THE EFFECTS OF CORPORATE ENTREPRENEURSHIP AND STRATEGIC MANAGEMENT ON PERFORMANCE OF INSURANCE COMPANIES IN NAIROBI, KENYA

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

2016

DECLARATION

I Evalyne Njeri Ndungi, hereby declare this Research Project entitled THE EFFECTS OF CORPORATE ENTREPRENEURSHIP AND STRATEGIC MANAGEMENT ON PERFORMANCE OF INSURANCE COMPANIES IN NAIROBI, KENYA is my original work and has not been presented for a degree in any other University.

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ACKNOWLEDGEMENTS

I am grateful to the almighty God for bringing me this far. Many thanks to my supervisor, Dr. Gathungu for guiding me through the entire process and giving very important input that culminated to this research report.

I am also thankful to my family for their support throughout the period I was undertaking the course. Thank you for always encouraging me and supporting me.

DEDICATION

I dedicate this project to my parents Jane Waithera Ndungi and Antony Ndungi Mburu, for loving and supporting me unconditionally and for giving me the courage to live my designed life. Your presence is a gift from God, and your willingness to see me for not only all I am but all I can be motivates me to take designed action. I am committed to living my life in ways that work for me, leaving the expectations of the world behind. I love you.

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LIST OF ABBREVIATIONS

CE	Corporate Entrepreneurship
AKI	Association of Kenya Insurers
IRA	Insurance Regulatory Authority
I/O	Industrial-Organization
WIBA	Workman’s Injury Benefit Act

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ABSTRACT

The insurance industry in Kenya has been growing in leaps and bounds in the recent past. There are many factors that have contributed to this this growth this research sought to establish how corporate entrepreneurship and strategic management affect the way insurance companies in Nairobi, Kenya perform. This study used descriptive survey design. A questionnaire was used to collect primary data. The questionnaire was executed using the drop and pick method to senior executives and managers of all the 49 registered insurance firms in Nairobi. Data was analysed using descriptive analysis to summarise the data and presented the findings using tables. Data was interpreted using frequencies, percentages and mean score and presented in form of frequency tables. The results indicated that insurance companies use rewards to motivate proactive and innovative employees. Insurance companies also use management support and organisational boundaries to set precise explanations of outcomes expected from organizational work and development of mechanisms for evaluating, selecting, and using innovations exists within the organization. The insurance companies are not open to risk taking as a strategy to encourage entrepreneurship and as such they do not offer employees work autonomy or time to come up with these innovative ideas. It is evident that new products have been the reason behind high organisational performance among insurance companies. The study concludes that though corporate entrepreneurship is a new concept in the field of research, insurance companies in Kenya are well aware of the concept and they are incorporating that in their strategy. Also, through rewarding employees and offering them the necessary support, they can continuously provide innovative products to the market which will then lead to higher firm performance. However, it is also important for the insurance companies to carry out research before they bring a new product in the market. The study recommends that companies should leverage internal resources, especially the employees, to help them gain competitive advantage. The researcher also recommends that this strategy be used in conjunction with others because there is no one way to success in strategy.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategy is the long term course that an organisation takes so that it can achieve a competitive advantage in an environment through its re-alignment of resources whose aim is to satisfy the expectations of the stakeholders (Johnson, Whittington, and Scholes, 2011). The overall strategy of the organisation is to set out in its core long term goals and objectives and allocate and align its resources for proper implementation of this course of action. Therefore the practice of laying down an organisations objectives, creating policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans sums up the concept of strategic management (David, 2005). Therefore, strategic management involves activities such as analysing the competition, creating goals and objectives, formulating strategies, translating the strategies into actions and establishing accurate controls. Corporate entrepreneurship supports the activities of strategic management through innovation and proactive actions.

Several theories have been advanced to bring out the concept of entrepreneurship, strategic management and performance in organisations. The profit maximizing theory stipulates that the maximizing the long term profits should be the main objective of any organisation in order to attain a high competitive position compared to its competitors (Barney, 1995). According to the resource-based theory a firm’s competitive advantage lies in its internal resources (Barney, 2001). That specific types of resources owned and controlled by firms have uniqueness and potential to give the firm a competitive advantage and high firm performance (Ainuddin et al, 2007). The survival-based theory urge firms to always adapt itself to the environment in order to survive (Barney 2001). The contingency theory recommends that organizations should develop managerial plan based on the situation and condition they are experiencing because there is no one way to succeed. (Ainuddin et al 2007).

The insurance industry in Kenya is rapidly growing, a fact attributed to the growth of the middle class, which means that more Kenyans have disposable income. According to the Association of Kenyan Insurers (AKI, 2015), Kenya is at the top of the insurance market in the east African region that covers Tanzania, Uganda, Rwanda and Burundi where it represents seventy percent (70%) of the total market share. There has been increased demand for insurance recently because of factors such as increased urbanisation, growth of the real estate and infrastructure projects, and a growing energy industry. These factors have led to the increase in penetration of insurance in Kenya and the insurance companies have increased their branch and agency network to areas that were not previously covered such as Kisumu and Mombasa. This expansion will be further supported by the introduction of new products to the market.

1.1.1 Corporate Entrepreneurship

In a competitive environment, corporate entrepreneurship is essential in ensuring the success of the organisation in the long term. Entrepreneurship is the practise of building worth by using unique resources that are brought together by combining various resources (Kuratko, Covin, and Hornsby, 2014). The general belief regarding the corporate entrepreneurship (CE) is that it is the development of new ideas within large organisations that enable the organisation to be profitable and improve its competitive position (May, 2012). It is possible to create value using CE by putting together the creativity and efforts of members of an organisation.

Through corporate entrepreneurship, value creation is possible by harnessing the creativity and efforts of the members of the organisation

Corporate entrepreneurship takes into consideration the unique operational context the organisation because there is no time that the environment that a business operating environment is static. This change is global and companies are expected to change with the times, adapt and become more innovative. Many companies have turned to corporate entrepreneurship to combat the lack of growth and innovation as well as the lethargy and bureaucracy that sometimes accompany size (Thornberry, 2003).

1.1.2 Strategic Management

Organisations are slowly realizing that corporate entrepreneurship is something they can easily start within their organisation. To tap into the talents of managers that are innovative, companies need to create a conducive enviroment (Hornsby, Kuratko & Zahra, 2002). The pursuit of a competitive position requires the organisation reinvents itself continually. Companies that do not adapt, that are not flexible, or fast, or aggressive, and innovative are not in a position to adapt to dynamic and complex external environments (Heavey et al., 2009).

It's the responsibility of managers to attain competitive position by using the firm's internal resources to take advantage of external environmental opportunities while at the same time avoiding threats ("Boundless Management", 2016). Strategic managers continually evaluate the firm's industry environment to assess competitors and come up with strategies that take advantage of the existing potential. They should constantly reassess their strategies to gauge its suitability and how it can be adjusted to the relevant situation (Hoskisson et al., 1999)

1.1.3 Organisational Performance

The business economic environment is changing rapidly through phenomena such as the globalization, changing customer and investor demands, and the ever-increasing product-market competition. Such changes have adverse effects on the organisation's performance and profitability. For organisations to compete successfully in such an environment, they need to constantly keep improving their performance through strategic management of their resources, product and processes innovation and quality improvement, productivity, and speed to market. The ability to attain high performance because of entrepreneurial activities sustainably requires a clear understanding of the constraints constantly facing entrepreneurship, as well as specific enablers and measures of entrepreneurial outcomes (Mohanty, 2005). Attaining a competitive position and improving firm performance compared to their competitors are the main aims that business organizations should specifically strive to attain (Raduan, Jegak, Haslinda and Alimin, 2009).

1.1.4 Insurance in Kenya

Insurance in Kenya dates back to defeat by the Britons and its establishment as a British colony. The settlers started commercial activities such as farming and they felt that their investments needed to be protected. They brought in British agencies who eventually established branches to service the growing needs for insurance. Since then, the insurance industry Kenya has grown to be the leading industry in the East African Region and a main participant in the COMESA region. This growth in insurance can be attributed an expanding middle class who have an increasing spending power and an increase in penetration and ease of access of the insurance products.

The insurance industry in Kenya can be categorised broadly into general and life insurance. Despite these two broad categories, there are sub categories within each of the broad category. In the general insurance category, the subcategories are motor-private, motor commercial, aviation, fire for both domestic and industrial, engineering, workman’s injury benefit act (WIBA), personal accident liability, theft and other miscellaneous liabilities. The life insurance category covers ordinary life insurance and superannuation.

The insurance industry in Kenya is made up of 49 companies as at the end of 2014 (AKI, 2015). Some of these are publicly owned and are traded at the Nairobi Securities exchange, and the rest are family owned. The Insurance Regulatory Authority (IRA) which was set up under the insurance Act CAP 487 of the laws of Kenya regulates the insurance industry in Kenya. The responsibility of this statutory body is to offer regulatory and supervisory services to the industry in collaboration with industry stakeholders. IRA sets minimum capital requirements; it mandates that at least a third of the ownership must be East African and blocks any one person from owning more than 25% except in exceptional circumstances (AKI, 2015).

1.2 Research Problem

Looking at the trends in today's business environment, it is evident that the space of change presents fresh challenges daily. Because of these changes, companies have recently started to focus their research efforts to performance and how it can be improved. Corporate entrepreneurship is a key source of competitive advantage, a fact that managers are becoming aware of (Athur, 1994). That is, managers are using corporate entrepreneurship to encourage employees to be more innovative and to come up with products and services that set the organisation apart. However, a good strategy without proper execution is meaningless (Lynch, 2000). Strategic management comes in to bridge the gap between the strategy creation and execution. Strategic management is basically about setting a direction for the company, and then steering the company in that direction and at the same time adjusting the specific actions taken along the way based on evaluation of the changes in the company's environment (David, 2005).

The recent growth in the insurance industry has spurred competition among the insurance companies in the industry as each of them scrambles for a bigger piece of the pie. The managers in these companies are under pressure to find ways to increase their market share, maintain a competitive advantage and improve performance. The insurance premiums in Kenya are equivalent to 3% of the GDP because there is increased penetration, and Kenya is also home to some of Africa's largest insurance groups and a number of major multinational firms (AKI, 2015). Given the intense competition and changing insurance market, the principal focus of this paper is to investigate how corporate entrepreneurship and strategic management affect the performance of these insurance companies.

Several scholars have carried out extensive studies on the Insurance Industry in Kenya. However, these studies have focused on different contexts. Libuli, Sakataka, & Wandera (2014) undertook a study to assess the strategies used in operation and how they affect the growth of the insurance industry in Uasin Gishu County, Kenya. Kiragu (2014) carried out a study on the challenges that insurance companies in Kenya face in building competitive advantage. Gitau (2013) focused on the strategies that insurance companies in Kenya adopt to alleviate low insurance penetration. Wachira (2008), carried out an assessment of attractiveness of Kenya’s insurance industry. Swalehe, M.A., Ojera, P.B., Aila, F.O. and Asaka, C.N., (2015) dealt with how insurance companies manage strategic issues, Kenya.

To build on what has already been studied, this study will focus on the effects of corporate entrepreneurship and strategic management on performance of insurance companies in Nairobi. To the best of the researcher’s knowledge, no study has been done on this area. Taking this into account, this study aims to carry out an empirical analysis on how strategic management can be used by insurance companies in Nairobi to effectively improve performance.

1.3 Research Objective

The general objective of the study is to investigate the place of corporate entrepreneurship and strategic management in improving organisational performances among the insurance companies in Nairobi.

1.4 Value of the Study

This research will be of benefit to scholars and researchers in the area of insurance because it will further contribute to the existing knowledge. The findings will also be used as a background for further research in insurance and related areas. The insurance companies will also use these findings as a reference point if they are keen on remaining relevant in the market by achieving competitive advantage through innovation.

The management and interested investors in the insurance industry can use the findings of the study in crafting viable strategies with respect to entrepreneurship and strategic management in their organizations. The findings of the research will act as a reference to start up as well as already established insurance companies in Kenya because this the aim of this study is to show the effect of corporate entrepreneurship and corporate performance.

The makers of policy like executives of insurance companies in Kenya will use these findings to assist them to formulate policies to achieve growth. The IRA will derive from the findings ways to come up with structures, and policies to assist the industry grow and enhance contribution to the Gross Domestic Product.

The findings will also assist the East Africa Region countries who currently are relying on the Kenyan experience and knowledge to grow their markets.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This overall objective of this chapter is to review literature corporate entrepreneurship, strategic management and performance, and examine previous studies related to the insurance industry in Kenya. It will also strive to review theories related to strategic management and performance. In this chapter, there will be systematic analysis and review of documentation containing relevant information relating to the insurance industry in Kenya. All the reviews will make attempts to relate to the objectives of this study by offering similar or alternative experiences that could be useful.

2.2 Theoretical Review

Corporate entrepreneurship generally refers to developing new ideas and opportunities within the organisation, that can leady to directly improving the company's profits and and improve its competitive position. For an organisation to survive the turbulence generally characterises the external environment, they have to continually look for new ways to achieve competitive advantage (Porter, 1985). Strategic management enables firms to organise its resources and align them to the available opportunities, while being aware of the new developments in the industry that could potentially affect the firm's performance. There is therefore a growing need for organizations to try am move past solving existing problems to improve themselves so that they can adapt to the changing conditions (Porter, 1981). This section reviews literature on strategic management theories and how they relate to corporate entrepreneurship and organisational performance. The profit maximising theory, the resource based theory, survival based theory and contingency theory are the theories that relate to strategic management and performance.

2.2.1 Profit Maximising and Competition Theory

The profit maximization theory is believed to have been first talked about by Adam Smith in his book 'The Wealth of Nations' (Lynch, 2000). The theory is based on the perception that an organisation's main objective is to maximize long term profit and sustain a competitive advantage over its rivals in the same market. The profit maximising theory is based on the industrial-organization (I/O) viewpoint which views the organization's place in the external market as crucial for attaining and sustaining a competitive advantage. Traditionally the I/O perspective gave strategic management a methodical model for assessing competition within an industry (Porter, 1981). Sustainable competitive advantage is usually leads to sustainable high organisational performance.

According to the theory, for a firm to maintain a strong competitive position and performance, it has to be selfish in its pursuit of maximizing profits. The basic principle of this theory in the field of strategic management is 'the strategies will be driven primarily (but not exclusively) by the objective of maximizing the organization's profitability in the long run with the ultimate purpose of developing sustainable competitive advantage over the competitor' (Baker and Duhaime, 1995). This theory's main application is in company turn around. The reason any company employs a turning around strategy is to change the company financial situation from bad to good. This theory is popular today because when an organisation is facing a situation and needs a drastic change, the first option and perhaps the only option is to enhance the firm's profitability. This means that for an organisation to survive a loss, profit-maximization is the main or perhaps the only objective available to turn it around.

2.2.2 Resource Based Theory

This theory was popularised in the 1980s and 90s and it supports the profit maximising theory by focusing on the internal resources (Barney, 1995). According to the theory, a company can achieve competitive advantage by focusing on creating unique internal resources. The organisation should not basically focus on the opportunities and threats that the external environment provides, but should leverage internal resources to take advantage of these chances provided by the environment (Barney, 1995). The theory advances that the organisation owns and controls certain unique resources that can be potentially exploited to give them a competitive advantage and eventually improve its performance (Ainuddin et al., 2007).

According to the theory, it is more practical to exploit internal resources to explore internal opportunities instead of looking for resources from outside the firm (Ainuddin et al., 2007). The theory looks at both the tangible and intangible assets of the firm and holds two assumptions. That the resources that the company possesses are different to other companies and are not transferable to in the short term. If the companies had similar internal resources, then there would be perfect competition because the company has nothing unique to offer. the second assumption is that because the resources are not transferable, a company cannot copy another's resources to implement the same strategy as the other. Even if an organisation takes the resources of another, they have to be changed to be applicable in the new organisation.

2.2.3 Survival-Based Theory

Herbert Spencer was the one who originally put forward the survival based theory (Khairuddin, 2005). He proposed that organisations have to constantly adapt to changes in environment so that they can survive. According to spencer, it's only natural for the organisations that change with the environment to survive. In addition, efficiency is a key strategy in order to survive. That organisations survive if they offer the best product that is produced in the least amount of time using the least amount of resources (Khairuddin, 2005). This strategy further reiterates that an organisation cannot focus on one strategy. They have to select a set of strategies that lead to efficiency and by nature the best strategy is the one that adapts to the current environment (Lynch, 2000).

This theory is also applied in turning around the company based on the fact that most of the problems that companies face are related to inefficient systems, and all that is needed is to build efficiency to get back on track. The objective of turning around an organisation is to primarily run that organization in an efficient manner to adapt to its environment. To achieve the ultimate goal of survival and improvement of profitability a company has to aim to become efficient in a competitive market (Baker and Duhaime, 1995). Therefore, the survival-based theory stresses that if a company does not adapt to the environment which is ever changing, it basically will not survive.

2.2.4 Contingency Theory

The Contingency theory is broadly applied in strategic management and it is considered to have the most influence on studies on strategy and the organisation (Barney, 2005). The contingency theory's main principle is every organization is unique and what works for one organisation cannot be applied in another. Also, no organisation can depend on one strategy to succeed. Organisations should therefore managers must adopt strategies based on the current situation that the organisation is facing. The main strategic management theories should be the tools applied to assist managers develop, implement and evaluate strategy, and to guide them to make other strategic decisions (Lynch, 2000).

The contingency theory states that the organisation seeks to be effective by adapting itself with the current situation that that organisation is in at the moment (Baker and Duhaime, 1995). So the early contingency theories held that the organisation's that perform highly are projecting the fact that that the company is suitably adapted to its environmental situation such as in terms of its size, its level of adaptation to the new technology, and changing its products to the changing needs of customers (Miller, 2003). Therefore if the current situation of an organisation changes and the company does not immediately change to reflect these changes, then that company will perform poorly.

2.3 Corporate Entrepreneurship and Performance

Every organisation has its purpose or their core objectives that they aspire to achieve. There are set tasks that are identified that the organisation will have to carry out in order to meet its objectives. Performance can be expressed as the successful achievement of tasks based on a previously established standard that defines the expected outcomes ("What is performance? Definition and meaning," 2016). Performance in organisations can be seen both as individual and organisational performance Organisational and people capabilities drive performance and enable the organisation to execute their strategy. A high performance organisation is characterised by highly energised employees who are confident in the organisation's strategy and they are clear about their tasks. Performance is related to how a particular group that is organised in a pre-defined manner and with a pre-defined purpose successfully carry out a specified task (James, 2012).

Corporate entrepreneurship is used as a way for organisations o improve the capabilities of employees to innovate and also grow the success of the corporation through venturing into new areas (Mohanty, 2005). Firms that support entrepreneurship are characterised by higher growth (Covin, 2012). Innovation is a direct result of the activity of entrepreneurship and it has a direct effect on the performance of the organisation. The more open to innovation and risk taking a firm is, the higher the chances for that company to perform well. Corporate entrepreneurship means that the company is offering unique products that keep the customers interested and thus they keep buying the products.

2.4 Corporate Entrepreneurship and Strategic Management

The strategic management activities of a firm has the ability to set it apart and give it a competitive edge above its competitors. The strategic management activities of a firm determine its stand on entrepreneurship and other activities that form the organisation’s culture. Key strategic management characteristics of an organisation that encourages entrepreneurship include quick decision making processes, availability of resources to explore the ideas, and management support of creative ideas (Covin & Wales, 2012). The management responses and subsequent actions when suggestions and innovative ideas are brought forward determines the rate of success of the entrepreneurial efforts of the firm. This means that if entrepreneurship is encouraged in the organisation’s corporate culture then that organisation is likely to experience higher performance.

A manager is considered effective when they can quickly diagnose and a situation and then adapts the organisation’s activities to meet demands of that situation (Racelis, 2010). This calls for the manager to create an entrepreneur friendly internal organisational environment. Rigidity and conservativeness among managers almost always suffocate the entrepreneurial efforts of employees yet entrepreneurship is a key source of strategy for organisations (Brown, Davidsson, & Wiklund, 2001). Innovative ideas and efforts provide the answer to strategic renewal and therefore management should support these efforts in order to survive and achieve higher levels of performance compared to competitors.

2.5 Corporate Entrepreneurship, Strategic Management, and Performance

In an organisation, corporate entrepreneurship thrives when the management of that organisation consciously look out for and recognise good ideas within the organisation. These managers’ aim should be to create a culture that encourages entrepreneurship from all levels of employees on the organisational chart. This freedom to come forward removes fear in employees and encourages them to expand their minds ((Racelis, 2010). The ultimate lessons that are gained from all the ideas that are brought forward lead to selection of one big idea that eventually leads to business success and keeps the organisation moving forward.

Businesses improve performance and achieve higher levels of success by making a conscious effort to carry out specific activities that enable them to be aligned to the challenges posed by the external environment. The profitability of the firm, its market share, its rate of growth and the overall performance of the business are positively affected by organisational activities such as risk taking, innovative strategies, job freedom and an aggressive competition (Bhardwaj & Momaya, 2006). That means that the innovative activities an organisation chooses to focus on are dictated on the external environmental factors. That the external environment can directly or indirectly affect the performance of the organisation through the activities that organisation chooses to focus on (Covin & Wales, 2012). The more dynamic and competitive the external environment, the more positive an impact an organisation's entrepreneurial activities will have on its performance.

2.6 Summary of Empirical Studies and Knowledge Gaps

Swalehe M.A., Ojera, P.B., Aila, F.O. and Asaka, C.N., (2015) examined how companies could get ready to effectively deal with strategic issues affecting them with specific allusion to the insurance industry in Kenya. Kiragu (2014) carried out a study on the challenges the insurance companies in Kenya face in building competitive advantage. Gitau (2013) Gitau (2013) focused on the strategies that insurance companies in Kenya adopt to alleviate low insurance penetration and the strategies they can use to overcome this challenge. Wachira (2008) applied the Five Forces Model to assess the attractiveness of the industry in order to bridge the inherent knowledge gap. Libuli, Sakataka and Wandera (2002) undertook a study to assess the strategies used in the operations of insurance companies and how they affect the growth of the insurance industry in Uasin Gishu County, Kenya.

Table 2.1: Summary of Literature Review and Knowledge Gaps

Study	**Focus of the Study**	**Methodology**	**Findings**	**Knowledge Gaps**	**Focus of Current Study**
Swalehe, M.A., Ojera, P.B., Aila, F.O. and Asaka, C.N., 2015	Strategic Issue Managemen t in Insurance Companies in Kenya	Descriptive Survey	Insurance companies in Kenya study in "real time" strategic issues that affect their operations and respond proactively by formulatin g strategies to deal these issues.	This research only focused on strategic management issues.	This research focuses on a combination of corporate entrepreneur ship and strategic management.

Study	Focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
Kiragu, 2014	Challenges Facing Insurance Companies in Building Competitive Advantage in Kenya	Descriptive research design	The government has put in place regulations that limit how insurance companies invest although these regulations have promoted ethical behavior among industry players.	This research focuses on challenges facing insurance companies.	This research focuses on strategies used by insurance companies to achieve competitive advantage.

Study	Focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
Gitau, 2013	Strategies Adopted by Kenyan Insurance Companies to Alleviate Low Insurance Penetration	Descriptive survey research design	Insurance companies use increased awareness, introduction of new innovative products, aggressive marketing, technological advancement leading to easier access to information and reduction in transaction costs, and they have embraced non-conventional distribution channels such as banc assurance.	The study only covered strategies relating to insurance penetration	This research covers strategies relating to performance of the insurance companies
Wachira, 2008	Attractiveness of Kenya's Insurance Industry	Survey	The insurance industry is not very attractive based on porter's five forces that were used in the research.	The research covered general industry factors external to the insurance companies	This research paper focuses on internal organisational factors.

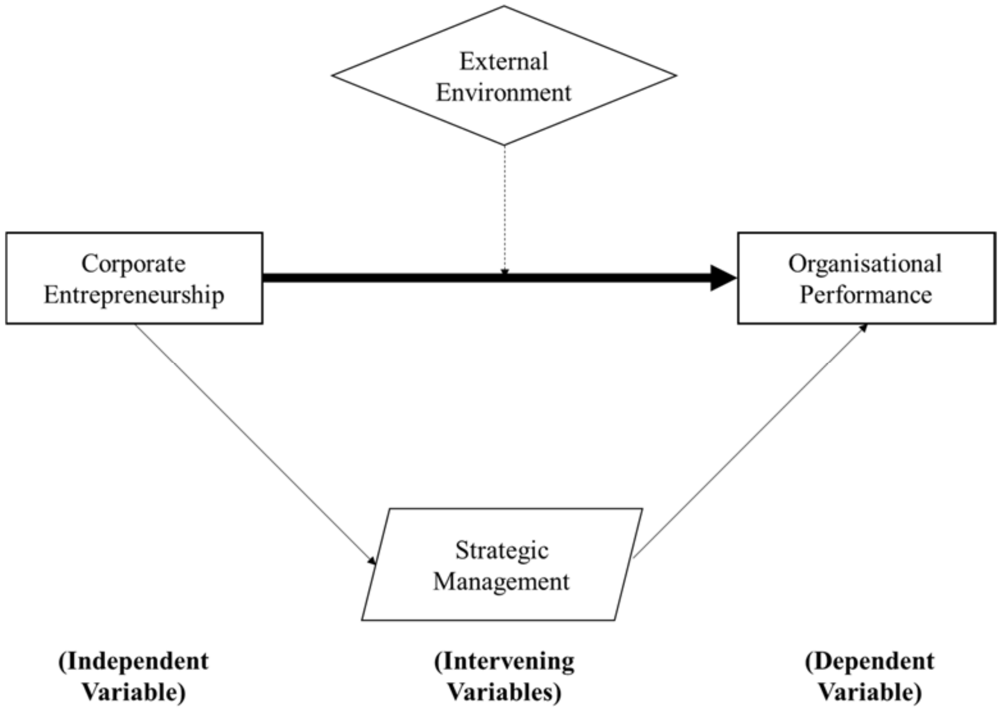
Study	Focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
Libuli, Sakataka and Wandera, 2002	Operational Strategies Influencing the Growth of Insurance Industry in Uasin Gishu County, Kenya	Qualitative research design	The insurance companies train their marketers on the products, they send promotional messages to potential customers and they have improved their claims management strategies.	The study covered general operational strategies	This research paper focuses on corporate entrepreneurship and strategic management effects on performance of insurance companies in Nairobi.

Source: Researcher 2016

2.7 Conceptual Framework

The above discussion has uncovered a number of gaps in the existing understanding of corporate entrepreneurship, strategic management and performance. Figure 2. shows the anticipated relationships among the key variables examined in this paper. In the proposed framework, the darkest line shows the direct relationship between corporate entrepreneurship and organisational performance. The presumption here is that corporate entrepreneurship and organisational performance have a direct relationship. The dotted line is used to portray the external environment is a moderator in the corporate entrepreneurship and organisational performance relationship. That the relationship between corporate entrepreneurship and organisational performance is dependent on the external environment. The thin arrows that point from corporate entrepreneurship to strategic management and then to organisational performance indicate the mediating role of strategic management in the relationship between corporate entrepreneurship and organisational performance. That corporate entrepreneurship influences organisational performance through strategic management.

Figure 2.1: Conceptual Model



Source: Researcher 2016

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology used in the study. It concentrates on the research design, the methods of data collection, population, and data collection instruments and processes.

3.2 Research Design

Research design is the logical structure of an analysis (Creswell, 2013). Design is the systematic tasks carried out to ensure that the data collected enables one to responds to the research questions in a specific way as possible. (Buchanan and Bryman, 2009). The research adopted a cross-sectional survey design. Survey is any procedure involving systematic collection of Data from a population or sample using form or through direct solicitation for example face-to-face interviews or mail questionnaires (McClosky, 1969). The research used descriptive studies.

Survey aims at documenting existing conditions in a population. Kish (1998) suggests six primary purposes of a survey. Surveys aim at calculation of diverse statistics, characterisation of diverse statistics, collection of multiple variables, multi-subject surveys, continuation of survey operations and master frames. All these are focused towards describing the population as accurately as possible. This research design is applicable to this study because the researcher aimed at targeting all the insurance companies operating in Nairobi. The researcher collected primary data using administered questionnaire. The study therefore fits the description of a survey.

3.3 Population of the Study

The target population of this study were the insurance companies operating in Nairobi, Kenya as at December 2014. There are forty nine registered insurance companies in Kenya according to the AKI insurance industry annual report 2014. All of these insurance companies operate in Nairobi. The study was carried out within Nairobi.

3.4 Data Collection

The researcher used a questionnaire as the main instrument to collect qualitative data. The questionnaires were handed out using drop and pick later method. The questionnaire included closed-ended questions to provide more structured responses and open-ended questions to provide in depth information. The respondents were senior executives involved in strategic planning and execution at the corporate level and managers involved in implementation of strategies at functional and operational levels.

3.5 Data Analysis

The data that was collected was first analysed and cleaned for completeness and consistency. The researcher used descriptive statistics to summarize the data. The researcher first sought to find out how insurance companies are using corporate entrepreneurship in order to achieve greater performance in their operations. The researcher also sought to find out how strategic management can aid corporate entrepreneurship in improving performance. The researcher also wanted to find out the role that the environment plays in this combination. From the Likert Scales data, percentages, average mean, mode, frequencies and cross tabulations, the most significant factors were identified and ranked. This helped to determine the proportion of respondents for each of the KSF statement. Comparisons were made to the theories discussed in literature review in order to come up with credible conclusions.

Analyzed data is presented in tables to summarize the findings for ease of interpretation and reporting. Presenting data in this way is considered the most suitable because it ensures that the information that is collected is analyzed in a comprehensive way (Cooper & Schindler, 2001). Descriptive analyses are significant because they offer the substance upon which correlational and experimental studies develop. Descriptive analyses also provide hints regarding key areasv that should be focused on in further research studies (Mugenda and Mugenda, 1999).

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis and findings of the research as set out in the objective and methodology. The research findings are based on the effects of corporate entrepreneurship and strategic management on performance of insurance companies in Nairobi, Kenya. The data was collected through a questionnaire. The data respondents were senior executives involved in strategic planning and execution at the corporate level and managers involved in implementation of strategies at functional and operational levels. A total of 49 questionnaires were issued but only 40 were returned representing 82% response rate. The researcher found out that some insurance companies do not respond to the student questionnaires for fear of disclosing internal information to competitors while in others the people responsible for responding to questionnaires were too busy.

4.2 Organisational Profile

Part A addressed the profile of the insurance companies surveyed. The information captured include the year of establishment, the scope of operation, and the areas of business. The number of years that a business has been in existence is suggestive of the level of dealings with the particular industry and therefore the level of knowledge that the organization may have.

Table 4.1: Distribution of Number of Years the organisation has been in Existence

Years in Business	Frequency	Percent
Below 20 Years	13	32.5
20 - 40 Years	20	50
Above 40 Years	7	17.5
Total	**40**	**100.0**

Source: Field Data 2016

Table 4.1, presents the results of the number of years the organisation has been in existence. The majority of the organizations have been in the business for a long time with about 50% having been in the business for above 20 years. About 17.5% of the organisations had been in existence for more than 40 years while 32.5% of the organizations had been in existence for less than 20 years. The distribution was indicative of organizations that have had a long experience in the business and they are therefore able to understand the environment that they work in.

Table 4.2: Distribution of the geographical area the organisations cover

The scope of operation represents the geographical area that a company operates in. The bigger the area, the better the company is able to understand the industry.

Scope of Operation	Frequency	Percent
Local (Within Nairobi)	0	0
National (within Kenya)	17	67.5
Regional (within East Africa)	12	25
Global (World Wide)	11	7.5
Total	**40**	**100.0**

Source: Field Data 2016

Table 4.2 presents the scope of operation and it shows that there are no organisations that operate in Nairobi only. Most of them operate throughout the country which was represented by 67.5% of the respondents. 25% have branches in the region while only 7.5% are international.

Table 4.3: Distribution Depicting the Number of Business Lines the Company is involved in

The number of business lines that an organisation is involved in may be symbolic of a growing enterprise. Businesses that had higher numbers of business lines were considered larger businesses than those that were handling one or two lines.

Scope of Operation	**Frequency**	**Percent**
One	4	10
Two	12	30
Three	17	42.5
Four and Above	7	17.5
Total	**40**	**100.0**

Source: Field Data 2016

Table 4.3 presents the lines of business that a company is involved in and it shows a mixture of small and large organizations. 42.5% of the organizations handled three lines of business while 17.5 % handled more than 4 lines of business. The remaining 40% were considered small as they handled two lines and below.

4.3 Profile of the Respondent

The study also sought to find out the duration that the respondents had been working in their organizations. From the study, the researcher found that the respondents' titles included; Senior administration executive, risk and compliance manager, risk manager, assistant human resource manager, claims and underwriting managers, deputy human resource managers, group training managers, head of sales and marketing, human resource managers, business development managers and training managers.

Table 4.4: Length of Service with the Company

Years of Service	**Frequency**	**Percent**
Less than 5 years	27	67.5
Between 5 to 10 years	10	25
Over 10 years	3	7.5
Total	**40**	**100.0**

Source: Field Data 2016

Table 4.4 presents data on shows that the majority of the respondents had been working in their respective organizations for less than 5 years as shown by 67.5%, while the respondents who reported that they had been working in their respective organizations for 5-10 years were 25%. Only 7.5% of the respondents said that they had been working in their organisations for over 10 years.

Table 4.5: Number of years in their current position

Years in Position	**Frequency**	**Percent**
Less than 5 years	40	100
More than 5 Years	0	0
Total	**40**	**100.0**

Source: Field Data 2016

Table 4.5 presents the number of years the respondents have been in their current positions in their organisations. It shows that all the respondents (100%) were in their current position for less than 5 years. when employees are at one position for a few years, it shows that there is an opportunity for growth within the organisation.

4.4 Corporate Entrepreneurship

One objective of this study was to evaluate the effect corporate entrepreneurship has on the performance of the organisation. To achieve this objective, the researcher sought to evaluate whether the organisation encourages risk taking, innovation, proactiveness, and rewards, factors that the researcher felt are commonly used in organisations to encourage entrepreneurship. The respondents responses were rated on a five likert scale where 1) represented Not at all, (2) Little extent, (3) Moderate extent, (4) Great extent, and (5) Very great extent. The frequencies mean scores and percentages were computed and the results presented in the table below.

Table 4.6: Factors used to encourage entrepreneurship among employees

Statement	Response	Frequency	Percent	Mean	S.D
Risk Taking	Not at all	25	62.5	**1.9**	**1.236**
	Moderate extent	10	25		
	Great extent	4	10		
	Very great extent	1	2.5		
	Total	**40**	**100**		
Innovation	Moderate extent	3	7.5	**4.68**	**0.616**
	Great extent	7	17.5		
	Very great extent	30	75		
	Total	**40**	**100**		
Proactiveness	Not at all	1	2.5	**3.4**	**0.778**
	Moderate extent	25	62.5		
	Great extent	10	25		
	Very great extent	4	10		
	Total	**40**	**100**		
Rewards	Moderate extent	5	12.5	**4.35**	**0.700**
	Great extent	16	40.0		
	Very great extent	19	47.5		
	Total	**40**	**100**		

Source: Field Data 2016

Table 4.6 presents data on factors used encourage entrepreneurship among employees. Out of a maximum score of 5 on the likert scale, innovation had the highest mean score of 4.68 with the lowest standard deviation of 0.616. This was followed by rewards which had a mean score of 4.34 and a standard deviation of 0.700. Proactiveness came in third with a mean score of 3.4 and a standard deviation of 0.778. According to the findings, risk taking was the factor that was least used because it had the least mean score of 1.9 and the highest standard deviation of 1.236.

4.5 Strategic Management

Another aspect of the objective of this study was to evaluate what role strategic management plays in encouraging entrepreneurship and hence the high performance of the company. To achieve this objective, the researcher sought to evaluate whether the companies practice management support, work discretion/ autonomy, rewards/ reinforcements, time availability and organisational boundaries, strategic management factors that the researcher found are commonly used in organisations to encourage entrepreneurship. The participants responses were rated on a five Likert scale where 1) signified Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree, and (5) Strongly agree. The frequencies mean scores and percentages were calculated and the results laid out in the table below.

Table 4.7: Strategic management elements that aid corporate entrepreneurship

Statement	Response	Frequency	Percent	Mean	S.D
Management Support	Neutral	5	12.5	**4.35**	**0.700**
	Strongly Agree	16	40		
	Agree	19	47.5		
	Total	**40**	**100**		
Work Discretion / Autonomy	Strongly Disagree	13	32.5	**2.03**	**0.832**
	Disagree	13	32.5		
	Neutral	14	35		
	Total	**40**	**100**		
Rewards / Reinforcement	Agree	6	15	**4.85**	**0.362**
	Strongly Agree	34	85		
	Total	**40**	**100**		
Time Availability	Strongly Disagree	25	62.5	**1.9**	**1.236**
	Neutral	10	25		
	Agree	4	10		
	Strongly Agree	1	2.5		
	Total	**40**	**100**		
Organizational Boundaries	Neutral	14	35	**4.13**	**0.911**
	Agree	7	17.5		
	Strongly Agree	19	47.5		
	Total	**40**	**100**		

Source: Field Data 2016

Table 4.7 presents the results of the strategic management elements that aid corporate entrepreneurship. Rewards/ reinforcement had the highest mean of 4.85 and the lowest standard deviation of 0.362. Management support had the second highest mean of 4.35 and a standard deviation of 0.7. The third element was organisational boundaries with a mean of 4.13 and a standard deviation of

0.911. Work discretion scored a mean of 2.03 and a standard deviation of 0.832. Finally, time availability scored a mean of 1.9 and a standard deviation of 1.236.

4.6 Organisational Performance

Finally, the researcher sought to find out how corporate entrepreneurship and strategic management combined affect the performance of the firm. The researcher considered five factors that the researcher thought are characteristic of a company that has the correct mix of corporate entrepreneurship and strategic management that lead to high company performance. The participants responses were rated on a five Likert scale where 1) signified Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree, and (5) Strongly agree. The frequencies mean scores and percentages were calculated and the results laid out in the table below.

Table 4.8: Elements of corporate entrepreneurship and strategic management that contribute to high corporate performance

Statement	Response	Frequency	Percent	Mean	S.D
New Product Launch	Agree	25	62.5	**4.38**	**0.490**
	Strongly Disagree	15	37.5		
	Total	**40**	**100**		
New Division (New Markets)	Strongly Disagree	18	45	**2.25**	**1.463**
	Disagree	8	20		
	Neutral	6	15		
	Agree	2	5		
	Strongly Agree	6	15		
	Total	**40**	**100**		
Innovations and Inventions	Disagree	3	7.5	**3.85**	**1.001**
	Neutral	14	35		
	Agree	9	22.5		
	Strongly Agree	14	35		
	Total	**40**	**100**		
Mergers and Acquisitions	Strongly Disagree	5	12.5	**3.33**	**1.439**
	Disagree	10	25		
	Neutral	3	7.5		
	Agree	11	27.5		
	Strongly Agree	11	27.5		
	Total	**40**	**100**		
Research and Development	Strongly Disagree	4	10.8	**3.41**	**1.066**
	Disagree	3	8.1		
	Neutral	5	13.5		
	Agree	24	64.9		
	Strongly Agree	1	2.7		
	Total	**40**	**100**		

Source: Field Data 2016

Table 4.8 presents data on elements of corporate entrepreneurship and strategic management and how they affect performance. New product development has the highest mean of 4.38 and the least standard deviation of 0.490. Innovations and inventions had a mean of 3.85 and a standard deviation of 1.001. Research and development had the third highest mean of 3.41 and a standard deviation of 1.066. Mergers and acquisitions had a mean of 3.33 and a standard deviation of 1.439. New divisions had a mean on 2.25 and a standard deviation of 1.463.

4.7 The external environment

The last question was left blank by most of the respondents. However, those that answered gave the following answers;

(a) Supervision: Increased and risk based capital has caused mergers

(b) Growth of some product classes as a result of new emerging risks e.g terrorism. The political violence and terrorism cover has increased in sales leading to growth of profits.

(c) Reduced profits due to newer unprecedented risks such as floods, terrorism, and political violence

(d) The external political and economic environments have affected our organisational performance negatively because we operate in different countries.

(e) It has enabled us to remodel our products to suite the targeted markets and to make them attractive to our clients.

(f) There are many entrants to the industry which creates competition

(g) Recent mergers and acquisitions have affected our banc assurance business.

4.8 Discussion of Results

From the above research findings, it can be deducted that risk taking is the least favorable factor that organisations use to encourage corporate entrepreneurship. This is reasonable considering that risks can sometimes be expensive. In a cut throat competitive environment, taking risks should be a calculated move because the costs incurred affect the firms profitability and hence performance. This then affects the firm's position in the mind of the customer which could lead to the company eventually going under. However, it is evident that most of the companies favor rewards as a means of encouraging employees. This goes in line with the resource based theory. That a firm has resources that it owns and that it can control that have the potential to give the firm a competitive edge and eventually a higher firm performance (Ainuddin et al., 2007)

Innovation and proactiveness are the most commonly used factors by insurance companies that use corporate entrepreneurship as a strategy to achieve competitive advantage. This supports the survival based theory. According to Lynch (2000) a company is at a better position if they experiment with several strategies at the same time so that they can eventually choose the one or two that achieve the best results. Target locking one strategy is too risky for any business but trying out different strategies can lead the company to discover a combination of strengths that it can use to take on new markets in terms of new customers or in terms of new business from existing customers.

Rewards and reinforcements came first as a strategy that is used by the managers to encourage employees' entrepreneurial behavior. That means that rewards play a major role in motivating employees towards entrepreneurship. An organisation that has a clear way of rewarding employees is able to retain great talent and highly motivated employees. Recognition of great performance motivates the employee and benefits the company in terms of increased profitability. Though the idea is not to boast, you can always tell an organisation that values employees by how loyal the staff are and how they talk about their employer. A good reputation is an advantage to the organisation because it attracts the best talent and improves their public image. This translates to more profits because generally customers favor organisations with a good reputation.

In addition, management support is rated as the best under strategic management elements that aid corporate entrepreneurship. Racelis (2010) agrees with this finding because he says that without management support, employees become demotivated and turnover is high. It is evidence that whatever the managers do has a resounding impact on the organisation’s performance. The management are in charge of creating a policy and a culture that encourages employees to be innovative. The idea is to create a good relationship between the managers and employees because it shows that a good relationship enhances the chances that an employee will come out with ideas. Passionate employees do not resign from a bad company, they resign from a bad culture.

It is also evident that the organisation should have precise clarifications of what they expect from employees. These should be stated in the company’s vision, mission, and objectives. The expected outcomes from organizational work helps to mold the direction that employees take even as they innovate. It is essential to develop mechanisms for evaluating, selecting, and using innovations that come up within the organisation. This was supported strongly by 65% of the respondents. Frustrations arising from not being able to hit the mark at work contribute greatly to employees' departure from the organisation. Setting boundaries for innovation and entrepreneurial activities minimises the levels of frustrations. Employees direct their actions towards activities that will lead to their reward and improved performance for the organisation.

Work discretion and availing time were rated low and this shows that despite the company being willing to offer support and rewards to innovation, they do not allow employees to do as they please or give them extra time to come up with innovative products. Therefore, employees are left with no choice than to adapt to the situation. That is, they work on their day to day duties and at the same time think of innovative ideas to move the company forward. This is common in a growing industry. This is where the survival based theory (Lynch 2000) comes to clarify this strategy. An organisation that focuses on more than one strategy at the same time can create time for a product to be developed and tested before being launched. The other things that a company is doing can be making money as the new product is under development. That way there is no costly lead time that could lead to more losses.

As a result of the management supporting and rewarding employees for entrepreneurship initiatives, they are able to release new products to the market and hence perform highly. New product was rated by the respondents as the highest contributor to high performance of the organisation. Mohanty (2005) agrees that corporate entrepreneurship is used as a strategy for organisations to enhance the innovative capabilities of their employees. The organisation then achieves success because new products and ventures create new business for the organisation. In addition, Innovation and Invention, Research and development, Mergers and Acquisition and New Division were reasonably rated. This agrees with the contingency based theory that that there is no one method or approach to run an organisation successfully. That means that the companies that were surveyed use a combination of strategies to ensure profitability. As the profit maximising theory says, any organisation can achieve and maintain a competitive edge over its competitors by achieving its most important objective of constantly increasing its long term profits.

It is clear that the companies do not operate in a vacuum. They should constantly scan their immediate operating environment to make sure that they conform to the requirements and to anticipate problems that may arise such as political violence. Also, the insurance companies should be aware of their industry environment. They should be generally aware of new entrants in the market or new product releases that could adversely affect their current business and respond accordingly.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter lays out the summary of key data findings, conclusions drawn from these findings hand the recommendations that were made on the main objective of the study which was to investigate the place of corporate entrepreneurship and strategic management in increasing organisational performances among the insurance companies in Nairobi.

5.2 Summary of the Findings

From the above research findings, it can be deducted that insurance companies should focus on rewards to encourage entrepreneurship among employees. They should have systems in place that enable them to identify employees who go out of their way to be proactive and who offer innovative ideas that enable the organisation to better serve the market. This will help motivate these employees and if these ideas are successfully implemented, the company is guaranteed to remain profitable and relevant within its market.

In addition, managers should be supportive of the initiatives brought out by the employees. This should go hand in hand with rewarding them. They can show their support by laying out the process that the employees can follow to bring out ideas. This will give the employees some flexibility but also give them limits of what the organisation expects. Though setting limits may seem like it goes against the entrepreneurial spirit, it helps the employees to stay within the scope of the organisation at that point in time. As the organisation grows, then these limits can be adjusted.

It has also emerged that new products are the leading source of profitability for the insurance companies. Therefore, coming up with new products now and then should remain one of the insurance companies' main objective. They should work out this using research and development. Mergers and acquisitions are also favourable as well as creating new divisions. Therefore, the companies should not focus on one strategy. They should incorporate several at a time.

The environment plays a major role in strategies that a company creates and eventually adopts. That a company cannot plan without allowing some form of flexibility should something major happen in the environment. Their strategies should be set in a way that they are able to react to variations in the environment in a timely manner. If the company does not take seriously the environment, there are many scenarios that are possible. A competitor may come and take away all their business, or the government may introduce regulations that could take the company out of business.

5.3 Conclusion of the Study

The study concludes that though corporate entrepreneurship is a new concept in the field of research, insurance companies in Kenya are well aware of the concept and they are incorporating that in their strategy. Innovation is a common strategy being used in the insurance companies. The managers are supportive of innovation among employees and they have put in place strategies on how to evaluate, select and use these innovations to give the organisation a competitive advantage. Also, mechanisms have been put in place to evaluate performance and reward employees. However, risk taking is not a strategy that insurance companies are employing to attain competitive advantage.

Through rewarding employees and offering them the necessary support, they can continuously provide innovative products to the market which will then lead to higher firm performance. However, there is no one single way of achieving higher organisational performance. The companies have to use a combination of strategies such as creating new divisions, and mergers and acquisitions. A company focuses on corporate entrepreneurship as the only strategy at its own peril and will face failure in the long run because other players in the industry are working on a combination of strategies.

It is also important for the insurance companies to carry out research before they bring a new product in the market. The industry is very competitive and one mistake can lead to the exit of the company. That means that insurance companies should always be aware of what is happening in the industry to avoid being caught off guard and pushed out of the market.

5.4 Recommendations of the Study

In support of the resource based theory, the study recommends that companies leverage internal resources, especially the employees to help them gain competitive advantage. The employees are the best sources of new ideas and this should be encouraged through rewards and support from the management. It is relatively cheaper for the company to use internal resources to increase profits. This is because, the reward given to an employee is significantly less than the profit that their idea generates for the company. Even if commissions are applied, the percentage paid to employees is low and compared to the profit to the firm. This recommendation is also in line with the theory of profit maximising. That using internal resources helps the firm retain the most profit.

The research also recommend that the insurance companies constantly review the external environment. This is in line with the survival based theory. The firm cannot operate in isolation or without regard for the external environment and industry environment in order to survive. That means that strategic managers have to constantly update their strategy in order to survive. Because of the stiff competition in the insurance industry at the moment, the companies are constantly evolving in order to better serve the market. Therefore, if a company does not constantly change its strategy, they will find themselves unable to survive.

In the process of carrying out this research, the researcher found that corporate entrepreneurship is only one of the strategies employed by insurance firms. Therefore, the researcher recommends that this strategy be used in conjunction with others. This is in line with the contingency theory which says that there is no one way to approach strategy. The organisations should approach strategy based on their situation. This study is just a guide on the direction they should go now. The situation may change in future and therefore they may require to change their strategy.

5.5 Limitations of the Study

The study was carried out at a time when the industry was going through major growth and competition is very stiff. Therefore most of the respondents were not willing to give freely information on strategy. There was a general mistrust because they felt that though this was an academic paper, there was no reason why I could not chare it with other insurance companies. That lead to some of the respondents leaving questions they felt were asking for sensitive information blank.

The researcher mainly relied on the respondents understanding or their previous knowledge of the concept of the corporate entrepreneurship and strategic management. The concept of corporate entrepreneurship is fairly new and is not fully understood by many managers especially the fact that in strategic management corporate entrepreneurship is one part of strategy and can only be brought out through management incentives. Corporate entrepreneurship can only be fully utilised as a strategy through its components such as innovation.

Finally, in terms of the methodology, the research study was limited by the fact that there was limited time to collect the data and the respondents had busy schedules making data collection difficult. However, the researcher overcame the time limitation problem by using the drop and pick later method which gave the respondent ample time to fill the questionnaire.

5.6 Areas Suggested for Further Research

Further study should be done to see how innovation has specifically been used as a strategy to enable insurance companies to achieve competitive advantage.

This is because innovation is a corporate entrepreneurship strategy that the researcher has noted is commonly being used by insurance companies and it is listed in most of these companies' strategic objectives.

A further study needs to be carried out to determine the extent to which insurance companies strategist understand the concept of entrepreneurship in relation to strategic management. Most of the managers seemed not to fully understand the concept of entrepreneurship and especially the fact that it is unique to an organisation and incentives to encourage it are readily available within the organisation. This would require training of managers in the area of strategic management and corporate entrepreneurship.

Finally, a similar study should be carried out using a different methodology which can be able to overcome the time and busy schedule limitation. Most preferably this should be carried out by a researcher outside the academic program where he/she is not tied to a particular academic time frame. This would allow the researcher ample time to collect data from all the companies in the Kenya insurance industry.

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APPENDICES

Appendix 1: Letter from University of Nairobi Authorizing Research Work

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

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

P.O. Box 30197
Nairobi, Kenya

DATE 07/10/2016

TO WHOM IT MAY CONCERN

The bearer of this letter EVALYNE NJERI NDUNGU - 0733 908010

Registration No D61/61105/2013

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.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
07 OCT 2016
P.O. Box 30197 - 00100, NAIROBI

PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

Appendix 2: Research Questionnaire

Part A: Organisational Profile

1. Name of firm……………………………………………………………………
2. Year of Establishment…………………………………………………………..
3. Scope of Operation……………………………………………………………..

   Local (within Nairobi) [ ]

   National (within Kenya) [ ]

   Regional (within East Africa) [ ]

   Global (worldwide) [ ]

4. Areas of business (insurance products offered) – List

   i.

   ii.

   iii.

   iv.

Part B: Profile of the Respondent

1. Respondent's Position………………………………………………………….
2. Number of years of service with the firm……………………………………
3. Number of years in current position…………………………………………

Part C: Corporate Entrepreneurship

4. To what extent does your organisation encourage the following in employees?

Statement	Not at all	Little extent	Moderate extent	Great extent	very great extent
Risk taking					
Innovation					
Proactiveness					
Entrepreneurship					

Part D: Strategic Management

5. Please indicate by ticking (✓) the appropriate answer to what extent you agree or disagree with the statements below that organisations use to encourage corporate entrepreneurship:

	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
Management Support: The top managers are willing to facilitate and promote entrepreneurial behavior, and providing the resources people require to take entrepreneurial actions.					
Work Discretion / Autonomy: The top managers tolerate failure, provide decision-making latitude and freedom from excessive oversight, and delegate authority and responsibility to lower level managers and workers.					
Rewards / Reinforcement: The top managers develop and use systems that reward based on performance, highlight significant achievements, and encourage pursuit of challenging work.					
Time Availability: Individuals and groups have the time needed to pursue innovations and their jobs are structured in ways that					

support efforts to achieve short- and long-term organizational goals					
<u>Organizational Boundaries:</u> Precise explanations of outcomes expected from organizational work and development of mechanisms for evaluating, selecting, and using innovations exists within the organization.					

Part E: Organisational Performance

6. Please indicate by ticking (✓) the appropriate answer to what extent you agree or disagree with the statements below:

Statement	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
New Product Launch					
New Division (New Markets)					
Innovations and Inventions					
Mergers and Acquisitions					
Research and Development					

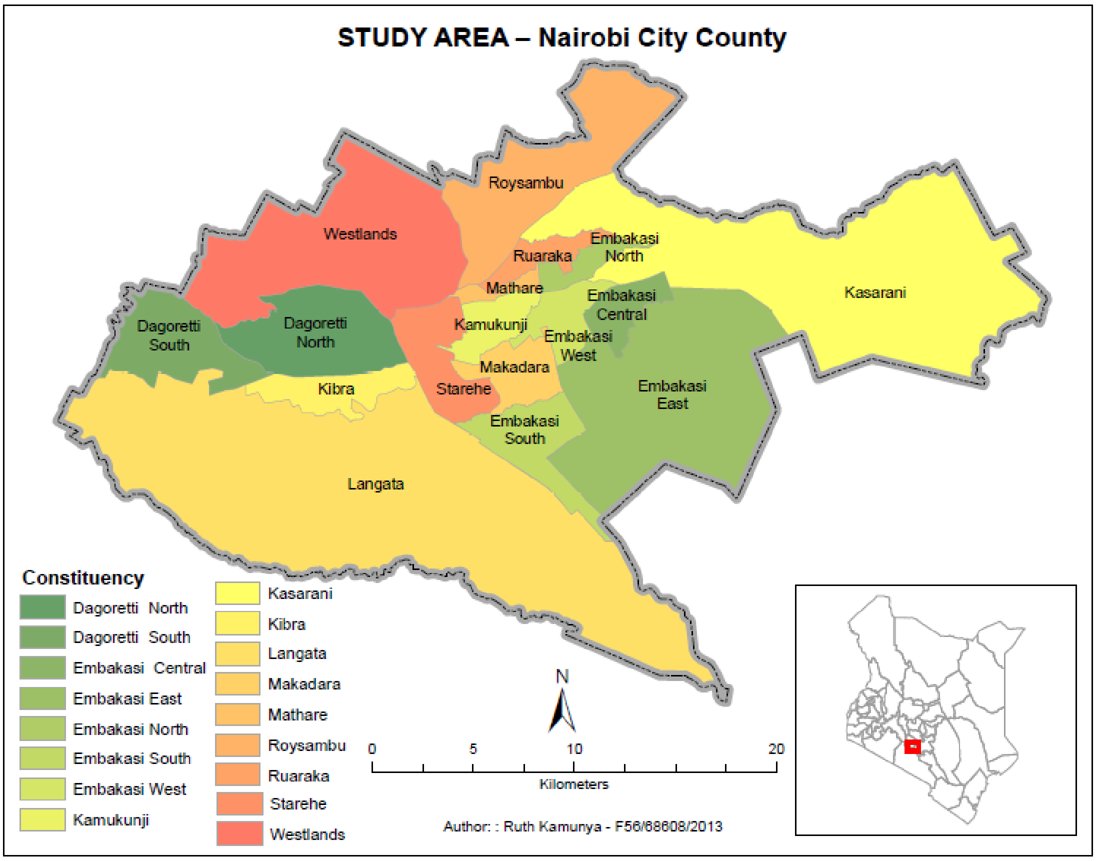
Part F: External Environment

7. How has the external environment affected your organisation's performance in the last 5 years?

Appendix 3: A list of Insurance Companies in Kenya

AAR Insurance Company Ltd	Kenya Orient Insurance Company Ltd
Allianz Insurance Company of Kenya	Kenya Orient Life Assurance Ltd
Africa Merchant Assurance Co. Ltd	Kenyan Alliance Insurance Company
AIG Kenya Insurance Company Ltd	Liberty Life Assurance Company Ltd
APA Insurance Company Ltd	Madison Insurance Company Ltd
APA Life Insurance Company Ltd	Mayfair Insurance Company Ltd
Barclays Life Assurance Kenya Ltd	Metropolitan Canon Life Assurance Company Ltd
Britam General Insurance Company	The Monarch Insurance Company Ltd
Britam Life Assurance Insurance Company	Occidental Insurance Company Ltd
Canon Assurance Company Ltd	Old Mutual Life Insurance Company
Capex Life Assurance Ltd	PACIS Insurance Company Ltd
CIC General Insurance Company	Phoenix Assurance Group
CIC Life Assurance Company	Pioneer Life Assurance Company Ltd
Corporate Insurance Company Ltd	Prudential Assurance Company
Direct Line Assurance Company Ltd	Resolution Insurance
Fidelity Shield Insurance Company	Sanlam
First Assurance Company Ltd	Saham Assurance Company
GA Kenya Insurance Company Ltd	Takaful Insurance of Africa Ltd
Gateway Insurance Company Ltd	Tausi Assurance Company Ltd
Geminia Insurance Company Ltd	Trident Insurance Company Ltd
Heritage Insurance Company Ltd	UAP Insurance Company Ltd
ICEA LION General Insurance Company	UAP Life Assurance Company Ltd
ICEA LION Life Assurance Company	Xplico Insurance Company
Intra Africa Assurance Company Ltd	
Invesco Assurance Company Ltd	
Jubilee Insurance Company Ltd	

Appendix 4: A Map Showing Study Area



Source: University of Nairobi Department Of Geospatial & Space Technology