INFLUENCE OF STRATEGIC PLANNING PROCESS ON FINANCIAL PERFORMANCE OF INSURANCE COMPANIES IN KENYA

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DECLARATION

I hereby declare that this research project is my original work and has not been submitted to any other university for the award of a degree.

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D61/85671/2016

This research project has been submitted with my approval as the University Supervisor.

Signature____Date_______________

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DEDICATION

I dedicate this research project to my family for their patience and support during the time I was working on it. I also dedicate this research to other scholars and wish them well in their endeavors.

ACKNOWLEDGEMENT

I wish to express my gratitude to the Almighty God for giving me the strength and courage throughout the period of my studies and for his guidance. My acknowledgement also goes to University Lecturers and specifically acknowledge Dr. Victor Ndambuki who has patiently given his profound advice and guidance during this time. Lastly, I wish to acknowledge my colleagues and fellow classmates who we have walked this journey together. God bless you all.

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ABSTRACT

Strategic planning process determines the long-term objectives of an organization by developing and implementing decisions is critical for the survival of most institutions. Financial performance of insurance companies in Kenya has been found to be affected by strategic planning processes. This research purposed to study the influence of strategic planning on financial performance of insurance companies in Kenya. This was founded on the resource-based theory and agency theory. The current research made use of a descriptive survey design. The population consisted of all the 47 registered insurance companies operating in Kenya (AKI, 2017). Primary data was used in this research work. The primary data was collected through questionnaires. Raw data was analyzed majorly by way of inferential, descriptive, and frequencies techniques. Results from the study indicated that mission and objectives, environmental scanning, strategy formulation, strategy implementation and strategy evaluation all had an influence on financial performance as indicated by majority of the respondents. Correlation results also indicated that mission and objectives, environmental scanning, strategy formulation, strategy implementation and strategy evaluation were positively associated with financial performance. Regression findings indicated that mission and objectives, environmental scanning, strategy formulation, strategy implementation and strategy evaluation were statistically significant predictor of financial performance. The researcher concluded that mission and objectives, environmental scanning, strategy formulation, strategy implementation and strategy evaluation did have an influence on financial performance and that mission and objectives was an important determinant of financial performance in insurance firms in Kenya. Furthermore, mission and objectives, environmental scanning, strategy formulation, strategy implementation and strategy evaluation as variable were positively linked to financial performance. The researcher recommended that the management of insurance firms in Kenya should make use of these research findings in assessing the how better to come up with better strategies and work on the existing ones in the conduct of their business so as reach more clients with their services. Further policymakers should use the findings of this study in coming up with better and robust policies to enhance the relationship between strategic planning and financial performance as to enhance better service delivery to the beneficiaries. As a suggestion for further studies, another study on strategic planning process can be done in a different sector like the private sector, manufacturing sector, agricultural sector, etc. to find out whether there will be consistency in findings and results.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic planning has developed to be a support and a huge procedure of institutional functions in every institution (Andalya, 2013). The institutions have advanced and utilize the steps involved to comprehend matters which they can't regulate but have a important influence on their existence and accomplishment, and utilize their scarce capabilities and strengths to enhance their competitive situations. It was postulated that by intentionally utilizing strategic planning of formal nature, a institution could put some affirmative regulation over forces of the market, come up with comparative advantages, enhance institutional effectiveness, and performance enhance (Brewer, 2010).

The main concentration in planning strategic originally had been in the United States and industrialized countries of Europe. In relation to the economy in United States and Great Britain grew and transformed, numerous methodologies and approaches were put in place and profound deliberations of these approaches done on enhancing competitiveness of institutions in these nations (Andalya, 2013). Minimal investigation was conducted to investigate the comprehension and utilization of these strategic planning ideas and instrument in poor nations and the institutions which are basis of these systems of the economy. It can be argued that out of the influences of this rarity in studies were semi-closed condition of these states, the overriding statutory proprietorship and the linked administration of most of relatively small to big institutions, and the deficiency of complexity of the directors of these institutions. In addition, the model of these nations did not have the same needs which control industrialized and open countries and might not have caused the utilization of strategic planning to acquire extra comparative edge (Johnson & Scholes, 2002).

The process of strategic planning is an ambitious activity and the management ought to be a part of it. Where the plan is present and well applied, an institution will have minimal or no hindrance in handling external variations (Uvah, 2005). For a institution to exist, it must be in a capacity to function effectively with forces of the environment that are volatile and beyond control and which can largely influence the process of decision making. Institutions adjust to these forces of the environment as they design and implement activities involved with the strategy (Adeleke, Ogundele & Oyenuga, 2008).

Strategic planning process has been explained by various writers and scholars in different but complementary ways (Arasa & K'Obonyo, 2012). Drucker (1954) argues that strategic planning is managing by way of blueprints, a methodical series of steps which concentrates on coming up with optimum strategic choices. Ansoff (1970) hypothesizes strategic planning as the manner of pursuing a healthier combination amidst an institution's offerings or information technology and its more and more fluctuating marketplaces. He views it in terms of movement from an accustomed setting to an unaccustomed set up of unfamiliar technologies, rivals, changing client feelings, fresh scopes of societal regulation and over everything, an interrogative of institution's contribution in community (Hakimpoor, 2014).

Agreeing with the opinion, Hofer and Schendel (1978) explain strategic planning as progression of reaction to the management on variations in the environment concentrating in coming from internal organization and efficiency in production, to the combination of approach and system and invention of production, development and divergence. Wendy (1997) refers to this as the steps involved in of creating and sustaining steadiness amidst the institution's purposes and capabilities and its varying prospects. Wendy additionally contends that planning of strategies purposes to describe and record a strategy in conducting business that will translate to acceptable profits and progression (Hakimpoor, 2014).

1.1.1 Strategic Planning

In the process of strategic planning, the chief belief is that, by making use external prospects and evading and minimizing of influences of threats of external nature, approaches should be offered and contrary to this in these approaches, the goal is not to come up with the most ideal approach. But, the purpose is to come up with the applicable ones. According to Bryson (2011), planning strategically involves 8 steps which is significantly more steady, systematized and cooperative relative to other procedures which include; starting of strategic planning and attaining cooperation in relation to its matters, coming up and acknowledgement of regulations and rules, representation of purposes and beliefs, appraisal of external environment (opportunities and threats), acknowledgement of matters of strategic nature, giving approaches for handling matters and an operative futuristic vision. The 8 steps should be assessed and a conclusion made in the entire process (Cotter & Paris, 2007).

According to Arasa and K'Obonyo (2012) strategic planning is debatably a vital constituent in the strategic management discipline. Steiner (1979) observed that the avenue for framing and executing plans is the system for formal strategic planning. Porter (1985) stated that notwithstanding the criticism given in contrast to strategic planning in the period of the 1970s and 80s, it was nonetheless beneficial and it only required to be upgraded and remodeled. Greenley (1986) stated that strategic planning has prospective and underlying benefits that ultimately convert into better performance of the organization. It is, for that reason, a medium that enables better performance of the institution (Arasa & K'Obonyo, 2012).

Strategic planning can be referred as the practice of generating and preserving stability amidst the institution's aims and capabilities and its fluctuating business scenarios (Grant 2014). The process of strategic planning, generally, encompasses organizational goals, a purpose statement (vision), and a precise plan to achieve the intended issues and attain the goals (Dole, 2013). Sondari (2014) explains planning strategically as the organized and formal attempts of an institution to create fundamental institution objectives, goals, approaches and guidelines. It involves the creation of comprehensive approaches to apply guidelines and efforts to attain the purpose and fundamental institutional goals. Likewise, Wijetunga (2013) define planning as sound, organized steps followed every time choices are made in relation to the purposes and functions that a single person, group, unit of work or institution will seek in the future. It offers people and units of work a blueprint to follow in their anticipated functions.

1.1.2 Strategic Planning Process

Brewer (2010) refers strategic planning process as systematic steps which are put in place aimed at coming up with fundamental institutional objectives, purposes, strategies and policies. The process entails coming up with comprehensive approaches to apply strategies and policies so as to attain goals and key purposes of the institution (Arasa & K'Obonyo, 2012). Planning strategically entails planning for processes in an environment within which an institution operates (Grant & Jordan, 2015). This is due to the fact that process planning falls in the category and group of occurrences within which planning is done. In handling such occurrence, due to constant variations in the environment, planning must be carried out so as to be able to adapt to different surroundings/ changes and provide feedback and (Evans, 2013).

The procedures of strategic planning incorporates the general process of decision making and the matters that an institution is confronted with. Uvah, (2005) states that the process of strategic planning is as vital as the real strategy and its application. Wendy (2013) opines that process of planning strategically encompasses three key features which aid in turning an institution's mission or vision into tangible attainable goals. These include strategic choice, strategic analysis and strategic implementation. Strategic analysis captures details/issues on coming up with an institution's direction through its goals, mission and its vision. Consequently this involves talking about the institution's strategic focus and leading efforts aimed at comprehending the environment within which the institution is operating in (Andalya, 2013).

Strategic choice phase encompasses creating, assessing and choosing the best fitting and suitable strategy. The phase of strategy implementation encompasses on creating the appropriate guidelines and framing structures which will help in converting selected strategies into deliverable outputs. For resolves of the current research, the three chief steps have been arranged into four general constituents that can be viewed as to compliment the process of strategic planning. These elements are; outlining the direction of the organization, business environment assessment internally and externally, pointing out and assessing an institution's strategic matters, strategy choice and advancement of application, systems of enhancing appraisal & monitoring of the strategy (Hakimpoor, 2014).

Similarly, Bateman and Zeithml (1993) define planning as a sensible, organized series of steps through which choices are arrived at in regard to objectives and functions that a person, group, unit or institution will endeavor to achieve in the future. It gives single persons and groups of units of work a plan to follow in the functions concerning their imminent environment. Hax and Majluf (1996) backing this discussion detail planning strategically as a well-organized and precise institutional attempt focused at the comprehensive description of an institution's strategy and tasking of functions for implementation. From varied opinions stated, strategic planning in its overall and rudimentary comprehension can be said to be a procedure of choosing institutional strategies and goals, coming up with the essential programs to attain explicit goals in an attempt to achieve them, and creating the approaches needed to guarantee that the programs and policies are executed (Brewer, 2010).

1.1.3 Financial Performance

Institution performance refers to how well or badly an institution is doing either in financial non-financial terms or both (Al Ghamdi, 200). Kaplan and Norton (2008) are consistent with these writers and agree that Balanced Scorecards Strategy are a an assessment of financial performance as one of the important measures of performance of the organization. They additionally contend that one of the objectives of planning strategically is to profitmaking in addition to achieving further non-financial and financial gains (Kraus, Harms & Schwarz, 2006).

There have existed numerous measures which can be applied to financial performance. Like return on sales discloses the worth an institution gains relative to its sales, while return on assets defines an institution's capability to engage its assets and return on equity shows what return shareholders get In return for their investments. The benefits of measures of financial performance include simplicity in calculating them and that they are accepted globally. In the past, the achievements/ attainment of goals of a system or institution can be assessed through application of the financial measures (Al-Shammari & Hussein, 2007).

Assessment of financial performance by analysis of ratios aids in pinpointing institutional weaknesses and strengths by predicting financial irregularities and concentrating more on matters of institutional significance. Provided that the goal of a profit oriented institution is the main purpose for its survival, it is in order to concentrate on capabilities of financial nature in their association to its objectives. Kraus, Harms & Schwarz (2006) opined that the door to investigation and assessment of the functional and financial regulation and influence is associated to the fundamental question. Their model replicates the interlink between a succession of queries about the goal and the resourcing of finances and regulation of the institution. They propose that such a plan offers a suitable investigation for historical performance which will aid an institution steer in the direction of its future projection.

Profitability analysis is realized on a number of indicators to assess the performance. The indicators come from the dates of accounting, which show the reference periods in the statement of financial performance and the profit and loss account (Pearce & Robinson, 2007). Profitability assesses the degree to which an organization generates financial gain from the factors of production which include management, capital, and labor. Analysis of profitability concentrates on the association amidst expenses and incomes and on the degree of profits in relation to the investment size in the organization. Four valuable ways to measure profitability include net income, the rate of return on assets (ROA), margin of operating profit and the rate of return on equity, (McIlquham-Schmidt, 2010).

1.1.4 Insurance Institutions in Kenya

Kenya denotes East Africa's finest established insurance marketplace and the area's monetary pivotal point. It is the market front-runner in the area with 3% insurance diffusion among the populace and a greatly competitive market including 51 institutions (KPMG, 2016). The gross premiums of all insurance institutions totaled $1.75bn with general insurance materializing into the bigger proportion of it in 2015/16. Kenya's regulatory system for insurance is as well the greatest developed in the area e.g. Risk Based Supervision and a framework that is currently being simulated in different regional nations (KPMG, 2016).

Recently, the Kenya insurance sector has had key regulatory modifications, for instance, there have been key modifications in IFRS insurance, FSA and conduct risks and solvency II. As of July 2016, the sector comprised of 47 insurance companies, doing business on short-term and long-term business (AKI, 2017). The insurance sector in Kenya comprises of 25 general insurers, 13 life insurers and 11 composite insurers. Other players include 198 brokers of insurance that are licensed, 29 health cover providers (MIPs), 5,155 agents, 133 investigators, 108 assessors of motor vehicles, 25 adjusters of losses and 24 surveyors of insurance (AKI Report, 2016).

There are two main associations – The Association of Kenya Insurers (AKI) and The Association of Insurance Brokers of Kenya (AIBK), while the regulating body of the institutions is the Insurance Regulatory Authority (IRA) (AKI Report, 2016). Kenya was rated as one of Africa's greatest developed insurance markets in 2016, with growth projection at 6% per annum in a report conducted by Earnest and Young (2017). Although this is not as fast as a number of other big African markets, yearly premium revenue was still anticipated to rise meaningfully, starting $1.8bn in 2014 to $2.2bn by 2018, determined by urbanization and a robust economy (Surungai, 2018).

1.2 Research Problem

Strategic planning process determines the long-term objectives of an organization by developing and implementing decisions is critical for the survival of most institutions (Alsoboa, 2015). Besides being relevant to all types of organizations and different levels of management, the strategic planning enables institutions to adopt the evolving environment (Hoste & Anderson, 2010). Uyah (2005) posits that the most challenging area of the process of strategic planning is its application, that is to say, to apply what has been planned and embracing the prospect for action which is certainly superior to the initial plan (Uvah, 2005). Financial performance of insurance companies in Kenya has been found to be affected by strategic planning processes (Soko, 2015). This is as a result of challenges like stiff competition, rising operational costs and failure by insurance institutions to do research to understand the dynamics needs by the target market all which have implications on financial performance (Kwach, 2018). This has seen the need to adopt strategic planning in their operations so that they are able to adapt to the environment and minimize their running costs and improve financial performance.

This begs the question whether strategic planning process does really have an influence on financial performance of Kenyan insurance institutions. A number of studies have been done on strategic planning and performance. Hopkins and Hopkins (2007) did a causal examination of strategic planning and financial performance links in banks in the United States of America and the findings implied that the strength with which financial institutions practice the process of strategic planning has a robust, affirmative and direct influence on their financial performance. Efendioglu and Karabulut (2010) assessed the impact of strategic planning on financial performance of Turkish companies in and found that strategic planning was positively correlated to financial performance of the main industrial institutions in Turkey. Oana and Adina (2011) conducted an empirical study on the effect of activities of strategic planning on Transylvanian SMEs and the study outcomes did not back an affirmative link amidst strategic planning and performance. However, some hypothesis concerning partial effects of the elements of the two overall indicators/factors were established. In Kenya, Njoroge and Wario (2015) investigated the influence of strategic planning process on performance of small and medium enterprises (SMES) in Kenya and the results were that strategic planning contributed to small and medium enterprises' performance and both education level and age were important in the application of strategic planning.

However, the mentioned studied (Hopkins & Hopkins, 2007; Efendioglu & Karabulut, 2010; Oana & Adina, 2011; Njoroge & Wario, 2015) were not conducted in insurance companies in Kenya. In addition, the studies did not discuss objectives and mission, analysis of environment, formulation, implementation and evaluation of strategy as proxies of strategic planning which is what the researcher adopts in the current study the study therefore endeavored to answer this question: What is the influence of strategic planning on financial performance of insurance companies in Kenya?

1.3 Research Objective

This research purposed to assess the influence of strategic planning on financial performance of insurance companies in Kenya.

1.4 Value of the Study

The shareholders, management, employee and clients of the insurance companies will be able to appreciate the findings on the topic drawing from the best practices in other countries. The lessons brought out in the study can be used by management to improve operations through automation and innovation. The shareholders will be in a position to understand which areas to build more investments on so as to enable their institutions to achieve maximum productivity. The clients will be able to air their concerns through information gathered in this study. Such issues will help to improve interaction between management and users of the services by establishing amicable ways of addressing issues raised by clients in the service industry.

Students, scholars, academicians and researchers will find this study useful in building on their theoretical and conceptual approaches on the same. They will manage to find the current research study from the open repository spheres like journals, magazines, libraries and online open access platforms as soon as the results of the research are published. They will be in a position to contribute to the gaps pointed out in this research.

The Government through the Insurance Regulatory Authority (IRA) and other policymakers will be in a position to adopt suggestions from the study which would lead to new orientation in formulation and implementation of policies that could enhance proper regulations entailing the insurance sector in the country. This research also seeks to pinpoint gaps in policy which can be applied to development of policies for the better strategic management in the insurance sector.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section outlines the theoretical underpinnings and concepts linked to inventions in banking technology and performance in addition to the empirical works existing in this area of study. To diagrammatically illustrate the relationship among variables, a conceptual framework has also been developed.

2.2 Theoretical Framework

This subsection introduces the theories on which the current research is founded on and comprise the resource based theory and agency theory.

2.2.1 Resource Based View Theory

Resource based theory is applied in institutions in examinations of the associations amidst capabilities, rivalry, and financial performance taking into account the assessment of comparative imitation, the suitability of benefits in inventions, the function of information which is imperfect in making difference in profitability amongst rival institutions, and the avenues by which the procedures of accumulation of resources can maintain comparative edge (Rumelt, 1984). Combined, these inputs total to what has been labeled "the resource-based view of the organization." In contradiction the indications of this theory for management of strategies are not clear in two ways. First the numerous contributions do not have a single incorporating context (Thomas, 2008).

Second, minimal energy has been put in place to come up with the real-world insinuations of the theory. RBT suggests an approach for resource-based methodology to formulation of strategy which combines several important subjects coming from literature in strategic planning. The approach takes into account a process of five steps for formulation of strategy; resource-base assessment; scanning the organization's strengths; assessing the potential of profitability of organization; choosing an approach, and spreading and advancement the institution's pool of capitals and capabilities for performance outcomes(Rumelt, 1984).

In relevance to the current study, the importance of the resource based theory suggests that management would endeavor to make the greatest of their own usability and come up with the deductions of this for institutional performance in variation to maximizing of its profitability returns (Williamson, 1975). Shareholder's interests are adequately addressed of making the most of sales after attaining the least margin level which gives the shareholders satisfaction. This reflects on the financial performance of an institution and as such the underpinnings of the resource based theory would be made use of to enhance the institution's administration and improve performance.

2.2.2 Agency Theory

The agency theory is the work of Jensen and Meckling (1976). Noreen posits that "agency theory can be used to offer a sequence of enlightening fables that demonstrate the negative outcomes on social and economic systems of unrestricted opportunistic conduct" and can for that reason be applied as a way of making the case for ethical behavior in commercial relations. According to this viewpoint, persons are able to conduct themselves resourcefully, but are also able of demonstrating self-control. The level to which they do either is very much reliant on upon condition, context of the organization, and related culture.

Agency Theory dealt with what had developed into a rising concern, that management engaged in empire building and had a overall neglect of interests of shareholders, what Michael Jensen termed as "the organized swindling of bondholders and shareholders" (1989), by way of giving remedies in what way the principal should regulate the agent to address managerial self-interest and opportunism (Daily et al., 2003). As the marketplace responded affirmatively to this variation in rationality, over time the agency methodology turn out to be institutionalized in the discipline of corporate governance, within firm research, education and media (Shapiro, 2005).

This theory is applicable to this research as it tries to explain the agency problem amid the shareholders and the management. The management of the insurance companies Aare agents of the shareholders and as such the shareholders are the principal. The management may not act in the best interests of the shareholders as pertains to the strategic planning in the institutions. As such the theory tries to explain that the management should be in such a way as to work impartially for overall success in financial performance in insurance forms in Kenya.

2.3 Strategic Planning Process and Financial Performance

Strategic planning can lead to better performance by coming up with applicable information, by generating a clearer comprehension of the vital environment, and by minimizing risk (Al Ghamdi, 2005). It was also established that managers of strategic plans have superior capability to adjust to their outside surroundings, are additionally capacity to entice a force of labor that is quality and that has developed job satisfaction levels amongst their staffs, and are capable to maintain their existing human resource capabilities (Al-Shammari & Hussein, 2007).

Hitherto there were numerous scholars who did research related to the outcome of strategic planning on performance of institutions in small and medium sized businesses. In regard to Kraus, Harms & Schwarz (2006) 75% of the appraised research on this area established that planning strategically has an affirmative effect on institution performance, the similar affirmative link being acknowledged in addition by Schwenk and Shrader (2013) that investigaed 26 research articles.

Similarly, Aremu (2000) expounds that particular Nigerian commercial institutions do not have formal plans and even where they are there, institutions do not adhere to following them. Dauda, Akingbade and Akinlabi (2010) established that practices of strategic management augment both institutional profitability and firm share of the market and for that reason propose that concepts of strategic planning be applied by commercial institutions in Metropolis, Nigeria.

2.4 Empirical Review of Literature

The section presents several studies which are associated to the variables of the research and are consistent with the study objectives.

Oana and Adina (2011) conducted an empirical research on the strategic planning activities impact on Transylvanian SMEs. The overall indicator for strategic planning encompassed 7 indicators that characterized every constituent of the process of strategic planning. For an in depth examination of the factors determining the activities of strategic planning on performance the research assessed 40 hypotheses. The findings did not support an affirmative link amidst the strategic planning and performance.

Owolabi and Makinde (2012) studied the outcomes of strategic planning process on corporate performance in Nigeria. Primary and secondary raw evidence were applied in the research. The hypotheses were assessed by way of Pearson's Correlation to assess the statistical p value of the link amid the different elements utilized in assessing performance. The outcomes of the research exposed that there is a vital affirmative correlation amid the variables in the corporates. The research resolved that the process of planning strategically is advantageous to institutions in attaining planned objectives and recommends that institutions of higher learning and other corporate institutions alike, ought to practice strategic planning to improve corporate performance.

Efendioglu and Karabulut (2010) assessed the outcomes of the process of strategic planning on financial performance of Turkish firms. The outcomes of the research provided input to comprehension of the aplication of strategic planning in Turkish institutions and likelihood of correlations amid their performance and efforts. From the study, it was established that strategic planning process was positively correlated to financial performance of Turkish main industrial enterprises.

Arasa and K'Obonyo (2012) empirically studied the association amidst strategic planning process and institution performance in the Kenya insurance sector. A quantitative investigative technique was applied to try to empirically establish the link amid the factors of interest by making use of suitable statistical evidence techniques. Correlation analysis findings show the presence of a robust link amid strategic planning and institution performance. Additionally, every step of strategic planning was established to be positively connected to performance of the institution.

Njoroge and Wario (2015) investigated the impact of the process of strategic planning on performance of Kenyan small and medium enterprises (SMES). Regression analysis was made use of to determine the link amidst variables. The results indicated that process of strategic planning contributed majorly in small and medium enterprises' performance and that both age and level of education were important in the utilization of strategic planning. This inference is imperative to small and medium enterprises for the reason that it indicate positive influence on institutions which apply strategic planning in their operations.

Jenster and Solberg (2013) studied the association amidst process of strategic planning and performance in a Chinese context. The findings revealed that better planning had an affirmative effect on numerous important measures of industry performance. The researcher established that there was surely a uniqueness amid the various strategies chosen and the institution’s performance. Furthermore, it was found that that that events linked to comparative advantage were generally more significant for performance other than other activities.

Jenster and Solberg (2013) studied the association amidst process of strategic planning and performance in a Chinese context. The findings revealed that better planning had an affirmative effect on numerous important measures of industry performance. The researcher established that there was surely a uniqueness amid the various strategies chosen and the institution’s performance. Furthermore, it was found that that events linked to comparative advantage were generally more significant for performance other than other activities.

Hopkins and Hopkins (2007) did a causal examination of the process of strategic planning and financial performance relationships in banks in the United States of America. An integrative model of associations amidst strategic planning and financial performance was created and examined using evidence from 112 financial institutions (banks). The findings proposed that the strength with which financial institutions absorb in the process of strategic planning has a straight, positive link on institution’s financial performance, and intervenes the influences of institutional variables on performance.

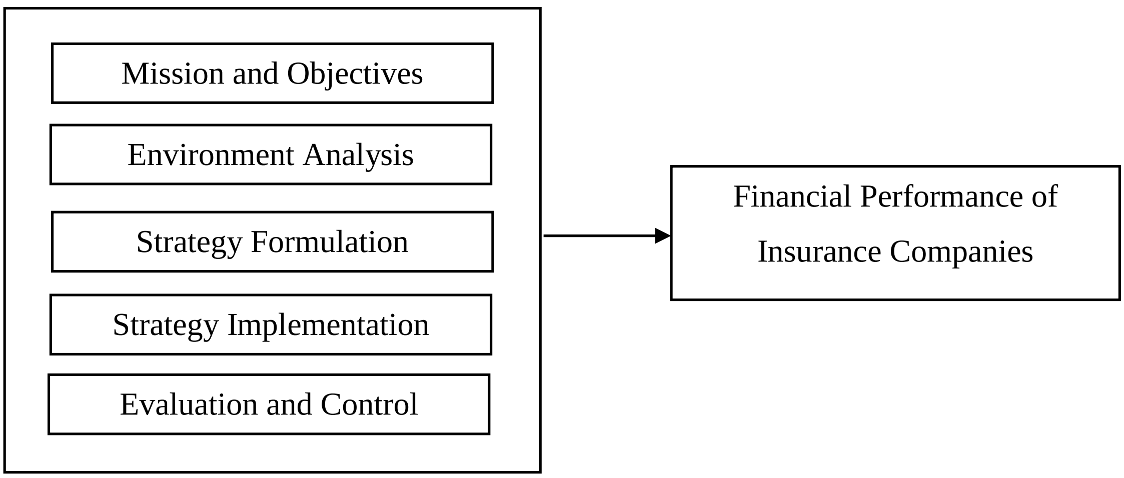
Arasa and K'Obonyo (2012) empirically studied the association amidst strategic planning process and institution performance in the Kenya insurance sector. A quantitative investigative technique was applied to try to empirically establish the link amid the factors of interest by making use of suitable statistical evidence techniques. Correlation analysis findings show the presence of a robust link amid strategic planning and institution performance. Additionally, every step of strategic planning was found to be positively linked to performance of the institution.

Alireza and Nazila (2015) studied the influence of the process of strategic planning on financial performance of Iranian private insurance institutions. After gathering 384 research tools from the sample, evidence was investigated through software SPSS 22. Study outcomes indicated that the four variables of the process of strategic management applying the instruments of analysis of strategy, strategic instrument and concentration on strategic matters were important and positively linked to financial performance and the necessity for planning strategically with the right approaches is stressed.

Gomera, Chinyamurindi and Mishi (2018) studied the link amidst strategic planning process and financial performance in SME businesses in the Buffalo City Metropolitan, South Africa. Raw evidence was investigated by way of regression and correlation techniques and the outcome revealed strategic planning process to have an affirmative link with performance. Additionally, elements of the process strategic planning were in addition established to have an affirmative connection with financial performance.

Moyeen (2008) studied the process of strategic planning and performance in small enterprises in Bangladesh. The research used a multi-technique approach and was founded on the evidence assembled from 141 small engineering businesses. The evidence results indicated that although formal strategic planning was unlikely to occur, fruitful small businesses were well conscious of threats and opportunities in their setting, their internal weaknesses and strengths in addition to the indications of their approaches in terms of strategies.

Figure 2.1 Conceptual Framework



Source: Researcher (2018)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This part states the approaches that were adopted to plan, assemble data and evidence and make inferences from it. The particular sections which are detailed included the design for the study, population, sample and technique of sampling, approach of assembling data and procedure, investigation of data and how its presentation will be done.

3.2 Research Design

Design in definition is the plan for assembling, assessment and examination of the raw evidence. It refers to a structure of a system conceived to gain solutions to questions of research (Coopers & Schindler, 2006). The current research made use of a descriptive survey design. Descriptive surveys are applied in works to enable students to assemble evidence, summarize, illustrate and interpret it for the reason of clarification (Creswell, 2003). Babbie (2005) posits that descriptive designs are made use of when gathering facts in regard to people's feelings, views and ways.

3.3 Population of the Study

Population has been referred by Sekaran (2008) as the entire groups of constituents from which interpretations are construed and means every probable element which is of importance in a research. Researchers like Smith (2011) opine population as a huge group of every element from which a sample is gotten from. The population consisted of all the 47 registered insurance companies operating in Kenya (AKI, 2017).

3.4 Data Collection

Primary data was applied in this research work. The primary evidence was assembled through questionnaires. The research tool (questionnaire) which was likert scaled, was drawn for efficient assembly of primary evidence from the study participants. Mugenda and Mugenda (2003) opines questionnaires as research tools have the benefit of saving on time, suitability in collection of data and protecting the privacy of participants. Hair, Bush and Ortinau (2000) acknowledged questionnaires as the key apparatuses applied in assembling evidence in research.

The questionnaire had questions which were structured and were used in an attempt to reduce time spent and save on financial resources. This also helped aide an simpler investigation as they were in direct and usable state. The researcher strategically positioned himself around and in insurance companies and use convenient random sampling on prospective respondents. The researcher handed in five questionnaires to respondents for each bank to fill to get details from them on strategic planning process and financial performance.

3.5 Reliability and Validity of Research Instrument

The questionnaire was piloted to make sure it was not defective in any way and that it is comprehended by the study respondents through assessing for content validity. The research tool was assessed for validity proof by deliberation with the supervisor and six arbitrarily chosen respondents. The views from the supervisor and the study respondents was taken into consideration and applied to improve the questionnaire's validity.

Reliability refers to a research instrument's consistency while validity details that the tool is measuring what it was anticipated to initially (Hyndman, 2008). Reliability is the extent to which such a data collection tool assesses in a similar way every instance it employed in the same environment and under the same subjects. The scholar applied the Cronbach's Alpha (α) to evaluate reliability and this was by way of SPSS where the accepted threshold of 0.7 was applied as a cut–off measure (Cronbach, 1951). Ten tools were handed to arbitrarily selected participants and then investigated by way of SPSS software for assessing reliability. The partakers of validity and reliability test were not be incorporated in the final research to get rid of bias of responses from them.

3.9 Data Analysis

Raw evidence was scrutinized principally by way of inferential, descriptive, and frequencies techniques. Measurements which were employed descriptive statistics included standard deviation and arithmetic mean. Inferential statistical techniques to be employed in data analysis included regression analysis and correlation which were employed to deduce a causal link between the p variables and financial performance. The raw evidence was scrutinized by way of Statistical Package for Social sciences (SPSS) version 22 so as to test and assess the correlation amidst the response factor and every independent factor. Results from the regression examination was assessed and deduced in terms of r square which was assessed to ascertain the f statistic and the descriptive power of the joint model was investigated to find out the aggregate significance of the resarch model. Analyzed evidence was illustrated by way of figures in addition to tables and graphs.

In precise, this regression model was applied;

$Y = \alpha + \beta_1 X_1 + e$

Where;

Y= Financial Performance

X1= Strategic Planning Process

α = constant

β_1, = beta coefficient

e= error term

CHAPTER FOUR

FINDINGS, DISCUSSION AND PRESENTATION

4.1 Introduction

This chapter presented the study findings. The sample general information results were presented first, followed by descriptive findings, and then inferential results.

4.2 The Response Rate

A hundred and five 105 respondents out of possible 141 (74.6%) was acquired from the study. According to Babbie (2004) that questionnaire response rates of 50% are adequate to investigate and publish, 60% is deemed to be good to publish and 70% is deemed to be very good for publishing. According to the standards defined by Babbie (2004) the study return rate was very good. The study findings are presented in Table 4.1.

Table 4.1 Response rate

Status	Response	% Response
Successful	105	74.6%
Not successful	36	25.4%
Total	**141**	**100%**

Source: Researcher (2018)

4.3 Sample Demographics

This section presents findings on gender, age, work experience, highest attained level of education, employment status, duration in employment and duration of product use.

4.3.1 Gender of the Respondents

The researcher set out to assess the percentage of gender of the research participants as illustrated in Figure 4.1. Seventy four percent (74.3%) of the study participants were male while 25.7% of the participants were female. The findings imply that respondents were male dominated. The findings imply that majority of those that are in the insurance industry in Kenya are male.

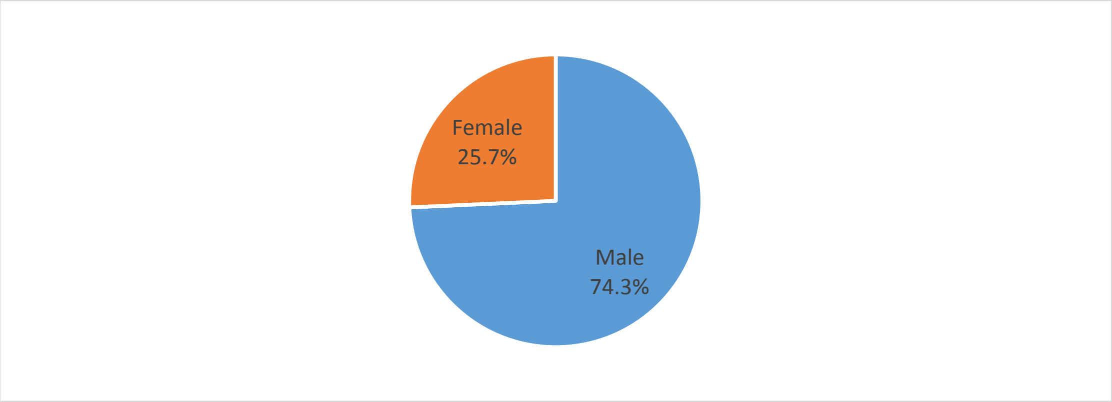


Figure 4.1: Respondents' Gender

Source: Researcher (2018)

4.3.2 Age of the Respondents

The researcher aimed to find out the age category of those who responded in the questionnaire. The outcome of the research were presented in Figure 4.2. About sixty five percent (64.8%) of the participants were aged above 50 years while 21.9% of the participants were aged between 36 and 50 years. Seven percent (6.7%) of those that participated in the study were aged between 21 and 35 years and another 6.7% were below 20 years. The research results imply that most participants were relatively advanced in years as they were above middle age bracket as they were aged above 36 years. These findings imply that relatively aged people and were probably at their career peaks in their respective fields.

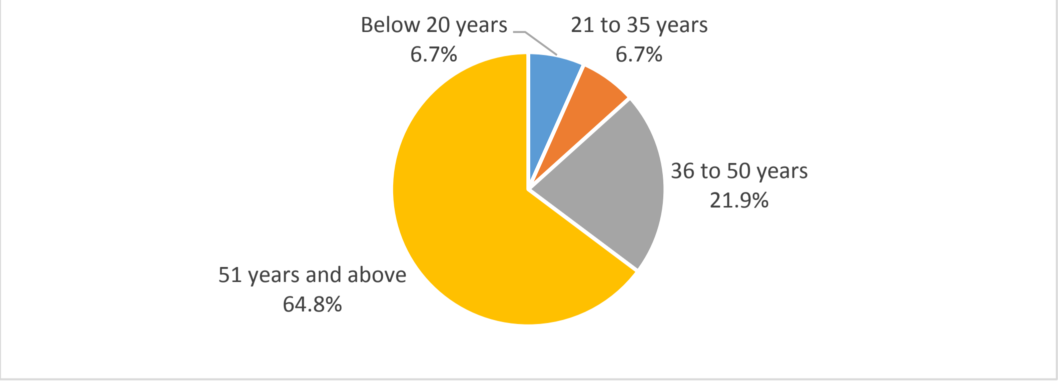


Figure 4.2: Respondents' Age

Source: Researcher (2018)

4.3.3 Work Experience

The study attempted to assess the work experience of the study participants. The results were illustrated in Figure 4.3. Fifty five percent (54.3%) of the participants had worked for more than 10 years while 34.3% of the participants had worked for 4 to 10 years. Eleven percent of those who responded to the questionnaire had worked for less than 4 years. The results indicate that most participants had considerable experience as they were above the more than four years and hence were well appropriate to be part of the current study.

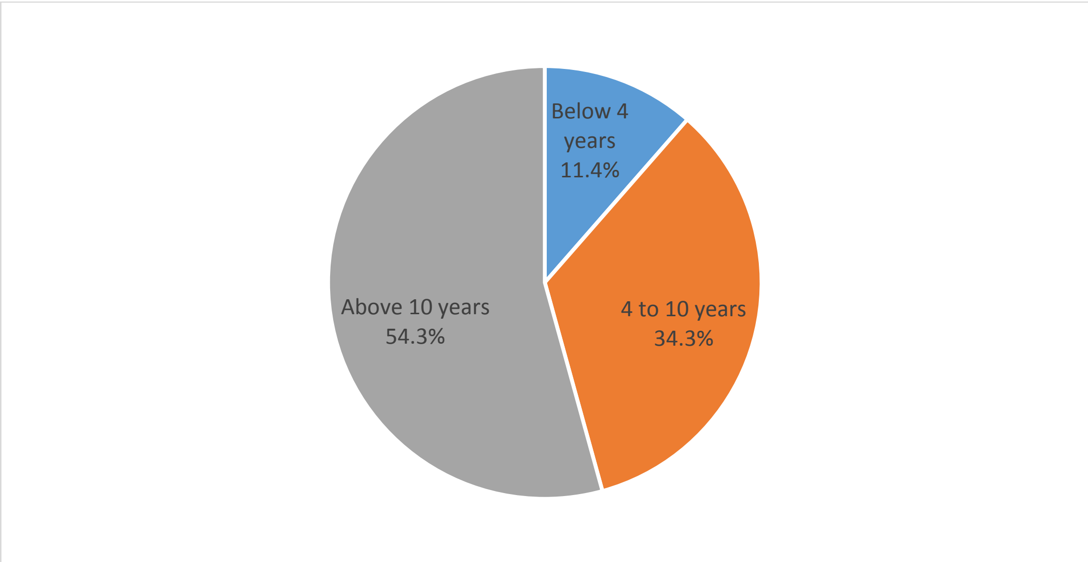


Figure 4.3: Experience of Work

Source: Researcher (2018)

4.3.4 Highest Attained Education Level

The scholar set out to find out the how the participants had taken up education. The outcome of the research was illustrated in Figure 4.4. Most of the study participants (47.6%) had a bachelor's degree as their highest attained level of education. Forty three percent (42.9%) of those who had responded to the study had attained a master's degree as their highest attained level of education with 6.7% of the respondents having attained a doctorate (PhD). Three percent of the participants had gotten a diploma as their highest education level. These findings imply that most partakers of insurance products are people who have advanced levels of education hence are well aware of strategic planning process and financial performance. This could explain the fact that most of them are conscious of personal development in terms of education making them well suited respondents for this study.

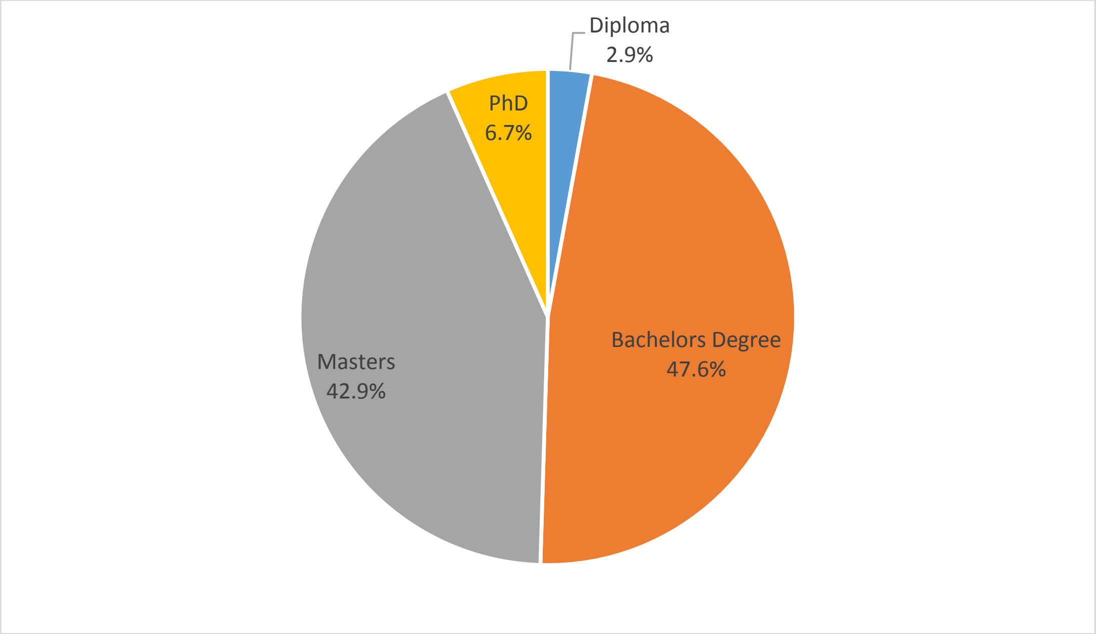


Figure 4.4: Level of Education

Source: Researcher (2018)

4.3.5 Status of Employment

The researcher set out to assess the status of employment of the respondents. The results were presented in Figure 4.5. Forty nine percent (49.5%) were businesspeople while 24.8% of the respondents were employed. Twenty one percent of who had responded to the study were in employment and were also businesspeople. About five percent of the respondents (4.8%) were neither employed or businesspeople. The findings imply that most respondents had an engagement that enabled them to generate a consistent stream of income and were thus in a position to finance their insurance needs. This further means that the respondents were to buy different products which exposed them to the nature and mechanics of the insurance sector making them ideal candidates for the study.

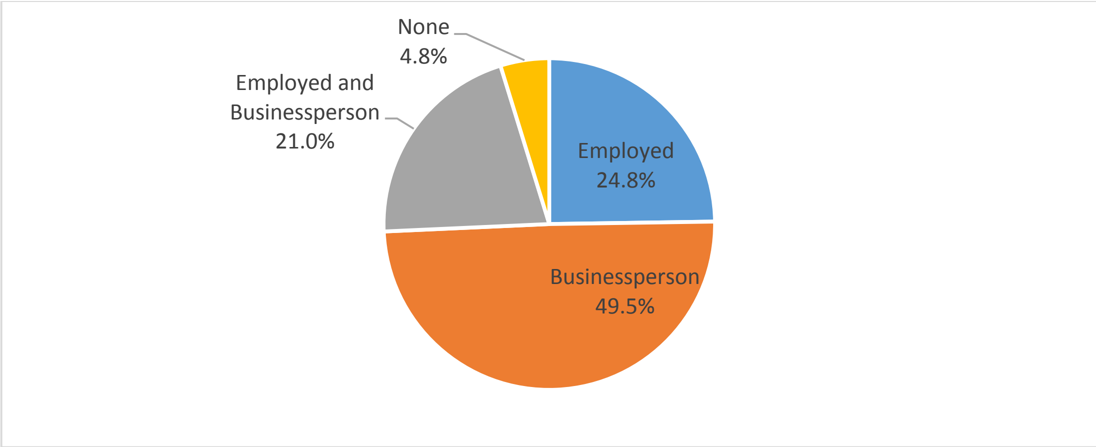


Figure 4.5: Employment Status

Source: Researcher (2018)

4.3.6 Duration of Employment

The researcher sought to assess the duration of employment of those respondents that were in full employment. The results of the outcome of the study were illustrated in Figure 4.5. Nineteen percent of the respondents had been employed for less than 4 years. Eighteen percent had been employed for 4 t 10 years awhile 8.6% of the respondents were employed for more than 10 years. Fifty four percent had previously indicated that they were either businessmen or not employed. The findings imply that majority of the respondents had been in employment for quite some time and were hence familiar with the strategic management planning of the insurance sector.

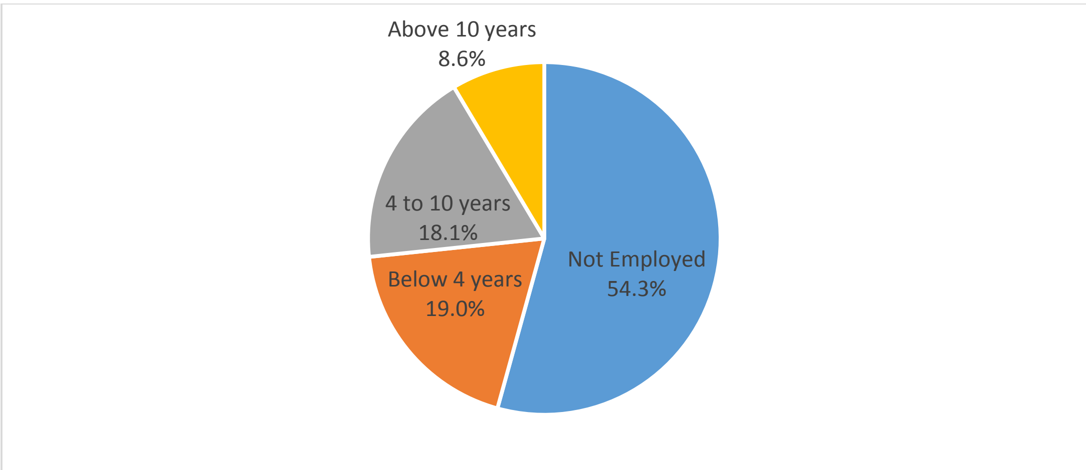


Figure 4.6: Duration of Employment

Source: Researcher (2018)

4.3.7 Duration of Product Use

The researcher sought to determine the duration of product use of the study participants who responded to the questionnaire. The findings were presented in Figure 4.7. Most of those who responded in the study (45.7%) indicated that they had used the products for less than 3 years. Thirty one percent (30.5%) of those who responded in the study those who responded in the study that they had used the product for 3 to 6 years while 15.2% of those who responded in the study stated that they had used the products for 6 to 10 years. About nine percent of the those who responded in the study stated that they had used the insurance products for more than 10 years implying that most participants were familiar with the various insurance products having being partakers of the products for quite some time thus ere knowledgeable about the offerings of the companies.

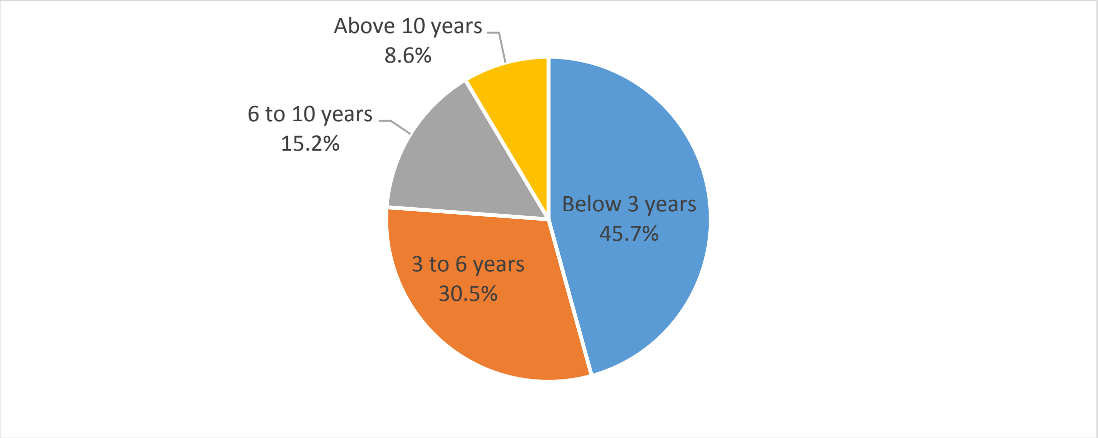


Figure 4.7: Duration of Product Use

Source: Researcher (2018)

4.4 Strategic Planning Process and Financial Performance

This section presents the descriptive statistics including likert percentages, means and standard deviations. This has been presented in line with the study variables.

4.4.1 Mission and Objectives and Financial Performance

The study set out to determine the influence of mission and objectives on performance. The study results were illustrated in Table 4.2. Seventy five percent of those who responded in the study (75.3%) affirmed that the firm had a clear mission indicating its direction and mandate. Eighty seven percent of the participants (87.6%) agreed that the objectives of the firm were specific without ambiguity. Ninety three percent of the respondents agreed that the firm objectives were measurable in nature. Eighty eight (87.7%) of the respondents agreed that the objectives of the company were achievable and time bound. Eighty four percent (83.8%) of the respondents agreed that the set objectives were related to the planning process and were achievable and realistic. The aggregate mean was 3.9 with a standard deviation of 0.84. These findings pose the implication that mission and objectives as an independent variable was adequately measured by the statements as indicated by majority of the respondents. Further, the findings imply that mission and objectives was well fit as a proxy variable for strategic planning process in measuring the influence of strategic planning on financial performance insurance firms in Kenya.

Table 4.2 Mission and Objectives and Financial Performance

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean**	**Std. Dev.**
Clear mission	1.9%	14.3%	8.6%	61.0%	14.3%	3.7	0.95
Specific objectives	2.9%	2.9%	6.7%	69.5%	18.1%	4.0	0.79
Measurability of objectives	3.8%	2.9%	0.0%	73.3%	20.0%	4.0	0.81
Achievability	3.8%	5.7%	2.9%	66.7%	21.0%	4.0	0.90
Realistic Objectives	0.0%	6.7%	9.5%	61.9%	21.9%	4.0	0.77
Average						**3.9**	**0.84**

Source: Researcher (2018)

4.4.2 Environmental Scanning and Financial Performance

The study set out to determine the influence of environmental scanning on performance. The study results were presented in Table 4.3. Eight six percent (85.7%) of the participants agreed that environmental scanning in the firm had helped in identifying and seizing opportunities. Eight three percent of the respondents agreed that environmental scanning had enabled the firm identify and work towards overcoming threats. Above eighty seven percent (87.7%) of the respondents agreed that environmental scanning had enhanced development of agenda for boards of management leading to better decision making in the firm. Eighty two percent of the participants agreed that environmental scanning information had led to better organizational design development. Ninety percent of the respondents (89.5%) agreed that environmental scanning had aided the firm in identifying stakeholder needs which had enhanced performance. The aggregate mean was 4.1 with a standard deviation of 0.92. These findings imply that environmental scanning as an independent variable was adequately measured by the statements as indicated by majority of the respondents. Further, the findings imply that environmental scanning was well fit as a proxy variable for strategic planning process in measuring the influence of strategic planning on financial performance insurance firms in Kenya.

Table 4.3 Environmental Scanning and Financial Performance

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
Opportunities	2.9%	2.9%	8.6%	67.6%	18.1%	4.0	0.80
Threats	5.7%	6.7%	4.8%	49.5%	33.3%	4.0	1.08
Development of BOM agenda	1.9%	7.6%	2.9%	62.9%	24.8%	4.0	0.87
Organizational design development	1.9%	7.6%	8.6%	41.0%	41.0%	4.1	0.98
Stakeholders' needs identification	1.9%	2.9%	5.7%	15.2%	74.3%	4.6	0.88
Average						**4.1**	**0.92**

Source: Researcher (2018)

4.4.3 Strategy Formulation and Financial Performance

The study embarked on finding out how strategy formulation influences performance. The study outcome was presented in Table 4.4. Eight two percent of the participants affirmed that the firm's vision statement had been clearly defined and was well perceived by stakeholders. About ninety percent of the respondents (89.5%) agreed that the firm's mission statement was clear to its purpose. Most of the respondents (88.5%) agreed that any objective set in the firm was well specified, measurable, achievable realistic and time bound. Seventy nine percent of the respondents agreed that strategy development was well carried out in the firm involving all affected stakeholders in the process. Ninety percent of the respondents agreed that setting of policy guidelines regarding a strategy was well emphasized in the firm and this had enhanced success in formulation. The aggreagate mean was 4.1 with a standard deviation of 0.95. These findings imply that strategy formulation as an independent variable was adequately measured by the statements as indicated by majority of the respondents. Further, the findings imply that strategy formulation was well fit as a proxy variable for strategic planning process in measuring the influence of strategic planning on financial performance insurance firms in Kenya.

Table 4.4 Strategy Formulation and Financial Performance

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
Clear and well perceived vision statement	3.8%	7.6%	6.7%	44.8%	37.1%	4.0	1.05
Mission statement is clear to its purpose	3.8%	3.8%	2.9%	43.8%	45.7%	4.2	0.97
Objectives are SMART	1.9%	3.8%	5.7%	33.3%	55.2%	4.4	0.90
Strategy development	7.6%	1.9%	11.4%	66.7%	12.4%	3.7	0.97
Policy guidelines	1.9%	3.8%	4.8%	40.0%	49.5%	4.3	0.88
Average						**4.1**	**0.95**

Source: Researcher (2018)

4.4.4 Strategy Implementation and Financial Performance

study embarked on finding out how strategy implementation influences performance. The outcome of the results for the study were illustrated in Table 4.5. Seventy one percent of the those who responded in the study (71.4%) agreed that the firm ensured qualified and skilled personnel in implementing its strategic decision. Seventy seven of the respondents agreed that there was a good strategic match on how the planning decisions were carried out and the implementation process. Seventy eight percent of the respondents agreed that adequate resources were usually put in place for the entire implementation process of the plan. Eight percent of the respondents agreed that proper communication of the strategy status was done pre, during and post implementation of strategic planning decisions. Seventy eight percent of the respondents agreed that control measures within which execution was done were well in place in the firm. The aggregate mean was 4.0 with a standard deviation of 1.22. These findings show that strategy implementation as an independent variable was adequately measured by the statements as indicated by majority of the respondents. Further, the findings imply that strategy implementation was well fit as a proxy variable for strategic planning process in measuring the influence of strategic planning on financial performance insurance firms in Kenya.

Table 4.5 Strategy Implementation and Financial Performance

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
Qualified and skilled personnel	12.4%	6.7%	9.5%	35.2%	36.2%	3.8	1.34
Strategic match on planning and implementation	7.6%	8.6%	6.7%	32.4%	44.8%	4.0	1.25
Adequate resources	7.6%	5.7%	8.6%	49.5%	28.6%	3.9	1.13
Proper communication	6.7%	4.8%	8.6%	31.4%	48.6%	4.1	1.17
Control measures	7.6%	4.8%	9.5%	24.8%	53.3%	4.1	1.23
Average						**4.0**	**1.22**

Source: Researcher (2018)

4.4.5 Strategy Evaluation and Financial Performance

The study set out to determine the influence of strategy evaluation on performance. The study results were illustrated in Table 4.6. Seventy five percent (75.2%) of the participants affirmed that the firm had fixed performance benchmarks in place in steps towards managing performance. Seventy eight percent of the respondents agreed that performance measurement was continuously done during the proposed strategy life. Majority of the respondents (78.1%) agreed that analysis of variance to assess the deviation of the strategy from the expected performance was done after the strategy. Seventy four percent (74.3%) agreed that when there was deviation from the strategy there was corrective action taken to ensure that it met the intended objective. Sixty nine percent of the participants (68.6%) agreed that review of the strategy was done with recommendations to address areas where they did not meet expected performance. The aggregate mean was 3.9 with a standard deviation of 1.17. These results give the implication that strategy evaluation as an independent variable was adequately measured by the statements as indicated by majority of the respondents. Further, the findings imply that strategy evaluation was well fit as a proxy variable for strategic planning process in measuring the influence of strategic planning on financial performance insurance firms in Kenya.

Table 4.6 Strategy Evaluation and Financial Performance

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
Performance benchmarks	4.8%	8.6%	11.4%	43.8%	31.4%	3.9	1.10
Continuous performance measurement	5.7%	8.6%	7.6%	35.2%	42.9%	4.0	1.17
Analysis of variance	3.8%	10.5%	7.6%	41.0%	37.1%	4.0	1.11
Corrective actions	5.7%	12.4%	7.6%	40.0%	34.3%	3.9	1.19
Strategy review	11.4%	8.6%	11.4%	42.9%	25.7%	3.6	1.27
Average						**3.9**	**1.17**

Source: Researcher (2018)

4.5 Inferential Statistics

This section presents the inferential findings for the study. Pearson's moment of correlation is presented first then regression analysis follows.

4.5.1 Pearson's Correlation Coefficient

The study applied Pearson's bivariate correlation to assess the strength and association on the link amidst two elements. It starts from 1 to -1 where 1 implies a robust correlation which is positive and a -1 implies a robust correlation which is negative and a zero shows less amidst the two factors. The more the correlation moves towards zero the feebler it is. The results of the correlation statistics were showed in Table 4.7. The correlation between mission and objectives and financial performance was strong and positive (0.711) and the variable was statistically significant (0.000). The correlation between environmental scanning and financial performance was strong and positive (0.700) and the variable was statistically significant (0.000).

The correlation amid formulation and financial performance was strong and positive (0.701) and the variable was statistically significant (0.000). The correlation amid implementation and financial performance was strong and positive (0.761) and the variable was statistically significant (0.000). The correlation between strategy evaluation and financial performance was robust and positive (0.793) and the variable was statistically significant (0.000).

The findings indicate that all the independent variables were all positively associated with the response variable (financial performance). The findings indicate that all the predictor variables: objectives/ mission, scanning of environment, formulation, implementation and evaluation of strategies were vital determinants of financial performance as they all had a 0.000 significance level which is lower than the conventional level of 0.05. The findings imply that all the predictor factors were key determinants of financial performance (ROA).

Table 4.7 Pearson's Moment of Correlation

Variable		**ROA**	**Mission & Objectives**	**Environmental Scanning**	**Strategy Formulation**	**Strategy Implementation**	**Strategy Evaluation**
ROA	Pearson Correlation	1					
Mission and Objectives	Pearson Correlation	0.711	1				
	Sig. (2-tailed)	0.000					
Environmental Scanning	Pearson Correlation	0.700	0.786	1			
	Sig. (2-tailed)	0.000	0.000				
Strategy Formulation	Pearson Correlation	0.701	0.855	0.873	1		
	Sig. (2-tailed)	0.000	0.000	0.000			
Strategy Implementation	Pearson Correlation	0.761	0.791	0.854	0.945	1	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		
Strategy Evaluation	Pearson Correlation	0.793	0.797	0.856	0.927	0.967	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	

Source: Researcher (2018)

4.5.2 Fitness of the Model

The researcher set out to find fitness of the aggregated model of regression in explaining the variables under study as presented in Table 4.8. The study findings show that the factors: objectives/ mission, scanning of environment, formulation, implementation and evaluation of strategies were explaining the response factor (financial performance) satisfactorily. This was well illustrated by the reported R square value of 0.687 which translates to 68.7%. The results indicate that the predictor variables jointly explain 68.7% of financial performance.

Table 4.8 Model Fitness

Model	Coefficient
R	.829a
R Square	0.687
Adjusted R Square	0.671
Std. Error of the Estimate	0.00653

Source: Researcher (2018)

4.5.3 Analysis of Variance

The findings on Analysis of Variance were illustrated on Table 4.9. The findings show that the joint model was statistically significant as the overall model had a significant (p) value of 0.000. The stated p value was lower than the significance level of 0.05 and hence the model overall is a good fit. These results indicate that objectives/ mission, scanning of environment, formulation, implementation and evaluation of strategies are good predictors of financial performance (ROA).

Table 4.9 Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.009	5	0.002	43.496	0.000
Residual	0.004	99	0		
Total	**0.013**	**104**			

Source: Researcher (2018)

4.5.4 Coefficients' Regression

Results of regression of coefficients were illustrated in Table 4.10. The findings indicate that there is an affirmative link amidst objectives/ mission, scanning of environment, formulation, implementation and evaluation of strategies and financial performance. These variables had coefficients (beta) of 0.404, 0.112, 0.739, 0.278 and 0.792 respectively. The findings indicate that; if there is a one unit rise in mission and objectives by one unit then this leads to a rise in financial performance by 0.404 units; if there is a one unit rise in environmental scanning by one unit then this leads to a rise in financial performance by 0.112 units; if there is a one unit rise in strategy formulation by one unit then this leads to a rise in financial performance by 0.739 units; if there is a one unit rise in strategy implementation by one unit then this leads to a rise in financial performance by 0.278 units; if there is a one unit rise in strategy evaluation by one unit then this leads to a rise in financial performance by 0.792 units.

Objectives and mission, scanning of environment, formulation, implementation and evaluation of strategies were satisfactorily explaining customer experience as they were all statistically significant as they had significance levels of 0.000, 0.044, 0.001, 0.029 and 0.001 which was less than the conventional significance level of 0.05. These results indicate that financial performance is predicted by mission and objectives, environment scanning, strategy formulation, strategy implementation and strategy evaluation. Overall, the regression equation is as follows:

Financial Performance (ROA) = 0.012 + 0.404 Mission and Objectives + 0.112 Environmental Scanning + 0.739 Strategy Formulation + 0.278 Strategy Implementation + 0.792 Strategy Evaluation

Table 4.10 Regression of Coefficients

Variable	Unstandardized Coefficients	Std. Error	t	Sig.
(Constant)	0.012	0.005	2.704	0.008
Strategic Planning	0.404	0.002	3.623	0.000
Environmental Scanning	0.112	0.002	2.931	0.044
Strategy Formulation	0.739	0.003	3.509	0.001
Strategy Implementation	0.278	0.003	2.064	0.029
Strategy Evaluation	0.792	0.002	3.451	0.001

Source: Researcher (2018)

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary focusing the main results in line with the study variables. A conclusion on the relationship between the study variables was deduced in line with the variables. Suggestions for policy recommendations relative to various stakeholders and areas for further studies were then drawn.

5.2 Summary

The first variable of the study was mission and objectives and its influence on financial performance in Kenyan insurance firms. Results indicated that mission and objectives had an influence on financial performance as indicated by most study participants who affirmed that the firm had a clear mission indicating its direction and mandate, objectives of the firm were specific without ambiguity, the firm objectives were measurable in nature, the objectives of the company were achievable and time bound and that set objectives were related to the planning process and were achievable and realistic. Correlation results also indicated that mission and objectives was positively associated with financial performance. Regression findings indicated that mission and objectives was a statistically significant predictor of financial performance.

The second variable of the study was environmental scanning and its influence on financial performance in Kenyan insurance firms. Results indicated that environmental scanning had an influence on financial performance as indicated by most study participants who affirmed environmental scanning in the firm had helped in identifying and seizing opportunities, scanning had enabled the firm identify and work towards overcoming threats, that environmental scanning had enhanced development of agenda for boards of management leading to better decision making in the firm, environmental scanning information had led to better organizational design development and that environmental scanning had aided the firm in identifying stakeholder needs which had enhanced performance. Correlation results also indicated that environmental scanning was positively associated with financial performance. Regression findings indicated that environmental scanning was a statistically significant predictor of financial performance.

The third variable of the study was strategy formulation and its influence on financial performance in Kenyan insurance firms. Results indicated that strategy formulation had an influence on financial performance as indicated most study participants who affirmed the firm's vision statement had been clearly defined and was well perceived by stakeholders, the firm's mission statement was clear to its purpose, any objective set in the firm was well specified, measurable, achievable realistic and time bound, strategy development was well carried out in the firm involving all affected stakeholders in the process and that setting of policy guidelines regarding a strategy was well emphasized in the firm and this had enhanced success in formulation. Correlation results also indicated that strategy formulation was positively associated with financial performance. Regression findings indicated that strategy formulation was a statistically significant predictor of financial performance.

The forth variable of the study was strategy implementation and its influence on financial performance in Kenyan insurance firms. Results indicated that strategy implementation had an influence on financial performance as indicated by most study participants who affirmed that the firm ensured qualified and skilled personnel in implementing its strategic decision, there was a good strategic match on how the planning decisions were carried out and the implementation process, that adequate resources were usually put in place for the entire implementation process of the plan, that proper communication of the strategy status was done pre, during and post implementation of strategic planning decisions and that control measures within which execution was done were well in place in the firm. Correlation results also indicated that strategy implementation was positively associated with financial performance. Regression findings indicated that strategy implementation was a statistically significant predictor of financial performance.

The fifth variable of the study was strategy evaluation and how it influences financial performance in Kenyan insurance firms. Results indicated that strategy evaluation had an influence on financial performance as indicated by most study participants who affirmed that that the firm had fixed performance benchmarks in place in steps towards managing performance, that performance measurement was continuously done during the proposed strategy life, analysis of variance to assess the deviation of the strategy from the expected performance was done after the strategy, there was corrective action taken to ensure that it met the intended objective and that review of the strategy was done with recommendations to address areas where they did not meet expected performance. Correlation results also indicated that strategy evaluation was positively associated with financial performance. Regression findings indicated that strategy evaluation was a statistically significant predictor of financial performance.

5.3 Conclusions

From the research findings, these conclusions can be made:

1. Mission and objectives did have an influence on financial performance and that mission and objectives was a vital predictor of financial performance in insurance firms in Kenya. Furthermore, mission and objectives as a variable was positively linked to financial performance.
2. Environmental scanning did have an influence on financial performance and that environmental scanning was a vital predictor of financial performance in insurance firms in Kenya. Furthermore, environmental scanning as a variable was positively linked to financial performance.
3. Strategy formulation did have an influence on financial performance and that strategy formulation was a vital predictor of financial performance in insurance firms in Kenya. Furthermore, strategy formulation as a variable was positively linked to financial performance.
4. Strategy implementation did have an influence on financial performance and that strategy implementation was a vital predictor of financial performance in insurance firms in Kenya. Furthermore, strategy implementation as a variable was positively linked to financial performance.
5. Strategy evaluation did have an influence on financial performance and that strategy evaluation was a vital predictor of financial performance in insurance firms in Kenya. Furthermore, strategy evaluation as a variable was positively linked to financial performance.

5.4 Recommendations

1. The management of insurance firms in Kenya should make use of these research findings in assessing the how better to come up with better strategies and work on the existing ones in the conduct of their business so as reach more clients with their services.
2. Scholars and academicians should use the results of this research as a basis for their literature and support of gaps in terms of concept, context or even contradictory findings. The methodology used in this study would be used by the scholars as a model for their study if the respective study assumes the same study discipline. Researchers in performance and strategic management could use this study as a basis for their literature. They could also use the findings in this study to understand how different strategic management processes influence performance in different contexts
3. The Kenyan government through Insurance Regulatory Authority should use the findings of this study to come up with better ways to enhance better environment in the sector by creating a favorable environment for the planning to be introduced, formulated, implemented, monitored and evaluated in a stable environment.
4. Policymakers should use the findings of this study in coming up with better and robust policies to improve the link amidst strategic planning and financial performance as to enhance better service delivery to the beneficiaries.

5.5 Areas for Further Study

Another study on strategic planning process can be done in a different sector like the private sector, manufacturing sector, agricultural sector, etc. to find out whether there will be consistency in findings and results. In addition, another study can be conducted using a different measure of performance e.g. non-financial performance like efficiency in operations, output, employees, growth, etc. to find out if the findings will hold a consistent output with the current study.

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APPENDICES

Appendix I: Insurance Firms in Kenya

1. Xplico Insurance Company
2. UAP Life Assurance Company
3. UAP Insurance Company
4. Trident Insurance Company
5. Tausi Assurance Company
6. Takaful Insurance of Africa
7. Resolution Insurance Company
8. Real Insurance Company
9. Pioneer Assurance Company
10. Phoenix of East Africa Assurance Company
11. Pan Africa Life Assurance
12. Pacis
13. Old Mutual
14. Occidental
15. Monarch Insurance
16. Metropolitan Life
17. Mercantile
18. Mayfair
19. Madison Company
20. Liberty Life Assurance Kenya Limited
21. Kenya Reinsurance Corporation
22. Kenya Orient Insurance
23. Kenindia Assurance Company
24. Jubilee Insurance Company Limited
25. Invesco Assurance Company
26. Intra Africa Assurance Company
27. ICEA LION Life Assurance Company
28. ICEA LION General Insurance Company
29. Heritage Insurance Company
30. Geminia Insurance Company

31. GA Insurance Company
32. First Assurance Kenya Limited
33. Fidelity Shield Insurance Company
34. East Africa Reinsurance Company
35. Direct line Assurance Company
36. Corporate Insurance Company
37. Continental Reinsurance
38. CIC Life Assurance
39. CIC General Insurance
40. Capex Life Assurance Company
41. Cannon Assurance Company Limited
42. British-American Insurance Company Kenya Limited
43. Apollo Life Assurance
44. APA Insurance - Part of Apollo Investments Company
45. AIG Kenya Insurance Company
46. Africa Merchant Assurance Company – AMACOO
47. AAR Insurance Kenya

Source: IRA (2016)

Appendix II: Questionnaire

SECTION A: Sample Demographics (Please tick as appropriate)

1) What is your category of gender?

Male	[ ]	Female	[ ]

2) Please indicate the age bracket within which you fall

Less than 20 years	[ ]	21 - 35yrs	[ ]
36-50 years	[ ]	51 years and above	[ ]

3) How long do you have experience in terms of work?

Below 4 years	[ ]
4 to 10 years	[ ]
Above 10 years	[ ]

4) What is your your highest education level?

Diploma	[ ]	Degree	[ ]
Masters	[ ]	PhD	[ ]

5) Please indicate your employment status

Employed	[ ]
Businessperson	[ ]
Employed and Businessperson	[ ]
None	[ ]

6) If employed, Please indicate how long you have been in employment?

Below 4 years	[ ]
4 - 10 years	[ ]
Above 10 years	[ ]

7) How long have you used insurance products?

Below 3 years	[ ]	3 - 6 years	[ ]
6 - 10 years	[ ]	Above 10 years	[ ]

SECTION B: STRATEGIC PLANNING PROCESS AND FINANCIAL PERFORMANCE IN INSURANCE FIRMS IN KENYA

This evaluates the predictor variables and their connection with financial performance in Kenyan insurance firms.

Section B1: Mission and Objectives and Financial Performance

This area evaluates mission and objectives as a predictor variable and how it is likely to influence financial performance. Please indicate the level of your agreement relative to the likert scale in regard to the statements outlined in the variable

Rank your answer on a likert scale from 1 to 5;

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

Statement	1	2	3	4	5
The firm has a clear mission indicating its direction and mandate					
The objectives of the firm are specific without ambiguity					
Firm objectives are measurable in nature					
The objectives of the company are achievable and time bound					
Objectives related to the planning process are achievable and realistic					

Section B2: Environmental Analysis and Financial Performance

This area evaluates environmental analysis as a predictor variable and how it is likely to influence financial performance. Please indicate the level of your agreement relative to the likert scale in regard to the statements outlined in the variable

Rank your answer on a likert scale from 1 to 5;

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

Statement	1	2	3	4	5
Environmental scanning in the firm has helped in identifying and seizing opportunities					
Environmental scanning has enabled the firm identify and work towards overcoming threats					
Environmental scanning has enhanced development of agenda for boards of management leading to better decision making in the firm					
Environmental scanning information has led to better organizational design development					
Environmental scanning has aided the firm in identifying stakeholder needs which has enhanced performance					

Section B3: Strategy Formulation and Financial Performance

This area evaluates strategy formulation as a predictor variable and how it is likely to influence financial performance. Please indicate the level of your agreement relative to the likert scale in regard to the statements outlined in the variable

Rank your answer on a likert scale from 1 to 5;

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

Statement	1	2	3	4	5
The firm's vision statement has been clearly defined and is well perceived by stakeholders					
The firm's mission statement is clear to its purpose					
Any objective set in the firm is well specified, measurable, achievable realistic and time bound					

Strategy development is well carried out in the firm involving all affected stakeholders in the process					
Setting of policy guidelines regarding a strategy is well emphasized in the firm and this has enhanced success in formulation					

Section B4: Strategy Implementation and Financial Performance

This area evaluates strategy implementation as a predictor variable and how it is likely to influence financial performance. Please indicate the level of your agreement relative to the likert scale in regard to the statements outlined in the variable

Rank your answer on a likert scale from 1 to 5;

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

Statement	1	2	3	4	5
The firm ensures qualified and skilled personnel in implementing its strategic decision					
There is a good strategic match on how the planning decisions are carried out and the implementation process					
Adequate resources are usually put in place for the entire implementation process of the plan					
Proper communication of the strategy status and is done pre, during and post implementation of strategic planning decisions					
Control measures within which execution is done are well in place in the firm					

Section B5: Strategy Evaluation and Financial Performance

This area evaluates strategy evaluation as a predictor variable and how it is likely to influence financial performance. Please indicate the level of your agreement relative to the likert scale in regard to the statements outlined in the variable

Rank your answer on a likert scale from 1 to 5;

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

Statement	**1**	**2**	**3**	**4**	**5**
The firm has fixed performance benchmarks in place in steps towards managing performance					
Performance measurement is continuously done during the proposed strategy life					
Variance of analysis to assess the deviation of the strategy from the expected performance is done after the strategy					
When deviation from the strategy there is corrective action taken to ensure that it meets the intended objective					
Review of the strategy is done with recommendations to address areas where they did not meet expected performance					

Section B6: Financial Performance

This subsection is concerned with assessing financial performance of the insurance companies. Return on assets has been employed as a measure for financial performance

Year	**Total Assets**	**Profit before Tax**	**ROA=Total Assets/PBT**
2012			
2013			
2014			
2015			
2016			

2017			