

**ANALYSIS OF FACTORS AFFECTING STRATEGY  
IMPLEMENTATION AT INSURANCE REGULATORY  
AUTHORITY**

**BY**

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**DECLARATION**

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

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This research project has been submitted for examination with my approval as University supervisor.

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## **DEDICATION**

I dedicate this work to my daughter Njambi, my dear friend Michael who have been my encouragement during this journey; and to my friends who tirelessly supported me and kept on encouraging me to move on even when it seemed hard.

## **ABSTRACT**

The purpose of this study was to analyze factors affecting strategy implementation at Insurance Regulatory Authority. The problem statement lead to the following question: what factors influences strategy implementation at Insurance Regulatory Authority in Kenya. The study conducted a census survey at Insurance Regulatory Authority, targeting a total number of twenty five (25) managers both top and middle management who represent 100% of the total population. The managers were representatives from all departments in namely Corporate Communication, Policy, Research & Development, Human capital development & administration , Information Communication and technology, Finance, legal affairs, Internal audit/Risk management and Technical department. The nature of data to be collected was quantitative and qualitative. The study found that top management has a very high influence in the Strategic Implementation in IRA. The research also confirmed that the organization structure influences the implementation on strategy due to communication and bureaucracy. On the basis of the foregoing the following recommendations were made, that there is need for to ensure that strategy implementation is supported by the organization structure of the institution, ensure that employees are conversant with their role in the process of strategy implementation and continued feedback on the status of achievement of the strategic objectives. In addition top management should endeavor to reconcile the organization mandate, the resources available, stakeholder's needs and employee's needs for effective and efficient implementation of strategy. The study was limited to IRA and a replication of this study through comparative study using sample from other institutions in the regulatory sector and other state corporations is recommended. This will provide an overview of the factors influencing strategy implementation and an in-depth knowledge base and shed more light on the study area. It is envisage that the result of this study provides an understanding on the factors influencing strategic implementation and the importance of understanding them in organization core business.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

Companies have been forced by dynamic and intense competitive pressures to re-evaluate almost every aspect of their approach to conducting business (Stanley *et al.*, 2006). According to Kotler (2003), change is inevitable and yesterday's determinants of success can be today's and tomorrow's determinants of failure. Therefore, organizations must respond appropriately to the changes in their environment in order to survive and to achieve their strategic objectives, (Arnold 1996).

While current public policy models have certainly started to reflect a shift away from traditional thinking about organizational design and public management, a systematic process for creating and sustaining improved performance that reflects changes in the environment is clearly absent. The guiding principles in any strategic management process, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance (Louw et al 2010). The difficulty in strategic management is the challenge of laying a foundation for success in the future while meeting today's challenges. Organizations are dynamic, complex and are gradually changing hence need for competitive strategies. However excellent the strategies developed by organizations to counter the challenges it faces, the major hurdle for success is the effective implementation (Morgan and Strong, 2003). In fact, the most

elegantly conceived, precisely articulated strategy is virtually worthless unless it is implemented successfully, (Sabatier and Weible, 2007).

Many institutions know their business needs and the struggles required for success. However, many institutions struggle to translate theory into action. Implementing strategies successfully is vital for any organization, be it public or private. Without implementation, even the most superior strategy is useless (Alexander, 1991). The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented. The development and implementation of strategies by an organisation to chart the future path to be taken would enhance the competitiveness of such firms operating in a competitive environment.

### **1.1.1 Concept of Strategy**

A strategy is a long term plan of action designed to achieve a particular goal, most often “winning” (Thompson et al, 2007). Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated and often practically rehearsed. According to Johnson and Scholes (2002), strategy has to do with how an organization matches its internal and external environment and the management process is concerned with how to maintain, stabilize or change that position. Mintzberg and Quinn (1998) identify four interrelated definitions of strategy as a plan, perspective, pattern and position. As a plan, it is some sort of consciously intended course of action, a guideline to deal with a situation. As a pattern it integrates an organization’s major goals, policies and actions sequences into a cohesive whole.

Strategy as a position becomes a mediating force or match between the organizations and its external and internal environments. Strategy as a position looks outside the organization seeking to locate the organization in the external environment and it in a cohesive position. Strategy as a perspective looks at the organization. In this respect it is a concept and a perspective shared by the members through their intentions and actions (Alashoo *etal* 2005).

Johnson and Scholes (2002) define strategy as “the direction and scope of an organization over long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations”. He concludes that strategy can be seen as the matching of the resources and activities of an organization to the environment in which it operates. This is sometimes known as search for strategic fit. The concept of strategy is therefore built around winning. Strategy helps to achieve success whether in business or otherwise, success in this context refers to the realization of objectives that are desired. Effective strategy is formulated around four factors.

### **1.1.2 Strategy Implementation**

Strategy implementation is the process of allocating resources to support an organization’s chosen strategies. This process includes the various includes various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and ultimately achieve organizational goals (Okumus,

2003). Strategy implementation is defined as ``the process used to implement specific firm policies, programs, and action plans across the organization`` (Harrington, 2004, p.321). A prudent organization needs to formulate a strategy that is ``appropriate for the organization, appropriate for the industry, and appropriate for the situation`` (Alexander, 1991). Effective strategy implementation and execution relies on maintaining a balance between preventing failures and promoting success simultaneously. When there is a proper alignment between strategy, administrative mechanisms and organizational capabilities, it would be easier to implement and execute the strategy and to achieve the desired objectives (Okumus, 2003).

The implementation of a strategic plan is based on, two things are important: strategic planners must know their options for implementing the plan and they must select the appropriate method of implementation (Rowley & Sherman; 2002). Strategic implementation can be defined as the process that turns the selected strategy into action to ensure that the stated goals as aligned with the vision and mission are accomplished (Adrian & Alison 2008),

Raps (2004) observe that strategy may fail to achieve expected results especially when the strategy execution is flawed. The failure to execute is a major concern of executives because it limits organizational growth, adaptability and competitiveness. Executives are not judged by the brilliance of their strategy, but by their ability to implement it. The challenge is how to close the gap between strategy and actual results. Lepsinger (2006) state that true leaders have a clear vision and are 100% committed to pursuing it. He

states that something often goes wrong as the leaders try to bring their vision to life. He calls this the “strategy-execution gap”. Pryor, *et al.*, (2007) concur that without coherent aligned implementation, even the most superior strategy is useless. He adds that most strategic planning efforts fail during this crucial phase, wasting significant resources already invested. Therefore, implementation and execution has attracted much less attention than strategy formulation or strategic planning (Bigler, 2001). While strategy formation and implementation are tightly integrated functions, strategy implementation is the most complicated and time consuming part of strategic management. It cuts across virtually all facets of managing and needs to be initiated from many points inside the organization.

### **1.1.3 Factors influencing Strategy Implementation**

Strategy implementation is inextricably connected with organizational change. All organizations resist change and try to maintain the status quo, sometimes even if it yields unsatisfactory results. To translate planned intervention activities into actions that bring desired organizational outcomes requires incorporation of numerous variables: individual behaviour, social factors, organizational arrangements, physical settings, and technology. Changing one organizational element has a ripple effect that impacts other parts of organization, which in turn have their own ripple effects. To redirect the organization, one must address many overlapping and related issues, and the resulting impression of needing to change "everything at once" can be overwhelming (Marginson 2002).

Companies do not find difficulty with formulation of a strategy; the difficulty comes with implementation as it is not easy to implement a Strategy (Sterling 2003). As a result Sterling (2003) states that a study that was undertaken showed that only 30% of strategies are properly implemented by companies and this obviously needs improvement. Companies have long known that, to be competitive, they must develop good strategies and to appropriately realign the organizational structure, systems, leadership behavior and human resource policies. According to Beer and Eisenstat (2000), there were six fundamental reasons why various strategies developed by firms were not implemented effectively. They identified that employees saw the overall problem being rooted fundamentally in the process of management issues of leadership, teamwork and strategic direction and not in the commitment of people and their functional competencies. Poor quality vertical communication not only hinders strategy communication but also prevents discussions of the barriers themselves. Sterling (2003) identifies challenges to strategy implementation as: unanticipated market changes, effective competitor response to strategy, insufficient resources, failures of buy-in, understanding and communication by those who are supposed to implement , strategy not being timely and unique, lack of strategic focus and poorly conceived strategies.

#### **1.1.4 Insurance Regulatory Authority**

The Insurance Regulatory Authority is a statutory government agency established under the Insurance Act (Amendment) 2006, CAP 487 of the Laws of Kenya to regulate, supervise and develop the insurance industry. It is governed by a Board of Directors which is vested with the responsibility overseeing operations of the Authority and

ensuring that they are consistent with provisions of the Insurance Act. The Authority is a precursor to the then Office of the Commissioner of Insurance that came into existence with the enactment of the Insurance Act, CAP 487 in 1986. Prior to this, insurance regulation was based on the UK legislation under the Companies Act 1960 (Insurance Regulatory Authority, Official Homepage, 2013).

In executing its mandate, the Authority adheres to the core principles of objectivity, accountability and transparency in promoting not only compliance with the Insurance Act and other legal requirements by insurance or reinsurance companies and intermediaries but also sound business practices. The Authority therefore practices regulation and supervision that enables industry players to be innovative and entrepreneurial. In line with the Insurance Act, the functions of IRA in collaboration with industry players and individuals works collectively towards ensuring compliance by insurance or reinsurance companies and intermediaries with legal requirements and sound business practices; maintaining the confidence of consumers in the market; ensure insurance or reinsurance companies and intermediaries remain operationally viable and solvent; and establishment of a transparent basis for timely, appropriate and consistent supervisory intervention, including enforcement (Insurance Regulatory Authority, Official Homepage, 2013).

## **1.2 Research Problem**

In today's highly competitive business environment, budget oriented planning and forecast based planning methods are insufficient for a large organization to survive and prosper. The firm must engage in a strategic planning that clearly defines objectives and



assess both the internal and external situation to formulate strategy, implement it, evaluate the progress, and make necessary adjustment necessary to stay in track (Thompson and Strickland, 2003).

The insurance industry is faced by several challenges such as fraud, negative perception by consumers, inadequate legislation and low utilization of technology among others. These challenges are dependent on the people, the status of the market, laws governing insurance in Kenya and the lack of proper information about insurance. The oversight role being played by the Authority however depends on the implementation of its strategies which influence its operation as implementing strategy has been tougher and more time consuming than crafting strategy.

There are several studies that have been done locally on factors influencing strategy implementation. Sekoyo (2010) studied the challenges of implementing strategy at National Social Security Fund in Kenya and found out that lack of top management support and lack of resources makes the implementation of strategy difficult and the organization was not able to complete its projects in time. Koskei (2003) studied strategy implementation and its challenges in public corporations with emphasis on Telkom Kenya limited and found out that the corporations sets some targets which becomes hard to be accomplished and also lack of dedication by the staff to ensure successful accomplishment of the strategies. Akwara (2010) carried out a research on challenges of strategy implementation at the Ministry of co-operative Development and marketing and his studies revealed that; organization culture, human resource policies, financial

resources policies and procedures, information and operating systems and performance incentives were all impediments to strategy implementation.

Nyachoti (2011) established that Kenya Power and lightning Company has succeeds in implementing its strategies by aligning them to the organization structure, Reward system, organization culture, adequate resource allocation, top management and employee commitment and formulating supportive policies. There was no notable research study done in the recent past on strategy implementation at the Insurance Regulatory Authority in Kenya. The research therefore was to determine factors influencing strategy implementation at Insurance Regulatory Authority. The problem statement sought to answer the following question: what factors influences strategy implementation at Insurance Regulatory Authority in Kenya?

### **1.3 Research Objective**

The objective of the study was to determine the factors influencing strategy implementation at Insurance Regulatory Authority in Kenya.

### **1.4 Value of the Study**

To the top management of Insurance Regulatory Authority, the research provided them with an understanding of the factors that influence the implementation of strategies; hence devise systems and mechanisms that would ensure that strategies are implemented successfully. To the Insurance sector the study would provide an invaluable source of material and information on the factors influencing implementation of strategies in the

industry and thus come up with ways of ensuring that strategies are fully implemented so that they can compete effectively with other firms.

The study aided the policy makers to obtain knowledge of the insurance industry and the appropriate factors that influence implementation of strategies in the industry; also align strategy implementation to the organization structure, communication strategy, resource allocation and leadership style in the Insurance sector. For future scholars the study provided them with results as a source of reference. For academicians, the study formed the foundation upon which other related and replicated studies can be based on.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviewed the theoretical frameworks for concept of strategy, Concept of strategy implementation, factors influencing strategy implementation as well as approaches, concept and guidelines of strategy implementation.

#### **2.2 Concept of Strategy**

Strategy is not a detailed plan or program of instructions; it is a unifying theme that gives coherence and direction to actions and decisions of an organization. It is the ability to recognize opportunities when they appeared and have the clarity of direction and flexibility necessary to exploit these opportunities (Johnson and Scholes, 2003). Company strategy determines how a firm attracts its customers and deals with its competitors, suppliers and other institutions for survival and growth. Strategy must be judged on its performance and effectiveness to meet the overall vision mission and objectives. A strategy is not an end by itself but a means to attain the stated goals.

A company's strategy consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen its market position. These strategies provide opportunities for the organization to respond to the various challenges within its operating environment. Firms also develop strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 1985). The success of every organization is determined by its

responsiveness to the customer needs. The competitive aim is to do a significantly better job of providing what customers are looking for, thereby enabling the company to earn a competitive advantage and outsmart rivals in the market place. The core of a company's marketing strategy consists of its internal initiatives to deliver satisfaction to customers but also includes offensive and defensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firm's long term competitive capabilities and market position, and tactical efforts to respond to prevailing market conditions.

### **2.3 Strategy Implementation**

Strategy implementation is the explanation of how the strategy developed a limited time should effectively be implemented to the capacities, human and financial resources of the organization .Strategy implementation is a vital process describing the opportunities of the future (Taylor 2003). Strategy implementation is the concepts of participation conception and commitment that influence dissemination of the strategy (Pearce 2009). Pearce and Robinson (2009) argue that, to ensure success of the strategy implementation, the strategy must be translated into carefully implemented action this is because the firm strategy is implemented in a changing environment and therefore the need for strategic control during the implementation. Implementing strategy is difficult and without proper implementation, no business strategy can succeed. Difficulties abound due to lack of execution know how and the ability to confront difficult organizational and political obstacles that stand in the way of effective implementation.

A model of implementation that outlines implementation actions and key processes and decisions involved, can be availed to provide a logical approach to making strategy work (Mitchell, 2009). Strategy implementation stage is commonly referred to as action phase of the strategic management process (Pearce and Robinson, 2004). While other phases of formulation, analysis and choice of strategy are important, these phases cannot ensure success alone. Rapert *etal* (2000) states that a strategy must be translated into action and that action must be carefully implemented. Implementation of strategy is initiated in three interrelated stages which include identification of measurable, mutually determined annual objectives, development of specific functional strategies and communication of policies to guide decisions. Implementing strategies successfully is about matching the planned and the realizing strategies, which together aim at reaching the organizational vision. The components of strategy implementation include communication, interpretation, adoption and action are not necessarily successive and they cannot be detached from one another.

Successful strategy implementation would yield the following benefits to an organization: proper utilization of resources with financial and human and thus enhance organizational growth, development of efficient systems that would enhance coordination that would guarantee achievement of organizations goal and set targets, increased organizational impact due to improved organizational performance and sustain its competitiveness, the organization would be able to have a clear focus and direction in its growth path and in the process attract competent and resourceful human resource base (Pearce and Robinson, 2009).

## **2.4 Factors influencing Strategy Implementation**

Noble (1999) observed that there is significant need for detailed and comprehensive conceptual models related to strategy implementation. The reasons why strategy implementation fails include; mismatch between strategy and structure failure to connect strategy formulation and implementation; insufficient resources or over estimation of resource competence and lack of management commitment.

Alexander (1985) states that failure to predict the time and problems that implementation may involve other activities and commitments that distract attention and possibly cause resources to be diverted. Research by Alexander (1991) identified twenty-two major obstacles to strategy implementation, of which ten were cited by over 50% of firms sampled as major problems. As such formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Just as the strategy of the organization must be matched to the external environment, it must also fit the multiple factors responsible for its implementation (David, 1997).

### **2.4.1 Organizational Structure**

Successful strategy implementation depends to a large extent on the organizations structure because it is the structure that identifies key activities within the organization and the manner in which they would be coordinated to achieve the strategy formulated. Structure also influences how objectives and policies would be established, how

resources would be allocated and the synergy across the departments. It is necessary for an organization to rationalize its operational or management structures so as to streamline it to be effective in strategy execution. This would include transfers, mergers, and creation of new departments and divisions for effective management. The organization structure therefore should fit with the intended strategies (Birnbaum, 2000).

Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted. Thompson and Strickland (2003) notes that strategy implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Strategies are formulated and implemented by managers operating within the current structure. The structure of an organization is designed to breakdown how work is to be carried out in business units and functional departments. People work within these divisions and units and their actions take place within a defined framework of objectives, plans, and policies.

#### **2.4.2 Resource Allocation**

Resource allocation is a central management activity that allows for strategy execution. Strategic management enables resources to be allocated according to priorities established by annual objectives. Organizations may be captured by their resource legacy or assumptions people make about what resource priorities really matter (Johnson and Scholes, 2002). Strategy can be best understood if it is viewed as an element of an



organization that includes proper resource allocation. The causes of breakdown in strategy implementation relate to the capabilities, processes and activities that are needed to bring the strategy to life. Effective resource allocation calls for unique, creative skills including leadership, precision, attention to detail, breaking down complexity into digestible tasks and activities and communicating in clear and concise ways throughout the organization and to all its stakeholders. Successful strategy implementation is due to the design, development, acquisition, and implementation of resources that provide what is needed to give effect to the institution's new strategies (Judson, 1991).

The organization need to have sufficient funds and enough time to support the implementation process. True costs include realistic time commitment from staff to achieve a goal, a clear identification of expenses associated with a tactic, or unexpected cost overruns by vendors (Olsen, 2005). Effective implementation of any organization's strategic plan depends on rational and equitable resource allocation across the organization. Proper links should be developed between the strategic plan and operational activity at departmental levels in order to necessitate proper implementation of strategies (Birnbaum, 2000). Resource allocation helps strategic managers to coordinate operations and facilitates control of performance. It is important to have a budget for the whole organization or sub-unit .The financial objectives of all the departments should be indicated. The strategic plan is linked to the annual business plan i.e. the budget (Birnbaum, 2000).

### **2.4.3 Top Management Commitment**

Leadership is the key to effective strategy implementation. The role of the chief executive officer is fundamental because a chief executive officer is seen as a catalyst closely associated with and ultimately is accountable for the success of a strategy. The chief executive officer actions and the perceived seriousness to a chosen strategy would influence subordinate managers' commitment to implementation. According to Grundy (2004), an organization should among others have the top management be committed to the strategic direction the firm is taking. In addition the senior managers should abandon the notion that the lower level managers have the same perception of strategy and its underlying rationale and urgency.

Strategy implementation leaders must also secure the commitment and cooperation of all concerned parties to get all the implementation pieces in place. The management of the organization provides direction to workers as they pursue a common mission in implementing strategies (Chapman, 2004). The leaders influence their relationship with their followers in the attempt of achieving their mission. Effective leadership is very crucial during strategy execution and can be achieved through participation by all groups and individuals captured in strategic plan through freedom of choice of leaders by team members. This leads to rational leadership styles for those with good leadership qualities and qualifications (Chapman, 2004). A good strategic leader operates without bias, be visionary, self-confident, has empathy and respect to others and is experienced. Strategy implementation calls for efficient and effective leaders to guide the rest of the employees

through the strategic plan with a lot of ease and provide solutions and explanations to unclear issues (Chapman, 2004).

Top managers must demonstrate their willingness to give energy and loyalty to the implementation process. This commitment becomes, at the same time, a positive signal for all the affected organizational members. To successfully improve the overall probability that the strategy is implemented as intended, senior executives must abandon the notion that lower level managers have the same perceptions of the strategy and its implementation, of its underlying rationale, and its urgency (Cummings and Worley, 2005). Instead, they must believe the exact opposite and spare no effort to persuade the employees of their ideas.

#### **2.4.4 Communication and Strategy Implementation**

Guffey and Nienhaus (2002) found a strong link between organizational commitment (strong belief in the organization's goals and values, willingness to exert effort on behalf of the organization, and strong desire to maintain membership in the organization) and employees' support of the organization's strategic plan. Effective communication of the strategy and its underlying rationale are also critically important particularly when reaching out beyond the group directly involved in the development of the strategic plan. It is essential both during and after an organizational change to communicate information about organizational developments to all levels in a timely fashion. The way in which a change is presented to employees is of great influence to their acceptance of it. To deal with this critical situation, an integrated communications plan must be developed. Such a

plan is an effective vehicle for focusing the employees' attention on the value of the selected strategy to be implemented.

Communication down the organization or across different functions becomes a challenge. Making sure that processes throughout the organization support strategy execution efforts can be problematical in a large organization. Linking strategic objectives with the day to day objectives at different organizational levels and locations becomes a challenging task. The larger the numbers of people involved, the greater the challenge to execute strategy effectively (McCracken, 2002).

Birnbaum (2000) indicates that strategy implementation requires the transfer of information from one person to another through specific channels. Communication allows sharing of ideas, facts, opinions and emotions and above all provides feedback. In organizational strategy implementation, information flows in all directions; downwards, upwards and laterally (Chapman, 2004). The management of the organization therefore thinks about the communication needs that to be articulated during strategy implementation.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter introduced the design of the research and the data collection and data analysis technique.

#### **3.2 Research Design**

The research design adopted for this study was a case study. A case study is an in-depth investigation of an individual, institution or phenomenon. Case studies allow a researcher to collect in-depth information, more depth than in cross sectional studies with the intention of understanding situations or phenomenon. It also helps to reveal the multiplicity of factors, which have interacted to produce the unique character of the entity that was the subject of study (Kombo 2006). The study determined the factors influencing strategy implementation at Insurance Regulatory Authority, by placing them in their wider context, which was specific to a state corporation within the insurance industry.

#### **3.3 Data Collection**

The study utilized primary data which was collected using an interview guide. An interview guide is a set of questions that the interviewer asks when interviewing. This method has been considered more often by researchers since it provided more qualitative information, more depth, more representation, more efficiency, more statistics, and more value (Kombo 2006). The respondents to be interviewed were be top managers in charge of planning, corporate, human resource management and development.

### **3.4 Data Analysis**

The data obtained from the interview guide was analyzed using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh and Shannon, 2005). It involved observation and detailed description of objects, items or things that comprise the object of study. Content analysis, as a class of methods at the intersection of the qualitative and quantitative traditions, have been used for rigorous exploration of many important but difficult-to-study issues of interest to management researchers (Carley, 2003). This approach was appropriate for the study because it provided for deep, sense, detailed accounts in changing conditions. Thus the qualitative method was suitable for this research because this research was be conducted within the environment where the implementation initiatives occurred.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

The research objective was to determine the factors that influence strategy implementation at Insurance Regulatory Authority.

This chapter presents the analysis and findings with regard to the objective and discussion of the same. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 25 questionnaires were issued out. The completed questionnaires were edited for completeness and consistency. Of the 25 questionnaires issued out, only 21 questionnaires were returned. This represented a response rate of 84%.

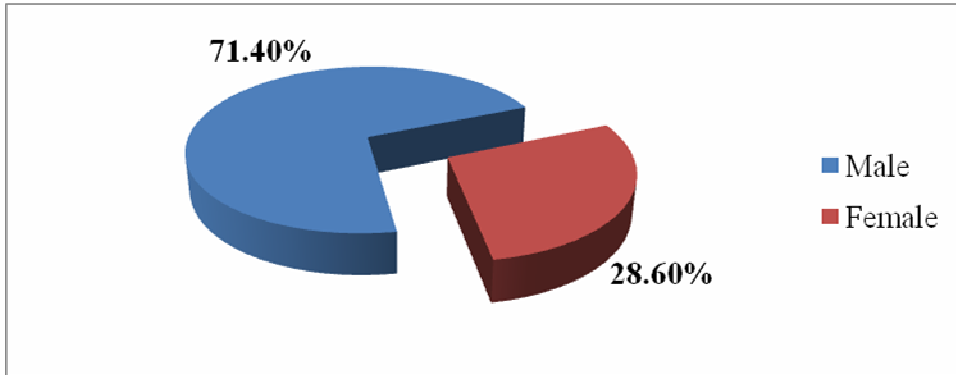
#### **4.2 Demographic Profile**

The demographic information considered in this study was the gender of the respondents, length of continuous service with the department and the level of education attained.

##### **4.2.1 Respondents Gender**

The respondents were asked to indicate their gender and the results are presented in figure 1.

**Figure 4.1: Respondents Gender**



Source: Field data

#### **4.2.2 Duration working in the Authority**

The respondents were asked to indicate the duration they have continuously worked in IRA and the results are presented in Table 1.

**Table 4.1: Duration working in the Authority**

Years	Frequency	Percent	Cumulative Percent
Less than 3	3	14.3	14.3
4 – 5	13	61.9	76.2
6 – 9	5	23.8	100.0
Total	21	100.0	

Source: Field data

The results presented indicate that 61.9% of the respondents had worked in IRA for a period of 4 to 5 years, 23.8% of the respondents said that they have worked in IRA for 6



to 9 years while 14.3% of the respondents indicated that they had worked for less than 3 years. Majority of the respondents have worked in IRA for more than 3 years, thus there is high level of understanding of the authority strategy implementation.

#### 4.2.3 Highest Level of Education

The respondents were asked to indicate their highest level of education, the results as presented in Table 2.

**Table 4.2: Highest Level of Education**

Level of education	Frequency	Percent	Cumulative Percent
Bachelors	12	57.1	57.1
Masters	7	33.3	90.4
Doctorate	2	9.6	100.0
Total	21	100.0	

Source: Field data

The results presented in the above table 2 indicate that 57.1% of the respondents had attained university level, 33.3% of the respondents had masters degree while 9.6% of the respondents were doctorate holders. The results indicates that majority of the respondents were university degree holders which indicate that IRA employees' are mostly graduates.

### 4.3 Factors Influencing Strategy Implementation

Strategy implementation is inextricably connected with organizational change. To translate planned intervention activities into actions that bring desired organizational outcomes requires incorporation of numerous variables: individual behaviour, social factors, organizational arrangements, physical settings, and technology. The major stakeholders of IRA include the government, employees, public, insurance industry players, service providers, learning/research institutions, directors, financial sector regulators and associations, policyholders, beneficiaries and insurance industry associations. The respondents indicated that IRA strategic objective are attainable, result oriented and challenging.

#### 4.3.1 Strategic Effectiveness

The respondents were asked to indicate the effectiveness of strategies in IRA. The results are presented in Table 3.

**Table 4.3: Strategic Effectiveness**

Strategic effectiveness	Frequency	Percent	Cumulative Percent
Very effective	6	28.6	28.6
Moderately effective	10	47.6	76.2
Slightly effective	5	23.8	100.0
Total	21	100.0	

Source: Field data

The results indicate that 47.6% of respondents said that IRA strategy was moderately effective 28.6% of the respondents said it was very effective while 23.8% of the respondents indicated that it was slightly effective. The results indicate that the strategy put in place by the authority was not effective and therefore they should put in place mechanisms to ensure that in the next review all the weaknesses are addressed.

#### **4.3.2 Applicability of statement on strategy implementation**

The respondents were asked to indicate the applicability of statement on strategy implementation in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree have been taken to represent a variable which had mean score of 0 to 2.5 on the continuous Likert scale; ( $0 \leq S.E. < 2.4$ ). The scores of 'moderate' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ( $2.5 \leq M.E. < 3.4$ ) and the score of strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ( $3.5 \leq L.E. < 5.0$ ). The findings are indicated in Table 4.

**Table 4: Applicability of statement on strategy implementation**

Applicability of statement on strategy implementation	Mean	Std. Deviation
Establishment of action plan	4.3333	.6582
Availability of monitoring mechanisms and implementation of strategic plan	4.0476	.9206
Evaluation of the strategic plan	4.3810	1.2031
Communication of the strategy to all employees at all levels	4.4286	.6761
Alignment of organization structure to the strategic plan	3.9048	.9436
Assigning of responsibility to strategy implementation	4.5238	1.2090

Source: Field data

The results indicate that assigning of responsibility to strategy implementation (mean 4.5238), communication of the strategy to all employees at all levels (mean 4.4286), evaluation of the strategic plan (mean 4.3810), establishment of action plan (mean 4.3333), availability of monitoring mechanisms and implementation of strategic plan (mean 4.0476) and alignment of organization structure to the strategic plan (mean 3.9048) are applicable in IRA strategy implementation.

### 4.3.3 Extent the Factors Influence Strategy Implementation

The respondents were requested to indicate the extent to which the factors influence strategy implementation at IRA.

**Table 5: Extent the factors influence strategy implementation**

Extent the factors influence strategy implementation	Mean	Std. Deviation
Organization structure	4.4762	.6796
Communication on when and how the strategies will be carried out	3.9524	.9734
Financial resources	4.3810	.9206
Human resources	4.3333	.7303
Physical resources e.g. infrastructure	4.0476	.8031
Top management	4.4286	.6761
Leadership	4.0952	.9436

The results indicate that all the factors influence strategy implementation in IRA to a great extent with organizational structure (mean 4.4762) being the factor that influence the most followed by top management (4.4286), financial resources (4.3810), human resources (4.3333), leadership (4.0952), physical resources e.g infrastructure (4.0476) and communication on when and how the strategies will be carried out (mean 3.9524).

The results indicate that the authority strategy implementation is influenced by several

factors which need to be aligned to prevent to prevent failures. The results are consistent with Okumus (2003) who states that when there is a proper alignment between strategy, administrative mechanisms and organizational capabilities, it will be easier to implement and execute the strategy and to achieve the desired objectives. The respondents indicated that the authority review its strategic plan after five years and this will enable IRA to know the weaknesses of the current study and strengthen the strategy when time for review comes.

#### **4.3.4 Extent of agreement with the statement**

The respondents were requested to indicate the extent of agreement with the statement.

The results are presented in Table 6.

**Table 4.6: Extent of agreement with the statement**

Extent of agreement with the statement	Mean	Std. Deviation
Strategy implementation takes more time than originally planned	4.3333	1.11056
Unanticipated major problems occur in strategy implementation	3.5810	.80475
Activities in the strategic plan are ineffectively coordinated	3.6667	1.06458
Competing activities and crisis take attention away from strategy implementation	3.8095	.60159
The involved employees have insufficient capabilities to perform their jobs	4.1905	.74960
Lower level employees are inadequately trained in strategy implementation	4.2381	1.26114
Uncontrollable external environment factors creates problems in strategy implementation	3.9048	1.09109
Departmental managers provides inadequate leadership and direction in strategy implementation	3.9524	.97346
Key implementation tasks and activities are poorly defined	3.6867	.96609
The information system inadequately monitors activities in strategy implementation	3.7762	.92839

Source: Field data

The results indicate that strategy implementation takes more time than originally planned (mean 4.3333), lower level employees are inadequately trained in strategy implementation (mean 4.2381), the involved employees have insufficient capabilities to perform their jobs (mean 4.1905), departmental managers provides inadequate leadership and direction in strategy implementation (mean 3.9524), uncontrollable external environment factors creates problems in strategy implementation (mean 3.9048), competing activities and crisis take attention away from strategy implementation (mean 3.8095), the information system inadequately monitors activities in strategy implementation (mean 3.7762), key implementation tasks and activities are poorly defined (mean 3.6867), activities in the strategic plan are ineffectively coordinated (mean 3.6667) and unanticipated major problems occur in strategy implementation (mean 3.5810).

The results indicate that the implementation of strategies in the authority is affected by the factors and this would affect successful implementation of the desired strategies by the authority. The results are consistent with Pearce and Robinson (2007) who noted that organizational structure; information systems, leadership, culture, assignment of key managers, budgeting, rewards and control systems are ingredients of successful strategy implementation. At the same time Sterling (2003) identified challenges to strategy implementation as: unanticipated market changes, effective competitor response to strategy, insufficient resources, failures of buy-in, understanding and communication by those who are supposed to implement , strategy not being timely and unique, lack of strategic focus and poorly conceived strategies.



Strategy implementation progress should be conducted in time to identify the organizational goals to be achieved at least over the coming fiscal year, resources needed to achieve those goals, and funds needed to obtain the resources. These funds are included in budget planning for the coming fiscal year. However, not all phases of strategic implementation need be fully completed each year. The full strategic implementation process should be conducted at least once every three years. However, these activities should be conducted every year if the organization is experiencing tremendous change. During implementation of the plan, the progress of the implementation should be reviewed regularly in order to take into consideration the rate of change in and around the organization. The findings indicate that the authority communicate its strategy implementation to the employees yearly and this is in line with the accepted practice of the yearly review to match with the budget planning for the coming fiscal year.

#### **4.3.5 Strategy Implementation Practices**

The respondents were asked to rate strategy implementation practices at IRA in the past one year and the results are presented in Table 7.

**Table 4.7: Strategy Implementation Practices**

Strategy Implementation Practices	Frequency	Percent	Cumulative Percent
Satisfactory	7	33.3	33.3
Good	14	66.7	100.0
Total	21	100.0	

Source: Field data

The findings indicate that 66.7% of the respondents said that the strategy implementation practices in the authority were good while 33.3% of the respondents said it was satisfactory. The results indicate that although strategy implementation in the authority is affected by several challenges, the organization practices were satisfactory.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of Findings

The findings of the study indicate that all the respondents had university degree with some having post graduate degree while others indicated that they have doctorate. The knowledge about the operations of the authority has been experienced by the respondents by virtue of having worked in the in the authority for a period of over three years with some having worked for six years. The authority strategy covers a period of five years and the same strategy is reviewed after the expiry of the five (5) year period. IRA uses various strategy development approaches which includes top-down approach, participatory, consultative and in some cases bottom-up approach. The strategy implementation practices in IRA was found to be good and this is as a result of the use of continuous monitoring and evaluation that generates quarterly and annual progress reports, capturing various aspects of the strategy in the performance contract and work plans, dividing the strategy into short term and medium term strategies, use of consultancy and involvement of stakeholders.

In the pursuit of achieving implementation success of the organization strategies, IRA has encountered a number of factors which has influenced the implementation of the strategy. The study established that actions plans, assigning of responsibility to strategy implementation, communication of the strategy to all employees at all levels, evaluation of the strategic plan, availability of monitoring mechanisms and implementation of strategic plan and alignment of organization structure to the strategic plan are applicable

in the authority strategy implementation. The factors that influence strategy implementation in the authority ranged from: organizations structure, communication, financial resources, human resources, physical resources, commitment of the management and leadership. It was noted that the organizational structure which is currently in use in the authority does not facilitate strategy implementation as it lacks ownership at some stage due to non involvement of all levels in strategy development and at the same time it was not aligned to the strategies being implemented in the authority.

Strategy implementation is inextricably connected with organizational change. The study also established that strategy implementation in the authority is affected by strategy implementation takes more time than originally planned, lower level employees are inadequately trained, the involved employees having insufficient capabilities to perform their jobs, departmental managers providing inadequate leadership and direction, uncontrollable external environment factors that creates problems, competing activities and crisis that take attention away from strategy implementation, the information system inadequately monitors activities in strategy implementation, key implementation tasks and activities being poorly defined, activities in the strategic plan being ineffectively coordinated and unanticipated major problems.

## **5.2 Conclusion**

From the research findings and the answers to the research questions, some conclusions can be made about the study:

Strategy implementation process is very vital for the functioning of any organization. From the findings, it was established that IRA adopts some practices in the strategy implementation which involve continuous monitoring and evaluation that generates quarterly and annual progress reports, capturing various aspects of the strategy in the performance contract and work plans, dividing the strategy into short term and medium term strategies, use of consultancy and involvement of stakeholders. All these are geared towards successful implementation of the strategies. The structure of the authority poses a challenge as it affects how the objectives and the policies are established and also how communication is carried out in the authority. IRA leadership and management is a challenge to the process of strategy implementation as it affects coordination and sharing of responsibilities.

Resources constraint inhibits the authority's ability to regulate the insurance industry which is faced by several challenges and the government therefore should allocate more resources to the authority. The feedback on communication enables those involved in the formulation and implementation of the strategy to the extent of the implementation and thus the necessity of the communication to the departmental employees. Top management commitment was important to strategy implementation as the rest of the employees looks upon the management for guidance on the implementation of the strategy. The employees should be rewarded for the exemplarily work which they have

done in implementing the strategy so that they are motivated to work hard and these can be achieved by tying the rewards to the success in implementing the strategies.

### **5.3 Recommendations**

The study makes the following recommendations;

The study established that the structure currently in use in IRA is a challenge to strategy implementation the strategy lacks ownership at some stage due to none involvement of all levels in strategy development, compartmentalized boundary specific decision making structure and non alignment of structure and strategies. IRA should therefore ensure that all the employees are involved so that there could be ownership to strategy implementation in the authority and at the same time align the structure to the strategies to be implemented.

Secondly, the study established that the top management of the authority influenced successful implementation of strategies in IRA and it therefore recommended that the management at the forefront in ensuring that there is effective coordination and sharing of responsibilities in IRA. There should be adequate and regular communication to the employees by the management on the extent of strategy implementation so that they understand the progress of implementation while at the same time employees should be rewarded for successful implementation of strategy.

Lastly, the study established that resource constraint was a challenge to strategy implementation in IRA and it is recommended that IRA should liaise with treasury in order to be allocated more resources which will ensure that they regulate the sector effectively. Strategy implementation is an ongoing process due to the dynamic changes in the business environment which have now been complicated by globalization and international competition.

Therefore organizations are should continuously improve and build skills in strategy implementation in order maintain a competitive advantage.

#### **5.4 Recommendations for further study**

The study confined itself to Insurance Regulatory Authority. The study should be replicated in other Authorities so that a comparison can be made of the factors influencing strategy implementation. This would assist the government to come up with solutions to the challenges facing the authorities so that they can deliver on their mandate.

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## APPENDICES

### APPENDIX I: LETTER TO INTERVIEWEES

Esther M Njenga  
P. O. Box 42681-00100  
Nairobi

**Date: July 23, 2013**

Dear Respondent,

#### **RE: RESARCH PROJECT**

I am a student in the School of Business, University of Nairobi. In partial fulfillment of the requirements for the degree of Master of Business Administration (MBA), I am conducting a survey study titled “**FACTORS INFLUENCING STRATEGY IMPLEMENTATION AT INSURANCE REGULATORY AUTHORITY (IRA)**”.

I would appreciate if you could spare a few minutes of your time to fill in the blanks in the attached questionnaire to the best of your knowledge. The information and data is required for academic purposes and will be treated in the strictest confidence.

Your assistance in facilitating the same will be highly appreciated.

Thank you in Advance

---

**E. M. NJENGAH**

Encl:

**APPENDIX II: LETTER OF INTRODUCTION**



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE...19/7/2013

**TO WHOM IT MAY CONCERN**

The bearer of this letter ...*Rsther Muthoni Njengau*.....  
Registration No...*D61/P/8515/2004*.....

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

**PATRICK NYABUTO**  
**FOR: MBA CO-ORDINATOR**  
**SCHOOL OF BUSINESS**



### APPENDIX III: QUESTIONNAIRE

Code: 00
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The questionnaire will seek to achieve the following objectives;

**Determine the factors that influence Strategy Implementation at Insurance**

**Regulatory Authority.**

#### SECTION A: Demographic Data

1.Gender: Male ( ) Female ( )	2.Department:
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3.For how long have you been in the department? **Tick(√)**

Less than 3 years [ ]	4 - 5 years [ ]	6 -9 years [ ]	More than 10 years [ ]
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4. What is your current level in the  
Organization.....

5. What is your highest level of education achieved? **Tick(√)**

O- Level [ ]	Bachelors [ ]	Masters [ ]	Doctorate [ ]
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**SECTION B: Factors influencing Strategy Implementation**

6. Who are the major stakeholders at IRA?


7. What is the level of involvement in strategy implementation at IRA? **Tick(√)** as appropriate

Board of Directors [ ]	Top management [ ]	Consultant [ ]	Committee [ ]
Middle level managers [ ]	All employees [ ]	Others (Please specify)	
]			

8. How would you describe the IRA's Strategic objectives? **Tick(√)** as appropriate

Attainable [ ]	Result Oriented [ ]	Others (Please specify)
Measurable [ ]	Not attainable [ ]	
Challenging [ ]	Specific [ ]	

9. How do you rate the IRA's Strategic objectives in relation to achievement of overall organization mandate? **Tick(√)** as appropriate

Very Effective	[ ]	Slightly Ineffective	[ ]
Moderately Effective	[ ]	Very Ineffective	[ ]
Slightly Effective	[ ]		



10. Please indicate the **extent the statement below is applicable in Strategy Implementation at IRA** on a scale of 1-5, where score of 1 is assigned to “strongly disagree” and a score of 5 is assigned to “strongly agree”. **Tick(√)**

No.	Statement	Score
a)	Establishment of Action Plan	
b)	Availability of monitoring mechanisms the implementation of the Strategic plan	
c)	Evaluation of the strategy plan	
d)	Communication of the strategy to all employees at all levels	
e)	Alignment of organization structure to the Strategic plan	
f)	Assigning of responsibility to strategy implementation	

11. Please indicate the **extent the following factors influence Strategy Implementation at IRA** on a scale of 1-5, where score of 1 is assigned to “strongly disagree” and a score of 5 is assigned to “strongly agree”. **Tick(√)**

No.	Statement	Score
a)	Organization’s structure	
b)	Communication on when and how the strategies will be carried out	
c)	Financial Resources	
d)	Human Resources	
e)	Physical Resources e.g. infrastructure	
f)	Top management	
g)	Leadership	

12. How often does IRA conduct review of its Strategic plan? ( **Tick**(√) as appropriate)

Quarterly[ ]	Semi -Annually[ ]	Annually[ ]	After 2 Years[ ]	After 5 Years
Other Specify				

13. Please indicate the extent the statement below influence Strategy Implementation at IRA on a scale of 1-5, where score of 1 is assigned to “strongly disagree” and a score of 5 is assigned to “strongly agree”. **Tick**(√)

No	Statement	Strongly Disagree	Slightly Disagree	Neutral	Slightly Agree	Strongly Agree
a.	IRA organization Structure influences Communication	[ ]	[ ]	[ ]	[ ]	[ ]
b.	IRA organization structure supports to strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]
c.	IRA organization structure influences how the objectives and policies are established and implemented	[ ]	[ ]	[ ]	[ ]	[ ]
d.	IRA has sufficient resources for the purpose of strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]
e.	IRA has sufficient capabilities, processes and activities that are needed in strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]

No	Statement	Strongly Disagree	Slightly Disagree	Neutral	Slightly Agree	Strongly Agree
f.	Top management in IRA are at the forefront in providing leadership in strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]
g.	IRA has effective coordination and sharing of responsibilities	[ ]	[ ]	[ ]	[ ]	[ ]
h.	IRA has adequate communication of the strategy	[ ]	[ ]	[ ]	[ ]	[ ]
i.	IRA gives an opportunity to its employees share their ideas, facts, opinions on Strategy	[ ]	[ ]	[ ]	[ ]	[ ]

14. Please indicate **the extent you agree or disagree with the statement** below on a scale of 1-5, where score of 1 is assigned to “strongly disagree” and a score of 5 is assigned to “strongly agree”. (Tick (√))

No	Statement	Strongly Disagree	Slightly Disagree	Neutral	Slightly Agree	Strongly Agree
a.	Strategy Implementation takes more time than originally planned	[ ]	[ ]	[ ]	[ ]	[ ]
b.	Un anticipated major problems occur in Strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]
c.	Activities in the Strategic plan are ineffectively coordinated	[ ]	[ ]	[ ]	[ ]	[ ]

No	Statement	Strongly Disagree	Slightly Disagree	Neutral	Slightly Agree	Strongly Agree
d.	Competing activities and crisis take attention away from Strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]
e.	The involved employees have insufficient capabilities to perform their jobs	[ ]	[ ]	[ ]	[ ]	[ ]
f.	Lower level employees are inadequately trained in Strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]
g.	Uncontrollable external environment factors creates problems in Strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]
h.	Departmental managers provides inadequate leadership and direction in Strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]
i.	Key implementation tasks and activities are poorly defined	[ ]	[ ]	[ ]	[ ]	[ ]
j.	The information system inadequately monitors activities in Strategy implementation	[ ]	[ ]	[ ]	[ ]	[ ]

15. How often is feedback on strategy implementation communicated to the employees? (Tick (√))

Every Month [ ]	Every six Months [ ]	Yearly [ ]
Quarterly [ ]	More than One Year [ ]	Other ( Specify)

16. i) How would you rate the Strategic implementation practices at IRA in past one year? (Tick (√))

Excellent[ ]	Very Good [ ]	Satisfactory[ ]	Good[ ]
Poor[ ]	Very Poor [ ]	ii) Describe your answer briefly:	

17. Any additional comments that would you recommend to IRA towards improving its Strategy Implementation?

.....

.....

.....

**Thank you for your participation.**