CHALLENGES OF IMPLEMENTING COMPETITIVE STRATEGIES IN THE INSURANCE INDUSTRY IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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DEDICATION

This project is dedicated to my late beloved dad, Mr. Samson Akello. Your Inspiration, and guidance during my childhood has made me be what I am today and your dreams, and visions of me will see me through greater heights and achievements in this world. I further dedicate this project to my most wonderful mum, Mrs. Rispah Akello who has always been right by my side to guide me through life's challenges. May God richly reward you mum for you are the Best Resource /Tool I could ever have.

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ABSTRACT

The study was set to determine the challenges of implementing competitive strategies in the insurance industry in Kenya. The objectives of the study were to determine the challenges of implementing competitive strategies in the insurance industry in Kenya and to establish what the insurance industry in Kenya does to cope with the challenges of implementing competitive strategies. The study is important because it assisted developing strategies for sustainability, identifying priority areas for actions so as to gain Competitive Advantage. Together, vision, mission and values provide the parameters within which decisions should be made and resources expended.

The study was a census survey, which sort to establish the challenges faced by the insurance industry in Kenya, while implementing competitive strategies focusing on best ten insurance companies (top ten). Primary data was collected by use of a questionnaire. Data analysis techniques used in the study were descriptive statistics (cross tabulation, frequency, percentage, mean and standard deviation) and factor analysis.

Key finding from the study were; areas of competition experienced mostly by insurance organizations in the last five years included customer satisfaction profile, prices, products differentiation and technological advancement. Most of the insurance organizations change their structures on semiannual and annual basis. Challenges affecting strategy implementation process in the insurance industry were poor leadership styles, lack of management commitment, poor communication and failure to come up with corrective measures for any deviations. The key challenges faced in applying its competitive strategies by insurance organizations; internal challenges, external challenges and staff turnover. mechanisms used to cope with strategy implementation challenges in the insurance industry involvement of stakeholders through the implementation process, use of teamwork to implement strategy, training and developing of strategy objectives to staff, structural adjustment to suit the strategy, communicating of objectives to stakeholders, use of measurement scales for achievement of objectives and use of a process map/flow charts for implementation.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

A body of literature has emerged which addresses the content of competitive strategies (hereafter Sustainable Competitive Advantage) as well as its sources and different types of strategies that may be used to achieve it. The purpose of this study is to trace the origins of competitive strategies and discuss how it is applicable in the insurance industry.

1.1.1 Competitive Strategy

Michael Porter suggested four "generic" business strategies that could be adopted in order to gain competitive advantage. The four strategies relate to the extent to which the scope of a business' activities are narrow versus broad and the extent to which a business seeks to differentiate its products. The four strategies are summarized below.

The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments. By contrast, the differentiation focus and cost focus strategies are adopted in a narrow market or industry. Differentiation strategy involves selecting one or more criteria used by buyers in a market and then positioning the business uniquely to meet those criteria. This strategy is usually associated with charging a premium price for the product, often to reflect the higher production costs and extra value-added features provided for the consumer. Differentiation is about charging a premium price that more than covers the additional production costs, and about giving customers clear reasons to prefer the product over other less differentiated products.

The Cost Leadership strategy objective is to become the lowest-cost producer in the industry. Many (perhaps all) market segments in the industry are supplied with the emphasis placed minimizing costs. If the achieved selling price can at least equal (or near) the average for the market, then the lowest-cost producer will (in theory) enjoy the best profits. This strategy is usually associated with large-scale businesses offering "standard" products with relatively little differentiation that are perfectly acceptable to the majority of customers. Occasionally, a low-cost leader will also discount its product to maximize sales, particularly if it has a significant cost advantage over the competition and, in doing so, it can further increase its market share.

In the differentiation focus strategy, a business aims to differentiate within just one or a small number of target market segments. The special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. The important issue for any business adopting this strategy is to ensure that customers really do have different needs and wants, in other words, that there is a valid basis for differentiation and that existing competitor products are not meeting those needs and wants. In a Cost Focus strategy, a business seeks a lower-cost advantage in just one or a small number of market segments. The product will be basic - perhaps a similar product to the higher-priced and featured market leader, but acceptable to sufficient consumers. (Porter, 1990)

1.1.2 Challenges of Strategy Implementation

Strategy is implemented using organizational design (structure), people, culture, and control systems. Strategy must successfully work through these elements in order to produce performance. No matter how well a strategy is conceived, if the people can not implement it, the culture not support it, the structure not coordinate it, and the systems not measure and control it, then the strategy will fail. (Singleton, Tania, and Toobs, 2009).

Unfortunately for many firms, strategic plans frequently remain in the form of untouched documents, failing to materialize as a part of the firm or its people. Research indicates that 90% of organizations fail to effectively execute their strategic plans. The reason being most hinge on the fact that strategy implementation is resource intensive and challenging. Nonetheless, strategic planning remains a top priority among successful firms, based on the fundamental notion that an effective strategy offers unique opportunities for market differentiation and long-term competitive advantage. (Zook and Alien, 2001)

Implementation of competitive strategies can lead to certain challenges which may hinder the effectiveness of firms in utilization of strategies identified and employed. Newman and Colleagues (1989) identified three types of competitive strategies challenges; those that may hamper a firm's ability to grasp new opportunities, challenges that require massive amounts of resources and the regulatory issues imposed by the government and the ability of company owners and managers. Other challenges may arise from structural and economic barriers inherent in the industry. Box and Watts (2000) argue that the real challenge in implementation of a generic strategy is in recognizing all support activities and putting them in place correctly. According to Thompson et al (2007) the most important fits are between strategy and organization capabilities, between strategy and reward structures, between strategy and internal support systems and between strategy and organization culture. Fitting the organization internal practices to what is needed for strategic success helps unite the organization behind the accomplishment of a strategy.

It is important to note that; implementation is similar to execution of a strategy where important activities in this phase are communicating with management, clients, users and other stakeholders. It entails reviewing the progress, monitoring costs, controlling quality, issuing orders for change and managing the change process. It has been assumed that when a company finds that the chosen strategy has not produced the right outcome, the strategy was wrong and failed to recognize that the problem lies in its implementation. Poor implementation leads to a change in a perfectly appropriate strategy leading to inefficient management.

There is fundamental disconnect between formulation of strategies and their implementation to useful action (Hussey, 1998). Hussy continues to stress the point that implementation of strategy is a complex task thus met with a lot of opposition from all quarters that would rather maintain the status quo. Implementation of strategy involves change, which means uncertainty and risk, which should be planned for and consequently managed (Thompson and Martin, 2005). Implementation and change management go hand in hand due to the course they take in the entire strategic process. As an organization tends to implement its strategy there is no doubt that change is inevitable (Dewit and Meyer, 2004).

1.1.3 Insurance Industry in Kenya

After independence in 1963, the Government of Kenya saw the need to have control over the insurance industry, which was then dominated by branch offices of foreign companies particularly from Europe and India. During this period, insurance operations were governed by the Companies Act 1960, which was based on the UK legislation. There was, therefore no competent body to supervise the industry. There was a great need to localize the branch offices of foreign insurance companies in the country in order to benefit the local investors. This resulted to the need for statutory supervision of the industry.

In 1986, the Insurance Act CAP 487 was enacted with the commencement date being 1st January, 1987. The Act established the Office of the Commissioner of Insurance as the regulator of the insurance industry and stipulated the mandate and functions of the office. This office was created as a Department in the Ministry of Finance and was mandated to supervise the insurance industry. (http://kenyainsurancereview.com/kenya-insurance-newsletter/, June, 2010)

Over the years, Kenya's insurance industry has continued to endear itself to the existing and potential customers through new products and a significant improvement on its service delivery platforms, guaranteeing consumers of world-class services delivery. The industry has 43 companies of which 23 transact life. (Kenya Insurance Newsletter, 2010)

From the AKI, IRA and the AIBK to the insurance underwriters, experts in insurance are embracing a new strategy that is aimed at ensuring the industry commands the respect they deserve and that more customers are taking up the services. They are also becoming critical champions to drive insurance growth so as to counter the erstwhile, limiting perceptions that insurers are out to fleece the public, with little or no likelihood of making a return from the lucrative covers offered.

In consultation with the regulator, agents' body and member associations, the insurance firms are developing new products that are not only friendly to consumers but which pioneers service delivery in an under-exploited market category. The Industry is regulated by the Insurance Act. Cap 487 which is currently under review. The Insurance Amendment Act, 2006 brought the Insurance Regulatory Authority to life. Certain sections of the Insurance Act, Cap 487 were amended effective 1st May, 2007 to allow for the Conversion of the Department of Insurance into an autonomous Insurance Regulatory Authority. (AKI Bulletin Report, 2008)

Competition within the industry is cut-throat and firms have to differentiate themselves in order to survive in the long-term. There is therefore a need to investigate the competitive strategies adopted in the competitive insurance industry and the challenges of implementing these strategies.

1.2 Statement of the Problem

Findings of research carried out in a certain environment can be different in another environment. There is therefore, need to find out if these strategies advocated by scholars of strategic management can be applied to firms in the insurance industry in Kenya. The study will also seek to address the challenges that most insurance firms undergo while implementing their competitive strategies. Competitive strategies have been designed in order to ensure that service provision is enhanced in the insurance industry. However results from findings have indicated that despite the existence of these strategies, some of the customers were either unhappy or unsatisfied with the way the insurance industry responds to customer's calls, queries, and the slow pace by which customers were being served. Customers were also disappointed by the poor service design and delivery, ignorance of customers' insurance needs (the inability to match customers perceptions with expectations), and inferior quality of services.

Banda (2006), focused on the challenges of competition in the health sector industry with emphasis on how the public health institutions are responding to these challenges in order to meet their goal of providing accessible, affordable quality health care services to its people. Njoroge (2006) concluded that factors considered in diversifying include the possibility of dominating and the state of competition in those areas. He also considered financial capabilities of companies in meeting objectives they have set for themselves. Mbugua (2006), studied sustainable competitive advantage under conditions of change and concluded that firms should create superior value to customers, which exceeds that of the competition.

Kung'u (2007) established that the use of teamwork was a mechanism highly favored by most churches, as well as involvement of stakeholders, which was viewed as a popular mechanism with most of the churches. From her study, one can gather that strategy implementation challenges were evident in organizational culture and poor communication with top management were pertinent challenges with popular mechanisms used to cope with the challenges being teamwork and bringing all stakeholders on board in implementation of the strategy. Ateng (2007) identified the challenges of strategy implementation and established the challenges ranging from unsupportive culture, lack of good leadership, matching structures to plan, lack of adequate resources, unsupportive communication system, and implementation taking more time than originally allocated. So far, there is no evidence of a study carried out on this subject in the insurance industry in Kenya. It is this gap that is the motivation for undertaking this research work. The study has two research questions it seeks to answer: -

i) Has the insurance industry in Kenya faced any challenges in implementing competitive strategies?

ii) What intervention measures has the Insurance industry put in place to deal with these challenges?

1.3 Objectives of the Study

The study had two Objectives:-

i. To determine the challenges of implementing competitive strategies in the insurance industry in Kenya.

ii. To establish what the insurance industry in Kenya does to cope with the challenges of implementing competitive strategies.

1.4 Value of the Study

The study provided strategic theories and models with means of overcoming the challenges of implementing competitive strategies, by pointing out the importance of aligning corporate vision, mission and values. This in turn assisted developing strategies for sustainability, identifying priority areas for actions so as to gain Competitive Advantage. Together, vision, mission and values provide the parameters within which decisions should be made and resources expended. This means that a great deal of thought should go into the crafting of each. The three provide directions and scope for the strategic theories and models. The study would promote scholar's strategic thinking in response to competition when addressing the issues affecting customers and survival of the institutions. It would also enable strategic managers to understand and predict customer behavior in the market place. The study would also be of importance to all existing insurance companies in ensuring growth and sustainability in order to enable them develop and sustain competitive strategies in the ever changing environment. The results of the study would add value to various strategic models and theories by supporting these theories with the appropriate competitive strategies applied in the insurance industry.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The purpose of review is to examine the already existing literature that will give guidance to this study. The literature available will provide critical analysis on this study and it will help improve the methodology. One of the challenges presented by a dynamic environment is increasing competition. Gronbjerg (2003) observed that under competitive conditions, firm's respond by seeking to maintain or increase their share of a crowded market. He further observed that, the specific criteria employed to assert differences are subject to some degree of proactive orchestration. The best-formulated and implemented strategies become obsolete as an organizations external and internal environment change (David, 2007).

Survival and success of organizations are influenced by their ability to respond to the various competing pressures, which include changes in the business environment, the strategic capability of the organization and the cultural and political context (Johnson, 2002). Organizations must thus respond to various changes in the environment. These responses can be broadly classified as strategic or operational in nature. Competition includes all the actual and potential rivals' offerings and substitutes that a buyer might consider (Kotler, 2002). It is indeed a very complex phenomenon manifested not only in other industry players, but also in form of customers, suppliers, potential entrants and substitute products. It is therefore necessary for any firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to competitive forces (Porter, 2001).

2.2 Theories and Concepts of Competitive Strategies

Early literature on competition serves as a precursor to the development of competitive strategies. In 1937, Alderson hinted at a basic tenet of competitive strategies, that a fundamental aspect of competitive adaptation is the specialization of suppliers to meet variations in buyer demand. Alderson (1965) was one of the first to recognize that firms should strive for unique characteristics in order to distinguish themselves from competitors in the eyes of the consumer. Later, Hamel and Prahalad (1999) and Dickson (2001) discussed the need for firms to learn how to create new advantages that will keep them one step ahead of competitors. Alderson was considered "ahead of his time" with respect to the suggestion that firms search for ways to differentiate themselves from competitors. Over a decade later, Hall (1980) and Henderson (1983) solidified the need for firms to possess unique advantages in relation to competitors if they are to survive. These arguments form the basis for achieving competitive strategies.

Porter (1985) established that a firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus, as shown in the figure below:

Figure 1: Porters Generic Competitive Strategies Software Model.

Industry Force	*Generic Strategies*		
	Cost Leadership	**Differentiation**	**Focus**
Entry Barriers	Ability to cut price in retaliation deters potential entrants.	Customer loyalty can discourage potential entrants.	Focusing develops core competencies that can act as an entry barrier.
Buyer Power	Ability to offer lower price to powerful buyers.	Large buyers have less power to negotiate because of few close alternatives.	Large buyers have less power to negotiate because of few alternatives.
Supplier Power	Better insulated from powerful suppliers.	Better able to pass on supplier price increases to customers.	Suppliers have power because Of low volumes, but a differentiation-focused firm is better able to pass on supplier price increases.
Threat of Substitutes	Can use low price to defend against substitutes.	Customer's become attached to differentiating attributes, reducing threat of Substitutes.	Specialized products and core competency protect against Substitutes.
Rivalry	Better able to compete on price.	Brand loyalty to keep customers from rivals.	Rivals cannot meet differentiation-focused customer needs.

Source: (Porter, 1985)

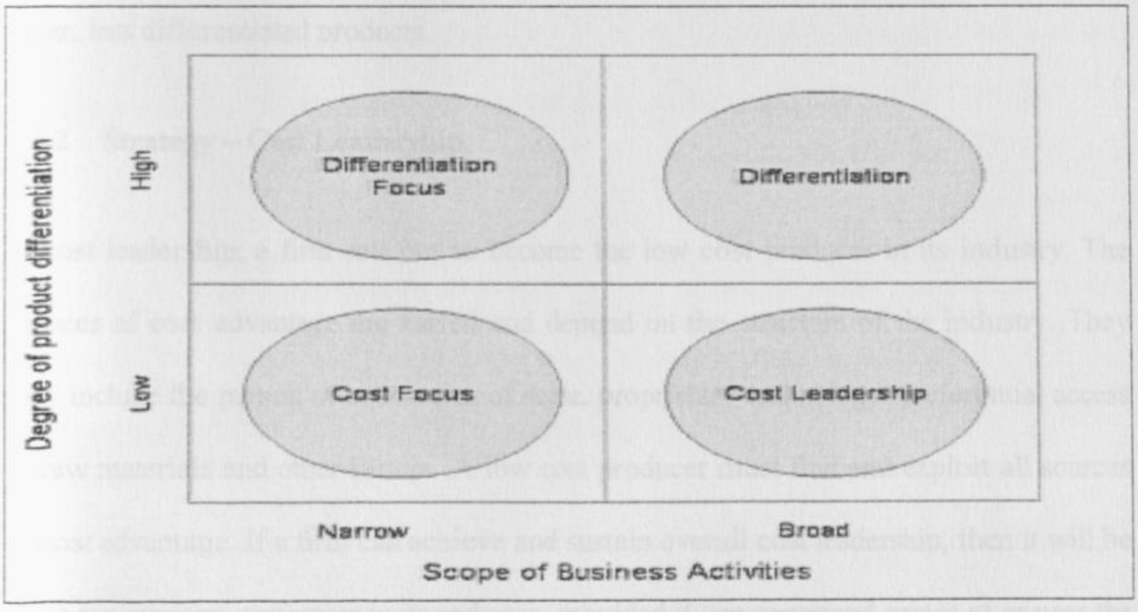
2.3 Competitive Strategies

Competition is one of society's most powerful forces for making things better in many fields of human endeavor. Competition is pervasive, whether it involves companies contesting markets, countries coping with globalization, or social organizations responding to societal needs. Every organization needs a strategy in order to deliver superior value to its customers. This is truer today than ever before, as competition has intensified dramatically over the last several decades in almost all domains. It has spread across geography, so that nations must compete to maintain their existing prosperity, much less enhance it. Competition has also spread to all sectors of society, including fields like the arts, education, health care, insurance and philanthropy, where there are growing needs but scarce resources. Today organizations in all spheres must compete to deliver value. Value is the ability to meet or exceed the needs of customers, and do so efficiently. Companies have to deliver value to their customers, and countries have to deliver value as business locations. This is now just as true for a hospital delivering health care, or a foundation making charitable contributions, as it is for insurance companies producing a product or service. (Treacy and Wiersema, 1993)

Firms operating in the same industry can decide to adopt different strategies, choosing between four so-called 'generic competitive strategies': cost leadership, when the firm offers the same product at a lower price than its competitors; differentiation, when the firm offers a different product (higher quality and more functions) at a higher price. In this case, the firm must fix the price at a level sufficient to cover the greater costs sustained to differentiate the product. If this is not done, the differentiation strategy will result in greater costs not covered by higher income; focus (Broad/Narrow) strategy, is used when the firm follows one of the two previous strategies, but focusing on a restricted segment of the market. Cost focus strategy is used if the firm decides to pursue a cost leadership strategy in a restricted segment of the market, and a differentiation focus if it acts according to a differentiation strategy. Positions not consistent with the three proposed options result in what Porter calls 'stack in the middle' and do not enable the firm to gain average market profits. (Porter, 1985)

Porter further introduces the concept of 'value chain' claiming that: 'competitive strategies results from a firm's ability to perform the required activities at a collectively lower cost than rivals, or perform some activities in unique ways that create buyer value and hence allow the firm to command a premium price'. Porter (1985) coined four "generic" business strategies that could be adopted in order to gain competitive advantage. The four strategies relate to the extent to which the scope of a business' activities are narrow versus broad and the extent to which a business seeks to differentiate its products. The four strategies are summarized in the figure below:

Figure 2: The Generic Strategies.



Source: (Porter, 1985)

The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments. By contrast, the differentiation focus and cost focus strategies are adopted in a narrow market or industry. (Porter, 1985)

2.3.1 Strategy - Differentiation

In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price. This strategy is usually associated with charging a premium price for the product, often to reflect the higher production costs and extra value-added features provided for the consumer. Differentiation is about charging a premium price that more than covers the additional production costs, and about giving customers clear reasons to prefer the product over other, less differentiated products.

2.3.2 Strategy – Cost Leadership

In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average. Many market segments in the industry are supplied with the emphasis of minimizing costs. If the achieved selling price can at least equal the average for the market, then the lowest-cost producer will enjoy the best profits. This strategy is usually associated with large-scale businesses offering "standard" products with relatively little differentiation that are perfectly acceptable to the majority of customers. Occasionally, a low-cost leader will also discount its product to maximize sales, particularly if it has a significant cost advantage over the competition and, in doing so, it can further increase its market share.

2.3.3 Strategy – Differentiation Focus

In the differentiation focus strategy, a business aims to differentiate within just one or a small number of target market segments. The special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. The important issue for any business adopting this strategy is to ensure that customers really do have different needs and wants, in other words that there is a valid basis for differentiation and that existing competitor products are not meeting those needs and wants.

2.3.4 Strategy – Cost Focus

It entails seeking a lower-cost advantage in just on or a small number of market segments. The product will be basic, perhaps a similar product to the higher-priced and featured market leader, but acceptable to sufficient consumers.

Firm's competitive strategies arise from the way in which they configure and link the many activities in their value chain relative to competitors. Furthermore, the value chain of each firm will interact with the value chain of any other firm placed along the production chain. The industrial environment defines opportunities, risks, resources, and costs firms must take into account. The external environment maintains a central role, influencing with more or less strength the company's strategy and its ability to gain a successful position in the market. Porter's analysis underscores the firm's opportunity to decide its strategy freely, implementing a cost-based, a differentiation-based, or a focused approach. The market maintains its importance but firms seem to be given higher levels of freedom. Porter's contribution makes the model less rigid, giving the firm the opportunity to move in the market freely, developing one of the three (or rather four) strategy options identified. (Porter, 1990)

2.4 Challenges of Implementing Strategy

Although a sense of direction is important, it can also stifle creativity, especially if it is rigidly enforced. In an uncertain and ambiguous world, fluidity can be more important than a finely tuned strategic compass. When a strategy becomes internalized into a corporate culture, it can lead to group think. It can also cause an organization to define itself too narrowly. Many strategies tend to undergo only brief periods of popularity. Many strategies tend either to be too narrow in focus to build a complete corporate strategy on, or too general and abstract to be applicable to specific situations. Hamel (2000), for example coined the term strategic convergence to explain the limited scope of the strategies being used by rivals in greatly differing circumstances. He lamented that strategies converge more than they should, because the more successful ones are imitated by firms that do not understand that the strategic process involves designing a custom strategy for the specifics of each situation.

Chaffee (1985) pointed out that some of the challenges encountered while implementing strategies are due to; failure to understand the customers, inadequate or incorrect marketing research and inability to predict environmental reactions. Another challenge is on over-estimation of resource competence i.e. can the staff, equipment, and processes handle the new strategy. The other challenge is when one fails to develop new employees and manage skills, while also failing to adequately coordinate reporting and control relationships. Inflexible Organizational structure will also dissuade the implementation process. It is also quite challenging to get the senior management's commitment which leads to lack of sufficient company resources to accomplish tasks. Employees' commitments and use of incentives to embrace the new strategy is also quite essential if strategy implementation process is to succeed. Time is also a critical factor and should never be under-estimated. (David, 1989)

Another challenge is on following the plan without tracking progress against the plan, which leads to failures in implementation stages. This is usually due to inadequate understanding of the internal resistance to change and lack of vision on the relationships between processes, technology and the organization. Finally, the commonest challenge is usually poor communications which is usually caused by insufficient information sharing among stakeholders and exclusion of stakeholders and delegates from the implementation process. Therefore for strategy to succeed, all the above factors must be dealt with diligently. (Drucker, 1965)

2.5 Empirical Evidence

This section presents the studies and possible outcomes that have been necessitated by challenges of implementing competitive strategies. Within the Kenyan context, the challenge of implementing competitive strategies has been researched on in different industry contexts (Banda, 2006, Njoroge, 2006, Mbugua, 2006, Kung'u, 2007, Ateng, 2007, Oyeyo, 2008 and Musyoka, 2008). All these studies adopted a case study design to investigate on different aspects of competitive strategies among particular companies in Kenya.

Banda (2006), focused on the challenges of competition in the health sector industry with emphasis on how the public health institutions are responding to these challenges in order to meet their goal of providing accessible, affordable quality health care services to its people. Njoroge (2006) did a case study on building competitive advantage through geographic diversification and concluded that factors considered in diversifying include the possibility of dominating and the state of competition in those areas. He also considered financial capabilities of companies in meeting objectives they have set for themselves. Mbugua (2006), studied sustainable competitive advantage under conditions of change and concluded that by creating superior value to customers, that exceeds that of the competition, a firm can have long term superior performance in the market place.

While, Kung'u (2007) did a study on strategy implementation challenges, and by conducting a census survey, her major objective was to establish what mainstream churches in Kenya do to cope with strategy implementation challenges and the results showed that use of teamwork was a mechanism highly favored by most churches, as well as involvement of stakeholders a popular mechanism with most of the churches. From her study, one can gather that strategy implementation challenges were evident in organizational culture and poor communication with top management were pertinent challenges with popular mechanisms used to cope with the challenges being teamwork and bringing all stakeholders on board in implementation of the strategy.

Ateng (2007) also did a study on challenges of strategy implementation and identified the challenges ranging from unsupportive culture, lack of good leadership, matching structures to plan, lack of adequate resources, unsupportive communication system, and implementation taking more time than originally allocated. Oyeyo (2008) did a study to establish sources of sustainable competitive advantage in the banking industry and also to determine strategies adopted to achieve and sustain competitive advantage. Her findings indicated that the major sources of sustainable competitive advantage were internally generated, and that these sources originated out of the possession of superior and high quality internal capabilities and competencies.

Musyoka (2008) focused on challenges faced in strategy implementation and concluded that these challenges emanated from sources internal to the organization due to behavior resistance to change from the traditional deep rooted public sector culture to a dynamic culture responsive to the market. She pointed out how inappropriate systems especially the structure, culture, leadership, systems used in the organization did not have a strategic fit with the strategy. She also pointed out that the inadequate human, physical and financial resources were also a key challenge in implementation.

Most organizations should understand their competitive strategies and know them well. They should know their competitors better. There have been various studies done on competitive strategies and they have covered major areas of importance and concern as far as coming up with effective strategies that give a firm a competitive edge. However, there are still some issues to be addressed such as establishing differentiation strategy, cost leadership strategy, cost focus strategy, resources and capabilities, value creation, cost advantage and differentiation advantage so as to gain a competitive edge against competitors.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the specific strategies that were used in data collection and analysis in order to answer the research questions. It focuses on research design, target population, sampling technique and description of the research instruments, data collection procedures and analysis of data.

3.2 Research Design

The study was conducted by way of a cross-sectional survey, which sort to establish the challenges faced by the insurance industry in Kenya, while implementing competitive strategies. A cross-sectional survey was the most appropriate method of this study given that the population of interest was small.

3.3 Population of Study

The population of interest consisted of all the 43 Insurance companies in Kenya that have been inspected, assessed and classified as Insurance companies by the Insurance Regulatory Authority and have been operating in the year 2010.

3.4 Sample Design

The sample size was the best ten insurance companies (top ten). These ten insurance companies were arrived at by the bulletin report of the Association of Kenya Insurers

(AKI) and the Insurance Regulatory Authority (IRA) as at December 2009. The ten companies are as follows; Jubilee Insurance, APA, UAP, ICEA, Chartis, CFC, Heritage, Pan African, Madison and Old Mutual Insurance company. The focus was on customers, agents/brokers, employees and managers within the ten insurance companies.

3.5 Data Collection

The data was collected by administering questionnaires to the respective respondents. Questionnaires are an inexpensive way to gather data from a potentially large number of respondents. Often they are the only feasible way to reach a number of respondents large enough to allow statistically analysis of the data. A well-designed questionnaire that is used effectively can gather information on both the overall performance of the test system as well as information on specific components of the system.

Both Primary and Secondary data was used. Data was collected by use of a questionnaire, so as to overcome sensitivities associated with sharing of information on Kenyan firms. The questionnaires were administered electronically and where not possible through, drop and pick to all respondents within easy reach.

3.6 Data Analysis

Data analysis is the act of transforming data with the aim of extracting useful information and facilitating conclusions. Before analysis, all the questionnaires were checked for reliability and verification. The data analysis techniques used in the study were descriptive statistics (cross tabulation, frequency, percentage, mean and standard deviation) and factor analysis. Factor analysis is a method for decomposing information in a set of variables for meaningful factors that are underlying latent dimensions of the problem. The factors summarize the larger set of original variables /question variables into a smaller set of meaningful factors. The data were presented using tables.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the results of the analysis of the data collected. A total of 10 insurance companies were used in the study. This was because the study focuses on the top ten companies in the insurance industry. The chapter is divided into four sections: Section 4.2 gives a summary of the general information, section 4.3 gives the rating areas of competition experienced by most insurance companies in the last five years, section 4.4 gives analysis of the extent to which challenges affect strategy implementation process and section 4.5 presents challenges organizations face while applying their competitive strategies.

4.2 General Information

The general information considered in this study were; department, length of stay in the organization, ownership of the companies, nature of competition, areas has competition and frequency of changes of organization structure.

Table 4.1: Cross tabulation of Name of the company * company ownership

Name of the company		company ownership			Total
		local	foreign	both	
UAP insurance co.	Count	6	0	0	6
	%	100.0%	.0%	.0%	100.0%
Madison insurance co.	Count	2	0	0	2
	%	100.0%	.0%	.0%	100.0%
Old mutual	Count	0	1	1	2
	%	.0%	50.0%	50.0%	100.0%
Chartis insurance co.	Count	0	1	0	1
	%	.0%	100.0%	.0%	100.0%
Heritage insurance co.	Count	0	3	1	4
	%	.0%	75.0%	25.0%	100.0%
APA insurance co.	Count	2	0	0	2
	%	100.0%	.0%	.0%	100.0%
Jubilee insurance co.	Count	1	0	0	1
	%	100.0%	.0%	.0%	100.0%
CFC life	Count	0	1	0	1
	%	.0%	100.0%	.0%	100.0%
ICEA	Count	2	0	1	3
	%	66.7%	.0%	33.3%	100.0%
Pan Africa life	Count	1	0	1	2
	%	50.0%	.0%	50.0%	100.0%
Total	Count	15	6	4	25
	%	60.0%	24.0%	16.0%	100.0%

As shown in table 4.1, 60% of all the top ten insurance companies were locally owned, 24% are foreign owned. Old mutual, Heritage insurance co, ICEA and Pan Africa life insurance companies are both locally and foreign owned accounting for 16% of study sample.

Table 4.2: Cross tabulation of name of the company * nature of competition in insurance industry in Kenya

Name of the company		How do you describe competition in insurance industry in Kenya			Total
		strong	very strong	hyper	
UAP insurance co.	Count	6	0	0	6
	%	100.0%	.0%	.0%	100.0%
Madison insurance co.	Count	2	0	0	2
	%	100.0%	.0%	.0%	100.0%
Old mutual	Count	0	0	2	2
	%	.0%	.0%	100.0%	100.0%
Chartis insurance co.	Count	1	0	0	1
	%	100.0%	.0%	.0%	100.0%
Heritage insurance co.	Count	0	4	0	4
	%	.0%	100.0%	.0%	100.0%
APA insurance co.	Count	0	0	2	2
	%	.0%	.0%	100.0%	100.0%
Jubilee insurance co.	Count	0	2	0	2
	%	.0%	100.0%	.0%	100.0%
CFC life	Count	0	1	0	1
	%	.0%	100.0%	.0%	100.0%
ICEA	Count	0	3	0	3
	%	.0%	100.0%	.0%	100.0%
Pan Africa life	Count	0	2	0	2
	%	.0%	100.0%	.0%	100.0%
Total	Count	9	12	4	25
	%	36%	48.0%	16.0%	100.0%

Respondents' rating of nature of competition varies from company to company within the insurance industry. Specifically 36% of the respondents rate competition as being strong (UAP insurance co, Madison insurance co and Chartis insurance co). 48% of the respondents were of the opinion that there exists very strong competition in the insurance industry (Heritage insurance co, Jubilee insurance co, CFC life, ICEA and Pan Africa life. Only 16% of the respondent rated competition in the industry at the level of super (Old mutual and APA insurance co).

4.3 Rating areas of competition experienced mostly by insurance company's in the last five years

The respondents were to rate the areas of competition experienced mostly by their respective company's in the last five years in a five point likert scale. The range was 'to a very great extent (5)' to 'not at all' (1). The scores of 'not at all' and 'to a little extent' have been taken to present a variable which had an impact to a small extent (S.E) (equivalent to mean score of 0 to 2.5 on the continuous likert scale ;($0\leq$ S.E <2.4). The scores of 'to a moderate extent' have been taken to represent a variable that had an impact to a moderate extent (M.E.) (equivalent to a mean score of 2.5 to 3.4 pm the continuous likert scale: $2.5\leq$M.E. <3.4). The score of both 'to a great extent' and 'to a very great extent' have been taken to represent a variable which had an impact to a large extent (L.E.) (equivalent to a mean score of 3.5 to 5.0 on a continuous likert scale; $3.5\leq$ L.E. <5.0). A standard deviation of >1.5 implies a significant difference on the impact of the variable among respondents.

Table 4.3: Descriptive Statistics

	Mean	Std. Deviation
Technological advancement	3.5200	.82260
Products differentiation	3.7200	.97980
Customer satisfaction profile	4.0000	.76376
Prices	3.9200	.99666
Mergers and alliances	2.8800	1.16619

The respondents were asked to rate the areas of competition experienced mostly by their respective company's in the last five years. The results are shown in table 4.3. From the findings to a great extent; Customer satisfaction profile (mean of 4.000), Prices (mean of 3.9200), Products differentiation (mean of 3.7200) and Technological advancement have been used as competitive edge by firms in the insurance industry. On the other hand Mergers and alliances have been used as competitive tool to a moderate extent.

Table 4.4: Cross tabulation of name of the company * frequency of change of organization structure

Name of the company		How often should the organization change its structure				Total
		Monthly	Quarterly	Semi annually	Annually	
UAP insurance co.	Count	0	0	0	6	6
	%	.0%	.0%	.0%	100.0%	100.0%
Madison insurance co.	Count	1	0	0	1	2
	%	50.0%	.0%	.0%	50.0%	100.0%
old mutual	Count	0	0	0	2	2
	%	.0%	.0%	.0%	100.0%	100.0%
Chartis insurance co.	Count	0	0	0	1	1
	%	.0%	.0%	.0%	100.0%	100.0%
Heritage insurance co.	Count	0	2	1	1	4
	%	.0%	50.0%	25.0%	25.0%	100.0%

APA insurance co.	Count	0	0	2	0	2
	%	.0%	.0%	100.0%	.0%	100.0%
Jubilee insurance co.	Count	0	0	0	1	1
	%	.0%	.0%	.0%	100.0%	100.0%
CFC life	Count	0	0	0	1	1
	%	.0%	.0%	.0%	100.0%	100.0%
ICEA	Count	0	0	1	2	3
	%	.0%	.0%	33.3%	66.7%	100.0%
Pan Africa life	Count	0	0	2	0	2
	%	.0%	.0%	100.0%	.0%	100.0%
Total	Count	1	2	6	16	25
	%	4.0%	8.0%	24.0%	64.0%	100.0%

The respondents were asked to indicate how often organizations should change their structures. As shown in table 4.4, most of organizations do change the structures on semi annual and annual basis, that is, 24% of the organization changes their structure on semi annual basis while 64% do carry out organization structure changes after one year.

4.4 Extent to which the following challenges affects strategy implementation process

The respondents were asked to state the extent to which the challenges affects strategy implementation process in insurance industry. Mean and standard deviations were used to rate the challenges as shown in table 4.5 below.

Table 4.5 Extent to which the following challenges affects strategy implementation process

	Mean	Std. Dev
Poor leadership styles	3.8800	1.33292
Lack of management commitment	3.6400	1.22066
Key formulators of strategic decision failing to play an active role in the actual implementation	3.3200	1.24900
Organizational culture not supporting strategy implementation	3.2400	1.23423
Poor management of firms resources	3.2400	1.39284
Employees skills and knowledge	3.2800	1.36991
Inadequate training, development and instruction to employees	3.0800	1.35154
Time taken to execute the plan	3.0417	.95458
Key implementation tasks and activities not being well defined	3.4000	1.41421
Overall goals not being understood by employees	3.3600	1.22066
Poor communication	3.6400	1.11355
Unrealistic targets	3.3200	1.14455
Co-ordination and teamwork	3.2800	1.24231
Failure to come up with corrective measures for any deviations	3.5000	1.10335
Uncontrollable factors outside the firm	2.8400	.89815
Inadequate information systems	3.0000	1.19024

As shown in table 4.5, from the findings to a great extent; poor leadership styles (mean of 3.8800), lack of management commitment (mean of 3.6400), poor communication (mean of 3.6400) and failure to come up with corrective measures for any deviations (mean of 3.5000).

On a moderate extent; key implementation tasks and activities not being well defined (mean of 3.4000), overall goals not being understood by employees (mean of 3.3600), key formulators of strategic decision failing to play role in the actual implementation (mean of 3.3200), unrealistic targets (mean of 3.3200), Co-ordination and teamwork (mean of 3.2800), employees skills and knowledge (mean of 3.2800), organizational culture not supporting strategy implementation (mean of 3.2400), poor management of firms resources (mean of 3.2400), Inadequate training, development and instruction to employees (mean of 3.0800), Time taken to execute the plan (mean of 3.0417), Inadequate information systems (mean of 3.000) and Uncontrollable factors outside the firm (mean of 2.8400).

In general key challenges affecting strategy implementation process in the insurance industry were; poor leadership styles, lack of management commitment, poor communication and failure to come up with corrective measures for any deviations

4.5 Challenges organizations face in applying its competitive strategies.

The factor analysis was used to identify the key challenges faced in applying its competitive strategies. Factor analysis is a method for decomposing information in a set of variables for meaningful factors that are underlying latent dimensions of the problem. The factors summarize the larger set of original variables /question variables into a smaller set of meaningful factors. The analysis was carried out and the results have been presented in terms of: KMO and Bartlett's Test, Total Variance Explained /Eigen values, and Rotated Component Matrix/Varimax

Table 4.6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.722
Bartlett's Test of Sphericity	Approx. Chi-Square	155.329
	df	55
	Sig.	.000

In order to use factor analysis to analyze the challenges faced in applying its competitive strategies, it was important to test the significance of the technique (factor analysis technique). This P value of 0.000 in table 4.6 shows that the technique is significant at 5 percent (P- value less than the significance level of 0.05).

Table 4.7: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.392	49.015	49.015	5.392	49.015	49.015
2	1.461	13.281	62.297	1.461	13.281	62.297
3	1.090	9.910	72.207	1.090	9.910	72.207
4	.877	7.970	80.177			
5	.664	6.034	86.211			
6	.487	4.425	90.636			
7	.435	3.956	94.593			
8	.259	2.354	96.947			
9	.140	1.276	98.223			
10	.121	1.098	99.321			
11	.075	.679	100.000			

Extraction Method: Principal Component Analysis.

From the total variance explained table/Eigen values (a measures of the variance explained by factors), factor extraction have been done to determine the factors using Eigen values greater than 1. Factors with Eigen values less than 1.00 were not used because they account for less than the variation explained by a single variable.

The result indicates that 11 variables were reduced into 3 factors. The three factors explain 72.2075% (Cumulative percentage) of the total variation, the remaining 8 factors together account for 27.7925% of the variance. The explained variation 72.2075% is greater than 70% and therefore, Factor Analysis can be used for further analysis. The model with three factors may be adequate to represent the data

Table 4.8: Rotated Component Matrix

		Component		
		1	2	3
Other organizations copy and try the same	X_1	-.120	**.775**	.019
Staff turnover is high	X_2	.042	.006	**.978**
Inadequate staff competencies	X_3	**.664**	-.341	-.158
Poor financial strength	X_4	**.870**	-.162	.169
Government and industry regulation	X_5	.339	**.754**	-.031
Management commitment	X_6	**.862**	.166	-.118
Inadequate resources	X_7	**.823**	-.074	.175
Rigid structures	X_8	**.770**	.193	.137
Poor communications	X_9	**.891**	.202	-.073
Ability and values of company executives	X_{10}	**.724**	.285	-.123
Inability to fit organizations practices to what is needed for strategic success	X_{11}	**.826**	.024	.035

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 4 iterations.

The rotated component matrix is to transform the complicated matrix (initial matrix into simpler one).The purpose of rotation is to achieve a simple structure i.e. we would like each factor to have non zero loading for only some of the variable so that we can easily interpret the factors.

A factor loading of 0.5 has been used to determine the variable belonging to each factor.

$F_1 = 0.664X_3 + 0.870X_4 + 0.862X_6 + 0.823X_7 + 0.770X_8 + 0.891X_9 + 0.724X_{10} + 0.724X_{11}$

Factor one is made up of the following variables; Inadequate staff competencies, Lack Poor financial strength, Management commitment, Inadequate resources, Rigid structures, Poor communications, Ability and values of company executives and Inability to fit organizations practices to what is needed for strategic success. This factor represents the challenge known as internal organizations challenges.

$F_2 = 0.775X_1 + 0.754X_5$

Factor two is made up of the following variables; other organizations copy and try the SME and government and industry regulation. This factor represents the challenge known as external challenges.

$F_3 = 0.978X_2$

Factor three is made up of Staff turnover is high. This factor represents the challenge known as turnover rate.

4.6 Mechanisms Used To Cope With Strategy Implementation Challenges

The members were asked to rate the mechanisms used to cope with strategy implementation challenges in their organizations.

Table 4.9 Mechanisms Used To Cope With Strategy Implementation Challenges

	Mean	Std. Dev
Change of overall leadership	3.3600	1.11355
Change of the top leader	3.2400	1.20000
Structural adjustment to suit the strategy	3.8000	1.15470
Training and developing of strategy objectives to staff	3.9200	1.07703
Communicating of objectives to stakeholders	3.7200	1.13725
Use of teamwork to implement strategy	3.9200	1.11505
Involvement of stakeholders through the implementation process	4.0000	.95743
Use of a process map/flow charts for implementation	3.6000	1.22474
Addressing environmental issues individually	2.8800	1.01325
Use of measurement scales for achievement of objectives	3.7200	1.10000

From the findings to a large extent Involvement of stakeholders through the implementation process (mean of 4.000), use of teamwork to implement strategy (mean of 3.9200), training and developing of strategy objectives to staff (mean of 3.9200), structural adjustment to suit the strategy (mean of 3.8000), communicating of objectives to stakeholders (mean of 3.7200), use of measurement scales for achievement of objectives (mean of 3.7200) and use of a process map/flow charts for implementation (mean of 3.6000)

On the other hand to a moderate extent the following mechanisms were used to cope with strategy implementation challenges; change of overall leadership (mean of 3.3600), change of the top leader (mean of 3.2400) and addressing environmental issues individually (mean of 2.8800).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section highlights summary of the findings, draw conclusions and make recommendations.

5.2 Summary

The objectives of the study were to determine the challenges of implementing competitive strategies in the insurance industry in Kenya and to establish what the insurance industry in Kenya does to cope with the challenges of implementing competitive strategies.

In summary, the study shows Majority of (60%) of the top ten insurance companies were locally owned with only 24% being foreign owned. it was also noted that majority of the organization rating on nature of competition was strong at 36% rating, very strong at 48% rating and hyper at 16% rating.

Feedback on rate on areas of competition experienced mostly by their respective company's in the last five years indicated that to a great extent competition was on customer satisfaction profile, prices, products differentiation and technological advancement. Most of the insurance organizations change their structures on semi annual and semi annual basis (24%) and annual basis (64%). The shorter period is preferred to enable them determine areas where targets are not being met and make the necessary adjustments

The respondents unanimously agreed key challenges affecting strategy implementation process in the insurance industry were poor leadership styles, lack of management commitment, poor communication and failure to come up with corrective measures for any deviations.

The study used factor analysis to determine key challenges faced in applying its competitive strategies. 11 predetermine variables/statements were reduced into 3 factors. The three factors explain 72.2075% (Cumulative percentage) of the total variation, the remaining 8 factors together account for 27.7925% of the variance. The explained variation 72.2075% is greater than 70% and therefore, challenges faced in implementing organization learning can be determined by Factor analysis technique. The model with three factors was adequate to represent the data. The key challenges faced in applying its competitive strategies by insurance organizations; turnoff,

The study indentified the following as mechanisms used to cope with strategy implementation challenges in the insurance industry involvement of stakeholders through the implementation process, use of teamwork to implement strategy, training and developing of strategy objectives to staff, structural adjustment to suit the strategy, communicating of objectives to stakeholders, use of measurement scales for achievement of objectives and use of a process map/flow charts for implementation

5.3 CONCLUSION

The study concluded that all insurance industry faces challenges when implementing competitive strategies. This is supported by respondent's identification of key three challenges. The study also concluded that current mechanisms put in place by insurance firms are effective and more controls should be put in place.

5.4 RECOMMENDATIONS

Based on the study findings the following recommendations were made:

5.4.1 Recommendation to Policy Makers

Based on the study findings, it is recommended that insurance company's come up with human resources policy to check on the high turnover rates in the industry. The policies should be designed in a manner that it incorporate reasons given by employees when they leave an organization. This should be supported by exit interviews for every employee leaving the organization. Organizations should also relook at their internal organization structures as the study identified internal organization structures as the key challenge facing insurance firms.

5.4.2 Recommendation for Further Research

The study confined itself to top ten insurance companies from a population of 43 insurance companies. This research therefore should be replicated in other insurance companies and the results be compared so as to establish whether there is consistency within the insurance industry.

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APPENDICES

Appendix I: Questionnaire

SECTION A

1. Name of the company_______________________
2. Number of years in operation? _______________
3. Company Ownership **(tick as appropriate)**

   Local ( ) Foreign ( ) Others, (Specify) _________________________

SECTION B

4. How do you describe competition in insurance industry in Kenya?

   Weak ( ) Strong ( ) Very Strong ( ) Hyper ( )

5. In what areas has competition been experienced most in your company in the last five years? **Use a 5-point scale where:- 1=No Extent at All 2=Little Extent 3=Moderate Extent 4=Great Extent 5=Very Great Extent**

		1	2	3	4	5
i)	Technological Advancement	( )	( )	( )	( )	( )
ii)	Products Differentiation	( )	( )	( )	( )	( )
iii)	Customer satisfaction profile	( )	( )	( )	( )	( )
iv)	Prices	( )	( )	( )	( )	( )
v)	Mergers & Alliances	( )	( )	( )	( )	( )

6. How often should the organization change its structure?

   Monthly ( ) Quarterly ( ) Semi Annually ( ) Annually()Any Other…………

SECTION C

Strategy Implementation Challenges

7. To what extent do you find each of the following a challenge in your strategy implementation process. **Use a 5-point scale where:-**

1=No Extent at All 2=Little Extent 3=Moderate Extent

4=Great Extent 5=Very Great Extent

	1	2	3	4	5
i) Poor leadership styles	( )	( )	( )	( )	( )
ii) Lack of management commitment.	( )	( )	( )	( )	( )
iii) Key formulators of strategic decisions failing to play an active role in the actual implementation process	( )	( )	( )	( )	( )
iv) Organizational culture not supporting strategy implementation	( )	( )	( )	( )	( )
v) Poor management of firm's resources	( )	( )	( )	( )	( )
vi) Employee's skills and knowledge	( )	( )	( )	( )	( )
vii) Inadequate training, development and instructions to employees	( )	( )	( )	( )	( )
viii) Time taken to execute the plan.	( )	( )	( )	( )	( )
ix) Key implementation tasks and activities not being well defined	( )	( )	( )	( )	( )
x) Overall goals not being understood by employees	( )	( )	( )	( )	( )
xi) Poor communication	( )	( )	( )	( )	( )
xii) Unrealistic targets	( )	( )	( )	( )	( )
xiii) Co-ordination and teamwork	( )	( )	( )	( )	( )
xiv) Failure to come up with corrective measures for any deviations	( )	( )	( )	( )	( )
xv) Uncontrollable factors outside the firm	( )	( )	( )	( )	( )
xvi) Inadequate information systems	( )	( )	( )	( )	( )

8. What challenges does your organization face in applying its competitive strategies. **Use a 5-pointscale where:-**

1=No Extent at All 2=Little Extent 3=Moderate Extent 4=Great Extent 5=Very Great Extent

		1	2	3	4	5
i)	Other organizations copy and try the same	( )	( )	( )	( )	( )
ii)	Staff turnover is high	( )	( )	( )	( )	( )
iii)	Inadequate staff competencies	( )	( )	( )	( )	( )
iv)	Poor financial strength	( )	( )	( )	( )	( )
v)	Government and industry regulations	( )	( )	( )	( )	( )
vi)	Management commitment	( )	( )	( )	( )	( )
vii)	Inadequate resources	( )	( )	( )	( )	( )
viii)	Rigid structures	( )	( )	( )	( )	( )
ix)	Poor communications	( )	( )	( )	( )	( )
x)	Ability and values of company executives	( )	( )	( )	( )	( )
xi)	Inability to fit organizations practices to what is needed for strategic success	( )	( )	( )	( )	( )

Mechanisms Used To Cope With Strategy Implementation Challenges

9. To what extent can each of the following approaches be used to cope with strategy implementation challenges in your organization? **Use a 5-pointscale where:- 1=No Extent at All 2=Little Extent 3=Moderate Extent 4=Great Extent 5=Very Great Extent**

		1	2	3	4	5
i)	Change of overall leadership	( )	( )	( )	( )	( )
ii)	Change of the top leader	( )	( )	( )	( )	( )
iii)	Structural adjustment to suit the strategy	( )	( )	( )	( )	( )

iv)	Training and developing of strategy objectives to staff	( )	( )	( )	( )	( )
v)	Communicating of objectives to stakeholders	( )	( )	( )	( )	( )
vi)	Use of teamwork to implement strategy	( )	( )	( )	( )	( )
vii)	Involvement of stakeholders through the implementation process	( )	( )	( )	( )	( )
viii)	Use of a process map / flow charts for implementation	( )	( )	( )	( )	( )
ix)	Addressing environmental issues Individually	( )	( )	( )	( )	( )
x)	Use of measurement scales for achievement of objective	( )	( )	( )	( )	( )

Thank You for Your Inputs and Cooperation.

Appendix II: List of Insurance Companies

1 African Merchant Assurance Company (AMACO)
2 APA Insurance Company
3 Apollo Life Assurance Company
4 Blue Shield Insurance Company
5 British American Insurance Company
6 Cannon Assurance Company
7 CFC Life Assurance Company
8 Chartis Kenya Insurance Company
9 Concord Insurance Company
10 Co-operative Insurance Company
11 Corporate Insurance Company
12 Directline Assurance Company Ltd
13 Fidelity Shield Insurance Company
14 First Assurance Company
15 Gateway Insurance Company
16 Geminia Insurance Company
17 General Accident Insurance Company
18 Heritage Insurance Company
19 Insurance Company of East Africa (ICEA)
20 Intra Africa Assurance Company
21 Jubilee Insurance Company
22 Kenindia Assurance Company
23 Kenyan Alliance Insurance Company
24 Kenya Orient Insurance Company
25 Lion of Kenya Insurance Company
26 Madison Insurance Company
27 Mayfair Insurance Company
28 Mercantile Insurance Company

29 Metropolitan Life Insurance Kenya Ltd.
30 Monarch Insurance Company
31 Occidental Insurance Company
32 Old Mutual Life Assurance Company
33 Pan Africa Life Assurance Company
34 Pacis Insurance Company Ltd
35 Phoenix of East Africa Assurance Company
36 Pioneer Life Assurance Company
37 Real Insurance Company
38 Tausi Assurance Company
39 Trident Insurance Company
40 Trinity Life Assurance Company
41 UAP Insurance Company
42 Canon Assurance Company
43 UAP Life Assurance

(Association of Kenya Insurers December, 2009)

Appendix III: List of Top Ten Insurance Companies

RANKING	INSURANCE COMPANY	MARKET SHARE
1	Jubilee Insurance Company	8.56%
2	APA Insurance Company	8.43%
3	UAP Insurance Company	7.11%
4	ICEA Insurance Company	6.57%
5	Chartis Insurance Company	4.72%
6	CFC Insurance Company	4.56%
7	Heritage Insurance Company	4.45%
8	Pan African Life Insurance	4.04%
9	Madison Insurance Company	3.84%
10	Old Mutual Insurance Company	2.38%
11	Others	45.34%
	Totals	**100%**

(Insurance Industry Annual Report, 2009)