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CAROLINE NDUTA NGUGI, DR. PETER KIHARA, JANE MUNGA

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Caroline Nduta Ngugi[*1], Dr. Peter Kihara[2], Jane Munga[3]

[1]Kenya Methodist University (KEMU), Kenya

[2] Kenya Methodist University (KEMU), Kenya

[3] Kenya Methodist University (KEMU), Kenya

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ABSTRACT

Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. During the last five years, the insurance industry has undergone a series of changes through financial reforms, advancement of communication and information technologies, globalization of financial services and economic development. The current study analyzed relationship between strategy implementation and performance of insurance firms in Nairobi-Kenya. Specifically the study focused on the following determinants of strategic implementation; leadership style and organizational structure and organizational performance of insurance firm in Nairobi. The study adopted descriptive research design and targeted HR Managers, Policy Managers, operations managers and finance and accounts managers of; Britam, Jubilee, Icea lion, Pan Africa, Cfc life, Kenidia, Old mutual and Madison insurance companies limited. In selection of the study sample, Out of the 275 target population 50% of the target population in the categories of the managers specified were sampled. This study used purposive sampling technique to accurately select 138 respondents. The data generated by the study after fieldwork was edited, coded then entered into a computer for processing using the Statistical Package for Social Sciences (SPSS v.21.0). Descriptive and inferential statistics was used to analyze information generated from respondents. The study findings concluded that, holding all the other factors constant, the organizational performance in the insurance firms in Nairobi County-Kenya was tested against strategy implementation drivers (staff commitment and organizational structure). The study finally recommended that, the managers should always give direction and supervision through different phases of strategy implementation. Implementing a change is often done in phases. The insurance companies' management needs to be able to identify when each phase of a strategic implementation is complete and be ready to transition the organization to the next phase.

Key Words: *Leadership Styles, Organizational Structures, Organizational Performance*

INTRODUCTION

The application of strategic management in business for various sectors has long been adopted as a response to market demand, variation in clients taste and changing in technology (Pearse & Robinson, 2011). The adoption of a clear strategic perspective in organizations is one of the factors that affect the performance of these organizations. Implementing a good strategy is one of the important factors that enable the organization to survive and go further. It is possible to turn strategies and plans into individual actions (implementation), necessary to produce a greater business performance. Given the changes in the environment as a result of globalization, competition and technological changes, organizations have to adjust their ways of doing things by implementing new strategies (Mbwaya, 2012).

The challenges of the modern business environment and fast changing global economy demands high productivity speed and flexibility for organizations that seeks to thrive. In order to achieve the required efficiency and effectiveness, organizations must change their structure strategically .These can be achieved by retaining the best of their traditional structures while embracing radically new structures that leverage the human capital and adds value to the customers (Pearse & Robinson, 2011)

Porter (2010) suggests that the industry structure within which an organization competes and how they position themselves against the structure will determine the performance of the individual firm. Barney (2011) however advocated for Resource Based View (RBV) approach of strategy implementation. This approach considers the internal environment facing an organization and emphasizes the internal capabilities of the organization in formulating and implementing strategies. This is an alternative perspective to Porter's (2010) five forces framework which takes the industry structure as its starting point. RBV of strategy emphasizes on the resources and capabilities of an individual organization (Collis & Montgomery, 2005).

The insurance industry in Nairobi has become very competitive due to the shrinking demand of non-compulsory insurance products and negative perception by the general public. The penetration levels are estimated at 5.02% which is very low compared to the developed countries (AKI, 2015). In an effort to improve the performance of insurance companies, managers formulate and implement various strategies. Many managers in the industry know their businesses and the strategies required for success but they struggle to translate these theories into action plans for successful implementation of strategies (Mbwaya, 2012).

Strategy can be defined as the balance of actions and choices between internal capabilities and external environment of an organization. Accordingly, strategy can be seen as a plan, play, pattern, position and perspective (Mintzberg, 2009). According to Bateman and Zeithman (2013), a strategy is a pattern of actions and resource allocations designed to achieve the goals of the organization. The strategy an organization implements should be directed toward building strengths in areas that satisfy the wants and needs of consumers and other key actors in the organizations' external environment. It therefore forms a comprehensive modern plan that states how the organization will achieve its mission and objectives, maximizes competitive advantage and minimizes competitive disadvantage.

Organizational performance comprises the actual output or results of an organization as measured against its intended output (goals and objectives). To improve performance, managers and governing body of an organization put into place and manage a program which measures the current level of performance of the organization and then generates ideas for modifying organizational behavior and infrastructure which are put into place to achieve higher output. At the organizational level, performance usually involves softer forms of measurement such as customer satisfaction surveys which are used to obtain qualitative information about performance from the view point of customers (Aswani, 2011).

In as much as strategies could be brilliant, they do not assure effective performance. How the strategies are implemented matters in determining organizational performance. According to Johnson and Scholes (1997) strategy implementation is the process through which a chosen strategy is put into action. It is concerned with the design and management of systems to achieve the best integration of people, structures, processes, and resources, in reaching organizational purposes. It may also be said to consist of securing resources, organizing them and directing their use within and outside the organization.

During the last five years, the insurance industry has undergone a series of changes through financial reforms, advancement of communication and information technologies, globalization of financial services and economic development. Those changes have had a considerable effect on efficiency, productivity change, market structure and performance in the insurance industry. The main players in the Kenyan insurance industry are insurance companies, reinsurance companies, intermediaries such as insurance brokers and insurance agents, risk managers or loss adjusters and other service providers (Insurance Regulatory Authority, 2010). The statute regulating the industry is the insurance Act; Laws of Kenya, Chapter 487. The office of the commissioner of insurance was established under its provisions to strengthen the government regulation under the Ministry of Finance.

In the context of insurance companies, companies are grouped in terms of asset size, customers served, insurance premiums for both life and non-life insurance. In this study peer grouping is based on cumulative performance of the insurance companies for the year 2013. Grouping by asset base, large companies constituted total net assets of Ksh13.73 billion; medium companies had aggregate net assets of Ksh8.07 billion while the small companies had aggregate net assets of Ksh6.19 billion (IRA, 2014).

Statement of the Problem

In the world of management, an increasing number of senior managers are now reasoning that one of the key routes to improved business performance is implementation of effective strategic plan. This applies even to the insurance industry whose environment dynamics in the current time is posing many challenges to all insurance companies and therefore calling for effective strategy formulation and implementation. It is only those insurance companies that are able to adapt to the changing external environment and adopt new ideas and ways of doing business that can be guaranteed survival. Some forces of change that have influenced the insurance industry in Kenya include intensive competition, globalization and technological advancement.

Majority of insurance companies in Nairobi may have developed concrete strategic plans but their performances have not improved. This may probably be due to strategy implementation. Some companies however might not be having strategic plans and decisions are based more on adhoc basis. Unless strategic plans are implemented successfully, the desired results may not be achieved.

Mburu (2011), Oyeila (2011) & Onyoro (2011) focused on strategic planning and performance in the banking industry. Gitau (2011) studied strategy implementation and performance of firms in the aviation industry in Nairobi while Ayuya (2010) studied influence of strategic planning on performance of public universities. Wamwati (2008) did a study on the critical success factors in the insurance industry in Kenya; however this study focused on measures of success in the industry but did not link success to strategy implementation. Karanja (2009) examined the innovation strategies adopted by insurance companies in Kenya. However this study never established the relationship between innovation and performance. Aswani (2010) examined the effect of marketing strategies on performance of insurance undertake strategic management process. However he found that there is a positive relationship between marketing strategies and organizational performance. Guided by this knowledge gap, this proposed study aims at answering the following research question, what is the relationship between strategy implementation and performance of the insurance companies in Nairobi. This study did not consider the statistic to establish whether these strategies lead to improved performance. He also assumed that all insurance companies. There is no universal approach to strategy implementation. Therefore, the question is how strategy is implemented at insurance firms and factors influence strategy implementation

Purpose of the Study

This study analyzed the relationship between strategic implementation and performance of insurance industry in Nairobi County. The sspecific oobjectives were:

- To establish the relationship between leadership style and organizational performance of insurance firms in Nairobi
- To determine whether organizational structure influences and organizational performance of insurance firms in Nairobi

LITERATURE REVIEW

Theoretical Foundation of the Study

McKinsey's 7-S Model

McKinsey's (1982) 7-S model describes the seven factors critical for effective strategy execution. The 7-S model posits that organizations are successful when they achieve an integrated harmony among three "hard" "S's" of strategy, structure, and systems, and four "soft""S's" of skills, staff, style, and super-ordinate goals (now referred to as shared values) (Kaplan, 2005). The hard components are the strategy, structure and systems which are normally feasible and easy to identify in an organization as they are normally well documented and seen in the form of tangible objects or reports such as strategy Statements, corporate plans, organizational charts and other documents.

Structure refers to the way in which tasks and people are specialized and divided, and authority is distributed; how activities and reporting relationships are grouped; the mechanisms by which activities in the organization are coordinated (Kaplan, 2005). Organizations are structured in a variety of ways, dependent on their objectives and culture. The structure of the company often dictates the way it operates and performs (Waterman *et al.,* 2010). Traditionally, the businesses have been structured in a hierarchical way with several divisions and departments, each responsible for a specific task such as human resources management, production or marketing. Many layers of management controlled the operations, with each answerable to the upper layer of management. Although this is still the most widely used organizational structure, the recent trend is increasingly towards a flat structure where the work is done in teams of specialists rather than fixed departments. The idea is to make the organization more flexible and devolve the power by empowering the employees and eliminate the middle management layers (Boyle, 2007).

Traditionally organizations have been following a bureaucratic-style process model where most decisions are taken at the higher management level and there are various and sometimes unnecessary requirements for a specific decision for instance procurement of daily use goods) to be taken. Increasingly, organizations are simplifying and modernizing their process by innovation and use of new organizational structure to make the decision making process quicker. Special emphasis is on the customers with the intention to make the processes that involve customers as user friendly as possible (Lynch, 2005).

Lastly, shared values refer to the core or fundamental set of values that are widely shared in the organization and serve as guiding principles of what is important; vision, mission, and values statements that provide a broad sense of purpose for all employees (Martins and Terblanche, 2013). The 7-S model posits that organizations are successful when they achieve an integrated harmony among three "hard" "S's" of strategy, structure, and systems, and four "soft""S's" of skills, staff, style, and super-ordinate goals (now referred to as shared values) (Kaplan, 2005). The hard components are the strategy, structure and systems which are normally feasible and easy to identify in an organization as they are normally well documented and seen in the form of tangible objects or reports such as strategy statements, corporate plans, organizational charts and other documents. The remaining four Ss, however, are more difficult to comprehend. The capabilities, values and elements of corporate culture, for example, are continuously developing and are altered by the people at work in the organization. It is therefore only possible to understand these aspects by studying the organization very closely, normally through observations and/or through conducting interviews. Some linkages, however, can be made between the hard and soft components. For example, it is seen that a rigid, hierarchical organizational structure normally leads to a bureaucratic organizational culture where the power is centralized at the higher management level (Waterman *et al.,* 2010).

Okumu's Strategic implementation Framework

Fevzi Okumu's (2013) identified eleven variables which have an effect on strategy implementation and outcome. These variables are: strategy development, environmental uncertainty, organization structure, organizational culture, leadership, operational planning, resource allocation, communication, people, control and the outcome. Okumu develops a new strategy implementation framework by grouping the variables into four main categories namely strategic content, context, operational process and the outcome.

The strategic context involves the external context which focuses the environment uncertainty in both task and general environment which require a new strategy that must fit and be in line with market conditions until fully implemented. The internal context factors include the organizational structure in terms of its shape, division of labor, job duties and responsibilities, power distribution decision making procedures, reporting relationships, informal networks and politics, culture and leadership. Changes in external environment will cause changes and modification of organizational structure. Leadership as an internal context concentrate on actual involvement of strategy development, level of support, manipulating the change process and implementation.

The organization process is a process of initiating the project and the operational planning of implementation activities and tasks, resource allocation which ensure that necessary time, financial resources, skills and knowledge acquire to develop new strategy and implement. Communication is the mechanism that sends formal and informal mechanism that all the efforts and results of strategy implementation to be monitored and compared against predetermined objectives. The last category includes the outcome which is unintended results of the strategy implementation process. Okumu states that implementation of strategy influenced by the happenings in the context component which includes the environment dynamics in general and task environment, implementation of strategies lead to performance intended or unintended

Empirical literature Review on Strategy Implementation and Performance

Over the last decade strategic planning researchers, advocates and management practitioners have argued for effective strategy implementation. These arguments are based on a presumed positive relationship between strategy implementation and organization performance. One of the earliest studies on relationship between strategic planning and organization financial performance was carried out by Ansoff, Miller and Friesen (2010). The main objective of this study was to determine the impact of strategic planning on successful acquisition using a sample of manufacturing firms that have acquired other firms. The results showed that firms that practiced strategic planning performed better than those that did not. Burt (2005) examined the relationship between planning and performance in fourteen retail firms in Australia. From the study, it was found that high quality planning was significantly associated with high level of performance as measured by profits and rates of return on investment.

Recent research on the relationship between strategy implementation and performance of manufacturing firms in Indonesia found that was is significant relationship between strategy implementation and performance (Ibrahim *et al.,* 2012). Wood and Laforge (2009) investigated relationship between formal implementation procedures and financial performance in a sample of large United State financial institutions. They sought to determine if comprehensive strategy implementation has any impact on financial performance. This study found that financial institutions that engaged in comprehensive long term planning and implementation significantly performed better than those that did not have formal planning systems. Aram and Cowen (2010) argued that a major objective of strategy implementation is to promote strategic and adaptive thinking for the expressed purpose of effective organization-environment alignment. Therefore strategy implementation should be measured by the extent to which it facilitates organization-environment alignment.

There is a consistent need for organizations, especially service provider firms to think strategically about what is going on. This appears to be precisely what firms in particular have begun to do in recent years. In response to increasing complexity and change in the service industry, firms have turned to strategy implementation. The relatively new trend towards strategy implementation in firms is viewed as a move designed not only to help them negotiate their environment more effectively, but to improve their performance as well.

Within Kenyan context, the relationship between strategy implementation and performance has not been given much attention especially in the insurance industry. More researches have been done in the banking industry and other sectors including Mburu (2011), Gitau (2011), Onyoro (2011) and Kipsoisoi (2010). Ayuya (2010) did a case study on University of Nairobi (UoN) on the influence of strategic planning on performance of the university. The study concluded that strategy implementation had an effect on the performance of the university. Strategy implementations lead to overall improvement in various areas which included compliance with set budgetary levels, implementation of service delivery charter and innovation in research and technology. Aswani (2010) did a study on the effects of marketing strategies on the performance of insurance companies in Kenya. He utilized sales promotion, market intelligence, and product development and innovation as variables for marketing strategies. The study registered positive relationship between these variables and firms performance.

From the reviewed literature, it is evident that no research has been done on the relationship between strategy implementation and performance of insurance companies in Kenya. Most studies have focused on the banking industry. This study aims at bridging this research gap in the insurance industry.

Strategy Implementation Challenges

McKinsey 7s framework is a tool that can be used to understand the strategy implementation challenges. The framework suggest the manager should focus on six components to ensure effective implementation, notably structure, system, shared values(culture) skills, style and staff. These six components can be classified into four basic elements which manager can implement stage. These include structure, leadership, culture and system for rewarding performance as well as monitoring and controlling organizational action Strategy implementation is quite critical since even the best strategy can fail if not well implemented. These are many organizations characteristics, which act to impede strategy execution (2006). Commitment of top management, involve middle manager's valuable knowledge, need for communication, integrative point of view, clear assignment of responsibilities, preventive measures against change barriers, emphasize teamwork activities respect for individuals different characters, take advantage of supportive implementation instruments and calculate offer time for unexpected incidents.

According to Hrebiniak (2005), part of the difficulty of execution is due to the obstacles or impediments to it. These include the longer time frames needed for execution: the need for involvement of many people in the execution process; poor or inadequate sharing of information; lack of understanding of organizational structure, including information sharing and coordination methods; unclear responsibility and accountability the execution process; and an inability to manage change, including cultural change.

One of major problem experience in strategy implementation is lack of sufficient communication. Aaltonen and Ikavalko (2011) state that the amount of strategic communication in most of the organizations is large, both written and oral communication issued, mostly in form of top down communications. However a great amount of information does not guarantee understanding and there is still much to be done on the field of communicating strategies. According to Wang (2010), communication should be a two way so that it can provide information to improve understanding and responsibility, and motivate staff. Also they argue that communication should not be seen as a once off activity focusing on announcing the strategy. It should be an on-going activity throughout the implementation process. In many cases it is not so and therefore communication still remains a challenge to strategy implementation process. Rap (2005) points out that the most important thing when implementing a strategy is the top most management commitment to strategic direction itself. Therefore, top managers must demonstrate their willingness to give energy and loyalty to the implementation process. This demonstrable commitment becomes a positive signal for all the affected organization members

Clear understanding of strategy is a prerequisite III strategy implementation. Clear understanding of a strategy gives purpose to the activities of each employee and allows them to link whatever task is at hand to the overall organizational direction (Byans *et al,* 2006). Lack of understanding of a strategy is one of the obstacles of strategy implementation (Aaltonen and Ikava, 2011). They point out that many organizational members typically recognize strategic issues as important and also understand their context in generic terms. However problem, in understanding arise when it comes to applying the strategic issues in the day-day decision making. Cultural impact underestimation is yet another challenge to strategy implementation. The implementation of a strategy often encounter rough going because of deep-rooted cultural biases.

It causes resistance to implementation of new strategies especially in organizations with defender cultures. This is because they see culture as threatening and tend to favour continuity and security (Wang, 2012). It is the strategy maker's responsibility to choose a strategy that is compatible with the "sacred or unchangeable parts of the prevailing corporate culture (Thomson and Strickland, 2009). This offers a strong challenge to strategy implementer's administrative leadership abilities. Aosa, (2012) revealed that lack of compatibility between strategy and culture can lead to high organizational resistance to change and demotivation which can in turn frustrate the strategy implementation. Culture may be factors that drive the strategy rather than the other way round (Karmi, 2012). If the existing culture is antagonistic to a proposed strategy, then it should be identified and changed to be supportive changing a firms culture to fit new strategy is usually more effective than changing a strategy to fit existing culture (David, 2007).

Resource insufficiency is another common strategy implementation challenge. David, (2013) argues that allocating resources to particular divisions and department does not mean that strategies will be successful implemented. This is because a number of factors commonly prohibit effective resource allocation. These include, overprotection of resources, too great emphasis on short run financial criteria organizational policies, vague strategy targets, reluctant to take risks, and lack of sufficient knowledge (David 2007). All organization at least have four types of resource which include physical resources, financial resources, human resources and technological resource Thompson, (2010).

Organizations often find it difficult to carry out their strategies because they have executive compensation system that measure and reward performance in a way that ignores or even frustrates strategic thinking, planning and actions MC Carthy *et al,* 2006). If strategy accomplishment is to be really top priority, then the reward structure must be linked explicitly and tightly to actual strategic performance (Thompson and Strickland, 1998). Bryson (2005) assets that people must be adequately competent for their work. MC Carthy *et al,* (2006) argue that in many companies, much effort has been put in both strategy formulation and resource strategy formulation and resource allocation process as a way to improve implementation and unfortunately, effort have not been unfortunately, effort have not been wholly effective because the necessary measurement and rewards systems that completes they cycle is lacking.

Organizational politics unavoidable aspects, remain another key challenge in strategy implementation organization politics are tactics that strategic managers engage in to obtain and use power to influence organizational goods and change strategy and structure to further their own interest (Hill and Jones, 2009). Wang (2010) states that, it is important to overcome the resistance of powerful groups because they may regard the change caused by strategy as a threat to their own power. Top level managers constantly come into conflict over what the correct policy decisions would be, and power struggles and coalition building is a major part of strategic decision making. According to them, the challenge organization face is that the internal structure of power always lags behind changes in the environment changes faster than the organization can respond.

Conceptual framework

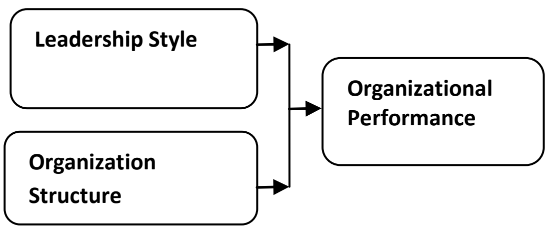

Figure 1 Conceptual framework

Independent Variables **Dependent Variable**

Source: Researcher (2017)

Leadership Style

Top management refers to senior-level leaders including presidents, owners, and other high ranking executives (CEO, CFO, COO etc.) and senior-level managers. Several researchers have emphasized the effect of top management on strategy implementation (Lynch, 2007.). Most of them point out the important figurehead role of top management in the process of strategy implementation. Christen, (2010), for example, take the board as one of the key subjects of strategy implementation and discuss how to assess board effectiveness in guiding strategy execution (implementation). Grobbler (2008) found that the process of interaction and participation among the top management team typically leads to greater commitment to the firm's goals and strategies. This, in turn, serves to ensure the successful implementation of the firms chosen strategy.

Bryman (2009) believe that top managers play a critical role in the implementation - not just the formulation of strategy. These studies tend to have a somewhat weak empirical (case) base for their prescriptive advice. MCarthy and Cowan (2009) had carried out an empirical study and has tested the following hypotheses: effective senior-level leadership behaviors will be directly related to successful strategy implementation. This hypothesis, however, has resulted in mixed support; those senior-level leaders who have been trained or studied strategic planning and implementation are more likely to meet the performance targets set for the company.

Me earthy *et al.* (2009) considers a more comprehensive set of managerial background and personality variables than (Nzuve, 2009). They analyzed the individual managerial characteristics for instance functional background, industry familiarity, locus of control, problem-solving style and competitive strategy and finds that greater R&D experience and greater internal locus of control on the part of the SBU general manager contribute to implementation effectiveness in the case of a differentiation strategy followed by an SBUs, but hamper it for a low-cost strategy SBUs; general managers who have manufacturing experience and who are feeling types contribute to performance in the case of low-cost SBUs, but hamper performance for differentiation-strategy SBUs; experience in general management and industry.

Pearce and Robinson (2010) found that the level of effort that an individual manager will apply to the implementation of a particular strategy depends on his perception of his and the organization's potential to perform, and his perception of the likelihood that successful performance will lead to an outcome that he desires. Managers who believe their self-interest is being compromised can redirect a strategy, delay its implementation, reduce the quality of its implementation, or sabotage the effort by what Pearce and Robinson (2010) call "upward intervention". Upward intervention, in their conception, may include subversive behaviors such as verbal arguments, objecting memos, coalition formation, the deliberate creation of barriers to implementation, and even sabotage. Passive intervention can take the form of giving a strategy a low priority or taking too much time implementing strategic decisions, both of which can result in unnecessary delays and inhibit the implementation effort.

Doyle (2008) set up a conceptual model of implementation effort by middle managers in a multinational context. He refined Pearce and Robinson (20I0) insights by identifying the relative importance of the three determinants of implementation effort: perceived ability, perceived probability of success, and perceived consistency between personal goals and the strategic change goals. As a further extension of this theory, He found that the personal characteristics of the middle managers influence their perceptions. He also found that national culture characteristics influence the perceptions of middle managers. familiarity is beneficial in a universalistic sense; experience in finance and accounting (surprisingly) has a negative effect on performance.

Doyle (2008) also found that if middle management do not think the strategy is the right one, or do not feel that they have the requisite skills to implement it, then they are likely to sabotage its implementation. He refers to groups within the organization who will inevitably disagree with the strategy. These groups may sabotage strategy implementation by deliberate actions or inactions, if implementing the strategy may reduce their power and influence. Thus, Doyle (2008) sees the perceived ability and perceived consistency between personal goals and the strategic change goals as the decisive "soft" factor. Martin (2003) believes that the approach of matching strategy and managers" style ignores the causal role of the organizational context or the interaction of personality and context on implementation actions. It is widely accepted that different strategies need to be implemented in different ways. Their study demonstrates, at least in a laboratory setting, that strategy plays a significant role in shaping managers" intentions. Managers can alter their behaviors to suit different strategy situation.

Organizational Structure

Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted (Lorsch, 2007). Thompson and Strickland (2010) notes that strategy implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes (Thompson, 2007). Strategies are formulated and implemented by managers operating within the current structure.

Successful strategy implementation depends on a large part on how a firm is organized. Owen (2012) agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objective set. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm's strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce and Robinson, 2007). One reason strategy implementation processes frequently result in problems or even fail is that the assignments of responsibilities are unclear. The organization structure therefore should fit with the intended strategies (Birnbaum, 2010).

Operationalization

Leadership Styles

In this study, leadership style is hypothesized to have an influence on organizational performance, the management of implementation and execution of strategy is an operations-oriented, make things happen activity aimed at performing core business activities in a strategy-performing manner. The analyzed key elements of leadership styles namely; Leadership traits, competencies and management style in relation to strategy implementation

Organizational Structure

In measuring the influence of organization structure on strategy implementation, the researcher assesed specific elements of organization structure (Span of control, Work Specialization and Chain of Command) and establish their relationship with strategy implementation

Organization Performance

In this study, the researcher adopted a basic spread sheet to describe key measures and organization performance success. That is, as goals are set and deployed, the means to achieve them at each level was analyzed, milestones results, achieved objectives, increased productivity and efficiency and efficacy of operations with regards to the variables discussed.

RESEARCH METHODOLOGY

A descriptive cross-sectional design was employed in this study. The study targeted the HR Managers, Policy Managers, operations managers and finance and accounts managers of; Britam, Jubilee, Icea lion, Pan Africa, Cfc life, Kenidia, Old mutual and Madison. In all the total population of the targeted were approximately 275 respondents. Out of this number, 50% represented the managers. This study used purposive sampling technique to accurately select 138 respondents as shown in the sample distribution of the population. In this study, primary data on the dependent and independent variables was collected using a structured questionnaire, since it is easier to administer, analyze and economical in terms of time and money. The questionnaires were issued to the respondents through informal self-introduction through the help of a research assistant. The questionnaires were presented to the respondents under a forwarding letter accompanied by an introduction letter from the University. The respondents were consequently requested to fill in the questionnaire for about 5 to 10 minutes of their time then the questionnaires were collected by a research assistant. The data generated by the study after fieldwork was edited, coded then entered into a computer for processing using the Statistical Package for Social Sciences (SPSS v.21.0).

RESULTS AND DISCUSSIONS

The study used a sample size of 138 respondents from which 107 filled in and returned the questionnaires making a response rate of 77.5%. This response rate of 107 out of 138 respondents was very good and representative to make conclusions for the study. According to the analysis it was evident that majority of the respondents were Male which represented 66.4 % while 33.6 % were Female. The respondents were required to indicate their age bracket where the study findings were as follows; 4.7% were between 18-25 years, 13.1% of the respondents were between 26-30 years of age, 26.2% were between 31 – 35years, 15.0% were between 36 - 40 years, 20.6% were between 41 – 45 years, 10.3% were between 46 – 50 years, while another 10.3% were 51 and Above years. On the length of the service, the study findings revealed that majority 50 in frequency of the respondents, constituting 46.7% had served in their various companies for 5-10 years, followed by 29 in frequency and a 27.1% who had served for less than 5 years and finally 28 in frequency which was 26.2% had served for over 10 years.

Leadership Styles

Table 1 depicted the results of the level at which respondents agreed with statements on the influence of leadership styles on organizational performance. A scale of 1-5 was used. Where; 5= Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree on the continuous likert scale.

Table 1: Leadership Styles

	N	Minimum	Maximum	Mean	Std. Deviation
Leaders in this organization make employees feel good to be around them	107	5.00	3.00	4.271	.80763
Leaders tell the employees what they need to do if they want to be rewarded for their work	107	5.00	2.00	3.7290	.89622
Staff have complete faith in the Leaders	107	5.00	1.00	4.0935	1.31417
Leaders tell others in a few simple words what need to be done	107	5.00	3.00	3.7290	.54201
Leaders help others to think about old problems in new ways	107	5.00	2.00	3.7390	.90668
Leaders help other employees to develop themselves	107	5.00	2.00	3.5047	.92526
Leaders provide staff with new ways of looking at complex or difficult issues	107	5.00	2.00	3.3738	.83013
Leaders reward employees when they achieve	107	5.00	2.00	4.1776	.73732
Leaders give employees freedom to do what they want to do	107	5.00	1.00	4.3178	.88593
Valid N (listwise)	**107**				

Source: Author, (2017)

From the findings, the study established that majority of the respondents agreed that leaders in this organization make employees feel good to be around them as expressed by a mean of 4.271 and a standard deviation of 0.80763, respondents also generally agreed that leaders tell the employees what they need to do if they want to be rewarded for their work with mean of 3.7290 and a standard deviation of 0.89622. Majority of the respondents also agreed that staff have complete faith in the leaders as shown by a mean of 4.0935 and a standard deviation of 1.31417, respondents nevertheless agreed that, leaders tell others in a few simple words what need to be done as shown by a mean of 3.7290 and standard deviation of 0.54201.

It was also evident that majority of the respondents also agreed that leaders help others to think about old problems in new ways with a mean of 3.5047 and standard deviation of 0.92526. Respondents were also in agreement that leaders reward employees when they achieve as shown by a mean of 4.1776 and standard deviation of 0.73732. Finally, majority of the respondents also agreed that leaders give employees freedom to do what they want to do as shown by a mean of 4.3178 and standard deviation of 0.88593.

The study findings with regards to the influence of leadership on organization performance were in harmony with the findings of Grobbler (2008) who found out that the process of interaction and participation among the top management team typically leads to greater commitment to the firm's goals and strategies. This, in turn, serves to ensure the successful implementation of the firms chosen strategy.

Organizational Structure

Table 4.8 depicts the results of the level of agreement of the respondents on statements towards organizational structure and organization performance of selected insurance companies in Nairobi County-Kenya. A scale of 1-5 was used. Where; 5= Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree on the continuous likert scale.

Table 2: Organizational Structure

	N	Minimum	Maximum	Mean	Std. Deviation
The Insurance Company have a functional and a process-oriented structure which improves its performance	107	5.00	1.00	3.4673	1.03994
The current status of organizational institutional effectiveness and effectively aid the general performance	107	5.00	1.00	3.5140	.97482
The status of the firm organizational structure inhibits the free flow of information critical to strategy implementation which impedes organizational performance	107	5.00	1.00	3.5794	.90112
The status of the organization structure enhances organizational flexibility critical to performance of the firm	107	5.00	2.00	3.8972	.76398
The firm have a large number of specialist functions which increases efficiency and performance	107	5.00	1.00	3.8131	.90210
The firm has the financial capacity to implement strategies which will always	107	5.00	1.00	3.9065	.96674

boos performance					
The human resource capability to manage and implement new strategic direction by the Membership is sufficient	107	1.00	5.00	4.0187	.65849
Valid N (listwise)	**107**				

Source: Author, (2017)

From the findings, it was revealed that majority of respondents agreed that the insurance company have a functional and a process-oriented structure which improves its performance as indicated by a mean of 3.4673 and standard deviation of 1.03994, the respondents were also in agreement that, the current status of organizational institutional effectiveness and effectively aid the general performance as indicated by a mean of 3.5140 and standard deviation of 0.97482. Majority of the respondents also agreed that, the status of the firm organizational structure inhibits the free flow of information critical to strategy implementation which impedes organizational performance as shown by a mean of 3.5794 and a standard deviation of 0.90112.

It is also explicit from the study that, majority of the respondents generally agreed that; the status of the organization structure enhances organizational flexibility critical to performance of the firm as indicated by a mean of 3.8972 and a standard deviation of 0.76398. Majority of the respondents also agreed to the fact that, the firms have a large number of specialist functions which increases efficiency and performance as indicated by a mean of 3.8131and a standard deviation of 0.90210. And finally, the study findings also showed that majority of the respondents agreed that, the human resource capability to manage and implement new strategic direction by the membership is sufficient as indicated by a mean of 4.0187 and a standard deviation of 0.65849. In the literature review, the above findings to this objective were supported by Thompson and Strickland (2010) who asserted that it is important that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Strategies are formulated and implemented by managers operating within the current structure.

Organizational Performance

Table 2 established the extent of agreement of the respondents in regard to statements on organizational performance considering strategy implementation drivers; leadership style, organizational structure, staff commitment and communication. A scale of 1-5 was used. Where; 5= Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree on the continuous likert scale.

Table 3: Organizational Performance

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Good strategies implemented has increased our profitability levels last 5 years	107	1.00	4.00	3.8224	.78684
Good strategies implemented has increased volume of sales last 5 years	107	5.00	1.00	3.2243	.92459

Number of employees has increased last 5 years	107	5.00	2.00	3.4953	.92526
Products and services uptake by customers has increased	107	5.00	2.00	3.6262	.83013
The company customer base has increased over last 5 years	107	5.00	2.00	3.7290	.89622
Efficiency in internal work processes has improved	107	1.00	5.00	3.0935	1.31417
Valid N (listwise)	**107**				

Source: Author, (2017)

According to the study results, it was established that majority respondents agreed that good strategies implemented has increased our profitability levels last 5 years with a mean of 3.8224and a standard deviation of 0.78684; the respondents however disagreed that, good strategies implemented has increased volume of sales last 5 years with a mean of 3.2243 and a standard deviation of 0.92459. Majority of the respondents also agreed that, number of employees has increased last 5 years as shown by a mean of 3.4953 and a standard deviation of 0.92526.

It is also clear from the study results that, majority of the respondents agreed that products and services uptake by customers has increased as shown by a mean of 3.6262 and a standard deviation of 0.83013. The respondents however disagreed that, efficiency in internal work processes has improved as shown by a mean of 3.0935 and a standard deviation of 1.31417.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

As to whether leadership styles as practiced in the insurance firms in Nairobi County-Kenya affected organizational performance, it can be concluded that, leadership styles is always a significant factor towards organizational performance in the insurance firms in Nairobi County-Kenya and being the least influential variable in the model and with regards to organizational performance in the insurance firms. The study results however showed a positive relationship meaning adjustments to favorable leadership styles will always lead to an increase in the organizational performance in the insurance firms in Nairobi County-Kenya.

Examining whether organizational structure affected the organizational performance in the insurance firms in Nairobi County-Kenya, it is evident from the study that, organizational structure is also a significant variable towards organizational performance in the insurance firms in Nairobi County-Kenya. The study findings showed that organizational structures will always a significant factor towards organizational performance and second least influential variable in the model. The study findings also show a positive relationship meaning improvements in organizational structure will always lead to a better organizational performance in the insurance firms in Nairobi County-Kenya.

Finally, holding all the other factors constant, the organizational performance in the insurance firms in Nairobi County-Kenya was tested against strategy implementation drivers (organizational structure and leadership style) measured by the significance level and established that in deed; (Organizational Structure and Leadership Style (LS)) contributed to a significant of the variation of the organizational performance in the insurance firms in Nairobi County-Kenya as explained by adjusted.

Recommendations

The study recommends that, Leadership should make employees feel good to be around them and also help other employees to develop themselves. The management responsible for the strategic implementation should be able to select the people and teams best capable of moving the project forward.

Organizational structure should provide an inclusive environment with common goals a sense of community to be developed. This is proposed because, finding common ground helps in the successful pursuit of these shared goals. The insurance firms must therefore foster a shared purpose so that employees understand why the organization exists and why they do what they do.

Suggestions for Further Study

Given the ever changing nature of insurance firms with regards to objectives and competitive environment, a similar study should be conducted after a period of time in the in the insurance firms in Kenya in order to investigate whether there are any areas of unique factors.

The study findings also revealed that the strategy implementation drivers considered in the study only accounted for about seventy two percent of the variation in retention of knowledge workers as explained by adjusted. Meaning other factors not tested in the current study should be considered for future research.

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