

**STRATEGY IMPLEMENTATION CHALLENGES AT THE
HERITAGE INSURANCE COMPANY LIMITED**

BY

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DECLARATION

This Management Research Project is my original work and has not been presented for a degree in any other university.

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This Management Research Project has been submitted with my approval as the University Supervisor.

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DEDICATION

This Management Research Project is dedicated to my loving husband: Peter N. Nderitu thanks for believing in me and inspiring me to greater heights. Your Love, friendship, prayers, guidance, financial and moral support kept me going. I respect and admire you.

My children: Ian, Tevin and Baby Tamara: You are my little angels; you are a blessing in my life and the energy that drives my every move. May you live to make a great impact in the world?

To my mum Zipporah Njeri Ngari: You taught me to have passion in the pursuit of my life goal and to remain positive. You taught me life lessons that no school could offer. To my siblings: Karoki, Perpetual, Gathara, Gathoni, Karugu, Murimi, Simon and Hiuko you have been a living example, I have learnt a lot from you. Thanks for being there for me. Lastly, to all my friends who stood by me, thanks for your encouragement and prayers. May the almighty God bless you abundantly.

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ABSTRACT

With the accelerating dynamics of competition, the key to competitiveness no longer lies in employing strategies, which have been successful in the past or in emulating strategies of successful competitors. Real competitive advantage results from developing strategies that will differentiate the organization from its competitors in the eyes of the customers. The aim of this study was to establish implementation challenges faced by Heritage Insurance Co. Ltd. As well as determine how the company has overcome these challenges. The study was conducted through a case study design, focusing on strategy implementation at Heritage Insurance Company Ltd, interpreting in-depth details concerning the challenges to strategy implementation and how these challenges have been overcome by the insurance company.

The targeted respondents were the director underwriting and claims, manager marketing, deputy managers from legal, underwriting and claims as well as executive officers. The researcher used primary data collected by use of interview guide with both closed and open-ended questions. Data analysis was done using content analysis. From the study the researcher concludes that, the major challenges encountered by Heritage Insurance Co. Ltd while implementing strategies included some aspects of organizational culture and structure, high degree of staff turnover and resistance to change. Others included lack of infrastructural facilities, government decisions, inadequate resources and conflict among some employees. Therefore Insurance companies should ensure that employees affected by the strategy are the core aspect in strategy implementation focusing on the outcome and also ensure that the necessary resources are available during strategy implementation. Moreover, insurance companies should assess the customer-employees needs to ensure that it is in line with strategy implementation and make sure that strategy implementation is a team effort.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

This project report looked at strategy implementation as a process and the challenges that arise in the process of strategy implementation in the insurance industry with a main focus on The Heritage Insurance Company Limited. It is made up of five chapters. Chapter one is the introduction chapter. In this chapter the researcher has looked at the concept of strategy, the strategy implementation process, an overview of the insurance industry in Kenya with a special focus on Heritage Insurance Company Limited. In this chapter the researcher has also defined the research problem, objectives of the study and the value of the study.

The literature review constitutes chapter two. This chapter is made up of an in – depth discussion of various concepts within the field of strategic management. This includes the strategic management process, strategy implementation, challenges, strategy implementation frameworks and how organizations addresses strategy implementation challenges.

The third chapter of the project report is the research methodology chapter. This chapter comprises of the methodology that was used to conduct the research. It describes the research design, data collection methods and the process that was used to analyse the results from the data that was collected.

Chapter four constitutes data analysis and interpretation of results. The researcher examined strategy implementation at The Heritage Insurance Company Limited, its

challenges, and how these challenges have been overcome. This chapter presents the findings of the study with regard to these objectives and a discussion of the same.

Chapter five includes the summary, conclusion, recommendations, suggestions for further research and implication on policy. In this chapter, the findings of the proposed study are summarized and recommendations made.

1.1.1 The 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. Strategy is a deliberate search for a plan of action that will develop a business's competitive advantage and compound it. For any company, the search is an interactive process that begins with recognition of where you are now and what you have now. The differences between a firm and its competitors are the basis of its advantage. If a firm is in business and is self-supporting, then it already has some kind of advantage, no matter how small or subtle. The objective is to enlarge the scope of the advantage, which can only happen at some other firm's expense (Clayton, 1997).

Strategy implementation is a component of strategic management. Strategic management by itself is a process and it refers to a set of decisions and actions that result in the formulation and implementation of long term designed plans to achieve organizational objectives (Pearce and Robinson, 1997). According to Robins and Coulter (2002), strategic management is the process that encompasses strategic planning, implementation

and evaluation. In their view, strategic management process is a way of considering, dealing, and realizing already formulated strategies.

On the other hand strategic implementation involves allocation and management of sufficient resources, establishing a chain of command or some alternative structure , assigning responsibility of specific tasks or processes to specific individuals or groups.

It also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary. When implementing specific programs, this involves acquiring the requisite resources, developing the process, training, process testing, documentation, and integration with legacy processes.

Thus, the strategy implementation processes, has many problems arising such as human relations and/or the employee-communication. At this stage, the greatest implementation problem usually involves marketing strategy, with emphasis on the appropriate timing of new products. An organization, with an effective management, should try to implement its plans without signaling the fact to its competitors (Sweet and Franklyn 1964).

Research into dynamic strategy formulation and implementation has become one of the main focuses of academia and industry. This is because, with the accelerating dynamics of competition, the key to competitiveness lies no longer in employing strategies that have been successful in the past or emulating the strategies of successful competitors: real competitive advantage results from a constant process of developing and

implementing new strategies that will differentiate the organization from the rest of the industry in which it operates.

1.1.2 Strategy Implementation Challenges

Implementing strategies successfully is vital for any organization public or private. Without implementation, even the most superior strategy is useless. The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented. Implementing would thus be perceived as being about allocating resources and changing organizational structure. However, transforming strategies into action is a far more complex and difficult task (Perlitz, 1993).

Strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation or strategic planning. Alexander (1991) suggests several reasons for this: strategy implementation is less glamorous than strategy formulation, people overlook it because of a belief that anyone can do it, people are not exactly sure what it includes and where it begins and ends. Furthermore, there are only a limited number of conceptual models of strategy implementation.

Many organizations seem to have challenges in their attempt to implement their strategies. Researchers have revealed a number of problems in strategy implementation: These include weak management roles in implementation, a lack of communication, lacking a commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable

environmental factors (Alexander, 1991; Giles, 1991; Galpin, 1998; Lares-Mankki, 1994; Beer and Eisenstat, 2000).

In strategy textbooks, implementation has usually been regarded as being distinct from strategy formulation and as a matter of adjustment of organizational structures and systems (Galbraith, 1980; Hrebiniak and Joyce, 1984; Higgins, 1985; Thompson and Strickland, 1987; Pearce and Robinson, 1994). It seems that this approach is limited, and a number of new perspectives to this problematic phenomenon have emerged.

Pettigrew's (1987) framework for strategic change also sheds some light on the analysis of strategy implementation. Pettigrew distinguishes the content of the strategy, the outer and inner contexts of an organization, and the process in which strategic change is carried out. Pettigrew contends that the content, the context and the process are intertwined and affect one another. This has an important impact on strategy implementation research.

Another issue influencing the study of strategy implementation is the perspective one has on strategy. Is strategy first formulated and then implemented, or vice versa? If one believes that strategies are explicit (Mintzberg, 1978), implementation means carrying out the pre-determined strategic plans. If, on the other hand, one holds an emergent view on strategy, one does not believe that strategy is first created and then implemented, but that strategy emerges and evolves without interventions by the strategic planners, or in spite of them (Mintzberg, 1978).

In reality, some strategies are planned and some strategies just emerge from the actions and decisions of organizational members. Planned strategy and realizing, or emergent

strategy evolve hand-in-hand and affect each other in the process of strategy implementation, where strategies are communicated, interpreted, adopted and enacted (cf. Noble, 1999).

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 – communication, interpretation, adoption and action – are not necessarily successive and they cannot be detached from one another.

From this perspective, it is interesting to study how the planned strategies and the reality interact with each other through communication, interpretation, adoption and action. If this interaction is successful, the organizational vision may be achieved.

1.1.3 Insurance Industry in Kenya

In the colonial days the insurance industry in Kenya, operated as branches of British and Indian companies serving mainly Indian and white businesses. Today the trend has changed as all the insurance businesses are run by locally incorporated companies in which locals have 33% of share holding as a law in all companies incorporated.

The Insurance Act Cap 487 of 1984 was a real watershed in the history of the insurance industry establishing it and defined it as business of undertaking liability by way of insurance (including reinsurance) in respect of life and personal injury and any loss or damage, including liability to pay damage or compensation contingent upon the happening of a specified event”.

The Insurance industry has grown over the years with 42 licensed insurance companies, 141 licensed insurance brokers and 3,356 insurance agents serving the insurance market. The Insurance penetration remains quite minimal in Kenya with only an estimated penetration of 2.63%. This implies that the competition remains stiff on the small market.

1.1.4 Heritage Insurance Company Limited

The genesis of the Heritage Insurance Company Limited dates back to 1908 and 1920 when two UK based companies, The Norwich Union Fire Insurance Society and the Legal & General Insurance Company Limited, respectively, commenced business in Kenya. The two amalgamated their operations in 1976 to form The Heritage Insurance Company Limited, which took over the operations of another company, African International Insurances (AII) Limited, in 1997, to become 'The Heritage AII Insurance Company Limited (The Heritage AII).

After a ten-year period of phenomenal growth and market presence, the company revamped its corporate image in October 2007, reverting to its original name, 'The Heritage Insurance Company Limited', and with a new logo. It also adopted a slogan '*Delivery beyond the Promise*' as its new tag line. They also formulated and implemented customer service as a strategy to move them closer to their vision. The Heritage Insurance Company Ltd, as a leading insurance company in East Africa, has built a legacy of providing superior customer services to a wide spectrum of clients. Together with their subsidiary and associates in Tanzania, they provide innovative general

insurance protection solutions, including life insurance and pension administration services, for both corporate and individual clients.

Their strength continues to be its financial base, the ability to settle claims quickly and efficiently, and the knowledge and dedication of their people. This ability to deliver a consistently high quality service is sustained by a program of investments in people, infrastructure and alliances with world-class partners.

Heritage Insurance Company realized that the only differentiation that is sustainable in the insurance industry can only come from quality customer initiatives that will ensure loyal customers. This is because any new innovations based on products are quickly copied by the competitors hence reducing the impact of such innovations. It is from this understanding that Heritage insurance in 2007 developed a three years customer service strategy to move the business to a new level of performance to enable them tap in to the immense benefit of the evolution of customer service as the main differentiating factor.

1.2 Statement of the Problem

While implementing new strategies in any organization, strategy implementation challenges are inevitable. Strategy implementation is more challenging and delicate task than strategy formulation as it involves sensitive issues such as resource mobilization, restructuring, cultural changes, technological changes, system and process changes, policy changes, leadership among others. Implementation challenges tend to originate from various sources, some internal to the organization while others are from the external environment.

Strategies are a critical element in an organization functioning, whereas most organizations have good strategies, successful strategy implementation remain a major challenge. Strategy Implementing might seem quite straight forward; A strategy is first formulated and then implemented. In the contrary, transforming strategies into action is a far more complex, difficult and challenging undertaking and therefore not as straight forward as one would assume(Aaltonen and Ikavalko,2001).

Researchers have revealed a number of problems in strategy implementation: These include weak management roles in implementation, a lack of communication, lacking a commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors (Alexander, 1991; Giles, 1991; Galpin, 1998; Lares-Mankki, 1994; Beer and Eisenstat, 2000).

Studies carried out by scholars in the field of Strategic management seems more concentrated in strategic planning, strategy formulation, strategic change management, strategic responses and Strategy Marketing (Njau 2000, Ogwana2003; Muturi, 2005; Kamanda, 2006; Situma, 2006; and Muguni, 2007). These studies and more did not focus on strategy implementation challenges. Given that strategy implementation challenges are inevitable, there was a need to study these challenges as experienced by an organization which has implemented new strategies. In the case of The Heritage Insurance Company no documented studies had been carried out on strategy implementation process, challenges and how the challenges had been overcome existed.

It is against this background that the researcher had proposed to study strategy implementation challenges at The Heritage Insurance Company Limited and how the company had overcome these challenges. Thus, the study aimed at seeking responses to the following research questions; how strategies are implemented at The Heritage Insurance Company Limited? What Strategy implementation challenges are experienced by Heritage Insurance Company Limited? And how the company has overcome these challenges?

1.3 Objectives of the Study

The objective of the proposed study is to;

- I. Establish implementation challenges faced by Heritage Insurance Co. Ltd.
- II. Determine how Heritage has overcome these challenges.

1.4 Value of the Study

The findings of this study are importance to various users. The findings from this study will form a base for future scholars and researchers who may want in future to study in the area of strategy implementation.

To study also provides the management of Heritage Insurance Company Limited the overall picture of the challenges the company has encountered while implementing new strategies. This will assist the managers in identifying gaps that may require re-evaluation and hence enhance the process of strategy implementation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of related literature on the subject under study presented by various researchers, scholars, analysts and authors. The materials are on closely related references to the theme and objective of the study.

2.2 Strategic Management Orientation

An organization's strategic orientation is a complex function of many factors that are both internal and external to the organization. Adding to the complexity is the fact that these factors interact with each other, creating an environment that is characterized by uncertainty, causal ambiguity and the presence of multiple stakeholders, to mention just a few of the main aspects. Management attempts to exert control over these forces have resulted in a wealth of models and prescriptions for performing the many functions of strategic management (Pearson, 2008).

Many schools of thought have been developed (Mintzberg and Waters, 1994) but none have proven to be the 'silver bullet' that provides practicing managers with a foolproof procedure for performing this important task. There is one approach, however, that appears to provide a solid foundation for developing an important role of strategic management, the role of environmental monitoring. This general approach focuses on identifying and understanding the forces that are at play in the firm's environment both internal and external and how they shape it.

For a firm to implement its strategy in an increasingly turbulent environment, Ansoff and McDonnell (1990) have proposed three conditions that should be met: First, that the aggressiveness of the firm's strategic behavior should match the turbulence of its environment. This means that if the environment is stable, strategic aggressiveness can be based on historical facts or precedents. As one moves along the continuum of turbulence to surprising levels, the strategic aggressiveness of the firm changes to reactive, anticipatory, entrepreneurial and to being creative. This means that as the level of turbulence increases the creativity and intensiveness of the firm is inevitable. Secondly, responsiveness of the firm's capability should match the aggressiveness of its strategy (Pearson, 2008).

When the environment is repetitive, precedents drive the firm. This works well in a closed system. However, when the environment is very turbulent, the firm should adopt an open system, that enhances a total commitment to creativity. Thirdly, the components of the firm's capability must be supportive of one another. The firm's internal capabilities such as, financial base, research and development coupled with the strategic formulation process should adapt to the environmental turbulence or change. If one of the factors shifts to a higher level the rest should follow suit. For the modern executive to achieve desired results, it's not enough to respond by managing internal activities of the firm only but also the firm's remote environment (Pearce II and Robinson, 2003)

2.2 Strategy Implementation Process

Grand strategies remain as good ideas unless they are translated into organization action. Managers must therefore move from 'planning their work' to 'working their plan' as they

shift their focus from strategy formulation to strategy implementation. Although implementation is usually considered after strategy has been formulated, implementation is a key part of strategic management. Strategy formulation and strategy implementation should thus be considered as two sides of the same coin (Pearson, 2008).

In the face of a high level of uncertainty and change within competitive environments, strategy implementation should represent a continuous and simultaneous process (Mintzberg, 1990). This requires strategy implementation to be treated as part of individual responsibilities throughout the organization as opposed to a central function. By transferring the ownership of strategy in this way the quality of knowledge used for strategy formulation will be substantially improved while potential conflicts and the timeframe for strategy implementation will be dramatically reduced. The former approach represents a series of steps, which follow one another, while the latter represents a concurrent approach of identifying opportunities in competitive environments and evaluating them in the light of the organization's existing and potential future competences together with the level of resource commitment necessary to exploit such opportunities.

The simultaneous approach brings about three major benefits to organizations when compared with the sequential approach. First, it reduces the time window between opportunity identification and exploitation which is one of the most important considerations when operating in a highly dynamic environment (Meyer, 1993). Second, it reduces risk. This is because the sequential approach requires committing at a very early stage investments in terms of capital, people and time, whereas the simultaneous

approach continually evaluates and dynamically adjusts resource commitments. Third, the simultaneous process continually adjusts strategies according to the changes in the competitive environment.

The application of a simultaneous approach to strategy implementation requires organizations to transfer strategy ownership from the top and distribute it throughout the organization. However, a decentralized approach can potentially entail several shortcomings. These shortcomings, which particularly apply to multi-business-unit organizations include: Strategies which are formulated in a decentralized fashion will lack an overall direction if not co-ordinated, the level of detail in evaluating strategic options tends to be lower than if carried out centrally by a team of dedicated people, it is difficult to assess opportunity costs and benefits in the sense that alternative investment opportunities which might exist for the organization are not incorporated in evaluating business opportunities, there is an inherent danger of diluting the organization's resources and loss of focus, synergetic effects are limited and there exists a high level of redundancy in the process of opportunity scanning, identification and evaluation.

Traditionally, these shortcomings have been overcome by using a system in which some of the activities in the process of opportunity evaluation and strategy formulation have been carried out in the business units concerned while other functions have been maintained centrally (Hamermesh, 1986). Typically, this is attained by using a system of strategy proposals and resource allocations in which opportunities are identified and evaluated at business unit or sub-unit level. These are summarized in the form of proposals and submitted for approval to higher levels within the organization.

On the other hand, the overall strategic direction, often expressed in the form of vision and mission statements, is usually defined at corporate level. These are then translated into selected areas of activities which serve as guidelines for the formulation of business strategies. Furthermore, the desired level of risk is selected in this process and is determined by the organization's shareholders, the competitive environment and the availability of alternative investment opportunities. Based on these dimensions the submitted proposals are evaluated and resources are allocated accordingly. While such an approach has overcome some of the shortcomings highlighted above, the long chain in the decision-making process often lacks speed and flexibility, thus reducing the organization's competitiveness (Eisenhardt, 1990). Furthermore, opportunities which lie outside the selected areas of activity are not considered. Finally, it may not be possible to determine the level of risk at corporate level.

Dynamic strategy formulation, therefore, cannot be accomplished by the traditional system of central resource allocation and strategy development. It is necessary to move towards a system of distributed strategy ownership (Nonaka, 1988). In such a system, full strategy ownership and profit responsibility is given to the business units and sub-units, thus allowing a truly dynamic approach to strategy formulation. However, as different projects or opportunities have a different strategic impact on the organization as a whole, it is necessary to implement a mechanism to determine who within the organization should have a given strategy ownership. Such a mechanism will allow the realization of advantages of both centralized and decentralized approaches to strategy formulation and implementation.

Differentiation and integration are critical for strategy implementation. To ensure integration, all processes and decisions need to align with organizational strategies. If there is a lack of coordination in decision-making and groups are doing their own thing without regard to the impact on others, the organization will have problems implementing strategy. If that happens, managers need to take steps to increase integration. That integration can begin by simply bringing different groups together to discuss and clarify their understanding of the strategy.

With a common understanding, they can then coordinate their decisions and strategic implementation to ensure organizational success. Following implementation, managers could also gather feedback from this group, not on what was completed in strategic action plans, but on what this strategy achieved, and share that feedback with the organization. Organizations need that information to determine whether the strategy accomplished what was intended. People would ask, “Did we accomplish what we set out to do?” rather than “Did I complete my action items?” Feedback focusing on the effectiveness of the strategy would afford the organization the chance to adjust strategies as needed to achieve the goals and to operate at a higher level.

Managers may also have to encourage differentiation if the organization ignores changes in the environment and fails to adapt in time. They need to encourage divergent views and experimentation. Listen to the edge! The fluctuations that occur “far-from-equilibrium” or at the “edge of chaos” may be members challenging the direction of the company because of new technologies or information. These people at the edge may see customer needs emerging as the environment changes. Perhaps they break organizational

rules in order to accomplish goals. These people at the edge may simply be newcomers to the organization, or members who are viewed as rebels or outliers (Hamel, 1996). Often, these people are ignored - or terminated - but the organization needs their voices in strategy implementation and generation. These are the voices most likely to tell of small changes occurring in the industry or the environment that could amplify exponentially and change the face of the industry. They are the most likely to challenge the status quo of the organization and begin the emergence of new rules and order. Their voices will enhance the organization's ability to transform in stride with the changing environment.

Executives also need to listen to the edge people and to all organizational members. They could hold regular sensing sessions with different cross-sections of the organization to elicit concerns and issues. Executives could connect those "on the edge," who bring change, with the dinosaurs, who give stability to the organization. Strategizing needs full organizational involvement (Dannemiller, 1994; Hamel, 1996; Jacobs, 1994; Stacey, 1992; Van der Heijden, 1996; Weisbord and Janoff, 1995) - including the voices from the edge - to complete the big picture and develop future business success. Executives only have the full picture when they regularly listen to a cross-section of the organization.

Everyone in the organization needs to know what the strategic issues are and needs to take responsibility for identifying emergent issues. Stacey (1992) views the list of strategic issues as the heart of strategic management. Self-organizing groups identify these issues and become involved in their successful resolution - although they may be outside their formal responsibility - because the issues are so important to the future of the business. Managers can enhance this activity by providing forums to address new and

unusual ideas. Through something as simple as a lunch time dialogue, a manager can gather a cross-section of people who have energy around an idea and explore its possibilities. Formal strategy meetings rarely generate strategies; rather, they surface strategies that have been brewing in different parts of the organization (Stacey, 1992; Van der Heijden, 1996). Lunch time dialogues could provide the forum that people need to talk and generate new ideas, to be heard, and to generate strategy.

2.3 Challenges of Strategy Implementation

According to Alexander (1985), the ten most frequently occurring strategy implementation problems include underestimating the time needed for implementation and major problems surfacing that had not been anticipated, in addition uncontrollable factors in the external environment has an adverse impact. Based on empirical work with 93 firms he observed that senior executives were over optimistic in the planning phase and it is noteworthy that the first two issues which occurred most frequently in Alexander's study are planning issues.

Neely *et al* (1994), "Realising strategy through measurement", *International Journal of Operations & Production Management*, Vol. 15 No.3, pp.140-52 also found the effectiveness of coordination of activities and distractions from competing activities inhibited implementation, in addition key tasks were not defined in detail. With regard to people, the capabilities of employees involved were often not sufficient, leadership and direction and "training and instruction given to lower level employees were not adequate" (Alexander, 1985, p. 92). Although the least frequent in this study in many cases the information systems used to monitor implementation were not adequate.

Reed and Buckley (1988) discuss problems associated with strategy implementation identifying four key areas for discussion. They acknowledge the challenge and the need for a clear fit between strategy and structure and claim the debate about which comes first is irrelevant providing there is congruence in the context of the operating environment. They warn that, although budgeting systems are a powerful tool for communication, they have limited use in the implementation of strategies as they are dominated by monetary based measures and due to their size and the game playing associated budget setting “it is possible for the planning intent of any resource redistribution to be ignored” (Reed and Buckley, 1988, p. 68).

Another problem is when management style is not appropriate for the strategy being implemented, they cite the example of the “entrepreneurial risk taker may be an ideal candidate for a strategy involving growth, but may be wholly inappropriate for retrenchment” (Reed and Buckley, 1988, p. 68). Goal setting and controls are also recognized as problematic, identifying co-ordinated targets at various levels in the organization is difficult and the need for control is heightened as uncertainty and change provide a volatile environment, a point supported by Tavakoli and Perks (2001).

Al Ghamdi (1998) replicated the work of Alexander (1985) in the UK and found for 92 percent of firms implementation took more time than originally expected, that major problems surfaced in 88 percent of companies, again showing planning weaknesses. He found the effectiveness of coordination of activities as a problem in 75 percent and distractions from competing activities in 83 percent cases. In addition key tasks were not defined in enough detail and information systems were inadequate in 71 percent of

respondents. What is interesting is that there is congruence between these findings, which implies that lessons have still not been learned; as Al Ghamdi states, “the drama still continues” (Al Ghamdi, 1998, p. 322).

More recent articles confirm notable barriers to successful strategy implementation about which there appears to be a degree of accord. Six silent killers of strategy implementation, a top-down/laissez-faire senior management style; unclear strategic intentions and conflicting priorities; an ineffective senior management team; poor vertical communication; weak co-ordination across functions, businesses or borders; and inadequate down-the-line leadership skills development (Beer and Eisenstat, 2000).

It is recognized that such change requires a shared vision and consensus (Beer *et al.*, 1990) and “failures of strategy implementation are inevitable” if competence, coordination and commitment are lacking (Eisenstat, 1993). Corboy and O'Corrbui (1999, p. 29), meanwhile, identify the “... deadly sins of strategy implementation” which involve: a lack of understanding of how the strategy should be implemented; customers and staff not fully appreciating the strategy; unclear individual responsibilities in the change process; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives.

Overall though, it is increasingly acknowledged that the traditionally recognized problems of inappropriate organizational structure and lack of top management backing are not the main inhibiting factors to effective strategy implementation (Aaltonen and Ikåvalko, 2002). Rather, the major challenges to be overcome appear to be more cultural and behavioural in nature, including the impact of poor communication and diminished

feelings of ownership and commitment (Alexander, 1985; Giles, 1991; Corboy and O'Corrbui, 1999; Aaltonen and Ikåvalko, 2002; Franco and Bourne, 2003). Aaltonen and Ikåvalko recognize the role of middle managers, arguing they are the “key actors” “who have a pivotal role in strategic communication” Aaltonen and Ikåvalko,(2002) meanwhile Bartlett and Goshal (1996) talk about middle managers as threatened silent resistors whose role needs to change more towards that of a “coach”, building capabilities, providing support and guidance through the encouragement of entrepreneurial attributes.

In addition to the above, another inhibitor to successful strategy implementation that has been receiving a considerable amount of attention is the impact of an organization's existing management controls (Langfield-Smith, 1997) and particularly its budgeting systems (Reed and Buckley, 1988; Otley, 2001; Marginson, 2002). Although it is increasingly suggested that budgets suffer from being bureaucratic and protracted, and that they focus on cost minimisation rather than value maximisation (Bunce and Fraser, 1997; Fanning, 1999; Brander Brown and Atkinson, 2001), they still represent the main integrative control mechanism in many, if not most, business organizations (Hope and Fraser, 1997; Hope and Hope, 1997; Marginson, 1999; Otley, 2001).

In the apparent absence of suitable alternative information systems (Alexander, 1985), significantly, it is claimed that well-established budget control systems can overwhelm or dominate strategic control systems (Goold and Quinn, 1990) – even to the extent that “... when the going gets tough, budgetary pressures will tend to derail strategic goals □...□” (Bungay and Goold, 1991, p. 32).

In order to overcome such “myopic” tendencies (Hrebiniak and Joyce, 1986; Bungay and Goold, 1991; Neely, 1999), it is suggested that organizations need to establish shorter/medium-term strategic “milestones” (Goold and Quinn, 1990).

So far in this review of literature on strategy implementation there is evidence of some recurring themes, including communication and coordination which are essential to ensure that people across the organization know what to do and to ensure that they stay focussed on the key targets under the everyday pressures. Strategic control systems provide a mechanism for keeping today's actions in congruence with tomorrow's goals and their importance to strategy implementation is discussed next.

A survey of 93 fortune 500 firms revealed that more than half of the corporations experienced the following 10 problems when they attempted to implement a strategy in order of frequency; implementation took more time than originally planned, unanticipated major problem arose, Activities were ineffectively coordinated, competing activities and crisis took attention away from the strategy, the involved employees had insufficient capabilities to perform their jobs, lower-level employees were inadequately trained, uncontrollable external environmental factors created problems, departmental managers provided inadequate leadership and direction, key implementation tasks and activities were poorly defined and the information systems inadequately monitored activities.

2.4 Enhancing Strategy Implementation Process

Although there could be several ways to improve upon the implementation process in the light of the shortcomings as noted above, the means to overcome the barriers to strategy implementation discussed in the strategy literature usually revolve around the following three main suggestions:

Adopting a clear model of strategy implementation- Often, implementation activities take place according to the abilities and initiatives of managers involved in them. Though a process, implementation moves in fits and starts. This uneven progress of the process does not do much good for the effectiveness of implementation efforts. Again, managers often do things which *they* consider to be important; they do not do things which *are* important enough to be done. This results in a lot of confusion and uncoordinated actions. What is required is a clear model of the strategy implementation process that can provide unambiguous guidelines to the managers implementing the strategy. Such a model should lay down the elements, or at least the major themes, of implementation process so that there is a high level of understanding of how the process has to proceed.

At the same time, there needs to be comprehension of how the various elements or themes are interconnected. Is such a model available? Alexander (1991,) states that “One key reason why implementation fails is that practicing executives, managers and supervisors do not have practical, yet theoretically sound, models to guide their actions during implementation. Without adequate models, they try to implement strategies without a good understanding of the multiple factors that must be addressed, often simultaneously, to make implementation work.

According to Noble, (1999) “there is a significant need for detailed and comprehensive conceptual models related to strategy implementation. To date, implementation research has been fairly fragmented due to a lack of clear models on which to build.”

Effective management of change in complex situations- Implementation almost always creates the need to manage change in complex organizational contexts. Many of these areas of change are behavioural in nature and are therefore multifaceted and messy in nature. For instance, leadership style changes required to implement different kinds of strategies or the cultural changes to be brought about to facilitate new strategy implementation are intricate matters that call for careful handling. No wonder, managers often fail to manage these complex organizational issues satisfactorily creating conditions for sub-optimal implementation of strategies.

Setting down clear measures of effectiveness- Many of the failures in implementation of strategies can be attributed to the lacunae in setting down clear measures of effectiveness. If there are clear measures of effectiveness the likelihood of implementation succeeding is enhanced. This is an intuitively appealing argument and may be self-evident. Yet, efforts at setting down clear measures of effectiveness may be half-hearted or missing. There are reasons why this happens: lack of clarity in laying down objectives is reflected in ambiguity in setting down measures of effectiveness; it may be difficult to come up with an adequate set of effectiveness measures; and it may be cumbersome to follow through the achievement of effectiveness in the humdrum of routine organizational activities. The current popularity of performance management systems such as the balanced scorecard can be partly ascribed to inadequate measures of effectiveness.

2.5 Strategy Implementation Frameworks

There are several frameworks of implementation available in strategy literature. Okumus (2003) makes an insightful review of the available frameworks in strategy implementation.

One of the earlier frameworks was in the form of the popular McKinsey's 7-S framework by Peters *et al.* (1980) that considered seven factors of implementation. These factors are: strategy, structure, systems, style, staff, skills, and subordinate goals. The conceptual frameworks developed over the succeeding two decades, for instance, by Stonich (1982), Hrebiniak and Joyce (1984), Galbraith and Kazanjian (1986), consist of well defined and critical implementation factors that is a point of similarity of approach in these frameworks. These frameworks, for instance, use quite similar factors of implementation such as organizational structure, culture, people, communication, control and outcome.

Each of these scholarly contributions – whether based on empirical or conceptual work – recommends that the process of strategy implementation be built around a set of implementation factors. These frameworks might differ in terms of the selection of implementation factors, the nomenclature given to each factor, the relative emphasis on each factor in the set, and the way how the factors get implemented. Nevertheless, the idea is clear: there are a set of implementation factors each significant enough to be treated separately in terms of the managerial emphasis laid on them.

As one moves towards more recent studies, one finds greater sophistication in terms of the identification of the implementation factors, the clarity in the interrelationship that

these might have, and the impact that they have collectively on the strategy implementation process. For instance, works by Aaltonen and Ikavalko (2002) and Freedman (2003) stress on these: organizational structure and culture that is receptive to change, elaborate building up of change management systems and skills, and communication and employee commitment to vision.

As an illustration of how the frameworks of strategy implementation are proposed, two contributions are being taken up for elaboration. The first illustration is from the 1990s and the other more recent from 2003. Skivington and Daft (1991) selected three organizations in the integrated circuits, petroleum, and health care industries. They chose 57 strategic decisions and examined how these were implemented in the course of putting the competitive generic strategies of low-cost and differentiation. They could identify several factors such as intended strategy, structure, systems, interactions, and sanctions that mattered so far as implementation were concerned. They divided these factors into two broad groups of framework and process factors. It was found that both the framework and process factors could be used to implement the low-cost and differentiation strategies.

The second work by Okumus (2003) is seminal in the sense that it makes a comprehensive review and then proceeds to propose a strategy implementation framework. In doing so, Okumus creates a typology to provide a categorization of frameworks in three groups as below; A simple approach to listing and describing the implementation factors (Hrebiniak and Joyce, 1984); Models that suggest a sequential, rational implementation process that might be difficult to adopt in complex situations

(Noble, 1999); Frameworks that lay emphasis on context and process ignoring elaboration of issues such as relative importance of implementation factors, their specific roles, and their impact on the overall implementation process (Dawson, 1994).

Okumus (2003), in his own framework of strategy implementation, lays emphasis on certain pre-conditions that are worth mentioning. He suggests, for instance, that implementation is too complex a process to be represented by linear models that project the implementation process as something that is rational and systematic. Another noteworthy observation is that researchers and practicing managers should be able to make informed judgments about the strategy implementation process rather than adopt ready-made solutions. In doing so, they are advised to follow a holistic approach to considering formulation and implementation as intertwined rather than stand-alone. The latter observation is in line with the current thinking on the interdependence among formulation and implementation of strategies.

The proposed framework by Okumus, 2003 is presented in a simplified form. The various factors in the framework could be summed up as follows; *Strategic content* refers to why and how strategy is initiated, *External context* refers to the degree of uncertainty and changes in the task and general environments of the organization, *Internal context* refers to the configuration of organizational structure, culture, and leadership, *Organizational process* refers to the configuration of operational planning, resource allocation, people, communication, control and feedback, and outcome. Undoubtedly, Okumus's strategy implementation framework is quite comprehensive as it takes into account an array of variables and binds them into a compact model.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This study was conducted through a case study. The data was then analysed by use of content analysis. The study focuses on strategy implementation at The Heritage Insurance Company Limited, as an in-depth study concerning challenges to strategy implementation and how these challenges have been overcome by Heritage.

3.2 Research design

This study was conducted through a case study design. The study focuses on strategy implementation at The Heritage Insurance Company Limited, interpreting in-depth details concerning the challenges to strategy implementation and how these challenges have been overcome by the company. This research design has been used successfully by Machuki 2005, Mumbi 2005 and Kibe 2008 among others.

The case study method was selected because it was expected to give the researcher an in-depth understanding of strategy implementation, its challenges, how these challenges have been overcome by Heritage Insurance Company Limited.

3.3 Data Collection

To meet the objectives of this study, the researcher collected pertinent primary and secondary data. Secondary data included but not limited to previous studies by other researchers and other literature on the bank that helped achieve the objectives of the study.

The interview guide consisted of open-ended questions covering issues on strategy implementation, challenges and how these challenges have been overcome. This facilitated a more in-depth interaction with respondents.

3.5 Data analysis

Content analysis was used to analyze the data collected. According to Mugenda(1999), content analysis is the systematic qualitative description of the composition of the objects or materials of the study. It involves observation and detailed description of objects, items or things that comprise the study.

This analysis technique allowed the researcher to learn and understand the underlying issues on strategy implementation, its challenges, and ways of overcoming these challenges as experienced by Heritage Insurance Company Limited.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents data findings, interpretation and discussion. The aim of the study was to establish implementation challenges faced by Heritage Insurance Co. Ltd. As well as determining how the company has overcome these challenges. Findings in this study would indicate the real situation of strategy implementation in the insurance industry particularly in Kenya. The interviewees for this study were drawn from the Claims Department, Underwriting Department, Marketing Department and the Finance Department and included director underwriting and claims, manager marketing, deputy manager from legal, underwriting and claims as well as executive officers. The researcher learnt that all the interviewees had at least three years in their current management position.

The chapter is organized into three sections where the first section addresses general issues on strategy implementation while other sections will present challenges, and suggested solutions to the challenges facing strategy implementation.

4.2 General information

Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. For any firm to succeed in strategic implementation, the management must have a clear understanding and support formal policy development and

implementation. This study revealed that, Heritage Insurance Company Ltd has financial capacity to implement strategies and employees are motivated to maintain and support the implementation of strategy initiatives. The company relies on the management staff skills for successful strategy implementation. The company has a well co-ordinate system of operation that ensures adequate leadership and direction provided by the various departments. At the same time, the key implementation tasks and activities are always clearly defined and this enabling the entire process of the strategy implementation to be.

4.3 Strategy implementation challenges

The study revealed that, too many and conflicting priorities, insufficient top team functions, a top down management style, inter-functional conflicts, poor vertical communication, and inadequate management development poses a big challenge in strategy implementation. The main challenges facing strategy implementation as discussed under this section include commitment of top management; involvement of employees' valuable knowledge; communication, the challenge of integrating new system with the old; clear assignment of responsibilities; change barriers as well as the role of teamwork in strategy implementation. Other challenges include employees' differences, inadequate time as well as insufficient finance.

4.3.1 Commitment of top management and strategy implementation

Commitment of top management was identified as a major challenge facing strategy implementation. The study revealed that, the most important thing when implementing a strategy is the top management's commitment to the strategic direction itself which is a

prerequisite for strategy implementation. Therefore, top managers must demonstrate their willingness to give energy and loyalty to the implementation process. Rapa and Kauffman, (2005) confirms the findings by asserting that, demonstrable commitment of top management becomes, at the same time, a positive signal for all the affected organizational members for any successful strategy implementation. Therefore, the management must not spare any effort to persuade the employees of their ideas as well as employing the appropriate resources.

4.3.2 Involvement of employees' valuable knowledge and strategy implementation

At Heritage insurance co. Ltd, there is wide involvement of the employees' capabilities in strategy implementation. The strategy implementation process within the company is not a top-down-approach but rather a process involving all levels of management including junior staff. This indicates that, the success of any implementation effort depends on the level of involvement of all staff members. In addition, the affected employees' knowledge must already be accounted for in the formulation of the strategy.

Rapa and Kauffman argues that, by making sure that all employees are a part of the strategy implementation process, their motivation towards the project will increase and they will see themselves as an important part in the process. They further adds that, in practice, managers and supervisors at lower hierarchy levels who have important and fertile knowledge are seldom involved in strategy formulation and when there are the probability for realizing a smooth targeted and accepted strategy implementation process increases substantially.

4.3.3 The Role of Communication on strategy implementation

The study revealed that, communication at Heritage Insurance Co. Ltd is well enhanced at both the horizontal level and vertical level. At the same time, communication aspects are emphasized in the strategy implementation stage thus making the strategic management process to run smoothly.

The organization in addition has adopted a two-way-communication program that permits and solicits questions from employees about issues regarding the formulated strategy and thus informing the employees about the new requirements, tasks and activities to be performed by the affected employees. This implies that, it is essential both during and after an organizational change to communicate information about organizational developments to all levels in a timely fashion. However, one may not misunderstand mere passing of information or the sharing of information to mean active participation by employees but rather it is the full engagement with direct dialogue that produces active participants in the change process.

Rapa and Kauffman indicated that, 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.

4.3.4 Challenge of integrating the new system

Traditional strategy implementation concepts generally over-emphasize the structural aspects (top-down approach) and reduce the whole effort down to organizational top management exercise. This study signified that, strategy implementation requires an integrative point of view. In addition to the organizational structure, cultural aspects and the human resources perspective need to be considered as well. An implementation effort is therefore ideally a boundless set of activities and does not concentrate on implications of only one component, such as the organizational structure.

For the insurance industry, it is of great importance to integrate general facts as well in the reflection of the implementation process by the virtue of the risks inherent with the sector. It is therefore the consideration of general and specific facts that ascertain that cultural aspects and human resources aspects are of as much importance as organizational aspects. Findings of this study rhymes with the argument put forward by Dean and Terziovski, (2000) who said that, an integrative interpretation allows an important scope of development for implementation activities.

4.3.5 Clear assignment of responsibilities

Interviewees also pointed out that, lack of clear assignment of responsibilities was a major challenge affecting strategy implementation, particularly in the insurance industry. It was elaborated that, one of the reasons why strategy implementation process frequently result in difficult and complex problems, or even fail altogether, is the vagueness of the assignment of responsibilities.

Wheelan and Hunger (2008) asserted that, cross-functional relations are representative of an implementation effort. This is indeed a challenge, because organizational members tend to think only in their “own” department structures which may be worsened by over-bureaucracy and can thus end up in a disaster for the whole strategy implementation.

4.3.6 The change barrier

Change is part of the daily life within an organization. The ability to manage change has proved to be a core competency for insurance industry. This study revealed that, implementation efforts often fail when managers do not clear many doubts that loom within the employees of the strategy implementation aftermath. There was a unanimous agreement that, insurance companies have to be aware that barriers against the implementation of the strategy can lead to a complete breakdown of the formulated strategy. The interviewee mentioned that, past strategy implementation at Heritage Insurance Co. Ltd. have been marked with intense and well articulated awareness meant to inform the entire staff members of the intended benefits.

To enhance the relationship between strategy implementation and the customer service, Heritage Insurance Co. Ltd has converted competitive methods in a way that conforms to a cost leadership, differentiation, or focus generic strategy type. This has helped the company avert challenges emanating through strategy implementation. The company had been reporting both high strategic plan quality and high strategy implementation capability to generate statistically superior returns.

To reinforce these findings, Rapa and Kauffman points out that, barriers to implementing a strategy range from delay to outright rejection. However, this psychological point of view is often downplayed during discussions of implementation issues, even though it is becoming more and more obvious that strategy implementation consists, for the most part, of psychological aspects. By changing the way they view and practice strategy implementation, senior executives can effectively transform change barriers into gateways for a successful execution.

4.3.7 The role of teamwork in strategy implementation

Findings from this study disclosed that, teamwork plays vital role within the process of strategy implementation and when the role of teamwork is undermined, the process of strategic planning is derailed. As stipulated by Kaplan and Norton's (2004), when it comes to implementation activities, teamwork is often ignored. This implies that, teams can play an important part to promote the implementation of a strategy. At the same time, differences in personality can result in serious inconsistencies in how strategies are understood and acted upon. This study indicated that, Heritage Insurance Co. Ltd has embraced teamwork in strategy implementation by recognizing different personality types and thus imparting relevant skills on how to handle teams effectively.

4.3.8 Employees' differences and strategy implementation

The researcher also noted that, strategy implementation is influenced largely by the coherence and integration of existing employees within the organization. Majority of interviewees expressed dismal employee conflicts within Heritage Insurance Co. Ltd.

Thus human resource factor had been progressively marking the key success factor within the company. Interviewees, nonetheless indicated that, one of the major reasons why strategy implementation efforts has failed in the insurance sector is the cohesion between employees that has been conspicuously absent for strategic planning. as indicated by Lorange (1998), the difference of employees requires, as a consequence, different management styles.

4.3.9 Supportive implementation instruments

To facilitate the implementation in general, implementation instruments should be applied to support the processes adequately. This study revealed that, Heritage Insurance Co. Ltd has a strategy planning system that is integrated with other control systems like budgets, information and reward systems. In addition, the company uses balanced scorecard to provide a framework for integration the strategic planning to meet the insurance requirements. This is an indication that, in the context of implementing strategies, the application of the right strategy implementation instruments should not be neglected.

4.3.10 Time horizon in strategy implementation

The interviewee agreed unanimously that, time horizon in strategy implementation is among the major challenges affecting strategy implementation in the insurance industry. Heritage Insurance Co. Ltd in particular was mentioned to have fallen in the said menace at times.

It was, however, mentioned that the company relied on Critical Path Analysis (CPA) to identify critical points within strategy implementation processes that enhance timing of events during the process.

Ennew and Binks, (1996) claimed that, the challenge of time can be attributed to an underestimation on the part of many executives who do not have a clearly focused view on the complexities involved in implementing strategies and on the general process to deal with these multifaceted complexities. Basically, it is difficult to identify the necessary steps of the implementation. It is even more difficult to estimate an appropriate time frame. One has to find out the time-intense activities and harmonize them with the time capacity.

4.3.11 Financial challenge

Interviewees for this study unanimously pointed out inadequacy of financial resources as the major challenge facing successful strategy implementation within the insurance industry. It was emphasized that, most of the strategic plan developed, and which houses a paramount growth plan for the organization, end up being shelved because of lack of finance to implement them. This was also expressed as a major challenge for Heritage Insurance Co. Ltd though through the study the researcher noted that the company has been operating on a continuous allocation of funds on strategic issues through creation of strategy implementation reserve that has ensured consistent availability of fund for the process.

Peppard, (2000) indicated that, management's handling of the strategy implementation process can be considered successful if things go smoothly enough that the company has the required financial resources. In addition, the company needs to meet or beat its strategy and financial performance targets and shows good progress in achieving management's strategic vision geared towards efficient and effective service delivery to its intended clientele.

4.4 Solutions to strategy implementation challenges

As was stated by Lingle and Schieman (1994) market, people, finance, operation, adaptability, and environmental factors play a vital role to long-term successful strategy implementation. At the same time, successful strategy implementation requires sound mechanisms for directing activity and behaviour, especially including effective communication systems as well as appropriate strategic and management controls. To involve employees is an important milestone to make strategy everyone's everyday job. That is why the involvement of all employees is essential to increase the general awareness of the strategy. To deal with communication challenges, 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.

In an effort of avoiding power struggles between departments and within hierarchies, insurance companies should create a plan with clear assignments of responsibilities regarding detailed implementation activities. When responsibilities are clear then potential problems are avoidable.

To address the challenge of integrative human resource factor, major stakeholders in the insurance industry should put employees who have to be integrated into considerations as well as analyzing their individual capabilities.

To accomplish strategy implementation within the required time, insurance companies have to integrate the relevant divisions and the responsible managers. In addition to calculate the probable time frame an extra buffer should be calculated to account for unexpected incidents that might occur at any time. Poor strategy implementation mechanisms can lead to failure in strategic planning even if the strategy was adequately appropriate. A good implementation plan will therefore not only ensure the success of an appropriate strategy but can also redeem a less appropriate strategy (Wheelan and Hunger, 2008:36).

Customer service is the key to insurance sector and insurance companies should continually enhance customer experience and satisfaction, to deliver quality in a competitive environment. Customer service delivery refers to the processes and actions that make it easier for customers to do business with a company. That is, an organization can use these customer contact points to communicate their understanding of the ability to meet and implement the necessary strategies to satisfy customer needs.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the research summary, conclusions, recommendations, and suggestions for further study as well as implication on policy, theory and practice.

5.2 Summary

Strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. The overall strategic process begins when executives evaluate their current position with respect to mission, goals, and strategies. They then scan the organization's internal and external environments and identify strategy factors that may require change.

Strategy implementation is concerned with both planning how the choice of strategy is put into effect, and managing the change required. In this process, it is laden with complexity and challenges. The objectives of this study included establishing challenges faced by insurance companies in strategy implementation as well as how these challenges can be surmounted to ensure proper strategy implementation in respect to Heritage Insurance Company

The findings of the study show that the major challenges encountered by the company included some aspects of organizational culture and structure, high degree of staff turnover and resistance to change. Others included lack of infrastructural facilities, government decisions, inadequate resources and indiscipline among some employees.

The study further established that there is a mix of values and beliefs that have been propagated overtime by people who have held senior management positions for a considerably long period of time. These aspects have been instilled into the other organizational members and define “the way of doing things here” hence the organizational culture. Some aspects of the resulting culture promote negative attitude amongst some staff towards their development.

Another major challenge for insurance companies is ensuring that decisions at each of these levels are made consistently, focused on delivering the correct service to targeted customers (Boone, 2000:96). The models are quite important to Heritage Insurance Co. Ltd in that a thorough analysis of the model will help to implement strategies that would go a long way in ensuring customer satisfaction in terms of service delivery in the organization.

Findings also asserts that successful strategy implementation communicate the desires of top management but must be backed by an effective planning process. This allegation was reinforced by findings from the primary research where the researcher found that poor implementation of strategy can result in failure of a strategy. Strategy implementation practically improves on service delivery to a large extent. In addition, strategy implementation is a team effort.

From the study, the researcher found that, once an organization has set its vision and mission, strategy formulation and implementation flows since strategies are formulated and implemented around them.

Strategy implementation is about managing change and resistance to change can be considered the greatest threat to successful strategy implementation. The study found out that Heritage Insurance Co. Ltd involved all employees and other stakeholders in its strategy implementation process. This is in order to minimise resistance to change. Changes were communicated to all those affected. There were also efforts by the company to prepare staff members for changes to be effected in the future. The company also hired consultants to resolve managerial skills challenge.

Heritage Insurance Co. Ltd offered training to employees on new products and services. The training also covered customer relationship management. After the training sessions, employees were assisted in utilising the learnt skills in the real working situations. The study also found that the company encouraged employees to brainstorm, share new ideas, and to own the strategy implementation process. The leadership style of delegating responsibilities, creating incremental challenges and rewarding performance enhanced the morale of senior managers and branch managers in implementing strategies. Lower level employees were also rewarded for good performance, dedication and long service.

In order to address financial constraints challenge that inhibited on strategy implementation, the company merged with an international organization Liberty. The company also acknowledged the need for social cultural adjustments.

5.3 Conclusion

From the study the researcher concludes that, the major challenges encountered by Heritage Insurance Co. Ltd while implementing strategies included some aspects of organizational culture and structure, high degree of staff turnover and resistance to change. Others included lack of infrastructural facilities, government decisions, inadequate resources and conflict among some employees.

As a way of dealing with the challenges encountered, Heritage Insurance Co. Ltd involved all employees and other stakeholders in its strategy implementation process. The company developed communication channel to all parties affected by the changes as a result of new strategies implemented. Other initiatives adopted included training of employees, encouraging employees to brainstorm, share new ideas, and own the strategy implementation process, change in leadership style, rewarding the performance of senior managers as well as lower level managers and employees. In order to address the challenges of financial constraints, Heritage Insurance Co. Ltd started getting assistance from international organizations. The company also recognized the importance of social cultural processes in successful strategy implementation hence its development and adoption of core guiding values.

Essentially successful strategy implementation is a vehicle for providing forward-looking leadership regarding the most fundamental issues of concern to an organization and its environment in a very purposeful, systematic, and effective manner.

As indicated by Peppard, (2000: 214), management's handling of the strategy implementation process can be considered successful if things go smoothly enough that the company meets or beats its strategic and financial performance targets and shows good progress in achieving management's strategic vision geared towards efficient and effective service delivery to its intended clientele.

5.4 Recommendations

For an organization to successfully improve the overall probability that the strategy is implemented as intended the researcher recommends that, Insurance companies should ensure that employees affected by the strategy are the core aspect in strategy implementation focusing on the outcome and also ensure that the necessary resources are available during strategy implementation. Moreover, insurance companies should assess the customer-employees needs to ensure that it is in line with strategy implementation and make sure that strategy implementation is a team effort.

For Heritage Insurance Co. Ltd to continue implementing its strategies effectively, it is recommended that the organization looks at its failures and challenges and then address the same. Although the company has attempted to address some of the challenges it faces while implementing strategies, there is a need to do more. The organization should always strive to be proactive while addressing challenges to strategy implementation other than waiting for some challenges to arise and then put efforts address the same.

Heritage Insurance Co. Ltd has to consider reducing on the bureaucracy and recognize the fact that the necessary tools for successful strategy implementation are managers and

workers empowered to act on their own judgements, reengineered work process and procedures, self directed work teams and rapid incorporation of information technologies to improve existing organizational capabilities.

On cultural aspects, and resistance to change, Heritage Insurance Co. Ltd should align the company's culture with the current strategy. Successful cultural changes have to be led by top management. What organizations leaders say and do plants the seeds of cultural change. Only top management has the power and organizational influence to bring about major change in a company's culture.

In addition, insurance companies should ensure that the necessary resources are available during strategy implementation which impacts positively on service delivery. Insurance companies should also realize that, effective service delivery is possible if there is proper strategy implementation since this would act as a guide in policy formulation. Furthermore, customer service should be the core aspect in strategy implementation focusing on efficient and effective service delivery.

The government through Insurance Regulatory Authority should ensure stability in the insurance industry by regulating prices to ensure quality underwriting of risks as well as moderating immerging trends so as to prevent crisis in this industry.

5.5 Suggestions for further studies

There is a need to carry out further studies on strategy monitoring. At the same time, this study should be iterated after sometime after to find out if there are any changes that have taken place and comparison with the findings of this study done.

One may also wish to carry out a study on the challenges facing the insurance companies in regards to regulating insurance industry. A study may also be carried focusing on the other aspects of the strategic management process apart from strategy implementation.

5.6 Limitations of the study

The study was based The Heritage Insurance Company Limited and it could not therefore give a general picture of strategy implementation, its challenges and how these challenges are addressed by other insurance companies in Kenya in the face of competition.

Thus the study cannot be taken as the actual representative of the situation within the entire insurance industry in Kenya as the findings of this study are organization specific and may apply to The Heritage Insurance Company only.

The study focused only on the strategy implementation aspect of the strategic management process. Thus it did not focus on the other aspects of strategic management process which includes formulation as well as the control monitoring and evaluation aspects. These are important component parts of strategic management process and should never be ignored.

5.7 Implications on policy, theory and practice

Some policy implications can be drawn from the results of this study. Given the relevance and importance of strategic implementation in strategic management process, organization should adopt practices aimed at promoting and creating coherence between customer service and employee satisfaction. This can be achieved through the establishment of insurance schemes that are less risk inherent as well as variety of insurance policies that benefit different clients.

In addition, compatibility of various e-business applications should be looked at and seriously considered in the insurance industry as it will have a great impact in this highly competitive industry. The findings in this paper also imply that e-business should be considered in a broad sense in order to fully tap its potentials.

Thus, in conducting business case analysis for insurance companies and redesigning organization structure, activities and benefits or costs incurred from these functions should be considered for streamlining e-business processes and generate a more 'realistic picture' about the consequences or outcomes of e-business.

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APPENDICES

Appendix I: Interview guide

Section A: Details of the Respondent.

1. Respondent Name.....
2. Position held.....
3. Number of years in the position.....
4. Department.....

Section B: Strategy Implementation.

Being guided by the factors listed below, how would you describe strategy implementation at Heritage Insurance Company?.....

5. The staff and management have a clear understanding and support formal policy development and implementation.....
6. The company has financial capacity to implement strategies.....
7. The employees are highly motivated to maintain and support the implementation of strategy initiatives.....
8. The management staff staffs have the skills that enable successful strategy implementation.....
9. The current organizational structure supports strategy implementation.....
10. The staff and management staff readily accept change.....
11. Any other comment regarding strategy implementation at Heritage Insurance.....

Section C: The challenges of Strategy Implementation.

Organizations are usually faced with various challenges in their pursuit to implement strategies. By using Yes or No what is your experience at Heritage insurance with the following challenges as far as its strategy implementation process is concerned.

1. Was time allocated for the project adequate?.....
2. Was co-ordination sufficiently effective?.....
3. Was the capabilities of employees involved sufficient?.....
4. Was training & instructions given to lower staff adequate?.....
5. Were there some uncontrollable factors in external environment that had adverse impact on implementation?.....
6. Was leadership and direction provided by departmental heads adequate?.....
7. Were key implementation tasks and activities clearly defined?.....
8. Did any champion(s) and or supporters of the strategy leave the company during implementation?.....
9. Were overall goals of the strategy well understood by staff?.....
10. Were people rewarded/recognised for executing plan?.....
11. Was there lack of a feel of “ownership” of a strategy among employees?.....
12. Was there lack of understanding of the role of organizational structures and design in the execution process?.....

13. Was information systems used to monitor implementation inadequate in any way?.....

14. Were the financial resource provided adequate to execute strategy?.....

15 . In evaluating the overall success of the strategy implementation process at Heritage Insurance Company Limited, how would you rate the entire process of strategy implementation?.....

I. Achieved the intended outcomes.

II. Achieved partially intended outcomes.

III. Did not achieve the intended outcome

16. Please give any other comment you may have regarding the subject of this research.
.....

Thank you.

Appendix II: Research authorization letter

Appendix III: Introduction letter