Determinants of Strategy Implementation Success in the Insurance Industry: A Survey of Insurance Companies in Kenya

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Abstract

The study sought to evaluate how competitive strategy implementation affects the performance of insurance industry in Kenya. The study used mixed methods research design to collect and analyse the data, collected using questionnaires. The target population of the study was the entire 51 registered insurance companies operating in Kenya. A multiple regression model was adopted to examine the effect of the variables of the performance of the firms. 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 recommends that managerial competences be implemented since they are key ingredients in organizational success.

Keywords: management competence; resource strength; corporate culture; innovation

1. Introduction

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.

1.1 Strategy Implementation on the 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 Brines *et al.*, 2007).

1.2 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 life insurance 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 li- censed players included 106 investigators, 57 motor assessors, 18 loss adjusters, 2 claims settling agents, 5 risk managers and 26 insurance surveyors" (AKIa 2009).

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. 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). 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). In the White Paper of Strategy Implementation of Chinese Corporations in 2006, 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. 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) studied the challenges of strategy implementation at the Parliamentary Service Commission of Kenya and found that the organization encountered slow procurement procedures due to among others, bureaucracy in administration. Chege (2012) evaluated the challenges of strategy implementation for firms in the petroleum industry in Kenya and found out that Strategy implementation challenges in the petroleum Industry in Kenya has a relationship to global oil industry factors. The numerous studies on strategy implementation have however 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.

2. Literature Review

2.1 Theoretical Framework

There are many studies that are 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.

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. 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).

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. 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.

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. 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. In the present study, strategic performance has been conceptualized as strategy implementation success. From the above mentioned factors it is evident that almost everything an organization carries out is roofed within the Eight S's (Higgins, 2005).

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. Mankins and Steele (2005) 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.

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.

2.2 Empirical Literature

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.

2.2.1 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 (Hrebiniak, 2006). 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 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).

2.2.2 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).

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. According to Johnson (2001), a key determinant of resource strength is resource planning, which provides an opportunity to develop planning tools for material-based, service-only, and service-plus-material strategic plans.

2.2.3 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. 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 (Bernard, 2002) 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.

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).

2.2.4 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). 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. 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 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). 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" (Cooper, 1998).

2.2.5 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, (Seltzer, 2001). 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 (Eschenbach *et al*, 2003). But the challenge in strategic management lies in the effective implementation of the developed strategies after their successful formulation (Lewis & Sheppard, 2006).

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. 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).

2.2.6 The Nexus between Strategy Implementation and Firm Success

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.

Even though, many researchers have studied the strategy implementation process, that is., Pearce and 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 Hickson *et 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.

3. Methodology

Research design is an arrangement of conditions for collection and analysis of data in a way that combines their relationship with the purpose of the research (Creswell and Plano-Clark, 2007). It is a means to achieve the research objectives through empirical evidence that is required economically. The choice of a design is determined by: research purpose as described by the research problems and questions, categories of data needed, sources of data and cost factors (Bernard, 2002). This study used mixed research design. Some authors regard this approach as the third methodological movement one which complements purely quantitative or qualitative strategies. The target population for the study was 102 managers. This included two managers from each of the insurance companies in Kenya. 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 appendix I.

This study adopted purposive sampling. The sample size of this study was calculated from the Slovin's formula given as:

n = 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 = 102 / [1 + 102(0.05)2] = 93

The 93 respondents will be drawn proportionately from the target population as illustrated in the sampling frame (appendix II)

Structured 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. This study did a pilot study for 3 insurance firms.

The questionnaires were taken to some top managers in 3 selected insurance firms to pre-test the tools of data collection. Cronbach alpha, which is a measure of internal consistency, was used to test the internal reliability of the measurement instrument

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N-1) \cdot \bar{c}}$$ ……..Equation (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. 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.

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. The study adopted the following multiple regression model 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)
aí, = Coefficients of the variable X_1, X_2, X_3, and X_4
e = Error term (standard error)

4. Results

4.1 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 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.

4.2 Management Competences in Insurance Companies in Kenya

The study sought to find out how management linked management competencies to successful strategy implementation. This was on a five (5) point likert scale (where 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent). The scores of 'no extent' and 'less extent' have been taken to represent a statement, response of which is to no extent, equivalent to mean score of 0 to 2.5. The score of 'moderate extent' has been taken to represent a statement response of which is to a moderate extent, equivalent to a mean score of 2.6 to 3.4. The score of 'great extent' and 'very great extent' have been taken to represent a statement response of which is to a great extent equivalent to a mean score of 3.5 to 5.4. Table 4.4 present the findings.

From the findings respondents linked to a very great extent: Efficient performance management (4.7419); Ease in evaluation of implemented strategies within the firm (4.6774) and Efficient operating systems to successful strategy implementation (4.5914). Further respondents linked to a great extent: Effective resource management (4.4839); Enhanced communication (4.4086); Ease in evaluation of implemented strategies within the firm (4.279); Competent policy frameworks and procedures (4.021); Efficient decision making and implementation (3.9140); Competent management team (3.8065) and Proficient management system of the firm to Successful strategy implementation (3.7957).

The study further sought respondents' opinions on the 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 The findings established reveal that managerial competence is a key determinant of strategy implementation success among insurance firms in the country. More specifically, among the areas in which managerial competence determine the success of strategy implementation in the insurance industry include the mainstreaming of efficient performance management; ease in evaluation of implemented strategies within the firm as well as efficiency in operating systems. Other critical areas competent managers mainstream includes effective resource management; enhanced communication as well as ease in evaluation of implemented strategies within the firm. 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. The same is in tandem with Giroux (2007) who notes that there is also a tendency to categorize the management competence into functional areas.

4.3 Resource Strength by Insurance Companies in Kenya

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 (4.4086); Firm always being able to meet its set resource department goals and objectives (4.3441); Access to cost efficient resources (4.3118); Operations never delayed or halted due to resource unavailability (4.2473); Efficient and reliable resource sourcing mechanisms (4.0538); Adequate and Efficient human resources (competent employees) (4.0215) and Efficient and fruitful resource allocation to successful strategy implementation (3.7634). On the extent to which resource allocation strategies affect the strategic decisions of company in various areas, respondents indicated that to a great extent, choice of branch networks (4.6559) affects the strategic decisions of company while Choice of Staff (4.483); Choice of strategies on advertising and promotion (3.892) and product development (3.7634) affects the strategic decisions of company.

The study further 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 (4.5806). Further respondents indicated that to a great extent organizational success is attributed in the new product introduction to competent resource allocation (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 means of 3.4839 and 3.2796 respectively. Overall brand image was rated to a less extent as indicated by a mean of 1.4194. 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 **.**

From the foregoing, resource strength was also found to significantly determine strategy implementation success among insurance firms in the country. Most notably, resource strength in the study areas impact strategy implementation through 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 and adequate and efficient human resources (competent employees). The findings agree with Jain (2008), who argues that a key determinant of resource strength is resource planning, which provides an opportunity to develop planning tools for material-based, service-only, and service-plus-material strategic plans.

Frame (2005) adds that a crucial consideration in strategic management is the availability of an efficient and sufficient quantity of qualified craft workers, supervisors, managers, and staff.

4.4 Innovation and Entrepreneurship within the Firm

The study sought to link innovation and entrepreneurship statements to successful strategy implementation. Respondents linked to a great extent Increased customer retention (4.4839); Efficient distribution channels (4.1505); Perfect understanding of our consumer needs (4.0000); Frequent development of new product to meet the consumer and market demand (3.9570); Perfect understanding of the market (3.8602); Constant improvement on existing product to meet the market demand and the consumer needs (3.6022); and amplified reliability on the brand to successful strategy implementation (3.6344).

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 (3.8172); Choice of branch networks (3.7204) and Choice of strategies on advertising and promotion affects the strategic decisions of company (3.6559). Further respondents indicated that to a moderate extent Choice of Staff (3.3978) and Day to day operations (2.6129) affects the strategic decisions of company. On the extent to which resource strength contributes to the overall organizational 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 successto no extent at all.

It can thus be deduced, from the moderate to high levels of agreement noted in the findings, that innovation and entrepreneurship determine strategy implementation success through among other aspects, increased customer retention; efficient distribution channels; perfect understanding of our consumer needs; frequent development of new product to meet the consumer as well as market demand. 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”. The finding is further in agreement with Dunning and Dunham (2010) who argue that 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.

4.5 Corporate Culture and Leadership

Respondents were further asked to rate the levels to which various corporate culture conditions are affected by successful strategy implementation within firm. From the findings, Effective management of Social responsibility (4.0000); enhanced organization image (3.9892) and clear and harmonized organization growth plan development (3.9247) 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 (3.2366) and Consistent and capable performance management framework (1.5484) 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. On the extent to which corporate culture strategy affects the strategic decisions of company in the following areas, 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.

On the extent to which respondents attribute organizational success in various areas to competent corporate culture and leadership strategy within firm, respondents attributed to a great extent organizational success in New product introduction (3.9247) and Longevity of product lifespan (3.6022) to competent corporate culture and leadership strategy within firm as indicated by a mean of and respectively. They further attributed to a moderate extent organizational success in Customer satisfaction and retention (3.4839); overall brand image (3.4301) and overall profitability of organization (3.3978) to corporate culture and leadership strategy within firm.

On the extent to which corporate culture and leadership strategy implementation contribute to overall organizational success39.0% 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.

It can thus be deduced that corporate culture only moderately determines strategy implementation success in the Kenya insurance industry. Most notable areas which corporate culture highly impact strategy implementation success include the effectiveness in management of Social responsibility; enhanced organization image and clear and harmonized organization growth plan development. The findings conform to (Thompson *et al*. (2007) who observe that corporate culture 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. Beaudan (2007) supports that 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.

4.6 Strategic Implementation Process

The study sought to establish the extent to which strategic implementation process affects various strategy implementation factors. From the findings managerial competence (4.1613), resource mobilization (4.1505), innovation and entrepreneurship (4.0538) and corporate culture (4.0000) are affected to a great extent by strategic implementation process. 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.

It is thus evident from the findings that among the key determinants of successful strategic implementation among insurance firms in the country include, in order, managerial competence, resource mobilization, innovation and entrepreneurship and corporate culture (4.0000). The findings re in tandem with (Schaap, 2006) who concedes that 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. Barnat (2005) further supports that 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.

4.7 Pearson Correlation Analysis

As presented in table 13 below, the study performed Pearson correlations for the relationships between the various determinants and strategy implementation success among insurance firms studied. From the findings, a positive correlation is seen between the each determinant and strategy implementation success. The strongest correlation was obtained between Managerial Competence and strategy implementation success ($r = 0.7723$), and the weaker relationship found between Corporate culture and strategy implementation success ($r = 0.6933$). Resource strength and Innovation are also strongly and positively correlated with strategy implementation success at correlation coefficient of 0.7318 and 0.7134 respectively. All the independent variables were found to have a statistically significant association with the dependent variable at 0.05 level of confidence.

4.8 Regression Analysis

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 (Managerial Competence, Resource strength, Corporate culture, Innovation). The four independent variables that were studied, explain 91.0% of variance in strategy implementation success 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.

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

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:

$Y= 3.246+ .238\ X_1+.236X_2+ .123X_3+.586X_4$

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.

5. Conclusions

On the effects of resource strength on strategy implementation in insurance companies in Kenya, the study further deduces that resource strength significantly determines strategy implementation success among insurance firms in the country. Most notably, resource strength in the study areas impact strategy implementation through 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 and adequate and efficient human resources (competent employees). On how corporate culture influences strategy implementation in insurance companies in Kenya, it is deduced, from the moderate to high levels of agreement noted in the findings, that innovation and entrepreneurship determine strategy implementation success through among other aspects, increased customer retention; efficient distribution channels; perfect understanding of our consumer needs; frequent development of new product to meet the consumer as well as market demand. Innovation and entrepreneurship are further found to affects the strategic decisions of insurance firms in key areas including product development; choice of branch networks and choice of strategies on advertising and promotion.

Finally, on the effects of innovation on strategy implementation in the insurance firms in Kenya, the study concludes that corporate culture only moderately determines strategy implementation success in the Kenya insurance industry. This is of significant implications to operations in the insurance industry as knowledge on adopted strategies in Kenyan insurance companies and effect of appropriate strategy implementation process on their success are revealed. Managers of firms in the insurance industry may leverage the study findings as a basis of formulation and implementation in strategic management that can enhance their performance, moreso as regards their competencies, and commitment through adequate resource allocation to strategic plans as well as embracing technological innovations and in instilling objective and goal oriented corporate cultures.

6. Recommendation

Based on the study findings and conclusions thereof, the study hereby makes the following pertinent recommendations. Managerial competence, identified as a having the most role in determining strategy implementation success in the insurance industry. As such, there is need for managers in insurance firms and like entities to posses and exhibit adequate understanding of company strategies and future outlook, as well as adequate attention and support of junior employees toward the implementing of business strategies. The managing staff of companies, with better leadership and management of staff and motivating the staff, must lead the staff in better performance of their jobs in line with strategies.

The study findings further reveal the importance of many strategy implementation facilitating factors related to resource strength. Financial as well as knowledge resources from the disseminating organization are very important in the insurance industry and should thus be mainstreamed. Flexibility in budgetary allocation should be observed as well as transmission of knowledge through accessible routes, such as intensive training, consultation about key implementation processes, instructional manuals, and feedback through monitoring. There is need to align corporate culture with business strategy. The findings have revealed that successful insurance firms have a culture aligned with the company strategies. The corporate culture must thus be aligned with the business strategy.

7. Recommendation for Further Studies

The study was done to evaluate the determinants of strategy implementation in insurance companies in Kenya. Whereas the study confined itself to only four conceptualized determinants, namely management Competence, Resource Strength, Corporate Culture and Innovation, findings have revealed the importance of top management commitment, resource planning and communication emerging as also significantly influencing the success of strategy implementation among insurance firms in Kenya. Further study on the determinants of strategy implementation in insurance companies in Kenya may thus be carried out with reference to the same.

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Appendices

Appendix I: Target population

Type of insurance company	**Number**	**Target population (managers)**
Composite insurance Companies	14	28
General insurance companies	25	50
Life assurance companies	12	24
Total	**51**	**102**

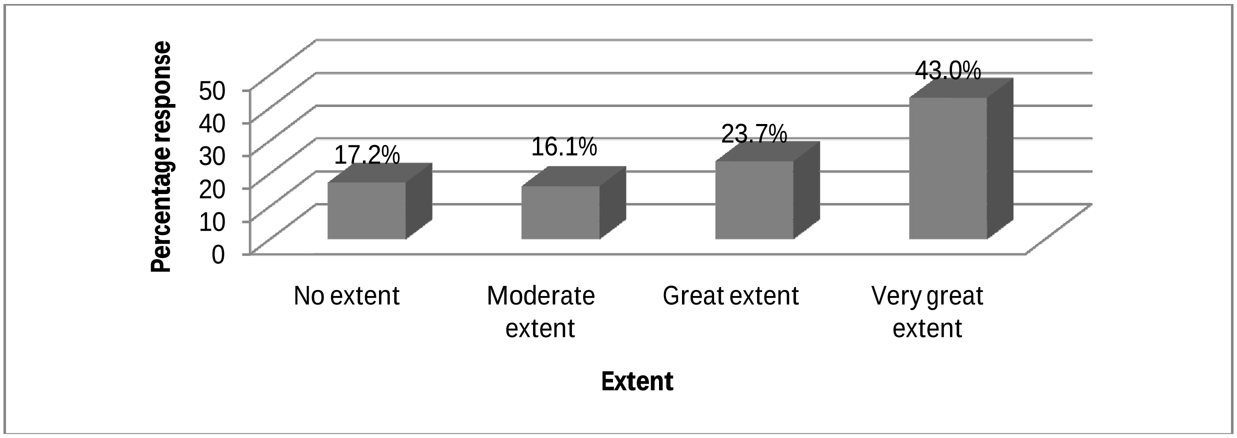
Appendix II: Sampling Frame Population

Type of insurance company	**Target population**	**Sample size**
Composite insurance Companies	28	25
General insurance companies	50	47
Life assurance companies	24	21
Total	**102**	**93**

Appendix III: **Linking Management Competencies to Successful Strategy Implementation**

Management competencies	Mean	Sdev
Competent management team	3.8065	1.36141
Proficient management system of the firm	3.7957	1.35582
Efficient decision making and implementation	4.2796	1.01473
Ease in evaluation of implemented strategies within the firm	4.6774	.47000
Effective planning and enforcing change	3.9140	.97419
Effective resource management	4.4839	.65297
Efficient performance management	4.7419	.43994
Competent policy frameworks and procedures	4.0215	.92052
Enhanced communication and Information systems	4.4086	.64667
Efficient operating systems	4.5914	.49424

Appendix VIII: Extent to which Resource Strength Contributes to the Overall Organizational Success



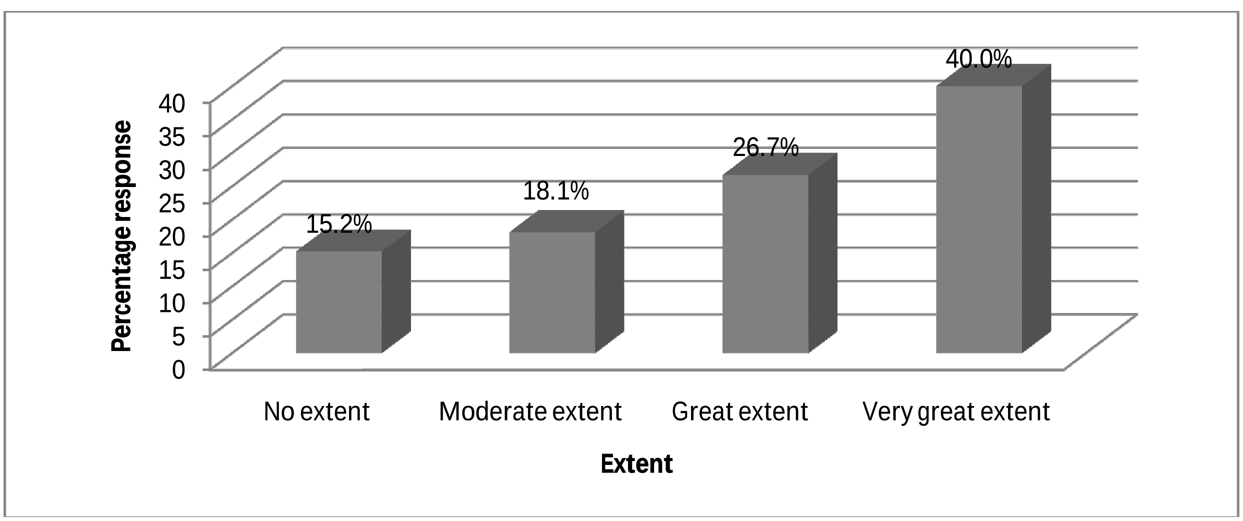
Appendix IX: Linking Innovation and Entrepreneurship Statements to Successful Strategy Implementation

Innovation and entrepreneurship strategies	Mean	Sdev
Perfect understanding of our consumer needs	4.0000	1.44956
Perfect understanding of the market	3.8602	1.25109
Constant improvement on existing product to meet the market demand and the consumer needs	3.6344	1.52224
Frequent development of new product to meet the consumer and market demand	3.9570	1.31699
amplified reliability on the brand	3.6022	1.17874
Efficient distribution channels	4.1505	1.38423
Increased customer retention	4.4839	1.26788

Appendix X: Extent to which Innovation and Entrepreneurship Strategy Affects the Strategic Decisions of Company in the Following Areas

Areas of strategic decisions	Mean	Sdev
Choice of branch networks	3.7204	1.21015
Day to day operations	2.6129	.79444
Product development	3.8172	1.16046
Choice of strategies on advertising and promotion	3.6559	.75893
Choice of Staff	3.3978	.87402

Appendix XI: Extent to which Resource Strength Contributes to the Overall Organizational Success



Appendix XII: Rating the Level to which the following Corporate Culture Conditions are Affected by Successful Strategy Implementation within Firm

Corporate culture and leadership	Mean	Sdev
Effective management of Social responsibility	4.0000	1.25109
Enhanced organization image	3.9892	1.44082
Clear and harmonized organization growth plan development	3.9247	1.19997
Consistent and capable performance management framework	1.5484	.61708
Efficient management structures	3.2366	1.09741

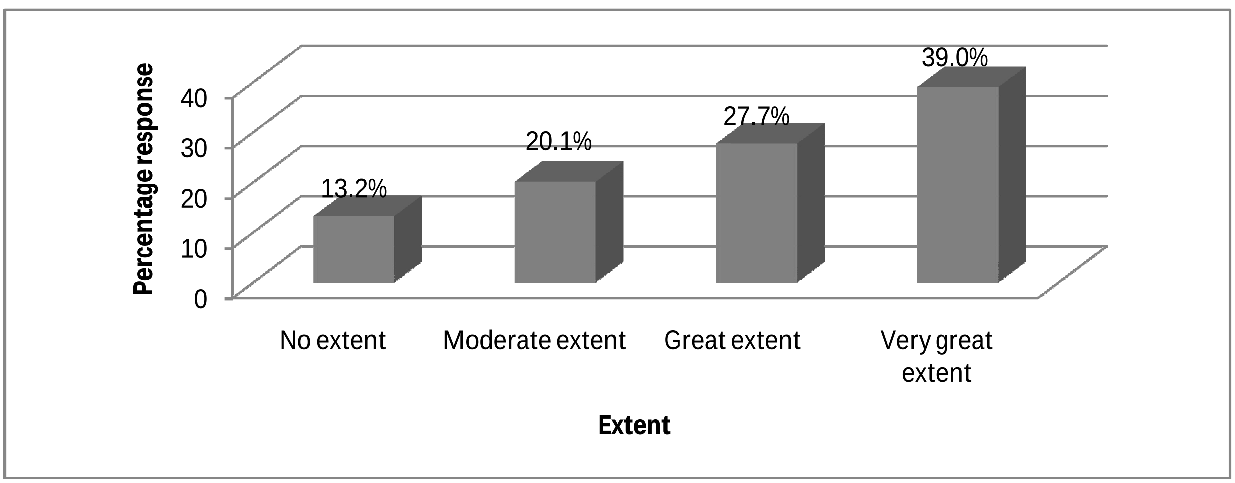
Appendix XIII: Extent to which Corporate Culture Strategy Affects the Strategic Decisions of Company in the following Areas

Strategic decisions	Mean	Sdev
Choice of branch networks	3.4301	.77175
Product development	3.4194	.77069
Choice of strategies on advertising and promotion	3.6882	1.45944
Choice of Staff	3.9355	1.27524

Appendix XIV: Extent to which Respondents Attribute Organizational Success in the following Areas to Competent Corporate Culture and Leadership Strategy within firm

Organizational success measures	Mean	Sdev
New product introduction	3.9247	1.46136
Longevity of product lifespan	3.6022	1.13386
Your overall brand image	3.4301	.50245
Customer satisfaction and retention	3.4839	1.18320
Overall profitability of your organization	3.3978	.65297

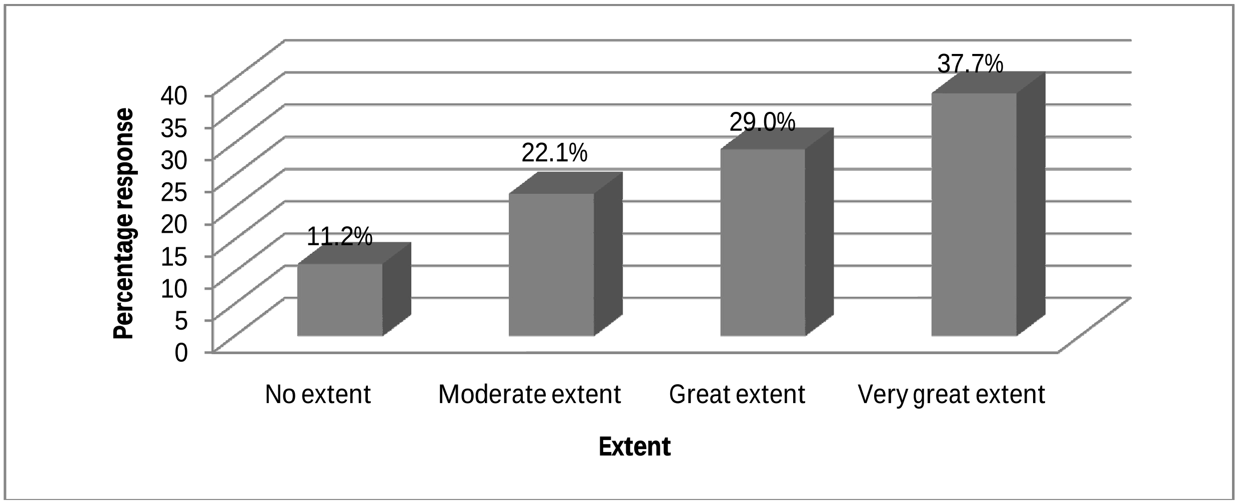
Appendix XV: Extent to which Corporate Culture and Leadership Strategy Implementation Contribute to Overall Organizational Success



Appendix XVI: Extent to which Strategic Implementation Process Affect the following Strategy Implementation Factors

Strategy implementation factors	Mean	Sdev
Managerial Competence	4.1613	1.44956
Resource mobilization	4.1505	1.25109
Innovation and entrepreneurship	4.0538	1.16367
Corporate culture	4.0000	1.20114

Appendix XVII: Extent to which Strategic Implementation Process Affects Organization Operations and Hence the Performance of the Organization



Appendix XVIII: Pearson Correlation Matrix

	strategy implementation	Managerial Competence	Resource strength	Corporate culture	Innovation
strategy implementation	1				
Managerial Competence	0.7723 (0.013)	1			
Resource strength	0.7318 (0.027)	0.547 (.000)	1		
Corporate culture	0.6933 (0.002)	0.684 (.076)	0.539 (.032)	1	
Innovation	0.7134 (0.011)	0.682 (0.003)	0.629 (0.061)	0.572 (0.214)	1

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

Source: Survey data, 2014

Appendix XIX: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.954[a]	.910	.906	1.65308

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

Appendix XX: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2421.223	4	605.306	221.506	.000[b]
	Residual	240.476	88	2.733		
	Total	2661.699	92			

a. Dependent Variable: Strategy implementation

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

Appendix XXI: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.246	3.367		.964	.338
	Managerial Competence	.238	.095	.192	2.508	.014
	Resource strength	.236	.053	.375	4.459	.000
	Corporate culture	.123	.054	.254	2.258	.026
	Innovation	.586	.054	1.346	10.842	.000

a. Dependent Variable: Strategy implementation