STRATEGY IMPLEMENTATION AT REAL INSURANCE COMPANY LIMITED

BY

CHARLES NDUNG'U

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

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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.

Signed: ______________________ Date: ______________________

CHARLES NDUNG'U

REG. NO: D61/9115/2006

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

Signed: ______________________ Date: ______________________

JEREMIAH KAGWE

LECTURER

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY OF NAIROBI

DEDICATION

The completion of this project and the entire MBA degree program was possible due to the invaluable inspiration and unreserved support I have drawn from family and friends at different times in different forms and measures.

This Management Research Project is dedicated to them all.

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May God who is the giver of all things richly reward you.

ABSTRACT

The fundamental importance of strategic management is that the world keeps changing. Strategy implementation is a series of actions aimed at putting a selected strategy at work by planning how the chosen strategy can be put into effect and managing the changes required. Organizations have come up with credible strategies which have failed to see the light of day due to poor implementation. For successful implementation, an organization's various resources, systems, structures and other variables must be expended.

Many studies have been carried out on various issues on strategic management but none has focused on the strategy implementation in a locally incorporated insurance company. Given the susceptibility of the process to failure and the uniqueness of the insurance industry, the researcher felt the need to explore the process of strategy implementation in a locally incorporated insurance company. A case study on REAL Insurance Company Limited was conducted and data collected subjected to content analysis. This approach was selected because of its ability to analyze qualitative data collected to help make inferences to realize the objectives of the study.

The study established that REAL Insurance Company Limited has undertaken major strategic decisions in the past namely local incorporation after many years of operations as a branch office of a foreign company, renaming of the company and subsequent rebranding, change of shareholding and separation of management from ownership.

The study also identified the major challenges the company faces in implementing strategy as low penetration levels of insurance in the country, unhealthy competition perpetuated by price undercutting, invasion of traditional insurance business by some financial services companies, bad attitude and misunderstanding of insurance business by members of the public and deliberate attempts to swindle insurance through fraud.

The company has made deliberate efforts to counter these challenges by staff training staff, slowly introducing desired change, clear communication and change of leadership. Other tools that have been employed are setting clear guidelines to be followed when undertaking action, mobilizing resources and compliance with regulator's requirements. Changes in top management and corporate governance have also helped improve confidence within the company and with outside stakeholders.

This research was, however, not without limitations. As a case study, its findings are organization specific and thus do not give a general picture of the insurance industry. The study focused on strategy implementation only and left other equally important aspects of strategy formulation, monitoring and control. To address these setbacks, the researcher recommends a survey on the insurance industry cutting across strategy formulation, monitoring and control. A study could also be conducted on other East African insurance sectors to help establish whether players in these East African countries face similar implementation challenges as indigenous companies and ascertain if they can employ similar techniques to address them. This study could also be replicated in future to identify changes in approach, challenges, attitudes and new mechanisms to overcome them.

LIST OF ABBREVIATIONS AND ACRONYMS

AIBK	- ASSOCIATION OF INSURANCE BROKERS OF KENYA
AKI	- ASSOCIATION OF KENYA INSURERS
CEO	- CHIEF EXECUTIVE OFFICER
CFO	- CHIEF FINANCE OFFICER
CIO	- CHIEF INFORMATION OFFICER
COO	- CHIEF OPERATIONS OFFICER
CSR	- CORPORATE SOCIAL RESPONSIBILITY
EACU	- EAST AFRICAN CUSTOMS UNION
ESOP	- EMPLOYEE SHARE OWNERSHIP PROGRAM
GDP	- GROSS DOMESTIC PRODUCT
GWP	- GROSS WRITTEN PREMIUMS
GWP	-GROSS WRITTEN PREMIUMS
HMOS	- HEALTH MANAGEMENT ORGANIZATIONS
HR	- HUMAN RESOURCES
IRA	- INSURANCE REGULATORY AUTHORITY
ISO	- INTERNATIONAL ORGANIZATION FOR STANDARDIZATION
IT	- INFORMATION TECHNOLOGY
KENYA RE	- KENYA RE-INSURANCE CORPORATION
MIS	- MANAGEMENT INFORMATION SYSTEMS
MSE	- MALAWI STOCK EXCHANGE
PAS	- PENSION ADMINISTRATION SCHEMES

PHCF - POLICYHOLDERS' PROTECTION FUND

RICEA - ROYAL INSURANCE COMPANY OF EAST AFRICA LIMITED

RSA - ROYAL & SUN ALLIANCE

SACCOS - SAVINGS AND CREDIT COOPERATIVE SOCIETIES

WIBA - WORK INJURY BENEFITS ACT