

**FACTORS INFLUENCING QUALITY MANAGEMENT  
STANDARDS IMPLEMENTATION IN INSURANCE FIRMS IN  
KENYA**

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## DECLARATION

This research project is my original work and has not been submitted for award of a degree in any other university.

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Signed

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This research project has been submitted for examination with my approval as the university supervisor.

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## **ACKNOWLEDGEMENT**

I acknowledge my supervisor Ms Zipporah Kiruthu who worked tirelessly to ensure I completed this project on time. I acknowledge my colleagues for their professional and moral support during the time of writing this project.

## **DEDICATION**

This study is dedicated to God Almighty, from whom all good things come, my family, Dad and Mum for their unending love and support, my siblings for your support and encouragement.

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## **ABBREVIATIONS**

<b>AKI</b>	Association of Kenya Insurers
<b>ISO</b>	International Organization for Standardization
<b>QA</b>	Quality Assurance
<b>QAS</b>	Quality Assurance Systems
<b>QM</b>	Quality Management
<b>QMS</b>	Quality Management Standards
<b>TQM</b>	Total Quality Management



## **ABSTRACT**

The rise of quality management practices in the world of business is normally associated with the implementation of quality systems based on the ISO 9000 international standards. The general objective of the study was to examine the factors influencing quality management standards implementation in insurance firms in Kenya. This study adopted a descriptive research design. The target population for this study consisted of the 3 ISO certified insurance firms in Kenya. According to the Insurance Regulatory Authority database, there are forty seven licensed insurance firms. The researcher adopted purposive sampling technique and selected nine respondents from each of the three ISO certified insurance firms in Kenya. Methods of data collection that were used involved both primary and secondary data. The analysis of the data collected was according to the objective of the study. The data analysis included both qualitative and quantitative techniques. The data was also analysed using content analysis and descriptive statistics. The respondents strongly agree on factors that influence quality management standards implementation that applied in their organizations were risks associated with carrying out business operations, need for excellence in accounting and security analysis influences quality management standards implementation in their organization and assessing the risk of loss and communicating beforehand factor and offering more internet based tools that support business critical processes. Other factors highlighted by the respondents that influence the implementation of quality management standards in their organizations include: time and cost for ISO implementation, sources of ISO information, quality systems that are in place and administration efficiency. In conclusion employees themselves think the implementation of ISO changes the present situation of their organizations, increases their burden, affects their original schedules, and even decreases their wills to work while executives underestimate the resistance from employees. Organizations seeking to implement the new standard, particularly those with no previous ISO certificate, ought to engage external consultants with expertise for effective certification and consequently, decrease the time and costs of the implementation. Organizations therefore need to encompass the entire organization and requires senior management support. The Insurance firm leaders particularly the regulator need to encourage the adoption of quality management standards as this will restore confidence in the industry as well as improve business performance.

# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background**

In recent years, quality management has become a vehicle for organizations to achieve competitive advantage in the local and global arena. The assumption in quality management is that the organization must produce products and services of the highest possible quality. Thus, in the last century there has been a growing interest in the issue of quality management in organizational theory and practice. The research literature agrees that proper implementation of a quality and excellence based management system can drastically affect company performance (Power, 2003).

Nearly 900,000 organizations in 170 countries have adopted the ISO 9001 Quality Management System standard. This is a remarkable figure given the lack of rigorous evidence regarding the standard's effect on organizational practices and performance. Implementing a quality management system that conforms to ISO 9001 entails documenting operating procedures, training, internal auditing, and corrective action procedures. It also requires that procedures to improve existing procedures be implemented. The notion of quality in business focuses on the savings and additional revenue that organizations can realize if they eliminate errors throughout their operations and produce products and services at the optimal level of quality desired by their customers (Dale, 2002).

The ISO 9000 family addresses various aspects of quality management and contains some of ISO's best known standards. The standards provide guidance and tools for companies and organizations who want to ensure that their products and services consistently meet customer's requirements, and that quality is consistently improved. Standards in the ISO 9000 family include: ISO 9001:2008 - specifies the requirements of a quality management system; ISO 9000:2005 which covers the basic concepts and language while ISO 9004:2009 focuses on how to make a quality management system more efficient and effective. In addition ISO 19011:2011 sets out guidance on internal and external audits of quality management standards.

With a quality management approach, continuous improvement systems are added by incorporating a quality cycle of continuous improvement. Unlike quality assurance, where the goal is to meet the specified standard, quality management is seen as an

ongoing journey of continuous improvement. A quality management system is designed to provide evidence that a specified standard of quality has been met and continuously improved. It is accepted as good management practice that organizations need to establish structural supports for example documented plans, policies and standard operating procedures to provide parameters for practice and enable them to demonstrate that those practices are sustainable. However, in determining 'quality' it is also acknowledged that a mechanism is needed to measure service user outcomes and the impact of service delivery in meeting service users' needs and improving quality of life. Service users have an integral role to play in monitoring the quality of services they receive, so providers have a responsibility to investigate and implement a range of mechanisms for service user feedback on levels of satisfaction and opportunities for service users to participate in the decision-making processes of the service. The focus on outcomes is a particular strength of a quality management system approach to organizations (Power, 2003).

ISO 9000 certification can deliver business and financial benefits, but the managers of organizations should carefully design the ISO 9000 implementation strategy. To develop a mature quality management system, critical success factors for ISO 9000 certification benefits should be considered in the early phases of their planning and designing processes.

The implementation of a quality management system and its subsequent certification is a voluntary process supported by the organization's own strategy, motivations, policies and goals. To have more benefits from ISO 9000 certification, organizations may need to take into consideration that the design and implementation of an organization's quality management system is influenced by the organization's strategy, its size and structure, organizational environment and its changes as well as the risks associated with that environment (EN ISO 9001:2008). In this connection it can be stated that although ISO 9000 has become a common knowledge in organizations and the standard is widely adopted in different industries and sectors, it can be a source of competitive advantage, because ISO certified organizations can implement the standard in very different ways. It is reasonable to believe that some factors such as corporate vision and strategy, motivation and continuous improvement

as well as competitiveness in the marketplace could have a crucial influence on the strategy of the implementation of ISO 9000.

### **1.1.1 Quality Management Standards**

Quality management standards emphasise continual improvement. Implementing a management system gives a business the opportunity to focus on optimising the areas that matter most to the business and its stakeholders.

Most organizations today view quality more as a process rather than a product or service. To be more specific, it is a continuously improving process where lessons learned are used to enhance future products and services in order to retain existing customers, win back lost customers and welcome new customers. Therefore, companies today are developing and integrating quality improvement processes in the companies' management system. The driving principle is commonly accepted as customer or service user satisfaction. Quality is not something that occurs as an independent activity it needs to be designed into all elements and functions of the organization, and then systematically controlled.

Objective evidence of a quality system is provided through its documentation which standardizes processes and procedures, through monitoring of how personnel within the organization implement and control those procedures, and from recorded feedback from service users. A quality management standard therefore recognizes the interrelatedness of the key components of paper, process and people in contributing to quality. Customer or service user satisfaction comes from providers knowing what service users want, and developing systems and processes to incorporate responses to individual needs. Focusing on the service user and identifying his / her wants and needs is essential to delivering effective quality services. Integral to quality management is the concept of variation (ISO 8402:1994).

### **1.1.2 Implementation of Quality Management Standards**

Strong internal motivation or willingness to improve a company's quality helps establish a quality management system that leads to external benefits such as the improvement of the company's position in the market as well as to internal benefits.

Continuous improvement of processes, people and system, the reward system, team work, the measurement of performance and communication during the post-certification period are all critical success factors for the sustainable quality management system and for successful results of ISO 9000 certification. Quality auditors are in a powerful position to increase the value of certifications. Value-added audit may not only produce data for the use in granting a certificate, for improving documentation or for enforcing conformity, but also for making managerial decisions concerned with economy, staff development, technology, growth, product and processes, because these decisions are based on current performance (Naceur & Abdullah, 2005).

ISO 9000 certification can deliver business benefits, but the managers of organizations should carefully design the ISO 9000 implementation strategy. In this respect, it is important to realize the necessity to align quality programmes with business strategies to ensure that efforts reflect the long-term goals of an organization. A critical point in this effort is the commitment of top management to set priorities in appropriate resource allocation during the design and implementation of the ISO 9000 quality system. There is relationship between the values and requirements that underpin the ISO 9001 standard and important strategic and organizational dimensions. Control-oriented organizations get benefits from ISO 9001 certification (Pivka, 2004). While this is the case insurance firms in Kenya have not been able to fully integrate their systems to achieve the benefits of QMS.

### **1.1.3 Insurance Firms in Kenya**

The insurance industry is regulated by the Insurance Regulatory Authority (IRA). There are forty seven licensed insurance companies in Kenya as at December 2013 of which twenty four were general insurance companies, twelve Life Insurance companies and eleven composite companies. Most of these are competing for the limited formal up-market business where the incomes are more regular and generally higher (The Insurance Survey 2014).

A paltry 3.16 percent of Kenyans have insurance cover, this is in sharp contrast to countries like South Africa, with a nine percent penetration or Malaysia, which has an estimated forty one per cent of the population covered by some form of life insurance

(AKI, 2011) although this is not a number to be particularly proud of, it is important to appreciate that it is the fourth highest in Africa and higher than Mexico, Russia and China.

The last three years have seen the industry grow and more Kenyan Insurance companies expanding to the East African region, this has seen South African firms acquire significant stake in local insurance firms. The industry recorded a gross earned premium of Kes.108 Billion in 2013; with a growth of 20.6% in total industry assets to Kes.363 Billion (The Insurance Survey, 2014). The industry regulator (IRA) launched an Electronic Regulatory System (ERS), which enables insurance entities to log into the system via an electronic portal and report on their performance on a quarterly basis.

Insurance firms have adopted documented standards and procedures covering all stages of Insurance from business acquisition, documentation, claims handling and overall relationship with the client. The standards act as the guide to ensure that clients get personalized attention from all the staff. A continuous review of the scope of coverage to ensure that they remain relevant in the face of business dynamics is a standard adopted by the firms. Additional new policy extensions which might be necessary and economical are always considered by the firms (AKI, 2011).

## **1.2 Research Problem**

The rise of quality management practices in the world of business is normally associated with the implementation of quality systems based on the ISO 9000 international standards (Quazi & Jakobs, 2004).

Despite the growth in research on quality management and its influence on organization performance of firms in Kenya in general and the insurance industry in particular have not focused their energies as expected in relation to quality concept. The implementation of ISO 9001 QMS by most of the industries in Kenya between the years 2008 and 2009 provided a timely quality strategic weapon and an approach to improve the competitiveness, effectiveness, efficiency, cost reduction, reliability and quality of the production processes or service delivery systems. However the insurance industry has lagged behind in the implementation of QMS as only three

insurance companies are ISO certified with the latest being Kenya Orient Insurance Company which was certified in April 2014.

Various studies have been done on quality management standards including Kayis et al (2003) and Fitzgerald (2003) who found out that a power communication is a barrier to QMSs implementation in the Australian context. Wright (2003) found that firm size affects the extent to which QM practices are implemented. On the other hand Wayhan et al., 2002; Heras et al., 2004 and Dimara et al., 2004 among others analyzed the effects on company results of the implementation of quality systems based on the ISO 9000 and TQM models. The researchers found out that for organizations to be successful in the marketplace, each part of the organization must work properly together towards the same goals, recognizing that each person and each activity affects and in turn is affected by others. To improve competitiveness, organizations are looking for a higher level of effectiveness across all functions and processes and are choosing quality management standards as a strategy to stay in business. The increased awareness of senior executives, who have recognized that quality is an important strategic issue, is reflected as an important focus for all levels of the organization.

Insurance firms that implement a quality management system that conforms to ISO 9001 standards typically improve the documentation of operating procedures, training, and procedures for corrective action. To become certified to the ISO 9001 standard, the company hires an accredited third-party auditor to certify that the firm has written procedures for all significant operations, training, monitoring, and other procedures in place to ensure that written procedures are followed, and implemented procedures for continuously improving its other procedures. The latter requirement has implications for training, decision-making, and incentives with respect to low-level employees (Sharma 2005).

Few studies have focused specifically on examining quality management standards implementation in Kenya. Wanjau (2013) did a study on the role of quality management system adoption in growth and management of small and medium enterprises in Kenya. The findings indicated that entrepreneurial management, marketing orientation and capacity enhancement of employees had a significant linear

relationship with quality. Kibe and Wanjau, (2014) carried out a study on the effect of quality management systems on the performance of food processing firms in Kenya. They found out that quality practices are critical in achieving and maintaining this competitive performance. These practises include top management support, capacity enhancement, adoption and utilization of information technology and control measures. Ogada, (2012) studied the quality management practices adopted by sugar manufacturing companies in western Kenya. The study found out that quality management practices that were practiced by the sugar factories were top management commitment, organization for quality, employee training/education, employee involvement, supplier quality management, customer focus, quality system improvement and statistical quality techniques.

These studies did not look at the factors influencing quality management standards. On the other hand these studies are very limited to other organizations and different industries. This study will seek to fill this knowledge gap. Therefore this study sought to answer the question: What were the factors influencing quality management standards implementation in insurance firms in Kenya?

### **1.3 Objectives of the Study**

The general objective of the study was to examine the factors influencing quality management standards implementation in insurance firms in Kenya.

### **1.4 Value of the Study**

The findings of this study might be important to various insurance industry players and their stakeholders.

First, they might find the study useful in evaluating and getting feedback on the progress and success of various factors influencing their quality management standards implementation. This may serve as the foundation of undertaking relevant quality management standards so as to improve on the quality in various areas of the organization leading to improved organizational profitability.

To the scholars, the findings of this study might contribute to the reservoir of knowledge in the area under investigation.



Future researchers might fall back on the findings of this study on issues such as literature review, identification of the research problems and research methodology issues among others.

This research might be of value to government and other relevant bodies as it might assist them in coming up with interventions, policies and laws that might catalyse the quality management standards implementation in insurance firms in particular and other industries in the country.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

This chapter will cover literature on the concept of quality management system, advantages of implementing quality management system and the empirical studies among others.

### 2.2 Quality Management System

The adoption of a quality management system should be a strategic decision of an organization. The design and implementation of an organization's quality management system is influenced by

- a) It's organizational environment, changes in that environment, and the risks associated with that environment,
- b) It's varying needs,
- c) It's particular objectives,
- d) The products it provides,
- e) The processes it employs,
- f) It's size and organizational structure. (**ISO 9001:2008, *Quality Management Systems***)

Adopted in 2003 (ISO, 2003) by nearly 250,000 companies in Europe, the ISO 9000 standards have come to be associated with the implementation of Quality Assurance Systems (QAS), although in its new version for the year 2000 (the ISO 9000:2000 standards) concepts like client satisfaction and continuous improvement have greater weight, and key terminological changes have even been made. In accordance with what is included in the standard itself, QAS has become quality management standards (QMS). It is important to emphasize that, while global in scale, in the early stages these standards spread primarily through the countries of the EU, and especially the United Kingdom. For good reason the European Commission established them as a priority objective (Lundmark & Westelius, 2006).

A quality management system is a management technique used to communicate to employees what is required to produce the desired quality of products and services and to influence employee actions to complete tasks according to the quality

specifications. The QMS incorporates quality planning, provides a framework for managing the activities that enable the company to create items and services which consistently satisfy the customer and regulatory requirements, and is a tool for achieving enhanced customer satisfaction. The QMS also provides for continual improvement by monitoring processes based on their significance, measuring their effectiveness against objectives, and managing processes for improvement (Biolos, 2002).

Kuo et al., (2009), stated that there are several elements to a quality system, and each organization is going to have a unique system. The most important elements according to them of a quality system include participative management, quality system design, customers, purchasing, education and training, statistics, auditing, and technology. The entire quality process, once started, will be an ongoing dynamic part of the organization, just like any other department such as marketing or accounting. It will also need the continuous focus of management. The implementation and management of a successful quality system involves many different aspects that must be addressed on a continuous basis.

A quality standard framework includes formalization of the service's plans, policies and procedures, as well as documentation of processes and practices such as position descriptions, work instructions, forms, schedules, meeting minutes and system controls. The framework may include a range of formats, such as videos, electronic systems, flowcharts etc. Compliance with legislative and statutory requirements is integral to an organization's quality system, necessitating development of mechanisms to monitor regulatory changes to ensure that adjustments to policy and practices are made when appropriate. However, it is the processes adopted to implement the system which are of critical significance in ensuring that the quality initiative is effective and sustainable (Dale, 2002).

Activities affecting quality are documented in accordance with written manuals, procedures, instructions, specifications, and drawings that contain appropriate criteria for determining whether prescribed activities have been satisfactorily accomplished. The QMS is structured around interlinked processes that provide the necessary implementation controls to ensure customer and regulatory requirements are met, and continual process improvement occurs. It provides the basis for policies and

procedures that implement a comprehensive quality management system. These processes are those that define activities that are directly necessary to create the item or service, and those that provide the supporting infrastructure to enable the direct processes to operate under the required controls, and continually improve (Lundmark & Westelius, 2006).

Quality records are completed documents that furnish evidence of the quality of items, services, and/or activities affecting quality and compliance with the QMS. Quality records may also include articles such as materials or test specimens when required. Quality records are retained, reviewed, and provided to the customer in accordance with applicable contractual and regulatory requirements. In manufacturing and service organizations, product-related records are not considered complete until the time of shipment. These quality records will be controlled in accordance with established procedures. These procedures identify the requirements and responsibilities for records classification, legibility, identification, collection, filing, indexing, storage, distribution, retention, retrieval, and disposition (Lundmark & Westelius, 2006).

Managers of activities affecting quality are responsible for determining the personnel competencies necessary for the assigned activities and assessing associated needs, ensuring necessary actions for example training are taken to satisfy these needs, and evaluating these actions to confirm that personnel are adequately trained, competent, and qualified to manage and perform assigned work activities. These actions include indoctrination to and familiarization with the applicable QA program and procedure requirements, and any special skills training required for the performance of job activities. The extent of such actions is commensurate with the scope, nature, and complexity of the activity, as well as the education, experience, and proficiency of the individual. Historical records of personnel education and experience may serve as documentation of competency, when supplemented by applicable training records. Actions to build or maintain necessary competencies are documented, and records are maintained in accordance with applicable records procedures (Whiters & Ebrahimpour, 2001).

The QMS provides control over a system of interlinked individual processes. These processes are monitored and the resulting data is used to demonstrate conformance to

specified requirements, and support corrective, preventive, or continual improvement actions. The management review process identifies the significant processes that were targeted for improvement and the associated quality objectives. This monitoring, measuring, and analysis are used to support the management review process in which executive management participates (Biolos, 2002).

### **2.3 Principles of Quality Management Standards**

There are several quality management principles proposed by Gotzamani & Tsiotras, (2002).

**Customer-focus:** The very relevance of organizations relies on its customers and as such, it must understand and meet their needs. It should establish a sound working relationship with relevant community sectors through formal working groups and regular meetings. Strategies such as these will provide a clear understanding and appreciation of the needs, expectations, impact of specific products and the environment in which they operate. Ideally organizations will not only meet its customer's expectations but exceed them.

**Leadership:** Sound leadership is fundamental to the success of an organization. The firm leadership should establish a vision or a desired future for the organization. The leadership must clearly demonstrate in a practical manner an ongoing commitment to the QMS. They must also create an environment that encourages people to achieve the firms' objectives.

**Involvement of people:** Organizations rely on their people and it should ensure they are involved as is appropriate, in the delivery of its products. However, to ensure the quality of its products it should equip its people with the appropriate skills and knowledge to ensure this occurs. This should also ensure the ongoing professional development of the firms' personnel.

**Process approach:** Is another principle proposed by Gotzamani & Tsiotras, (2002). Organizations will be more efficient and effective when they use a process approach to the delivery of its products. The processes should provide clearly defined accuracy standards and structured formats for all products and services. This enables the efficient management of resources and activities for the delivery of products and services.

Gotzamani & Tsiotras, (2002), states that organizations need the principle of system approach to management. Here organizations must use a systems approach which requires the identification, understanding and management of interrelated processes.

Continuous improvement: This should be an ongoing objective of all organizations that is achieved through the application of all the principles. ISO has emphasized that a key approach to continual improvement is through the development of a close working relationship with the firms` customers combined with an ongoing commitment to continually improve its overall performance.

Factual approach to decision-making: Enterprises will perform better when they make informed decisions based on facts. They should measure and evaluate their products, processes and performance. Analysis of this data/information will enable informed decision-making and improvement in service delivery.

Mutually beneficial supplier relationships: Whereby enterprises have a number of mutually beneficial relationships with internal and external customers, partners, specific community sectors, international and national organizations and the various levels of government. These relationships should be appropriately managed and nurtured to ensure benefits to the firm.

#### **2.4 ISO 9001 Quality Management System Benefits**

The certificate ISO 9001 proves that the company possessing it respects all the international and national quality standards, and regularly surveys the quality system that has been incorporated in its business practice. According to the Quality Standard ISO 9001, a correctly implemented and completed quality system brings certain internal and external advantages to the company (Injac, 2002). However, it is necessary to emphasize that the benefit amount is directly proportionate to the success of implementation and commitment of all employees (Levett, 2005).

The research undertaken by Rayner (1991) states that one of the advantages of ISO standard implementation is improved marketing performance of the organization. In another research involving 29 US companies, Adanur (1995), states that the main advantages of ISO 9000 implementation are improved business efficacy, higher

consumer satisfaction and increased competitiveness. In the research including 150 textile companies, Atwater and Discenza (1993) found out that the implementation of ISO 9001 influences higher employee commitment reduces production costs, reduces the sales of low and inferior quality products. Calisir *et al.*, (2005) report in their research, including forty three ISO certified companies in Turkish textile industry, that the main advantages relating to increased product quality reduced mistakes in production and increased market share.

Urbonavicius (2005) points to the advantages of ISO standard implementation in the business practice of small and medium enterprises in the EU, which are reflected on some marketing and management benefits. The researches carried out in the field of service industry have proved the positive effects of Standard ISO 9001 implementation (Augustyn and Pheby, 2000, Wang *et al.*, 2001, Levett, 2005, McAdam and Fulton, 2002, Feinberg *et al.*, 2003, Calisir, 2007). Nield and Kozak, (1999) come to the conclusion that the implementation of ISO 9001 brings numerous advantages in terms of operations, such as improved operation systems and reduced costs; marketing, i.e. increased consumer satisfaction, increased competitiveness, higher nation-wide recognition; human resources management for example decreased staff turnover and increased employee satisfaction. Ingram and Daskalakis (1999) and Costa (2004) state that quality has become the key factor in hotel business practice due to increased competitiveness.

## **2.5 Quality Management Standards in the Insurance Industry**

Proponents of quality management standards in the insurance industry claim quality programs such as ISO 9001 improve both management practices and production processes and that these improvements, in turn, will increase both sales and employment unless productivity gains outweigh sales increases. The latter benefits are magnified if customers use the adoption of ISO 9001 or other quality programs as a signal of high quality products or services. To the extent that greater employee skill and training are required to develop and implement procedures to improve procedures, the theory of human capital suggests that employees' earnings should rise as well. Finally, ISO 9001 can improve worker safety through the identification and elimination of potentially hazardous practices, development of a formal corrective action process, and institutionalization of routine audits and management reviews.

A few careful empirical studies have examined how implementing the ISO 9001 quality management standard affects employers' outcomes and practice. Terlaak and King (2006) find ISO 9001 certification to be associated with subsequent abnormal returns along a host of financial metrics including stock prices (Corbett, Luca, and Pan, 2003). Various studies find benefits strongest among small firms (Docking and Downen, 1999; McGuire and Dilts, 2008) and among those with a modest level of technological diversity, and/or early adopters (Benner and Veloso, 2008). Naveh and Erez (2006) deduce from survey data that ISO 9001 adoption enhances worker productivity and workers' attention to detail, but impedes worker innovation. Interestingly, we found no prior research that examines how the ISO 9001 quality standard affects product or process quality, nor how it affects employees. Similarly, albeit outside the realm of ISO 9001, a number of event studies find that financial performance, as measured by stock price and operating income, improves after firms win a quality award and implement Total Quality Management programs (Hendricks and Singhal, 2001).

## **2.6 Empirical Studies**

Kayis et al (2003) and Fitzgerald (2003) found that a power communication is a barrier to QMSs implementation in the Australian context. Jaafari (1996) establishes that a true, equity and openness based communication make the prerequisite basis for the successful introduction of QMS in the construction projects. Llopis (2003), indicate that the previous experience with management practices considerably affects the future choices to adopt a managerial innovation. They suggest that a good previous experience with quality has a positive impact on the intentions to implement a QM program. Hendricks and Singhal (2001), Taylor and Wright (2003) found that firm size affects the extent to which QM practices are implemented. Benson et al (1997), Sebastianelli and Tamimi (2003) found that management support is one of the contextual factors affecting the extent to which QM practices are implemented in comparison with communication and work life quality.

Leiter and Maslach (2002) consider commitment of senior executives as a (more) important factor of QM whereas; their doubts are the greatest enemy. Commitment of top management is also highlighted as a critical factor by several empirical studies



(Zhang *et al.*, 2000; Pun, 2001; Sureshchandar *et al.*, 2001; Lau and Idris, 2001). Kanji (1998a) proposes people management including 'team work and people make quality, as one of the four principles of TQM. Employee involvement and commitment to the goals of the QM process is a condition to its successful implementation (Buch and Rivers, 2002; McAdam and Kelly, 2002).

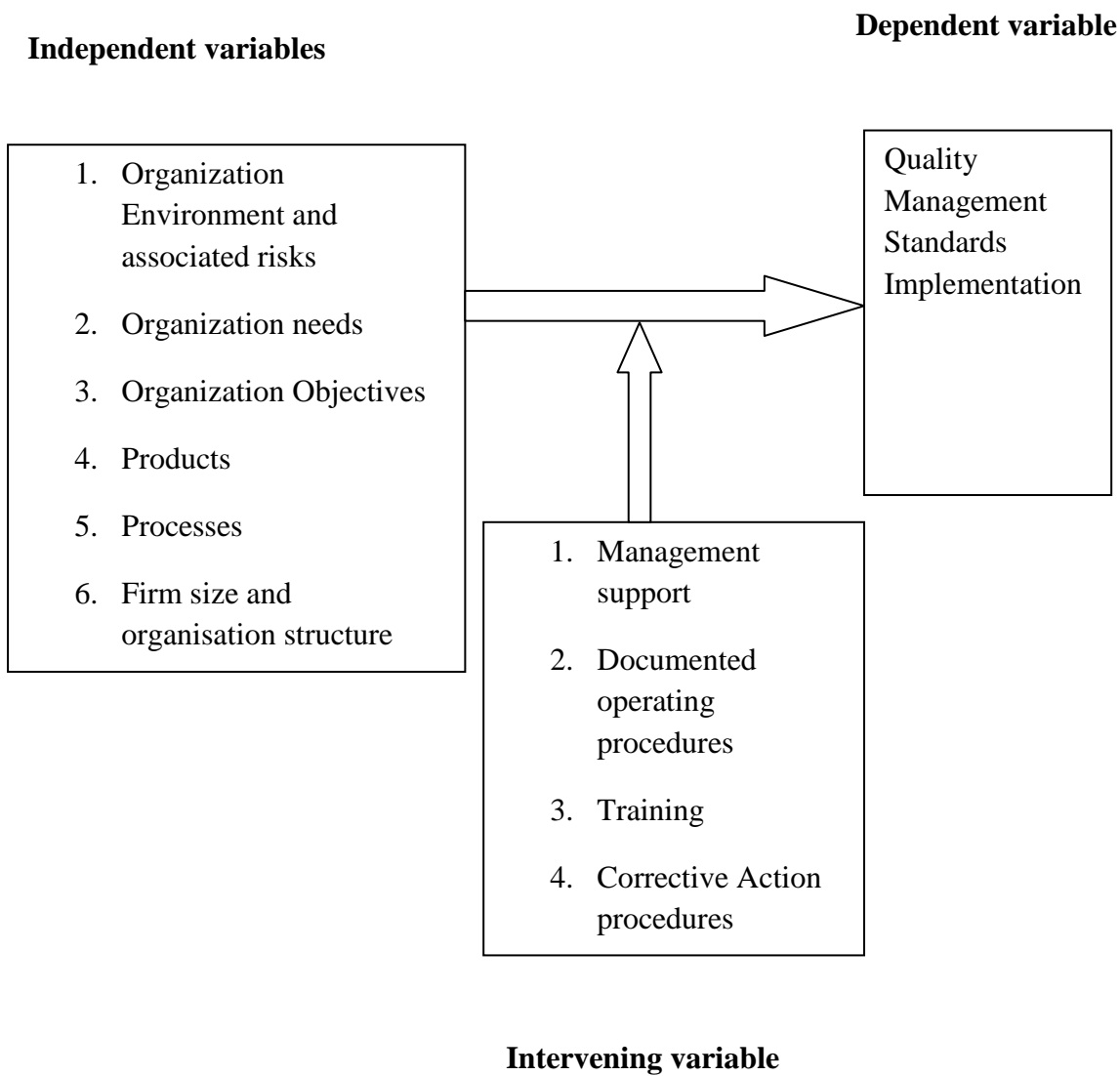
Yusof and Aspinwall, (2000), consider the act of maximizing employee involvement in the quality process requires middle managers within the organization to make major adjustments. The middle management have a particular role to play, since they must not only grasp the principles of TQM, they must go on to explain them to the people for whom they are responsible, and ensure that their commitment is communicated (Oakland, 2000). Mathews *et al.* (2001a, b) the training that underpins quality management determines the likely effectiveness of the quality initiatives undertaken. Zhang *et al.* (2000) consider investment in education and training vitally important for QM success (Cebeci and Beskese, 2002). Several recent empirical studies revealed that training and education are critical to successful QM implementation (Dayton, 2001). Jarrar and Zairi (2000) state that benchmarking or best practice management is increasing being recognized as a powerful performance improvement effort for processes, business units, and for entire corporations.

## **2.7 Conceptual Framework**

This study had the following as the independent variables:

- a) Organization environment and associated risks
- b) Organization needs
- c) Organization objectives
- d) Products
- e) Processes
- f) Firm size and organizational structure.

These independent variables influenced the dependent variable of quality management standards implementation in the insurance industry. This study sought to establish the relationship if any among these six independent variables and one dependent variable. Figure 2.1 below illustrates this.



**Source: Author (2015)**

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter covers the research design, target population of the study, the sample design and size. In addition the study also covered subsections of data collection methods and data analysis techniques.

### **3.2 Research Design**

This study adopted a descriptive research design. This design was appropriate for the study as it enabled the researcher to establish the current status of the factors that influence implementation of QMS and extent of the associations between the variables. This design assisted the researcher determine the factors influencing quality management standards implementation in insurance firms in Kenya. This corresponds to the aim of the study of examining the factors influencing quality management standards implementation in insurance firms in Kenya.

### **3.3 Population of the Study**

The target population for this study consisted of the three ISO certified insurance firms in Kenya. According to the Insurance Regulatory Authority database, there are forty seven licensed insurance firms (AKI, 2014). The list was as shown in appendix I.

### **3.4 Sampling**

The researcher adopted purposive sampling technique and selected nine respondents from each of the three ISO certified insurance firms in Kenya, the respondents were picked randomly from the Actuarial, Finance, Agency services, Internal Audit, Underwriting, Customer service, Premium collection, Claims processing and Risk and compliance departments resulting in twenty seven respondents. This method was justified because it ensures that specific groups were represented, even proportionally in the sample and this method was highly representative if all subjects participate since it was an ideal method. This is as shown in table 3.1 below:

**Table 3.1 Sampling**

<b>Insurance Firm</b>	<b>Respondents Targeted</b>	<b>Sample</b>
Kenya Orient Insurance	9	9
UAP Insurance Company	9	9
Jubilee Insurance Company of Kenya	9	9
<b>TOTAL</b>	<b>27</b>	<b>27</b>

### **3.5 Data Collection**

Methods of data collection that were used involved both primary and secondary data. Primary data was derived from questionnaires distributed to the various insurance staff responsible with ensuring quality management in service delivery. The questionnaires had both open ended and closed-ended questions and covered the factors influencing implementation of quality management standards in the insurance industry in Kenya. The researcher with the help of a research assistant administered the questionnaires using the drop and pick later approach.

Secondary data was gathered from library material, insurance firms and other organizational journals and reports, media publications and various internet search engines touching on quality management standards. Questionnaire allowed for confidentiality of the respondents to be kept.

### **3.6 Data Analysis**

The questionnaires were checked for completeness and consistency, before processing the data. The analysis of the data collected was according to the objective of the study. The data analysis included both qualitative and quantitative techniques. The qualitative data was summarized and categorized according to common themes and was presented using frequency distribution tables. The data was analysed using SPSS to generate frequency distributions and percentages to assist the researcher in answering the research questions. The data was also analysed using content analysis and descriptive statistics. Descriptive statistics were used to meaningfully describe

measurement using statistics so as to arrive at the relationship of various variables. Content analysis was used mostly to arrive at inferences through a systematic and objective identification of the specific messages. The data that was obtained was also compared with existing literature in order to establish areas of agreement and disagreement in order to ascertain the facts.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter captures the data analysis, results and discussion. It presents personal information in relation to the position of the respondents, the durations the respondents had served in the organization and the departments that they worked. In addition the chapter looks at the factors influencing quality management standards implementation.

#### **4.2 Personal Data**

The main objective of this study was to examine the factors influencing quality management standards implementation in insurance firms in Kenya. Data was collected from various staff members through a questionnaire administered by the researcher with the help research assistants. Out of the targeted twenty seven respondents picked randomly from the Actuarial, Finance, Agency services, Internal Audit, Underwriting, Customer service, Premium collection, Claims processing and Risk and compliance departments from three ISO certified insurance firms in Kenya twenty one of them responded. The response rate represents a 78% success which according to the researcher is sufficient enough to be used in drawing conclusions and giving recommendations in relation to the factors influencing quality management standards implementation in insurance firms in Kenya.

The study sought to find out the position of the respondents. According to the study findings the positions of those who responded were managers, supervisors as well as employees without any specific position in the organization who were majority thus the information collected in regards to this topic is thought to be credible for the purposes of this study since the respondents are responsible for the implementation of quality management standards.

The study was interested in findings out which department the respondents were from. The study findings indicate that most of those who responded were from the underwriting department representing 5 or 24% of the total respondents. From the

study findings 4 or 19% of the total respondents a piece were from customer service and risk departments. According to the study findings 3 or 14% of the total respondents were both from the premium collection and claims department. On the other hand 2 or 10% of the total respondents stated that they were from the actuarial department.

The study sought to find out the duration the respondents had been with the organization. From the study findings majority of respondents 6 or 29% had been with the organization for a period of 5-9 years. The study findings indicate that 5 or 24% had worked with their organizations for a period of 10-14 years. According to the study findings 4 or 19% of the respondents had been with their organizations for a period 1-4 years. As shown from the study findings 3 or 14% of the respondents a piece had been with their organizations for a period of less than one year and others had worked in their organizations for years exceeding 15 years.

### **4.3 Factors Influencing Quality Management Standards Implementation**

The study sought to establish the extent to which various factors influencing quality management standards implementation apply to their organization using a five point scale where (5)=Strongly agree, (4)=Agree, (3)=Not sure, (2)=Disagree and (1) = Strongly Disagree.

#### **4.3.1 Organization Environment and Associated Risks**

In relation to organization environment and associated risks factors the respondents strongly agree influence quality management standards implementation that applied in their organizations were risks associated with carrying out business operations with a mean value of 3.4 followed by organization operating external environment factors with a mean score of 3.3. The findings also indicate that organization operating internal environment factor and cost competitiveness factor with a mean value of 3.0 also influence quality management standards implementation in their organization in one way or another.

**Table 4.1 Extent to which Organization Environment and Associated Risks Influence Quality Management Standards Implementation**

<b>Organization Environment and Associated Risks</b>	<b>MEAN</b>	<b>STD. DEVIATION</b>
Organization operating external environment	3.3	0.66
Organization operating internal environment	3.0	0.60
Risks associated with carrying out business operations	3.4	0.68
Macroeconomic trends and a slow rate of growth	2.9	0.58
Cost competitiveness	3.0	0.60
Operational agility	2.9	0.58
<b>GRAND MEAN</b>	<b>3.1</b>	

From the study findings above the grand mean shows that respondents strongly agree with the organization environment and associated risks factors covered in this study that they influence quality management standards implementation as shown with a grand mean of 3.1.

#### **4.3.2 Organization Needs**

The study wanted to find out the extent to which respondents agree or disagree in relation to the organization needs factors influencing quality management standards implementation that apply to their organization. The findings indicate that most of the respondents with a mean of 3.3 strongly agree that need for excellence in accounting and security analysis influences quality management standards implementation in their organization while respondents with a mean value of 3.1 agreed that offering extensive reporting capabilities factor and ensuring sound underwriting practices factor equally influence quality management standards implementation.



**Table 4.2 Extent to which Organization Needs Influence Quality Management Standards Implementation**

<b>Organization Needs</b>	<b>MEAN</b>	<b>STD. DEVIATION</b>
Need for excellence in accounting and security analysis	3.3	0.66
Offering extensive reporting capabilities	3.1	0.62
Assessing individual needs and obtaining quotes	2.9	0.58
Maintaining responsible business practices	2.8	0.56
Ensuring sound underwriting practices	3.1	0.62
<b>GRAND MEAN</b>	<b>3.0</b>	

As shown from the study findings above the grand mean shows that respondents strongly agree with organization needs factors covered in this study that they influence quality management standards implementation as shown with a grand mean of 3.0.

#### **4.3.3 Organization Objectives**

The study was interested in findings out from the respondents' organization objectives factors influencing quality management standards implementation that apply to their organization. The study findings shows that most of the respondents with a mean value of 3.4 strongly agree that assessing the risk of loss and communicating before hand factor and offering more internet based tools that support business critical processes with a mean value of 3.3 apply in their organization in regards to influencing quality management standards implementation.

**Table 4.3 Extent to which Organization Objectives Influence Quality Management Standards Implementation**

<b>Organization Objectives</b>	<b>MEAN</b>	<b>STD. DEVIATION</b>
Promoting consumer representation	3.1	0.62
Assessing the risk of loss and communicating before hand	3.4	0.68
Extensive reporting capabilities	2.9	0.58
Offering more internet based tools that support business critical processes	3.3	0.66
Information about insurance options through education	3.2	0.64
<b>GRAND MEAN</b>	<b>3.2</b>	

As shown from the study findings above the grand mean shows that respondents strongly agree with organization objectives factors covered in this study that they influence quality management standards implementation as shown with a grand mean of 3.2.

#### **4.3.4 Products**

The study sought to find out from the respondents' product factors influencing quality management standards implementation that apply to their organization. It is clear from the study findings that risk management services factor with a mean value of 3.3 was thought by the respondents to strongly apply in their organizations followed by factors such as professional liability insurance and insurance brokerage with a mean value of 3.2.

**Table 4.4 Extent to which Products Influence Quality Management Standards Implementation**

<b>Products</b>	<b>MEAN</b>	<b>STD. DEVIATION</b>
Professional liability insurance	3.2	0.60
Liability coverage	3.1	0.62
Insurance brokerage	3.2	0.64
Risk management services	3.3	0.66
Specialized and all-round insurance	3.1	0.62
<b>GRAND MEAN</b>	<b>3.2</b>	

From the study findings above the grand mean shows that respondents strongly agree with product factors covered in this study that they influence quality management standards implementation as shown with a grand mean of 3.2.

#### **4.3.5 Processes**

The study sought to find out the extent to which respondents agree or disagree in relation to the process factors influencing quality management standards implementation that apply to their organization. The findings indicate that most of the respondents with a mean value of 3.2 strongly agree that providing advice and revisions at policy renewal or mid-term apply in quality management standards implementation in their organization while respondents with a mean value of 3.1 strongly agreed that assessing customer insurance needs and choosing the right products and coverage for them factor equally apply to quality management standards implementation in their organization.

**Table 4.5 Extent to which Processes Influence Quality Management Standards Implementation**

<b>Processes</b>	<b>MEAN</b>	<b>STD. DEVIATION</b>
Providing service to policyholders and brokers	2.9	0.58
Assessing customer insurance needs and choosing the right products and coverage for them	3.1	0.62
Providing advice and revisions at policy renewal or mid-term	3.2	0.64
Ensuring claims are fairly handled	3.0	0.60
Explaining premiums, terms and condition	2.9	0.58
<b>GRAND MEAN</b>	<b>3.0</b>	

The study findings above with a grand mean of 3.0 shows that respondents strongly agree with process factors covered in this study that they apply to quality management standards implementation in their organization.

#### **4.3.6 Firm Size and Organisation Structure**

The study wanted to find out the extent to which respondents agree or disagree in relation to the firm size and organisation structure factors influencing quality management standards implementation that apply to their organization. The findings indicate that most of the respondents with a mean of 3.2 strongly agree that constantly changing consumer desires or behaviour and departmentalization factors apply in their quality management standards implementation while respondents with a mean value of 3.1 agreed that developing and implementing an internal business structure factor equally apply to their quality management standards implementation.

**Table 4.6 Extent to which Firm Size and Organisation Structure Influence Quality Management Standards Implementation**

<b>Firm Size and Organisation Structure</b>	<b>MEAN</b>	<b>STD. DEVIATION</b>
A more formal organizational structure	3.0	0.60
Authority and communication processes	2.9	0.58
Developing and implementing an internal business structure	3.1	0.62
Constantly changing consumer desires or behaviour	3.2	0.64
Departmentalization	3.2	0.64
<b>GRAND MEAN</b>	<b>3.1</b>	

As shown from the study findings above the grand mean shows that respondents strongly agree with firm size and organisation structure covered in this study that they apply to quality management standards implementation as shown with a grand mean of 3.1.

#### **4.3.7 Other Factors**

The study sought to find out from the respondents what other factors not listed in the sections above that they considered as having an influence in the implementation of quality management standards. This was by way of open ended questions in the questionnaire. From the study findings majority of the respondents stated that time and cost for ISO implementation, sources of ISO information, quality systems that are in place and administration efficiency. Other factors that the respondents stated indicated team leader's involvement and training, policy and management support, the level of ISO awareness, the level of cooperation among divisions, and the degree of resistance from employees.

#### **4.5 Discussion of Findings**

The findings show that most of the respondents indicated that for a successful ISO implementation, management must determine the level of experience and competence, and needs of education and training. Insurance firms must establish and maintain good procedures for internal communication among various levels and functions within the organization.

On the other hand the study findings shows that majority of the respondents were of the opinion that senior executives need to be committed to quality management standards implementation. These study findings are in agreement with Leiter and Maslach (2002) who considered commitment of senior executives as a (more) important factor of quality management standard implementation among organizations.

It is clear from the study findings that quality management practices that should be practiced by organizations include top management commitment, organization for quality, employee training/education, employee involvement, supplier quality management, customer focus, quality system improvement and statistical quality techniques. These findings concur with the findings of Ogada, (2012) studied the quality management practices adopted by sugar manufacturing companies in western Kenya and found out that quality management practices that were practiced by the sugar factories were top management commitment, organization for quality, employee training/education, employee involvement, supplier quality management, customer focus, quality system improvement and statistical quality techniques.

The research findings shows that for organizations to be successful in the marketplace, each part of the organization must work properly together towards the same goals, recognizing that each person and each activity affects and in turn is affected by others. To improve competitiveness, organizations are looking for a higher level of effectiveness across all functions and processes and are choosing quality management standards as a strategy to stay in business. The increased awareness of senior executives, who have recognized that quality is an important strategic issue, is reflected as an important focus for all levels of the organization.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter covers the summary of the findings of the study. It also discusses the conclusions arrived at from the study findings and the recommendations for policy and practice drawn from the findings. Apart from these the chapter covers recommendations on the contribution of this study to knowledge, the implication for managerial policy and implications for managerial practice. In addition this chapter looks at the limitations of the study and suggestions for further research.

#### **5.2 Summary**

In relation to organization environment and associated risks factors the respondents strongly agree influence quality management standards implementation that applied in their organizations were risks associated with carrying out business operations with a mean value of 3.4 followed by organization operating external environment factors with a mean score of 3.3. The findings also indicate that organization operating internal environment factor and cost competitiveness factor with a mean value of 3.0 also influence quality management standards implementation in their organization in one way or another. From the study findings above the grand mean shows that respondents strongly agree with the organization environment and associated risks factors covered in this study that they influence quality management standards implementation as shown with a grand mean of 3.1.

The findings indicate that most of the respondents with a mean of 3.3 strongly agree that need for excellence in accounting and security analysis influences quality management standards implementation in their organization while respondents with a mean value of 3.1 agreed that offering extensive reporting capabilities factor and ensuring sound underwriting practices factor equally influence quality management standards implementation. As shown from the study findings above the grand mean shows that respondents strongly agree with organization needs factors covered in this study that they influence quality management standards implementation as shown with a grand mean of 3.0.

The study findings shows that most of the respondents with a mean value of 3.4 strongly agree that assessing the risk of loss and communicating beforehand factor and offering more internet based tools that support business critical processes with a mean value of 3.3 apply in their organization in regards to influencing quality management standards implementation. As shown from the study findings above the grand mean shows that respondents strongly agree with organization objectives factors covered in this study that they influence quality management standards implementation as shown with a grand mean of 3.2.

It is clear from the study findings that risk management services factor with a mean value of 3.3 was thought by the respondents to strongly apply in their organizations followed by factors such as professional liability insurance and insurance brokerage with a mean value of 3.2. From the study findings above the grand mean shows that respondents strongly agree with product factors covered in this study that they influence quality management standards implementation as shown with a grand mean of 3.2.

The findings indicate that most of the respondents with a mean value of 3.2 strongly agree that providing advice and revisions at policy renewal or mid-term apply in quality management standards implementation in their organization while respondents with a mean value of 3.1 strongly agreed that assessing customer insurance needs and choosing the right products and coverage for them factor equally apply to quality management standards implementation in their organization. The study findings above with a grand mean of 3.0 shows that respondents strongly agree with process factors covered in this study that they apply to quality management standards implementation in their organization.

The findings indicate that most of the respondents with a mean of 3.2 strongly agree that constantly changing consumer desires or behaviour and departmentalization factors apply in their quality management standards implementation while respondents with a mean value of 3.1 agreed that developing and implementing an internal business structure factor equally apply to their quality management standards implementation. As shown from the study findings above the grand mean shows that



respondents strongly agree with firm size and organisation structure covered in this study that they apply to quality management standards implementation as shown with a grand mean of 3.1.

From the study findings the respondents stated that among the factors that influence the implementation of quality management standards in their organizations include: time and cost for ISO implementation, sources of ISO information, quality systems that are in place and administration efficiency. Other factors that the respondents stated indicated team leaders involvement and leading to top-down training, policy and management support, the level of ISO awareness, the level of cooperation among divisions, and the degree of resistance from employees.

### **5.3 Conclusions**

In conclusion employees themselves think the implementation of ISO changes the present situation of their organizations, increases their burden, affects their original schedules, and even decreases their wills to work while executives underestimate the resistance from employees. The success of the quality program is seen to be jeopardized because of that.

The researcher concludes that for a successful ISO 9000 implementation, management must determine the level of experience and competence, and needs of education and training. Many respondents felt that certain difficulties in implementing quality stem from the lack of knowledge of the ISO standards. Appropriate education and training needs to be further emphasized to make the employees at each relevant function and level to be aware of the importance of conformance with the quality policy and procedures and with the requirements of the ISO standards.

In summary there is an understanding that customers are becoming more sophisticated, better informed and their expectations are growing. For any business, the only way to keep up is to offer a commitment to quality. Insurance firms must endeavor to adopt quality management systems into their day to day activities in-order to obtain a competitive advantage in the market, increased effectiveness, improved

efficiency, improved consistency of products and services, improved quality of products or services.

In conclusion organizations seeking to implement the new standard, particularly those with no previous ISO certificate require the help of external consultants to get a shortcut and effective path to the certification and, consequently, decrease the time and costs of the implementation. On the other hand, there is a risk that letting the consultants do most of the implementation work without a positive involvement from the employees may make them unfamiliar with the new system and less interested.

#### **5.4 Recommendations for Policy and Practice**

To achieve ISO 9001 certification organizations need to demonstrate that they can meet the regulatory requirements and apply the system effectively to be of real benefit of the customers. Organizations therefore need to encompass the entire organization and requires senior management buy-in and it should not just be a function of the quality department.

##### **5.4.1 Contribution to Knowledge**

It is recommended that continuous studies on the factors influencing quality management standards implementation should be carried out. This is necessitated by today's business environment that requires organizations to meet the requirements of various standards which provide quality management systems that are of real benefit to them to help manage their business effectively and put in place best practice methodology. Knowledge on this topic is important in that in today's volatile environment, with the rate of change accelerating, organizations that successfully implement quality management standards save more money and are poised to gain an advantage over their competitors through continuous research.

#### **5.4.2 Implications for Managerial Policy**

It is recommended that the Insurance Regulatory Authority should put in place mechanisms to guide and govern operations of insurance firms in the country since there is need for the implementation of quality management standards. It is a shame that only three out of 47 industry players have been able to achieve ISO certification in the country. Those responsible for example managers of quality departments need to work to achieve certification since certification is a useful tool to add credibility, by demonstrating that company products or services meet the expectations of the customers.

Managers must embrace these standards because they are designed to help organizations analyze and improve each element in their operations, from the selection of suppliers through to sales and distribution. The standard will also come in handy in that it helps organizations to improve customer satisfaction levels, internal efficiency and employee involvement.

#### **5.4.3 Implications for Managerial Practice**

In the light of this research it is recommended that insurance firms need to strive to implement and achieve quality management standards because this presents guidelines intended to increase business efficiency and customer satisfaction. Once firms achieve quality management standards they are sure to increase productivity, reduce unnecessary costs, and ensure quality of processes and products. With this in place organizations can identify the root of the problem, and therefore find a solution. By improving efficiency, profit can be maximized.

Insurance firm leaders need not to demonstrate a chameleon-like ability to balance competing demands and a diversity roles according to the circumstances and the individuals involved in relation to implementing quality management standards. As a result of this their firms will reap numerous rewards including enhanced customer satisfaction and improved customer loyalty leading to repeat business, increased revenue and market share obtained through flexible and fast responses to market opportunities and integration and alignment of internal processes which will lead to increased productivity and results. Apart from the above the firms will be rewarded through enhanced business performance and better cost management, increased

credibility and competitiveness in the market. In addition the organization will gain from improved communication, planning and administration processes.

### **5.5 Limitations of the Study**

In the course of carrying out this study the researcher faced by various limitations. Among them was the unwillingness of the respondents to provide the right answers to the questions given forwarded to them rendering the answers biased. Some respondents were suspicious on the intention of the study and were not comfortable discussing the factors that they thought were influencing quality management standards implementation in the insurance industry for fear that other firms in the industry might use the information provided to their advantage.

Since the researcher is in full time employment there was a challenge of collecting data in good time owing to the fact that she did not have enough time at her disposal to monitor the filling of the questionnaires by the respondents. Time was therefore a limiting factor in this study. Owing to this limitation the research objectives were not conclusively covered in this study. The research lacked adequate funding for conducting the research since the researcher was self-sponsored in the MBA course and focused only on three ISO certified insurance firms in Kenya against a total of 47 firms in the industry. Limited resources on the part of the researcher were a limitation.

### **5.6 Suggestions for Further Research**

Owing the limitations noted above the researcher recommends further research to be carried out on the following: the influence of supply chain communication on quality management standards implementation in the insurance industry in Kenya, the impact of the level of employees` resistance against ISO among organizations and the effect of policy, management support and the level of ISO awareness on quality management standards implementation in the insurance industry in Kenya.

Apart from the above studies it is recommended that further studies be carried on the major factors in the global arena impacting on quality management standards implementation and the influence of human resource functions on quality management standards implementation. These studies are recommended because the business trends, environmental factors, human resource management and shifts in the

global, social and political sphere are so unpredictable and continuous in nature thus the need for frequent legislations on the operations of private business operations in relation to timely quality strategic weapon and approaches to improve the competitiveness, effectiveness, efficiency, cost reduction, reliability and quality of the production processes or service delivery systems.

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## APPENDICES

### APPENDIX 1: QUESTIONNAIRE

Dear Respondent,

You are requested to respond to all questions and that confidentiality will be strictly observed.

#### **PART A:**

##### **Demographic Profile**

*(Tick where appropriate)*

1. Designation/Position

.....

2. Department:

Actuarial

Claims

Underwriting

Customer Service

Premium Collection

Risk

3. Work Experience in the organization (tick)

Less than one year

1 – 4 years

5 – 9 years

10 – 14 years

Above 15 years

#### **PART B:**

##### **Factors Influencing Quality Management Standards Implementation**

To what extent do the following factors influencing quality management standards implementation apply to your organization? Tick in the appropriate box against each statement

*Each scale represents the following rating:*

(5)=Strongly agree    (4)=Agree    (3)=Not sure    (2)=Disagree    (1)Strongly Disagree

<b>Organization Environment and Associated Risks</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Organization operating external environment					
Organization operating internal environment					
Risks associated with carrying out business operations					
Macroeconomic trends and a slow rate of growth					
Cost competitiveness					
Operational agility					

<b>(b) Organization Needs</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Need for excellence in accounting and security analysis					
Offering extensive reporting capabilities					
Assessing individual needs and obtaining quotes					
Maintaining responsible business practices					
Ensuring sound underwriting practices					

<b>(c) Organization Objectives</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Promoting consumer representation					
Assessing the risk of loss and communicating before hand					
Extensive reporting capabilities					
Offering more internet based tools that support business critical processes					
Information about insurance options through education					

<b>(d) Products</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Professional liability insurance					
Liability coverage					
Insurance brokerage					
Risk management services					
Specialised and all-round insurance					

<b>(e) Processes</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Providing service to policyholders and brokers					
Assessing customer insurance needs and choosing the right products and coverage for them					
Providing advice and revisions at policy renewal or mid-term					
Ensuring claims are fairly handled					
Explaining premiums, terms and condition					

<b>(f) Firm Size and Organisation Structure</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
A more formal organizational structure					
Authority and communication processes					
Developing and implementing an internal business structure					
Constantly changing consumer desires or behaviour					
Departmentalization					

**PART C:**

**Others Factors**

Question: What other factors not listed in Part B do you consider to have an influence in the implementation of quality management standards?

- i. ....
- ii. ....
- iii. ....
- iv. ....
- v. ....

**Thank you for your patience in responding to the above questions**

## **APPENDIX II: LIST OF REGISTERED INSURANCE COMPANIES – 2013**

1. AAR Insurance Kenya
2. APA Insurance - Part of Apollo Investments Company
3. Africa Merchant Assurance Company - AMACO
4. Apollo Life Assurance - Part of Apollo Investments Company
5. AIG Kenya Insurance Company
6. British-American Insurance Company (Kenya)
7. Cannon Assurance
8. Capex Life Assurance Company
9. CFC Life Assurance
10. CIC General Insurance
11. CIC Life Assurance
12. Continental Reinsurance
13. Corporate Insurance Company
14. Directline Assurance Company
15. East Africa Reinsurance Company
16. Fidelity Shield Insurance Company
17. First Assurance Company
18. GA Insurance
19. Geminia Insurance Company
20. ICEA LION General Insurance Company
21. ICEA LION Life Assurance Company
22. Intra Africa Assurance Company
23. Invesco Assurance Company
24. Kenindia Assurance Company
25. Kenya Orient Insurance
26. Kenya Reinsurance Corporation
27. Madison Insurance Company Kenya
28. Mayfair Insurance Company
29. Mercantile Insurance Company
30. Metropolitan Life Insurance Kenya
31. Occidental Insurance Company
32. Old Mutual Life Assurance Company

33. Pacis Insurance Company
34. Pan Africa Life Assurance
35. Phoenix of East Africa Assurance Company
36. Pioneer Assurance Company
37. Real Insurance Company
38. Resolution Insurance Company
39. Takaful Insurance of Africa
40. Tausi Assurance Company
41. Heritage Insurance Company
42. Jubilee Insurance Company of Kenya
43. Monarch Insurance Company
44. Trident Insurance Company
45. UAP Insurance Company
46. UAP Life Assurance
47. Xplico Insurance Company

**Source: (AKI, 2015)**