

**STRATEGIC PLANNING PRACTICES ADOPTED BY UAP INSURANCE
COMPANY LIMITED IN KENYA TO ENHANCE PERFORMANCE**

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DECLARATION

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

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DEDICATION

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ABSTRACT

Strategic planning is an organization's process of defining its strategy, direction and making decisions on allocating its resources in a bid to purpose this strategy including its capital and people. The grand promise of strategic planning has been to increase the performance and efficiency of an organization by improving operations. This study aimed at examining the strategic planning practices adopted by UAP Insurance, Kenya with to improve performance. The study reviewed related literatures based on the objective which was a case study UAP Insurance, Kenya. Primary source of data was used which was collected through interview guide. This gave the respondent ample time to respond to questions asked. Key interviewees of the study included the underwriting manager, business development manager, customer service manager, and the communications manager. The collected data was examined for completeness and clarity and thereafter was analyzed using content analysis. The findings show that there exist s strategic planning practices among them competitive pricing to set the premium amounts, controls that ensure high level of performance together with periodic evaluation that ensure UAP Insurance has improved performance.

ABBREVIATIONS

UAP- Union des Assurances De Paris

IRA- Insurance Regulatory Authority

CEO- Chief Executive officer

PWC- PriceWaterhouseCoopers

SWOT- Swot Weakness Opportunities and Threats

HRSA- Health Resources and Services Administration

BSC- Balance Score Card

CRM- Customer Relationship Management

CHAPTER ONE

INTRODUCTION

1.1 Background

Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment. Any firm in the business of making profits and growth of performance will establish clear strategic planning practices. It is worth noting that the complexity of insurance activity, regulatory changes and the strengthening of competition, with the entry of new players into the insurance market, create the need for a strategic plan allowing the flexibility needed to adapt to new requirements, with clearly defined principles and strategic objectives. Firms need a sound management front or strategic team that will ensure plans are set, resources are availed and due process is followed in the insurance company to improve growth. Top management and decision makers of insurance firms must constantly think strategically about the future of their organizations (Ongaki, 2014).

This study was based on the resource based theory and dynamic capabilities theory. The resource-based view as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal. Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime, Barney (1991) examines the link between firm resources and sustained competitive advantage. Dynamic

capability is the capability of an organization to adapt adequately to changes that can have an impact on its functioning. These theories gave a theoretical framework for understanding the need for proper strategic planning in an organization.

This study was inspired by continued growth of the insurance sector and need for the same industry to have a well laid strategy in force. Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful. Insurance companies that have implemented good strategic plans have since excelled leading a marked trend in the industry striving to catch up and keep up with this trend.

To put the study in context, the insurance industry has resolved that strategic planning is a process designed to help identify and maintain an optimal alignment with the environment in the industry. The insurance industry has become so competitive in Kenya and it has been ranked among the top three African markets in terms of profitability for insurance companies seeking expansion opportunities. Therefore insurance companies need to adopt effective strategic planning practices to ensure that they are able to compete and survive in this turbulent environment. In work environments, business planning is adopted in a generally more systematic, disciplined approach.

1.1.1 Concept of Strategic Planning Practices

Strategic planning practices are the tools that define the routes that when taken will lead to the most likely probability of getting from where the business is to where the owners or stakeholders want it to go. Strategic plans meet detours and obstacles that call for adapting and adjusting as the plan is implemented. Strategic planning is a process that

brings to life the mission and vision of the enterprise. A strategic plan, well-crafted and of value, is driven from the top down; considers the internal and external environment around the business; is the work of the managers of the business; and is communicated to all the business stakeholders, both inside and outside of the company. As a company grows and as the business environment becomes more complex the need for strategic planning becomes greater.

There is a need for all people in the corporation to understand the direction and mission of the business. Companies consistently applying a disciplined approach to strategic planning are better prepared to evolve as the market changes and as different market segments require different needs for the products or services of the company. The benefit of the discipline that develops from the process of strategic planning, leads to improved communication. It facilitates effective decision-making, better selection of tactical options and leads to a higher probability of achieving the owners' or stakeholders' goals and objectives.

The different strategies set by an organization are likely to be complex in nature and could be made in situations of uncertainty. They therefore affect the operational decisions and require an integrated approach to make the necessary changes required. It is said that “without strategy, the organization is like a ship without a rudder, going around in circles”. The strategies are embedded in the day to day activities of the organization. With the accelerating pace of competition and innovation, cutting-edge insurance companies round the world are defined by innovative strategies. Insurance Industry leaders have created a competitive advantage that enables them to drive superior financial performance through boom and bust cycles. They focus on building long-term strategic

advantages rather than investing aggressively when the market is strong and summarily cutting programs when the economy and pricing, environments weaken. Insurance companies in Kenya use methods such as niche marketing, cost leadership, customer focus and many more strategies to facilitate growth. For example UAP insurance has adopted the strategy ‘product innovation strategy’. The company seeks to know its market meaning having a strong understanding of their target audience, their competition and the most effective ways to connect with that audience. The company measures the effectiveness of their marketing efforts based on the goals they have established.

1.1.2 Organizational Performance

Organizational performance comprises of the actual output or results of an organization as measured against its intended outputs. In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as financial performance, customer service, social responsibility and employee stewardship. Organizational performance involves the real yield or aftereffects of an association as measured against its expected yields (or objectives and destinations). Organizational performance is the idea of measuring of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. The essential objectives of organizational performance are to increase organizational capability and proficiency to the ability of the organization to deliver goods and or services (Cameron & Whetten, 1983).

In an undeniably data driven environment, the mission by business leaders and management researchers for performance measures which reflect competitive productivity strategies, quality improvements, and speed of service is at the forefront of managing company performance to be meaningful, company performance should be judged against a specific objective to see whether the objective is achieved. For example, if the target of the organization is to augment its degree of profitability, the organization would attempt to accomplish that goal by receiving speculations with quantifiable profit proportions more noteworthy than the organization's present normal degree of profitability proportion (Brah, 2000).

The determination of the most fitting execution markers is then again, a territory with no characterizing limits as there are various purposes to which execution estimation can be put, albeit not all execution estimation can be utilized for all purposes. Despite the fact that individual firms have a tendency to use firm-particular execution pointers suitable to their needs, for some organizations the primary execution markers would commonly incorporate some mix of money related; market/client; contender; human asset; interior business process; and natural pointers (Camp 2008).

1.1.3 Strategic Planning Practices and Organizational Performance

Strategic planning can help in improving the performance of the enterprise for years. This is done by steering the company to find and focus on the handful of really big issues facing the organization. It is the size and impact of these strategic issues that gives rise to the importance of the strategic plan. Set long term strategic objectives for improved performance of the organization. These objectives should clearly further the

enduring purpose of the organisation. This means knowing and spelling out for whom the organization exists, and what benefit the organization seeks to provide this group. Every organization should set out to benefit one clearly defined group of beneficiaries, and a single, long term, verifiable, target figure should be set to reflect what it is trying to do for them. If it cannot set such a target, the organization should be reformed until this becomes possible (Shrader, 1984).

It is conceptualized that firms that have effectively embraced strategic planning, records better performance as compared to those that have not. Carrying out the various steps in the strategic planning process is expected to facilitate the realization of organizational effectiveness. By defining a company's purpose and goals, strategic planning provides direction to the organization and enhances coordination and control of organization activities. The primary goal of strategic planning is to guide the organization in setting out its strategic intent and priorities and refocus itself towards realizing the same. The process of strategic planning shapes a company's strategy choice.

It reveals and clarifies future opportunities and threats and provides a framework for decision making throughout a company. It helps organizations to make better strategies through the use of more systematic, logical and rational approach to strategic choice. Steiner (1979) noted that strategic planning stimulates the future on paper and it encourages and permits a manager to see, evaluate and accept or discard a far greater number of alternative courses of action than he might otherwise consider.

Strategic planning tends to make an organization more systematic in terms of its development and this can lead to a greater proportion of the organization's efforts being

directed towards the attainment of those goals established at the planning stage, that is, the organization become more focused. It applies a system approach by looking at a company as a system composed of subsystems. It permits managers to look at the organization a whole and the interrelationships of parts, rather than deal with each separate part alone without reference to others. Therefore, it provides a framework for improved coordination and control of an organization's activities. Strategic planning provides a basis for other management functions. Steiner (1979) observes that strategic planning is inextricably interwoven into the entire fabric of management. It provides a framework for decision-making throughout the company and forces the setting of objectives, which provides a basis for measuring performance. Managers are able to spend time, efforts and resources in activities that pay off. Setting of goals and targets on the other hand facilitate evaluation of organization performance. Individuals in an organization will strive to achieve clear objectives that are set.

1.1.4 Insurance Industry in Kenya

The insurance industry in Kenya is composed of insurance companies, reinsurance companies, intermediaries, loss adjusters and other service providers who are governed by one umbrella IRA- Insurance Regulatory Authority. The statute regulating the industry is the insurance Act; Laws of Kenya, Chapter 487. The office of the commissioner of insurance was established under its provisions to strengthen the government regulation under the Ministry of Finance.

Insurance companies in Kenya are divided into two main categories General insurance and Life assurance products. A few examples of short term products are medical, funeral

and motor insurance. Life insurance products include whole life assurance, annuities and endowment insurance. The main buyers of insurance in the country can be divided into three main categories: Individual clients, corporate clients and the Government. It is important to note that the government has succeeded to address autonomy to a great extent and supervisory intervention to a significant extent within the Kenyan industry. There are many laws that have been made and implemented to control the trade. It has succeeded to address. Disciplinary Action and Market surveillance through the setup of bodies such the insurance regulatory authority (IRA) which is the industry's main regulatory body. This institution has fostered investor confidence and compliance costs up to a moderate extent. The other category would be foreign clients. Foreign clients buy Kenyan insurance services by buying cover from Kenyan insurers.

The main achievements in the insurance industry reported by the CEOs for the year 2012 in a report done by IRA include business growth (31%), product development (14%), claims management (10%), marketing (7%), and good management (7%) among others. Business growth manifested in increased premium income, investment income, and business network expansion as well as market share. In some classes of micro insurance business, growth was uniquely cherished. Product development involved new products launch while traditional products were said to have performed well too. These resulted in enhanced insurance product mix. Claims management was explained through improved claims settlement, claims reduction and minimization of claims management costs. Closely related to claims management was fraud detection and minimization. Strategies which were reported but at 2%. Marketing achievements were noted in meeting new business targets and penetration into previously untapped markets. Intermediary relations

and commissioning of alternative distribution channels was reported to have improved and boosted marketing in the year 2012, for example where companies partnered with banking insurance agencies. Good management was derived from functional boards of directors, strategic planning, strengthened internal controls, adoption of principles of good management and following corporate governance guidelines among other attributes.

The challenges that face the insurance industry mostly emanate from failure of some strategies set by insurance companies or the use of strategies that end up being detrimental to the organization. As per a report done by IRA in 2013, the main challenges that are facing the industry include price undercutting, claims settlement, premium collection, staffing, fraud and inadequate intermediary services. Other challenges include implementation of structural changes, low retention ratio, regulations and low penetration. It is worth noting that the insurance industry in Kenya is still young and growing and some challenges such as price cutting are inevitable since the market share is little and many insurance companies are looking to get just a piece of the share. It is therefore of very key importance that insurance companies have strategic plans in force. This to assist each one of them to compete and thereby grow.

1.1.5 UAP Insurance Company Limited, Kenya

UAP Insurance is part of the group UAP Holdings which is a pan-African Financial Services Company with a purpose of acting as a holding company for the various UAP businesses. The Group's origins in Kenya date back to the 1920's when Provincial Insurance Company of East Africa was incorporated. UAP Insurance Company Limited was formed in 1994 after the merger of Union Insurance and Provincial Insurance

following the merger of their respective parent companies - Union of France and Provincial of the UK. UAP has grown from humble roots as a Kenyan General Insurance services provider in 1920, to a strong business franchise focusing on Insurance (General, Life and Medical Insurance), Investment Management and Properties in six East and Central Africa countries - Kenya, Uganda, South Sudan, Rwanda, Tanzania and Democratic Republic of Congo.

As per the audited financial reports in 2014 by PWC, UAP insurance premiums grew by 16% due to growth in all its key markets. Business in UAP Life grew by 57% while the short-term business in UAP General Insurance grew by 11%. The increase in growth in the long-term business was in line their strategy to diversify its earnings from general insurance. The investment income of the company increased by 61% to Kshs. 4.6 billion driven by strong performance of the group's investment portfolios. This was as a result of the company's enhanced investment management capacity and the completion of some of the Group's projects in Uganda and South Sudan, another ground breaking strategy by the establishment. The future growth prospects of UAP Insurance look very good. The company intends to take advantage of the human capital and distribution capacity that they have invested in to grow its business across all geographies.

The company, In a notice done by the group company secretary on May 2015 informed shareholders and the public that Old Mutual had acquired a majority stake in UAP Holdings after signing to buy out three private equity firms that hold a combined 37.33 per cent stake in the firm. On conclusion of the share transfer, Old Mutual will be the key strategic investor in UAP with 60.66% of the shareholding. This is a strategic plan the

company has been crafting for the past few years. The aim of the merger according to the chairman Dr. J. B. Wanjui is to obtain better distribution channels, greater geographical boundaries, organizational competencies and a variety of new talent. All of these acquired factors in turn offer more strategic opportunities to organizations so that they can gain an edge over their competitors' products and services.

1.2 The Research Problem

Insurance companies are increasingly embracing the practice of strategic planning in anticipation that this would translate to improved performance. Most Insurance companies in Kenya face cut throat competition and may end up liquidating if they perform poorly. This study sought to examine the relationships between strategic planning and organization performance, giving attention to the strategic planning steps including organization's corporate purpose and the environmental factors that affect the insurance industry. By adopting strategic planning as a tool for improvement, Insurance companies chose a path that will bring progress and growth. Strategic planning is therefore vital in ensuring continued good corporate performance and only those organizations that practice some form of strategic planning will survive.

The industry's insurance premiums grew during the first quarter of 2015. However some companies have continued to perform poorly while others have been successful. Some factors leading to poor performance are inability to deal with intensive cut-throat competition, lack of innovative products and poor customer services. Majority of insurance companies in Kenya may have developed concrete strategic plans but their performances have not improved. This may probably be due a lack of well laid strategic plans or poor implementation of the formulated plans. Unless strategic plans are

implemented successfully companies will not be able to perform and may end up making loses.

While several studies have been done in Kenya on strategic planning practices no study that has been conducted on the strategic planning practices adopted by UAP Insurance Kenya. Ongaki (2014) conducted a study on strategic management practices at Jubilee insurance where he addressed how insurance firms can deliver appropriate insurance appropriate insurance products on a large scale to the uninsured in East Africa. Sheikh, (2000) conducted a study on strategic response by insurance companies following linearization and concluded that the companies in the industry consider strategic management practices to be important. Murega (2011) did a study on the Strategic Planning Practices at the Barclays Bank of Kenya and established the need for strategic planning in the banking industry. Wambugu (2011) carried out the study Strategic Responses Adopted by Kenya Commercial Bank to cope with the competition in the Banking Industry which establish the strategic responses adopted by different banks.

Thnarudee (2012) carried out a study on interaction dynamics of strategic planning within m-form based firms where he identified that Strategic planning in complex multi-business corporations has evolved into a network of multi-level and multi-unit strategic planning processes. This makes it challenging for managers and strategists to undertake the activities needed to run those strategic planning systems effectively. The interactions between strategy practitioners as they enact those planning processes play a crucial role in determining effectiveness of the planning process as a whole. Seville (2008) studied the crisis of strategic planning: Finding the silver lining where he defined Crisis Strategic

Planning as the process of searching out and developing opportunities in the midst of crisis. It is the integration of Crisis management and Strategic planning.

This study therefore was meant to establish the relationship between strategic planning and improvement of performance at UAP Insurance, Kenya. This study seeks to add on to the existing knowledge by narrowing its contextual scope to the UAP insurance company, Kenya therefore addressing the question what are the strategic planning practices adopted by UAP insurance to enhance performance?

1.3 Research Objectives

The objective of the study is to determine how the strategic planning practices are carried out at UAP insurance Company Limited in Kenya and the effect it has on the company's performance.

1.4 Value of the Study

This study will benefit a number of interest groups starting with the management of the insurance companies that were surveyed as reference point as well as for recommendation on areas they can improve on. Other managers of other insurance companies as well as other firms in other service industries will also benefit from the findings of this study. The research will also help the companies in the industry to take advantage of the ever changing external environment for instance technology to advance its operations and maximize profits in return. The research will guide the management on the important role played by strategic planning hence ensuring more focus and resources are channelled towards strategic planning to aide in performance improvement.

The regulator, Insurance Regulatory Authority will benefit from this study by identifying whether the industry performance is affected by strategic planning by various insurance companies. IRA will also use the findings to set guidelines and benchmarks for the strategic plans that are good for business. The study will inform the regulator on the best policies they can recommend to the industry. With the introduction of Risk Based Supervision IRA will be guided on the level of supervision to adopt for various companies in order to safeguard the interest of the policy holders and the general public.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains an overview of the strategic planning practices that are relevant to an organization such as UAP Insurance. The chapter covers the theoretical foundations, concept of strategic planning, strategic planning practices and challenges in strategic planning.

2.2 Theoretical Foundations

There are a number of theories that have attempted to describe strategic planning practices in a given organization. Strategic management recognizes the need for organizations to establish a formal link with the external environment (Ongaki, 2014). The strategic management theories that this study is based on include the resource based view theory and dynamic capabilities theory.

The resource-based view stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Barney, 1986). Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime. Barney (1991) examines the link between firm resources and sustained competitive advantage. Four empirical indicators of the potential of firm resources to generate sustained competitive advantage can be value, exclusivity, and non-substitutability. A firm resources include all assets, capabilities, organizational processes, firm attributes,

information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. Studying the substance, expression, locale, and effect of competitive advantage allows the firm to better utilize the advantage. Examining the time span of competitive advantage enables the firm to fully exploit the advantage according to its potential and sustainability (Ma, 1999).

Dynamic capabilities are the firm's processes that use resources specifically the processes to integrate, reconfigure, gain and release resources to match or even create market change. Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resources configurations as markets emerge, collide, split, evolve and die (Eisenhardt and Martin, 2000). Winter (2003), Helfat (2007) and Schreyögg and Kliesch-Eberl (2007) emphasize that a dynamic capability is not an ad hoc problem-solving event or a spontaneous reaction. It must contain some patterned element, i.e. it must be repeatable. Zollo and Winter (2002) also make the point that dynamic capabilities are persistent and that 'an organization that adapts in a creative but disjointed way to a succession of crises is not exercising a dynamic capability.

These definitions allow the highlighting that there is generally a consensus about dynamic capability construct. The dynamic capability perspective extends the resource-based view argument by addressing how valuable, rare, difficult to imitate and imperfectly substitutable resources can be created and how the current stock of valuable resources can be refreshed in changing environments. To sustain their competitive advantage, firms need to renew their stock of valuable resources as their external

environment changes. Dynamic capabilities allow firms to effect these ongoing changes. As Winter (2003) explains, dynamic capabilities govern the rate of change of a firm's resources.

2.3 Strategic Planning Practices in Organizations

The primary tasks of strategic management are to understand the environment, define organizational goals, identify options, make and implement decisions, and evaluate actual performance. Thus, strategic planning aims to exploit the new and different opportunities of tomorrow, in contrast to long-range planning, which tries to optimize for tomorrow the trends of today (Drucker, 1980). Identification of the organization's vision and mission is the first step of any strategic planning process. The vision sets out the reasons for organization's existence and the "ideal" state that the organization aims to achieve, the mission identifies major goals and performance objectives. Both are defined within the framework of the organization philosophy and are used as a context for development and evaluation of intended and emergent strategies (Pearce and Robinson, 1997)

After the organization has fully identified and its mission and vision the next step is for it to analyze its external and internal environment. This is otherwise termed as environmental scan. Scanning gives planners' time to anticipate opportunities and plan to take optimal responses to them thus developing appropriate measures to mitigate negative deviations. The environmental scan can be performed using the frameworks: SWOT analysis and Five Forces Model. The two fully analyze the information about the organization's external environment (economic, social, demographic, political, legal, technological, and international factors), the industry, and internal organizational factors. This scanning is imperative before the formulation of the strategic plan of any given organization.

If a firm ceases to adjust its strategy to the environment, the result is minimal achievement of corporate objectives. This according to Claver, et. al. (2001), Bremer (1988), Mintzberg(1990) and Regner (2003) environmental scanning is proceeded by evaluation of organizational strengths, weaknesses, opportunities, and threats (SWOT Analysis). The organization's strengths and weakness include internal organizational factors to address, whereas the opportunities and threats represent external environmental factors in the organization's periphery. The SWOT Analysis also incorporates knowledge attained during the first two steps in the strategic planning process. Therefore to for an organization to succeed an organization must be vibrant and there must be a strategic fit between what the customer wants and what the organization has to offer, as well as between what the organization needs and what the market can provide (Powell, 1992).

The Five Forces Model diagnoses the competitive environment and identifies rivalry between competing sellers, organization/institutions offering substitute products, suppliers of resource inputs, buyers, and potential new entrants (Porter, 1980). Competitive advantage is the ability of an organization to add more value for its customers than its rivals and therefore attain a position of relative advantage. By adopting winning competitive strategies, a firm is able to gain an edge over its rivals within the industry it is operating in. Porter argues that competitive strategy means taking offensive or defensive actions to create a defensible position in an industry, to cope with the competitive forces and thereby yield a superior return for the firm.

The determination of who is involved in strategic planning is crucial to the success of the strategic planning process. Who participates in strategic planning can also influence

whether or not the plan is implemented effectively. Each part of the process requires different things from different people (John and Mathews, 2002). The formal process of strategic planning involves goal setting, implementing, evaluating and finally forecasting. The best placed person/persons to carry out this is the CEO up at the top level executives. The CEO keeps the process moving and makes sure that the people who need to be involved are. The CEO together with the team of top executive officials they will help with difficult discussions and heated debates, and to enable everyone to participate and focus on the task at hand. They should also ensure that research, performance calculations and projections for strategic planning are carried out. This is achieved through delegating to staff members.

According to Pearce and Robinson (1997), the strategic planning process can be depicted as a series of steps; Strategy formulation (company vision and mission, company objectives and internal analysis), situation analysis and environmental scanning (competitor analysis, industry analysis, market analysis and strategy selection); strategy implementation and strategy evaluation and control. The process of strategic management involves strategy formulation, implementation, evaluation and control of actions that will enable an organization to achieve its objectives. Strategy formulation, this is the process that produces a clear set of recommendations, with supporting justification, that revise as necessary the mission and objectives of the organization, and supply the strategies for accomplishing them. In formulation, we are trying to modify the current objectives and strategies in ways to make the organization more successful.

Put simply strategic implementation is the process that puts plans and strategies into action to reach goals. A strategic plan is a written document that lays out the plans of the business to reach goals, but will sit forgotten without strategic implementation. The implementation makes the company's plans happen. Strategic implementation is critical to a company's success, addressing the Who, where, when, and how of reaching the desired goals and objectives. Once the strategy has been implemented the organization should carry out strategic planning evaluation. The results of the strategy need to be evaluated with changes made as required to keep the implemented plan on track. Control systems should be developed to facilitate monitoring. Standards of the performance are set, the actual performance measured and appropriate action taken to ensure success of the strategic plan (Johnson, 2008). Every strategic planning process is uniquely designed to fit the specific needs of a particular institution.

2.4 Challenges in Strategic Planning

Strategic planning is a process, an outcome, and, in its best form, a roadmap used by stakeholders throughout an institution to move the institution toward higher levels of achievement. Strategic planning is also a much maligned endeavour, subject to the usual (and frequent) criticisms: too much time, too much money, and too little action. According to Wambugu (2011), strategic planning faces a great challenge in the face of individuals or sub-group of organization actors who may pursue their own diverse goals and promote their own interests which more than often are conflicting in nature. There are many reasons strategic plans fail, but some challenges are more common than others.

One of those common challenges include lack of leadership. If the leaders of the institution do not support the plan, it will fail. It is common for leaders talk about the importance of the strategic plan as the planning process gets underway, only to show little interest down the line (Karl, 2010). For a plan to succeed leaders should be present and be engaged at the right times with the right people. Management should ensure the right individuals are in the right leadership positions since they will advocate for and champion the strategic plan and keep the company on track.

Another common cause of failure is Lack of consensus. Strategic planning is about consensus building. Done correctly, the process promotes communication, participation, and collaboration (Murega, 2011). It provides a structured forum for airing conflicts, dealing with the inevitable political struggles, and negotiating the purpose and meaning of an organization and one's place in it. While a true consensus about all issues among all stakeholders is unrealistic, engaging everyone through interviews, focus groups, surveys, open forums, and the like is essential if leaders expect them to implement the plan. Such engagement of others requires time. There are no formulas for the right amount of time. Too much and people lose interest or become mired in details; too little, and they feel unheard. Yet the results of this consensus-building process reflect the antithesis of the plan developed by committee or the lone administrator behind closed doors.

Another challenge is if the strategic planning too ambitious. Overly ambitious plans tend to outstretch resources and become complicated in the implementation phase. They often have too many goals, including some that are simply unfeasible for the institution in a three-to-five-year window (Recklies, 2008). The problem of too many goals is exacerbated by implementation planning. Even if an organization has full-time staff

devoted to strategy and planning, such plans become unwieldy, demoralizing, and ultimately unhelpful as an actionable guide. Strategic plans need not gather dust on a shelf. They can and should be living documents that guide an organization on a daily basis. In today's rapidly changing and unpredictable environment, a practicable strategy is more important than ever. Organizations that meet the challenges above have much better outcomes from their strategic plan.

2.5 Organisational Performance Measurement

Organisational Performance measurement is a process by which an organization monitors important aspects of its programs, systems, and processes. In this context, performance measurement includes the operational processes used to collect data necessary for the performance measures. As per a report done by U. S. Department of HRSA in 2011, there are a number of reasons why an organization may choose to measure its performance. It provides a reliable process to determine if an organization's current system is working well. Also in today's economy, there is a demand for transparency and increasing scrutiny of an organization's business practices.

These reasons promote an organization's use of process and outcome data as a means to demonstrate its performance. There are other typical circumstances of why an organization may choose to measure its performance, eg: Distinguish what appears to be happening from what is really happening, establish a baseline; i.e., measure before improvements are made, make decisions based on solid evidence, demonstrate that changes lead to improvements, allow performance comparisons across sites, monitor process changes to ensure improvements are sustained over time and recognize improved performance.

Measuring organisational performance is described as the ultimate question in organisational analysis (Hall 1980) and as an effectiveness assessment tool. An extensive review of performance measurement systems concludes that though various performance measurement frameworks and methods exist, ‘little work, however, has been completed on the process of actually designing measurement systems. Organisation level performance measurement frameworks aim for a balance in quantitative and qualitative measures, internal-focused and external-focused measures. The organisation performance measurement frameworks reviewed measure performance along the business value chain considering the input resources, organisation processes and process outputs—as well as business outcomes and goals

The Balance score card, developed is one of the most widely-adopted performance management methodologies (Praeg & Schnabel 2006). The BSC approach provides a common language for metrics and a bridge between IT and business since many senior business managers are familiar with the BSC. It is reported that performance metrics can easily be linked to higher-level organisation objectives by using a BSC approach. The BSC approach recognises the limitations of purely financial measurement and is based on four dimensions: customer, financial, internal business, and innovation and learning (Kaplan & Norton 1992). BSC provides a mix of financial and non-financial indicators for performance measurement and assists management to plan, execute and monitor business strategies.

The BSC can be used to align departmental goals to overall business strategy. Each BSC perspective has goals and measures. A paper discussing the importance of non-financial measures reports that companies ‘that adopted non-financial measures with a causal link

between those measures and financial outcomes produced significantly higher returns on assets and returns on equity over a five-year period than those that did not' (Ittner & Lacker 2003).The practical value of the BSC for organisations is enhanced through understanding the process of populating the framework (Neely et al. 2000). The balanced scorecard is widely applied at the strategic level of organisations and is adapted for performance measurement of an organisation

2.6 Empirical Research and Knowledge Gaps

The above literature has shown that strategic planning leads to the overall wellbeing of an organization and the process is designed to help identify and maintain an optimal alignment with the environment in the industry and enhance performance. Sheikh, (2000) conducted a study on strategic response by insurance companies following linearization and concluded that the companies in the industry consider strategic management practices to be important. This shed a lot of light on the importance of strategic management in any Insurance company. The various studies carried out have showed that companies should align themselves with proper strategic plans in order to compete and survive in the Industry.

Maina (2014) candidly looked at the link between strategic management and its implication on the on the performance of the insurance firms themselves. He gave an analysis on the implementation of strategic plans and the resultant ripple effect on overall performance. This study seeks to fill the knowledge gap of how UAP Insurance, Kenya aligns itself with strategic plans in order to improve its performance and facilitate growth.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides details of the methodology that was employed in the study. These included research design, data collection and analysis procedures with the results from the study.

3.2 Research Design

This investigative study employed a case study design at the UAP insurance Company Limited. A case study is an in depth study of a particular situation rather than a sweeping statistical survey. It is a method used to narrow down a very broad field of research into one easily researchable topic. Babbie (2004) defines a case study as an in- depth examination of a single instance of some social phenomenon. In this case the entity that was studied was UAP Insurance, Kenya.

Research design is the conceptual structure within which research would be conducted. The function of research design is to provide for the collection of relevant information with minimal expenditure of effort, time and money Kothari (2004). A research design constitutes the collection, measurement and analysis of data (Schindler, 2008).

3.3 Data Collection

This study used mainly primary data as the source of information and this data was collected through personal interviews, using an interview guide that had 14 questions and data was collected from the given answers. The study targeted four departmental heads

from the following departments: customer service, business development, underwriting, and the communications department. All these departments are involved in the strategic planning of the organization in one way or the other.

3.4 Data Analysis

The data that was collected was qualitative in nature and content analysis was used to analyze the data. Content analysis makes general statements on how categories or themes of data are related. This method facilitated getting results that are predictable, directed and comprehensive. Kothari (2004) pointed out that processing and analyzing data involves a number of closely related operations which are performed with the purpose of summarizing the collected data and organizing these in a manner that they answer the research questions.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter covers data analysis, results and discussion. The main objective of the study was to examine strategic planning practices adopted by Uap insurance company limited in Kenya to enhance performance. This objective was achieved through analysis of the data collected from the respondents in the communications department, customer service department, the underwriting department and the business development of UAP insurance Kenya.

4.2 Strategic Planning at UAP Insurance

The study identified that UAP Insurance has adopted a strategic plan so as to make profitable among rivals where the vision, mission and the strategies chosen are developed and cascaded to the all the departments and branches round the country and in the African region where the other branches have been opened. Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, and ensure that employees and other stakeholders are working toward common goals. The overall aim being the alignment of resources to improve the performance of the company. The company has a vision that enables it to have a long term goal to be achieved: To be Africa's revolutionary Financial Services Company. Their mission focuses on very crucial elements which are: To enhance quality of life by delivering peace of mind and financial freedom through an exceptionally motivated team that delivers what customers want - when and where they want it.

The company has core values which it has adopted in its day to day activities which include: building lifelong relationships, doing what they say and saying what they do, they are a pleasure to deal with and they are passionate about their work and it shows.

4.3 Strategic Planning Practices and Performance

When asked to comment on the various strategies used by the firms towards increasing the written premium and improving performance, the respondent indicated that the company is using premium reductions as a tool to increase market share in contravention of guidelines given by the Insurance Regulatory Authority. Further UAP has strong controls which give daily, monthly and yearly performance reviews for the company which give a basis on how, when and where various strategic plans should be carried out. Strategic planning practices are those professional procedures, methods, or techniques that have consistently achieved results that ensure a company is profitable and is growing. Insurance companies have adopted practices whose main aim to improve performance on a daily basis.

4.3.1 Strategic Planning

Creating a strategic plan helps guide the actions of a given organization. Creation of a strategic plan sets the steps that a company should take so as to be successful. One of the steps include environmental analysis which is done every three years by the senior management in the organization. Everyone is involved in one way or another since the strategies chosen to be undertaken in different departments are as a result of the feedback given by employees in their interaction with clients. Environmental analysis is fully conducted by acknowledging different trends and relating them with the information

gathered from all the branches in the organization. From this study, it was evident that the performance of entire organization relies heavily on the strategic plan set and thus it is a very important process that is given greater support by all the managers.

From the interviewees it was also clear that UAP Insurance achieves its efficiency which includes proper allocation of resources, excellent customer service, market expansion and performance evaluation and rating through proper management and integration of the strategic plan. The interviewees also admitted that at UAP Insurance, the key premise of strategic management is that plans must be made on the basis of what has happened, is happening, and will happen in the world outside the organization with a focus on the threats and opportunities these external changes present to the organization. Further the aspects that contribute to strategic marketing planning at UAP insurance include identifying promotional opportunities and evaluating the marketing opportunities with an aim of increasing the total market share or business underwritten.

This include, developing a strategic position for the company to pursue and how to implement the strategy, preparation and implementation of the marketing plan, measuring and evaluating the performance of the organization through the marketing efforts of the company. The company has also put in place proper pricing of products and employed technology besides motivating the employees and offering after sale services and customer care services. Efficient and valuable insurance products which fall under marketing has given UAP Insurance Kenya an edge over its competitors and proper customer service techniques given by the company.

Customers are more inclined to purchase UAP's insurance products liked to increase growth in market share. Continued loyalty from the clients has indeed led to the enhanced performance and growth in the business. UAP Insurance has adopted operation management practices like ensuring proper distribution channels in the country having multiple branches round the country, efficient and timely delivery of services to its customers through emphasis on quality control measures. The underwriting manager pointed out that the company has several branches spread over the country with the head office being in Upper hill, Nairobi just a few kilometres from the city centre and another outlet in the central business district.

Other branches are found in Mombasa, Nakuru, Nyeri, Kisumu, Eldoret and Thika. The organisation also has other satellites spread round the country who carry out minimal underwriting. The underwriting manager however felt that these branches are not enough and the company needed to open some more outlets in other parts of the country especially the growing towns for example Malaba town in the Ugandan border, areas such as Westlands in Nairobi e.t.c. The underwriting department has ensured that service delivery is of a high standard. The service delivery should be efficient, fast and satisfactory to all the clients. The staff at the front office are charged with the responsibility of properly satisfying a clients.

They also engage the client in cross selling where they sell other insurance products to existing clients. For example a client who has motor insurance can be introduced to the home insurances or medical insurance underwritten by the UAP Insurance. This will improve and increase the company's business through organic growth. In addition, the

organization wants to improve all communications channels so that customers can contact the organisations through different channels. Some modes include face to face, by mail, phone, fax, and email and the client will expect all of these communication channels to be open and easily inter-mingled.

The study also identified that senior management carries out a SWOT analysis which is a precursor to strategic planning and is performed to assess the organization from a critical perspective. The management team base their assessments on customer satisfaction statistics, organizational performance measures, and financial status. UAP Insurance limited has won the perception of its clients by offering quality products and this trust remains an added advantage to the UAP Insurance fraternity. The availability of several branches across the country has also been another source of strength. Another strength is UAP Insurance has a strong brand presence in the country making it known to most of its prospective clients.

One of the major weaknesses of UAP Insurance limited according to the business development manager was that UAP Insurance has not been able to perform well in the rural counties. The opportunities that were identified by the respondents during the interview were that proper strategic planning practices would enable simplified marketing and registration of new and potential customers.

4.3.2 Strategy Formulation

It today's highly competitive business environment for a corporation to survive and prosper in needs to engage in strategic planning that clearly defines strategy, and assessed the environment to formulate strategy , implement it and evaluate the progress

and make necessary recommendations to ensure productivity and growth. Management practices employed at UAP Insurance are carried out by the strategy and innovation team and they are involved in crafting of the company's objective, vision and mission statement, frequent formulation of strategies, communication of the formulated strategies and dealing with the challenges of implementation. The respondents pointed out that strategy formulation in the organization is an ongoing process. It takes into consideration the current position of the organization in terms of profitability and performance and aims to improve the current situation to a better position. This is because the external environment keeps changing day after day and in order for the organization to fit it must align its strategies to the ever changing environment. Some of the factors which make strategy formulation a continuous affair include technological factors, political factors, economic status, social factors and legal factors as elaborated earlier.

The study showed that a team of top management personnel of UAP Insurance are usually involved in the formulation of strategies. These include the operation manager, marketing manager, business development manager, general manager-underwriting and claims Human resource manager and the chief executive officer himself who are charged with performance appraisals of their staff members together with the targets each one is given at the beginning of every financial year. The respondents also confirmed that all of the UAP insurance fraternity are given a chance to give ideas on various issues that can be addressed before planning during the discussions and are not ruled out completely. This is because some ideas suggested by juniors in the company may be helpful to the company in the day to day running of the activities.

After decisions are arrived at by the panel detailing the techniques, the new strategic plans to be executed is conveyed to the office heads who are held with the obligation of ensuring that legitimate correspondence of the methodologies to the other members of staff affected. After correspondence the division heads likewise ensure that implementation of the strategies is effected immediately. A criticism component is also available where the department heads are supposed to pass the feedback of the perception of the new strategies to the employees. Those positive about the techniques are adulated while the individuals who are negative are decried. A fitting follow up of the usage is kept set up to guarantee consistence.

4.3.3 Strategy Implementation

Implementation of strategic plan is influenced largely by the coherence and integration of existing employees within the UAP Insurance. Being the first marketing agent of an organization, employees' pride in their organization would ensure that they give their all to that particular organization. From this study it is seen that the implementation of strategic plan process within the UAP Insurance is a process involving all levels of management including junior staff as opposed to the top down approach. The top management is committed to the strategic direction which is a prerequisite for implementation of strategic plan. The success of any implementation effort depends on the level of involvement of all staff members.

At the same time, to generate the required acceptance for the implementation as a whole, the affected employees' knowledge must already be accounted for in the formulation of the strategy. The underwriting department is where the insurance business starts out at

UAP Insurance. The underwriting department evaluate the risk and exposures of potential clients. They decide how much coverage the client should receive, how much they should pay for it, or whether even to accept the risk and insure them.

Underwriting involves measuring risk exposure and determining the premium that needs to be charged to insure that risk. According to the underwriting manager, the function of an underwriter is to protect the company's book of business from risks that they feel will make a loss and issue insurance policies at a premium that is commensurate with the exposure presented by a risk. Uap main strategies in the department to make it profitable include ensuring that there is quality business by giving competitive rates.

The underwriting manager also pointed out that the department ensures that its renewal retention for business obtained the previous years is at a high rate ranging from 85%. This ensures that all the good business obtained stays within the company and its easier to keep an existing client than obtaining one. The department ensures this through mailing renewal notices to customers, three months before the renewal date and there after sending a text message to the customers phone one week to the renewal date. This has gone a long way in increasing the retention of renewals

Lastly one of major strategic planning practises carried out by the underwriting business to make the business profitable is offering remarkable customer service. This is facilitated by providing quality products, giving quick service where customers do not queue for long and finally giving discounts and small gifts to reward clients for their loyalty and continued support. A common example at UAP Insurance is having breakfasts or dinners to entertain its long-time customers and intermediaries.

4.3.4 Strategy Evaluation

Strategy evaluation is becoming a key concern to most organizations since it is the best way for managers to know whether or not their strategies are working to enhance the general performance of the company, how the internal and external environment is changing and whether they are achieving the kind of results they anticipated. The findings showed that Uap Insurance involve consultants, Board of Directors, Managing Directors, and managers in carrying out strategy evaluation. The main factor that is mostly assessed by the management team is the performance of the organization. Whether or not there is an improvement and what causes of action had be placed to improve performance. The Managing Director is involved to a very great extent in carrying strategy evaluation. The above respective parties carry strategy evaluation within one year and ensure that all the requirements anticipated have met including profitability, growth and increased market share. The company however does not involve all the employees in the evaluation process. The study shows that the results of strategy evaluation are communicated to all the participants in strategy evaluation which is commendable

4.4 Challenges in Strategic Planning

During the study, the respondents commented that UAP Insurance has taken a much wider view to see itself in perspective to a growing number of issues. In the interview it was clear that some of the challenges that are faced during the formulation and the implementation stages of the strategic planning process. The main challenge faced during formulation stage at UAP was the time it took to formulate strategy. It takes a long time before the senior management formulate a strategy mostly since the team had to be

agreement for a strategy choice to be accepted and later implemented. Challenges during implementation include misconception of the strategy. Some people fail to understand the importance of the strategy reinforced to the organization hence some end up not supporting it.

The study aimed to establish factors affecting strategic planning at UAP Insurance Kenya. Among the factors that the organization established include, Political factors

Political factors affect the insurance industry in a number of ways. Political factors such as tax and monetary policies imposed by the government have an effect on the Company. For example excise duty charged on earned commission and the commission paid to the brokers which UAP insurance takes into consideration before set premium to be paid on insurance. If the duty goes up, the premium amount increases and this may be lead to reduced performance and uptake of insurance. This affects the overall performance of the company as the excise duty is an expense.

Economic factors were also considered since the economic environment consists of external factors in a business' market and the broader economy that can influence a business. From the respondents it was clear that there little to no control over the effects of the economic factors. Some of the features that affected the business from the interview include inflation rates, interest rate and currency exchange rates. These factors affect the price of the insurance with some aspects bringing the price up or down. The company's investment policy must be in line with the IRA guideline on investment.

Other economic factors include employment and market trends have been a great challenge to the firm. There has been an employment challenge in winning new talent which is essential for their long-term success, as well as keeping and developing those already in the group. There has been a “war for talent” and many of the staff member’s trained by UAP Insurance are being poached by other companies as a result which is a key impediment for growth.

Other external factors that affect strategic planning and performance are the social factors of the country. The social environment consists of the sum total of a society's beliefs, customs, practices and behaviours. The study found that social factors such as distribution of wealth, changes in life styles, levels of education and population demographic have an effect on strategic planning at UAP Insurance. From the interviewees various issues that arose on the social environment included issuing of sharia compliant insurance products for the Muslim society. This is yet to be adopted and hence the company is not tapping the Muslim market.

Technological factors also have an effect on the strategic plan of the company. UAP Insurance has invested heavily in numerous technologies which aid in serving customers better which is the main goal in the strategic plan. The company has geared itself to being a paperless organization and it has won awards for this. Some of the systems include Customer Relationship Management (CRM) which is a customer data base that ensures the company knows its client and the type and number of client it has in its books. There is also FORTIS which is a hi-tech filing system among other systems meant to facilitate efficiency and ease in accessing and processing files. The challenge comes in when all this systems are meant to integrate and sometimes the company faces low integration. This leads to no processes and later on angry customers.

Environmental factors have an impact on UAP Insurance strategy. The study discovered that various environmental factors such as climatic changes and environmental laws have an effect on the strategic plans set by the institution. Some of the clients to UAP insurance such as British American tobacco and Coca Cola are manufacturers and their performance is easily affected by environmental laws. The environmental laws will thus have a great impact on the performance. Such laws relating to pollution, Waste disposal management among others will affect the liability insurance issued by the company

4.5 Discussion of Results

The overall objective of this research was to study the strategic planning practices adopted by and how they enhance performance. According to Pearce & Robinson, (1997), Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice. Strategic decision determines the organizational relations to its external environment, encompasses the entire organization, depends on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization

It is worth indicating that the numerous reviews conducted over the years have generated more statistically significant positive results than negative ones. Kaplan and Norton (2004) argue, however, that traditional performance measures have been oriented to financial metrics such as returns on capital employed and profit, which record how organizations have performed but not necessarily how they will perform in the future. Although traditional financial performance measures worked well in the past, they are outdated and do not support the skills and competencies that organizations currently need to master.

Maina 2014 found out that strategic planning is key and fundamental for any insurance company that wants to be successful taking into consideration all the aspects of strategic planning and also the significance of performance rating in the evaluation process of a strategic plan. This study has arrived at the conclusion that strategic planning as involves activities such as planning, performance measurement, program budgeting, etc. It also covers other factors such as the business environment. The relationship between strategic planning and performance in general and financial performance in particular has been inconclusive.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings, conclusion, suggestion for further studies and recommendations from the study findings. The main objective of the study was to determine the strategic planning practices adopted UAP Insurance to its effects on performance

5.2 Summary Findings

The study accessed information from the top level management team of UAP Insurance with normal respondents group that is representative of the whole organization. The data collected for this study is therefore observed to be very reliable and can be used to generalize the strategic planning practices in the Insurance industry in Kenya. The following were the summary of the research findings upon which the conclusion and recommendations of the study were made. The study observed that UAP Insurance limited has an established qualified team of experts trained to offer quality services to the customers These employees are well taken care of and properly motivated as part of improving the performance of the organization. It was also observed that the company has enough support staff and has sufficient service providers who are contracted in order to minimize cost.

The study also established that UAP Insurance has adopted some marketing strategic planning practices which have come a long way in surviving in the turbulent and competitive market. These strategies include offering quality service, giving group

discounts to the big corporate clients, providing competitive rates and above all offering world class customer service. It was also clear that the organization. UAP has also adopted high-tech systems which have gone a long way in Improving service, offering quality products and simplifying the day to day activities of the organisation. The company has also invested in a system that is able to collect all the data of a given customer and all manners of correspondence between the client and the company. The system known as CRM also has an application known as sales funnel where all the quotations are lodged into the database. This enables follow ups on all prospective clients as the contacts details are keyed into the system.

It was also clear from the study that the company has existing objectives, mission and vision statements which directs the day to day running of the organization. Strategies are created when they are needed and senior management is involved in creating these strategies. The managers develop strategies for all their objectives accomplishment-according with the internal and external factors-and try to perform the proposed plans. These strategies are then given to the departmental heads that are charged with the responsibility of implementation.

5.3 Conclusion

The study concluded that various strategic plans are crafted and implemented in different departments of UAP Insurance. The company's strategic planning practices were stratified on real sections of operation with every zone having some different practice. The underwriting department applies practices such as prudent underwriting skills such

as competitive rating to obtain new business, improved renewal retention by sending reminders to customers and most importantly offering excellent customer service.

The top management team of UAP Insurance are charged with the responsibility to ensure that new strategies are formulated in order to adopt with the ever changing environment. This helps the company remain competitive against its competitors. However various practices in various departments must work together to make the organization a success.

5.4 Recommendations

The study observed that all the departments in UAP Insurance had adopted strategic planning practices. It therefore recommends the company should adopt strategic planning practices so as to gain competitiveness in the sector and also to gain efficiency in operations and hence improve profitability. The study recommends having a well outlined strategic analysis in the strategic practices at UAP insurance company. UAP insurance company should gather as much information and data relevant to accomplishing their vision. The focus of the analysis of strategic planning should be on understanding the needs of the business as a sustainable entity, its strategic direction and identifying initiatives that will help the business grow and improve performance.

5.5 Limitations of the Study

There were quite a number of challenges related to the research particularly during the data collection. The study faced time limitation since several appointments with the departmental heads were cancelled and rescheduled for later. Also the setting was found to be inappropriate, having interferences. There were a lot of interruptions during

interviews, since interviews were conducted at the participant's workplace during work hours. This happened despite all efforts taken to reduce interruptions such as knocks on the door by colleagues. Interviewing needs more time than questionnaires and thus the data collection was time-consuming. The duration of the study was limited hence exhaustive and extremely comprehensive research could not be carried out. However the research was conducted within the time frame that was specified.

5.6 Suggestions for Further Study

The study researched on the Strategic planning practices adopted by UAP Insurance to enhance performance. This research therefore should be replicated on the other companies in the Insurance industry to find further insights of the strategic planning practices adopted by these companies to enhance their own performance.

Further comparative research should also be done to compare the different companies in the insurance industry that have adopted strategic planning practices in their firms in order to improve their performance together with those that have not bringing further the understanding of the importance of strategic planning practices in insurance industry so as to improve and enhance each company's performance.

5.7 Implication for Policy and Practice

To the policy makers, this study has recommended that the Insurance Regulatory Authority (IRA) needs to monitor the strategic risk of all companies in order to implement risk based supervision. Strategic risk arises as a result of the company in ability to implement its strategies formulated during the strategic planning process. IRA will also need to monitor strategy formulation and implementation for all companies to

ensure that they not only concentrate on strategies geared towards financial performance but also strategies that lead to customer satisfaction.

This study has supported the Resource Based View of strategy planning. RBV assumes that each organization is a collection of unique resources and capabilities. The uniqueness of its resources and capabilities is the basis for a firm's strategy and its ability to earn above-average returns. The study has concluded that adoption of strategic planning practices result in to improved performance of UAP Insurance in Kenya and resources and capabilities are the major ingredients for successful strategic planning. The study has shown that UAP Insurance company practice to a greater extent strategic planning process and there exist a relationship between strategic planning and performance of insurance companies in Kenya. Management of UAP Insurance should ensure that they monitor implementation of strategies. Proper budgeting should be undertaken to ensure resources are allocated and utilized appropriately.

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APPENDICE

Appendix: 1 Interview Guide

The interview guide will be divided into four sections. These sections provide sample questions to be used in analysing Strategic planning practices adopted by UAP Insurance in Kenya to enhance performance

SECTION A: BACKGROUND INFORMATION

1. How long have you worked at UAP Insurance Kenya?
 - a) Less than one year []
 - b) 1 to 3 years []
 - c) 4 to 5 years []
 - d) 6 years and above []

SECTION B: STRATEGIC PLANNING AND PERFORMANCE

2. Did you have any mission and vision statement before you adopted the strategic plans?
3. Have you adopted any strategic planning practice in the company?
4. What effect did the strategy have on performance?
5. How was this performance measured?
6. How did the company's performance compare to other players in the industry?

SECTION C: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS ANALYSIS (SWOT)

7. Has your organization conducted a SWOT analysis?
8. How would you rate the competencies of your organization to conduct a SWOT analysis?
9. How would you rate the priority that your organization places on the SWOT analysis process?
10. How would you rate the importance of the SWOT analysis process to the effective operation of your organization?
11. Is a SWOT analysis employed when dealing with significant issues outside of strategic planning?

SECTION D: STRATEGIC PLANNING CHALLENGES

12. Do the following environmental factors affect strategic planning at UAP Insurance Kenya?

- a. Technological factors
- b. Economic factors
- c. Political factors
- d. Ecological factors
- e. Social-cultural factors

13. What are some of the operational challenges that you face during strategic planning process?

14. In your own view, what are the other challenges that your organization face during strategic planning process?

Thank you for your participation