

ABSTRACT

Historically, insurance companies targeted the middle and upper classes who could afford to pay their premiums. However, the increasing cost of living has obligated insurance companies operating in Kenya to alter their business models to maintain revenues. With more people willing to take out insurance today, emerging risks are forcing the insurance industry to constantly expand its range of products and change its management approach. These changes in the operating environment have forced managers in insurance firms to adopt change management strategies to mitigate disruption to their business processes. The study had two objectives which sought to determine the challenges of managing strategic change faced by insurance firms in Kenya and secondly to establish the strategies adopted by insurance firms in Kenya in managing change. A survey research design was used for this study to determine the industry practices and challenges in the management of strategic change and the researcher used a structured questionnaire to measure responses in the study. From the findings, the study concludes that the importance of communication for change is not only informing, motivating and coordinating but also managing employee expectations. The study also concludes that the major obstacle to organizational growth is managers' inability to change their attitudes and behavior as rapidly as their organizations require. Even when managers intellectually understand the need for changes in the way they operate, they sometimes are emotionally unable to make the transition. The study further concludes that lack of change management resources and planning also pose as challenges to effective change management. These include insufficient resources available to conduct the necessary planning and implementation, the lack of a formal change management approach and the lack of change management knowledge within the team. The study recommends that further research should be done on the policy measures that can be strategically developed in order to enhance the success of insurance companies. Further study should look at how to mitigate the challenges that insurance companies encounter. By so doing, it will encourage and ensure the success of insurance companies. The study further recommends that a similar study should be done to investigate the challenges facing change management practices adoption by insurance firms in Kenya. The study also recommends that managers should provide channels and opportunities for employees to gather feedback about their own participation in change programs. In relation to this, face-to-face communication in seeking employees' views and concerns is highly recommended.