

Factors Affecting Strategic Management System of Insurance Companies in Kenya: (A Case of ICEA LION Insurance Company)

Susan Kaara

College of Human Resource Development, Master of Business Administration, Jomo Kenyatta University of Agriculture and Technology, JKUAT, Kenya

Abstract: *Organizations are investing ever-increasing amounts of resources into Strategic management system though it is still not clear what they can expect in return or how this might influence the likelihood of positive system outcomes. An effective Strategic management system clearly defines expectations and helps to align employee behavior with the culture and business needs of the organization. In an increasingly competitive world, Strategic management system is not optional but rather it is essential for enhancing organization's effectiveness and competitiveness. Today's organizations have to face a turbulent environment where change seems to be the only constant. To meet this challenge, organizations are forced to accelerate effectiveness in all activities, be flexible to changes in the internal and external environment, improve quality and service delivery, reduce cost and fully use their intellectual capacity. Furthermore, as the system is becoming more complex, emphasis is given to the process orientation and cross functional approaches. To succeed, knowledge, skills, experience and perspectives of a wide range of people must be integrated. There needs to be understanding of the relationship between strategy, people, organizational design and performance systems in order for strategic management to be achieved in the insurance industry. The objective of the study was to establish the perceived factors that affect employee Strategic management system in ICEA LION group. A descriptive research design was adopted with the total population of the study comprising of 400 employees with 15% being from senior management, 34% from middle level management and 51% from lower level management. Stratified sampling was used for ease of classifying the sample into the three categories with the sample comprising of 10% from each strata of the target population. Data was collected using Likert's scale questionnaire method, which was self-administered questionnaire. Multiple correlation analysis was used to give an insight into the relationship between the factors affecting and strategic management system. This was done with the help of the statistical package for social sciences (SPSS) for production of graphs, tables, descriptive statistics and inferential statistics. The findings revealed that ICEA LION insurance experienced challenges in the adoption and implementation of strategic management system which was greatly influenced by: employee training, organization culture and leadership commitment. The study concluded that employee training, organization culture and leadership commitment are statistically significant in explaining Strategic management system of insurance firms in Kenya. The study recommends that insurance firms should emphasize and enhance that the employee training is managed well; managers should demonstrate willingness to give energy and loyalty to the strategy implementation process and also promote the best organization values in their firm. Future researchers and academicians should research on how employee training, organization culture and leadership affect other aspects of businesses especially making management easier and internal customer satisfaction. It is also necessary to investigate their effect on strategic management system in specific insurance company institutions listed in Nairobi security exchange in Kenya.*

Keywords: Strategic Management, System Itself, Leadership, Training Of Employee, Insurance

Definition of Terms

Strategic Management

Involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise (Bititci, 2006).

Training of Employees

Training involves learning to do something and when it is successful it results in things being done differently. With organizations, the investment in training is intended to result in increased effectiveness at work. It's a process which is planned to facilitate learning so that people can become more effective in carrying out various aspects of their work (Brambey, 2010).

Organizational Culture

Organizational is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated

but shape the ways in which people behave and things get done. The definition emphasizes that organizational culture is concerned with abstractions such as values and norms which pervade the whole or part of an organization (Morris et al. 2006).

Monitoring and Feedback

Monitoring focuses on observing, measuring and recording the employee's performance throughout the year. While feedback involves critical assessment on information produced. This information is useful for; recognizing and rewarding great performance, Identifying any issues and problems and dealing with them as they arise, managing poor performance and rating the employee's performance during the formal performance review (Aubrey, 2004).

Leadership

Leadership is a dynamic process at work in a group whereby one individual over a particular period of time, and in a particular organizational context, influences the other group members to commit themselves freely to group tasks or goals. Therefore the leader's principal role is to influence the

group towards the achievement of the group goals or objectives (Cole, 2002)

1. Introduction

1.1 Background of the Study

Strategic management has become a critical component of Management in today's dynamic, customer driven market place. An efficient Strategic management system equips and energizes people to take responsibility for their performance and the accomplishment of superior results. Indeed, it has been shown that the use of strategic management improves the performance and overall quality of an organization (Rodgers, 2004).

According to Varma, Budhwar and Denisi, (2008), successful organizations know that to win in today's competitive marketplace, they must attract, develop and retain talented and productive employees. Indeed, winning organizations get their competitive edge from a Strategic management system that helps them hire talented people, place them in the right position, align their individual performance with organization's vision and strategic objectives, develop their abilities and reward performance commensurate with contributions to the organizations success Strategic management must achieve what it sets out to achieve in the manner in which it is expected to achieve it. Too often the reality does not match the vision. Grand designs can readily produce edifices that crumble to dust (Baron (2006). He explains that poor motivation and self-esteem due to inadequate feedback on their performance, little or no communication, unfairness, lack of transparency, and equity as some of the main features leading to failure of Strategic management systems. In realization of the importance of Strategic management system in driving organizational excellence, factors which compromise the effectiveness of the Strategic management systems must be explored to ensure they are avoided for successful implementation of the Strategic management system in the organizations. A well-functioning and appropriately implemented Strategic management system can deliver real, bottom-line business results. However, those results do not come overnight.

According to Schein (1992), organizations tend to focus on automating the employee strategic management process first, before moving into more complex, more strategic talent management initiatives such as goal management and succession planning. The factors that influence the implementation of an employee Strategic management system include: the level of involvement of employees in the design of the system; the extent to which the system is understood and supported by the managers; extent to which corporate goals are aligned with individual and team goals, how specific measurable achievable, realistic and time specific the goals are, extent to which the system enables the supervisors to provide ongoing feedback to staff and whether the system is linked to compensation (Jacelyne Tse, 2008).

1.1.1 Strategic management system

Armstrong (2010) defines Strategic management system as a systematic process for improving organizational

performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. It is concerned with output-the achievements of results and with outcomes – the impact made in performance, the process required to achieve these results (competences) and the inputs in terms of capabilities (knowledge, skill and competence) expected from the teams and individuals involved (Armstrong and Baron, 2006). Baron (2006) revealed that in many instances strategic management practices had moved on. It was now regarded as a number of interlinked processes. It was seen as continuous process, not as a once a year appraisal, focused on employee development rather than on performance related pay, shift towards getting line managers accept and own strategic management and use of different Strategic management systems in different parts of the organization and for different people. Strategic management arrived in the later 1980's partly as a reaction to the negative aspects of merit rating and management by objective (MBOs). Its strength is that it is essentially an integrated approach to managing performance on a continuous basis. It is also holistic it pervades every aspect of running a business.

Jacelyn – Tse (2008) defines an employee Strategic management system as the process of motivating employees through setting goals, measuring progress, giving feedback, coaching for improved performance and rewarding achievements. An employee Strategic management system comprises of five distinct components that can be broadly defined as planning work, continually monitoring performance, developing the capacity to perform, periodically rating performance and rewarding good performance. According to Armstrong (2010), a Strategic management system is a set of interrelated activities and processes that are treated holistically as an integrated and key component of an organization's approach to managing performance through people and developing the skills and capabilities of its human capital, thus enhancing organizational capability and the achievement of sustained competitive advantage.

According to (Lee, 2005), the real goals of any strategic management system are three fold to correct poor performance, to sustain good performance and to improve good performance. All Strategic management systems should be designed to generate information and data exchange so that the individuals involved can properly dissect performance, discuss it, understand it and agree on its character and quality. An effective Strategic management system encourages managers and associates to work together, communicate openly and provide feedback regularly. Until people focus on communication, cooperation and collaboration skills, appraisal forms remain vehicles for failure and appraisals go on evoking fear and suspicion (Rodgers, 2004).

1.1.2 Strategic management system on the Global Scene

In recent years organizations have sought to create greater organizational 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 decentralization 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 strategic management system (Chebat, 2009). The role and tasks of those employees charged with strategic management system implementation duties, the mid-level managers, in these new restructured organizations is under scrutiny. Globally, strategic management system 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).

1.1.3 Challenges of Implementation of Strategic management systems

Bart, (2000) asserts that in order to guarantee successful implementation, an employee's Strategic management system should balance consistency and flexibility. The strategic management challenge in organizations has many dimensions in today's business environment and creating focused initiatives to overcome these challenges is not a silver bullet approach. In many cases remuneration schemes are driving the performance system, which creates a number on long term consequences in organizational behavior and culture. In other cases senior management are so focused on scorecard management to hold people accountable that the creation of the scorecard is not aligned with business focus areas, but rather a number of deliverable projects and tasks. The first challenge is the lack of alignment due to various organizational processes being created in isolation. The link between Strategy development, budgeting and operational planning is developed by different groups of people with different frameworks being used. The Strategic management system lacks alignment between individual performance, departmental performance and organizational delivery and so all systems default back to financial measurements (Williams, 1998). The second challenge happens at various levels of the organization in that poor measures are developed, in many cases targets are set but no relevant measure is put in place. In other cases no data can be collected or is kept as evidence to track performance (Armstrong, 2008)

The Leadership and Management challenge has a huge impact on integrating and aligning a management system to deliver a comprehensive Strategic management system. The commitment and understanding of leadership and management of the requirements for achieving a workable performance system is critical to performance success (Armstrong, 2010). Managing a performance system in an organization requires a disciplined framework; it requires the organization to work off one master Plan broken down

into relevant parts and areas of responsibility. The management responsibility at various levels needs to understand the contracting, measurement development and appraisal process very well and apply it consistently. Management needs to appreciate that strategic management is not an event but something that is managed daily but recorded and reported at certain times through reviews and appraisals (Ed Lawler, 2005). The management of poor performance is normally a reactive action, but in many cases it is delayed and therefore turns into a discussion that is difficult to make relevant. Another reason poor performance is not managed on time is the lack of valid measurements and the collection of required evidence and measurement data. The solutions for these challenges are embedded in a comprehensive approach ensuring alignment or planning, management and performance systems.

1.1.4 Insurance Industry in Kenya

Insurance entails delivery of insurance products to participants at base of the pyramid. It is offered to shield clients against specific risks in consideration for premiums matching the possibility of occurrence of the risk (Makove, 2011). Conceptual differences exist between insurance and other forms of insurance since insurance has lesser assets and lower volatile premiums. Although low-income earners face risks and economic shocks that might be the same as conventional insurance clients, the low-end market is more susceptible due to limitation of resources and knowledge (Maleika & Kuriakose, 2008), are not able to mitigate risks compared to their higher-income participants; and in case of economic loss from perils, they are less equipped to cope with the aftermaths. In Kenya, low income target market is generally ignored by the mainstream commercial and social insurance schemes and has not, for a long time, had access to appropriate insurance products (Mbogo, 2009). While over 90% of the population in Kenya is exposed to many risks in life, with the poor being the most exposed, the overall insurance sector serves 8.4% of the total population (Ogodo, 2010). Key challenges include; low penetration, absence of a savings culture and low incomes. Although insurance has made significant difference in developing countries challenges are still prevalent. The challenges relate to high administrative costs, irregular income by the clients, poor product design, weak contract enforcement laws, illiteracy and lack of awareness. It is therefore imperative that insurance companies develop insurance risk management models.

Challenges in insurance results because potential clients are exposed to a myriad of risks, all of which cannot be feasibly insured (Mbogo, 2010). The products formed fail to meet consumer expectations (Brown & McCord, 2000). Mbogo (2010) finds insurance products to be general and inadequate in meeting the user needs in Kenya. Additionally, there is inadequate differentiation between products from different insurance companies, making it difficult for consumers to distinguish between competitor offerings in terms of product features (AKI, 2012).

Product design further affects the quality of the service. Although insurance has made significant difference in developing countries challenges are still prevalent and past studies have not adequately addressed them. This study

focuses on an area that has not been expressly addressed by other studies namely surveying the challenges associated with the implementation of strategic management system in insurance companies in Kenya.

1.1.5 ICEA LION Group Company

A number of insurance companies have successfully completed setting up strategic management system practices procedures, a case in point being ICEA LION. Insurance Company of East Africa Limited (ICEA) and Lion of Kenya Insurance Company Limited merged in Dec, 2011. The purpose was to increase their capital base and eliminate competition among them. The merger brought in two of the leading insurance companies in East Africa. They both deal in insurance and financial services in Kenya and the wider East Africa region. The merger resulted in the creation of one of the largest insurance groups in the region called ICEA LION Group, with insurance operations in Kenya, Uganda and Tanzania as well as leading subsidiaries in fund management and corporate trusteeship (Kiprono, 2012).

A key element of this consolidation was to establish separate life and non-life insurance companies. ICEA LION Life Assurance Company that is dedicated to life assurer while ICEA LION General Insurance Company that is general insurance company, both operating as subsidiaries of ICEA LION Group. The separation enabled the two African Assurance rated companies to have complete focus on their core business, for enhanced customer service, specialization, internal efficiency and competitiveness. The specialization is consistent with the Government's declared intention to encourage movement in this direction (GoK, 2010).

Beck et al., (2010) posits that increased competition and capital adequacy requirements are the key drivers behind the merger of many companies. Straub (2007) argues that for the company to remain competitive it developed a comprehensive strategic management system but lately the system is not been as beneficial as it should be. ICEA LION Strategic management system is divided into three levels. At the Individual level, employees sign a performance agreement with the supervisor and are evaluated bi annually. At the team's level, four disciplines of execution is used to determine execution levels and an Execution Quotient Survey is conducted after two years on six drivers of execution namely, clarity and commitment to goals, Translation into action, Enabling, Synergy, and Accountability. At the corporate level, Balance Score Card framework is used to translate the strategy into action through cascading process. ICEA LION 5-step strategic management process entails; performance agreements sign off, measurements and reporting (monitoring), performance evaluation, developing of personal Development and succession plans, and lastly rewards/consequence management (Kingangi ,2014)

1.2 Statement of the Problem

For strategic management to achieve desired results there is need for an elaborate and effective Strategic management system. Unfortunately, the failure rate of implementation and usage of strategic management system is estimated to be around 70% which causes a potentially very useful

management technique to be rejected by many organizations (Neely and Bourne, 2000). At the same time, clients of most insurance companies in Kenya have been complaining about poor service delivery which in most cases has led to them moving from one insurer to another. The poor service delivery and failure rate has been attributed to lack of properly monitored systems that allow for monitoring and also lack laid up plans on how to go about in the case they were faced with challenges. Armstrong (2001) asserts that for Strategic management system to lead to higher quality service delivery, the systems must focus on employee development. He adds that if an organization has not established an effective system of continuous development, then performance will likely fall and objectives will not be met, as employees are able to follow clear guidelines.

On this understanding, ICEA LION situation is not different. In the year 2011, ICEA LION embarked on transformation journey in order to sustain its leadership in market share and enhance its growth capacity to cater for increasing market demand by the Kenyan middle. In response to this, the company initiated a growth strategy with strategic management as a crucial focus to drive the strategy execution hence the implementation of the ICEA LION 5-step Strategic management system. Although, the implementation of the strategic management system started four years ago, there are significant challenges facing the implementation and full benefits have not been realized. The rate of adoption among staff has been very low, in addition to substantial resistance.

The implementation of the strategic management processes faces serious bottlenecks and the uptake of the Strategic management system has thus been dismal. Performance agreements and expectations are not set properly with weak measures leading to overrating of staff across the board .e.g. an average score in the last two years is 85% (Exceptional performer), (Kiprono, E. 2012). The bi-annual Performance evaluation exercises is not completed on time and usually overlap each other among other issues. There is thus the need to examine the Strategic management system at ICEA LION with the aim of exploring challenges facing its successful implementation and hence realization of the full benefits of the system to achieve its full intention of driving and enabling strategy execution at ICEA LION.

A structured discussion about the factors influencing successful implementation of employee Strategic management system in general seems to be missing (Bourne et al, 2002). Studies conducted on employee Strategic management systems include Elzinga (2008), who carried out a survey to determine the role of behavioral factors in the use of Strategic management system at Shell International and concluded that behavioral factors played a major role in the success of any strategic management system. Waka (2010) carried out a study on the survey on the extent to which Kenya Commercial Bank implemented Strategic management system and how the system improved productivity among employees in the bank. He found out that strategic management system that had been set in place served to improve the organizational performance. A study by Gichimu(2010) on factors hindering success of strategic

management system concluded that design, Implementation, context and use of an employee strategic management system influence the success and effectiveness of the system. The studies concentrated on the Impact and success factors of strategic management system in general terms. To the best of researchers' knowledge, no study has explored the perceived factors affecting Strategic management system in insurance firms and specifically to ICEA LION leading to the research question which this study seeks to address: what are factors affecting Strategic management system at ICEA LION group?

1.3 Objectives of the Study

The study was directed by general objective and the specific objectives.

1.3.1 General objective

The study was set out to determine the factors affecting Strategic management systems in insurance firms in Kenya: A case study of ICEA LION insurance.

1.3.2 Specific objectives

- 1) To establish the effect of employees training on Strategic management system of insurance firms in Kenya.
- 2) To determine the influence of organization culture on Strategic management system of insurance firms in Kenya.
- 3) To determine the influence of leadership on Strategic management system of insurance firms in Kenya.

1.4 Research questions

- 1) What is the effect of employees training on Strategic management system of insurance firms in Kenya?
- 2) What effect does organization culture have on Strategic management system of insurance firms in Kenya?
- 3) How does leadership affect Strategic management system of insurance firms in Kenya?

1.5 Significance of the Study

The conclusions of this study will be of significance to the management of insurance firms especially ICEA lion insurance company. They will be able to appreciate how strategic management system of their company is influenced by the study variables. Based on the findings the management will be able to understand the various factors affecting strategic management system and practices to be taken in order to improve the strategic management system of the respective companies. It will also provide insights on the importance of strategic management system practices in insurance firms to achieve better performance of firms.

Association of Kenya insurers (AKI), insurance regulatory authority (IRA) and other policy makers will also benefit from this study as the findings will inform them about the setting up policies that ensure that insurance firms comply with quality practices to provide quality services and hence improve their management performances.

Scholars and researchers shall find this study quite of interest due to the gaps for further research that will be

produced at the end of this study. Excerpts of this study will be published in renowned journals and will also be available within the University repository systems for access to researchers.

1.6 Scope of the Study

This study sought to establish the factors affecting strategic management system effect of insurance companies in Kenya a case of ICEA lion group this is because it's the largest insurance merger in the recent past (Kiprono, 2012). The sample was drawn from all the management levels of the ICEA lion group in their headquarters in Nairobi. The period for conducting the research was from June 2016 to July 2016. The scope was limited to the stated objectives of the study which spelled out the variables to be studied.

1.7 limitations

This study only concentrated with three variables while there could be other variables affecting strategic management system in insurance companies in Kenya. The study also to a big extent relied on secondary data which are prepared with some other objectives in mind apart from what the researcher is investigating. Primary data were collected to mitigate this problem. Since the study is a case study, generalization would not be possible without the risk of fallacious conclusion. However, other researches can be done in other manufacturing institutions in Kenya

2. Literature Review

2.1 Introduction

This section will cover Strategic management system used by ICEA LION Company. It will also show factors affecting strategic management system, the conceptual argument and the summary of the literature review.

2.2 Theoretical Framework

The theoretical framework is the structure that can hold or support a theory of a research study. It introduces and describes the theory which explains why the research problem under study exists. Torraco (2007) asserts that theories are formulated to explain, predict, and understand phenomena and in many cases, to challenge and extend existing knowledge, within the limits of the critical bounding assumptions. The theoretical framework must demonstrate an understanding of theories and concepts that are relevant to the topic of the research and that will relate it to the broader fields of knowledge in the class you are taking. The selection of a theory should depend on its appropriateness, ease of application, and explanatory power. The theoretical framework connects the researcher to existing knowledge (Kennedy, 2007).

2.2.1 Goal-Setting Theory

Goal-setting theory had been proposed by Edwin Locke in the year 1968. This theory suggests that the individual goals established by an employee play an important role in motivating him for superior performance. This is because the employees keep following their goals. If these goals are

not achieved, they either improve their performance or modify the goals and make them more realistic. In case the performance improves it will result in achievement of the Strategic management system aims (Graeme, Storey, Billsberry, 2005). Goal setting is a powerful way of motivating people, and of motivating yourself. The value of goal setting is so well recognized that entire management systems, like Management by Objectives, have goal setting basics incorporated within them. In fact, goal setting theory is generally accepted as among the most valid and useful motivation theories in industrial and organizational psychology, human resource management, and organizational behavior. Many of us have learned – from bosses, seminars, and business articles – to set SMART goals. It seems natural to assume that by setting a goal that's Specific, Measurable, Attainable, Relevant, and Time-bound, we were well on our way to accomplishing it.

This theory shows that, there is a relationship between how difficult and specific a goal was and people's performance of a task. He found that specific and difficult goals led to better task performance than vague or easy goals. Telling someone to "Try hard" or "Do your best" is less effective than "Try to get more than 80% correct" or "Concentrate on beating your best time." Likewise, having a goal that's too easy is not a motivating force. Hard goals are more motivating than easy goals, because it's much more of an accomplishment to achieve something that you have to work for (Locke, Edwin, and Latham 2006).

The relevance of this theory to this theory is that it clearly shows that lack of proper setting of targets monitoring the goals and giving feedback continuously to the subordinate may affect the strategic management system.

2.2.2 Lifecycle Theory of Leadership

This theory was developed by Paul Hersey & Kenneth Blanchard. The theory holds that most effective leadership styles vary with the "maturity" of subordinates. Hersey and Blanchard defined maturity not as age or emotional stability but as desire for achievement and willingness to accept responsibility. They believed that the relationship between a manager and subordinates moves through four phases as subordinates develop and mature. In the first phase when subordinates enter the organization a high orientation by the manager is most appropriate. Subordinates have to be instructed in their tasks and familiarize with the organization rules and procedures. At this stage a non-directive manager may cause anxiety and confusion among employees. A participatory employee relationship approach would be inappropriate at this stage because according to Hersey and Blanchard employees cannot yet be regarded as colleagues.

Second phase the subordinates begin to learn their tasks, task orient leadership remains essential because subordinates are not yet willing or able to accept full responsibility. However, the managers trust in and support of subordinates can increase as the manager becomes familiar with subordinates and willing to encourage further effort on their part. At this stage managers can start using employee oriented behavior.

At the third phase the subordinates ability and achievement motivation are increased and subordinates actively begin to

seek greater responsibility. The manager will no longer need to be directive (close direction might be resented). Managers will however continue to be supportive and considerate in order to strengthen the subordinate's residue for greater responsibility.

In the last phase subordinates gradually become confident self-directing and experienced the manager can reduce the amount of support and encouragement. Subordinates can then be left on their "own" and no longer need directive relationship with the manager.

The relevance of this theory to this study is that the leadership style applied by the management can affect the performance of an employee and hence the strategic management system. If the leader is not committed to the set objectives then the subordinate will also not see the importance of strategic management system.

2.2.3 Expectancy Theory

Expectancy theory had been proposed by Victor Vroom in 1964. This theory is based on the hypothesis that individuals adjust their behaviour in the organization on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behaviour in such a way which is most likely to lead them to attain these goals. This theory underlies the concept of strategic management as it is believed that performance is influenced by the expectations concerning future events (Salaman, Storey & Billsberry, 2005).

Vroom's expectancy theory assumes that behaviour results from conscious choices among alternatives whose purpose it is to maximize pleasure and minimize pain. Together with Edward Lawler and Lyman Porter, Victor Vroom suggested that the relationship between people's behaviour at work and their goals was not as simple as was first imagined by other scientists. Vroom realized that an employee's performance is based on individual's factors such as personality, skills, knowledge, experience and abilities (Vroom, & Deci, 1983).

The theory suggests that although individuals may have different sets of goals, they can be motivated if they believe that; there is a positive correlation between efforts and performance, favorable performance will result in a desirable reward, the reward will satisfy an important need and the desire to satisfy the need is strong enough to make the effort worthwhile (Salaman et al, 2005). The theory is based upon certain beliefs as we will explore here below; Valence refers to the emotional orientations people hold with respect to outcomes [rewards]. The depth of the want of an employee for extrinsic [money, promotion, time-off, benefits] or intrinsic [satisfaction] rewards). Management must discover what employee's value. Employees have different expectations and levels of confidence about what they are capable of doing. Management must discover what resources, training, or supervision employees need. The perception of employees as to whether they will actually get what they desire even if it has been promised by a manager. Management must ensure that promises of rewards are fulfilled and that employees are aware of that (Vroom, & Deci, 1983). Vroom suggests that an employee's beliefs about Expectancy, Instrumentality, and Valence interact

psychologically to create a motivational force such that the employee acts in ways that bring pleasure and avoid pain (Vroom, & Deci, 1983).

Expectancy theory is one of the stronger theories to help explain motivation. It takes a conscious approach that a reasonable person would be able to apply. A thought process is required to make the connections between performance, effort, and outcomes. The Expectancy Theory argues that "people make decisions among alternative plans of behavior

based on their perceptions [expectancies] of the degree to which a given behavior will lead to desired outcomes" (Mathibe, 2008). The basic idea behind this theory is that people were motivated by the belief that their decision/actions will lead to the outcome they desire (Redmond, 2009). In regards to the workplace, Werner (2002, p.335) states that a person were motivated to exert a high effort if he/she believes there is a good probability that their effort will lead to the attainment of a goal set by their organization, which would then be.

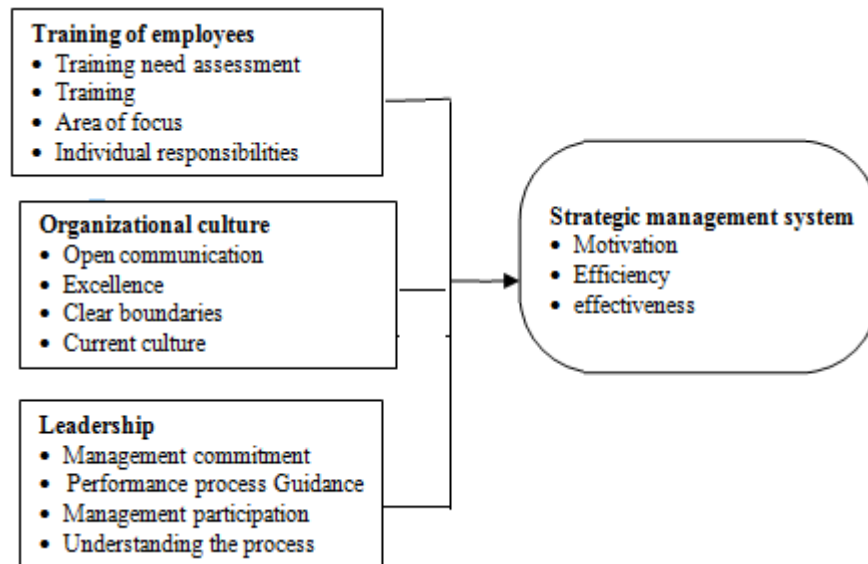


Figure 2.1: Conceptual framework

According to Kombo and Tromp (2009), a concept is an abstract or general idea inferred or derived from specific instances. A conceptual framework is a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation. Mugenda and Mugenda (2010) define a conceptual framework a hypothesized model identifying the model under study and relationship between the dependent variable and independent variables. Kothari (2004) defines an independent variable also known as the explanatory variable is presumed cause of changes of the dependent variable, while a dependent variable refers to the variable which the researcher wishes to explain. The goal of conceptual framework is to categorize and describe concepts relevant to the study and map relationships among them. Such a framework would help researchers define the concept, map the research terrain or conceptual scope, systematize relations among concepts, and identify gaps in literature (Creswell, 2003).

The sought to establish the factors affecting strategic management in ICEA LION the main perceived factors affecting strategic management system include: inadequate training of employees and management, poor organizational culture, lack of continuous monitoring and feedback and lack of good leadership.

2.3.1 Training of Employees

Training involves learning to do something and when it is successful it results in things being done differently. With organizations, the investment in training is intended to result in increased effectiveness at work. It's a process which is planned to facilitate learning so that people can become

more effective in carrying out various aspects of their work (Brambey, 2010).

Staff training is acknowledged to be important for preparing employees to do their respective jobs. Kempner (2008) argues that training is more than that and it is also a process of socialization. According to Morris et al, (2008).training is an important investment in human resources since it increases the employees' productivity. This shows that training should be of strategic concern. Training arises from the intensity of internal and external pressures for change in the organization. There must be training plans which are central to the training process in every organization. A training plan may embrace the organization as a whole or just part of it (Cook and Crossman, 2004).

Most organizations have recognized that staff training is a primary rather than a knee-jerk response. Staff training is seen as a means of assessing and addressing skills deficiencies in an organization (Armstrong, 2006). Okumbe (2001) on the other hand argues that the objectives of staff training is to enable an organization do the following things: increase productivity, increase both quality and quantity of its outputs, improve its worker's morale, job satisfaction and motivation, attract most needed employees through provision of special training, reduce obsolescence among its employees and create a sense of personal growth among its employees since it increases the employees' value to an organization thus preparing them for promotion.

Staff training encourages a learning climate in their organization. The focus is on the learning needs of

individuals, guided by organizational goals and under girded by the belief that within each member of staff is a talent waiting to be tapped, this exposure to a new learning environment may in turn release potential in employees as they become enthusiastic about the unrealized dimensions of jobs and the possibility of having more control over their own occupational destiny from a cognitive perspective, employees generally have more complete knowledge about their work and are able to identify and resolve obstacles to achieving job performance (Armstrong & Baron, 2005)

Training is especially essential for those managers who have recently been promoted to positions in which conducting performance appraisals is a new experience for them. Without training, managers and supervisors often “repeat the past”. This means they appraise others much as they have been appraised in the past. Manager’s and supervisor’s appraisal training will cover; appraisal process and timing, performance criteria and job standards that should be considered, how to communicate positive and negative feedback, when and how to discuss training and development goals, conducting and discussing the compensation review and finally how to avoid common rating errors (Graham, 2005)

For successful strategic management system training focuses on the purposes of appraisal, the appraisal process and timing, and how performance criteria and standards are linked to job duties and responsibilities. Some training also discusses how employees should rate their own performance and use that information in discussions with their supervisors and managers (Gichimu, 2008).

2.3.2 Organizational Culture

Organizational is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people behave and things get done. The definition emphasizes that organizational culture is concerned with abstractions such as values and norms which pervade the whole or part of an organization (Morris et al. 2006). According to Mwangi (2008), Strategic management systems are manifestations of and powerful mechanisms for supporting the organization’s work culture. Therefore, any discussion of Strategic management system would be incomplete before exploring the meaning/context of culture and its impacts on Strategic management system enabling one to suggest the type of culture that supports identification and development of an appropriate culture to an organization. Culture management will involve influencing behavior, attitudes and beliefs through process (Armstrong & Baron, 2005). And changing attitude is up to individuals as long as they accept that their attitude needs to be changed. The challenge for managers is that people will not change their attitudes simply because they are told to do so. They can only be helped through counseling approach to understand that certain changes to their behavior could be beneficial not only to the organization but also to themselves (Armstrong 2006).

2.3.3 Leadership

According to Cole (2002), leadership is a dynamic process at work in a group whereby one individual over a particular

period of time, and in a particular organizational context, influences the other group members to commit themselves freely to group tasks or goals. Therefore the leader’s principal role is to influence the group towards the achievement of the group goals or objectives. Strategic management system is the means of determining the accomplishment of set objectives and the leader’s role is key in this process. First, the leader should influence the entire organization to commit to this significant activity.

Leading is the process of influencing people so that they contribute to organizational and group goals. Managing requires creation and maintenance of an environment in which individuals work together towards the accomplishment of common objectives. The common functions in managing are that people must be treated with respect no matter what their position is in the organization (Wehrich, 2005). A good leader should see the invisible, leaders envision a better place, a faster process, a simpler procedure and an improved method of serving customers. Leaders should look into the future and make the present road lead there. You can see the invisible by borrowing ideas from other cultures, other fields and other institutions (Caroselli, 2000).

Strategic management system objectives are well achieved by the integration of task and human relationship requirements. The leader’s major responsibility is to attain effective production and high morale through the participation and involvement of people in a team approach. Successful achievement largely depends upon individuals and groups working together. Therefore, leaders should thoroughly explain the results they want and their expectations of every individual and group affected. Otherwise misunderstandings and friction can delay progress (Dsouza, 2006).

One crucial aspect of a strategic management system focused culture is the executive involvement and commitment in continuously reinforcing the performance message. According to Mathis (2006), if top executives do performance reviews on employees who report to them directly, then they are supporting the strategic management system culture. In many organizations, strategic management system are supposed to be done by all managers, but senior executives never do them nor are they held accountable for conducting feedback with their employees. The top executives should also commit to this process through resources allocation such training budgets, time and rewards for the best performers. Therefore the role leadership in strategic management system cannot be overlooked in the holistic view of strategic management in any organization. (Morris et al, 2006).

2.3.4 Strategic management system

Strategic management involves directing and supporting employees to work as effectively as possible in line with the needs of the organization. This requires paying attention to employee’s attitudes that improve the relationship between employers and employees such as job satisfaction, commitment and perceived psychological contract. It is a shared ongoing communication process between managers and individuals and teams they manage. It is based on the

principle of management by contract rather than demand without excluding the need to incorporate high performance expectations in such contracts and establishing clear expectations and understanding about the output and how these should be achieved vis-a-vis the input in terms of knowledge, skills and capabilities required to achieve the expected results (Bititci, 2006).

Ideally, a Strategic management system should be designed to clarify objectives, assist in the management of individual employee performance and plan relative training and development programs. It should include an education strategy to ensure employees are aware of the management system, a process that does not discriminate in any way and ensures confidentiality and be a consistent link between goals and objectives for both the agency and employee. It should contain a clear statement of goals and objectives at the beginning of each evaluation period and involve an identification of attitudes, knowledge and skills for effective individual performance and opportunities for staff to undertake training and development and timely evaluations that accurately reflect employee's performance in line with the set objectives (Gichimu (2010).

Factors affecting strategic management have been suggested by Bititci (2006) to occur due to managers implementing a Strategic management system with rules and regulations and then leaving it to run rather than take hands on operational approach and using leadership skills to motivate people to produce more and better. Conflicts between different interest groups produce three classes of challenges namely technical, systems and involvement (Radin, 2003). Technical challenges relate to the indicators, data collection, interpretation and analysis. The systems and involvement cover the softer people issues predominantly including insufficient support from higher levels of management or decision makers.

2.4 Empirical Review

This section reviews studies previously done on perceived factors affecting Strategic management system. According to Zikmund et al (2010), empirical literature review is a directed search of published work which includes books and periodicals. It is a comprehensive survey of previous enquiries related to the research questions. Miller and Yang (2008) states that through the use of a systematic approach to previously scholarly works, literature review allows a researcher to place his research work into an intellectual and historical context, that is, it enables the researcher declare why his research matters.

2.4.1 Strategic management system

A strategic management is a set interrelated activities and processes that are treated holistically as an integrated and key component of an organization's approach to managing performance through people and developing the skills and capabilities of its human capital, thus enhancing organizational capability and the achievements of sustained competitive advantage (Armstrong, 2010). It can be argued that strategic management is essentially a process, one of managing performance. It can be regarded as a natural function of managing that involves the activities of planning,

monitoring, analyzing and reviewing. The term Strategic management system is in general use and not mechanistic. The justification for this is that it requires the application of a number of interrelated activities that are dealt with as a whole, which is what system does. (Bititci, 2006)

According to Nutley et al, 2007, systems are basically concerned with problems of relationship; of structures and of interdependence. Mathis (2006) took a systems view when he identified three models of strategic management; Strategic management as a system for individual performance, a system for managing organizational performance and as a system for managing individual and organizing performance. Jaclynn –Tse (2008) defines an employee strategic management system as the process of motivating employees through setting goals, measuring progress, giving feedback, coaching for improved performance and rewarding achievements. An employee strategic management system comprises of five distinct components that can be broadly defined as; planning work ,continually monitoring performance, developing capacity to perform, periodically rating performance and rewarding good performance. U.S office of personnel management (2008)" Setting the stage for strategic management today". The Strategic management system has over 25 years of proven results. It can improve the way organization manages its most valuable resources-the people who make everything possible. Strategic management implementation follow a time tested process that ensures implementation success.

At the same time, every strategic management implementation is customized to meet the individual client requirement. This combination of proven technology with specialized care is the reason strategic management delivers improved and measured business results every time. The essential components of a Strategic management system include a performance plan, which is negotiated between a manager and an employee for a given period, usually a year. During the year, management gives employee feedback on their performance and may suggest how it can be improved. The performance is appraised at the end of the year to reward or develop employee. The cycle is then completed with a new performance plan. It is only through a well-designed Strategic management system that an organization gets power to retain the best employee, give these employees reasons to maintain good performance, deal with poor performance appropriately and attract the needed type of employee for the organization (Armstrong, 2010).

2.4.2 Challenges of strategic management system Implementation

Gichimu (2010) explains that poor motivation and self-esteem due to inadequate feedback on their performance, little or no communication, unfairness, lack of transparency, and equity as some of the main features leading to failure of Strategic management systems. Strategic management has to be approached from an integrated perspective. Synergy has to be created between the Strategic management system and strategic planning, human resource management processes, organizational culture, structure and all other major organizational systems and processes. Individual, team and organizational strategic objectives must be harmonized. Without integration, no Strategic management system can

succeed on its own, no matter how good the Strategic management system may be (Saravanja, 2004).

Strategic management system should operate flexibly to meet different circumstances of the organization, and have to be accepted by all staff as a natural component of good management and work practice, transparent and operate fairly and equitably (Armstrong and Baron, 2006). The system has to be also flexible enough to include core competencies which are the common attributes, type, level and quality of skills and behaviors that employees are expected to demonstrate so that the organization can meet its objectives (Mwangi, 2008). Moreover, for a system to be easily implemented and to produce the intended result it has to be clear, simple (as much as possible), and requires the necessary skills for effective and efficient implementation of the system.

Regarding leadership and performance several studies support that effective change in an organization's culture comes from able, strong and committed leaders. The strategic management system needs to be driven by the strategy and senior management of an organization without which the system will be ineffective. In this way senior management must do more than simply articulate the need for effective performance appraisal, they must be role models of effective strategic management behavior which is the critical element in their providing leadership with respect to the Strategic management system (Carter et al, 2001).

According to Armstrong (2008), the implementation of the Strategic management system has to be supported and driven by top leadership and management. Leadership has to be committed to implementing the Strategic management system. Leaders should be encouraged to develop the capacity to create a shared vision, inspire staff and build a Strategic management system that drives the entire organization towards a common purpose.

According to Reynolds (2004), the only constant business in life is change that could be large or small, rapid or slow, planned or unplanned, controlled or not controlled from implementation of a new system. Change in an organization can be introduced by internal forces like new strategy, new technology, employee attitude and behaviors and external forces like technological environment, the economic environment, the political and legal environment, social conditions, and competitive environment. The change management aspect of strategic management should be managed strategically. The organization's top leadership must drive the change process. Resistance to change should be managed proactively. A communication process should be put in place which will explain the benefits of the Strategic management system communicate progress with the implementation and reduce uncertainties, fears and anxieties. Strategic management system must be put in place to ensure the objectivity of performance ratings and judgments, and to reduce favoritism and bias. Strategic management should be a continuous process and not an activity conducted once or twice a year. Performance feedback should be timely and continuous. A rewards system, comprising both monetary and nonmonetary rewards, should be developed to reward high performers.

MechaniStrategic management system must be put in place to deal with non performers (Orale, 2008).

Reynolds (2004) makes the point the "improvement and learning are casually related. All those involved in the Strategic management system must possess appropriate knowledge, attitudes and skills to utilize the system. The following are major skills required: Development of performance indicators, key results areas, core management competencies and performance agreements, Measurement of performance indicators, Communication of results and feedback, Monitoring and evaluation of the Strategic management system (Armstrong, 2010). Proactive training and development interventions should be implemented to ensure that the users of the Strategic management system are continuously developed. Special emphasis should be given to soft skills and the behavioral aspects of performance (Saravanja, 2004).

To alleviate misconceptions and to ensure that the benefits and implementation of strategic management system are well understood, organizations should communicate contentiously until all employees are aware of and become part of the implementation process (Gichimu (2010); a proactive communication strategy and process must be followed throughout the implementation of the Strategic management system. In the planning and design phases, good communication will enable buy-in from the major stakeholders. Users of the system must be trained to communicate professionally and developmentally during the process of conducting performance appraisals and when communicating outcomes and feedback. Communication is one of the most critical success factors of the entire Strategic management system. Effective communication requires the provision of relevant information, ensures buying from the users of the system, reduces fears and anxieties, reduces resistance to change, and generates commitment to the system (Saravanja, 2004).

According to Mwangi (2008), Strategic management systems are manifestations of and powerful mechaniStrategic management system for supporting the organization's work culture. Therefore, any discussion of Strategic management system would be incomplete before exploring the meaning/context of culture and its impacts on Strategic management system enabling one to suggest the type of culture that supports identification and development of an appropriate culture to an organization. Culture management will involve influencing behavior, attitudes and beliefs through process (Armstrong & Baron, 2005). And changing attitude is up to individuals as long as they accept that their attitude needs to be changed. The challenge for managers is that people will not change their attitudes simply because they are told to do so. They can only be helped through counseling approach to understand that certain changes to their behavior could be beneficial not only to the organization but also to themselves (Armstrong 2006). In a review of the literature an employee strategic management system in manufacturing organizations, Lohman et al (2004) concluded that most papers appear to deal with a "green field" situation in which employee strategic management system are designed more or less in isolation, independent from existing systems in the

organization. This greatly impacts their successful implementation. Dewaal, (2004) who undertook research focusing on the technicalities of designing and implementing an employee strategic management system identified eighteen behavioral factors that are important for the implementation and use of a strategic management system. He grouped them into five areas namely managers understanding, managers attitude, strategic management system alignment, strategic management system focus, and organizational culture. Additional studies are required to substantiate his conclusions.

2.5 Critique of Existing Literature

Many researchers like Armstrong (2010), Bititci (2006) and Mathis (2006) failed to link the part that strategic management system plays in implementing strategy successfully. Their study focuses on a multinational group of firms and how the parent company attempts to implement strategy without a comprehensive strategic management system and foster alignment and co-ordination across all the companies in the group. Furthermore the sample size used is too small to adequately give statistically significant findings, this is because the study was done in one multinational corporation that have 60 subsidiaries which was the sample size of the study and only 44 responded. This makes the research inadequate to represent the whole population. Gichimu (2010) in his study on Strategy implementation: a role for the balanced scorecard was not able to analyze other frameworks to strategy implementation and ascertain whether they would be effective in the achieving proper execution of strategic management system within an organization. The study being a conceptual paper did not involve collection and analysis of data and as such the study does not conclusively explore the research area. Moreover, by examining the weakness of the balance score card approach and the important role of stakeholders' involvement, the idea of this new research approach is not explored.

Whereas Carter et al, (2001), Saravanja, (2004), Mwangi (2008), in their study on strategic management in international human resource management, evidence from the region critically analyzed the Strategic management systems across the region, they did not link these practices to the overall success of strategy implementation.

Researchers over a long period and from different viewpoints Reynolds (2004), Orale (2008), Armstrong & Baron, (2005), Lohman et al (2004) have all done research on strategic management system. Despite their limitations, these studies have contributed to the existing knowledge and understanding of the part that strategic management system plays to the strategy process. However, a conclusive answer to the strategic management system to strategy implementation phenomenon still seems elusive. The effective implementation of corporate strategy is often overlooked in strategic management literature. There is still recognition that there is a need for further research. By combining two eclectic fields of research, i.e. strategy implementation and performance measurement, it is proposed that new insights can be gained to inform future practice.

Dewaal (2004), undertook a study on Strategic management system and he found out that the adoption of Strategic management system inspires most firms and employees to succeed and grow and thus improving their performance and productivity, Dewaal present a lot of his own opinion but he does not scientifically prove anything. He claims that strategic management is the most important competitive weapon but is common property that there are a lot of trades where customer satisfaction is the main thing.

Conclusions of previous strategy-to-strategy studies are divergent, highlighting the complexity of the strategy-to-performance debate. This indicates that more studies are required to contribute to knowledge creation in this area. The strategy implementation management literature has more or less ignored the performance management process.

2.6 Research Gap

Strategic management system has been investigated by a number of researchers over a long period and from different viewpoints Falshaw, Gleister & Tatuglo (2005), Hult, Ketchen & Slater (2005). Despite their limitations, these studies have contributed to the existing knowledge and understanding of the part that Strategic management system plays to the organisation. However, a conclusive answer to the factors affecting Strategic management system implementation phenomenon still seems elusive. The effective implementation of strategic management system is often overlooked in strategic management literature. There is still recognition that there is a need for further research. By combining two eclectic fields of research, i.e. strategic management system implementation and performance measurement, it is proposed that new insights can be gained to inform future practice (Atkinson, 2006).

Conclusions of previous strategic management system studies are divergent, highlighting the complexity of the strategic management system to-performance debate. This indicates that more studies are required to contribute to knowledge creation in this area. The strategic management system implementation management literature has more or less ignored the Strategic management system. The factors affecting Strategic management system have been sidelined by different scholars; this research paper therefore seeks to fill this gap.

2.7 Summary

Review of empirical literature encompasses the need to establish the perceived factors that affect strategic management system in insurance firms in Kenya. Studies have been done in relation to strategic management system in firms in the banking industry, previous local studies have proved that strategic management system objectives are important for improving performance and the quality of services provided by these insurance firms. Conclusions of previous strategic management system studies are divergent, highlighting the complexity of the strategic management system to-performance debate. This indicates that more studies are required to contribute to knowledge creation in this area. The strategic management system implementation management literature has more or less ignored the Strategic

management system. The factors affecting Strategic management system have been sidelined by different scholars; this research paper therefore seeks to fill this gap.

Researchers over a long period and from different viewpoints Reynolds (2004), Orale (2008), Armstrong & Baron, (2005), Lohman et al (2004) have all done research on strategic management system. Despite their limitations, these studies have contributed to the existing knowledge and understanding of the part that strategic management system plays to the strategy process. However, a conclusive answer to the strategic management system to strategy implementation phenomenon still seems elusive. The effective implementation of corporate strategy is often overlooked in strategic management literature. There is still recognition that there is a need for further research. By combining two eclectic fields of research, i.e. strategy implementation and performance measurement, it is proposed that new insights can be gained to inform future practice.

3. Research Methodology

3.1 Introduction

This chapter describes the procedures used by the researcher to collect and analyze data collected from the field and other secondary sources. It describes the research design, the population of the study, sampling procedure, data collection and data analysis techniques. According to Dawson (2009), research methodology is the philosophy or general principles which guide the research. Kombo and Tromp (2009) advanced that research methodology deals with the description of the methods applied in carrying out the research studies.

3.2 Research Design

This study adopted a descriptive design to answer the research questions. According to Orodho (2003), descriptive survey is a method of collecting data by interviewing or administering a questionnaire to a sample of individuals which can be used when collecting information about peoples' attitudes, opinions, habits or any other social issues. Descriptive research is a description of the state of affairs as it exists (Orodho & Kombo, 2002). Sekaran and Bougie (2011) assert that descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation.

Sekaran and Bougie (2011) aver that descriptive study has several advantages like; it helps in understanding the characteristics of a group in a given situation, assists in systematic thinking about aspects in a given situation. It also offers idea for further probe and research and helps in making certain simple decisions. Zikmund, Babin, Carr and Griffin (2010) say that descriptive research is to describe characteristics of objects, people, groups, organizations, or environments. In other words, descriptive research tries to "paint a picture" of a given situation by addressing who, what, when, where, and how questions.

Descriptive research design was appropriate for this study as it was helpful in understanding the factors affecting Strategic management system in ICEA LION insurance in Kenya and therefore answers the "what" question of the study.

According to Upagade and Shende (2006) research design is the arrangement of condition from collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

3.3 Population of the Study

According to Mugenda and Mugenda (2010), a population refers to an entire group of individuals, events or an object having a common observable characteristic. Sekaran and Bougie (2011), refers to a population as the entire group of people, events or things of interest that the researcher wishes to investigate.

The target total population of interest was 400 employees from all the departments of ICEA LION insurance company as their records that were provided to the researcher show with 15% Being from senior management, 34% from middle level management and 51% from lower level management. The company merged under the Associations of Kenya Insurers and the Insurance Regulatory Authority of Kenya in December 2011 (ICEA LION Group, 2015).

Table 3.1: Target Population

Level	Population	% of population
Senior Level Management	60	15
Middle level management	136	33.75
Lower level management	204	51.25
Total	400	100

3.4 Sampling Frame

Sampling frame is a (physical) representation of all the elements in the population from which the sample is drawn (Sekaran and Bougie, 2011). Turner (2003) defines a sampling frame as the set of source materials from which the sample is selected. The definition also encompasses the purpose of sampling frames, which is to provide a means for choosing the particular members of the target population that are to be interviewed in the survey. More than one set of materials may be necessary and this is generally the case in a multiple survey with a multi-stage nature. Upagade and Shende (2012) also refer to a sampling frame as a source list containing all names of the universe. Specifying the sample frame is crucial as it itemizes all items in the population from which a sample is obtained for analysis so as to test the research hypotheses.

The sampling frame of this study was derived from the database of the Kenya Insurance regulatory Authority (IRA) and Association of Kenya Insurers (AKI) which regulates and licenses insurance companies in Kenya.

3.5 Sample and Sampling Technique

A sample is a subset of the population; it comprises some members selected from it (Mugenda & mugenda, 2010). Spiegall (2008) define a sample as part of the total

population. Kothari (2008) describes a sample as a collection of units chosen from the universe to represent it. Kombo and Tromp (2009) also define a sample as a finite part of a statistical population whose properties are studied to gain information about the whole or universe. By studying the sample one is able to draw conclusions that are generalizable to the population of interest (Sekaran and Bougie, 2011).

A Stratified sampling technique was used to obtain a sample for the 400 employees. Stratified sampling is a probability sampling design that first divides the population into meaningful non overlapping subsets, and then randomly chooses the subjects from each subset Sekaran and Bougie (2011) while Mugenda and Mugenda (2010) agree to this definition. Kombo and Tromp (2009) refer to stratified sampling as the dividing of the population into homogenous subgroups then taking a simple random sample from each subgroup. The essence of stratification is to ensure inclusion, in the sample, of subgroup, which otherwise would be omitted entirely by other sampling methods because of their small numbers in the population. Simple random sampling is a probability sampling design in which every element in the population has a known and equal chance of being selected as a subject Sekaran and Bougie (2011). Upagade and Shende (2012) confirm that a simple random sampling is probabilistic and is also known as chance sampling. Simple random sampling is easy to implement and every unit has an equal chance of being selected and hence eliminating selection biasness.

As shown in Table 3.2, a sample was taken through stratified and simple random sampling procedures. Application of the two techniques is based on the assumption that while simple random ensures equal chance of being included in the sample, the stratified method will be viable for sampling employees who are heterogeneous (Kothari, 2011) in terms of levels of management they are working and knowledge of work. In this regard, the company will be stratified into three levels before using simple random sampling to select the desired 40 participants. The sample size is as laid on the sample matrix below on table 3.2

Table 3.2: Sample matrix

Level	Population	Sample
Senior Level Management	60	6
Middle level management	136	14
Lower level management	204	20
Total	400	40

The sample for descriptive survey study, a sample of 10 percent of the accessible population is deemed enough to be representative of the universe (Gay, Mills & Airasian, 2011) Therefore, the sample to be used will comprise 40 participants as shown in Table 3.2

3.6. Data Collection Instruments

Primary information was gathered by use of questionnaires coupled with informal interviews that will be guided by the questionnaires. Secondary data will be gathered from annual reports of the ICEA LION Group.

According to Upagade and Shende, (2012) a questionnaire is a pre-formulated written set of questions to which the respondents record the answers usually within rather closely delineated alternatives. Likert scale is an interval scale that specifically uses five anchors of strongly disagrees, disagree, neutral, agree & strongly agree. The likert measures the level of agreement or disagreement. Likert scale is good in measuring perception, attitudes values and behaviors. The likert scale has scales that assist in converting the qualitative responses into quantitative values (Carr & Griffin, 2010).

3.7. Data Collection Procedure

The study used both primary and secondary data sources since the nature of the data is quantitative and qualitative. The respondents will be picked randomly from their respective departments. Stratified sampling will be used in selecting the 40 respondents from their respective levels of management. The rationale of using stratified sampling is because the method is cost effective and convenient in case of a wide geographical area (Mugenda & Mugenda, 2010). The researcher will also collect primary data by use of a semi structured questionnaire. The questionnaire will be structured into three sections; the first section will seek demographic data, the second section will seek data on perceived factors affecting strategic management system in insurance firms in Kenya, the third section will seek data on benefits of strategic management system to insurance firms in Kenya. The questionnaire will be administered through a drop and pick later method at an agreed time with the researcher. Secondary data will be sourced from the Association of Kenya Insurers and audited annual financial statements of ICEA LION. Secondary data will be collected from the annual report of the insurance companies which will be available from the Ministry of Industrialization through the use of research assistance. The questionnaires will be issued to the respondents through self-introduction and where need be internal informant will be used to give a lead on how to get to the respondent

3.8. Pilot Testing

According to Griffin (2010) a pilot test is an evaluation of the specific questions, format, question sequence and instructions prior to the main survey. According to Bryman (2012), the purpose of pilot testing is to establish the accuracy and appropriateness of the research design and instruments. Newing (2011) says that the importance of the pilot test cannot be overemphasized as one will always find unambiguous questions and questions which turn out not to be relevant for eliciting the sort information among other errors. Cooper and Scindler (2011) concurs that the purpose of a pilot test is to detect weaknesses in design and implementation. Sekam (2008) reinforces that pilot testing is necessary for testing the reliability of instruments and the validity of the study.

According to Mugenda and Mugenda (2010), once the questionnaires have been finalized it should be tried out on the field. This is called pre-testing the questionnaire. The questionnaire should be pre-tested to a selected sample which is similar to the actual sample which the researcher plans to use in the study. Procedures used in pre testing the

questionnaires should be identical to those which will be used in the actual data collection. The practice of pre-testing the questionnaires is very important due to the following reasons: Comments and suggestions made by the respondents during pretesting should be seriously considered and pretested. Such comments help to improve the questionnaire. Questions which are vague will be revealed in the sense that the respondent will interpret the differently. When this happens the researcher should rephrase the questions until they convey the same meaning to the subjects

According to Cooper and Schilder (2011), as the rule of the thumb, one percent of the sample should constitute the pilot test taking into consideration the time, the cost and practicability of the exercise. In this study, one percent of the sample questionnaire's designed as the main data collection instrument was used to pretest effectiveness and relevance of the instrument. The reliability of the questionnaires was tested with the aid of SPSS software. . In this case, four questionnaires will be used in the pilot test. The questionnaire pre-testing was done using randomly selected managers and employees of ICEA LION group who were not included in the final data collection.

3.8.1 Validity of the Research Instruments

According to Creswell, (2014). Validity in a study can be determined based on face validity and content validity. The face validity of this study was determined by subjecting the developed instruments to two experts who were sought from the supervisors. The experts were cordially requested to read all the instruments and point out if the research questions captured as well establish if the instruments will be participant-friendly in terms of their readability, longevity, chronological arrangement and grammatical errors to mention a few. The experts were asked to provide suggestions on what should be added or deleted. Recalling on idea that a sample is an accurate representation of a population, the face validity is said to be achieved when the results of a particular study can be generalized or replicated to its population (Bryman, 2012)

3.8.2 Reliability of the Research Instruments

The reliability of the instruments was determined through piloting process to asses if developed items will give the consistent results at different times after they would be administered. According to Best and Khan (2006) the aim of piloting is to determine the extent to which items including the questionnaires, measure what they are supposed to measure. The internal consistency of the instruments will determined by applying the Cronbach's alpha technique on Likert rating items. This technique is preferred because of its strength in determining internal consistency of both dichotomous and Likert scale based choices, an advantage that is hardly achieved by other methods of determining internal consistency reliability of instrument in the quantitative based studies. Normally the Cronbach's alpha reliability coefficient ranges between 0 and 1. However, the closer the Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the Likert scale. George & Mallery (2003) and Tavakol&Dennick (2011) provide the following rules of thumb: “_ > .9 – Excellent, _ > .8 – Good, _ > .7 – Acceptable, _ > .6 – Questionable, _ > .5 – Poor and _ < .5 – Unacceptable”.

3.9. Data Analysis and Presentation

According to Zikmund et al (2010), data analysis refers to the application of reasoning to understand the data that has been gathered with the aim of determining consistent patterns and summarizing the relevant details revealed in the investigation. To determine the patterns revealed in the data collected regarding the selected variables, data analysis will be guided by the aims and objectives of the research and the measurement of the data collected.

Information was sorted, coded and input into the statistical package for social sciences (SPSS) version 23.0 for production of graphs, tables, descriptive statistics and inferential statistics. Descriptive statistics was used to determine the factors affecting strategic management system. A regression model was used for establishing the relationship between the perceived factors and strategic management system. The model adopted consist four variables: The independent variables were factors affecting strategic management system while the dependent variable was the strategic management system.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Y=Strategic management system

X₁=employee involvement

X₂=organization culture

X₃=monitoring and feedback

X₄=leadership style

β₀ = Constant (Y-intercept)

ε= Error term.

The study will use a linear regression model to show the relationship between factors affecting and strategic management system and how these factors have hindered the smooth implementation of strategic management system practices. Analysis of data using regression model has been used previously by Aduda (2011) in a study which investigated the relationship between executive compensation and firm performance in the Kenyan banking sector. Also Ngugi (2001) used a regression analysis in a study on the empirical analysis of interest rates spread in Kenya while Khawaja and Mulesh (2007) used regression analysis to identify the determinants of interest rates spread in Pakistan. Information sorted and coded using the statistical package for social sciences (SPSS) version 23.0 were presented using graphs, tables, descriptive statistics because helped summarize the findings and conclusion in a more understandable language.

4. Research Findings and Discussions

4.1 Results

This study investigated the factors affecting Strategic management systems in insurance firms in Kenya a case of ICEA LION insurance. Specifically, the study investigated the influence of employee training, organization culture and leadership style on Strategic management systems in insurance firms in Kenya. This chapter presents the findings of the study, data collected was both quantitative and qualitative, and was analyzed using different tools. Data analyzed using descriptive statistics such as mean and standard deviation and inferential statistics such as

regression was presented using tables, graphs and charts. The data analysis is in line with the specific objectives where patterns were investigated, interpreted and inferences drawn on them.

4.2 Pilot study Report

According to Cooper and Schilder (2011), as the rule of the thumb, one percent of the sample should constitute the pilot test taking into consideration the time, costs and practicability of the exercise. In this study, one percent of the sample questionnaire designed as the main data collection instrument was used to pre-test effectiveness and relevance of the instrument. In this case, seven questionnaires were used in the pilot test.

The questionnaire pre-testing was done using randomly selected ICEA lion firm managers and employees who were not included in the final data collection. Questions answered by the pilot test included: Is each of the questions measuring what it is intended to measure? Are questions interpreted in a similar way by all respondents? Do close-ended questions have a response which applies to all respondents? Are the questions clear and understandable? Is the questionnaire too long? How long does the questionnaire take to complete? Are the questions obtaining responses for all the different response categories or does everyone respond the same? (Polit and Beck, 2003).

The questionnaire was pretested to a selected sample which was similar to the actual sample which the researcher was to use in the study. Procedures that were used in pre-testing the questionnaire were identical to those which were used during the actual data collection. The practice of pre-testing the questionnaire was very important because Comments and suggestions made by respondents during the pre-testing were seriously considered and incorporated in the final study for example the format of the questionnaire had to be changed, such comments helped to improve the questionnaire. Questions which were vague were revealed as the respondents interpreted them differently. This made the researcher rephrase the questions until they conveyed the same meaning to all subjects.

The clarity of the instrument items to the respondents was established so as to enhance the instrument's validity and reliability. The pilot study enabled the researcher to be familiar with the research and its administration procedure as well as identification of items that required Modification. The results helped the researcher to correct inconsistencies arising from the Instruments, which ensured that they measured what was intended.

4.3 Response Rate

A total of 40 questionnaires were given out to the managers of ICEA lion, only 29 were returned giving a response rate of 72%. According to Mugenda and Mugenda (2010), a response rate of 50%-60% is adequate and good respectively for a research, and above 70% is very good. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good.

Table 4.1: Response Rate

Response Rate	Frequency	Percent
Returned	29	72%
Unreturned	11	28%
Total	40	100%

4.4 General Information

4.4.1 Gender of the participants in percentages

The study established that the male employees were more (52.5%) than the female (47.5%), this although it was fair representation of the employees in the company. This agrees with the gender rule in Kenya in terms of male-female representation (Kenyan constitution 2010)

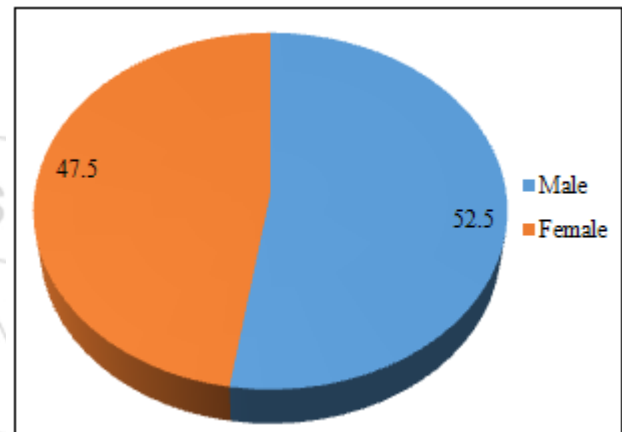


Figure 4.1: Composition of Gender

4.4.2 Education level

Investigating on the education level of employees in ICEA lion, the study revealed that most of the employees were of degree level (65%) and masters at (25%) while a few had diploma education. The study concurs with the findings of Pazarskis, et al., (2006) who explored the improvement of business Performance after adoption of strategic management practices and found out that education level plays a key role in implementation of strategic management practices.

Table 4.2: Education level of the participants

Education	Frequency	Percentages
Diploma	4	10
Degree	26	65
Masters	10	25
Total	40	100

4.4.3 Area of Specialization

To effectively deliver well after introduction of strategic management system is try to match their employees with their specialization. Figure 4.2 shows the result of the areas that were represented in the study for better performance. It was discovered that marketing was the area that the companies had put more emphasis at 27.5% with finance and strategy and operation being at 20%. The study by Epstein (2004) found out that for effective move in financial performance, the companies had to do more marketing so that the market can be informed of products and new changes they bring to the market. This can be the reasons why the insurance firms decided to put more effort in

marketing by employing more human personnel to reach greater market.

Table 4.3 confirms to this by showing that only (10%) of the employees are the one who are working in different area of

specialization. But still if the company wishes to achieve more efficiency in delivery of they should make sure that employees work on their area of specialization. (Moretti & Florian, 2012)

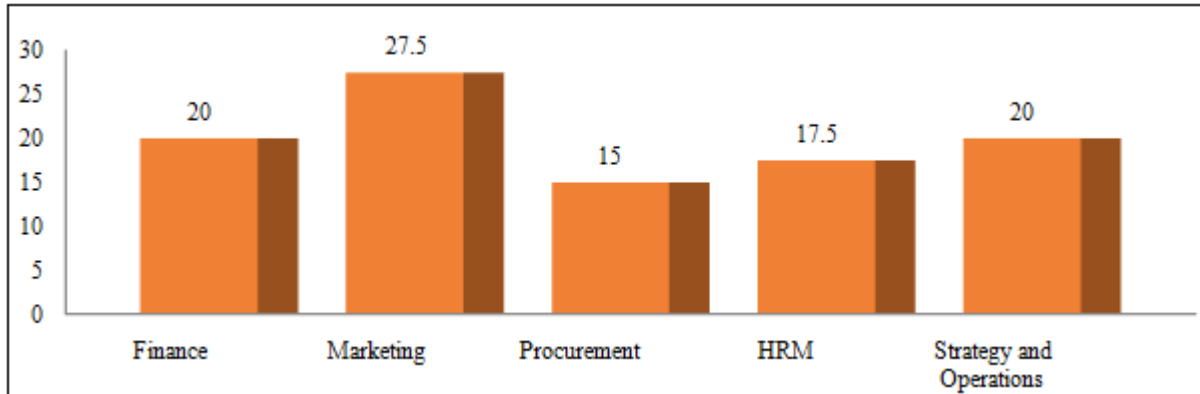


Figure 4.2: Area of specialization

Table 4.3: Area of working matching with specialization

	Frequency	Percentages
Yes	49	90
No	5	10
Total	54	100

4.4.4 Working Experience

The respondents have worked with the companies for a period of one year with the majority having worked for the companies for above three years and they have been able to witness the transition of the company from manual systems to computerized system. It was found out that above 50% of the respondents have worked with the companies for a period of more than two years and a smaller percentage have been there for between 2-3 years hence giving us a 25% experience. However, though most of the respondents have worked with the manual systems and now with the computerized systems they are able to distinguish between the two systems and give the values and the challenges they have experienced. The table below shows the respondents, their experience.

Table 4.4: Response experience

Year category	No. of respondents	Percent
Below 1 years	14	37%
2-3 years	18	44%
Above 3 years	8	19%
Total	40	100%

4.5 Strategic management system Implementation

The researcher sought to know how different factors affected strategic management system implementation and therefore respondents were asked to indicate their level of agreement

or disagreement with a number of statements regarding these factors. These statements captured individual employee Training, organization culture and leadership commitment. According to the respondents employee training affects the implementation of strategic management system the most (M=3.97, SD=.833), followed by organization culture (M=3.92, SD=.836) and leaders support (M=3.83, SD=.753). Table 4.5 shows these results.

Table 4.5: Factors affecting strategic management system implementation

Statements	Mean	Std Deviation
Employee's Training	3.97	0.833
Organization Culture	3.92	0.836
Leadership Commitment	3.83	0.753

4.6 Perceived Factors and Strategic management system

This section attempts to analyze the findings of the various factors that affect strategic management system of insurance firms in Kenya as were stated by the researcher. They include; employee training, organizational culture and leadership commitment

4.6.1 Employee training

According to figure 4.3 below, 38.6% of the respondents were of the opinion that insurance firms undertakes training needs assessment in order to assess which areas need training. 24% agreed that insurance firms provide adequate training for continuous staff Motivation and development. 32.4% were of the opinion that Strategic management system is one of the areas of focus during training. 4% disagree that individual responsibilities in the strategic management system implementation process are clear.

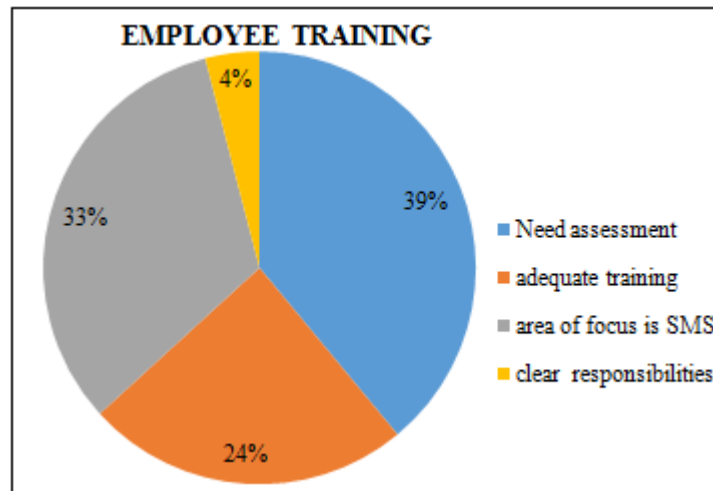


Figure 4.3: Employee training

Respondents were also asked to rate the extent they agree with specific elements of Employee training that affect strategic management system implementation. They were to do so in a scale of 1-5 where 1 was 'Not at all' and 5 was to a 'Very great extent'. The respondents indicated that to a moderate extent, The organization undertakes training needs assessment (M=3.74, SD=.998), The organization provides adequate training for continuous staff Motivation and development (M=3.44, SD=1.235) Strategic management system is one of the areas of focus during training (M=3.69, SD=1.072) and individual responsibilities in the strategic management system implementation process are clear (M=3.41, SD=1.209). This study agreed with the findings of Al Ghamdi (2008) who replicated the work of Alexander (2005) in the UK and found that due to lack of proper training , implementation took more time than originally expected and major problems surfaced in the companies, again showing planning weaknesses. As Beer and Eisenstat's (2000) cautioned, silent killers of strategy implementation comprise unclear strategic intentions and conflicting priorities and poor training sessions across functions. The results are summarized in table 4.6.

Table 4.6: Employee training

Statements	N	Mean	Std deviation
The organization undertakes training needs assessment	29	3.74	0.998
The organization provides adequate training for continuous staff Motivation and development	29	3.44	1.235
Strategic management system is one of the areas of focus During training.	29	3.69	1.072
Individual responsibilities in the strategic management system implementation processes are clear	29	3.41	1.209

4.6.2 Organizational Culture

According to figure 4.4 below 16% of the respondents were of the opinion that insurance firms have reward system that encourages strategic management system implementation. 30% of the respondents agree those insurance firms' norms and values of the influences strategic management system implementation. 14% of the responds agree that diversity has led to creativity in strategic management system

implementation while 40% of the respondents agreed that communication channels have influenced strategic management system implementation.

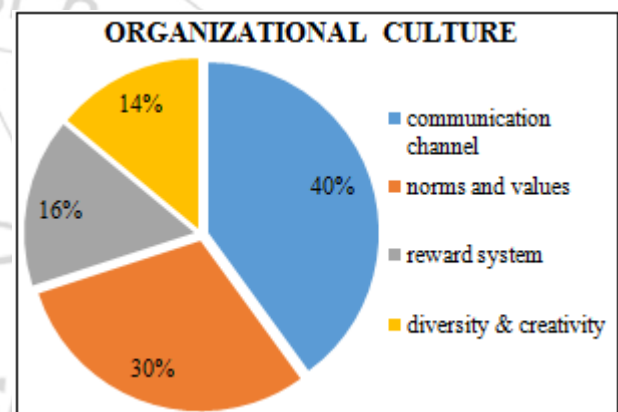


Figure 4.4: Organizational culture

The respondents were asked to indicate the extent to which a number of statements applied to their organization in regard to strategic management system implementation. These statements had themes on norms and values of the organization, communication channels, reward system, diversity and creativity in strategic management system implementation. The respondents indicated that the following statements apply to their organization to a moderate extent in the following order; communication channels have influenced strategic management system implementation (M=3.90, SD=.861), norms and values of the organization influences strategic management system implementation (M=3.74, SD=.998), there is a reward system that encourages strategic management system implementation (M=3.52, SD=1.221), and diversity has led to creativity in strategic management system implementation (M=3.50, SD=1.071). Table 4.11 summarizes these results. The findings contend with arguments by Marginson (2002) who asserted that strategic management implementation evolves either from a process of winning group commitment through a coalitional form of decision-making, or as a result of complete coalitional involvement of implementation staff through a strong corporate culture.

Table 4.7: Organizational Culture

Statements	N	Mean	Std deviation
Communication channels have influenced strategic management system implementation	29	3.90	0.861
Bad work habits are not the norm, excellence is Encouraged	29	3.74	0.998
There is a reward system that encourages strategic management system implementation.	29	3.52	1.221
Diversity has led to creativity in strategic management system implementation	29	3.50	1.071

4.6.3 Leadership Commitment

According to the figure 4.5 below, 58% of the respondents agree that insurance firms' senior executives involve lower-level managers in strategic management system formulation and its implementation. 23% of the respondents are of the opinion that insurance firm's senior executives have developed a performance process guide in the organization. 10% of the respondents agree that insurance firms' middle managers play a pivotal role in strategic management system communication. 9% agree that insurance firms' top managers demonstrate willingness to give energy and loyalty to the strategy implementation process.

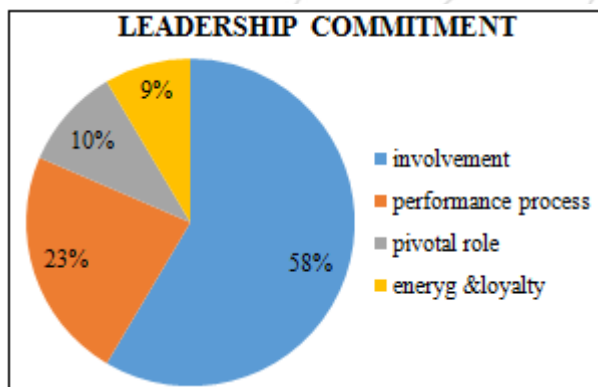


Figure 4.5: Leadership commitment

The researcher wanted to establish the different aspects of leaders' commitment to the implementation of strategic management system. Respondents were asked to indicate the extent to which they agree with a number of statements. According to the respondents, to a great extent, senior executives involve lower-level managers in strategic management system formulation and its implementation (M=4.27, SD=.812), senior executives have developed a performance process guide in the organization (M=4.11, SD=.919) and middle managers play a pivotal role in strategic management system communication (M=4.00, SD=.926). To a moderate extent, top managers demonstrate willingness to give energy and loyalty to the strategy implementation process (M=3.96, SD=1.077). Table 4.8 shows the findings. The findings of this study are in agreement with those of Aaltonen and Ikävalko (2002) that inappropriate organizational structure and lack of proper leadership backing are the main inhibiting factors to effective strategy implementation. The results also confirm the role of middle managers as the key actors who have a pivotal role in strategic communication (Aaltonen and Ikävalko, 2002). As Bartlett and Goshal (2006) argues that

findings confirmed that middle managers role needs to change more towards that of a "coach", building capabilities, providing support and guidance through the encouragement of entrepreneurial attributes.

Table 4.8: Leadership commitment

Statements	N	Mean	Std deviation
Senior executives involve lower-level managers in strategic management system formulation and its implementation	29	4.27	0.812
Senior executives have developed a performance process guide in the organization	29	4.11	0.919
Middle managers play a pivotal role in strategic management system communication.	29	4.00	0.926
Top managers demonstrate willingness to give energy and loyalty to the strategy implementation process	29	3.96	1.077

4.6.4 Other Challenges Facing Implementation of strategic management system at ICEA LION

The current culture was an obstacle to successful implementation of strategic management system as it did not emphasize on results and focus on achievement of corporate goals. The culture was reported as relatively democratic to provide meaningful consequences for poor performance. The findings also reviewed that employees did not have agility for change and were resistant to new changes including the strategic management system. The findings also reviewed that current organization structure being used in ICEA LION in some instances limited proper cascading of targets and tracking of performance. Some staff especially in general insurance department had two direct reports i.e. administrative and functional reporting. This had effect on cascading of goals, monitoring and evaluation of strategic management system. Other challenges from the study findings included inadequate executive support, lack of union involvement, frequent changes of staff driving the system, issues of equity on rewards management, lack of skills by supervisors on evaluation, lack of continuous communication and adequate preparations for system evaluations, lack of consequences for poor system management and long turn-around times on strategic management activities.

4.7 Regression Analysis

A regression analysis was done to establish the effect of independent variables (employee training, organizational culture, leaders' commitment) on the dependent variable (strategic management system implementation). According to the regression analysis results, the independent variables explain 53.5% of change in the dependent variable (strategic management system implementation). These results are shown in the model summary below.

Table 4.9: Model Summary

Model	R	r ²	Adjusted r ²	Std. Error of the Estimate
1	.732	.535	.505	.818

The model summary table 4.9 above provides information about the regression line's ability to account for the total variation in the dependent variable. Further, the model summary for the regression model has a correlation coefficient of 0.732 when perceived factors variables changes namely: employee training, organization culture and leadership commitment, strategic management system increased by 0.732 units as a result of a corresponding increase in the independent variables taken collectively. The model summary has been used to determine the correlation between perceived factors and strategic management system.

4.7.1 Analysis of Variance

Analysis of Variance was used to establish the factors affecting implementation of strategic management system. From the findings ANOVAs results, the probability value of 0.026(a) was obtained implying that the regression model was significant in predicting the relationship between the perceived factors and strategic management system. The independent variables were statistically significant since their level of significance was less than 5%.

Table 4.10: Analysis of Variance

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1.037	5	0.2074	4.846	026(a)
residual	2.312	54	0428		
Total	2.367				

4.7.2 Test for Coefficients

This test was carried out to determine whether there was a relationship between the perceived factors and Strategic management system in ICEA LION Company. Below are the results of the findings provided in table 4.11 below.

Table 4.11: Test for Coefficients

Model B	Unstandardized Coefficients	Standardized Coefficients		T	Sig.
		Std. Error	Beta		
Constant	0.893	0.163	-	0.11	0
Employee Training	0.311	0.162	0.305	0.249	0.003
Organization culture	0.134	0.0123	0.128	0.645	0.002
Leadership	0.353	0.014	0.427	0.609	0.004

a. Dependent Variable: strategic management system

From the above findings, the following regression model was obtained as provided below:

$$\text{Strategic management system} = 0.893 + 0.311X_1 + 0.134X_2 + 0.353X_3$$

Using the above model, it is possible to determine the changes which occur in the dependent variable (strategic management system) as a result of changes occurring on the independent variables (employee training, organization culture) of ICEA LION in Kenya using the following independent variables: employee training, organization culture. Holding all other factors constant, an increase in one unit of the independent variables leads to a corresponding increase in the dependent variable by 0.311, 0.134 and 0.353 respectively.

4.8 Conclusion

From the above analysis, it was discovered that the most popular factor affecting strategic management system in ICEA LION Company were: employee training, organization culture and leadership commitment. Further, the analysis indicated that leadership commitment was least implemented in ICEA LION firm with a mean score of 3.83. From the findings ANOVA results, the probability value of 0.026(a) was obtained implying that the regression model was significant in predicting the relationship between perceived factors and strategic management system.

5. Summary, Conclusions and Recommendations

5.1 Introduction

This chapter presents the summary of major findings of the study, relevant discussions, conclusions and the necessary recommendations. The study sought to establish the factors affecting implementation of strategic management system in ICEA LION firm. Each recommendation traces directly to each conclusion in line with practice and policy.

5.2 Summary of Major Findings

The summary is done in line with the objectives of the study based on the output of the descriptive and inferential statistical analyses guided to test the research questions of the study.

5.2.1 Employee Training and Strategic management system

The first objective of the study was to establish if employee training affect strategic management system in insurance firms in Kenya. Various methods were used to arrive at the findings. These methods included descriptive statistics and regression analysis. The findings indicated that the firms undertake training needs assessment in order to assess which areas need training. This observation was arrived at since the managers agreed that insurance firms conducts a continuous training need assessment additionally, the managers agreed that Strategic management system is one of the areas of focus during training in their firm.

The results reveal that employee training is statistically significant in explaining Strategic management system of insurance firms in Kenya.

5.2.2 Organizational Culture and Strategic management system

In order to determine if Organizational Culture influence Strategic management system of insurance firms in Kenya, descriptive statistics, regression analysis were conducted. Results indicated that insurance firms had good norms and values which make them improve their organization culture hence influencing strategic management system implementation.

Specifically, the study showed that insurance firms have efficient communication channels and that the communication channels have influenced strategic

management system implementation. In addition the insurance firms have reward system that encourages strategic management system implementation hence improving their service delivery. The results reveal that organization culture is statistically significant in explaining Strategic management system of insurance firms in Kenya.

5.2.3 Leadership Commitment and Strategic management system

The third objective of the study was to examine whether Leadership Commitment influences the Strategic management system of insurance companies in Kenya. To meet this objective, descriptive statistics, regression analysis was conducted. Specifically, results indicated that the insurance firm's senior executives involve lower-level managers in strategic management system formulation and its implementation. In addition the respondents were of the opinion that insurance firms' senior executives have developed a performance process guide in the organization in order to lead the employees in attainment of the organization goals.

The results reveal that Leadership Commitment is statistically significant in explaining Strategic management system of insurance firms in Kenya.

5.2.4 Strategic management system

The study sought to establish the benefits of Strategic management system of insurance firms in Kenya. Descriptive statistics and regression analysis were conducted. Results indicated that there was improvement in saving of resources because introduction of strategic management system Reduces time wastage and misunderstandings among staff about who is responsible for particular tasks and it have Empowered employees to make decisions on their own by ensuring they have the necessary knowledge and this have improved their service delivery in the insurance firms.

5.3 Conclusion

The conclusions were arrived at on the influence of the independent variable, (employee training, organization culture and leadership commitment) on the Strategic management system of insurance firms based on the findings of the study.

5.3.1 Employee Training and Strategic management system

The study concludes that employee training practices were present. This employee training practices may have led an influence on strategic management system of insurance firms due to their efficiency. It can be concluded from this study that when holding other factors constant employee training was found to have a positive and significant relationship with strategic management system. This implies that managing employee training practices in insurance firms was statistically significant in explaining strategic management system of insurance firms in Kenya.

5.3.2 Organizational Culture and Strategic management system

From the study findings, it can be deduced that insurance firms have good norms and values which make them improve their organization culture hence influencing strategic management system implementation. It can be concluded from this study that there exists a positive significant relationship between organization culture and Strategic management system of insurance firms. The results reveal that organization culture is statistically significant in explaining Strategic management system of the insurance firms.

5.3.3 Leadership Commitment and Strategic management system

The study concluded that the insurance firm's senior executives involve lower-level managers in strategic management system formulation and its implementation. In addition it can be concluded that insurance firms' senior executives have developed a performance process guide in the organization in order to lead the employees in attainment of the organization goals. It was possible to infer that the relationship between Leadership Commitment and Strategic management system is positive and significant. The study shows that leadership commitment was statistically significant in explaining Strategic management system of insurance firms.

5.3.4 Strategic management system

The study concluded that there was improvement in saving of resources because introduction of strategic management system Reduces time wastage and misunderstandings among staff about who is responsible for particular tasks and it have Empowered employees to make decisions on their own by ensuring they have the necessary knowledge and this have improved their service delivery in the insurance firms It was possible to conclude from the study findings that there was improvement in efficient use of resources and proper time management among employees in insurance firms across the years. Performance has improved due to frequent feedback from employees. This implies that the management of the insurance firms had embraced the idea of adopting strategic management system.

5.4 Recommendations

The recommendations were made regarding the influence of the independent variables; (employee training, organization culture and leadership commitment) on the Strategic management system of insurance firms based on the findings of the study.

5.4.1 Employee Training and Strategic management system

The study sought to establish the influence of Employee Training on the Strategic management system of insurance firms in Kenya. The study recommends that the insurance firms should emphasize and enhance that the employee training is managed well. They should also ensure that they engage the employees views whenever making changes in the systems so that there will be smooth operations of the activities. The insurance firms should also ensure that employee' individual responsibilities are clear to ensure that

Strategic management system become part of the firm's culture.

5.4.2 Organizational Culture and Strategic management system

The study sought to establish the influence of Organizational Culture on the Strategic management system of insurance firms in Kenya. The study recommends that the insurance firms should have efficient annual reward system that motivates employees hence encourage strategic management system adoption and implementation. They should also encourage diversity in terms of techniques, policies and employees so that they can improve creativity in the firm's activities.

5.4.3 Leadership Commitment and Strategic management system

The study sought to establish whether Leadership Commitment influenced Strategic management system of insurance firms in Kenya. Leadership Commitment was found to influence Strategic management system of insurance firms. The study recommends that the insurance firms' top managers should demonstrate willingness to give energy and loyalty to the strategy implementation process. The top management should also ensure middle management are well involved and Collaborated in planning so that they can communicate the implementation of the system.

In conclusion the study recommends to the management of insurance firms to always consider employees as being the key contributors to the strategic processes and thus there is need to always involve them in the entire strategic management process. Additionally insurance firms needs committed employees so as to be able to successfully execute their set strategies.

The study recommends that insurance firms needs to constantly make adjustments to their organizational culture in line with the changes in the competitive environment require. Consequently firms that delay in making this realignment may end up exhibiting poor results which can place them at a serious competitive disadvantage. Additionally the act of adjusting organizational values and practices with respect to a perfect strategy can greatly help to ensure successful Strategic management system implementation.

5.5 Suggestion for Further Research

An in-depth, boarder-based study, covering a wider geographical region and embracing greater demographic, ethic, political, economic and social diversity than what was achievable in this study would be valuable, to establish whether the conclusions can be generalized.

A study should be carried out to find out how employee training, organization culture and leadership affect other aspects of businesses especially making management easier and internal customer satisfaction. It is also necessary to investigate their effect of quality on strategic management system in specific insurance company institutions listed in Nairobi security exchange in Kenya.

A replica study is recommended for companies in other sectors in order to test whether the conclusions of this study will hold true. Another study could be carried out using other factors that may influence strategic management system of insurance companies. Future studies could also focus on a comparative study among various sectors. Future studies should apply different research instruments like focus group discussions and primary data only to involve respondents in discussions in order to generate detailed information which would help improve strategic management system of insurance firms. Finally it is strongly recommended that research be undertaken in the area of strategic management which seems to have potential of benefits yet it has been ignored for so long since the time it was introduced.

6. Acknowledgement

Most important of all I extend my gratitude to the Almighty God for providing me with strength, knowledge and vitality that helped make this project proposal a reality, I would wish to express my sincere gratitude to my supervisor, Dr. Jane Omwenga for her relentless support and guidance. My lecturers who imparted cutting edge knowledge and skills during the course also deserve a special mention on this page. I would also acknowledge the contribution, immense support and encouragement I received from my classmates 2014 May class. You will always be treasured.

References

- [1] Armstrong, (2010), *An Evidence-based Guide to Delivering High Performance*. Kogan Page: India Private Limited, New Delhi.
- [2] Armstrong, M. & Baron A. (2005), *A Handbook of Personnel Practice, 3rd Edition*. British Library Cataloguing in Publication Data.
- [3] Armstrong, M. (2006), *Strategic management: The New Realities*. Institute of Personnel and Development, London.
- [4] Armstrong, M. (2008), *Strategic management: The New Realities*. Institute of Personnel and Development, London.
- [5] Armstrong, M. and Murlis, H. (2004), *Rewards Management*. Kogan Page: London. What is Strategic management for You? The Strategic management .
- [6] Bititci, U., Mendibil, K., Nudurupati, S., Garengo, P., Turner, T., (2006), Dynamics of performance measurement and organizational culture, *International Journal of Operations and Production Management*, Vol. 26, No. 12, pp. 1325-1350
- [7] Bourne, S. (2002), "Designing Implementing and Updating Performance Measurement Systems", *International Journal of Operation and Production Management*, Vol.20. No.7 pp754-771.
- [8] Brignall, S. and Modell, S. (2003), *An Institutional Perspective in Performance Measurement and Management in the New Public Sector*. *Management Accounting Research*, Vol.II No.3 pp.281-306.
- [9] Brown, A. (2005) Implementing Strategic management if England's Primary Schools, *International Journal of productivity and Performance*, Vol. 54(5/6), pp. 468-481

- [10] Cardona, F. (2007) Performance Related Pay in the Public Service in OECD and EU states, Paper distributed by the SIGMA, OECD
- [11] Cummings, T., Worley, C., (2005) Organizational Development and Change, 9th edition, Centage Learning
- [12] Common Wealth Secretariat, (2006), Working Towards Results, Managing Individual Performance in Public Service .
- [13] Cooper, S. (2003), *Research Methodology Methods and Techniques (2nd Ed.)*. New American Compensation Association: San Francisco.
- [14] De Waal A.A. (2004), “*Stimulating Performance Driven Behaviour to Obtain Better Results.*” International Forum of Productivity and Strategic management, Vol.53 No., pp.301-316.
- [15] Denisi, A.S. & Pritchard, R.D., (2006), *Performance Appraisal, Performance Management and Improving Individual Performance*. Jossey-Bassi: SanFrancisco.
- [16] Dessler, (2004), ‘Management ; Leading People and Organizations in the 21st Century, USA.
- [17] Fryer, K., Antony, J., Ogden, S., (2009) Strategic management in Public Sector, *International Journal of Public Sector Management*, Vol. 22(6) ,pp. 478-498
- [18] Halachmi, A., (2011) Imagined policies versus real challenges to Public Strategic management, *International Journal of Productivity and Strategic management*, Vol. 60(1), pp. 24-40
- [19] Kothari, C.R. (2004), *Research Methodology Methods and Techniques (2nd Ed.)*. New Delhi: New Age International (P) Ltd Publishers.
- [20] Lawrence, S. L. Klemann, (2002), *Human Resource Management; A Managerial Tool for Competitive Advantage*. Longmick – Hall.
- [21] Lee, C. (2005), Re thinking the goals of your Strategic management system, *Employment Relations Today*.
- [22] Lohman, C. et al (2004), *Designing a Performance Measurement: A Case Study* European Journal of Operational Research. Vol.156-267.286.
- [23] Pollit, C. (2005) Strategic management in Practice: A Comparative Study of Executive Agencies, *Journal of Public Administration and Theory*, Vol.16, pp.25-44
- [24] Provan, K., Kenis, P., (2008) Modes of network governance: Structure, management and effectiveness, *journal of Public Administration Research and Theory*, Vol.18, pp.229-252
- [25] Radnor, Z., Mcguire, M.,(2004) Strategic management in the public sector: Fact or fiction?, *International Journal of Productivity and Strategic management*, Vol. 53, No. 3, pp. 245-260
- [26] Reynolds, J. (2004), *Helping People Learn*. CIPD, London.
- [27] Rogers, S. (2004), *Strategic management in Local Government*. Longman: Harlow Essex.
- [28] Saravanja, M. (2004), *Strategic management; Problems and Potential* ,India
- [29] Tse, J. (2007), “*The Changing Phase of Strategic management systems,*” *People Management*, Vol.13, No.2 P..35-36.
- [30] United States Office of Personnel Management Manual (2008), *Setting the Stage for Strategic Management Today.*” www.opm.gov/perform/overview.asp.
- [31] Varma, A., Budhwar, & Dennis, A. (2008), *Strategic management system*. A Global Perspective. Routledge, New York: NY USA.
- [32] Waka, L.A. (2010), *The Relationship Between Performance Managerial System and Organizational Performance at Standard Chartered Bank Limited*.
- [33] Williams, (2002), *Managing Employee Performance, Design and Implementation in Organizations*. Seng Lee Press: Singapore.

List of Abbreviation & Acronyms

SMS.....	Strategic management system
IRA.....	Insurance Regulatory Authority
AKI.....	Association of Kenya Insurers
SPSS	Statistical package for social sciences
ICEA.....	Insurance Company of East Africa

APPENDICES

APPENDIX I: Letter of introduction

Date.....
 General Manager
 ICEA LION GROUP LTD
 P. O. Box

Dear sir/madam

RE: COLLECTION OF RESEARCH DATA

I am a postgraduate student of Jomo Kenyatta University of Agriculture & Technology pursuing Masters in Business Administration wish to conduct a study entitled “*factors affecting Strategic management system in insurance firms a case of ICEA LION group Ltd*”

Your company has been identified as a key player in the insurance sector in Kenya and hence the decision to have your participation in this important study.

Information will be gathered by use of questionnaires and informal interviews. I therefore request you to kindly allow my research assistants to issue questionnaires to randomly select employees of your company.

Responses provided will be handled with utmost confidentiality and ethically and the findings of this study will be used exclusively for academic purposes.

Yours sincerely
 Susan Kaara
 Student Reg No.HD333-2742/2014

APPENDIX II: Questionnaire

This Research is conducted with the authorization of the Jomo Kenyatta University of Agriculture & Technology, School of Human Resource Management. (Please tick responses as appropriate. where necessary tick as many items as you find relevant.)

Please tick in the box where appropriate (✓)

Section A: Demographic information

1. Gender

1	Male
2	Female

2. Highest level of education

1	Diploma
2	Degree
3	Masters
4	PhD
5	Others specify

3. Your area of specialization

1	Finance
2	Marketing
3	Production
4	HRM
5	Strategy and Operations

4. Do you work in the same area of your specialization

1	Yes
2	No

5. If No above explain

.....

6. Years of working in the company

1	1-5 years
2	6-10 years
3	11-15 years
4	16-20 years
5	21 and above years

Section B: Factors affecting Strategic management system in ICEA LION Group

Please indicate the extent to which you agree with the following statements on the Quality Management Practices used by cement manufacturing Firms in Kenya. The scale below will be applicable: 1=very small extent, 2= small extent, 3= moderate extent, 4= Large extent, 5= to a very large extent.

1. Training of employees

	1	2	3	4	5
The organization undertakes training needs assessment					
The organization provides adequate training for continuous staff Motivation and development.					
Strategic management system is one of the areas of focus during Training					
individual responsibilities for employees in the strategic management system implementation process are clear					

Please indicate any other area of concern not covered by the above factors

.....

.....

2. Organization culture

Statement	1	2	3	4	5
Communication channels have influenced strategic management system implementation					
Bad work habits are not the norm, excellence is Encouraged					
There is a reward system that encourages strategic management system implementation.					
Diversity has led to creativity in strategic management system implementation					

Please indicate any other area of concern not covered by the above factors

.....

.....

Leadership

Statement	1	2	3	4	5
senior executives involve lower-level managers in strategic management system formulation and its implementation					
There is a performance process guide in the organization					
middle managers play a pivotal role in strategic management system communication					
Top managers demonstrate willingness to give energy and loyalty to the strategic management system implementation process					

Please indicate any other area of concern not covered by the above factors

.....

.....

Section C: Potential benefits of Strategic management system

Please provide requested data or tick appropriately as required below

Statement	1	2	3	4	5
Strategic management system Reduces time consuming and misunderstandings among staff about who is responsible for particular tasks					
Strategic management system Reduces frequency of information unavailability when needed					
Empowers employees to make decisions on their own by ensuring they have the necessary knowledge					
Feedback received has improved my performance tremendously					
Reduces mistakes and errors by helping management and staff to identify the causes of errors and inefficiencies					

5. In your opinion, what is main challenge affecting the implementation of Strategic management system in ICEA LION group.....

.....