provide different paths to achieving successful implementation of the strategies. Mockler, (1995); Barney, (2001); and Hicksonet al., (2003) claims that though remarkable progress has been made in the field of strategic management, the problem of strategy implementation failure still persists. It is still therefore important for researchers and practitioners to make this their on-going concern. Most studies treat failure to successfully implement strategies as a failure to succeed or improve performance. This is a wrong connotation since if the firm successfully implements a bad strategy, the firm is will not be said to be successful but will deteriorate in performance. The same way, a firm that is not successful should not be seen as failing to successfully implement its
strategies. Implementation of strategy does not guarantee success but rather it enhances its achievement. A firm that is successful has to implement superior quality strategies that will enhance its competitive ability and hence bring about success in the organization.

According to Chorn (1991) research in the USA, Europe and Australia revealed that superior performance (success) if measured on different performance measures is associated with high degrees of alignment between competitive situation, strategy, organization culture and leadership. On the similar lines literature reveals that an important corollary of achieving alignment is presumed to enhance business performance of a firm, just as misalignment is expected to undermine its performance (Chopra et al., 2007). A number of authors have studied the obstacles to strategy implementation, and deployment has often been cited as one of the main reasons for failure to achieve expected or projected performance in many companies (Dean & Sharfman, 1996; Mintzberg, 1994; Noble, 1999). A report by Deloitte and Touche (1992) has shown that eight out of ten companies fail to deploy their strategies effectively. Most of the obstacles or barriers to strategy implementation fit into one of the following inter-related categories: too many and conflicting priorities; the top team does not function well; top down management style; inter-functional conflicts; poor vertical communication; and inadequate management development; this is also an argument in Wessel (1993). In general, the past studies have shown weak contributions on the link between competitive strategy implementation and the performance of an organization. The findings of this study will therefore add knowledge on this phenomenon.

It was empirically proven by Randall et al. (2003) that the fit between business environment and firms' supply chain selection affects overall performance. It is thus imperative to link business
performance with the fit between competitive strategies. Typically, firm's business performance is measured using financial metrics (Chi et al., 2009), but only financial measures cannot give measures of supply chain performance as a whole. Several other metrics related to inventory, customer satisfaction, etc. must also be included.
2.3 Critique of Empirical Studies

This study has looked into many previous related studies that provide an insight and a pathway to the achievement of the study’s mandate and objectives. Some of the empirical studies cited have are not fully perfect but constitutes the general views of the world that nothing can ever be fully perfect. A person going through this review will gain some of the insights discussed in this section.

From Higgin’s 8s model, the model shows eight factors that are vital for the successful strategy implementation. This model has evolved from one sided 6s model, to the still one sided 7s model and finally Higgins brought in the outcome side of the equation in his 8s model. The Ss are factors that are bound to ensure successful strategy implementation if well observed. All these factors are important and are well presented in the model with their interactive abilities well presented though some are closely interrelated such as: staff and resources, since some people will view staff as part of resources; structure being part of the systems and processes, e.t.c. But Higgins try his best to differentiate these factors and comes up with given dimensions of the that the strategy managers can relate to per each of the S’s and successfully implement their strategies.

Previous studies on competitive strategies in Kenya have been focused on other issues but avoided the area of effects of strategy implementation on performance of insurance industry in Kenya. For example, Mwihaki (1999) did a study on the strategies for enhancing small-scale tourist hotel competitiveness: a case study of Mombasa, Kenya. The study concluded that low income, stiff competition, low quality services and high prices hamper development of the small scale tourist hotels but failed to mention and research anything on the effects of lack of strategic
management or poor implementation in these hotels. Those that were beyond the enterprise's control were; transport and communication problems, poor communication systems (bad roads, inaccessible and inadequate feeder roads), Technology and foreign markets. Omung'ala (2006) noted some of the drawbacks which slowed down the development of business services but none was directed towards the strategy implementation and management. They include: accessing information and appropriate technology; dilapidated infrastructure; state monopolies that control international connections that impose inefficient pricing structures and conditions; and state bottlenecks prevalent in acquiring relevant certification that necessitate entrepreneurial strategies and their direct or indirect linkage to the external environment.

Most of the studies that focused on strategic management and implementation cited communication as an important determinant of success in implementation. Even though this is an important factor that needs to be considered, it becomes redundant if considered as well as management competence in a study. This is because communication is integrated in the management competence and it is usual that a competent management team has to be very good in communication and has to have the capability to enhance it across all the areas of the firm, thus ensuring ease of transfer of information from the management to the subordinate staff. Therefore, this factor is overshadowed by the management competence factor and is not applicable since including this factor in the study would cause the problem of multicollinearity, which has to be avoided in this study. All the factors considered in this study have been ascertained in one way or another to affect strategy implementation by different authors in other sector but none of these authors is from Kenya or the insurance sector. The factors are central to
the study and the insights gained from the empirical review will be invaluable to the outcomes of the study and have directed the creation of the questionnaires. The most contentious is the strategy implementation and organization’s external environment. Strategy implementation is viewed by most of the studies as a process while this study looks at it as a means to gain success in the firm. The challenges outlined in one of the sections of this study therefore highly places failure on the incompetence of the firm’s management even though other factors not under consideration may have influenced the failure in strategy implementation.

2.4 Conceptual Framework

The conceptual framework outlines the process the study will implement to realize the set objectives. The study model is as explained in the below section.

Figure 2.2 Conceptual Framework

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial Competence</td>
<td>Strategy implementation</td>
</tr>
<tr>
<td>Resource strength</td>
<td></td>
</tr>
<tr>
<td>Corporate culture</td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td></td>
</tr>
</tbody>
</table>

Source: Kibicho, (2014)
Figure 2.3: Variable Operationalisation

Managerial Competence
- Proficient Management Systems,
- Ease In Evaluation Of Strategies,
- Effective Planning,
- Effective Resource Management,
- Competent Policy Framework,
- Efficient Operating Systems,
- Enhanced Communication And Information Systems

Resource strength
- Adequacy resource base matching firm needs
- Efficiency resource allocation
- Adequacy and efficiency of human resources
- Reliability of resource sourcing mechanism
- Cost effectiveness of the resources
- Flow of activities based on resource availability
- Realization of set resource goals

Corporate culture
- Efficiency of management on social responsibility
- Organizational image
- Growth plans and developments
- Consistency and capability of performance measurement framework
- Efficiency of management structures

Innovation
- Knowledge on the consumer needs
- Knowledge on the market operations
- Degree of product improvement
- Frequency of new product development
- Reliability of the brand
- Efficiency of distribution channels
- Customer retention strength

Strategy implementation
- Aggregated financial flows
- Strategic Control Systems
- Balanced Scorecard

Independent variables
Source: Kibicho, (2014)
2.6 Research Gaps

The literature reviewed has looked into business strategy as a source of competitive advantage. Competitive strategies lead to a low cost structure or product differentiation (Porter, 1998) and superior performance (Chopra et al., 2007, Randall et al. 2003, Chorn, 1991). Factors such as communication (Hartmann, 2002), proper understanding of what is important for the strategy to be delivered (George, 2002) can bridge the gap between great strategies and effective execution.

From the literature reviewed, it is worth noting that implementing strategy has always been a challenge for organizations across the industry (Hansson et al., 2003). Challenges of strategy implementation include: conflicting priorities in the organizations (Wessel, 1993), lack of competence, coordination and commitment (Eisenstat, 1993), political instability (McGrath et al. 1994) and failure to involve implementers at the formulation stage (Dandira, 2011).

In line with the importance and challenges affecting implementation of competitive strategies, it is critical for organizations to evaluate how competitive strategy implementation impact on organizational performance. In Kenya, studies on competitive strategies have not focused on competitive strategy implementation and its effect on performance of insurance industry in Kenya, for example, a study on competitive strategies applied by cement manufacturing firms in Kenya by Obiero (2008), a survey of intensive growth strategies adopted by Total Kenya Limited in response to competition in the oil industry in Kenya by Midwa (2008), a survey of competitive strategies adopted by LPG marketers in Kenya to cope with competition by Njoroge, (2006) and an investigation of strategic responses of petroleum firms in Kenya to challenges of increased competition in the industry by Chepkwony, (2001). This study therefore, seeks to
bridge the knowledge gap that exists by evaluating competitive strategy implementation and its effects on the success of insurance industry in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains how the research was done. This includes the research design, target population, sample size and sampling technique, data collection procedure, reliability and variability, measurement and analytical techniques.

3.2 Research Design

Research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure (Babbie, 2002). The research design can be seen as actualisation of logic in a set of procedures that optimises the validity of data for a given research problem. According to Mouton (1996, p. 175) the research design serves to "plan, structure and execute" the research to maximise the "validity of the findings". It gives directions from the underlying philosophical assumptions to research design, and data collection. Yin (2003) adds further that “colloquially a research design is an action plan for getting from here to there, where ‘here’ may be defined as the initial set of questions to be answered and ‘there’ is some set of (conclusions) answers” (Yin, 2003.).

This study used mixed research design. Some authors regard this approach as the third methodological movement one which complements purely quantitative or qualitative strategies (Tashakkori and Teddlie, 2003). The following two main factors can determine the mixed methods design (Creswell, 2003; Onwuegbuzie et al., 2009):
• Priority: In a mixed methods study, the researcher can give the same priority, weight, or status to the quantitative and qualitative aspects (equal weight designs), or alternatively can give greater weight to one of them (different weight designs).

• Implementation of data collection: This concept refers to the order in which the researcher collects quantitative and qualitative data. The two options are collecting information at the same time (simultaneous, concurrent, or parallel designs) or at different points (sequential or two-stage designs).

The way in which these two factors are combined helps to determine the resulting design. The notation proposed by Morse (1991) is useful and easy for representing the different possible designs. In her system, the abbreviations quan and qual are used to represent the quantitative and qualitative parts, respectively. When one method has greater weight than does the other, the former is shown in capitals letters (i.e., QUAN, QUAL), whereas the latter is written in lower case (i.e., quan, qual). Furthermore, the symbol + is used to indicate a simultaneous design, whereas the arrow → refers to a sequential design. Therefore, the various combinations of data collection strategy and priority produce four blocks that give rise to nine mixed methods designs (Johnson & Onwuegbuzie, 2004):

(a) Equal weight, simultaneous: (1) QUAL+QUAN.

(b) Equal weight, sequential: (2) QUAL→QUAN; (3) QUAN→QUAL.

(c) Different weight, simultaneous: (4) QUAL+quan; (5) QUAN+qual.

(d) Different weight, sequential: (6) qual→QUAN; (7) QUAL→quan; (8) quan→QUAL; (9) QUAN→qual.
With regard to the purpose of conducting mixed methods research designs by integrating different types of data in the same study, several potential reasons have been noted by various authors (Creswell, 2003). These include:

**Triangulation:** The main aim of triangulation is to achieve a convergence of the results obtained via quantitative and qualitative approaches, such that these results are more reliable (Jick, 1979). What is sought, therefore, is a corroboration or correspondence of results obtained through different methods.

**Complementarity:** According to Greene et al. (1989), complementarity seeks to clarify or to illustrate the results obtained with one method by also applying the other. In this case, the designs used are usually sequential (Johnson & Onwuegbuzie, 2004). For example, a QUAN→qual design could be used, whereby the qualitative part can help to evaluate and to interpret the results obtained from the main quantitative study.

**Development:** Another potential purpose of mixed methods research is development (i.e., the intent to help develop or to inform the other method). In this case, it is again usual to use sequential designs, in which one of the methods (normally the one with least weight) helps in some way to improve upon the subsequent implementation of the other method (normally the main or dominant one).

**Expansion:** A further purpose of mixed methods designs is to enable expansion (i.e., seeking to analyse and to explore different facets of a phenomenon so as to obtain a richer and more detailed understanding of it).
This study used a mixed methods research approach for complementarity. The study was partially mixed sequential and partially simultaneous. The researcher gave equal importance to the quantitative and qualitative parts of our study, and the implementation was sequential. Therefore, the mixed methods study was QUAN→QUAL design (Morse, 1991).

A sequential mixed methods analysis (SMMA; Onwuegbuzie&Teddlie, 2003) was undertaken to analyse the data sequentially. The purpose of this QUAN→QUAL design was development (Greene et al., 1989), whereby the results from the first quantitative method informed the use of the other method. Creswell and Plano Clark (2007) distinguished three purposes of mixing or integrating quantitative and qualitative methods. Using Creswell and Plano Clark’s (2007) purpose’s for mixing with respect to this study, the purpose for integrating will be to have one dataset build on the other.

3.3 Target Population

Mugenda and Mugenda (2003) described population as, the entire group of individuals or items under consideration in any field of inquiry and have a common attribute. The target population for the study was 102 managers. This included two managers from each of the insurance companies in Kenya (see Appendix II). According to Association of Kenya Insurers (AKI) report there are a total of 51 insurance companies licensed to operate in Kenya from whom the research aims to acquire its information. These firms were divided into three main categories; Composite insurance firms, Life assurance insurance firms and general insurance against other risks as shown in table 3.1
Table 3.1: Target population

<table>
<thead>
<tr>
<th>Type of insurance company</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composite insurance Companies</td>
<td>14</td>
</tr>
<tr>
<td>General insurance companies</td>
<td>25</td>
</tr>
<tr>
<td>Life assurance companies</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
</tr>
</tbody>
</table>

3.4 Sampling Technique

Sampling, which is the process of selecting a portion, piece, or segment that is representative of a whole is an important step in the research process because it helps to inform the quality of inferences made by the researcher that stem from the underlying findings.

The sample was be picked on the basis of the Central Limit Theorem in statistical theory which implies that any sample equal to or greater than 30 is representative enough irrespective of the population size. The study classified the companies by organizational types by classifying insurance companies into composite (those carrying out life and non-life insurance business); life business only insurance companies; and those carrying out non-life business only. The sample size shall excluded insurance firms currently under statutory management and those that have been closed down. This study adopted purposive sampling. The purposive sampling technique, also called judgment sampling, is the deliberate choice of an informant due to the qualities the informant possesses. It is a nonrandom technique that does not need underlying theories or a set number of informants. Purposive sampling is selecting a sample “on the basis of your own
knowledge of the population, its elements, and the nature of your research aims” (Babbie 1997).

That is the population is “non-randomly selected based on a particular characteristic” (Frey, et al. 2000.). The individual characteristics are selected to answer necessary questions about a “certain matter or product” (MacNealy, 1999); the researcher is then able to select participants based on internal knowledge of said characteristic.

Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Lewis & Sheppard 2006). Purposive sampling is especially exemplified through the key informant technique (Garcia 2006), wherein one or a few individuals are solicited to act as guides to a culture. Key informants are observant, reflective members of the community of interest who know much about the culture and are both able and willing to share their knowledge (Bernard 2002).

### 3.4.1 Sample size

An optimum sample is one which fulfils the requirements of efficiency, representatives, reliability and flexibility. Efficient sample size is based on an estimate of the sample size required to limit sampling variability to the desired level. Analytical studies use the size of the effect that the study estimates should be able to detect.

To make the sample size an efficient estimate the study adopted a simple random sample design, although with more information for studies that are frequently repeated, design-specific estimates can be developed.

The sample size of this study was calculated from the Slovin’s formula given as:
\[ n = \frac{N}{1 + N(e)^2} \]

\( n = \) The sample size

\( N = \) Total population

\( e = \) Error tolerance

Since the study population (\( N \)) is 102. Error of tolerance will be 0.05. Thus the sample size was determined as shown below:

\[ n = \frac{102}{1 + 102(0.05)^2} = 93 \]

### 3.5 Data Collection instruments

Data was collected using questionnaires. A questionnaire is a formalized list of questions that are used to solicit information from respondents. For this research the researcher used both structured and unstructured questions to gather necessary data. Structured or closed questions are meant to save the respondents’ time and get definite answers. Copper and Schindler (2003), state that structured questions necessitate getting as much information as possible from the limited space on the form.

Open-ended or unstructured questions on the other hand are meant to ensure that respondents’ feelings are not disregarded and further explanations are made. Thus the questionnaires were unstructured to enable the researcher get information, ideas, opinions and thoughts freely from the managers of the various insurance firms. Besides, unstructured questions also encouraged the respondents to give an in-depth response without feeling held back in revealing any information.

The questionnaire method was used because it provides greater uniformity across research situations as respondents respond to the same standardized questions. At the same time the questionnaire technique gave the respondents enough time to respond to the questions as they
were given some days to answer the questionnaires. Also the element of anonymity associated with the questionnaire survey technique enhanced the chances of getting honest responses. Thus the use of questionnaires in this study was appropriate and very efficient.

3.6 Research Procedures

The refined questionnaire was then administered to the various managers of different insurance companies. Saunders et al (2003) argues that a reasonable and moderate high response rate is guaranteed with self-administered questionnaires, hand delivered and collected questionnaires. Therefore, the questionnaire was delivered in person and was distributed after initial communication with the respondents to seek consent. The respondents was given some days to answer the questionnaires after which the questionnaires was collected for analysis. No public postal service or email service was used to distribute questionnaires. The structured questions were used in an effort to conserve time and money as well as to facilitate easier analysis as they are in immediate usable form.

3.7 Pilot study

This study did a pilot study for 3 insurance firms. The questionnaires was taken to some top managers in 3 selected insurance firms to pre-test the tools of data collection. A pilot study, is a small experiment designed to test logistics and gather information prior regarding a larger study, in order to improve the latter’s quality and efficiency. A pilot study can reveal deficiencies in the design of a proposed experiment or procedure and these can then be addressed before time and resources are expended on large scale studies. The responses from the respondents was used to adjust and refine the questionnaires accordingly.
3.8 Reliability

Reliability refers to the accuracy and precision of a measurement procedure (Copper and Schindler 2003). It measures the degree to which a research instrument gives consistent results. The author states that reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error (Copper and Schindler 2003). Errors likely to affect reliability are interviewer/interviewee fatigue, bias from the interviewer and inaccuracy of the instrument in use, inaccuracy in scoring by the researcher and finally, unexplained errors whose source cannot be determined.

Cronbach alpha, which is a measure of internal consistency, was used to test the internal reliability of the measurement instrument

\[
\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N-1) \cdot \bar{c}} \tag{Cronbach, 1951}
\]

The higher the score, the more reliable the generated scale is. (Nunnaly 1978) has indicated 0.7 to be an acceptable reliability thus it was considered adequate for this study. Based on the feedback from the pilot test, the questionnaire was modified and a final one developed.

3.9 Validity

On the other hand, validity is the extent to which differences found with a measuring tool reflect true differences among respondents being tested (Copper and Schindler (2003). Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. Validity can be measured by the extent the data obtained accurately reflects the theoretical or conceptual concepts; that is if the measurements gotten are
consistent with the expectations. The validity of this study was determined by asking a series of questions, and often looked for the answers in the research of others such as supervisors, statisticians and colleagues.

3.10 Data Analysis and presentation.

The quantitative data was edited and coded into Statistical Package for Social Sciences (SPSS) for analysis. SPSS generated descriptive statistics such as frequencies, mean and standard deviation. The data was presented in tables, pie charts and graphs. The qualitative data was analysed by means of content analysis. Content analysis is a methodology in the social sciences for studying the content of communication. According to (Holsti, 1969), content analysis is used to make inferences about the antecedents of a communication, to describe and make inferences about characteristics of a communication and to make inferences about the effects of a communication.

The study adopted the following multiple regression models to establish the effects of competitive strategies on performance of insurance companies in Kenya.

\[
Y = a_0 + a_1X_1 + a_2X_2 + a_3X_3 + a_4X_4 + e
\]

Where:

- \(Y\) = Dependent variable (Strategy implementation))
- \(a_0\) = Constant term
- \(X_1\) = Managerial Competence strategy (Independent variable 1)
- \(X_2\) = Resource Base Strength strategy (Independent variable 2)
- \(X_3\) = Corporate culture and procedures strategy (Independent variable 3)
- \(X_4\) = Innovation and entrepreneurship strategy (Independent variable 4)
\( a_1, a_2, a_3, a_4 = \) Coefficients of the variable \( X_1, X_2, X_3, \) and \( X_4 \)

\( e = \) Error term (standard error)

The researcher intended to use the above model to ascertain the causal effect of the independent variables (Managerial Competence, Resource Base Strength, Corporate culture and procedures, Innovation and entrepreneurship) upon the dependent variable (Strategy implementation).

The researcher typically assessed the “statistical significance” of the estimated relationships, that is, the degree of confidence that the true relationship is close to the estimated relationship.

Statistical Package for Social Sciences (SPSS) was used to generate multiple linear regression statistics. Positive coefficients of the independent variables denoted direct relationship between the dependent and independent variables. Negative coefficients of the independent variables denoted inverse relationship between the dependent and independent variables.

### 3.11 Measurement of Variables

Different methods are used to measure different factors depending on the tools used to measure the variables. The variables under study were measured as outlined below.

#### 3.11.1 Managerial Competence strategy

Management strategies by insurance companies in Kenya were assessed by determining the extent to which market strategies affect decision making. The study also established the overall extent to which Management competence have contributed to organizational success. The response was on a five point Likert scale on which 1 = no extent 2 = less extent, 3 = moderate extent, 4 = great extent and 5 = very great extent.

#### 3.11.2 Resource Mobilization strategy
Resource Base Strength for insurance companies in Kenya was assessed by determining the extent the resources have benefited the insurance firms and then extent to which factors such as competitive capability, staffing and organization structure contributes to overall competitiveness of the company. The response was rated on a five point Likert scale on which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

3.11.3 Corporate culture and Leadership strategy
Corporate culture and Leadership was assessed by establishing respondents’ level of satisfaction with the corporate relations and procedures as well as corporate leadership effects. The response was rated on a five point Likert scale on which 1= Very dissatisfactory, 2= Dissatisfactory, 3= moderately satisfactory 4 = Satisfactory and 5= Very satisfactory. The study also determined the extent to which insurance companies benefit from corporate strategies and the extent to which corporate edge contribute to overall competitiveness of insurance companies.

3.11.4 Innovation and Entrepreneurship strategy
Innovation and entrepreneurship was assessed by establishing respondents’ level of satisfaction with the firm’s innovative and entrepreneurial abilities and capacity building. The response was rated on a five point Likert scale on which 1= Very dissatisfactory, 2= Dissatisfactory, 3= moderately satisfactory 4 = Satisfactory and 5= Very satisfactory. The study also determined the extent to which insurance companies benefit from innovation and entrepreneurship strategies and the extent to which innovative edge contribute to overall competitiveness of insurance companies.

3.11.5 Strategy implementation process
Strategy implementation process was assessed by determining the prevailing laid down procedures, their characteristics and their contribution to the status of the firm’s operations. The study sought to unearth the extent to which the external environment affects the internal operations and hence the overall success of the firm. The response was rated on a five point Likert scale on which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

3.11.6 Organizational success in the Sector

The study sought to determine the success of the firm in terms of its ability to meet its annual set targets, its customer satisfaction rate, and its growth level within the industry. Its ability to meet its targets was assessed using a Likert scale on which 1= Very dissatisfactory, 2= Dissatisfactory, 3= moderately satisfactory 4 = Satisfactory and 5= Very satisfactory.

3.11.7 Hypotheses Testing

The hypothesis of the study was tested using Chi Square. The test statistics was generated from Statistical Package for Social Sciences (SPSS). The study used Chi square test so that the relationship between the determinants of strategy implementation and organizational performance can be established. If the P (probability) value associated with each test was less than the significance level < 0.05> this indicated a significance relationship between the variables and if greater than it indicated lack of influence or relationship between the variables. Subsequently, the results were used in accepting or rejecting the stated hypotheses of the study.
CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This section presents analysis and findings of the study as set out in the research methodology. The study’s findings are presented to evaluate the determinants of strategy implementation in insurance companies in Kenya.

4.1.1 Response Rate

The target population for the study was 102 managers. These included two managers from each of the insurance companies in Kenya. The sample was picked on the basis of the Central Limit Theorem in statistical theory which implies that any sample equal to or greater than 30 is representative enough irrespective of the population size. The study classified the companies by organizational types by classifying insurance companies into composite (those carrying out life and non-life insurance business); life business only insurance companies; and those carrying out non-life business only. The sample size shall excluded insurance firms currently under statutory management and those that have been closed down. The sample size was taken to be 93. Out of the 93 questionnaires all were returned fully filled giving a response rate of 100%. According to Mugenda&Mugenda a response rate of 50% is adequate, 60% is good and 70% and above is excellent. Thus a response rate of 100% was appropriate for the study.

4.1.2 Reliability and Validity

Reliability refers to the accuracy and precision of a measurement procedure (Copper and Schindler 2003). It measures the degree to which a research instrument gives consistent results. The author states that reliability is concerned with estimates of the degree to which a
measurement is free of random or unstable error (Copper and Schindler 2003). Errors likely to affect reliability are interviewer/interviewee fatigue, bias from the interviewer and inaccuracy of the instrument in use, inaccuracy in scoring by the researcher and finally, unexplained errors whose source cannot be determined.

Cronbach alpha, which is a measure of internal consistency, was used to test the internal reliability of the measurement instrument. The higher the score, the more reliable the generated scale is. (Nunnaly 1978) has indicated 0.7 to be an acceptable reliability thus it was considered adequate for this study. Based on the feedback from the pilot test, the questionnaire was modified and a final one developed.

4.2 Background Information

**Duration of services provision in the insurance sector**

Study sought to find out the respondents duration of services provision in the insurance sector. From the findings 43% of the respondents indicated that they had less than one year service duration, 39.8% indicated that they had between 2-5 years, 8.6% between 6-10 years and more than 11 years respectively.
Figure 4.1: Duration of services provision in the insurance sector

Duration organization has been operating in Kenya
From the findings 57% of the respondents indicated that organization has been operating in Kenya between 5-10 years while 43% indicated that organization has been operating in Kenya between 10-15 years.

Figure 4.2: Duration organization has been operating in Kenya
**Size of workforce**  
On the findings on Size of workforce 40.9% of the respondents indicated they were supportive staff, 24.7% supervisors, while 17.2% indicated that they were middle level and high level managers.

![Figure 4.3: Size of workforce](image)

**Whether strategic management is practiced**  
The study sought to find out whether strategic management is practiced. From the findings, 82.8% of the respondents indicated that strategic management is practiced while 17.2% indicated that strategic management is not practiced.
Figure 4.4: Whether strategic management is practiced

Whether the following strategies are interacted in day to day activities within the firm

As shown in Table 4.1, 74.2%, 65.6%, 57% and 43% of the respondents indicated that Operational strategies, Business strategies, Functional strategies and Corporate strategies are interacted in day to day activities within the firm while 57%, 43%, 34.4% and 25.8% of the respondents indicated that Corporate strategies, Functional strategies, Business strategies and Operational strategies are not interacted in day to day activities within the firm.

Table 4.1: Whether the following strategies are interacted in day to day activities within the firm

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Yes (%)</th>
<th>No (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate strategies</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td>Business strategies</td>
<td>65.6</td>
<td>34.4</td>
</tr>
<tr>
<td>Functional strategies</td>
<td>57</td>
<td>43</td>
</tr>
<tr>
<td>Operational strategies</td>
<td>74.2</td>
<td>25.8</td>
</tr>
</tbody>
</table>
4.3 study variables

4.3.1 Management Competences in insurance companies in Kenya

The study sought to find out how management linked management competencies to successful strategy implementation from the findings respondents linked to a very great extent, efficient performance management; ease in evaluation of implemented strategies within the firm and efficient operating systems to successful strategy implementation as indicated by a mean of 4.7419; 4.6774 and 4.5914 respectively. Further respondents linked to a great extent effective resource management; enhanced communication; ease in evaluation of implemented strategies within the firm; competent policy frameworks and procedures; efficient decision making and implementation; competent management team and proficient management system of the firm to successful strategy implementation as indicated by a mean of 4.4839; 4.4086; 4.279; 4.021; 3.9140; 3.8065 and 3.7957 respectively.

The study findings are in line with Danneels, 2002 who links the three types of competencies: first-order competencies, which comprise customer and technological competencies; integrative competencies, or the ability to combine first- and second-order competencies, or the ability to build first-order competencies to successful strategy implementation.
Table 4.2: Linking management competencies to successful strategy implementation

<table>
<thead>
<tr>
<th>Management competencies</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competent management team</td>
<td>17.2</td>
<td>0</td>
<td>0</td>
<td>50.5</td>
<td>32.3</td>
<td>3.8065</td>
<td>1.3614</td>
</tr>
<tr>
<td>Proficient management system of the firm</td>
<td>17.2</td>
<td>0</td>
<td>0</td>
<td>51.6</td>
<td>31.2</td>
<td>3.7957</td>
<td>1.3558</td>
</tr>
<tr>
<td>Efficient decision making and implementation</td>
<td>0</td>
<td>8.6</td>
<td>15.1</td>
<td>16.1</td>
<td>60.2</td>
<td>4.2796</td>
<td>1.0147</td>
</tr>
<tr>
<td>Ease in evaluation of implemented strategies within the firm</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>32.3</td>
<td>67.7</td>
<td>4.6774</td>
<td>.4700</td>
</tr>
<tr>
<td>Effective planning and enforcing change</td>
<td>8.6</td>
<td>0</td>
<td>0</td>
<td>74.2</td>
<td>17.2</td>
<td>3.9140</td>
<td>.9741</td>
</tr>
<tr>
<td>Effective resource management</td>
<td>0</td>
<td>0</td>
<td>8.6</td>
<td>34.4</td>
<td>57</td>
<td>4.4839</td>
<td>.6529</td>
</tr>
<tr>
<td>Efficient performance management</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>25.8</td>
<td>74.2</td>
<td>4.7419</td>
<td>.4399</td>
</tr>
<tr>
<td>Competent policy frameworks and procedures</td>
<td>8.6</td>
<td>0</td>
<td>15.1</td>
<td>41.9</td>
<td>34.4</td>
<td>4.0215</td>
<td>.9205</td>
</tr>
<tr>
<td>Enhanced communication and Information systems</td>
<td>0</td>
<td>0</td>
<td>8.6</td>
<td>41.9</td>
<td>49.5</td>
<td>4.4086</td>
<td>.6466</td>
</tr>
<tr>
<td>Efficient operating systems</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>40.9</td>
<td>59.1</td>
<td>4.5914</td>
<td>.4942</td>
</tr>
</tbody>
</table>
Extent to which management competence strategies affects the strategic decisions of company in the following areas

On the extent to which competence strategies affects the strategic decisions of company. Respondents agreed that to a very great extent Choice of strategies on advertising and promotion affects the strategic decisions of company while to a great extent Choice of Staff; Product development and Choice of branch networks affects the strategic decisions of company as indicated by a mean 4.6022; 4.946; and 4.3118 respectively.

Table 4.3: Extent to which management competence strategies affects the strategic decisions of company

<table>
<thead>
<tr>
<th>Strategic decisions</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of branch networks</td>
<td>0</td>
<td>0</td>
<td>25.8</td>
<td>17.2</td>
<td>57</td>
<td>4.3118</td>
<td>.65297</td>
</tr>
<tr>
<td>Product development</td>
<td>0</td>
<td>0</td>
<td>8.6</td>
<td>34.4</td>
<td>57</td>
<td>4.4839</td>
<td>.49211</td>
</tr>
<tr>
<td>Choice of strategies on advertising and promotion</td>
<td>0</td>
<td>0</td>
<td>39.8</td>
<td>60.2</td>
<td>4.6022</td>
<td>.50268</td>
<td></td>
</tr>
<tr>
<td>Choice of Staff</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>50.5</td>
<td>49.5</td>
<td>4.4946</td>
<td>.49777</td>
</tr>
</tbody>
</table>

Extent to which management competence affect the overall success of firm

From the findings, 57% of the respondents indicated that to a very great extent management competence affect the overall success of firm while 43% of the respondents indicated that to a great extent management competence affect the overall success of firm
Figure 4.5: Extent to which management competence affect the overall success of your firm

4.3.2: Resource Strength by insurance companies in Kenya

Linking the statements regarding resource base competencies to successful strategy implementation

The study sought to Link statements regarding resource base competencies to successful strategy implementation. From the findings, respondents linked to a great extent Adequate resource base matching firm’s needs; Firm always being able to meet its set resource department goals and objectives; Access to cost efficient resources; Operations never delayed or halted due to resource unavailability; Efficient and reliable resource sourcing mechanisms; Adequate and Efficient human resources (competent employees) and Efficient and fruitful resource allocation to successful strategy implementation as indicated by a mean of 4.4086; 4.3441; 4.3118; 4.2473; 4.0538; 4.0215 and 3.7634.
### Table 4.4: Linking the statements regarding resource base competencies to successful strategy implementation

<table>
<thead>
<tr>
<th>Indicators of Resource strength</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate resource base matching firm’s needs</td>
<td>0</td>
<td>0</td>
<td>17.2</td>
<td>24.7</td>
<td>58.1</td>
<td>4.4086</td>
<td>.76948</td>
</tr>
<tr>
<td>Efficient and fruitful resource allocation</td>
<td>8.6</td>
<td>0</td>
<td>23.7</td>
<td>41.9</td>
<td>25.8</td>
<td>3.7634</td>
<td>1.10727</td>
</tr>
<tr>
<td>Adequate and Efficient human resources (competent employees)</td>
<td>8.6</td>
<td>0</td>
<td>15.1</td>
<td>33.3</td>
<td>43.0</td>
<td>4.0215</td>
<td>1.17008</td>
</tr>
<tr>
<td>Efficient and reliable resource sourcing mechanisms</td>
<td>8.6</td>
<td>0</td>
<td>0</td>
<td>60.2</td>
<td>31.2</td>
<td>4.0538</td>
<td>1.04638</td>
</tr>
<tr>
<td>Access to cost efficient resources</td>
<td>0</td>
<td>0</td>
<td>17.2</td>
<td>34.4</td>
<td>48.4</td>
<td>4.3118</td>
<td>.75150</td>
</tr>
<tr>
<td>Operations never delayed or halted due to resource unavailability</td>
<td>0</td>
<td>0</td>
<td>17.2</td>
<td>40.9</td>
<td>41.9</td>
<td>4.2473</td>
<td>.73212</td>
</tr>
<tr>
<td>Firm is always able to meet its set resource department goals and objectives</td>
<td>0</td>
<td>0</td>
<td>8.6</td>
<td>48.4</td>
<td>43.0</td>
<td>4.3441</td>
<td>.63408</td>
</tr>
</tbody>
</table>

**Extent to which resource allocation strategies affects the strategic decisions of company in the following areas**

From the findings on the extent to which resource allocation strategies affects the strategic decisions of company. Respondents indicated that to a great extent and Choice of branch networks affects the strategic decisions of company while Choice of Staff; Choice of strategies on advertising and promotion and Product development affects the strategic decisions of company as indicated by a mean of 4.6559; 4.483; 3.892 and 3.7634 respectively.
Table 4.5: Extent to which resource allocation strategies affects the strategic decisions of company in the following areas

<table>
<thead>
<tr>
<th>Strategic decisions</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of branch networks</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>34.4</td>
<td>65.6</td>
<td>4.6559</td>
<td>.47764</td>
</tr>
<tr>
<td>Product development</td>
<td>8.6</td>
<td>8.6</td>
<td>15.1</td>
<td>33.3</td>
<td>34.4</td>
<td>3.7634</td>
<td>1.25454</td>
</tr>
<tr>
<td>Choice of strategies on advertising and promotion</td>
<td>0</td>
<td>17.2</td>
<td>8.6</td>
<td>41.9</td>
<td>32.3</td>
<td>3.8925</td>
<td>1.04738</td>
</tr>
<tr>
<td>Choice of Staff</td>
<td>8.6</td>
<td>0</td>
<td>0</td>
<td>34.4</td>
<td>57.0</td>
<td>4.4839</td>
<td>.65297</td>
</tr>
</tbody>
</table>

Extent to which organizational success is attributed in the following areas to competent resource allocation strategies

The study sought to find out the extent to which organizational success is attributed in the following areas to competent resource allocation strategies. From the findings respondents indicated that to a very great extent organizational success is attributed in the Longevity of product lifespan to competent resource allocation as indicated by a mean of 4.5806. Further respondents indicated that to a great extent organizational success is attributed in the New product introduction to competent resource allocation as indicated by a mean of 4.4839. Respondents indicated that to a moderate extent organizational success is attributed in the Overall profitability of organization and Customer satisfaction and retention to competent resource allocation as indicated by a mean of 3.4839 and 3.2796 respectively. Overall brand image was rated to a less extent as indicated by a mean of 1.4194.
Table 4.6: Resource strength contributes to the overall organizational success

<table>
<thead>
<tr>
<th>Indicators of organizational strength</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>New product introduction</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>51.6</td>
<td>49.4</td>
<td>4.4839</td>
<td>.50245</td>
</tr>
<tr>
<td>Longevity of product lifespan</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>41.9</td>
<td>58.1</td>
<td>4.5806</td>
<td>.49613</td>
</tr>
<tr>
<td>Your overall brand image</td>
<td>58.1</td>
<td>41.9</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1.74194</td>
<td>.49613</td>
</tr>
<tr>
<td>Customer satisfaction and retention</td>
<td>6.5</td>
<td>43.0</td>
<td>0</td>
<td>17.2</td>
<td>33.3</td>
<td>3.2796</td>
<td>1.46232</td>
</tr>
<tr>
<td>Overall profitability of your organization</td>
<td>0</td>
<td>25.8</td>
<td>0</td>
<td>74.2</td>
<td>0</td>
<td>3.4839</td>
<td>.87988</td>
</tr>
</tbody>
</table>

**Extent to which resource strength contributes to the overall organizational success**

On the extent to which resource strength contributes to the overall organizational 43% indicated that to a very great extent resource strength contributes to the overall organizational success; 23.7% indicated to a great extent; 16.1% indicated to a moderate extent while 17.2% indicated that resource strength contributes to the overall organizational success to no extent.
4.3.3 Innovation and entrepreneurship within the firm

Linking innovation and entrepreneurship statements to successful strategy implementation

The study sought to Link innovation and entrepreneurship statements to successful strategy implementation. Respondents indicated linked to a great extent Increased customer retention; Efficient distribution channels; Perfect understanding of our consumer needs; Frequent development of new product to meet the consumer and market demand; Perfect understanding of the market; Constant improvement on existing product to meet the market demand and the consumer needs; amplified reliability on the brand to successful strategy implementation as indicated by a mean of 4.4839; 4.1505; 4.0000; 3.9570; 3.8602; 3.6022; and 3.6344 respectively.
The study findings are in line with Hindle (1997) who argues that “Innovation requires three basic components: the infrastructure; the capital; and the entrepreneurial capacity needed to make the first two components work”. Innovation is the specific tool of entrepreneurship by which entrepreneurs exploit change as an opportunity for a different business or service. This in turn leads to successful strategy implementation.

**Table 4.7: Linking innovation and entrepreneurship statements to successful strategy implementation**

<table>
<thead>
<tr>
<th>Innovation and entrepreneurship strategies</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfect understanding of our consumer needs</td>
<td>8.6</td>
<td>8.6</td>
<td>0</td>
<td>39.8</td>
<td>43.0</td>
<td>4.0000</td>
<td>1.44956</td>
</tr>
<tr>
<td>Perfect understanding of the market</td>
<td>17.2</td>
<td>6.5</td>
<td>0</td>
<td>25.8</td>
<td>50.5</td>
<td>3.8602</td>
<td>1.25109</td>
</tr>
<tr>
<td>Constant improvement on existing product to meet the market demand and the consumer needs</td>
<td>8.6</td>
<td>14.0</td>
<td>17.2</td>
<td>25.8</td>
<td>34.4</td>
<td>3.6344</td>
<td>1.52224</td>
</tr>
<tr>
<td>Frequent development of new product to meet the consumer and market demand amplified reliability on the brand</td>
<td>8.6</td>
<td>6.5</td>
<td>0</td>
<td>50.5</td>
<td>34.4</td>
<td>3.9570</td>
<td>1.31699</td>
</tr>
<tr>
<td>Efficient distribution channels</td>
<td>17.2</td>
<td>6.5</td>
<td>0</td>
<td>51.6</td>
<td>24.7</td>
<td>3.6022</td>
<td>1.17874</td>
</tr>
<tr>
<td>Increased customer retention</td>
<td>6.5</td>
<td>8.6</td>
<td>8.6</td>
<td>16.1</td>
<td>60.2</td>
<td>4.1505</td>
<td>1.38423</td>
</tr>
</tbody>
</table>


Extent to which innovation and entrepreneurship strategy affects the strategic decisions of company in the following areas

On the findings on the extent to which innovation and entrepreneurship strategy affects the strategic decisions of company, respondents indicated that to a great extent Product development; Choice of branch networks and Choice of strategies on advertising and promotion affects the strategic decisions of company as indicated by a mean of 3.8172, 3.7204 and 3.6559 respectively. Further respondents indicated that to a moderate extent Choice of Staff and Day to day operations affects the strategic decisions of company as indicated by a mean of 3.3978 and 2.6129 respectively.

Table 4.8: Extent to which innovation and entrepreneurship strategy affects the strategic decisions of company in the following areas

<table>
<thead>
<tr>
<th>Areas of strategic decisions</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of branch networks</td>
<td>15.1</td>
<td>0</td>
<td>0</td>
<td>67.7</td>
<td>17.2</td>
<td>3.7204</td>
<td>1.21015</td>
</tr>
<tr>
<td>Day to day operations</td>
<td>51.6</td>
<td>41.9</td>
<td>6.5</td>
<td></td>
<td></td>
<td>2.6129</td>
<td>.79444</td>
</tr>
<tr>
<td>Product development</td>
<td>0</td>
<td>25.8</td>
<td>0</td>
<td>40.9</td>
<td>33.3</td>
<td>3.8172</td>
<td>1.16046</td>
</tr>
<tr>
<td>Choice of strategies on advertising</td>
<td>0</td>
<td>17.2</td>
<td>0</td>
<td>82.8</td>
<td>0</td>
<td>3.6559</td>
<td>.75893</td>
</tr>
<tr>
<td>and promotion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choice of Staff</td>
<td>0</td>
<td>25.8</td>
<td>8.6</td>
<td>0</td>
<td>65.6</td>
<td>3.3978</td>
<td>.87402</td>
</tr>
</tbody>
</table>

Extent to which innovation and entrepreneurship strategy implementation contribute to overall organizational success

81
On the extent to which resource strength contributes to the overall organizational success; 40% indicated that to a very great extent resource strength contributes to the overall organizational success; 26.7% indicated to a great extent; 18.1% indicated to a moderate extent while 15.2% indicated that resource strength contributes to the overall organizational success to no extent at all.

Figure 4. 7: Extent to which resource strength contributes to the overall organizational success

4.3.4 Corporate Culture and Leadership

Rating the level to which the following corporate culture conditions are affected by successful strategy implementation within firm

From the findings Effective management of Social responsibility; enhanced organization image and clear and harmonized organization growth plan development is affected to a great extent by successful strategy implementation within firm as indicated by a mean of 4.0000; 3.9892 and 3.9247 respectively. Further respondents indicated that to a moderate extent and less extent respectively, efficient management structures and Consistent and capable performance management framework are affected by successful strategy implementation within firm as
indicated by a mean of 3.2366 and 1.5484 respectively. Harrison, 1972 link various types of cultures (e.g. “strong vs. weak”) to certain outcome variables such as performance and internal integration.

Table 4.9: Rating the level to which the following corporate culture conditions are affected by successful strategy implementation within firm

<table>
<thead>
<tr>
<th>Corporate culture and leadership</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective management of Social responsibility</td>
<td>8.6</td>
<td>8.6</td>
<td>0</td>
<td>39.8</td>
<td>43.0</td>
<td>4.0000</td>
<td>1.25109</td>
</tr>
<tr>
<td>Enhanced organization image</td>
<td>17.2</td>
<td>0</td>
<td>0</td>
<td>32.3</td>
<td>50.5</td>
<td>3.9892</td>
<td>1.44082</td>
</tr>
<tr>
<td>Clear and harmonized organization growth plan development</td>
<td>8.6</td>
<td>0</td>
<td>23.7</td>
<td>25.8</td>
<td>41.9</td>
<td>3.9247</td>
<td>1.19997</td>
</tr>
<tr>
<td>Consistent and capable performance management framework</td>
<td>51.6</td>
<td>41.9</td>
<td>6.5</td>
<td>0</td>
<td>0</td>
<td>1.5484</td>
<td>.61708</td>
</tr>
<tr>
<td>Efficient management structures</td>
<td>0</td>
<td>25.8</td>
<td>49.5</td>
<td>0</td>
<td>24.7</td>
<td>3.2366</td>
<td>1.09741</td>
</tr>
</tbody>
</table>

Extent to which corporate culture strategy affects the strategic decisions of company in the following areas

From the findings respondents indicated that Choice of Staff and Choice of strategies on advertising and promotion are affected by corporate culture strategy as indicated by 3.9355 and 3.688 respectively while Product development and Choice of branch networks are affected to a moderate extent by corporate culture strategy as indicated by a mean of 3.4301 and 3.4194 respectively.
Table 4.10: Extent to which corporate culture strategy affects the strategic decisions of company in the following areas

<table>
<thead>
<tr>
<th>Strategic decisions</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of branch networks</td>
<td>0</td>
<td>17.2</td>
<td>23.7</td>
<td>60.2</td>
<td>0</td>
<td>3.4301</td>
<td>.77175</td>
</tr>
<tr>
<td>Product development</td>
<td>0</td>
<td>17.2</td>
<td>23.7</td>
<td>59.1</td>
<td>0</td>
<td>3.4194</td>
<td>.77069</td>
</tr>
<tr>
<td>Choice of strategies on advertising and promotion</td>
<td>0</td>
<td>17.2</td>
<td>22.6</td>
<td>0</td>
<td>43.0</td>
<td>3.6882</td>
<td>1.45944</td>
</tr>
<tr>
<td>Choice of Staff</td>
<td>8.6</td>
<td>8.6</td>
<td>6.5</td>
<td>33.3</td>
<td>43.3</td>
<td>3.9355</td>
<td>1.27524</td>
</tr>
</tbody>
</table>

**Extent to which respondents attribute organizational success in the following areas to competent corporate culture and leadership strategy within firm**

From the findings, respondents attributed to a great extent organizational success in New product introduction and Longevity of product lifespans to competent corporate culture and leadership strategy within firm as indicated by a mean of 3.9247 and 3.6022 respectively. They further attributed to a moderate extent organizational success in Customer satisfaction and retention; overall brand image and Overall profitability of organization to corporate culture and leadership strategy within firm as indicated by a mean of 3.4839, 3.4301, and 3.3978 respectively.
Table 4.11: Extent to which respondents attribute organizational success in the following areas to competent corporate culture and leadership strategy within firm

<table>
<thead>
<tr>
<th>Organizational success measures</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>New product introduction</td>
<td>17.2</td>
<td>0</td>
<td>6.5</td>
<td>25.8</td>
<td>50.5</td>
<td>3.9247</td>
<td>1.46136</td>
</tr>
<tr>
<td>Longevity of product lifespan</td>
<td>8.6</td>
<td>0</td>
<td>39.8</td>
<td>25.8</td>
<td>25.8</td>
<td>3.6022</td>
<td>1.13386</td>
</tr>
<tr>
<td>Your overall brand image</td>
<td>0</td>
<td>23.7</td>
<td>43.0</td>
<td>33.3</td>
<td>23.7</td>
<td>3.4301</td>
<td>.50245</td>
</tr>
<tr>
<td>Customer satisfaction and retention</td>
<td>0</td>
<td>8.6</td>
<td>34.4</td>
<td>57.0</td>
<td>0</td>
<td>3.4839</td>
<td>1.18320</td>
</tr>
<tr>
<td>Overall profitability of your organization</td>
<td>0</td>
<td>25.8</td>
<td>8.6</td>
<td>65.6</td>
<td>0</td>
<td>3.3978</td>
<td>.65297</td>
</tr>
</tbody>
</table>

Extent to which corporate culture and leadership strategy implementation contribute to overall organizational success

On the extent to which corporate culture and leadership strategy implementation contribute to overall organizational success, 39.0% indicated that to a very great extent resource strength contributes to the overall organizational success; 27.7% indicated to a great extent; 20.1% indicated to a moderate extent while 13.2% indicated that resource strength contributes to the overall organizational success to no extent at all.
4.3.5 Strategic Implementation Process

Extent to which strategic implementation process affect the following strategy implementation factors

From the findings Corporate culture, Resource mobilization, Innovation and entrepreneurship and Managerial Competence are affected to a great extent by strategic implementation process as indicated by a mean of 4.1613, 4.1505, 4.0538, and 4.0000 respectively.
Table 4.12: Extent to which strategic implementation process affect the following strategy implementation factors

<table>
<thead>
<tr>
<th>Strategy implementation factors</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial Competence</td>
<td>8.6</td>
<td>8.6</td>
<td>39.8</td>
<td>43.0</td>
<td></td>
<td>4.000</td>
<td>1.44956</td>
</tr>
<tr>
<td>Resource mobilization</td>
<td>8.6</td>
<td>8.6</td>
<td>32.3</td>
<td>50.5</td>
<td></td>
<td>4.1613</td>
<td>1.25109</td>
</tr>
<tr>
<td>Innovation and entrepreneurship</td>
<td>8.6</td>
<td>17.2</td>
<td>25.8</td>
<td>48.4</td>
<td></td>
<td>4.0538</td>
<td>1.16367</td>
</tr>
<tr>
<td>Corporate culture</td>
<td>8.6</td>
<td>50.5</td>
<td>40.9</td>
<td></td>
<td></td>
<td>4.1505</td>
<td>1.20114</td>
</tr>
</tbody>
</table>

**Extent to which strategic implementation process affects organization operations and hence the performance of the organization**

On the extent to which strategic implementation process affects organization operations and hence the performance of the organization 37.7% indicated that to a very great extent resource strength contributes to the overall organizational success; 29.7% indicated to a great extent; 20.1% indicated to a moderate extent while 13.2% indicated that resource strength contributes to the overall organizational success to no extent at all.
Figure 4.9: Extent to which strategic implementation process affects organization operations and hence the performance of the organization

4.4 Regression analysis

Table 4.13: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.954a</td>
<td>.910</td>
<td>.906</td>
<td>1.65308</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Innovation, Managerial Competence, Resource strength, Corporate culture

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Strategy implementation) that is explained by all the four independent variables (Innovation, Managerial Competence, Resource strength, Corporate culture).

The four independent variables that were studied, explain 91.0% of variance in poverty alleviation as represented by the $R^2$. This therefore means that other factors not studied in this
research contribute 9.0% of variance in the dependent variable. Therefore, further research should be conducted on to evaluate the determinants of strategy implementation in insurance companies in Kenya.

**Anova: Table 4.14**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2421.223</td>
<td>4</td>
<td>605.306</td>
<td>221.506</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>240.476</td>
<td>88</td>
<td>2.733</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2661.699</td>
<td>92</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Strategy implementation  
b. Predictors: (Constant), Innovation, Managerial Competence, Resource strength, Corporate culture

The F critical at 5% level of significance was 8.84. Since F calculated is greater than the F critical (value = 221.506), this shows that the overall model was significant. The significance is less than 0.05, thus indicating that the predictor variables), explain the variation in the dependent variable which is Strategy implementation

**Table 4.15: Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>.964</td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.246</td>
<td>3.367</td>
<td>.964</td>
<td>.338</td>
</tr>
<tr>
<td>Managerial</td>
<td>.238</td>
<td>.095</td>
<td>.192</td>
<td>2.508</td>
</tr>
<tr>
<td>Competence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource strength</td>
<td>.236</td>
<td>.053</td>
<td>.375</td>
<td>4.459</td>
</tr>
<tr>
<td>Corporate culture</td>
<td>.123</td>
<td>.054</td>
<td>.254</td>
<td>2.258</td>
</tr>
<tr>
<td>Innovation</td>
<td>.586</td>
<td>.054</td>
<td>1.346</td>
<td>10.842</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Strategy implementation
From the regression findings, the substitution of the equation (\( Y = a_0 + a_1X_1 + a_2X_2 + a_3X_3 + a_4X_4 + e \)) becomes:

\[
Y = 3.246 + 0.238 X_1 + 0.236 X_2 + 0.123 X_3 + 0.586 X_4
\]

Where \( Y \) is the dependent variable (Strategy implementation), \( X_1 \) Managerial Competence, \( X_2 \) is Resource strength, \( X_3 \) is corporate culture and \( X_4 \) is Innovation. According to the equation, taking all factors (Innovation, Managerial Competence, Resource strength, corporate culture) constant at zero, impact of Strategy implementation will be 3.246. The data findings also show that a unit increase in Managerial Competence variable will lead to a 0.238 increase in Strategy implementation; a unit increase in Resource strength will lead to a 0.236 increase in Strategy implementation; a unit increase in Corporate culture will lead to a 0.123 increase in Strategy implementation while a unit increase in Innovation will lead to a 0.586 increase Strategy implementation.
CHAPTER FIVE
SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This section mainly covers the summary of findings, conclusion, and recommendations in line with the topic of study that is to evaluate the determinants of strategy implementation in insurance companies in Kenya.

5.2 Summary of findings

5.2.1 Management Competences in insurance companies in Kenya
The study found out that respondents linked to a very great extent, Efficient performance management; Ease in evaluation of implemented strategies within the firm and Efficient operating systems to successful strategy implementation Further respondents linked to a great extent Effective resource management; Enhanced communication; Ease in evaluation of implemented strategies within the firm;Competent policy frameworks and procedures;Efficient decision making and implementation;Competent management team and Proficient management system of the firm to Successful strategy implementation.

The study findings are in line with Danneels, 2002 who links the three types of competencies: first-order competencies, which comprise customer and technological competencies; integrative competencies, or the ability to combine first- and second-order competencies, or the ability to build first-order competencies to successful strategy implementation.

On the extent to which competence strategies affects the strategic decisions of company, respondents agreed that to a very great extent Choice of strategies on advertising and
promotion affects the strategic decisions of company while to a great extent Choice of Staff; Product development and Choice of branch networks affects the strategic decisions of company.

5.2.2 Resource Strength by insurance companies in Kenya

From the findings, respondents linked to a great extent Adequate resource base matching firm’s needs; Firm always being able to meet its set resource department goals and objectives; Access to cost efficient resources; Operations never delayed or halted due to resource unavailability; Efficient and reliable resource sourcing mechanisms; Adequate and Efficient human resources (competent employees) and Efficient and fruitful resource allocation to successful strategy implementation

From the findings on the extent to which resource allocation strategies affects the strategic decisions of company, respondents indicated that to a very great extent, Choice of branch networks affects the strategic decisions of company while Choice of Staff; Choice of strategies on advertising and promotion and Product development affects the strategic decisions of company.

5.2.3 Innovation and entrepreneurship within the firm

Respondents indicated linked to a great extent Increased customer retention; Efficient distribution channels; Perfect understanding of our consumer needs; Frequent development of new product to meet the consumer and market demand; Perfect understanding of the market; Constant
improvement on existing product to meet the market demand and the consumer needs; amplified reliability on the brand to successful strategy implementation.

The study findings are in line with Hindle (1997) who argues that “Innovation requires three basic components: the infrastructure; the capital; and the entrepreneurial capacity needed to make the first two components work”. Innovation is the specific tool of entrepreneurship by which entrepreneurs exploit change as an opportunity for a different business or service. This in turn leads to successful strategy implementation.

5.2.4 Corporate Culture and Leadership

From the findings Effective management of Social responsibility; Enhanced organization image and clear and harmonized organization growth plan development is affected to a great extent by successful strategy implementation within firm. Further respondents indicated that to a moderate extent and less extent respectively, efficient management structures and Consistent and capable performance management framework are affected by successful strategy implementation within firm. Harrison, 1972 link various types of cultures (e.g. “strong vs. weak”) to certain outcome variables such as performance and internal integration.

From the findings respondents indicated that Choice of Staff and Choice of strategies on advertising and promotion are affected by corporate culture respectively while Product development and Choice of branch networks are affected to a moderate extent by corporate culture strategy.
5.3 Conclusion

The study concluded that to a very great extent, Choice of branch networks affects the strategic decisions of company while Choice of Staff; Choice of strategies on advertising and promotion and Product development affects the strategic decisions of company.

The study also concludes that Efficient performance management; Ease in evaluation of implemented strategies within the firm and Efficient operating systems to successful strategy implementation. Further respondents linked to a great extent Effective resource management; Enhanced communication; Ease in evaluation of implemented strategies within the firm; Competent policy frameworks and procedures; Efficient decision making and implementation; Competent management team and Proficient management system of the firm are linked to Successful strategy implementation.

The study further concludes that Increased customer retention; Efficient distribution channels; Perfect understanding of our consumer needs; Frequent development of new product to meet the consumer and market demand; Perfect understanding of the market; Constant improvement on existing product to meet the market demand and the consumer needs; Amplified reliability on the brand are linked to successful strategy implementation.

Finally the study concludes that Choice of Staff and Choice of strategies on advertising and promotion are affected by corporate culture strategy respectively while Product development and Choice of branch networks are affected to a moderate extent by corporate culture strategy.
5.4 Recommendation

The study recommends the right choice of branch networks should be enhanced since it affects the strategic decisions of company while choice of staff; choice of strategies on advertising and promotion and product development should be taken into consideration as well.

Further, the study recommends managerial competences to be implemented since they are key ingredients in organizational success. It has been found out that minor competence developments are unlikely to have any impact on improvement of firms' performance.

The study also recommends strategy formulation to be comprised of the articulation of a mission, a set of long-term objectives to be achieved within the stated mission, and an action plan specifying how the mission and objectives will be realized so as to achieve successful strategy implementation.

Finally, the study recommends resources deployment to be discussed as early as possible in the whole implementation planning process, and these resources – financial, personal, and time – have to be included in the company’s budget from the beginning.

5.5 Recommendation for further studies

The study was done to evaluate the determinants of strategy implementation in insurance companies in Kenya. Further study should be carried out to challenges encountered in strategy implementation in insurance companies in Kenya.
REFERENCES


McKie, S. (2000): *Customer role management*, Planet IT, 13 April


Oduor, (2002). The marketing strategies employed by small and medium scale enterprises in Kenya: the case of cut flower exporting firms, Nairobi, Kenya


Ritti, R.R., Funkhouser, G.R. (1982). *The Ropes to Skip and the Ropes to Know*, John Wiley & Sons, Columbus, OH,


APPENDICES

Appendix I: Questionnaire

PART A: Demographic information

1. Name of the insurance company ………………………………………………….(Optional)

2. How long have you been providing your services in the insurance sector?
   
   Less than 1 year [  ]
   2-5 years [  ]
   6- 10 years [  ]
   More than 11 years [  ]

3. For how long have your organization been operating in Kenya?
   
   Below 5 Years [  ]
   5-10 years [  ]
   10-15 Years [  ]
   Above 15 years [  ]

4. What is your organization’s area of operation in the insurance industry? ..........................

   ........................................................................................................................................
   ...........................................................................................................................................

5. What is the size of your client base? ..............................................................................
6. What is the size of your workforce? (Please indicate the number in each area)

   High level managers...........................................................................................

   Middle level Managers......................................................................................

   Supervisors........................................................................................................

   Support staff....................................................................................................... 

7. Do you practice strategic management? YES [    ], NO [    ]

8. Do you interact with the following strategies in your day to day activities within the firm?

   Corporate strategies YES [    ], NO [    ]

   Business strategies YES [    ], NO [    ]

   Functional strategies YES [    ], NO [    ]

   Operational strategies YES [    ], NO [    ]

Part B:

Section 1  Management Competences in insurance companies in Kenya
9. How would you link the following management competencies to successful strategy implementation? Rate your response on a five point Likert scale on which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

<table>
<thead>
<tr>
<th>Management competencies</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competent management team</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proficient management system of the firm</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficient decision making and implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ease in evaluation of implemented strategies within the firm</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective planning and enforcing change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective resource management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perfect organization image</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficient performance management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competent policy frameworks and procedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhanced communication and Information systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficient operating systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. To what extent has management competence strategies affected the strategic decisions of your company in the following areas?

<table>
<thead>
<tr>
<th>Strategic decisions</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of branch</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
11. To what extent does management competence affect the overall success of your firm?

- Very great extent [  ]
- Great extent [  ]
- Moderate extent [  ]
- Less extent [  ]
- No extent at all [  ]
Section 2: Resource Strength by insurance companies in Kenya.

12. To what extent would you link the following statements regarding your resource base competencies to successful strategy implementation? Rate your response on a five point Likert scale on which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

<table>
<thead>
<tr>
<th>Indicators of Resource strength</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate resource base matching firm’s needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficient and fruitful resource allocation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adequate and Efficient human resources (competent employees)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficient and reliable resource sourcing mechanisms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to cost efficient resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations never delayed or halted due to resource unavailability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm is always able to meet its set resource department goals and objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
13. To what extent has resource allocation strategies affected the strategic decisions of your company in the following areas?

<table>
<thead>
<tr>
<th>Strategic decisions</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of branch networks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choice of strategies on advertising and promotion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choice of Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. To what extent would you attribute your organizational success in the following areas to competent resource allocation strategies?

<table>
<thead>
<tr>
<th>Indicators of organizational strength</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>New product introduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Longevity of product lifespan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your overall brand image</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction and retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall profitability of your organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
15. To what extent have resource strength contributed to the overall organizational success?

- Very great extent
- Great extent
- Moderate extent
- Less extent
- No extent at all

Section 3: Innovation and entrepreneurship within the firm

16. To what extent would you link the following innovation and entrepreneurship statements to successful strategy implementation? Tick appropriately using a Likert scale of 5 where 5= Very great extent, 4= Great extent 3= Moderate extent and 2= Less extent and 1= No extent at all.

<table>
<thead>
<tr>
<th>Innovation and entrepreneurship strategies</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Perfect understanding of our consumer needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Perfect understanding of the market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Constant improvement on existing product to meet the market demand and the consumer needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Frequent development of new product to meet the consumer and market demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. amplified reliability on the brand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Efficient distribution channels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
17. To what extent has innovation and entrepreneurship strategy affected the strategic decisions of your company in the following areas?

<table>
<thead>
<tr>
<th>Areas of strategic decisions</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of branch networks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Day to day operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choice of strategies on advertising and promotion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choice of Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18. To what extent does innovation and entrepreneurship strategy implementation contribute to overall organizational success?

- Very great extent [ ]
- Great extent [ ]
- Moderate extent [ ]
- Less extent [ ]
- No extent at all [ ]

SECTION 4: Corporate Culture and Leadership
19. To what extent would you rate the level to which the following corporate culture conditions are affected by successful strategy implementation within your firm? Tick appropriately using a Likert scale of 5 where 5= Very great extent, 4= Great extent 3= Moderate extent and 2= Less extent and 1= No extent at all.

<table>
<thead>
<tr>
<th>Corporate culture and leadership</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderate extent</th>
<th>Less extent</th>
<th>No extent at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective management of Social responsibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhanced organization image</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clear and harmonized organization growth plan development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistent and capable performance management framework</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficient management structures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

20. To what extent has your corporate culture strategy affected the strategic decisions of your company in the following areas?

<table>
<thead>
<tr>
<th>Strategic decisions</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of branch networks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choice of strategies on advertising and promotion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
21. To what extent would you attribute your organizational success in the following areas to competent corporate culture and leadership strategy within your firm?

<table>
<thead>
<tr>
<th>Organizational success measures</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>New product introduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Longevity of product lifespan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your overall brand image</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction and retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall profitability of your organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

22. To what extent does your corporate culture and leadership strategy implementation contribute to overall organizational success?

- Very great extent [ ]
- Great extent [ ]
- Moderate extent [ ]
- Less extent [ ]
- No extent at all [ ]

Section 5: Strategic Implementation Process
23. Please briefly describe goodness of the strategic implementation process that relates to your organization

24. To what extent does strategic implementation process affect the following strategy implementation factors?

<table>
<thead>
<tr>
<th>Strategy implementation factors</th>
<th>No extent at all</th>
<th>Less extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial Competence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource mobilization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation and entrepreneurship</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate culture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

25. To what extent has strategic implementation process affected your organization operations and hence the performance of the organization?

   Very great extent [ ]
Great extent [ ]
Moderate extent [ ]
Less extent [ ]
No extent at all [ ]

THANK YOU FOR YOUR COOPERATION
## Appendix II: Insurance Companies in Kenya

<table>
<thead>
<tr>
<th>No.</th>
<th>Company</th>
<th>Line of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>British-American Insurance Company (Kenya) Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>2.</td>
<td>Cannon Assurance Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>3.</td>
<td>Continental Reinsurance Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>4.</td>
<td>Corporate Insurance Company Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>5.</td>
<td>East Africa Reinsurance Company Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>6.</td>
<td>First Assurance Company Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>7.</td>
<td>Geminia Insurance Company Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>8.</td>
<td>Kenindia Assurance Company Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>9.</td>
<td>Kenya Reinsurance Corporation Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>10.</td>
<td>Madison Insurance Company Kenya Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>11.</td>
<td>Mercantile Insurance Company Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>12.</td>
<td>The Jubilee Insurance Company of Kenya Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>13.</td>
<td>The Kenyan Alliance Insurance Company Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>14.</td>
<td>The Monarch Insurance Company Limited</td>
<td>Composite</td>
</tr>
<tr>
<td>15.</td>
<td>AAR Insurance Kenya Limited</td>
<td>General</td>
</tr>
<tr>
<td>16.</td>
<td>A P A Insurance Limited</td>
<td>General</td>
</tr>
<tr>
<td>17.</td>
<td>Africa Merchant Assurance Company Limited</td>
<td>General</td>
</tr>
<tr>
<td>18.</td>
<td>AIG Kenya Insurance Company Limited</td>
<td>General</td>
</tr>
<tr>
<td>19.</td>
<td>CIC General Insurance Limited</td>
<td>General</td>
</tr>
<tr>
<td>20.</td>
<td>Directline Assurance Company Limited</td>
<td>General</td>
</tr>
<tr>
<td>21.</td>
<td>Fidelity Shield Insurance Company Limited</td>
<td>General</td>
</tr>
<tr>
<td>22.</td>
<td>G A Insurance Limited</td>
<td>General</td>
</tr>
</tbody>
</table>
23. Gateway Insurance Company Limited
24. ICEA LION General Insurance Company Limited
25. Intra Africa Assurance Company Limited
26. Invesco Assurance Company Limited
27. Kenya Orient Insurance Limited
28. Mayfair Insurance Company Limited
29. Occidental Insurance Company Limited
30. Pacis Insurance Company Limited
31. Phoenix of East Africa Assurance Company Limited
32. Real Insurance Company Limited
33. Resolution Insurance Company Limited
34. Takaful Insurance of Africa Limited
35. Tausi Assurance Company Limited
36. The Heritage Insurance Company Limited
37. Trident Insurance Company Limited
38. UAP Insurance Company Limited
39. Xplico Insurance Company Limited
40. Apollo Life Assurance Limited
41. Capex Life Assurance Company Limited
42. CFC Life Assurance Limited
43. CIC Life Assurance Limited
44. G A Life Assurance Limited
45. ICEA LION Life Assurance Company Limited
46. Metropolitan Life Insurance Kenya Limited
<table>
<thead>
<tr>
<th></th>
<th>Company Name</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>47</td>
<td>Old Mutual Life Assurance Company Limited</td>
<td>Life</td>
</tr>
<tr>
<td>48</td>
<td>Pan Africa Life Assurance Limited</td>
<td>Life</td>
</tr>
<tr>
<td>49</td>
<td>Pioneer Assurance Company Limited</td>
<td>Life</td>
</tr>
<tr>
<td>50</td>
<td>Shield Assurance Company Limited</td>
<td>Life</td>
</tr>
<tr>
<td>51</td>
<td>UAP Life Assurance Limited</td>
<td>Life</td>
</tr>
</tbody>
</table>
Appendix IV: The Study Work Plan

<table>
<thead>
<tr>
<th>2013</th>
<th>Establish research problem</th>
<th>Draft research project</th>
<th>Data collection</th>
<th>Report compilation</th>
<th>Report submission and assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 days</td>
<td><img src="#" alt="Red" /></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 weeks</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 weeks</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 weeks</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td></td>
<td></td>
<td><img src="#" alt="Red" /></td>
</tr>
<tr>
<td>4 weeks</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td></td>
<td></td>
<td><img src="#" alt="Red" /></td>
</tr>
</tbody>
</table>