

**TOP MANAGEMENT TEAM CHARACTERISTICS AND
STRATEGIC ORIENTATION OF INSURANCE
COMPANIES IN KENYA**

BY

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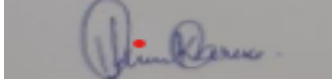
**A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT
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NAIROBI**

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DECLARATION

I declare that this is my original work and has not been presented for examination in any other University.

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Date: ...7th September 2022....

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This project is submitted with my authority as the University Supervisor

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DEDICATION

I dedicate this project to my family, who have supported me throughout the process. In a special way I dedicate the project to my mother, Gloria Mbithi, who single-handedly brought me up and ensured I acquired quality education.

ACKNOWLEDGEMENT

My sincere gratitude to the almighty God for granting me the power, the courage and wisdom to undertake this project. I specially thank my supervisor, Prof. John Yabs, my mentors, friends and colleagues in the insurance industry who contributed significantly to the success of this project. I also thank my fellow MBA students and the faculty (business and Management sciences) in the School of Business, University of Nairobi for their administrative support.

ABSTRACT

The objective of this study was to establish the relationship between Top Management team characteristics and strategic orientation of insurance companies in Kenya. This study was grounded using the upper echelons theory and the contingency theory. The predictions of these theories were found to be consistent with the hypothesized relationship. This study was a cross-sectional descriptive survey. The population in this study comprised of all insurance companies in Kenya. There was a total of 54 registered insurance companies in Kenya as at 31st December, 2019 according to the Insurance Regulatory Authority of Kenya. This study adopted a census approach since all registered insurance companies were involved in the study. Primary data was collected by use of a Likert scaled questionnaire. Data analysis was performed with the aid of SPSS. The output was descriptive statistics which included the mean and standard deviation. Descriptive statistics give the researcher an idea about the manner in which the variables are laid out. To test the relationship between TMT personalities and strategic orientation, the researcher used simple regression analysis. The descriptive statistics was analyzed for top management team characteristics and strategic orientation. The findings showed that top management team characteristics returned an average score of means and standard deviations of 2.59 and 1.099 respectively. This implied that majority of the respondents agreed with the measures of top management team characteristics. The analysis of strategic orientation returned average scores of means and standard deviations of 3.13 and 1.556 respectively, an indication that the respondents largely agreed with the statements concerning strategic orientation. The regression results findings lead to the conclusion that top management team characteristics is not a statistically significant factor in strategic orientation of the insurance industry in Kenya. It is recommended that top management teams need to comprehend their role in strategic orientation of their organizations. An organization should guide its top managers to appreciate the need for strategic orientation in an organization. A similar study based on longitudinal survey design was also recommended to enable an in-depth analysis of the relationship between variables

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ABBREVIATIONS AND ACRONYMS

CEO: Chief Executive Officer

CUE: Commission for University Education

OCAI: Organizational Culture Assessment Instrument

SPSS: Statistical Packages for Social Sciences

TMT: Top Management Team

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategies utilized by a company are the attributes of the company strategies developed by the top management. The pinnacle management team is accountable for the complete enterprise and for the translation of formulated policies into goals, targets and/or strategies and create a shared vision of the enterprise for the destiny. They are a group in the feel that they make most of the organization's choices and formulate strategies collaboratively, (DuBrin, 2012). The strategic course of a corporation is regarded as a reflection the characteristics of the top team (Hambrick,2007). Rothmaermel (2013) explains that strategic leaders often use strength to steer and direct activities of others in pursuit of goals. Strength of the top management is exhibited over manipulate of sources including budgets, property, statistics, positions and knowledge this is critical to the business enterprise, (O'Connel & Cuthbertson, 2009). Leaders shift organizational strategies relying on the scenario the organisation finds itself in from time to time (DuBrin, 2012).

Donald Hambrick and Phyllis Mason introduced the upper echelons theory in 1984, which postulates that top managers evaluate their situations from a personalized perspective arising from their experiences, personalities and traits, values and other human factors. This predicts a relationship between an organization's strategy and the personalities of the top management team (TMT). Hambrick (2007) notes that this theory provides adequate prediction when it comes to managerial discretions and decisions.

The contingency theory was proposed by Fred Fiedler in the 1960s. This theory holds that the performance of a group is a function of the leader's strategy and other situational factors. Fiedler reflects that situation determine the degree leaders can manipulate what the group goes to do because the important contingency function in effectiveness of leader behavior willpower. The principle seems on the private developments and drive of the leader that engage with a scenario that the group faces at a time.

Insurance is one of the methods of risk management. The insurance industry in Kenya is one of the most vibrant in Africa. This is evidenced by the number of insurance

companies (Currently standing at 54). These insurance companies are regulated by the Insurance Regulatory Authority. They undertake life, general, marine, property and other insurance businesses. The intense competition between the insurance companies themselves and with other avenues of risk handling has brought the top managers of these institutions at the forefront.

1.1.1 Top Management Team

Top managers have the responsibility of figuring out all factors associated with their organizations which includes method, control, and overall performance of the personnel (Murray, 1989). Consequently, top managers are crucial to companies, and their traits are essential in organizational way of lifestyles formation and implementation. Top managers need to be conscious that duties and their roles extensively effect the fulfillment of the company (Kotter, 2012). For organizations to benefit success, leaders ought to be an effective impact to unite all stakeholders of a business enterprise via shared values and vision.

1.1.2 Top Management Team Characteristics

The top management team is defined as a set of who consist of the top-ranking executives in the employer and that is chargeable for the meeting of the objectives of the complete company (O'Connel & Cuthbertson, 2009). Wu (2017) explains that a TMT accommodates key executives within a business enterprise who're answerable for the making plans and implementation of corporate techniques. Previous research have stated that strategic choice-making is tormented by the behavioral factors of TMTs. That organization contains of the chairman, CEO, managing director, president, government administrators, vice-presidents amongst different senior managers. The key process of the pinnacle management is to translate the coverage devised via the board-of-administrators. They achieve this by devising desires, targets, and techniques, and by operating on key troubles, inclusive of how a shared imaginative and prescient could be constructed, how applicable intellectual models may be promoted and how talent would be attracted (DuBrin,2012).

As TMTs interact in tactical organization processes, they operate based on own understanding of the strategic conditions they experience in stories, ideals and

temperaments (Hambrick, 2007). The implication is that top managers in an organization may wish to objectively interpret the issues arising but this objectivity will always be clouded by who they are, their experiences, learning and perceptions. Research suggests that top managers play a crucial role in premeditated change because they are supposed to interpret the organization's environment (Daft & Weick, 1984). Members of the TMT are liable for Strategic choices that effect the destiny of the corporation. whilst charting the route for the employer, the contributors of the TMT, asides from items data and situations, draw on private elements inclusive of personality trends, wondering good judgment, cognitive knowledge, hazard urge for food, backgrounds and experiences and the like (Wu et. al, 2017)

1.1.3 Strategic Orientation

Strategic orientation is an alternative which can create abilities dynamically in a continuously changing commercial enterprise surroundings and enable organizations to respond fast to these changes (Al-Barghouthi, 2014). Morgan and robust (2003) note that strategic orientation refers to how an organization responds to elements within the enterprise environment. Miles and Snow (1978) proposed the Miles and Snow typology which attempts to categorise the tactical alignment of organisations founded totally on precise tactical moves. In step with this typology, companies within any industry may be categorized as defenders, prospectors, analyzers, or reactors.

Zahra and Pearce (1990) give an explanation for the four types with the aid of noting that defenders insist on a slim domain by way of controlling at ease niches of their industries. They interact in very little product or business development and stress performance of day-to-day processes. Prospectors represent the opposite side of the equilibrium, continuously evaluating new possibilities and beginning product improvement. Analyzers show off traits of each prospectors and defenders. Reactors lack a reliable plan, making them a dysfunctional type of organization. A criticism of the Snow and Miles reasoning is that these strategies are conceptualized around a single defining characteristic which may be misleading.

1.1.4 Insurance Companies in Kenya

Kenya has one of the most robust insurance industries in Africa (Rand, 2004). There are insurance options in nearly all aspects. Insurance in Kenya is broadly divided into namely, General or Non-Life Insurance (short-term) and Life Insurance (long-term). The history of insurance business in Kenya dates back to the time the country was a British colony. Settlers who engaged in diverse economic activities, such as farming and extraction of agricultural merchandise had invested substantially and thus needed a way of mitigating many unforeseeable risks (Huxley, 1990). British insurers saw an opportunity in the settler farms in colonies and thus established offices to expand their businesses. Prosperity inside the colony quickly justified growth of these groups to branch networks with extra autonomy, and understanding to service the developing coverage desires. Through independence in 1963, maximum branches have been transformed to completely-fledged insurance agencies (Maxon, 1993). Today there are 54 registered insurance companies in Kenya (IRA, 2019). The Insurance Regulatory Authority (IRA) regulates insurance companies in Kenya in both life and general insurance. Players in the industry have also organized themselves to form AKI (Association of Kenya Insurers). AKI plays the role of enhancing self-regulation on the part of insurance companies but also lobbies on their behalf.

1.2 Research Problem

The role of senior management is to provide direction towards the fulfilment of the vision of the company. TMT characteristics have been reported to be correlated to the strategic choices of a firm (Hambrick, 2007). As TMTs have interaction in strategic control tactics, their decisions rely on own understanding of the tactical situations they experience from stories, ideals and temperaments. This means that the characteristics of the TMTs determine the strategic moves the firm takes.

Insurance companies in Kenya operate in very competitive environment. There are 54 insurance companies serving a market of less than 50 Million and per capita income that is way below the global average. Insurance uptake is still highly challenged due to several factors including, low incomes, lack of knowledge about the role of insurance, poor perceptions about insurance companies and weak penetration efforts by the insurers.

Given this setting, the role of the TMT in providing direction becomes critical. In recent times, insurance companies have had to do mergers and acquisitions in an attempt to enhance their competitiveness. The expectation is that the resultant TMTs can better provide strategic direction.

According to Wafula, Ambula and Kariuki (2016) studies that have an effect on TMTs on organizational effects are plentiful, however, the role of TMT characteristics in organizational overall performance isn't clear. Similarly, notwithstanding the tremendous perception that TMT has crucial method implication, empirical proof from strategic control has yielded inconclusive and conflicting outcomes and such academic debate continues to explore the relationship. Prior research has reported conflicting results: Wasike, Machuki, Aosa & Ganesh (2015) and Kinuu (2014) report a positive relationship, a negative relationship is reported by Knight (1999) and no relationship is reported by West and Schwerk (1996). Ng'ang'a (2017) conducted a study on strategic orientation and performance of Telcoms in Kenya. The study finding established that strategic orientations indeed do influence the performance of organizations. In a study on the effect of TMT characteristics and strategy execution in Nairobi City County, (Okungu, 2017) reports a statistically significant result. The researchers intended to evaluate the connection TMT personalities and strategy orientation of insurance companies in Kenya might have, which would help in determining ways of improving management practices and organisational performance.

1.3 Research Objective

The aim of this study was to evaluate the connection between Top Management team characteristics and strategic orientation of Kenyan insurance companies.

1.4 Value of the Study

The findings of this study will be useful to managers of insurance companies. They will be able to understand how the personality of those in the TMT influence their strategic orientations. This means that managers will appreciate the manner in which the personalities of those in the TMT determine the interpretations they make of their

environments. Pursuant to this, managers are able to identify and influence the selection of occupants of top management positions to give direction to strategy.

The study will be useful to academicians/scholars and other people or professionals interested in good leadership in organisations. The study attempts to evaluate contingency and upper echelons theories. The findings will help to close the gaps in the literature relating to the connection between personalities of top management and strategic orientation. The researcher will also provide future directions in research.

Policy makers in the insurance industry will benefit significantly from the findings of this study. Institutions such as the IRA will benefit from the findings because they are able to give informed directions on the composition of the TMT. The AKI will also benefit from the findings in that it is able to internally regulate the activities of insurance companies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Chapter two covers the literature review relevant to this study. The theoretical framework informing the study is discussed as well. Two theories have been discussed under this; the upper echelons and the dynamic capabilities theory. Experiential review of the connection between the personality of top management and insurance companies' performance is also discussed.

2.2 Theoretical Foundation

The empirical foundation of this study is provided by the dynamic capabilities and upper echelons theories.

2.2.1 The Upper Echelons Theory

The theory postulates that organizational results reflect the cognitive bases and values of influential players, mainly the senior executives (Mason & Hambrick, 1984). The idea postulates that top managers' notion of their company surroundings impacts the strategic picks they make which subsequently affects the performance of the corporation. A fundamental proposition of this theory is that a pinnacle manager's perception of the surroundings is restricted with the aid of their values and cognitive bases. The Upper echelons is restrained by way of the restricted capability of people to process information processing at a given instance. Consequently, the decisions people make when taking care of the environment depends on personal inclinations and tendencies.

Inherently, individual values held by various managers decide determine the nature of environments in which they work and shape the factors determining employee behaviours. Hambrick and Mason (1984) explored how the human facet of managers, together with their history and psychological characteristics, influences the choice they make. Empirical studies has been achieved on the results of pinnacle management heterogeneity in observable heritage characteristics which includes: age of top executives, practical tracks, other career experiences, schooling, and socioeconomic root on diverse organizational consequences; this is, a firm's aggressive conduct, stage of diversification, innovativeness, company strategic changes and competitive advantage

(Hambrick & Mason, 1984). If tactical moves have big behavioural additives, then they reflect the idiosyncrasies of choice makers. Each selection makers brings own set of perceptions to an administrative situation. This theory has been revised with the aid of chippie et al. (2004) who adds intermediaries and arbitrators to enhance the outcomes of top management groups such as strength, group processes, integration, incentives, and discretion to the version. They also re-configure each tactical picks and company performance as corporate results.

2.2.2 The Dynamic Capabilities Theory

The theory draws its theoretical foundation from two traditions within the strategy field namely the resource based view of the firm (RBV) (Wernerfelt, 1984) and market positioning (Porter, 1996). According to Barney (1991) a dynamic capability qualifies as a source of sustained heterogeneous company overall performance inside the RBV framework because it arises from embedded organizational routines that gather in a direction based system. van den Steen (2012) notes that firms make a strategic desire approximately wherein and the way to strategically position in a market by way of picking an exclusive combination of sports that provides an exclusive price proposition to clients thereby ensuring the agency top class lease each dynamic abilities and aid based totally view are both resource centered. Ambrosini and Bowman (2009) argue that dynamic abilities are extraordinary from aid-based view because RBV is static in nature as envisaged in its insensitivity to the environmental trade while dynamic capabilities deal with the changing surroundings. Secondly, the RBV concept is targeted at the pleasant way of using firm's resources, while dynamic talents are centered at the satisfactory manner of assimilating, renewing, redesigning, and recreating resources.

From an RBV attitude, firms utilize rational opportunity to establish investments and create wealth (Teece, Pisano and Shuen, 1997). On this component, the point of interest of RBV is exploiting companies' particular resources to create or grow wealth. In assessment, DCs is designed to create wealth for the businesses walking below environments of rapid change with the goal of maintaining competitive benefit with the aid of changing the useful resource base. in this regard, a dynamic functionality is an

everyday resource as it influences at the beneficial resource base. This view ends in the assertion by means of Ambrosini, and Bowman (2009) that a dynamic capability is a high-order capability. Moreover, DCs is not simplest focusing on the resource thing the way RBV does but also specializes in the environmental thing of the corporations which seems to indicate that dynamic competencies cognizance on developing aggressive advantage by way of renewing and enhancing sources. Dynamic connections between firms' capabilities and environments help to establish DCs, which foster competitive benefit through functionality building.

2.3 Empirical Review and Research Gaps

Carpenter (2001) investigated the implications of strategy and social context for the relationship between top management team heterogeneity and firm performance. The researcher sought to reexamine the relationship between the two concepts. Apart from providing directions for future research, the results suggest the need for a greater understanding of the circumstances under which demographic features can influence corporate outcomes, such as performance.

Goll, Johnson and Rasheed (2007) studied the demographic characteristics of top managers, corporate strategy, and organizational performance in leading American airlines. This was a longitudinal study that took place between 1972 and 1995 and included data from publicly available sources. The researchers conducted multiple pooled cross-sectional time series regression analyses to test specific hypotheses. Age, education, functional background and tenure were among the management demographics investigated. Differentiation, cost, and scope were the variables used to analyze business strategy. The findings revealed significant relationships between management demographics and business strategy relationships in the deregulatory period.

Galagher (2012) studied investment manager characteristics, strategy, top management changes and fund performance. The focus was to establish the moderating influence of strategy and top management changes on performance of funds. The study found that many operating Australian equity managers were able to generate meaningful risk-adjusted returns for their companies over the period. However, the performance of

managers is not solely determined by their characteristics but also the existing money market conditions. Specific manager characteristics were effective in predicting risk-adjusted returns, systematic risk and investment expenses for balanced funds. The researcher concluded that top management characteristics could predict an organisation's level of strategic orientation. The study focused on only one top manager and not the cluster of top managers.

Hambrick and Cho (2006) sought to combine the top-echelons mind-set with the attention-primarily based view of the corporation thru examining the role of attentional orientation of pinnacle control companies. Inside the context of airline deregulation, the researchers record that deregulation caused a shift in managerial interest, however that this shift in interest emerge as the exceptional for corporations that changed the composition and repayment in their TMTs in techniques that desired the deregulated regime. We also discover that attention in part mediated the relationship among TMT modifications and approach changes. The results of this examine shed light at the transformation of enterprise interest styles following an environmental shift, and the location of TMT composition and incentive structures in that method.

Marlin, Lamont and Geiger (2004) sought to extend Michel and Hambrick's (1992) research on diversification strategy and pinnacle control team healthy with the aid of setting up theoretical linkages among diversification mode and relatedness and beneficial TMT traits, and by means of examining previously untested within-approach overall performance effects of TMT characteristics. The consequences from a pattern of 134 varied corporations propose that the diversification mode and corporate interdependence dating is essential and that the diversification method and TMT fit proposition is extra complicated than formerly cautioned within the literature. Greater especially, our outcomes recommend that simplest certain, precise TMT characteristics are linearly related to the success implementation of various diversification techniques at the same time as with others the connection is plenty extra method-particular than formerly suggested.

By attempting to develop and test a theory of direct and interaction effects of top management teams and boards outside composition on research and development (R&D) intensity, Kor (2006) examined the reasons behind the differences in levels of research in corporations and development investment intensity. A longitudinal sample of technology-

intensive firms was used to test the theory. The results revealed that the composition of top management team and the board had direct and additive effects on R&D investment intensity. However, monitoring by outsider directors did not constitute a universally effective governance mechanism to R&D investment strategies. Lower levels of R&D investment intensity were observed in situations where the board interacted heavily with top management teams with long firm tenure, and or functional heterogeneity.

Kauer, Weldeck and Schaffer (2007) explored the effects of the diversity of experience and one of a kind personalities of top control crew individuals on mediator tactics inclusive of agenda-setting, the generating of strategic options and the velocity of strategic selection making. The outcomes suggest that variety of level impacts decision making. It is also critical to evaluate the claims that people factors such as desire to make achievements, flexibility, and networking appear to have a clearer impact on selection velocity. Researchers together with Cobbs (2016) assist this end.

Beccera (2001) examined the connection of pinnacle control group (TMT) configuration to premeditated changes in worldwide divergence of a number of American multinational corporations (MNCs) in Europe in the 1980s. The findings display that global diversification of U. S. multinationals in Europe improved and that sure pinnacle management group demographics were drastically related to such change. Additionally, the outcomes imply that more TMT organizational tenure was undoubtedly associated and TMT middle purposeful specialization negatively related to increases in international diversification. A top management crew's cognitive perspectives as contemplated in team demographic traits impact the degree of alternate in global diversification of the multinationals in the sample. Lant et al. (1994) support this finding by postulating the lack of a significant relationship between top management tenure and strategic orientation.

Kohlberg (1984), proposes that with age, a man or woman will attain a positive degree of ethical improvement, this is, and older people tend to comply with conventional moral principles and grow to be inclined to help others. A few studies consequences imply that

the older human beings are, the more they make a contribution to philanthropy (Andreoni et al. 2003). Consequently, pinnacle management groups with a higher average age are inclined to observe the ethical regulations and have greater ethical wishes, thereby more actively carrying out CSR and philanthropic giving. Trying out the speculation that pinnacle control team age has a fantastic effect on corporate charitable interest, Huang, Nagakawa and Li confirm Kohlberg's (1984) proposition.

Ozbec and Aldag (2007) investigated the effect of top management team demographics on decision implementation and outcomes. In their conceptual model, they proposed that there were linkages between top management demographic characteristics, how executives implement decisions and the specific outcomes of these decisions. They note that a shortcoming of their conceptual paper lies in the fact that they only used the observable features of the top managers. On the way forward they suggest that investigations considering both observable and unobservable characteristics ought to be undertaken.

Evert, Payne and Moore (2018) sought to determine the influence of the characteristics of top management on corporate virtue orientation with a focus on firm engaging in initial public offer (IPO). Grounding their study on the upper echelon theory, they examined the connection between five top characteristics of top managers and corporate virtue orientation and conceptualized it as the integrated set of values and beliefs that support ethical traits and virtuous behaviors of an organization. Specifically, their point of focus was on age, educational level, functional orientation and tenure and how these variables influence corporate virtue orientation. Their findings indicate that top management team characteristics influence corporate virtue orientation but in significantly advanced ways.

Mayende and Owino (2020) studied effect of competitive environment on the link between TMT characteristics and strategy implementation. While the findings demonstrate that the influence of TMT characteristics on strategy implementation is positive, the moderation effect of competitive environment was not significant.

Mason and Hambrick (1984) and Nooraie (2012) argue that the age of executives correlate negatively with propensity to threat. Youthful leaders are more likely to make volatile choices than their elder counterparts. Moreover, Veskaisri et al. (2007) add that age is negatively related to the functionality of the senses and memory in integrating statistics for selection making. Nooraie (2012) notes that managers' age has a terrible effect on repayment decisions. Older managers may have a tendency to keep away from complexity in their decision making by using lowering their information collecting and search for new thoughts. The findings in all of the research mentioned above evidence mixed consequences in to this point as the relationship between TMT traits and choice making is involved.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodological issues informing the study. Precisely, the chapter contains discussions on the research design, study population, data collection

methods and analysis. The methodology in any study forms the backbone of that study and as such must be developed with due regard to the research problem, the objective(s) and the population.

3.2 Research Design

Design is defined as the roadmap that guides the researcher in the achievement of the objectives in any study. Research designs are influenced by the nature of the study, the population and the objectives that the researcher sets out to achieve. Broadly, designs can be classified on the basis of time, number of respondents or units of analysis, presence or absence of experimental and control groups.

This study was informed by a cross-sectional descriptive survey. This study design was selected because the researcher intended to collect data at only one point in time. It was descriptive since the intention of the researcher is to describe phenomena. The researcher also conducted a survey involving a significant number of respondents, mainly senior executives from leading Kenyan insurance companies.

3.3 Population of the study

According to Cooper and Emory (2000), a population is the totality of possible respondents or observable events in a study. The population provides the researcher with a pool from which to either select or universally collect data from. Determination of the population is informed by the variables and context of the study.

All the insurance companies in Kenya formed the population of this study. There was a total of 54 registered insurance companies in Kenya as at 31st December, 2019 according to the Insurance Regulatory Authority of Kenya. This study adopted a census approach by involving all registered insurance companies.

3.4 Data Collection

A Likert scaled questionnaire was used to collect primary data. The questionnaire was made up of 3 sections: Section A was about the demographic data of the insurance

company; Section B was meant to address the first variable that is the Top management team personality; Section 3 captured data on strategic orientation. The respondents of this questionnaire were senior managers/Top managers in the company. One top manager was selected in each company. The drop and pick method was used to administer the questionnaires.

3.5 Data Analysis

Before analysis, data was cleaned and coded. These steps are necessary because they ensure that only integrity of data is preserved. Data analysis was performed with the aid of SPSS. Descriptive statistics was reported through the mean and the standard deviation. Descriptive statistics give the researcher an idea about the manner in which the variables are laid out. To test the relationship between TMT personalities and strategic orientation, a simple regression analysis was conducted. The following model was used;

$$\mathbf{Y = a + BX + e}$$

Where;

Y= Strategic Orientation

X= TMT Personality

e=Error term

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

Under this chapter, the researcher explains how data analysis was conducted and elucidates findings and discussions. The chapter sections include the analysis of the response rate, followed by background information, which includes number of branches, number of employees and turnover. This is followed by descriptive statistics where the mean and standard deviations are analyzed. The regression analyses are presented in the subsequent section. The chapter ends with a discussion of the findings based on the analyses.

4.2 Response Rate

There was a total population of 54 prospective respondents in which 52 participated in the survey for the purpose of data collection and consolidation. Thus, the response rate achieved was approximately 96%.

4.3 Part A: Background Information

4.3.1 Number of Branches

Table 4.1. Number of branches

Category	Freq.	Percentage (%)	Cumulative Percentage
Less than 5	7	13.5	13.5
5- 10	20	39.5	51.9
10-15	5	9.6	61.5
above 10 branches	20	37.5	100.0
Total	52	100.0	

Table 4.1 indicates the number of branches the participants said their firm had at the time of the interview. 39.5% indicated 5-10, 37.5% indicated 10 and above branches, 13.5% indicated less than 5 branches and 9.6% indicated 10-15% branches. Majority of the

firms had 5-10 branches followed closely by those that had 10 and above number of branches.

4.3.2 Annual Turnover

Table 4.2 Annual Turnovers

Category	Frequency	Percent (%)	Cumulative Percent
less than 1 billion	9	17.3	17.3
between 1- 5 billion	13	25.0	42.3
5-10 Billion	6	11.5	53.8
Above 10 billion	24	46.2	100.0
Total	52	100.0	

Table 4.2 indicates the turnover of the firms at the time of the survey. 46.2% of the respondents indicated that their firm had a turnover above 10 billion, 25.0% had a turnover of between 1-5 billion, 17.3% of the firms had a turnover of less than 1 billion, 11.5% had a turnover of 5-10 billion. However, Majority of the firms evidently had a turnover above 10 billion, which accounted for 46.2%.

4.3.3 Number of Employees in the Organization

Table 4.3. Number of employees in the organization

Category	Frequency	Percent	Cumulative Percent
Below 50 employees	8	15.4	15.4
51-99 employees	11	21.2	36.5
100-149 employees	8	15.4	51.9
150-199 employees	15	28.8	80.8
Over 200 employees	10	19.2	100.0
Total	52	100.0	

Table 4.3 shows the responses to the question on the number of employees that the firms had at the time of the survey.28.8% of the firms had 150-199 employees, 21.2% of the firms had 51-99 employees, 19.2% had over 200 employees and 15.4% had below 50

employees. This indicates that majority of the firms had 150 to 199 employees accounting for 28.8%.

4.4 Descriptive Statistics

4.4.1 Top Management Team Characteristics

Table 4.4 Top Management Team Personality

Statements	Mean	Std. Deviation
Plan in advance to avoid last minute rush	2.56	1.349
I don't hold grudge even against those that have wronged me	2.90	1.209
I am well satisfied with myself	2.85	1.513
I am usually afraid of bad weather conditions	2.42	1.144
I would not use flattery to rise through the ranks at work even if I know that would work	2.42	1.242
The history and politics of other countries interest me	2.63	1.415
I push myself to the limits to achieve new goals	3.69	1.197
My friends say I am often critical to others	3.27	1.374
I am hesitant to express personal opinions in people gatherings	2.44	0.802
I find myself worrying about small things	2.71	1.054
I would steal money if I knew I would not be caught	1.58	0.723
Art work, such as writing songs and poems attract me	1.81	0.687
I am not the type of people who give too much attention to detail	3.00	0.950
I am often accused of being stubborn	2.31	1.02
I love working in teams as opposed to working individually	1.90	0.846
I often need support to recover from a painful experience	2.29	0.915
Having a lot of money does not concern me much	2.96	0.928
I do not subscribe to the idea of paying attention to extremist ideas	2.10	0.869
My decisions are based on instantaneous feelings as opposed to careful thought	3.69	1.039
	2.35	1.219
	2.90	1.209

People say I am hot-tempered	2.60	1.317
I mostly feel optimistic and cheered up		
I can easily cry when I see others crying	3.04	1.148
I feel that I need to be accorded more respect than the average person	2.24	1.242
I would want to attend a classical musical concert someday	2.15	1.073
Being disorganized creates difficulties for me at work	1.71	0.915
I often forgive and forget when people wrong me	3.23	1.277
I feel that I am not popular	2.83	1.115
I am fear physical danger		
Average Score	2.59	1.099

Table 4.4 shows the descriptive statistics for top management personality. The following are the measures result as indicated by respondents, where in 1.00-1.99 reflected strongly Agree, 2.00-2.99 = Agree, 3.00-3.99 = moderately Agree, 4.00-4.99 = Disagree and 5.00.-5.99 = Strongly Disagree. As indicated by the average scores (mean, 2.59; standard deviation, 1.099) the respondents agreed with the statements concerning top management personality.

4.4.2 Strategic Orientation

Table 4.5. Strategic Orientation

Statements	Mean	Std. Deviation
Our firm emphasizes efficacious coordination in the various functional areas.	2.65	1.027
Our firm utilises manpower planning and evaluates the performance of its senior managers.	3.35	1.046
Our firm uses management information and control systems data in decision-making.	2.17	1.294
Our firm uses business-planning techniques.	3.29	1.304
Situations are critically analyzed before making key decisions at the organization	3.73	1.031

Information systems remain a critical factor in decision-making at the organization.	3.42	.997
We can make internal sacrifices to gain a market share.	2.38	1.255
We like to set our prices below competitor prices.	2.98	1.129
Our firm can sacrifice cash flow and profitability to achieve a good market position.	2.12	1.060
Our firm cuts prices to increase its market share.	3.27	1.285
Where necessary, our firm makes modifications in service processes.	4.37	.841
Our firm uses quality circles to emphasize service quality.	2.60	1.302
We often use production management techniques in to leverage our services.	3.04	1.371
Cost control systems inform our performance monitoring	2.21	1.433
We constantly seek new opportunities from our current operations.	3.12	1.293
Our firm is usually one of the first insurance companies to launch new products and services.	4.81	.445
In general, our company is always ahead of our competitors. We constantly look for new business opportunities.	3.21	1.391
More often, our firm eliminates products or services in later stages of their life cycle.	3.60	1.302
Average Scores	3.13	1.556

Table 4.5 shows the descriptive statistics for the characteristics of top managers. The following are the measures result as indicated by respondents, where in 1.00-1.99 reflected strongly Agree, 2.00-2.99 = Agree, 3.00-3.99 = moderately Agree, 4.00-4.99 = Disagree and 5.00-5.99 = Strongly Disagree. As indicated by the average scores for mean (3.13) and standard deviation (1.556) indicates that the respondents largely agreed with the statements concerning strategic orientation.

4.5 Regression Analysis

Table 4.6. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.105 ^a	.011	-.009	.359

a. Predictors: (Constant), Top Management Team Characteristics

b. Dependent Variable: Strategic Orientation

The survey data was further analyzed using the regression method, whereby top management characteristics is the independent variable, the predictor and strategic orientation is the dependent variable. The findings indicate that $p = 0.359 > 0.05$, an indication that the model is not statistically significant. Further, table 4.6 indicate that 10.5% of the variation in strategic orientation is attributed to top management characteristics.

Table 4.7. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.072	1	.072	.563	.457 ^b
	Residual	6.431	50	.129		
	Total	6.503	51			

a. Dependent Variable: Strategic Orientation

b. Predictors: (Constant), Top Management Team Characteristics

Table 4.7 shows the ANOVA analysis of top management characteristics and strategic orientation. The model indicates that the connection between the characteristics of top managers and strategic orientation is not statistically valid ($F_{(1, 50)} = 0.563$, $P = 0.457 > 0.05$). Hence, top management characteristics are not a good predictor of strategic orientation of the firms.

Table 4.8. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.742	.518		5.293	.000

Top Management team Characteristics	.149	.199	.105	.750	.457
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a. Dependent Variable: Strategic Orientation

Table 4.8 shows the coefficients of regression, whereby top management characteristics is the dependent variable and strategic orientation is the dependent variable. The analysis shows that top management characteristics will always, at a certain minimum in strategic orientation ($B_0 = 2.742$, $P = 0.000 < 0.001$). However, the findings also show that ($B_1 = 0.149$, $P = 0.457 > 0.05$). a unit increase in top management characteristics result in 0.457 increase in strategic orientation, however the change in strategic orientation is not statistically significant.

4.6 Discussion

The focus of this chapter was to analyse the connection between the characteristics of top managers and strategic orientation. The findings show that the survey achieved a response rate of 96%, an indication that the response rate was sufficient for onward analyses. The demographic statistics included number of branches, annual turnover and number of employees. The findings indicated that all the firms had branches, although others had a more network of branches than the others with 5 to 10 as the mean number of branches. All the firms registered a turnover of some value; however, majority had a turnover above 10 billion. The average number of employees was between 150 to 199 for most of the firms.

The descriptive statistics was analysed for the characteristics of top managers and strategic orientation. The findings indicated that characteristics of top managers returned an average score of means and standard deviations of 2.59 and 1.099 respectively. This implied that majority of the respondents agreed with the measures of top management team characteristics. The analysis of strategic orientation returned average scores of means and standard deviations of 3.13 and 1.556 respectively, an indication that the respondents largely agreed with the statements concerning strategic orientation.

The survey data was further analyzed using the regression method, whereby top management characteristics was the predictor variable and strategic orientation the outcome variable. Based on the p value ($p = 0.359 > 0.05$), the model was not statistically significant. Further, analysis indicated that 10.5% of the variation in strategic orientation is attributed to top management characteristics. The ANOVA analysis of top management characteristics and strategic orientation produced a model, which indicated that the relationship between the characteristics of top managers and strategic orientation was not statistically valid ($F_{(1, 50)} = 0.563$, $P = 0.457 > 0.05$). Hence, top management characteristics were not a good predictor of strategic orientation of the investigated Kenyan insurance firms. The findings relate to the study of Carpenter (2001) who suggested the need for a greater understanding of the conditions under which demographic characteristics are likely to influence organizational outcomes. The coefficients of regression involving top management characteristics as the dependent variable and strategic orientation as the dependent variable showed that top management characteristics will always, at a certain minimum, be a factor in strategic orientation ($B_0 = 2.742$, $P = 0.000 < 0.001$). According to Ng'ang'a (2017), strategic orientations influence the performance of organizations. However, the analysis also produced a model ($B_1 = 0.149$, $P = 0.457 > 0.05$), which showed that a unit increase in top management characteristics result in 0.457 increase in strategic orientation, however the change in strategic orientation was not statistically significant.

These findings lead to the conclusion that top management team characteristics is not a statistically significant factor in strategic orientation of the insurance industry in Kenya. According to Miles and Snows (1978) typology of strategic orientation of firms, an organisation within an industry may fall into the category of analyzers, reactors prospectors, or defenders. Firms with a formal and implied strategic orientation may fall into the categories of prospectors, defenders, or analyzers, while those without a strategic orientation fall under the category of reactors. The findings of this study are consistent with the reactor typology as the main characteristics of most of the firms in the Kenyan insurance industry. Further, the upper echelons theory postulates that corporate outcomes depend on the personal orientations, values, and beliefs of senior executives in the organization (Hambrick & Mason, 1984). As such, it is evident that the top management

team characteristics are not strategically oriented. According to Barney (1991), strategic orientation can make a firm gain competitive advantage in instances where dynamic capability is one of the top management team characteristics, this is inconsistent with the findings of the study

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The main aim of the study was to establish the relationship between Top Management team personalities and strategic orientation of insurance companies in Kenya. The relevant literature was reviewed in chapter two and appropriate research methods applied in chapter 3, which generated the data that formed the subject of analysis in chapter four. This chapter therefore presents the summary, conclusion and recommendations that can be drawn from the findings of the study.

5.2 Summary

This study investigated the connection between the characteristics of top managers and strategic orientation. The descriptive statistics included the analysis of top management team characteristics and strategic orientation. It was found that the statements for both constructs, top management team characteristics and strategic orientation was agreeably their true reflection. Further analysis of data using regression method in which top management team characteristics was the independent variable and strategic orientation was the dependent variable produced a model summary, ANOVA and the coefficient of regression.

In the model summary, it was found that 10.5% of the variation in strategic orientation was attributable to top management team characteristics, while 89.5% of the variation in strategic orientation was attributed to other factors. The ANOVA analysis of top management characteristics and strategic orientation showed that the relationship between the two constructs was positive, but not statistically significant. Thus, top management team characteristics were found not to be a good predictor of strategic orientation. The final data analysis produced the coefficient of regression, which revealed that although the connection between the characteristics of top managers and strategic orientation was not statistically significant, a model was generated, which showed that a

unit positive change in characteristics of top managers would lead to a 0.457 positive change in strategic orientation, all other factors being constant.

5.3 Conclusion

The results of the survey show that the characteristics of the insurer's management team surveyed had little effect on the company's strategic orientation. This shows that each of these companies has a standard decision-making process that does not meet the requirements of strategic orientation. But at Kenyan insurance companies, the decisions are ultimately made by people. As a result, decision making is influenced to some extent by the personality traits and experience of the decision maker. These traits and experiences influence the thinking process of decision makers and lead to the formation of different perceptions of specific events and objects. Therefore, these perceptions influence the degree of strategic orientation of these companies. Top management teams are usually made up of multiple members, each with their own unique experience. As a result, each member has a sense of belonging to the company. Hence, important company decisions are usually made by top management teams, and members who cannot be identified with the company are more likely to develop the wrong strategy and thus hinder strategic orientation. Therefore, in order to achieve a positive and statistically significant correlation between the strategic orientation of companies in the Kenyan insurance industry, the characteristics of top management teams need to be emphasized to develop a fit with strategic orientation.

5.4 Recommendation

5.4.1 Recommendation for Practice and Policy

Top management teams first need to understand their role as decision makers in the organizations they lead. This affects whether the organization is strategic and, if so, how much effort is made to ensure that the organization is capable of increasing its competitiveness through strategic direction. By paying more attention to factors that can have a negative or positive impact on an organization's strategic direction, top management teams understand the different directions an organization needs to follow

and set relevant goals. You can provide guidance to other members of your organization to meet the requirements to achieve it.

5.4.2 Recommendations for Further Studies

The Kenyan insurance firms formed the context for this study. Further research can be conducted to advance this study under longitudinal survey design. This would enable the researcher to study and observe associations/connections among the variables in-depth. Future research on the topic can also consider historically contextualized analyses and longitudinal research design. The focus of future investigations can be on the connections between the characteristics of senior managers and specific strategic orientation approaches, such as profits or employee morale. Future studies can also explore mixed methods of study, and through triangulation, to enhance validity of the findings.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

PART A; DEMOGRAPHIC DATA

- 1. Name of Insurance Company.....
- 2. Number of branches
 - () Less than 5
 - () 5- 10
 - () 10-15
 - () above 10 branches
- 3. Annual Turnover
 - () less than 1 Billion
 - () between 1- 5 Billion
 - () 5-10 Billion
 - () Above 10 Billion
- 4. What is the number of employees in your organization
 - Below 50 employees
 - 51-99 employees
 - 100-149 employees
 - 150-199 employees
 - Over 200 employees

PART B : TOP MANAGEMENT TEAM CHARACTERISTICS

Please check the appropriate box to indicate the extent to which you agree with the following statements: 1 = strongly Agree, 2 =Agree, 3 = moderately Agree, 4 = Disagree 5 =Strongly Disagree (check appropriately)

STATEMENT	1	2	3	4	5
Plan ahead and organize things to avoid scrambling at the last minute.					
I rarely hold a grudge, even against people who have badly wronged me.					
I feel pretty satisfied with myself overall.					
I would feel afraid if I had to travel in bad weather conditions.					
I would not use flattery to get a raise or promotion at work, even if I thought it would succeed.					
I am interested in learning about the history and politics of other countries.					
I often push myself very hard when trying to achieve a goal.					
People sometimes tell me that I am too critical of others.					
I rarely express my opinions in group meetings.					
I sometimes cannot help worrying about little things.					
If I knew that I would never get caught, I would be willing to steal a million dollars.					
I would enjoy creating a work of art such as a novel, song, or painting.					
When working on something, I do not pay much attention to small details.					
People sometimes tell me that I am too stubborn.					
I prefer jobs that involve social interaction to those that involve working alone.					
When I suffer from a painful experience, I need someone to make me feel better.					
Having a lot of money is not especially important to me.					

I think that paying attention to radical (extremist) ideas is a waste of time.					
I make decisions based on the feeling of the moment rather than on careful thought.					
People think of me as someone with a quick temper.					
In most days, I feel cheerful and optimistic.					
I feel like crying when I see other people crying.					
I think that I am entitled to more respect than the average person is.					
If I had the opportunity, I would like to attend a classical music concert.					
When working, I sometimes have difficulties due to being disorganized.					
My attitude toward people who have treated me badly is “forgive and forget”.					
I feel that I am an unpopular person.					
When it comes to physical danger, I am very fearful.					

PART C: STRATEGIC ORIENTATION

Please check the appropriate box to indicate the extent to which you agree with the following statements: 1 = strongly Agree, 2 =Agree, 3 = moderately Agree, 4 = Disagree 5 =Strongly Disagree (check appropriately)

STATEMENT	1	2	3	4	5
Our firm emphasizes efficacious coordination among its different functional areas.					
Our firm uses manpower planning and assesses the performance of its senior managers.					
Our firm uses the data provided by management					

information and control systems.					
Our firm uses business-planning techniques.					
Before making a key decision, we completely analyze the situation.					
The information systems are fundamental in making decisions.					
Our firm sacrifices benefits in order to gain market share.					
Our firm sets prices below those of the competition.					
To achieve a good market position, our firm even sacrifices cash flow and profitability.					
Our firm cuts prices to increase its market share.					
Our firm makes significant modifications in its service processes.					
Our firm emphasizes service quality through the use of quality circles.					
Our firm uses production management techniques in its services.					
Our firm applies cost control systems to monitor its performance					
Our firm constantly seeks new opportunities related to its present operations.					
Our firm is usually one of the first hotels to launch new services.					
In general, our firm is always ahead of its competitors. Our firm constantly looks for new business opportunities.					
As its usual strategy, our firm eliminates products or services in later stages of their life cycle.					