

**STRATEGIC PLANNING AT THE RESOLUTION INSURANCE COMPANY
LIMITED (K) LIMITED**

BY

NDAIGA HUMPHREY MWANGI

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DECLARATION

I declare that this research project is my original work and has not been presented for examination before for the award of other degree or qualification in any University.

Signature

Date

NDAIGA HUMPHREY MWANGI

D61/67746/2013

This project has been submitted for examination with my approval as the University Supervisor.

Signature

Date

Prof. Evans Aosa

School of Business

University of Nairobi

DEDICATION

This study is dedicated to my lovely wife Teresia Waithaka and children Yvone Sifa, Breindei Taji, Sean Ndeva and Jason Waithaka. You have been a source of inspiration and great encouragement to me during this programme. May God bless you

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TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
ABBREVIATIONS AND ACRONYMS	viii
ABSTRACT	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background.....	1
1.1.1 The Concept of Strategy	3
1.1.2 Concept of Strategic Planning	4
1.1.3 Insurance Industry in Kenya	5
1.1.4 Resolution Insurance Kenya	7
1.2 Research Problem	8
1.3 Research Objectives.....	11
1.4 Value of the Study	11
1.5 Chapter Summary	12
CHAPTER TWO: LITERATURE REVIEW	13
2.1 Introduction.....	13
2.2 Theoretical Foundation	13
2.2.1 Resource Based View	13
2.2.2 Environment Dependence Theory	14
2.2.3 Stakeholder Theory	14
2.3 Strategic Planning	16
2.4 Benefits of Strategic Planning	20
2.5 Challenges of Strategic Planning	21
2.6 Empirical Studies and Knowledge Gaps.....	23
2.7 Chapter Summary	24

CHAPTER THREE: RESEARCH METHODOLOGY	25
3.1 Introduction.....	25
3.2 Research Design.....	25
3.3 Data Collection	26
3.4 Data Analysis	26
3.5 Chapter Summary	27
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	28
4.1. Introduction.....	28
4.2. The Respondents Profiles	28
4.3 Strategic Planning Process at the Resolution Insurance Company.....	29
4.4 Benefits of Strategic Planning at the Resolution Insurance Company	32
4.5 Strategic Planning Challenges at the Resolution Insurance Company	34
4.6 Discussion.....	37
4.6.1 Comparison with Theory	37
4.6.2 Comparison with other studies	38
4.7 Chapter Summary	41
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..	42
5.1 Introduction.....	42
5.2 Summary of Findings.....	42
5.2.1 Strategic Planning at Resolution Insurance Company Limited	42
5.2.2 Benefits of Strategic Planning at ResolutionInsurance Company Limited	42
5.2.3 Challenges of Strategic Planning at Resolution Insurance Company Limited	44
5.3 Conclusion	45
5.4 Recommendations.....	46
5.5 Limitations of the Study.....	47
5.6 Suggestions for Further Research	48

REFERENCES.....	49
APPENDICES.....	55
Appendix I: Interview Guide	55
Appendix II: Letter of introduction.....	57

ABBREVIATIONS AND ACRONYMS

RBV	Resource Based View
RBT	Resource Based Theory
SWOT	Strengths, Weaknesses, Opportunities and Threats
IRA	Insurance Regulatory Authority
SCA	Sustainable Competitive Advantage
HRM	Human Resources Management

ABSTRACT

The environment presents organization with opportunities, threats and constraints that force them to have specific strategies to help in fulfilling their mandate in the market. Environmental forces keep on changing every now and then and thus leaving a market gap that has to be filled by the most competitive organization. Therefore, to effectively manage any corporate function, it requires a thoughtful and comprehensive strategic planning process. The key objective of a strategy is to bring about a competitive advantage over the rivals in the market. This research study sought to assess the strategic planning processes at the Resolution Insurance Company Limited. The objective of the research study was to establish how the Company undertook its strategic planning. Strategic planning is a central pillar in management thus the choice of topic. This research study adopted a case study design which was deemed appropriate because it involves a careful and complete observation of social units or a phenomenon and it also offers a comprehensive understanding of the social units or phenomenon under study. The primary data was collected using a comprehensive interview guide and data collected analyzed using content analysis. This is because the nature of data collected is qualitative in nature. The interview targeted top management as they are deemed responsible for strategic direction of the Company. The study established that Resolution Insurance Company Limited undertakes strategic planning process through use of SWOT Analysis and that employees were involved in the undertaking of the strategic planning process. The study further ascertained that the strategic planning makes the management of Resolution Insurance Company Limited efficient by providing a framework and a clearly defined direction for decision making and that it establishes a uniform vision and purpose that is shared among all members of the organization and helps them pull in the same direction. Finally, the study revealed that lack of commitment of the plan implementers, fear of change, lack of employee involvement, ineffective coordination especially poor communication of strategic planning process, time allocated for the planning, lack of a structured way of managing strategic planning process, lack of needed resources for example specialized labour which is either nonexistent or expensive were amongst the challenges affecting strategic planning process at Resolution Insurance Company Limited. Due to the envisaged benefits of using these practices, the study recommends that all the firms in the insurance industry in Kenya should adopt strategic management in particular strategic planning so as to gain competitiveness in the sector and also so as to gain efficiency in operations and hence improve their profitability. The management at Resolution Insurance Company Limited must take cognizance of the importance of people, their roles and impact on strategic plan implementation. They need to come up with policies that involve and recognize people and reward policies that will act as positive reinforcements. Some heads of departments were too busy to give the interviewee adequate time to interrogate deeper the responses given. Some interviewees were also very sensitive about the information they were sharing and thus did not give information considered as confidential. The study depended on interviews and discussions with the heads of departments. It would have been of value to obtain the views of other members of staff as they are also incorporated in the strategic planning process. A replica study can be done on other Insurance Companies in the industry which will provide further insight into strategic planning in the industry.

CHAPTER ONE: INTRODUCTION

1.1 Background

Strategic planning is a management technique intended to identify the strengths and weaknesses of the organization, the challenges and opportunities facing it, its vision of the future and how it will seek to achieve its vision. Strategic planning focuses on the organization's long-term goals, assesses its capabilities to achieve these goals, examine environmental factors that may affect the organization, and identifies strategies designed to move the organization forward (Kumar, 2006). In the vast majority of companies strategic planning is a calendar-driven ritual which assumed that the future will be more or less like present (Hamel, 1996).

Strategic planning is designed to help public, private and non-profit organizations (and communities) respond effectively to the changes in their environment. It is a disciplined effort to produce fundamental decisions and actions shaping the nature and direction of an organization's (or other entity's) activities. These decisions typically concern the organization's mandate, mission, product or service level and mix, cost, financing, management and organizational design. Strategic planning practices were designed originally for use by organizations (Bryson, 2011). The purpose of strategic planning is to organize the present in order to deliver the projections of the desired future by defining an organization's strategy, or direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people (Porter, 1996).

Strategic planning for most companies involves a complex process of quantitative analysis, assessments about the business environment, intense conversations, and difficult trade-offs that often leads to nothing more than a bulleted list of strategies. The complexity of the process and the assumptions that underlie the strategy becomes lost or live only in the heads of the executives that participates in the planning process (Hamel & Prahalad, 1990). Increased volatility of the business environment makes systematic strategic planning more difficult (Brown and Eisenhardt's, 1997).

There was a time when strategic planning was done by the biggest companies, and those who lead change. Now it is a requirement just to survive, (Hatfield, 1996). Leaders of business must be looking ahead, anticipating change, and developing a strategy to proactively and successfully navigate through the turbulence created by change. Hatfield, (1996) is of the views that a good strategy will balance revenue and productivity initiatives. Without strategic planning, businesses simply float, and are always reacting to the pressure of the day. Companies that don't plan have higher rates of failure than those that plan and implement well.

Resolution Insurance Company Limited strategic planning as envisaged in their third corporate plan 2012/13 – 2014/15 stipulates that its overacting goal is to scale up its services to match those of the better performing emerging economies in line with the country's vision 2030. This will enable Resolution Insurance to play a key role in accelerating the country's overall economic development, and especially in the insurance industry. Resolution Insurance Company Limited has managed to keep up with the global

insurance players by maintaining a match between its strategy and the environment. This has been achieved through regular updates of its strategic planning in response to the turbulent environment. This has resulted in successful service delivery (Resolution Insurance, 2014).

1.1.1 The Concept of Strategy

The concept of strategy is based on a number of associated concepts; competitive advantage resource-based strategy, distinctive capabilities, strategic intent, strategic capability, strategic management, strategic goals and strategic plans (Mintzberg, 1994). The process of identifying where you want to be and deciding what you must do to get there is known as strategic planning, and it's important for any organization (Porter, 1996). At the core, strategic planning deals with the adjustment of specific policies to particular situations. The term strategy has a range of related meanings and authors have generally felt quite free to use it quite idiosyncratically. For game theorists, strategies are concrete actions or rules for choosing actions in a conflict situation, for the same strategy is "high-level" or "long-term" planning, while others see it as referring only to broad gauge issues of "mission" (Capon, 2008). A firm's strategy defines its configuration of activities and how they interrelate (Porter, 1991)

A strategy refers to the set and specified way of doing things. Majorly, a strategy works under a set vision that has a long term goal to achieve in the future. This shows that a strategy is mainly concerned with the long term goals of an organization. This is achieved through the strategic analysis of strengths, weaknesses, opportunities and threats (SWOT) that face an organization. This in turn helps the organization to know where it stands in

its operations, to define where it wants to be and the time frame to get there. The strategic analysis therefore provides an organization with the know-how of maximizing on its opportunities and strengths. On the other hand the organization must also develop strategies that will help it deal with the weaknesses and overcome the threats it faces from its rivals (Barney, 2001).

Grant (1991) defined strategy as the match an organization makes between its internal resources and skills and opportunities, and risks created by its external environment. Strategy is concerned with the long-term direction and scope of an organization. It is also crucially concerned with how the organization positions itself with regard to the environment and in particular to its competitors. It is concerned with establishing competitive advantage, ideally sustainable over time, not by technical manoeuvring but by taking an overall long-term perspective (Johnson & Scholes, 2002). Porter (2000) contends that any effort to understand success must rest on an underlying theory of the firm and an associated theory of strategy.

1.1.2 Concept of Strategic Planning

Strategic planning can be helpful for purposes of; gathering, analysing, and synthesizing information to consider its strategic significance and frame possible choices; producing considered judgements among key decision makers about desirable, feasible, defensible, and acceptable missions, goals, strategies, and actions, along with complementary initiatives such as new, changed or terminated policies, programs, and projects; addressing in effective ways key organizational issues or challenges now and in the

foreseeable future; enhancing continuous organizational learning; and creating significant and enduring public value (Thompson, 2007). Interest in strategy as an area of management follows the diffusion of strategic planning (long-range planning) among large companies (Ansoff, 1991).

Strategic planning may sound similar to the business planning process, but differs in a number of ways (Greenley, 1986). The critical distinction is that strategic planning is more of a planning technique intended to get the organization thinking strategically with a long-term perspective, while business planning builds from the strategic planning and provides clarification of short-term actions necessary to achieve the desired future (Porter, 2000). The common thread for both processes is adopting a strategic mind-set, where the organization focuses on the results to be achieved (Bryson, 1995).

Strategic planning approach conceives strategic decision making processes as logically sequenced activities that allow management to analytically determine an appropriate strategic path for the whole organization (Grant, 1991). It has been depicted as the development of decision making rules that guide future organization actions. Centralized strategic planning systems are developed to integrate functional activities and co-ordinate long-term organizational actions that arguably should facilitate corporate adaptation (Bartlett & Ghoshal, 1998).

1.1.3 Insurance Industry in Kenya

The Insurance industry is made up of many players including insurance companies, reinsurance companies, insurance intermediaries, loss adjusters, insurance surveyors, motor assessors, risk managers and insurance investigators. There are forty nine

registered insurance companies some offering general insurance, others life while composite insurers offer both life and general insurance. There are also five reinsurance companies while the rest of the players are many in number. Insurance Industry in Kenya is governed by insurance Act Cap 487 of the laws of Kenya. It is regulated by the Insurance Regulatory Authority (IRA) which was formed in 2007. Insurance is the transfer of a risk by one party to another through a contract of insurance where the transferring party pays a consideration in form of premium.

The industry has undergone changes following the enactment of Finance Act 2009 that introduced corporate governance. The Act restricts ownership by individual to 25% and also any person occupying a position of managing director, chief executive officer and senior manager should not own more than 20% of the paid up capital. This is meant to improve corporate governance following a wave of companies going under in the 90s and early 2000s due to poor management and conflict of interest. In 2012, the industry realized an improvement in most of the performance indicators with the gross premiums increasing by 21.9% from KES 91.81 billion in 2011 to KES 311.22 billion in 2012. Investment in properties registered the highest growth. Under general insurance business, underwriting profits increased by 28.6% from KES 2.42 billion in 2011 to KES 3.11 billion in 2012. However under-writing results under motor private declined by 135% (IRA Annual Report, 2013).

1.1.4 Resolution Insurance Kenya

Resolution Insurance Company Limited is registered as a general insurer by the Insurance Regulatory Authority (IRA). The Company was established in 2002 as Resolution Health, a medical insurance provider. It has been granted a license in respect to personal accident, workmen's compensation, liability, medical and miscellaneous classes of general insurance business. The company has over 750 medical service providers all across East Africa, and a strong network of hospitals, clinics and doctors. It has almost 400 external agents and brokers, and an in-house sales team of 140 business consultants who believe in its brand and products. The company has a staff composition of 160 people across their seven branch offices in Nairobi, Mombasa, Kisumu, Nakuru, Meru, Thika and Dar-es-Salaam (Resolution Insurance Annual Report, 2013).

The company has contributed significantly to the growth and development of the insurance industry in East Africa. The company provides in-patient and out-patient cover plans to individuals, groups and corporate entities. They have new products under Employee Benefits category that include Work Injury Benefits Act (WIBA) plus, Employers Liability and Group Personal Accident Cover (GPA). The products features are designed to enhance what is currently available in the market by offering additional benefits under each product at affordable rates (Resolution Insurance Annual Report, 2013).

The company's vision is to be recognized as a leader and preferred provider of insurance services in Africa. Its mission is to serve its clients, employees, stakeholders and society by providing responsive and comprehensive insurance solutions. The Resolution products

are developed to provide financial security and comfort to the consumers. Resolution Insurance is committed to being a socially responsible corporate organization by supporting the community in ways that have enduring benefits (Resolution Insurance Annual Report, 2013).

1.2 Research Problem

Strategic planning is critical for all organizations. The key objective of a strategy is to bring about a competitive advantage over the rivals in the market (Porter, 1991). The dynamism in the environment poses a great challenge to managers during planning thus they must first conduct an environmental scanning both externally and internally. Scanning the external environment helps to identify the possible opportunities and threats while that of internal environment helps to identify the possible strengths and weaknesses (Mintzberg, 1999). Strategic management treats strategic thinking as a pervasive concept for running a business organization and regards strategic planning as an instrument around which all other control systems including budgeting, information, reward and organization can be integrated. Strategic planning specifically entails the allocation of resources to programmed activities in such a way as to achieve a set of business goals in a dynamic competitive environment (King & Cleland, 1987).

The environment presents organization with opportunities, threats and constraints that force them to have specific strategies to help in fulfilling their mandate in the market. Environmental forces keep on changing every now and then and thus leaving a market gap that has to be filled by the most competitive organization. Therefore, to effectively manage any corporate function, it requires a thoughtful and comprehensive strategic planning process. According to Odongo (2008), for organizations to properly plan their

long term projects and activities it is imperative that the goals and objectives of the organization are in overall alignment with those of the business.

Several studies have been carried out on strategic planning. Grant (2003) conducted a study on strategic planning systems of the international oil majors, and found out that these systems could be described as processes of planned emergence. The primary direction of planning was bottom-up, from the business units to the corporate headquarters with business managers exhibiting substantial autonomy and flexibility in decision making. Capon (1994) undertook a study on the strategic planning process and firm performance. He argued that the greater the degree of sophistication of the strategic planning process the better the performance. In his view, strategic planners should perform better than financial planners because of their focus on adaptation to the environment and formal thinking through strategic issues and resource allocation priorities.

Marx (1991) studied the characteristics of a formal strategic planning process and observed that the deciding characteristic of a formal strategic planning process is that the process is not just cerebral but formal, decomposable into distinct steps, delineated by checklists, and supported by techniques. Powell (1994) studied the correlation between strategic planning and performance, and found out that it is greater among large firms than among small firms. It may be argued further that in large organizations the strategic planning system functions as a coordination mechanism.

Several studies have been carried out on strategic planning. Maina (2014) conducted a study on strategic planning and performance rating of insurance companies in Kenya, and 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. Awino, Muturia and Oeba (2012) undertook a study on strategic planning outcomes and organizational performance. They found out that there are positive and significant relationship between strategic planning (seven dimensions of planning) and firm performance; strategic planning and planning outcomes and finally planning outcomes and firm performance.

Kamau (2008) studied strategic planning adopted by tour and travel firms in Kenya, and found out that the strategic planning in the firms follows the formal planning process, save for the involvement of key stakeholders such as employees in the planning process. It also established that another planning practice is that the firms in the industry do external as well as internal environmental analysis to ascertain the effects of various factors on their operations before formulating their plans. Greenley (1986) recognizes in his research that profits increased by the use of strategic planning, which are inherent as the consequences of its use. He refers to the concept of “intrinsic values of planning.” So there are economic advantages to the use of strategic planning. There remains a priori that strategic planning has a major effect on company performance.

The various studies discussed have delved into strategic planning in many fields and sectors including Insurance but not in the context of this particular study. How does Resolution Insurance Company Limited undertake strategic planning?

1.3 Research Objectives

This study was guided by three objectives. These were:

- i) To establish how strategic planning is undertaken at Resolution Insurance Company Limited.
- ii) To determine the benefits of strategic planning at Resolution Insurance Company Limited.
- iii) To establish the challenges of strategic planning at Resolution Insurance Company Limited in undertaking strategic planning.

1.4 Value of the Study

The findings of this study will be beneficial to various stakeholders. Firstly, the findings will be useful as a guide to the Insurance industry and in particular the management of Resolution Insurance Company Limited in effective strategic planning. They will be in a position to determine whether the existing strategic plans are adequate and effective in ensuring that problems are identified and addressed early enough before they impact negatively on the organization. They will also serve to inform both current and future strategic planners on formulation, control, implementation and evaluation by the organization. This study will also be important to private corporations as the documentation and evaluation of Resolution Insurance Company Limited's strategic planning will serve as a reference point for similar or related studies in the private sector. The government will also benefit from the study in formulating policies and measures that will help the performance of the insurance industry. The findings will help the government to gain insight into the strategies applied by the industry and hence be better placed to support the industry.

Researchers and academicians will benefit from this research study, as it will add to the body of knowledge in strategic planning and specifically on how the insurance industry can strategically respond to strategic planning challenges in their environment.

1.5 Chapter Summary

The main focus of this chapter was to lay the foundation and justification of the research study. The chapter gave the background of the topic of the research study and why it was necessary to carry out the research. The chapter introduces and discusses the concept of the research study and the context in which the research will be undertaken. The chapter also identified the objectives of the research study as well as the value of the study to the various stakeholders.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses mainly on previous literatures that have been written by various scholars, academicians, researchers and authors. The key points of discussion are: the theoretical foundation of strategic planning, concept of strategic planning, challenges facing strategic planning and the benefits accrued from strategic planning.

2.2 Theoretical Foundation

This study was anchored mainly on three theories. These are the Resource based view (RBV), environment dependence theory and the stakeholder's theory. These three theories will give an impetus to the relationship between strategic planning in an organization and the influence on firm performance.

2.2.1 Resource Based View

The Resource Based View (RBV) suggest that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantaged to the firm (Hoffer & Schendel, 1978; Wernerfelt, 1984). According to Barney (2002) the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information and knowledge controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness. This theory further states that a successful business must have sufficient resources to use. This theory will be used to explain how the availability of resources can create a competitive advantage and hence contribute to successful strategic planning (Dollinger, 2003).

In the RBV the valuable attribute of a firm is taken as given. The strategic planning and investment necessary to build up such resources are exogenous in this framework (Priem and Butler, 2001a). The strategic factor markets are developed when a firm requires the acquisition of resources to implement its strategy (Barney, 1991). These valuable and rare resources are not the source of competitive advantage or above normal return if the cost of acquiring or developing these resources equals to value they create when used to conceive of and implement a strategic plan or a strategy (Rumelt, 1987, Peteraf, 1993).

2.2.2 Environment Dependence Theory

Environment dependence theory emphasizes on organizations being environment serving and environment dependent for both their inputs and outputs. Business organisations in the world over are sufficiently environment dependent and environmental serving because they do not exist in a vacuum (Dauda & Ismaila, 2013). The framework for the environment is in the form of a matrix of connections which are processes, influence, transactions and communication that exist within it (Emery & Trist, 1965). According to Stoffels (1994) this model demonstrates that the firm is a part of the environment, the firm interacts with the environment both as a receptor of signals from the environment and a transmitter of signals to it and the character of the environment the firm faces is importantly shaped by interdependencies and transactions that occur entirely outside the domain or realm of influence of the organization.

2.2.3 Stakeholder Theory

Stakeholder theory begins with the assumption that value is necessarily and explicitly a part of doing business. It asks managers to articulate the shared sense of the value they create and what brings its core stakeholders together. It also pushes managers to be clear

about how they want to do business, specifically what kinds of relationships they want and need to create with stakeholders to deliver on their purpose (Drazin & Howard, 1984).

It has previously been suggested by scholars that stakeholder's theory holds the potential for understanding the financial performance–autonomy relationship. Stakeholder theorists argue that the organization's position is determined by their stakeholders' provision of resources in response to the organization's actions (Fooman, 1999). A stakeholder's decision to either provide or cease to provide resources to the organization is the culmination of complex considerations that coalesce within an overall evaluation of the organization's reputation. Stakeholders are uniquely positioned to affect the position of the organization whether through withholding or providing efforts through employees, infrastructure through government or cash flow through customers, among other things (Rowley & Berman, 2000).

The focus of stakeholder theory is articulated in two core questions (Dessler, 2003). First, it asks, what is the purpose of the firm? And secondly what is the benefit to stakeholders? This encourages managers to articulate the shared sense of the value they create, what brings its core stakeholders together. This propels the firm forward and allows it to generate outstanding performance, determined both in terms of its purpose and market place financial metrics, Eisenhardt and Brown (1998). The purpose of Resolution Insurance Company in Kenya and the means of achieving that purpose which is supported by stakeholders theory fits well in this study as it intends to interrogate their worth and their performance.

2.3 Strategic Planning

Strategic planning is uniquely designed to fit the specific needs of a particular organization (Barney, 1991). An effective strategic planning system for a firm will link long-range strategic goals with both mid-range and operational plans (Ansoff, 1991). The standard approach to strategic planning would incorporate an external environmental analysis to identify the opportunities and threats facing the organization, and an internal analysis to identify the organization's strengths and weaknesses (Mintzberg, 1991).

Strategic planning is the way of planning for the future by considering the most appropriate strategies and anticipating the changes in the strategic direction (Thompson, 2007). Most decisions facing a business are strategic and therefore deserve strategic planning attention. Strategic issues require top management decisions, larger amounts of the firm's resources, often affect the firm's long term prosperity, are future oriented, usually have multifunctional and multi business consequences, thus they require considering the firm's external and internal environment (Kukalis, 1991). Therefore strategic planning helps in formulating strategies that address all the above mentioned issues. All those affected by the plan should be involved in the planning process.

Strategic planning is based on the belief that the successful development of an organization is the result of finding the right fit between its internal strengths and weaknesses and the external opportunities and threats stemming from the environment, which is continuously changing (Barney, 2002). The main assumption is that, in order to be effective organizations must be responsive to their environment, which is continuously changing. They must place the emphasis on understanding the changes and adapting their

decisions accordingly (Bryson, 2011). Consequently, a careful scanning of the environment is important not only at the stage of making the initial diagnosis for preparing a plan, but also, and even more so at the stage of monitoring the plan implementation (Kaplan & Norton, 1996).

There is no single 'best practice' for how to do successful strategic planning. The timing and process will defer depending on industry, market pressures, and the size and culture of the business (Shaw, 1998). Strategic planning is typically oriented to a particular organization's circumstances at a particular time in its history (Iansiti & Levien, 2004). Strategy experts Hamel and Prahalad (1990) look at strategy as a revolution. He believes that a strict top-down approach to the strategic planning leads to rigidity and an inability to strategize appropriately within a firm's ever-evolving environment. Strategic planning for most organizations evolves as a complex process of quantitative analysis, assessments about the business environment, intense conversations, and difficult tradeoffs that often leads to nothing more than a bulleted list of strategies (Burgelman, 1996).

In the broad sense of the term, strategic planning covers four different activities from diagnosis to monitoring. In the narrow sense it is often equated only with plan preparation. However within a strategic planning approach, plan preparation should not be opposed to plan implementation strategy planning does not stop when plan implementation starts (Mintzberg, 1994). Armstrong (1991) concluded that formal planning systems and processes have a positive impact on corporate performance. Other research provides further evidence that strategic planning, measured on the basis of the conventional strategic management paradigm, is conducive to higher organizational

performance (Anderson, 2000). A strategic planning process that adheres to the key elements of prescriptive strategic management theory through the planning of a mission, the setting of objectives, and the implementation of strategies and control systems to ensure the objectives are achieved may lead to indirect improvements in performance by enhancing the effectiveness of management throughout the organization. Formal strategic planning may therefore be effective as a process of management regardless of the performance achieved (Greenley, 1986).

Barney (1991) noted that the prescriptive strategic planning perspective builds on a number of sequential steps in the strategy development process, such as goal formulation, environmental analysis, strategy formulation, implementation and control. Central to the conventional strategic management view is that there exists a positive association between strategic planning and corporate performance with the direction of causation from strategic planning to performance (Greenley, 1986).

Strategic planning has become an important element in the management of for-profit and non-profit organizations. Although strategic planning may result in lengthily, often-ignored sets of plan, this result are not a necessary outcome (Mintzberg, 1994). Steiner (1979) notes that strategic planning is simply “a systems approach to manoeuvring an enterprise over time through the uncertain waters of it’s changing environment to achieve prescribed aims”. One function of strategic planning is to assist in allocating scarce resources in an environment of competing demands. A second function is to strengthen an organization’s financial viability (Goldsmith, 1994).

Evidence of the impact of environmental turbulence upon strategic planning is limited. Cross-sectional studies have produced inconsistent findings (Brown & Eisenhardt's, 1997). Longitudinal evidence is fragmented, but more consistent in response to increasing environmental turbulence, strategic planning systems have changed substantially from the highly formalized processes of the 1960s and 1970s (Burgelman, 1996). A key feature of strategic planning processes is the presence of 'semi-structures' that create plans, standards, and responsibilities for certain activities, while allowing freedom elsewhere (Brown & Eisenhardt's, 1997).

Ansoff (1991) conceptualizes strategic planning as the process of seeking a better match between a firm's products or technology and its increasingly turbulent markets. He looks at it in terms of change from a familiar environment to an unfamiliar world of strange technologies, strange competitors, new consumer attitudes, new dimensions of social control and above all, a questioning of the firm's role in society. Hoffer and Schendel (1978) define strategic planning as an evolution of managerial response to environmental change in a focus moving from internal structure and production efficiency, to the integration of strategy and structure and production innovation, multinational expansion and diversification.

Porter (1985) explains that strategic planning process comprises of three main elements which helps turn an organizations vision or mission into concrete achievable. These are the strategic analysis, strategic implementation. The strategic analysis encompasses setting the organization's direction in terms of vision, mission and goals. Therefore this entails articulating the company's strategic unforeseeable events, potent competition, and internal difficulties.

2.4 Benefits of Strategic Planning

One major benefit of strategic planning is to promote the process of adaptive thinking or thinking about how to attain and maintain firm-environment alignment (Ansoff, 1991, Armstrong, 1982; Grinyer, Al-Bazzaz and Yasai-Ardekani, 1986). From the perspective of adaptive thought, small and large firms probably benefit from strategic planning to similar degrees. For small firms adaptive thinking is very valuable because it can help executives overcome the vulnerability of their firms by helping them avoid missteps (Aram and Cowen, 1990) Armstrong (1982) noted that careful planning in the face of high complexity can ensure that “the various bits and pieces fit together.”

The first benefit of strategic planning is the process and not the plan document. Strategic planning is to be seen first of all as a collective learning experience. It is a process of acquiring new techniques and working methods, of learning how to do things differently and more effectively and of developing new attitudes to work. A strategic planning process can be called successful, not when a nice plan document has been prepared, but when the daily actions taken by the different departments or sections have been improved and are resulting in a better service delivery (Kaufman & Herman, 1991). The benefit of a strategic planning discipline is that it facilitates effective decision making, better selection of tactical options and it leads to a higher probability of achieving the owners’ or stakeholders’ goals and objectives (Ryals & Rogers, 2007).

Strategic planning assumes that an organization must be responsive to a dynamic changing environment (not the more stable environment assumed for long-range planning). Certainly a common assumption emerges in the non-profit sector that the environment is indeed changeable, often in unpredictable ways (Ansoff, 1991).

Strategic planning then stresses the importance of making decision that will ensure the organization's ability to successfully respond to changes in the environment (Mintzberg, 1994). Barry (1997) identifies several benefits of strategic planning in government and non-profit organizations. These includes; thinking strategically; clarifying future direction; making today's decisions in light of their future consequences; developing a coherent and defensible basis for decision making; exercising maximum discretion in the areas under organizational control; solving major organizational problems; improving performance; dealing effectively with rapidly changing circumstances; and building teamwork and expertise. Strategic planning, if well executed, enables an organization to achieve desired goals and objectives. The benefits of strategic planning cannot be over emphasized as they can make the difference between success or failure.

Strategic planning helps managers integrate and control various parts of a firm (Grinyer, et al., 1986; Vancil & Lorange, 1975). Such integration and control involves multiple parts of the firm contributing directly or indirectly to a unified strategic planning and being held accountable for any congruity with an existing plan (Kukallis, 1991). This heightened difficulty makes strategic planning and other managerial tools that assist in integration and control more critical in large firms (Grinyer, et al., 1986).

2.5 Challenges of Strategic Planning

The most difficult part of strategic planning is not technical but human. Strategic planning implies the application of a number of specific techniques such as the logical framework approach, the use of simulation models, the application of programme budgeting techniques, and so on (Anderson, 2000). Spreading those techniques throughout an organization is not always easy, but it can be handled through organizing systematic skill development programmes. A much more difficult challenge is to change

the mind-set of the people and to introduce the strategic management culture that goes with the techniques, a culture based on information sharing and focused on producing results (Mintzberg & Quinn, 1999).

Strategic planning cannot succeed without the commitment of the plan implementers and the different stakeholders. Commitment can only be obtained if people identify with the plan, so that they are motivated to produce the expected results. Strategic planning should therefore not be carried out in isolation by experts alone, but rather as an inclusive process in which the implementers and stakeholders are actively involved in one way or another (Mintzberg, 1999).

According to Anderson (2000), 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 often are conflicting in nature. When this happens strategic planning becomes irrelevant and as a result it becomes hard to come up with a common strategy that benefits the entire organization. Agreeing on the choice of strategy presented by the group of planners may take a lot of time thus leading to delays of approving important strategies.

Another challenge as identified by Mintzberg and Quinn (1999) includes failure of an understanding throughout the organization of what strategic planning is or how it will be carried out or the degree of the top management of the organization towards doing it well. Strategic planning may require that everyone involved have an understanding of what it is and that the top management team is highly committed in its development. All people that are affected by the plan should be involved in the planning process.

A collective discussion especially concerning the main priorities becomes a challenge faced by the group of planners. The plan should be explained to everyone throughout the

entire organization before it is circulated elsewhere. Fear of change is another notable challenge of strategic planning. This leads to resistance of change thus posing a great task to executives of convincing their staff of the need and benefits of that change thereof. Increased volatility of the business environment makes systematic strategic planning more difficult. Rapid change requires strategies that are flexible and creative, characteristics which are seldom and associated with formalized planning. In vast majority of companies strategic planning is a calendar-driven ritual which assumes that the future will be more or less like the present (Hamel, 1996).

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 (Greenley, 1986). When this happens, strategic planning becomes irrelevant and as a result it becomes hard to come up with a common strategy that befits the entire organization. Agreeing on the choice of strategy presented by the group of planners may take a lot of time thus leading to delays of approving important strategies (Thompson, Strickland & Gamble, 2008).

2.6 Empirical Studies and Knowledge Gaps

Greenley (1986) identified a range of advantages to be gained from strategic planning. Strategic planning may therefore be effective as a process of management, regardless of the performance achieved. Despite this, Greenley (1994) argues that performance can easily be linked to strategic planning, especially if the dimensions and features of planning are actually identified in a company's strategic planning. Indeed the whole focus of strategic management revolves around the attainment of sets of objectives which represent aspirations for future performance.

Boyd (1991) notes that strategic planning is one tool to manage environmental turbulence, which has been adopted by a wide range of organizations. Further, formal strategic planning is an explicit and on-going organizational process, with several components, including establishment of goals and generation and evaluation of strategies. An effective strategic planning process will link long-range strategic goals with both mid-range and operational plans. Armstrong (1982) considered 12 studies reporting positive, null or negative benefits to formal strategic planning and concluded that these studies supported the usefulness of formal strategic planning, but that serious research problems were found in these studies, so few conclusions could be drawn about how to plan and when to plan.

According to Anderson (2000) strategic planning is associated with higher performance in all the industrial setting studied and where the performance effect of strategic planning does not vary significantly across different industry groups. He argues that further attempts to incorporate elements of the industry level contexts into the analysis of planning and performance by distinguishing between manufacturing and service sector firm yielded success.

2.7 Chapter Summary

This chapter provided literature review on the research study. The chapter discussed the various theories in which the research study was anchored. The chapter further discussed in detail the various literatures on strategic planning, benefits of strategic planning and challenges of strategic planning. The chapter also outlined the empirical studies and knowledge gaps necessitating the research study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter dealt with the research methodology of the study. It addressed the research design, data collection and data analysis. The chapter identified the research design which was based on the topic of research study. The chapter further described the data collection and analysis methods which follow the research design adopted.

3.2 Research Design

According to Yin (2003) research design constitutes the blue print for the collection, measurement and analysis of data. This research study used the case study research design in seeking to address the objectives of the study. Basically a case study was an in-depth study of a particular situation rather than a sweeping statistical survey. It is a method preferred in narrowing down a very broad field of research. Case studies are the preferred strategy when “how” or “why” questions are being posed when the investigator has little control over events.

The study gave an insight into Resolution Insurance challenges and benefit in its strategic planning practices, processes and systems. Using a case study was therefore useful for investigating how the practices and processes change over time perhaps as a result of different circumstances or interventions.

3.3 Data Collection

The research study used primary data and uses an interview guide to collect the data. The interview guide targeted senior managers involved in strategic planning in the head office of Resolution Insurance, Nairobi. This was done by using semi-structured open ended questions to give the research a qualitative approach. The interviewees consisted of 7 senior managers at Resolution Insurance Company Limited. These included the General Manager, heads of technical, underwriting, claims, finance, sales and marketing and Bancassurance departments. These heads of departments had been selected because they are responsible for strategic planning, strategy formulation, control and implementation. The researcher personally interviewed the interviewees.

3.4 Data Analysis

The data collected was analysed using the content analysis technique. Babbie (2001) noted that content analysis measures the semantic content or the ‘what’ aspect of a message. Its breadth makes it a flexible and wide-ranging tool that may be used as a stand-alone methodology or as a problem specific technique.

Content analysis conforms to three basic principles of scientific method and thus preferred. They are; objectivity, which means that the analysis is pursued on the basis of explicit rules, which enable different researchers to obtain the same results from the same document or messages; systematic; the inclusion or exclusion of content is done according to some consistently applied rules whereby the possibility of including only materials which support the researcher’s ideas is eliminated; generalizability, the results obtained by the researcher can be applied to other similar situations (Franzosi, 2004).

3.5 Chapter Summary

The chapter described the research methodology that was to be used to carry out the study. The research design adopted was case study because the research focussed on one organisation that is the Resolution Insurance Company Limited. Data was collected using an interview guide which was chosen because it provides the interviewer with the opportunity to collect detailed information. Being a case study, content analysis technique was used to analyse the data collected.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1. Introduction

This chapter presents the findings of the research study. Primary data was collected by use of interview guide to the various heads of departments who were the General Manager and the heads of technical, underwriting, claims, finance, sales and marketing and Bancassurance departments. The interview guide was designed in line with the objectives of the study, which was to determine the strategic planning process at the Resolution Insurance Company Limited (K) Limited. The interview guide was used to collect data which was qualitative in nature. The data collected was analyzed using content analysis technique.

4.2. The Respondents Profiles

The study sought to collect information from the top managers of the Resolution Insurance Company Limited (K) Limited at its Nairobi headquarters. The respondents held different positions and had worked with the Company for different periods. About half of the respondents had been with the Company for long having worked for a period of 10 years and above at Resolution Insurance Company Limited and thus were well conversant with strategic planning activities that are done in their organization.

Also the study established that respondents worked at different capacities in different departments thus provided clear information on strategic planning processes at Resolution Insurance Company Limited and the way the same is assimilated in all the departments. The respondents comprised of General Manager, heads of technical,

underwriting, claims, finance, sales and marketing and Bancassurance departments. They clearly understood the strategic plan of achieving different objectives in their specific departments and the way of measuring performance among the employees.

4.3 Strategic Planning Process at the Resolution Insurance Company

The study sought to establish how Resolution Insurance Company Limited undertook strategic planning. The researcher asked the interviewees various questions relating to strategic planning processes adopted by Resolution Insurance Company Limited and obtained various responses. This was meant to indicate if and how strategic planning is undertaken and how successful, if at all.

The study also indicated that in Resolution Insurance Company Strategic plan development follows the consideration and articulation of values and priorities; the plans are developed through a participatory approach involving organizational members, partners and staff based on the organization's vision and mission. The senior management consult with the executive board members, who proofread and approve the organisational strategies. The strategic plans are communicated to employees through internal staff meetings, internal memos, organization policy documents like operations manuals as well as brochures and organization website.

Resolution Insurance Company has successfully designed and adopted plans included all those interested in the strategic planning process. For example, processes have been developed to involve program managers, service providers, the regulator, and the public in the articulation of vision. The opinion of the various stakeholders are sought and taken into consideration when coming up and selecting strategic plans.

The respondents indicated that strategic plans are not merely laundry lists of goals, but rather reflect the priorities of those participating in the planning process. The most useful plans are succinct and easily translated into useful measures. Inclusion of too many goals causes states, agencies, and programs to become overwhelmed with the details of data collection and reporting.

The respondents were asked to indicate whether the company undertakes strategic planning. They indicated that the company undertakes strategic planning by creating a list of the business's strengths and weaknesses and the external threats and opportunities it faces. Identifying strengths, weaknesses, opportunities and threats can help managers create strategies to exploit strengths or minimize weaknesses while taking advantage of opportunity and avoid threats. Respondents also indicated that strategic planning at Resolution Insurance Company Limited is undertaken through cost-benefit analysis and engaging experts. The interviewees indicated that a number of strategy retreats were held for the senior managers where they discussed and adopted strategies for the Company.

The study sought to establish whether respondents were involved in the undertaking of the strategic planning. The study established that respondents were involved in the Strategic Planning process, that their opinions were sought and taken into consideration. Respondents were present during the strategy formulation process with stakeholders at all levels of the organization being well represented.

Respondents were requested to state whether their organization conducts an expert analysis before choosing a strategic planning exercise. Respondents indicated that Resolution Insurance Company Limited conducts expert analysis to aid in selection of

Strategic Plans. Expert analysis is done by managers in different branches with help of the employees from all the branches countrywide. Everyone is involved in one way or another since the strategies selected for the various departments are as a result of the feedback given by employees in their interaction with clients. Employee Opinion Survey is normally conducted to understand employees' feelings and opinions toward strategy development. Environmental analysis is fully conducted by acknowledging different trends and relating them with the information gathered from all the branches across the country.

The study sought to determine from the respondents whether strategic planning affect their department. Respondents indicated that strategic planning affect their department. The respondents noted that the strategic planning had enabled their department to carry out its mandate because the activities are formulated based on identified strategies. A Human Resource Manager indicated that strategic planning is a planning tool that gave them a sort of road map in planning for its human resource requirements and how to deal with external parties.

The study sought to determine from the respondents whether they were involved in the formulation of strategic plans that are now being used at Resolution Insurance Company Limited. According to the respondents, relative to the type of strategic planning process; every concerned employee/manager is involved in strategic planning process, with clearly defined leadership and scope. Further, the respondents indicated that the roles played by various respondents varied from department to department. One of the managers indicated "that they were involved in identification of strategic objectives for

various sections and developed the activities” while HRM manager indicated being a member of the steering committee. All respondents indicated having participated in one way or the other in formulation and implementation of the strategic plan.

The respondents were also asked to point out whether the strategic planning processes are useful in achieving the set objectives of Resolution Insurance Company Limited. Respondents retorted that the plan clearly outlines the Vision and Mission Statements. All the respondents state that the plan clearly outlines the organization’s strengths and weaknesses and agreed that the plan had clearly stated objectives.

4.4 Benefits of Strategic Planning at the Resolution Insurance Company

The study asked the interviewees various questions relating to strategic planning process adopted by Resolution Insurance Company Limited and obtained various responses. This was meant to indicate how undertakings of strategic planning process are of great significance. Respondents were requested to indicate the operational benefits that may be realized by the application of appropriate strategic planning. From this study, it was evident that the strategic planning makes the management of an organization easier by providing a framework and a clearly defined direction for decision-making. Also the study established that strategic planning establishes a uniform vision and purpose that is shared among all members of the organization and helps them pull in the same direction. The study further established that strategic planning creates an increased level of commitment to the organization and its goals.

The study sought to establish various financial benefits that accrue to Resolution Insurance Company Limited as a result of effective strategic planning. The study established that there are effective strategic planning leads to efficient management of assets liabilities and the enhanced management of its working capital and cash conversion cycle, and also it helps management to make effective, timely decisions to expand businesses that increase the firm's economic value and to implement corrective actions in those that are destroying its value. In addition, respondents cited enhanced profitability, increased market share, and growth in sales as outcomes of effective strategic planning.

The study sought to establish how strategic planning result in efficient and effective decision making policies. The study established that the benefit of a strategic planning discipline is that it ensures efficient and effective decision making policies by helping the decision makers to think strategically; guiding decision makers on the future direction and developing a coherent and defensible basis for decision making. In addition, the study established that effective strategic planning have helped the managers to exercise maximum discretion in the areas under organizational control; solve major organizational problems; improve performance; deal effectively with rapidly changing circumstances; and build teamwork and expertise that aids in efficient and effective decision making policies.

The chief operating officer indicated that strategic planning increases effective. He stated that effective strategic planning requires only a handful of procedures. That is; Start by engaging commitment, Purpose guides everything, Analyze the organization in its context, Decide strategies and Evaluate plan execution. Some of the respondents stated

that strategic planning provides a clear focus by producing more effectiveness and efficiency. They also stated that strategic planning increases effectiveness by building strong teams in the board and staff. One of the respondents added that strategic planning keeps the board together. Strategic planning according to the respondents also increases productivity and solves major problems in the organization

4.5 Strategic Planning Challenges at the Resolution Insurance Company

The study asked the interviewees various questions relating to strategic planning challenges faced by Resolution Insurance Company Limited and obtained various responses. This was meant to indicate the challenges encountered during its reinvention. This will help the corporation's future planning managers and also benefit other organisations in Kenya and indeed the region.

The respondents were also asked to point out factors that affect strategic planning process in Resolution Insurance Company Limited. Lack of commitment of the plan implementers, fear of change, lack of employee involvement, ineffective coordination especially poor communication of strategic planning process, time allocated for the planning, lack of a structured way of managing strategic planning process, lack of needed resources for example specialized labour which is either nonexistent or expensive were amongst the challenges mentioned. In addition the respondents said that mostly strategic planning processes are anchored on corporate strategy and which when not communicated properly sometimes becomes a major challenge, others are lack of support and needed capabilities to carry change through, lack of commitment due to existence of commitment gap, strategic planning agents lacking a compelling figure of what strategic planning is desired.

The study found out that there has been a challenge of competition from other insurance firms. The respondents indicated that the competitor activities pose a big challenge when the firms have to exert and show their financial muscle through product development and advertising in a bid to grow their market share. This is because some firms can invest heavily in research and development coupled with branding. Competition has thus been a challenge since all the players are trying to out-do each other while still trying to offer the best and unique services. This has increased a big deal since customers are now more aware of services offered by the other players and continue to demand the best. Another challenge that Resolution Insurance Company Limited faces is the social factors. The organization is faced with a challenge of ensuring that corporate responsibility is an obligation but not just nice to have it. There has been an increasing importance of sustainability and public reputation for long term success that calls for exclusive shareholder value focus and broader stakeholder focus.

On the question of operational challenges Resolution Insurance Company Limited face in the undertaking of strategic plans; the study found that organization culture of Resolution Insurance Company Limited affected strategy planning. The respondents were of the opinion that among the organisational culture factors that affects strategy planning are, how managers make decisions, leadership style of managers and the dominant values and beliefs. Poor organization rewarding culture, poor structure of office, inadequate staff commitment, and poor regional representation were cited by the respondents as other challenges that Resolution Insurance Company Limited faces in its strategy planning efforts.

The findings further show that the existing organization structure posed a challenge in the undertaking of strategic plans according to majority of the respondents. Some of the challenges highlighted by the respondents included; too much bureaucracy, structure are very rigid, lack of clear policy, structures not in line with the strategic plans; structure lacks good flow of information on the various stages of the implementations of strategic plans and lack of guidelines in the structure on how strategic plans should be implemented.

In addition, respondents indicated other challenges to include resources, both human resources and monetary, pose a big challenges in strategic plan implementation. All departments work with budgets which are supposed to be adhered to by all the units. The challenge comes in situations that call for more resources or huge investments but the budget does not allow. Hence the firm is unable to grab some opportunities since employee performance will have a performance indicator of adherence to budgets.

In addition, all the respondents felt that communication was the greatest challenge in the strategic plan implementation. Majority of the people interviewed felt that communication was not adequate. The people felt that sometimes decisions are not were not well and clearly communicated. Moreover, communication is not at all times done to all the stakeholders in the implementation process. The managers owing to their implementation task and direct involvement are familiar with the strategic plan and their roles. However, as you come down especially to the operational units, most of the staff is not familiar with the strategic plan since they are not quite involved hence the people may all be seeking to achieve different objectives. They all need to be included in the communication regarding strategy, implementation and also review.

4.6 Discussion

This section presents corroboration of the results with the existing theories and empirical literature.

4.6.1 Comparison with Theory

The study found that Resolution Insurance Company Strategic plan development follows the consideration and articulation of values and priorities; the plans are developed through a participatory approach involving organizational members, partners and staff based on the organization's vision and mission. The senior management consult with the executive board members, who proofread and approve the organisational strategies. The strategic plans are communicated to employees through internal staff meetings, internal memos, organizational policies documents like operations manuals, internal memos as well as brochures and organizational website. The Resource Based View (RBV) suggest that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantaged to the firm (Hoffer & Schendel, 1978; Wernerfelt, 1984).

According to Barney (2002) the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information and knowledge controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness. This theory further states that a successful business must have sufficient resources to use. This theory will be used to explain how the availability of resources can create a competitive advantage and hence contribute to successful strategic planning (Dollinger, 2003). Similarly, the stakeholders theory posits that stakeholders are

uniquely positioned to affect the position of the organization whether through withholding or providing efforts through employees, infrastructure through government or cash flow through customers, among other things (Rowley & Berman, 2000).

The study also established that Resolution Insurance Company Limited conducts expert analysis before choosing a strategic planning exercise but in rare cases which is done by managers at different branches with help from the employees from all over the country where Resolution Insurance Company Limited is present. According to Stoffels (1994) the environment dependence theory demonstrates that the firm is a part of the environment, the firm interacts with the environment both as a receptor of signals from the environment and a transmitter of signals to it and the character of the environment the firm faces is importantly shaped by interdependencies and transactions that occur entirely outside the domain or realm of influence of the organization.

4.6.2 Comparison with other studies

From this study, it was evident that the strategic planning makes the management of an organization easier by providing a framework and a clearly defined direction for decision-making. Also the study established that strategic planning establishes a uniform vision and purpose that is shared among all members of the organization and helps them pull in the same direction. The study further established that strategic planning creates an increased level of commitment to the organization and its goals. The study also established that there are effective strategic planning leads to efficient management of assets liabilities and the enhanced management of its working capital and cash conversion cycle, and also it helps management to make effective, timely decisions to expand

businesses that increase the firm's economic value and to implement corrective actions in those that are destroying its value. In addition, respondents cited enhanced profitability, increased market share, and growth in sales as outcomes of effective strategic planning. Similarly, according to Ryals and Rogers (2007), the benefit of a strategic planning discipline is that it facilitates effective decision making, better selection of tactical options and it leads to a higher probability of achieving the owners' or stakeholders' goals and objectives. Strategic planning helps managers integrate and control various parts of a firm (Grinyer, et al., 1986; Vancil & Lorange, 1975). Such integration and control involves multiple parts of the firm contributing directly or indirectly to a unified strategic planning and being held accountable for any congruity with an existing plan (Kukallis, 1991). This heightened difficulty makes strategic planning and other managerial tools that assist in integration and control more critical in large firms (Grinyer, et al., 1986).

Lack of commitment of the plan implementers, fear of change, lack of employee involvement, ineffective coordination especially poor communication of strategic planning process, time allocated for the planning, lack of a structured way of managing strategic planning process, lack of needed resources for example specialized labour which is either nonexistent or expensive were amongst the challenges mentioned facing solution insurance. In addition the respondents said that mostly strategic planning processes are anchored on corporate strategy and which when not communicated properly sometimes becomes a major challenge, others are lack of support and needed capabilities to carry change through, lack of commitment due to existence of commitment gap. According to Mintzberg, (1999), strategic planning cannot succeed without the

commitment of the plan implementers and the different stakeholders. Commitment can only be obtained if people identify with the plan, so that they are motivated to produce the expected results. Strategic planning should therefore not be carried out in isolation by experts alone, but rather as an inclusive process in which the implementers and stakeholders are actively involved in one way or another.

The findings further show that the existing organization structure posed a challenge in the undertaking of strategic plans according to majority of the respondents. Some of the challenges highlighted by the respondents included; too much bureaucracy, structure are very rigid, lack of clear policy, structures not in line with the strategic. Majority of the people interviewed felt that communication was not adequate. According to Anderson (2000), 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 often are conflicting in nature. When this happens strategic planning becomes irrelevant and as a result it becomes hard to come up with a common strategy that befits the entire organization. Agreeing on the choice of strategy presented by the group of planners may take a lot of time thus leading to delays of approving important strategies.

Kamau (2008) studied strategic planning practices adopted by tour and travel firms in Kenya, and found out that the strategic planning practices in the firms follows the formal planning process, save for the involvement of key stakeholders such as employees in the planning process. It also established that another planning practice is that the firms in the industry do external as well as internal environmental analysis to ascertain the effects of various factors on their operations before formulating their plans.

4.7 Chapter Summary

This chapter presented the results and findings of the research study with respect to the data collected from the respondents. The respondent's profiles were captured in terms of position, length of service and role in strategic planning. The chapter presented the findings of the research study objectives which were; how Resolution Insurance Company Limited undertakes strategic planning, benefits of strategic planning and challenges of strategic planning at the Resolution Insurance Company Limited. The chapter also presented the corroboration of the results with the existing theories.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary, conclusion and recommendations drawn from the study. It also gives suggestions for further study. The chapter gives a summary and conclusion of the findings in respect to the research study objectives. The chapter also gives recommendations based on the findings of the research as well as highlighting limitations of the study which could have had an effect on the findings of the research study. It concludes by giving suggestions for further research.

5.2 Summary of Findings

5.2.1 Strategic Planning at Resolution Insurance Company Limited

The study found that Resolution Insurance Company Strategic plan development follows the consideration and articulation of values and priorities; the plans are developed through a participatory approach involving organizational members, partners and staff based on the organization's vision and mission. The senior management consult with the executive board members, who proofread and approve the organisational strategies. The strategic plans are communicated to employees through internal staff meetings, internal memos, organisational policies documents like operations manuals, internal memos as well as brochures and organizational website.

5.2.2 Benefits of Strategic Planning

The study found that strategic planning had enabled Resolution Insurance Company Limited departments to carry out their mandate because the activities are formulated

based on identified strategies. The Human Resource manager indicated that strategic planning is a planning tool that gave them a sort of road map in planning for its human resource requirements and how to deal with external parties.

The study established that relative to the type of strategic planning process; every concerned employee/manager is involved in strategic planning process, with clearly defined leadership and scope. Further, the respondents indicated that the roles played by various respondents varied from department to department. All respondents indicated having participated in the formulation and implementation of the strategic plan.

The study established that the strategic planning makes the management of an organization easier by providing a framework and a clearly defined direction for decision-making and that it establishes a uniform vision and purpose that is shared among all members of the organization and helps them pull in the same direction.

The study also revealed that effective strategic planning leads to efficient management of assets liabilities and the enhanced management of its working capital and cash conversion cycle, and also it helps management to make effective, timely decisions to expand businesses that increase the firm's economic value and to implement corrective actions in those that are destroying its value. In addition, respondents cited enhanced profitability, increased market share, and growth in sales as outcomes of effective strategic planning.

The study further established that the benefit of a strategic planning discipline is that it ensures efficient and effective decision making policies by helping the decision makers to think strategically; guiding decision makers on the future direction and developing a

coherent and defensible basis for decision making. In addition, the study established that effective strategic planning have helped the managers to exercise maximum discretion in the areas under organizational control; solve major organizational problems; improve performance; deal effectively with rapidly changing circumstances; and build teamwork and expertise that aids in efficient and effective decision making policies.

5.2.3 Challenges of Strategic Planning

The study revealed that Lack of commitment of the plan implementers, fear of change, lack of employee involvement, ineffective coordination especially poor communication of strategic planning process, time allocated for the planning, lack of a structured way of managing strategic planning process, lack of needed resources for example specialized labour which is either nonexistent or expensive were amongst the challenges affecting strategic planning process at Resolution Insurance Company Limited.

The study further found that organization culture of Resolution Insurance Company Limited affected strategy implementation. The respondents were of the opinion that among the organisational culture factors that affects strategy implementation are, how managers make decisions, leadership style of managers and the dominant values and beliefs.

Finally, the study established other challenges to include too much bureaucracy, structure are very rigid, lack of clear policy, structures not in line with the strategic plans; structure lacks good flow of information on the various stages of the implementations of strategic plans and lack of guidelines in the structure on how strategic plans should be

implemented. In addition, respondents indicated other challenges to include resources, both human resources and monetary.

5.3 Conclusion

The study concludes that the company undertakes strategic planning process through use of SWOT Analysis and that respondents were involved in the undertaking of the strategic planning. In addition, the study concludes that Resolution Insurance Company Limited conducts an expert analysis before choosing a strategic planning exercise which is done by managers at different branches with help from the employees from all over the country where Resolution Insurance Company Limited is present. The study also concluded that strategic planning process had enabled Resolution Insurance Company Limited departments to carry out its mandate because the activities are formulated based on identified strategies.

The study further concludes that the strategic planning makes the management of an organization easier by providing a framework and a clearly defined direction for decision-making and that it establishes a uniform vision and purpose that is shared among all members of the organization and helps them pull in the same direction. The study also concludes that effective strategic planning leads to efficient management of assets liabilities and the enhanced management of its working capital and cash conversion cycle, and also it helps management to make effective, timely decisions to expand businesses that increase the firm's economic value and to implement corrective actions in those that are destroying its value. The study further concludes that the benefit of a strategic planning discipline is that it ensures efficient and effective decision making.

The study concludes that Lack of commitment of the plan implementers, fear of change, lack of employee involvement, ineffective coordination especially poor communication of strategic planning process, time allocated for the planning, lack of a structured way of managing strategic planning process, lack of needed resources for example specialized labour which is either nonexistent or expensive were amongst the challenges affecting strategic planning process at Resolution Insurance Company Limited.

5.4 Recommendations

The study observed that the firm involved in the study was practicing strategic management. Due to the envisaged benefits of using these practices, the study recommends that all the firms in the insurance industry in Kenya should adopt strategic management in particular strategic planning so as to gain competitiveness in the sector and also so as to gain efficiency in operations and hence improve their profitability.

Strategic planning process is a challenging exercise due to all the factors that surround the process and due to the fact that it is largely dependent on people. The management at Resolution Insurance Company Limited, must take cognizance of the importance of people, their roles and impact on strategic plan implementation. They need to come up with policies that involve and recognize people and reward policies that will act as positive reinforcements. This creates a strong sense of ownership, unity in purpose and accountability in the people making them support the strategic plan implementation.

Communication is very crucial in strategic plan undertaking. It is necessary for people to know what is happening and what should be happening. This will guide their directions and actions. When people know what they are supposed to do and why, they will tend to

act responsibly since they know the rational. It is also necessary to create mechanisms for feedback and communication. This will help in fostering an organization where information is readily available to all.

The study also recommends the policy makers to create a concrete and easy to follow strategic planning model that the firms could follow since the study has observed that challenges in most of the strategic planning practices may be avoided at the strategy conception and creation stage by ensuring that the strategic plan created is comprehensive and competitive. The existing models are mainly international and none of these models are specific to the insurance sector which is very unique compared to other firms.

5.5 Limitations of the Study

Some heads of departments were too busy to give the interviewee adequate time to interrogate deeper the responses given. Some interviewees were also very sensitive about the information they were sharing and thus did not give information considered as confidential. The study depended on interviews and discussions with the heads of departments. It would have been of value to obtain the views of other members of staff as they are also incorporated in the strategic planning process. There was also time pressure to collect data and analyze.

The information gathered was based on the few respondents who may not be representative enough for the industry in addition to possibility of bias in the answers given. Due to the face to face nature of data collection through the interview guide, the respondents' identities were known and thus lack of anonymity could have affected their responses.

5.6 Suggestions for Further Research

The research study has achieved its aim of establishing how strategic planning is undertaken by the Resolution Insurance Company Limited. The research study has therefore opened up the field for further research on other Companies whose operations and operating environment may differ in comparison to this particular research on the Resolution Insurance Company Limited. A replica study can be done on other Insurance Companies in the industry which will provide further insight into the strategic planning process in the industry.

This study concentrated on interviewing top management and heads of departments, further studies can focus on bottom up approach by also interviewing other staff who are not necessarily in management for a more practical view especially on the impact of strategic planning on their day to day work..

Further research should also be done on other players in the insurance industry such as insurance brokers and reinsurance companies who are also major players in the industry. Further research should also be done using different methodology in terms of research design, data collection and analysis to test variables and compare the results. The various studies will allow a more generalized conclusion to be made on the strategic planning process for Kenyan organizations.

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APPENDICES

Appendix I: Interview Guide

Strategic planning at Resolution Insurance Company Limited

Section A: Demographic Information

1. Name of the respondent (Optional)
2. What is your position in the organization?
3. In which department do you work?
4. How long have you worked at Resolution Insurance Company Limited?

Section B: Strategic Planning

5. Does the company undertake strategic planning? If yes, how?
6. Were you involved in the strategic planning process in the company?
7. Does your organization conduct an expert analysis in strategic planning?
8. Does strategic planning affect your department and how?
9. Were you involved in the formulation of strategic plans at Resolution Insurance Company Limited?
10. In your own view do you think strategic planning adopted by the Company is useful in achieving the set objectives of Resolution Insurance Company Limited

Section C: Benefits of Strategic Planning

11. What are the operational benefits that may be realized by the application of appropriate strategic planning in your company?

12. What are the financial benefits that may arise from effective strategic planning in your company?
13. Will strategic planning in your organization result in efficient and effective decision making policies?
14. What are the administrative benefits that may be realized by strategic planning in your company?
15. What are the benefits arising from adoption of strategy planning?

Section D: Strategic Planning Challenges

16. What are the factors that affect strategic planning in your company?
17. What are some of the industry challenges that you encounter while undertaking strategic planning?
18. What are the operational challenges that you face while undertaking the strategic planning?
19. What are the other challenges that you face in undertaking strategic planning in your company?
20. In your own view what are the other challenges that Resolution Insurance Company Limited encounters during the applicability of strategic planning?

Thank you for your cooperation

Appendix II: Letter of introduction

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UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS MBA PROGRAMME

Telephone: 020-2059142
Telegrams: "Varsis", Nairobi
Telex: 22085 Varsis

P.O. Box 30195
Nairobi, Kenya

DATE:.....

TO WHOM IT MAY CONCERN

The bearer of this letter... Humphrey Mutinda, N.D.A.M.

Registration No... D.N.167746/2013

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.

**PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS**

