STRICTIC PLANNING ON PERFORMANCE OF INSURANCE FIRMS IN KENYA: THE CASE OF BRITAM, KENYA

BY

CICILY WANJIKU CHOMBA

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2018
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CICILY WANJIKU CHOMBA

A Research Project Report Submitted to the Chandaria School of Business in partial fulfillment of the Requirement for the Degree of Master of Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2018
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other institution, or university other than United States international – Africa in Nairobi for academic credit.

Signed___________________________ Date_____________________________

Cicily Wanjiku Chomba (ID 639164)

This research report has been presented for examination with my approval as the appointed supervisor.

Signed___________________________ Date_____________________________

Prof. Paul Katuse

Signed___________________________ Date_____________________________

Dean, Chandaria School of Business.
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ACKNOWLEDGEMENT

First, I wish to thank God for granting me the strength and ability to have reached this far in my academic endeavour. I would like to extend my sincere gratitude to my supervisor Prof Paul Katuse for his mentorship and professionalism. He provided the much-needed guidance with precision and personal zeal. My heartfelt gratitude goes to my family for being there for me during this challenging time and for being patient and understanding with me. My sincere thanks goes to my employer for providing an enabling and conducive environment that ensured that I was able to complete my studies on time. Finally, I would like to thank all the respondents for the important contribution they made in form of information used in this project.
DEDICATION

This project is dedicated to my children Sean and Chantal for their understanding during the time taken to undertake this study.
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ABSTRACT

The study sought to establish the effects of Vision, Mission and Values on firm’s performance, to identify the effects of strategy leadership on firm’s performance, and to establish the effects of strategy monitoring and evaluation on firm’s performance. The descriptive research design was embraced in this study. The target population of interest in this study comprised of 720 members of staff of Britam. The study utilized a sample size of 88. Primary data was collected using structured questionnaires containing both closed and open-ended questions to allow variety. Descriptive statistics was used to analyse the quantitative data. In addition, liner regression analysis was used to establish the relationship between the variables. Findings revealed that indeed Britam’s mission, vision and values had an influence on its performance, also the strategic leadership at Britam influenced the performance of the company and finally the strategic monitoring and evaluation also played a critical role in influencing Britam’s performance. The study concluded that Britam has firm values that have helped establish benchmarks or milestones that show whether or not the goals and objectives are met. Also the company’s values have enabled the firm gain competitive advantage in the insurance industry. Further it concludes that Management participation at Britam has ensured strategic planning practice is effective and that there is functional integration at Britam as a role of strategic planning systems through knowledge and experience from different functions. With regards to monitoring and evaluation, Britam incorporates strategic control and monitoring which helps to determine the degree to which strategies fulfill goals and objectives of the company and combines human expertise and organizational resources to implement value-creating organizational strategies. The study then recommends that Britam should emphasize more on the mission, vision and values and enhance them to be fully optimized. Also enhancements could be done on making work at Britam be specific and assess predetermined behavior by means of formal direction and control by the leadership if more success is to be achieved among others.
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study
High adoption of strategic planning by firms can be attributed to growing uncertainty in the competitive business environment as well as fast economic, technological and political changes occurring in the global marketplace (Gkiliatis & Dimitrios, 2013). Strategic planning involves a process by which firms derive a strategy to enable them to anticipate and respond to the dynamic business environment and such efforts inevitably improve the competitiveness of business firms and eventually their performances. The usage of strategic plan is very important to organization’s ability to achieve and maintain competitive advantage over other organizations (St-Hilaire, 2011).

Veskaisri, Chan and Pollard (2007), postulated that without a clearly defined strategy, a business will have no defensible basis for generating and sustaining a competitive advantage in the industry it operates in. They are also of the opinion that effective planning and implementation has positive contribution to the financial performance of organizations. Aremu (2010), posits that strategy is needed to focus effort and promote coordination of activities. Without strategy an organization becomes bunch of individuals, hence strategy is required to ensure collective actions and concentration of efforts towards achieving organizational plans and objective.

According to Taiwo and Idunnu (2010), strategic planning consists of a set of underlying processes that are intended to create or manipulate a situation to create a more favorable outcome for a company and which is quite different from traditional tactical planning that is more defensive based and depends on the move of competition to drive the company's move. In business, therefore, strategic planning provides overall direction for specific units such as financial focuses, customer, projects, human resources and marketing. Strategic planning may be conducive to productivity improvement when there is consensus about mission and when most work procedures depend on technical or technological considerations. Hendrick (2010), adds that strategic planning unlike long-
term financial planning and capital planning, involves thorough assessment of the environment and organization.

Kriemadis (2009), affirmed that, the purpose of strategic planning is to help organizations gain competitive advantage. However, in turbulent environments, strategic planning can help organizations to; think strategically and develop effective strategies; progress a comprehensible and invulnerable foundation for decision making; progress organizational performance; deal meritoriously with fast shifting situations; anticipate future problems and opportunities; build teamwork and expertise and provide employees with clear objectives and directions for the future of the organization and increase employee motivation and satisfaction (Grant, 2003). Strategic planning processes may serve as a means to develop consensus and promote commitment among organization members around strategic orientations (Chanal & Tannery, 2005).

According to Uvah, (2005), the strategic planning process is as important as the actual plan and its implementation. Al-Shaikh (2001), argued that the benefits of strategic planning are highlighted from various perspectives. Some of them are information generating, ensuring exhaustive deliberation of all viable choices, compelling the firm to assess its environment, stimulating innovative concepts, increasing motivation, improving internal communication and collaboration. Long-term forecasting is vital not only for small businesses but also for large companies.

Agyapong and Muntaka (2012), in a comparative study of strategic planning and firm performance in the micro small and large enterprises in Ghana found positive but insignificant relationship between strategic planning and firm performance. Debarliev et al. (2011), examined the influence business structure, management structure and environmental factors, on strategic planning practice in Macedonia as an example of an emerging economy in South Eastern Europe, Taiwo et al. (2007), found that that there is a strong relationship between strategic planning and organization performance, concluding that strategic planning enhances better organizational performance in the banking sector in Nigeria. Mufudza, Jengeta and Hove (2013), analyzed strategic
planning in turbulent environments and concluded that different economic environments demand different approaches to strategic planning. Some of the strategic planning stages however, remain vital in all situations, for example, scanning the environment, as this enables the organization to quickly adapt to change.

Strategic planning has been more important for the organization to deal with the changing of so many aspects of life which make strategic planning more crucial for a longer business life and competitiveness (Al-Shaikh, 2001). Strategic planning is considered as an important tool of management (Aldehayyat, 2011). Stonehouse and Pemberton (2002), postulate that strategic planning is a focus on the background of long-term organizational goals and the expansion and execution of strategies designed to achieve the goals and objectives.

Hax and Majluf (1996) posits that strategic planning process comprises of three main elements which helps turn an organization’s vision or mission into concrete achievable choice and strategic implementation. The strategic analysis encompasses setting the organization’s direction in term of vision, mission and goals. Therefore, this entails articulating the company’s strategic intent and directing efforts towards understanding the business environment. Strategic choice stage involves generating, evaluating and selecting the most appropriate strategy. Strategy implementation stage consists of putting in place the relevant policies and formulating frameworks that will aid in translating chosen strategies into actionable forms.

The concept of planning emerged out of the development effort and experiences of third world countries when they adopted planning as the major instrument in pursuit of their economic and social development. Strategic planning is viewed as zeroing in on decision–making, information, and the future (Day, 1997). Drucker (1993), defines strategic planning as the continuous process of making entrepreneurial decisions systematically and with the greatest knowledge of their futurity, organizing systematically the efforts to carry out these decisions and measuring the results against the plans.
Daft (2010), defined firm performance as the ability of an organization to utilize its resources including knowledge, people and raw materials to achieve organizational goals in effective and efficient way. Kaplan and Norton (2008), concur with these authors and argue that Balanced Scorecards Strategy considers financial indications as one of the critical measures of firm’s performance. They further argue that one of the goals of strategic planning is to make profits besides realizing other financial and non-financial benefits. Firms that engage in strategic planning have better financial and non-financial performance than those that do not (Venkatraman and Ramanujam 1986; Kargar and Parnell 1996).

According to Marginson, McAulay, Roush and van Zijl (2014), interactive utilization of non-financial performance measures can be particularly important for generating a positive psychological experience and (indirectly) increasing performance. Kennerley and Franco-Santos (2005), suggested that measurement of firm performance is more effective when the measures are appropriately designed to include multiple dimensions and are structured in a way that helps managers understand the interrelationship and reflects strategy.

Antikainen (2014), asserts that performance is a key factor specifying the organization capacity for progress in the competition field. Performance improvement provides an opportunity for organizations to contribute to an organization’s profits via improving the production processes, rather than merely seeking the reduction of costs (Ramirez & Nembhard, 2004). Organizational performance remains of great concern today to all organizations including private, public and profit or not for profit (Mkalama, 2014). Organizational performance is a recurrent theme of great interest to both scholars and practitioners. Researchers and practitioners alike have attempted to understand why some organizations achieve higher levels of performance than others (Ogollah et al., 2011).

Britam in Kenya is one of the most seasoned insurance companies in Kenya. The organization was normally and once in the past known as British American Insurance Company. The organization was consolidated in Kenyan insurance agency in 1965. The
market environment in the Kenya insurance industry is changing quickly to the degree that Britam in Kenya must change by making methodologies to propel the insurance business or face the outcomes of powerlessness to fit in the turbulent environment (Irukwu 1977).

Britam in push to succeed and survive the turbulent environment has concentrated on building inner limit and grasping the idea of the research. The development of risk administration and consistence division is intended to upgrade the risk administration work and furthermore check the environment and art methodologies which are in accordance with the changing business environment. Moreover, safety net providers have been harried by a broad emergency of certainty with respect to budgetary markets since money related emergency in 2008 (Fein, 2012). Along these lines, the changing system conditions defy guarantors with expanding strategic difficulties and this requires a reasonable quality of procedure. Effective back up plans discover answers to the current strategic issues keeping in mind the end goal to make their business fit for the future or more all to separate it from contenders (Awino, 2011).

Insurance companies require strategic thinking and that must be accomplished by adopting good business strategies (Scott, 2011). Strategic management is important for the reasons of molding the business, guiding and relating an organization to its environmental needs or demand. The competitiveness of organizations relies upon their capacity to dissect their surroundings are adjust to the earth as needs be. Information about insurance has been out there, however regardless of the level of learning about structure and elements of business organizations having been there, there stays little gratefulness and concern about how administrators see their aggressive surroundings.

1.2 Statement of the Problem
Insurance industry has been confronting energizing and element challenges in the 21st century. This has been particularly in the globalized business. Organizations require strategic intuition and just by advancing great business systems they would be able to wind up distinctly and deliberately stay focused (Caeldries, and Dierdonck, 2011). As a
consequence of this pattern, the industry environment has turned out to be more aggressive, especially as far as costs are concerned. Administration builds this implementation in light of market strengths, client requests and hierarchical capacities. The insurance business has been under extreme weight to change throughout the previous couple of years.

Kraus et al. (2006), analyzed on four dimensions of strategic planning namely, formalization, time horizon, frequency of control and strategic instruments on firm performance. Suklev and Debarliev (2012), in the same manner, investigated the relationship between formality, tools of strategic planning, management participation, employee participation, barriers of implementation of strategic planning towards strategic planning effectiveness and organization performance. The study by Aldehayyat and Khattab (2013), examined the dimensions of strategic planning, participation and involvement in strategic planning, time horizon, environmental scanning, planning techniques and functional coverage. Gică and Balint (2012), on the other hand, investigated strategic activities of firms by measuring multi dimensions of strategic planning, including formality, time span, frequency of plan revision and tools of planning. Elbanna (2010), examined four dimensions of planning, involvement, written strategic plans, time horizon, techniques of strategic plans.

Several studies have been directed in Kenya to address the parts of strategic reactions to evolving market environment and performance: Awino, (2011), posits that Kenya Insurance Corporation reaction to changes in market based strategies in the environment was through expanding level of capitalization and market speculation enhancement; she led a the research which built up that Jubilee Insurance reaction to changing market environment was through nonspecific systems of cost leadership, selection and core interest. Different variables here included item enhancement, advertise advancement and utilization of current innovation together with enhanced dispersion and reasonable valuing. Kudoyi (2010), in his analysis of Kenya insurance industry set up that market based operations were influenced by political, financial, social and innovative components. Aras and K'Obonyo (2012), conducted a study on the connection between
strategic planning and both financial and non-financial performance indicators. The discoveries of the review are that company's operational based strategies enhanced performance once they applied strategic planning.

While the arguments on the positive linkage between strategic planning dimensions and firm performance have flourished, Miller et al. (2013); Awino, Muturi and Oeba (2012), Elbanna, (2008); Taiwo et al. (2007), the relationship between strategic planning dimensions and organizational performance has on the other hand, been marked with conflicting and contradictory evidence as well as methodological flaws (Rudd, Greenley, Beatson & Lings, 2008). Further, most of the studies in the area of strategic planning and performance have been based in Western contexts. Strategic planning contexts differ substantially by sector and by country of operation and have an impact on the strategic planning outcomes (Elbanna, 2008; Suklev et al., 2012). Additionally, little empirical research and comparative analysis exists on this subject in emerging and developing countries (Suklev & Debarliev, 2012). The study therefore sought to fill the gap by trying to identify the influence of strategic planning on performance of Britam, Kenya.

1.3 General Objective
The general objective of the study was to identify the influence of strategic planning on performance of Britam.

1.4 Specific Objectives
1.4.1 To establish the effects of Vision, Mission and Values on firm’s performance
1.4.2 To establish the effects of strategy leadership on firm’s performance
1.4.3 To establish the effects of strategy monitoring and evaluation on firm’s performance

1.5 Significance of the Study
1.5.1 Britam, Kenya
The various levels of management at Britam will gain value added information on strategic planning and firm performance. For instance, insurance managers responsible
for strategy may use the findings to formulate effective monitoring and control systems to mitigate against the challenges while formulating and adopting business strategies.

1.5.2 Other Insurance Companies
The study will be of benefit to other insurance players in the context of applying strategy in improving their performance by matching internal capabilities with the external environment.

1.5.3 Insurance Policy Holders
The insurance policy holders will gain an understanding of the performance of Britam and the impact of firm performance on insurance company and how to strategically reinvent it to manage such changes.

1.5.4 Partners and Business People
The study hopes to make theoretical, practical and methodological contributions to partners of the Britam. The findings will help partners of the company such as the insurance brokers, independent financial advisors and other service providers in business strategy planning by helping to understand the current challenges for adopting strategy and their effects on firm performance.

1.5.5 Scholars and Academicians
University and other higher learning scholars and academicians will be able to borrow from the findings of this research to support literary citations as well as develop themes for further research.

1.6 Scope of the Study
The study aimed at exploring the competitive strategic planning strategies and their influence on performance of Britam. The target population of this study was employees of Britam at the head office in Nairobi. The study focused on nature of strategic planning tools, vision, mission and values, strategic leadership, strategy monitoring and evaluation
and how strategic planning practices contribute to the performance. The study took place between April and June 2018.

1.7 Definition of Terms
This is a definition of terms used in the study as intended by the researcher.

1.7.1 Strategy: Strategy relates to future plans for interacting with the competitive environment to accomplish an organization's objective (Grant, 2016).

1.7.2 Insurance: Insurance is a financial risk management tool in which the insured transfers a risk of potential financial loss to the insurance company that mitigates it in exchange for monetary compensation known as the premium (Helfat, 2013).

1.7.3 Performance: Performance is what is expected to be delivered by an individual or a set of individuals within a time frame. What is expected to be delivered could be stated in terms of results or effort, tasks and quality, with specification of conditions under which it is to be delivered (Bhosle, 2012).

1.7.4 Strategic planning: The set of processes undertaken in order to develop a range of strategies that will contribute to achieving the organizational direction (Tapinos, Dyson & Meadows, 2005).

1.8 Chapter Summary
This chapter reflects on the background information on strategic planning and firm’s performance, statement of the problem, purpose of the study and its scope and the importance of the study. The research objectives that that steered the study have been articulated in this chapter. The significance of the study to various stakeholders has also been presented followed by the scope of the study and definition of terms used in this study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This chapter gives a review of documented scholarly work, which is relevant to effects of strategic planning and firm performance. The literature embraced related studies conducted elsewhere and their arguments and findings advanced by other scholars on the issue under scrutiny in this research. Literature on strategy leadership, monitoring and evaluation was also presented.

2.2 Vision, Mission and Values
The success of the strategic plan largely depends on how properly the firm’s vision, mission statements and core values are identified, designed and formulated. They all sum up to the firm’s identity ((Ozden, 2011). Vision and mission statements and core values are deliberately as significant part of the strategic plan process for a firm ((Darbi, 2012). This relates to all kinds of organizations whether public, private, multinationals, non-profit making as well as small and medium size enterprises. A distinct and well prepared vision and mission statements as well as core values would differentiate a firm from another by displaying distinctive features that distinguish it from others (Taiwo et al., 2016).

2.2.1 Vision
Strategic planning involves formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice (Pearce & Robbinson, 2008). Strategic decision determines the organizational relations to its external environment, encompass the entire organization, depends on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long-term health of an organization. Strategic planning process has been used in public organizations that is, a planning process that has discrete elements which include the establishment of a vision for the organization, the examination of external and internal environments, the establishment of goals, and the development of action plans to achieve these goals.
The success of any organization depends largely on the formulation of its vision statement. Vision statement is a tool that drives a firm through its encounters during its development and expansion. It is a basic standing of the future of the organization and it displays conviction and potentials about the possibilities concerning the preferred future (Joachim, 2010). According to Andrew (2013), a vision is an inspirational description of the desired long term achievement of affair mostly by those involved or affected by it. It’s the end destination of an organization’s roadmap in what it hopes to become, the client outcome it wants to achieve, the market position it wants to assume, the impact it will have, the capabilities it plans to develop and the activities it plans to pursue.

Hugh and Michael (2002), argues that the one or two sentences vision statements most companies make available to the company of course provide only a glimpse of what executives are really thinking and the strategic course they have chartered. Company personnel really have much better understanding where the company is headed and why its revealed in the official vision. But the real purpose of strategic vision is to serve as management for giving the organization a sense of direction. Vision statements are supposed to be challenging and ambitious yet workable enough to evoke employee’s ingenuity as far as its realization is concerned. Core values are enduring principles, ideologies and worldviews that the founding fathers of organization hold in high esteem; these are sometimes referred to organizational vision (Sufi and Lyons, 2003). According to Sufi and Lyons (2003), the enduring nature of these core values must provide the toast for a vision for that matter. Authors such as Hussey (1998) and Mintzberg and Quinn (1996) explained that the vision statement should include core values or core ideologies that distinguish one organization from another.

2.2.2 Mission
According to Campbell (1999) and Thompson and Stickland (2007), a strategic plan is a process that involves assessment of threats and opportunities of an organization, determining weakness and strengths in changing environment. They continue saying that a strategy is laid down to cope with the problem at hand, considering the goals and objectives of the organization. They further defined strategic planning as management
tool that continually and systematically evaluates a business, identify its long-term goals and quantifiable objectives, develops a plan to implement, monitor performance, allocated resources, redefine the plan where need be and to ensure that the organizational members work towards the defined goals in changing environment.

Erkan (2008), states that a mission statement demonstrates the purpose for the existence of a business and targets to pool different parts of the firm for a shared reason and additionally create a deliberate direction for the firm. It’s the justification for the existence of the firm. Mission statements anchors strategies that are created by a firm especially when it has to make choices amongst several varieties. The mission statement should be flawless, brief and clear (Aktan, 2003).

Torok (1997), observed that strategic plan should ask the questions; Why do organizations exist, what it does, where it should go and how it is going to get there. Torok (1997) adds that a strategic plan should encompass a vision, mission and organizational values. A vision is an insight into the long-term future, which should be short, understood by everyone and describes a static stage. A mission is the route followed to achieve a vision. Appleby (1994), continues to define a mission as an organization’s clear objective depicting its activities hence a narrow purpose. Campbell (1999), further classifies strategic planning into three levels namely corporate, business and functional, which are rated according to time, scope, resources and area.

Corporate is the highest level with a span of five to ten years and clearly defines the area of organizational operation and the overall strategic direction. Business is the mid-level with a three to five years span involving entry-exit guidelines. These strategies not only involve creating of effective and efficient practices and procedures but also suitability and cost effectiveness of this program. The lowest level is the functional level which is short term ranging a year or less and involves entry, exit, and procedures. This stage involves day to day implementation of the program (Karami, 2001).
Strategic planning practices will be designed to fit the specific need of the organization. It’s argued that every successful model must include vision and mission, environmental analysis, setting objectives, strategic analysis and choice (Henry, 2004). Identification of the institutions vision and mission is the first step of any strategic plan process. This helps in infusing the organization with a sense of purpose and direction and giving it a mission. A mission is a statement broadly outlining the organizations future course and serves as a guiding concept. To determine where it is going, the organization needs to know exactly where it stands, then determine where it wants to go and how it will get there. Strategic planning practice itself cannot foretell exactly how the market will evolve and what issues will surface in the coming days in order to plan your organizational strategy (Karami, 2001).

Karami (2001) stated that a mission statement that focuses on the values of the customers eventually leads to creation of a culture that is customer service driven and also results to increased and improved levels of the customers’ satisfaction. Further, Bartkus et al. (2004) postulates that the primary role of a mission statement is to communicate the strategic direction of the organization to stakeholders in order to guide strategic planning. In a study of USA, Japanese and European businesses, motivation and inspiration of employees strongly featured as the second most important objective for mission statements (Bartkus et al. 2004). Mission statements are deemed relevant to the extent that they deliver high levels of motivation and inspiration to employees. Some authors like Bartkus (2004) have studied and have attempted to establish independent outcomes- satisfaction, behaviors, motivation, commitment, performance, and inspiration etc. as impacts that mission and vision statements might have on employees.

2.2.3 Values

Ofori and Atiogbe (2012) argued that strategic planning assists in providing direction so that organization members know where the organization is heading to and where to expend their major efforts. The process of strategic planning shapes a company’s strategy choice through the use of systematic, logical and rational approach. It reveals and clarifies future opportunities and threats and provides a framework for decision making
(Glaister et al., 2008). Strategic planning looks ahead towards desired goals. Strategic plan defines performance to be measured, while performance measurement provides feedback against the planed target (Dusenbury, 2000).

Any organization that sells a promise of performance versus a tangible produce or service, its vision, mission and values lie at the heart of that promise. A vision is where the firm is headed while the core values are the behaviours that the firm holds important. Collectively, they form the core around which the business is built (Maureen, B. (2016). She further state together with the vision and mission statements, the core values of an organization should be periodically be reviewed and updated in order to reflect changes in firm dynamics and to reinvigorate the firm’s commitment to its direction and ethos. Deringer (2016) posits that there is a close linkage among the core values and strategic planning in that it ensure that the firm walks the talk and remains true to its core principles.

Strategic planning makes use of a system approach which entails looking at a firm as a system comprising of subsystems. It authorizes managers to look at the firm as a whole and the interrelationships of its parts. If offers an outline for direction and control of the firm’s activities, decision making all over the firm and forces the objectives to be set which provide a base for assessing performance (Messah & Mucai, 2014). Mele and Polese (2010), affirmed that business value creation in the firm is related both to the sub-system (through quality management, R&D activities, internal auditing, feedback daily research among others) and to the supra-system (through cooperation logics and asset improvement in terms of technical, cognitive, relational and adaptive aspects). In the context of the study, this underpins the relationship between the functional subsystems in contributing to the firm strategic goals. In TQM, the systemic conception of the firm is strengthened by its emphasis on the importance of the relationships of the parts to the goal to be reached (Mele & Colurcio, 2006).

Ultimately, success and growth of an organization will be gauged by how well a firm does relative to the goals it has set for itself. Strategic planning is a key driver of
organizational growth, since it must emerge as a strategic business partner helping the top management build an organization that is good not just for today, but for tomorrow and beyond. It is now working with the top management to propel the organization forward.

2.3 Strategic Leadership

2.3.1 Management Participation

Elbanna (2008), indicates that many authors have highlighted the important role of management participation in the strategic planning process and depicted a positive relationship between management participation and strategic planning outcomes. Ikävalko and Aaltonen (2001) identified middle managers as those actors, who are both subordinates and superiors, that is, between the organizational levels of management and personnel. Thus, our definition includes both middle management and operating management. Moutinho and Phillips (2002) believe critical areas in management intervention should be related to degree of the innovativeness, marketing planning and budgeting actions, practices and procedures as well as possessing a truly long-term business orientation.

Ketokivi and Castaner (2004), posits that management participation may reinforce the positive effectiveness of strategic planning on strategic planning practice and proposed it will generate informational value and attitudinal effects. Elbanna (2009) advocates that management participation may ensure strategic planning practice is effective. Ridwan and Marti (2012), suggested that for strategic planning to be effective and useful, there must be commitment and involvement all over the organization. It is very important to overcome any inherent problems such as: rivalry among divisions, departments, branches, resistance to change, resource requirement and resources allocation. This is supported by Ketokivi and Castaner (2004) and Chatchai (2012) who found that effective participation by middle managers in strategic planning increases the ability to reach consensus on a decision because it reduces the negative effects of position bias.

Bloom and Van Reenen (2007) and Bloom and Van Reenen (2010) confirmed strong significant associations between managerial practices and firm-level productivity and
profitability. Aosa (1992), observed that companies reporting high managerial involvement were significantly more successful in implementing strategic decisions than those whose involvement was low. Elbanna (2008), argues today’s business environment demands cooperation between both top management and people at other a managerial levels. Top managers need to articulate the context, develop organization structures and reward systems which encourage middle managers to think strategically. However, Namada et al. (2014) concluded that management participation is a much more complex variable moderated by other factors such as culture and diversity. These results on the effect of management participation on firm performance have been supported by Gerbing, Hamilton and Freeman (1994) that management participation enhances the effectiveness of the strategy process. In the study, management also includes middle management who are involved in operational activities and participate in strategic planning in their firms.

In a related study in Nigeria’s manufacturing firms, it was observed by Kuye and Suleyman (2011) that a significant relationship exists between employee involvement in decision making and firms’ performance and that firms with high employee involvement in decision making outperform firms with low employee involvement in decision making. There is also enough evidence that workers who participate in making decisions perform better (Chen & Schaubroeck, 2002). Aosa (1992) reported that companies reporting high managerial involvement were able to successfully implement strategic decisions than those with low involvement. Managers do not only affect individual process of strategic sense making but also, respective team processes.

Ogbeide and Harrington (2009) found that greater levels of involvement by a variety of management levels were related to greater strategy implementation success and financial performance. (Tzempelikos, 2015; Nohria et al., 2003; (as cited in Gavrea, Ilieş & Stegerean, 2011; Bloom, Dorgan, Dowdy, Rippin & Van Reenen, 2005) all found that better management practices are greatly associated with higher productivity and other indicators of corporate performance, including return on capital employed, sales per employee, sales growth and growth in market share.
2.3.2 Functional Integration

According to Ramanujam and Venkatraman (1987); Kargar and Parnell (1996) functional integration or functional coverage could be described as the extent of coverage given to different functional areas with a view to integrating different functional requirements into a general management perspective. In the Resource Based View (RBV) of the firm, a firm is a bundle of resources that is meant to create and deliver value. This is done at various levels by integrating and coordinating activities of the various aspects of the firm including, the people, the structure, the processes in order to ensure organizational goals and strategies are executed while helping the firm achieve sustainable competitive advantage.

Jarzabkowski and Balogun (2009), confirm that to deliver integration, a strategic planning process needs to take account of the divergent interests that people in the organization bring to that process. Phillips and Moutinho (2000), suggested knowledge and experience from different functions and levels within the firm enhance the functional integration role of strategic planning systems. O'Leary-Kelly and Flores, (2002); Pagell, (2004) describe internal integration as the extent to which separate departments within an organization work together to efficiently meet end customers’ needs. That is, in developing a business plan, it is essential to coordinate the marketing component with the other functions of the organization, the financial, production, procurement, personnel, research and development (R&D) plans and the short and long term corporate strategies and objectives.

Additionally, marketing plans should be consistent with the financial and accounting perspectives of the firm, must agree with the organization’s personnel and procurement procedures and aim at achieving the corporate objectives (Homburg, Christian & Workman, 1994). Second, it is essential to incorporate marketing inputs in the other corporate plans (financial, production, procurement, R&D and personnel) as well as the overall short and long-term plans of the firm (Day,2000). Paiva and Gavronski (2009), listed key decision areas which are dependent on cross functional integration between
manufacturing and marketing. These areas include strategic planning integration, strategic or visionary forecasting, new product or process development, tactical forecasting, demand management and operational integration. Likewise, Tyler and Gnyawali (2002) revealed that a great level of harmonization between different sections is probably able to enable the allotment of vital information amongst them thus there being efficient and fast response to the exterior stimuli.

A comprehensive understanding of the interrelationships between marketing and the other business functions requires predominantly recognition of the importance of identifying and understanding the nature and magnitude of these of interrelationships and conditionings (Davenport, 2011). Goldstein and Ward (2004) found that the integration of leading specialists positively influences organizational performance. Similarly, Morgan et al. (2000) ascertained that inclusion of marketing department into planning has positive effects on performance. Cross-functional cooperation must be viewed as an investment and should thus be used only when integration of functions is critical and when simpler mechanisms for coordination, such as plans and schedules, are inadequate (Ketokivi et al., 2006).

To achieve integrated plans of an organization's functions, their development should be coordinated since the initial phase so that each function of the organization has to know and understand what the others make. In addition, when developing plans for each function, each and every one must understand the impact of these actions on customers and the potential response from competitors. The perpetually dynamic environments under which businesses operate require a gradual approach toward strategic integration in order to determine and pursue the appropriate organizational priorities. The process of strategic integration involves crafting and implementing strategic objectives from an informed perspective of an organization's competitive environment.

The adoption of strategic integration portends the following implications to business organizations, adjusting structures and relationships that affect functional groups and related processes in organizations to achieve greater profit margins through shared
organizational processes, adjusting targets, reward systems and metrics to reflect changes in procedures and approach to production (Ketokivi et al., 2006). Paiva et al. (2011) and Swink, Narasimhan and Wang (2007) agreed that all manufacturing integration aspects are positively related to sales growth, while manufacturing-R&D integration is positively related to profitability and that manufacturing integration throughout the value chain between internal and external actors positively influences business performance.

Chen et al. (2007), found that firm-wide cross-functional integration enhanced marketing/logistics collaboration which impacted positively on firm performance. Luo et al. (2006) showed that cross-functional competition has an important effect on performance outcomes through enhanced market learning, paving the way for new insight into how cross-functional interactions can affect a firm’s competitive advantage. Stank, Daugherty and Ellinger, (1999) confirmed support for positive associations between the frequency of collaborative integration between marketing and logistics departments and logistics managers' perceptions of the effectiveness of the relationship between departments, as well as, departmental performance relative to competitors.

According to Schmidt (2008) organizations that view integration as a “strategy” and that focus their people, policies and investments around the strategy will have a clear competitive advantage. They will create an agile business where each link in the chain can change and adapt to meet local needs while the end-to-end chain remains strongly aligned with the overall operating model. A clear outcome of the process of functional integration will be a common action platform borne out of an amalgamation of the functional plans provided, which anchors the integrative role of strategic planning in the firm.

2.3.3 Strategic Orientation
Strategic orientation describes the corporate posture that combines entrepreneurial and strategic behaviour traits needed to deal with the competitive forces in the environment (Escriba-Esteve, Sanchez-Penaido & Sanchez-Penaido, 2008). Gatignon and Xuereb (1997) defined strategic orientation as the strategic directions implemented by a firm to
create the proper behaviours for the continuous superior performance of the business. Strategic orientation is a mix covering entrepreneurial orientation, marketing orientation and learning orientation (Narver & Slater, 1990). Strategic orientation represents the strategy the firm implements to achieve and maintain performance.

According to Noble (2002) strategic orientations are the guiding principles that influence a firm’s marketing and strategy-making activities and indicated that, the mainstream of quantitative empirical studies of strategic orientation regards the strategic orientation as the competitive culture such as customer orientation, technology orientation, competitor orientation, inter functional coordination, entrepreneurship orientation and innovation orientation.

Racelis, (2006) emphasized strategic thinking, as an emerging critical characteristic of the management process, which includes the competitive moves and business approaches that produce successful performance and agreed that strategic thinking is an important step to achieving business success. Narver and Slater (1990) indicated that market orientation has a substantial positive effect on profitability. Van Raaij and Stoelhorst (2008) argued that business processes is the central concern of being market oriented. That market orientation is seen as the ability of a firm to generate knowledge about markets and use the knowledge in its business processes for creation of superior customer value.

While, Noble, et al. (2002) showed that firms possessing higher levels of competitor orientation, national brand focus, and selling orientation exhibit superior performance, Aragón-Sánchez and Sánchez- Marín (2005) found that organizations which continuously search for new market opportunities through processes of innovation and development in products outperform those which do not. Subramanian and Gopalakrishna (2001) seized that higher level of market orientation has a positive effect on the four scopes of manufacturing namely; cost, quality, delivery and flexibility. He further explains that a firm that is market oriented is probable to use its market information to attain competence in its manufacturing processes.
Firms that are market oriented are more probable to appreciate the importance of giving better products while reducing the customers or clients acquisition and the costs of their usage. This cost reduction and efficiency achieved by the organizations through understanding their customers enables them enhance the overall organization’s productivity. In addition, understanding customers’ needs and expectations and the products that the competitors have to offer assists the firm to produce superior quality products. Greenley et al. (2004) in Alpkan et al. (2007) argued that organizations adopting a strong customer and competitor orientation are more likely to develop learning capabilities for adapting to environmental changes, implementing new ideas, and initiating changes in strategic planning. Idar, Yusoff and Mahmoud (2012) among Malaysian SMES found empirical evidence of significant link between strategic orientation operationalized as competitor orientation, customer orientation and interfunctional coordination and firm performance, while, Gaur, Vasudevan and Gaur (2011) found a positive link

2.4 Strategy Monitoring and Evaluation

2.4.1 Strategy Monitoring

Malmi and Brown (2008) provide a comprehensive framework of management control research. They define strategy monitoring as all the activities, rules, methods, tools, practices, and values that managers use to ensure that employees behave and make decisions consistent with the objectives and strategies of an organization. Rwigena and Venter (2004), noted that strategic control and monitoring helps to determine the degree to which strategies fulfill goals and objectives (planning). This is because control is one of the states or an activity of the planning process. Performance measurement also has a supporting role in strategic planning and to be effective, a firm’s business strategy should align with its management control system (Tapinos et al., 2005). Otherwise, the managers will not be able to know whether the firm is making progress toward its goals. Van der Stede and Chow (2006) were of the view that, maintenance of an effective performance management system is a fundamental issue that every organization must continuously pay attention to in order to ensure its survival as it plays an important role in leading the organization. This includes translating strategy into desired behaviors and results,
communicating these expectations, monitoring progress, providing feedback, and motivating employees through performance-based rewards and sanctions.

Strategic monitoring is where the corporate center is concerned with shaping the behavior in departments and divisions and with shaping the context within which managers are operating. (Johnson & Scholes, 1999). Kargar and Parnell (1996) conceptualized focus on control as the degree of emphasis placed on planning as a means of organizational control. There is a growing opinion expressing the need to tailor management control systems to support the development and implementation of organizational strategy (Kald et al., 2000). Part of management control systems is performance measurement.

Ferreira and Otley (2009), defined performance management system (PMS) as, the set of the evolving formal and informal mechanisms, processes, systems, and networks used by organizations for conveying the key objectives and goals elicited by management, for assisting the strategic process and ongoing management through analysis, planning, measurement, control, rewarding, and broadly managing performance, and for supporting and facilitating organizational learning and change. Silvi, Moeller and Schlaefke (2010), viewed a performance management system as one that incorporates the selective capturing, control, and communication of tangible and/or intangible elements within a causality-based coupling of inputs, processes, outputs, and outcomes in order to improve organizational performance and, thus, to understand relevant business dynamics.

Performance measurement system plays a key role in developing, implementing and monitoring a strategic plan. It enables managers to evaluate whether organizational objectives have been achieved, and is further used to develop and compensate managers. It helps managers monitor whether the company is moving in the direction they want it to go (Teeratsirimool et al., 2013). Performance measurement system helps to formulate, communicate and implement strategy throughout the organization; they are used to control and influence behaviour in the organization and guide the strategic planning process (Wouters, 2009). In general, PMS are used by higher-level managers to steer the behaviour of the middle management and subsequent layers of the organization (Neely et al., 2012).
Gond, Grubnic, Herzig and Moon (2012) and Marginson, (2002) have added that Management Controls are central to strategy formation as they shape the emergence of strategy and help support the implementation of deliberate strategies and that while formal controls aid the achievement of deliberate strategies, informal controls provide input into the emergence of strategy. Accordingly, formal management controls are purportedly well suited for monitoring the implementation of intended strategies (Osborn, 1998) where perceptions of market uncertainty pressure managers to review and fine-tune the scope of their intended strategies Chariet et al. (2014) (as cited in Ambrosini & Thomas, 2015). A far-reaching observation is that strategic control systems will: inspire individual leaders; co-ordinate the efforts of workers; and adjust track reliant on circumstances.

Strategic monitoring can also be used as means of expounding what good performance is; introducing individual stretch targets; making the trade-offs between investment and profit and; ensuring that corporate management is aware of when to intervene when the business performance is declining. The strategic control systems should be used as a means to provide surveillance, motivation, monitoring performance, stimulating learning, sending signals, anticipating events, introducing constraints and managing scenarios to the operation systems. The control function is being defined by exploring the complementary features, mechanic and organic behavior, in other words, reacting and tracking the strategy but also renewing the system design (Neely, 2005: Henri, 2006). Neely and Bourne (2000) posits that strategic monitoring systems have numerous roles to play and, given that many authors argue that performance measurement is part of the strategic control process (Livia, Sorina & Radu, n.d). Pant and Yuthas (2000) have stressed importance of management control system to identify and build dynamic capabilities in order to improve organizational effectiveness.

Nuansate and Mokhtar (2014), have identified two ways to judge business performance, that is, objectively and subjectively. Objective performance is determined by indicators such as finances, capacity utilization, profitability, and market shares while, subjective performance deals with customer and employee based measurements instead. These
include service quality, customer satisfaction, and employee satisfaction. They point out that subjective measurements are becoming increasingly important to businesses. Bourne (2003) argues that despite the critical need for research in the area, performance measurement systems themselves provided a normative window through which strategy can be viewed and themselves be evaluated. The very choice of measurement criteria ought to reflect the strategic goals of management. For example, firm strategies that stress on using the organizational resources to achieve cost leadership ought to measure and reward development of capabilities and competencies that enhance the lowest cost position e.g. process improvements. In accordance with the RBV, it then follows that the firm’s resources are effectively employed to deliver competitive advantage.

2.4.2 Strategic Evaluation

Strategy implementation entails the organization of the company’s resources and motivation for the employees in order to achieve the set out objectives. Strategy implementation is one of the constituents of strategic management and it refers to a set of decisions and actions that result in the creation and implementation of long term plans designed to achieve organizational objectives (Pearce and Robinson, 1997). Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Bryson, 1995).

Koufopoulos (2002), argues that, there are various dimensions explored by researchers to discuss and analyze the process of strategic planning. Beyond the simple dichotomous classification scheme of planner/non-planner, Ramanujam and Venkatraman (1987) suggested that strategic planning process was both multifaceted and integral to the organization. In recent times there has been growing disillusionment with unidimensional treatment of strategic planning. Awino et al. (2012) argued that planning is a multidimensional management system and strongly advocates for a multidimensional treatment of strategic planning for effectiveness.

Ansoff and McDonells (1990) typify the view that firm’s strategy formulation processes are either deliberate or emergent. Consequently, the norm has been a separate strategy
formulation into deliberate and emergent categories. Grant (2003) asserts that business managers exhibiting substantial autonomy and flexibility in strategy making reap successful performance. The structure of the planning systems allow corporate management establish constraints and guidelines in the form of vision and mission statements, corporate initiatives and performance expectations.

Wagner (2006) in a broad analysis of dimensions of strategic planning identified seventeen characteristics of the strategic planning process. Aosa (2011) studied the common characteristics of strategic planning in firms in different contexts using the dimensions of participation and involvement in strategic planning, the time horizon for planning, environmental scanning (internal and external) planning techniques, and functional coverage. Mitchelmore and Rowley (2013), recommend firms to lengthen their time horizon of strategic planning in order to gain better performance. Another dimension of strategic planning is the control of planning (Kraus, et al., 2006). Wijewardena, Zoysa, Fonseka and Perera (2004) suggested that by engaging control mechanism to the strategic planning, firms are able to achieve better performance.

Rational forces in strategy formation influence organizational actors to use formal techniques of information collection and situation analysis and formal criteria of evaluation and decision-making, and to institutionalize formal processes of planning, coordination, and control. When influenced by rational forces, strategies tend to be explicit, formulated, comprehensive, and integrated at high organizational levels. Information used in strategic analysis must be regarded as objective, and actions are measured against and applied to achieve predefined, overall organizational goals (Gatignon & Reibstein, 1997).

Aldehayyat and Twaissi (2011), has proven that the relationship between strategic planning and firms performance is positive and significant in the Middle East context. Schwenk and Shrader (1993), through their meta-analysis study, found that, there were positive relationship between strategic planning and firm performance. Evidences from previous research has showed that there are other dimensions of strategic planning that have been found to have positive relationship with the firm’s performance. Firstly, the
Formality of the strategic planning. Formality of strategic planning is one of the most frequently studied by previous scholars. Studies proved that formality of planning has positive relationship with firms’ performance (Glaister, Dincer, Tatoglu, Demirbag & Zaim, 2008; Kraus et al., 2006; Suclev & Debarliev, 2012) there is also positive relationship between employee participation and firms performance (Suclev & Debarliev, 2012). It is believed that employee’s participation on strategic planning will be able to contribute to the effectiveness of the development of strategy and will in return, lead for better effectiveness of implementation (Collier, Fishwick, Floyd, 2004).

2.5 Chapter Summary
The practice of strategy planning has today gained prominence worldwide and across businesses, public and private. Various writers have argued that strategic planning facilitates effective organization performance. This study examined the relationship between strategic planning and firm performance giving attention to the specific steps in the strategic planning process. The prescriptive strategic management literature implies that there is a positive association between strategic planning and organization performance, with directional causality from strategic planning to performance. Strategic planning is to improve the effectiveness of management, deliver results and impact for an organization. This in turn leads to direct improvement in performance. Strategic Planning is a critical success factor in performance

This chapter reviewed the literature related to strategy planning and firm performance. It presented empirical literature relating to strategy planning practices, vision, mission, values, strategic leadership, monitoring and evaluation from other researchers who have previously carried out research on strategy planning and firm performance. The next chapter, chapter three, focused on the research methodology.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter outlines the research design and methodology that was followed in conducting this study. It describes the entire process that the researcher used to obtain the data, research design, data collection method, the sample size, target population, data collection instrument, data collection procedure and data analysis.

3.2 Research Design
According to Cooper and Schindler (2014) research design is the comprehensive plan, structure or strategy of collecting data with the aim of obtaining answers to various research questions. The descriptive design is preferred because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data. According to Kumar (2011), a descriptive study aims to discover or establish the existence of relationships or independence between two or more aspects of situations. A descriptive research design was fitted for this study because an independent variable causes change in a dependent variable. In addition, descriptive design is fit for this study as it established a relationship and association between several variables in the same population (Leedy & Ormond, 2015).

3.3 Population and Sampling Design
3.3.1 Population
A population has been defined as a group of individuals, objects or items from which samples are taken for measurement (Delno, 2010). A target population comprises of all individuals, events or objects that have common characteristics and from which the researcher wants to generalize results (Cooper & Schindler, 2014). Since Britam has in the recent past adopted strategies to improve their performance, the research used the company as the parameters of the research. The target population of interest in this study will comprised of Britam management staff based at head office in Nairobi. The number of management employees in head office is 720 (Britam, 2017).
3.3.2 Sampling Design
According to Cooper and Schindler (2014), sampling design is the method used to find a sample from a specific population. It’s a procedure that a researcher uses while selecting items for the study’s sample. The sampling design comprises of the sampling frame, sampling technique and the sample size.

3.3.2.1 Sampling Frame
Saunders et al. (2016) define sampling frame as the complete list of individuals or entities in the population, from which a probability sample is drawn and to which study findings are to be generalized. This study, the sample frame comprised of the 720 management employees of Britam head office in Nairobi.

3.3.2.2 Sampling Technique
Sampling techniques provides a way in which a researcher scientifically selects the elements to be studied. It is a process of selecting representative elements from the whole population in order to generalize the results (Saunders et al., 2016). To come up with an appropriate study sample, the study utilized stratified sampling technique where Britam was classified based on level of management. The strata’s were top management, middle management and lower level management. Random sampling was then be used to pick employees to participate in the study.

3.3.2.3 Sample Size
A sample size is a subset of a population (Blumberg, 2014). According to Kumar (2011), the sample size of a study is a major concern to the researcher as it aims at removing bias in the selection of the sample. Yamane (1967:886) provides a simplified formula to calculate sample size. It’s commonly used when the population size is known. In this study we calculated our sample size using the Yamane’s formula since we had a population size of 720. Yamane’s formula is as follows:

\[ n = \frac{N}{1 + Ne^2} \]

\( n \) = sample

\( N \) = Total population
\( e = \text{level of precision (error of tolerance)} \)

In using this formula, the error of tolerance is first determined which can give a percentage of between 90 and 99. For example a confidence level of 90 percent (gives a margin error of 0.1 and 98 percent confidence level (a margin of error of 0.02). In the current study a confidence level of 90 is utilized thus the margin of error is 0.1.

\[
n = \frac{720}{(1+720*0.1*0.1)} = 88
\]

\[n = 88\]

<table>
<thead>
<tr>
<th>Table 3.1 Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of staff</strong></td>
</tr>
<tr>
<td>Top Management</td>
</tr>
<tr>
<td>Middle level managers</td>
</tr>
<tr>
<td>Lower level managers</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

According to Dudin (2013), data collection is the process of preparing and systematically gathering data for a particular purpose from various sources, that has been systematically observed, recorded, organized. The study performed data collected through a questionnaire structured to meet the objectives of the study. According to Mugenda and Mugenda (2003), questionnaires are commonly used to obtain important information about a population under study. Each item is developed to address specific themes of the study. A five-point Likert scale was used. A likert scale is more useful when a behavior needs to be evaluated on a continuum (Leedy & Ormrod, 2011).

3.5 Research Procedures

Permission to conduct this research was granted by the research supervisor and subsequently by the Dean, Chandaria School of Business.

Reliability is carried out by testing whether the items grouped under a factor are internally consistent and stable. Cronbach’s alpha is used to measure the reliability of the
research instrument with a Cronbach value of 0.80 considered as good and 0.70 as acceptable and 0.60 as poor (Senkaran, 2003).

Validity is enhanced by the use of items confirmed in the literature as the representative measures of the behaviour or values being measured. According to Carmine and Zeller (1979) validity can be assessed by use of expert opinion or judgement.

Prior to administering study instruments, a brief introduction was made to the respondents explaining the nature and importance of the study to the respondents. Data collection was done by the drop and pick method. The questionnaires were dropped at Britam head office and later picked. According to Leedy and Ormrod (2001), respondents are more truthful while responding to the questionnaires regarding controversial issues in particular due to the fact that their responses are anonymous.

Research ethics is specifically interested in the analysis of ethical issues encountered in a research process. It has to do with the appropriateness of the researcher’s behaviour in relation to the rights of those who participate in the research project or the end users of the research project. According to Christensen et al. (2014), research ethics are a set of guidelines to assist the researcher in conducting ethical research and comprise of the professional issues, relationship between the respondent and the interviewer and the treatment of research participants. The research process should be free from ‘fabrication, falsification or plagiarism’ in proposing, performing or reviewing research Christensen et al. (2014).

3.6 Data Analysis
The raw data was examined, checked and cleaned for completeness and comprehensibility by eliminating unusable data, interpreting ambiguous answers and eliminating contradictory data from related questions. The data was then coded and entered into statistical package for social sciences (SPSS) program and descriptive analysis ran and data analyzed and cleaned. Regression was able to estimate the coefficients of the linear equation, involving one or more independent variables, which
best predicted the value of the dependent variable. Therefore, the researcher used linear regression analysis to analyse the data. In this study the following were the regression equations that were used to test the significance of the study hypotheses:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon \]

Where;

Y is the Firm Performance,

\( \beta_0 \) = constant

\( \varepsilon \) = the error term of the model.

\( X_1 \) = mission, vision and values

\( X_2 \) = Strategic leadership

\( X_3 \) = strategic monitoring and evaluation

3.7 Chapter Summary

This chapter reviewed the research methodology that the study will use. This included the target population, the sample size, sampling design, data collection instrument, and data analysis. The chapter discussed the research methods and procedures that were used to carry out the study. The sample size was 88 management employees of Britam. The data was analyzed using the SPSS system. The findings, conclusions and recommendations of the study were presented in chapter four and five.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction
This chapter presents the study analysis, findings and discussions. The findings are presented in this section in form of percentages and frequency distributions, mean and standard deviations. An analysis of the variables and model estimates are presented in this chapter. The analysis of the findings is based on the specific objectives of the study. Descriptive and Inferential statistics were utilized.

4.2 Response Rate
The respondents comprised of employees from Britam. Out of the 88 issued questionnaires, 61 questionnaires were returned duly filled and this represented 70% of the total questionnaires as shown in the figure 4.1 below. This is a good and satisfactory response rate according to Mugenda and Mugenda (2003). The other 30% of the questionnaires were non-responsive because of non-availability of the respondents, incomplete questionnaires while some respondents were not interested in the entire exercise.

The researcher having received the duly completed questionnaires edited, coded and analysed the data that reflected the perceptions, attitudes, behaviours or values of the respondents.

![Figure 4.1: Response Rate](image-url)
4.3 Pilot Test Results

Pre-testing is essential to identify problems in the questionnaire, removing ambiguities and other sources of bias and error (Singh, 2007), which improves the reliability and validity of survey questions.

4.3.1 Validity of the Instruments

Validity is enhanced by the use of items confirmed in the literature as the representative measures of the behaviour or values being measured. According to Carmine and Zeller (1979) validity can be assessed by use of expert opinion or judgement. This was conducted to establish the “face validity” criterion required before conducting the pilot study. For this study, the survey instrument was emailed to two expert groups consisting of three academics and two professionals in the field.

Each of the items was reviewed by the experts for its content, scope, and purpose. Experts were asked to comment on various aspects of the survey design such as the clarity or ambiguity of definitions, item representativeness, appropriateness of the scale, and clarity of instructions. As a result, from the outcome of the experts, the following amendments were made:

Section B: The parameters being assessed were amended to include more objective oriented items in line with the research questions

Section C: Double-barrelled questions were identified, and the informal fallacy was amended.

Section D: Ambiguous, hanging statements were amended

Section E: Non-value adding parameters to the study were amended and some content incorporated into previous items that tied in together with the variables in those sections.

The alignment, formatting and font was appropriately adjusted to conform to required standards.
4.3.2 Reliability of the Instruments

Reliability is carried out by testing whether the items grouped under a factor are internally consistent and stable. Cronbach’s alpha is used to measure the reliability of the research instrument with a Cronbach value of 0.80 considered as good and 0.70 as acceptable and 0.60 as poor (Senkaran, 2003).

A reliability analysis was carried out to measure the extent to which the indicators were without bias. For ease of using the tool the constructs were tested separately. Findings are displayed in Table 4.1.

Table 4.1: Reliability Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision, Mission and Values</td>
<td>.791</td>
</tr>
<tr>
<td>Strategy Leadership</td>
<td>.856</td>
</tr>
<tr>
<td>Strategy Monitoring and Evaluation</td>
<td>.794</td>
</tr>
</tbody>
</table>

The Cronbach’s Alpha values lie between .79 and .85: an indication that the internal consistency of the items under measurement were considered to be good.

4.4 Demographic Information

This section comprises of information on the respondents demographics such as gender, age, highest level of education, level of management, relevant trainings to the current roles and years of experience.

4.4.1 Gender of the Respondents

Majority of the respondents were male at 54% while the least were female at 46% as shown on figure 4.2. This is an indication that gender representation and balance was considered during recruitment.
Based on the study results as shown on figure 4.3, majority of the respondents were between the ages 36-45 who were 48% closely followed by those in the 26-35 age bracket who were 43%. Those between the ages of 46-55 were 7% and the minority group was for those above 56 years of age who were 3%. This is an indication that Britam has a relatively youthful and middle-age personnel going by the distribution below.

Figure 4.3: Respondents Age

4.4.3 Level of Education

Figure 4.4 below shows the education level of the respondents. The study showed that 67% attained a bachelor’s degree as their highest level of education while 5% had a diploma. The study further established that 28% of the respondents had masters. This study thus indicated that there was a high level of knowledge among the respondents. It could also be implied as a measure of ease of understanding the research questions for this study.
4.4.4 Level of Management

The study targeted top, middle and the lower level management at Britam. Majority of the respondents were drawn from the middle level management at 57%, 26% of the respondents being top management while 16% of the respondents were from lower level management. This shows that the respondents were spread across the three levels of management as shown in table 4.2 below. All cadres of management were well represented.

Table 4.2: Level of management

<table>
<thead>
<tr>
<th>Level of management</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>16</td>
<td>26</td>
</tr>
<tr>
<td>Middle Management</td>
<td>35</td>
<td>57</td>
</tr>
<tr>
<td>Lower Management</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.4.5 Relevant training for current role

The respondents were asked to indicate if they had undergone relevant training for their current roles. The responses are as indicated in figure 4.5 below.

![Figure 4.4: Level of Education](image-url)
Figure 4.5: Relevant Training

Majority of the respondents (60%) are equipped with the relevant training for their current roles. Only 1% of the respondents said that they never underwent any training for their current roles. This is an indication of the high levels of competency at Britam among its staff.

4.4.6 Years of Experience at Britam

The table below shows the respondents’ years of experience. Majority of the respondents at 28% had served the company for between 4-6 years. Those who had served the company for below one year, between 7-9 years and above ten years stood at 20%. Only 12% of the respondents had worked for the company for between 1-3 years. This is an indication that the employees are well informed of the firm’s policies, processes and activities.

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 1</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>1-3</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>4-6</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>7-9</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Above 10</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>61</td>
<td>100</td>
</tr>
</tbody>
</table>
4.5 The influence of Vision, Mission and Values on firm’s performance

The researcher sought to seek the influence of vision, mission and values on firm’s performance.

A likert scale was used where Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5.

Majority of the respondents agreed that company mission and vision are crucial elements of strategic management in the organization (Mean = 4.66, SD = 0.513). Respondents also agreed that the company vision and growth are reinforced by the firms’ strategic focus on market growth and profits (Mean = 4.48, SD = 0.622). Further, respondents agreed that the organization’s vision provides a guideline on the objectives of Britam company going by (Mean = 4.36, SD = 0.606). Also, they were in agreement that the firm’s values have helped establish benchmarks or milestones that show whether or not the goals and objectives are met (Mean = 4.18, SD = 0.785).

A majority also responded that the values have enabled the firm gain competitive advantage in the insurance industry (Mean = 4.31, SD = 0.807). They were also in agreement that the firm consistently applies a disciplined approach to strategic planning in order to be ready for any market changes (Mean = 4.20, SD = 0.792). Mixed feelings were however elicited on whether the firm uses strategic planning to redirect its recovery process once it has gone off track (Mean = 3.93, SD = 0.834). The above findings are an indication that to a larger degree Vision, Mission and Values have an effect on firm performance. Table 4.4 displays the findings.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company mission and vision are crucial elements of strategic management in the organization</td>
<td>61</td>
<td>4.66</td>
<td>0.513</td>
</tr>
<tr>
<td>The company vision and growth are reinforced by the</td>
<td>61</td>
<td>4.48</td>
<td>0.622</td>
</tr>
</tbody>
</table>
firms’ strategic focus on market growth and profits

| The organization vision provides a guideline on the objectives of Britam company | 61 | 4.36 | 0.606 |
| The firm values have helped establish benchmarks or milestones that show whether or not the goals and objectives are met | 61 | 4.18 | 0.785 |
| The values have enabled the firm gain competitive advantage in the insurance industry | 61 | 4.31 | 0.807 |
| The firm consistently applies a disciplined approach to strategic planning in order to be ready for any market changes | 61 | 4.20 | 0.792 |
| When the firm has gone off track, it uses strategic planning to redirect its recovery process | 61 | 3.93 | 0.834 |

| Valid N (listwise) | 61 |

### 4.6. Strategy Leadership

The study then sought to find out the effect of strategy leadership on performance of Britam. Findings reveal that to a larger extent the respondents agreed that strategic leadership is vital to give a dependable direction of assessing the most appropriate methods for enhancing a product/item (Mean = 4.33, SD = 0.625). To a larger extent the respondents also agreed that management participation has ensured strategic planning practice is effective in the company (Mean = 4.31, SD = 0.720). They also agreed that knowledge and experience from different functions of the firm enhances the functional integration role of strategic planning systems (Mean = 4.26, SD = 0.751). Most of the respondents also agreed that strategic planning structures and systems in the company contribute towards building organizational capabilities that drive performance (Mean = 4.25, SD = 0.722).

With regards to strategic leadership being the foundation that improves the company processes and ultimately reduces internal costs of operation, most respondents agreed to it going by (Mean = 4.15, SD = 0.679). They also agreed that the insurance company is keen on monitoring and identifying trends or cycles of some kind in order to find patterns.
of the market trend (Mean = 4.15, SD = 0.749). From the findings we also learn that the company concentrates on producing products/services that meet the desires or needs of various target markets (Mean = 4.15, SD = 0.727). Further, they agreed that the company monitors the environment by collecting information in all environmental sectors, sort out relevant information and adjust business to meet future forecasts (Mean = 4.13, SD = 0.885).

Findings also reveal the nature of the company’s work requires specific, predetermined behavior by means of formal direction and control to be successful (Mean = 4.07, SD = 0.834). However, they were mixed opinions as to whether the company has an advantage in terms of making quick decisions and the willingness to take risks and whether the company’s managerial involvement is significantly more successful in implementing strategic decisions than those whose involvement is not managerial. This is shown by (Mean = 3.97, SD = 0.774), (Mean = 3.87, SD = 0.718) respectively. It therefore could be implied to a larger degree that strategic leadership has an effect on firm performance.

Table 4.5 presents the findings.

**Table 4.5: Strategy Leadership**

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The nature of the company’s work requires specific, predetermined behavior</td>
<td>61</td>
<td>4.07</td>
<td>.834</td>
</tr>
<tr>
<td>by means of formal direction and control to be successful</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic planning structures and systems in the company contribute</td>
<td>61</td>
<td>4.25</td>
<td>.722</td>
</tr>
<tr>
<td>towards building organizational capabilities that drive performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic leadership is the foundation that improves the company processes</td>
<td>61</td>
<td>4.15</td>
<td>.679</td>
</tr>
<tr>
<td>and ultimately reduces internal costs of operation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The insurance company is keen on monitoring and identifying trends</td>
<td>61</td>
<td>4.15</td>
<td>.749</td>
</tr>
<tr>
<td>or cycles of some kind in order to find patterns of the market trend</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 4.7. Strategy Monitoring and Evaluation

Additionally, there was need to seek the effect of strategy monitoring and evaluation on performance of Britam. Findings reveal that setting performance targets and the preceding process of strategic planning is an important aspect of performance management for the company going by the majority who agreed to this (Mean = 4.67, SD = 0.473). Another majority of the respondents agreed that strategic planning and target setting allows them to translate the organization vision and strategy into strategic objectives that are associated with medium to long-term goals (Mean = 4.52, SD = 0.595). Another group of respondents were of the opinion that target setting allows the company to reconfigure their existing business capabilities and also build new capabilities (Mean = 4.21, SD = 0.609). The findings also show that strategic control and

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The company monitors environment by collecting information in all environmental sectors, sort out relevant information and adjust my business to meet future forecasts</td>
<td>61</td>
<td>4.13</td>
</tr>
<tr>
<td>Strategic leadership is vital to give a dependable direction of assessing the most appropriate methods for enhancing a product/item</td>
<td>61</td>
<td>4.33</td>
</tr>
<tr>
<td>The company concentrates on producing products/services that meet the desires or needs of various target markets</td>
<td>61</td>
<td>4.15</td>
</tr>
<tr>
<td>The company has an advantage in terms of making quick decisions and the willingness to take risks</td>
<td>61</td>
<td>3.97</td>
</tr>
<tr>
<td>The company’s managerial involvement is significantly more successful in implementing strategic decisions than those whose involvement</td>
<td>61</td>
<td>3.87</td>
</tr>
<tr>
<td>Management participation has ensured strategic planning practice is effective in the company</td>
<td>61</td>
<td>4.31</td>
</tr>
<tr>
<td>Knowledge and experience from different functions the firm enhances the functional integration role of strategic planning systems.</td>
<td>61</td>
<td>4.26</td>
</tr>
</tbody>
</table>
monitoring helps to determine the degree to which strategies fulfill goals and objectives of the company (Mean = 4.20, SD = 0.679). The study also revealed that while setting targets, the company combines human expertise and organizational resources to implement value-creating organizational strategies (Mean = 4.18, SD = 0.619). Further, they agreed that the company has loyal customers facilitating the ability to work easily and achieve respondents’ objectives and outperform their set targets (Mean = 4.07, SD = 0.873).

Respondents also agreed that monitoring and evaluation supports the implementation of deliberate strategies (Mean = 4.07, SD = 0.814). Additionally, monitoring and evaluation enables managers to evaluate whether organizational objectives have been achieved (Mean = 4.03, SD = 0.836). There was neutral opinion as to whether the company provides feedback when evaluation is done to motivate employees (Mean = 3.87, SD = 0.974). Also, a neutral response as to whether the company has a feedback system in place that influences the development of new capabilities and organizational learning (Mean = 3.80, SD = 1.014). The findings are an indication that monitoring and evaluation has an effect on firm performance to a larger degree. Findings are displayed on table 4.6.

Table 4.6: Strategy Monitoring and Evaluation

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting performance targets and the preceding process of strategic planning is an important aspect of performance management for the company</td>
<td>61</td>
<td>4.67</td>
<td>.473</td>
</tr>
<tr>
<td>Strategic planning and target setting allows me to translate the organization vision and strategy into strategic objectives that are associated with medium to long-term goals</td>
<td>61</td>
<td>4.52</td>
<td>.595</td>
</tr>
<tr>
<td>While setting targets, the company combine human expertise and organizational resources to implement value-creating organizational strategies</td>
<td>61</td>
<td>4.18</td>
<td>.619</td>
</tr>
<tr>
<td>Target setting allows the company to reconfigure my existing</td>
<td>61</td>
<td>4.21</td>
<td>.609</td>
</tr>
</tbody>
</table>
business capabilities and also build new capabilities
The company have a feedback system in place that influences
the development of new capabilities and organizational
learning
The company has loyal customers facilitating the ability to
work easily and achieve my objectives and outperform my set
targets
Strategic control and monitoring helps to determine the degree
to which strategies fulfill goals and objectives of the company
The company provides feedback when evaluation is done to
motivate employees
Monitoring and evaluation enables managers to evaluate
whether organizational objectives have been achieved
Monitoring and evaluation support the implementation of
deliberate strategies
Valid N (listwise)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>61</td>
<td>3.80</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.014</td>
</tr>
<tr>
<td></td>
<td>61</td>
<td>4.07</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.873</td>
</tr>
<tr>
<td></td>
<td>61</td>
<td>4.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.679</td>
</tr>
<tr>
<td></td>
<td>61</td>
<td>3.87</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.974</td>
</tr>
<tr>
<td></td>
<td>61</td>
<td>4.03</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.836</td>
</tr>
<tr>
<td></td>
<td>61</td>
<td>4.07</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.814</td>
</tr>
<tr>
<td></td>
<td>61</td>
<td></td>
</tr>
</tbody>
</table>

### 4.8 Inferential Statistics

The inferential statistics involved the use of linear regression analysis to determine the
significance of the coefficients of the independent variables in explaining the variation in
dependent variables. Model summary was used to determine the proportion of the
dependent variable explained by the explanatory variables while ANOVA was used to
determine the fitness of the model used in the analysis. The relationship between
variables was established through Correlation analysis.

Correlation results show that mission, vision and values have a strong positive
association with firm performance ($R = 0.778$). Strategic leadership showed moderate
relationship with firm performance ($R= 0.518$). Strategic monitoring and evaluation have
a weak and positive relationship with firm performance ($R = 0.300$). The results were
expected. However it is the researcher’s discretion that the strategic monitoring and
evaluation weak relationship could be explained by factors external to the model in question. Results are as in Table 4.7

**Table 4.7: Correlation results**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Firm Performance</th>
<th>Mission, vision and values</th>
<th>Strategic leadership</th>
<th>Strategic monitoring and evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Performance</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mission, vision and values</td>
<td>.778</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic leadership</td>
<td>.518</td>
<td>.640**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Strategic monitoring and evaluation</td>
<td>.300</td>
<td>.386</td>
<td>.095</td>
<td>1</td>
</tr>
</tbody>
</table>

**Regression Analysis**

To establish the relationship between the firm performance, mission, vision and values, strategic leadership and Strategic monitoring and evaluation a multiple regression analysis was conducted.

The regression model was as follows;

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]

Where;

- \( Y \) = Firm Performance
- \( \beta_0 \) = constant
- \( \epsilon \) = the error term of the model.
- \( X_1 \) = mission, vision and values
- \( X_2 \) = strategic leadership
- Finally, \( X_3 \) = strategic monitoring and evaluation

Determination coefficient (R squared) was carried out to determine the proportion of the variation in dependent variable that is attributed to the changes in the explanatory variables. The study established R2 of 0.651 which implies that 65.1% of the variation in
firm performance is attributed to the changes in explanatory variables (mission, vision and values, strategic leadership and strategic monitoring and evaluation). It means that the goodness of fit test is adequate. A correlation coefficient of 0.806 depicts there is a good linear dependence of firm performance, mission, vision and values, strategic leadership and strategic monitoring and evaluation hence a strong correlation between the dependent variable and Independent variables. The above information is shown in table 4.8 below.

Table 4.8: Summary of the Model

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R square</th>
<th>Std. Error of the estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.806a</td>
<td>.651</td>
<td>.619</td>
<td>.34567</td>
</tr>
</tbody>
</table>

a. Predictors: (constant), mission, vision and values, strategic leadership, strategic monitoring and evaluation  
b. Dependent Variable: Firm Performance  
Source: Research Findings

ANOVA (Analysis of Variance)

ANOVA is utilized to establish the significance of the relationship between firm performance and the independent variables. Findings show there is a significant joint relationship between firm performance, mission, vision and values, strategic leadership and strategic monitoring and evaluation at 95% level of confidence given the level of significance 0.003 which is below P value of 0.05. Table 4.9 shows the findings

Table 4.9: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>0.067</td>
<td>11</td>
<td>0.006</td>
<td>1.000</td>
<td>0.003a</td>
</tr>
<tr>
<td>Residual</td>
<td>0.054</td>
<td>9</td>
<td>0.006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0.121</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (constant), Mission, vision and values, strategic leadership, strategic monitoring and evaluation
b. Dependent Variable: Firm Performance  
Source: Research findings

Regression Coefficient Results  

Table 4.10: Regression coefficient results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.049</td>
<td>0.045</td>
</tr>
<tr>
<td>Mission, vision and values</td>
<td>0.041</td>
<td>0.025</td>
</tr>
<tr>
<td>Strategic leadership</td>
<td>1.704</td>
<td>0.507</td>
</tr>
<tr>
<td>Strategic monitoring and</td>
<td>0.016</td>
<td>0.004</td>
</tr>
<tr>
<td>evaluation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: Firm Performance  
Source: Research Findings  
Hence the model: Y = 0.049 + 0.041 X1 + 1.704X2 + 0.016 X3

The above model shows that when all other variables have a value of zero then the firm performance is 0.049. A unit increase in mission, vision and values translates to 0.041 increase in firm performance. Also a unit increase of strategic leadership translates to 1.704 increase in firm performance. Strategic monitoring and evaluation unit increase translates to 0.016 increase in firm performance. This is an indication that mission, vision and values, strategic leadership and strategic monitoring and evaluation affect the performance of Britam. Findings also show that the model is statistically significant at 5% level of significance.

4.9. Chapter Summary  
This chapter presented the interpretation and presentation of the findings from the field based on the specific objectives of the study. It utilized descriptive and inferential statistics for analysis. The next chapter presents the discussion, conclusion and recommendation.
CHAPTER FIVE
DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents discussion of the findings, conclusions drawn and the recommendations made after the analysis and interpretation of data. The discussion is done in relation to the literature reviewed on the topic of research. The study is guided by the specific research objectives which are to establish the effects of vision, mission and values on firm’s performance, to establish the effects of strategy leadership on firm’s performance and to establish the effects of strategy monitoring and evaluation on firm’s performance. In this chapter the conclusions and recommendations for improvement and further studies are drawn.

5.2 Summary of the Study
The general objective of this study was to identify the influence of strategic planning on performance of Britam. The study utilized a descriptive research design as its purpose is to observe, describe and document aspects of a situation as it naturally occurs. Descriptive design employed for this study allowed for quantitative data collection and was analysed using descriptive statistics. Inferential statistics was also utilized to draw relationships between the independent and dependent variables and correlate them. The target population for this study comprised of Britam management staff based at head office in Nairobi. The number of management employees in head office is 720. To come up with an appropriate study sample, the study utilized stratified sampling technique where Britam was classified based on levels of management. The strata were top, middle and lower level management. Employees who participated in the study were then selected through random sampling. The sample size target was 88 out of which 61 questionnaires were returned fully filled and this represented a success rate of 71%.

A structured questionnaire adopting the Likert scale was used as the data collection method for this study. Likert measurement scale was used based on the three research questions. The questionnaire was divided into four sections, with section A capturing the
demographic information of the respondent while section B, C and D captured information relating to the variables under the study. Descriptive and inferential statistics were utilized in analysis. Descriptive statistics utilized was the mean and measures of spread (standard deviation). Inferential statistics included correlation and regression. Tables, graphs and figures were employed to display the analysis of the data. This helped predict how a large group will behave based upon information taken from a part of the group.

To find out the influence of vision, mission and values on the performance of Britam the study elicited response on some elements relating to the same and it was revealed that the company’s mission and vision are crucial elements of strategic management in the organization (Mean = 4.66, SD = 0.513). Also, the company vision and growth are reinforced by the firms’ strategic focus on market growth and profits (Mean = 4.48, SD = 0.622). Further, it came out that the organization’s vision provides a guideline on the objectives of Britam company going by (Mean = 4.36, SD = 0.606). The firm values according to the study have helped establish benchmarks or milestones that show whether or not the goals and objectives are met (Mean = 4.18, SD = 0.785). It was also found that the values have enabled the firm gain competitive advantage in the insurance industry (Mean = 4.31, SD = 0.807). The study also revealed that Britam as a firm consistently applies a disciplined approach to strategic planning in order to be ready for any market changes (Mean = 4.20, SD = 0.792). Mixed feelings were however elicited on whether the firm uses strategic planning to redirect its recovery process once it has gone off track (Mean = 3.93, SD = 0.834). The above findings are an indication that to a larger degree Vision, Mission and Values have an effect on firm performance.

The study then sought to find out the effect of strategy leadership on performance of Britam. Findings reveal that to a larger extent strategic leadership is vital to give a dependable direction of assessing the most appropriate methods for enhancing a product/item (Mean = 4.33, SD = 0.625). To a larger extent management participation has ensured strategic planning practice is effective in the company (Mean = 4.31, SD = 0.720). It was also agreed that knowledge and experience from different functions of the
firm enhance the functional integration role of strategic planning systems (Mean = 4.26, SD = 0.751). It also came out that strategic planning structures and systems in the company contribute towards building organizational capabilities that drive performance (Mean = 4.25, SD = 0.722). With regards to strategic leadership being the foundation that improves the company processes and ultimately reduces internal costs of operation, most respondents agreed to it going by (Mean = 4.15, SD = 0.679). Further, the insurance company is keen on monitoring and identifying trends or cycles of some kind in order to find patterns of the market trend (Mean = 4.15, SD = 0.749). From the findings we also learn that the company concentrates on producing products/services that meet the desires or needs of various target markets (Mean = 4.15, SD = 0.727). Additionally, the company monitors the environment by collecting information in all environmental sectors, sort out relevant information and adjust business to meet future forecasts (Mean = 4.13, SD = 0.885).

Findings also reveal the nature of the company’s work requires specific, predetermined behavior by means of formal direction and control to be successful (Mean = 4.07, SD = 0.834). However, there was indifference as to whether the company has an advantage in terms of making quick decisions and the willingness to take risks and whether the company’s managerial involvement is significantly more successful in implementing strategic decisions than those whose involvement was not managerial. This is shown by (Mean = 3.97, SD = 0.774), (Mean = 3.87, SD = 0.718) respectively. It therefore could be implied to a larger degree that strategic leadership has an effect on firm performance.

Additionally, there was need to seek the effect of strategy monitoring and evaluation on performance of Britam as a third objective. Findings reveal that setting performance targets and the preceding process of strategic planning is an important aspect of performance management for the company (Mean = 4.67, SD = 0.473). Another majority of the respondents agreed that strategic planning and target setting allows them to translate the organization vision and strategy into strategic objectives that are associated with medium to long-term goals (Mean = 4.52, SD = 0.595). Another group of respondents were of the opinion that target setting allows the company to reconfigure
their existing business capabilities and also build new capabilities (Mean = 4.21, SD = 0.609). The findings also show that strategic control and monitoring helps to determine the degree to which strategies fulfill goals and objectives of the company (Mean = 4.20, SD = 0.679). The study also revealed that while setting targets, the company combines human expertise and organizational resources to implement value-creating organizational strategies (Mean = 4.18, SD = 0.619). Further, they agreed that the company has loyal customers facilitating the ability to work easily and achieve respondents’ objectives and outperform their set targets (Mean = 4.07, SD = 0.873).

Respondents also agreed that monitoring and evaluation supports the implementation of deliberate strategies (Mean = 4.07, SD = 0.814). Additionally, monitoring and evaluation enables managers to evaluate whether organizational objectives have been achieved (Mean = 4.03, SD = 0.836). There was indifference as to whether the company provides feedback when evaluation is done to motivate employees (Mean = 3.87, SD = 0.974). Also, a neutral response as to whether the company has a feedback system in place that influences the development of new capabilities and organizational learning (Mean = 3.80, SD = 1.014). The findings are an indication that monitoring and evaluation has an effect on firm performance to a larger degree.

5.3 Discussion
5.3.1 The influence of Vision, Mission and Values on firm’s performance
The findings revealed that the company mission and vision are crucial elements of strategic management in the organization. These findings are in line with Darbi (2012) assertion that vision and mission statements and core values are considered as important part of strategic planning process for an organization and cuts across all types of organizations such as private, public, profit or non-profit making, multinationals as well as small and medium scale enterprises. Results indicated that the company vision and growth are reinforced by the firms’ strategic focus on market growth and profits. Joachim (2010) opines that regarding the contingencies towards a desired future of a firm shown by belief and expectations, a company needs vision since it is the driver of growth and expansion. The study showed that the organization vision provides a guideline on the
objectives of a company. Also, firm values have helped establish benchmarks or milestones that show whether or not the goals and objectives are met and this is reinforced by Hugh and Michael (2002), that the real purpose of strategic vision is to serve as management for giving the organization a sense of direction. Andrew (2013), adds that a vision is an inspirational description of the desired long-term achievement of affair mostly by those involved or affected by it. It’s the end destination of an organization’s roadmap in what it hopes to become.

With regards to the company’s mission being aligned with its goals and objectives, this is consistent with the works of Thompson and Stickland (2007), who assert that a strategic plan is a process that involves assessment of threats and opportunities of an organization, determining weakness and strengths in changing environment. They continue saying that a strategy is laid down to cope with the problem at hand, considering the goals and objectives of the organization. They further defined strategic planning as management tool that continually and systematically evaluates a business, identify its long-term goals and quantifiable objectives, develops a plan to implement, monitor performance, allocated resources, redefine the plan where need be and to ensure that the organizational members work towards the defined goals in changing environment.

A majority also responded that the values have enabled the firm gain competitive advantage in the insurance industry. This is in line with what Mele & Polese (2010) affirmed. The authors are of the view that competitive advantage in a firm arises when business value creation in the firm is related both to the sub-system (through quality management, R&D activities, internal auditing, feedback daily research among others) and to the supra-system (through cooperation logics and asset improvement in terms of technical, cognitive, relational and adaptive aspects). In the context of the study, this underpins the relationship between the functional subsystems in contributing to the firm strategic goals. In TQM, the systemic conception of the firm is strengthened by its emphasis on the importance of the relationships of the parts to the goal to be reached. This in turn sets a company above the rest in the industry and thus could be said of Britam.
They were also in agreement that the firm consistently applies a disciplined approach to strategic planning in order to be ready for any market changes. This is supported by literature whereby the vision depicts the end destination of an organization’s roadmap in what it hopes to become, the client outcome it wants to achieve, the market position it wants to assume, the impact it will have, the capabilities it plans to develop and the activities it plans to pursue. This is a good indication of a way to achieve competitive advantage. This is also consistent with Karami’s (2001) work whereby a good strategic plan should outline the organization’s future course and serve as a guiding concept. To determine where it is going, the organization needs to know exactly where it stands, then determine where it wants to go and how it will get there. However, strategic planning practice itself cannot foretell exactly how the market will evolve and what issues will surface in the coming days in order to plan for organizational strategy hence a need to couple it with values. Mixed feelings were however elicited on whether the firm uses strategic planning to redirect its recovery process once it has gone off track.

5.3.2. Strategy Leadership
Findings revealed that strategic leadership is vital to give a dependable direction of assessing the most appropriate methods for enhancing a product/ item. This could be because according to Moutinho and Phillips (2002) critical areas in management intervention should be related to degree of the innovativeness, marketing planning and budgeting actions, practices and procedures as well as possessing a truly long-term business orientation. The study also revealed that to a larger extent management participation has ensured strategic planning practice is effective in the company. This is in line with Ketokivi and Castaner (2004), who posit that management participation may reinforce the positive effectiveness of strategic planning on strategic planning practice and proposed it will generate informational value and attitudinal effects. It was also agreed that knowledge and experience from different functions of the firm enhance the functional integration role of strategic planning systems. The same is echoed through literature by Phillips and Moutinho (2000), who suggested knowledge and experience from different functions and levels within the firm enhance the functional integration role
of strategic planning systems. It also came out that strategic planning structures and systems in the company contribute towards building organizational capabilities that drive performance. The foregoing is consistent with Elbanna (2008), who argues today’s business environment demands cooperation between both top management and people at other managerial levels.

With regards to strategic leadership being the foundation that improves the company processes and ultimately reduces internal costs of operation. Further, the study revealed that the insurance company is keen on monitoring and identifying trends or cycles of some kind in order to find patterns of the market trend. This could imply that Britam possesses higher levels of competitor orientation. According to Aragón-Sánchez and Sánchez- Marín (2005) such market orientation favors organizations which continuously search for new market opportunities through processes of innovation and development in products outperform those which do not.

From the findings we also learn that the company concentrates on producing products/services that meet the desires or needs of various target markets. Additionally, the company monitors the environment by collecting information in all environmental sectors, sort out relevant information and adjust business to meet future forecasts. This is indicative of a firm that is market oriented in its approach. Market-oriented firms are inclined to provide better products along with reducing customers’ acquisition and usage costs due to better understanding of the customer and in turn enhances overall firm productivity. Greenley et al. (2004) in Alpkon et al. (2007) argued that organizations adopting a strong customer and competitor orientation are more likely to develop learning capabilities for adapting to environmental changes, implementing new ideas, and initiating changes in strategic planning.

Findings also reveal the nature of the company’s work requires specific, predetermined behavior by means of formal direction and control to be successful. This is an indication of strategic orientation whereby according to Gatignon and Xuereb (1997) strategic orientation is the strategic direction implemented by a firm to create the proper behaviors
for the continuous superior performance of the business. However, there was an indifference as to whether the company has an advantage in terms of making quick decisions and the willingness to take risks and whether the company’s managerial involvement is significantly more successful in implementing strategic decisions than those whose involvement was not managerial.

5.3.2. Strategy Monitoring and Evaluation

The third objective was to establish the effect of strategy monitoring and evaluation on performance of Britam. Findings reveal that setting performance targets and the preceding process of strategic planning is an important aspect of performance management for the company. This is critical for managers to know whether the firm is making progress or not as supported by (Tapinos et al., 2005). In their study they allude to performance measurement having a supporting role in strategic planning and to be effective, a firm’s business strategy should align with its management control system or else the managers will not be able to know whether the firm is making progress toward its goals.

The study revealed that strategic planning and target setting allows them to translate the organization vision and strategy into strategic objectives that are associated with medium to long-term goals. Van der Stede and Chow (2006) echo the same sentiments as they assert that performance targeting is a fundamental issue that every organization must continuously pay attention to in order to ensure its survival as it plays an important role in leading the organization.

The study also revealed that target setting allows the company to reconfigure their existing business capabilities and also build new capabilities. This could be the case because monitoring and evaluation involves shaping of behavior. The same is consistent with Johnson & Scholes, (1999) who state that strategic monitoring is concerned with shaping the behavior in departments and divisions and with shaping the context within which managers are operating. The findings also show that strategic control and monitoring helps to determine the degree to which strategies fulfill goals and objectives.
of the company. This assists in planning, measurement, control, rewarding, and broadly managing performance, and for supporting and facilitating organizational learning and change as brought out by Ferreira and Otley (2009).

The study also revealed that while setting targets, the company combines human expertise and organizational resources to implement value-creating organizational strategies. Further, they agreed that the company has loyal customers facilitating the ability to work easily and achieve respondents’ objectives and outperform their set targets. Respondents also agreed that monitoring and evaluation supports the implementation of deliberate strategies. Additionally, monitoring and evaluation enables managers to evaluate whether organizational objectives have been achieved. The aforementioned aligns with Gond, Grubnic, Herzig and Moon (2012) and Marginson, (2002) who have added that Management Controls are central to strategy formation as they shape the emergence of strategy and help support the implementation of deliberate strategies. Also with regards to objectives the text is consistent with Nuansate and Mokhtar (2014) work whereby they identified two ways to judge business performance, that is, objectively and subjectively. Objective performance is determined by indicators such as finances, capacity utilization, profitability, and market shares hence could be implied on Britam.

There was neutral opinion as to whether the company provides feedback when evaluation is done to motivate employees. Also, a neutral response as to whether the company has a feedback system in place that influences the development of new capabilities and organizational learning. This is an implication of a moderate level feedback system at Britam.

5.4 Conclusion

5.4.1. The influence of Vision, Mission and Values on firm’s performance

The study concludes that the company mission and vision are crucial elements of strategic management at Britam. With regards to this it could then be added that the company’s strategic focus is on market growth and profits. It can be concluded that
Britam has firm values that have helped establish benchmarks or milestones that show whether or not the goals and objectives are met. It is also inferred that Britam’s values have enabled the firm gain competitive advantage in the insurance industry. It would also be logical to conclude that Britam’s response to recovery processes in terms of setbacks is moderately strong going by the neutral responses from the study.

5.4.2. The influence of strategy leadership on firm’s performance

Strategic leadership at Britam is vital to give a dependable direction of assessing the most appropriate methods for enhancing a product/ item. Management participation at Britam has ensured strategic planning practice is effective. The study concludes there is functional integration at Britam as a role of strategic planning systems through knowledge and experience from different functions. Strategic orientation is incorporated at Britam in making decisions as it adopts specific, predetermined behavior by means of formal direction and control to be successful. Market-orientation as an aspect for strategy leadership at Britam has a positive effect on the four dimensions of manufacturing performance namely; cost, quality, delivery and flexibility. Britam possesses higher levels of competitor orientation as it is keen on monitoring and identifying trends or cycles of some kind in order to find patterns of the market trend. Britam has a strong customer and competitor orientation as it considers a better understanding of customers’ expectations and the products.

5.4.3. The influence of Strategy Monitoring and Evaluation

The study concludes that Britam sets performance targets as a way of knowing whether the firm is making progress or not. The study concluded that Britam does target setting which allows the company to reconfigure their existing business capabilities and also build new capabilities. It is also inferred that Britam incorporates strategic control and monitoring which helps to determine the degree to which strategies fulfill goals and objectives of the company. In its monitoring and evaluation plan Britam combines human expertise and organizational resources to implement value-creating organizational strategies. The study also concludes that the feedback system at Britam is moderately effective going by neutral responses.
5.5  Recommendation

5.5.1  Recommendations for the Study

5.5.1.1 The influence of Vision, Mission and Values on firm’s performance

Much as Britam understands the importance of Vision, Mission and Values on firm performance there is need to emphasize more on them and enhance them to be fully optimized. Care could be focused more on recovery processes in the events of setbacks and how the vision, mission and values could be utilized in this. More emphasis could not only be focused on the vision, mission and values addressing the issue of market growth and profitability, but also consider business sustainability and longevity and this could start at strengthening the existing strategic plan at Britam. There is need to incorporate an assessment aspect in the strategic plan that is composed of the vision, mission and values statements for ease of ascertaining progress on planned objectives vis a vis achieved objectives.

5.5.1.2 The influence of strategy leadership on firm’s performance

Enhancements could be done on making work at Britam be specific and assess predetermined behavior by means of formal direction and control by the leadership if more success is to be achieved. The study recommends that Britam should step up in making quick decisions and be willing to take risks in implementing strategic decisions. The company’s management could enhance strategic orientation both competitive and market focused to boost its performance and expand its market share as a competitive advantage. The kind of leadership at Britam should direct resources towards fostering knowledge and experience from different functions of the firm as it has been evidenced to enhance the functional integration role of strategic planning systems and in turn overall performance. Leadership at Britam should be geared towards being the foundation that improves the company’s processes. This will ultimately reduce internal costs of operation. Britam should consider among its ranks a need to reinforce more aspects of transformational and servant leadership which are styles that contribute towards building organizational capabilities that drive performance and shun autocratic, laissez-faire and bureaucratic leadership styles.
5.5.1.3 The influence of monitoring and evaluation on firm’s performance

The study recommends that strong emphasis be put on Britam’s monitoring and evaluation system that evaluate whether organizational objectives have been achieved. Also, it could be recommended that assessment measures that support the implementation of deliberate strategies should be enhanced. More emphasis could also be put in Britam’s feedback system in place that influences the development of new capabilities and organizational learning as it was found weak.

Setting performance targets and the preceding process of strategic planning is not enough at Britam’s monitoring system, periodical reviews of the targets and milestones achieved in a span of time should be incorporated to act as check and balances for the extent of target achievement. The monitoring system at Britam should adopt a corrective measure approach in the event that processes don’t achieve their intended outcomes. Such faults in the processes can be curbed as early and rectified in a timely manner for optimal performance.

5.5.2. Recommendations for Further Studies

This study focused on the strategic planning on performance of Britam which is a private company. Further studies could be done to focus on the effects of strategic planning but focusing on a government owned insurance company. Another study could be done comparing performance in both the privately owned and publicly owned insurance companies. Further studies could also be done focusing on the customers rather than employees of the Insurance companies. Further afield a study could be conducted focusing on a different sector of the economy other than insurance. Cross boarder and Time series analysis studies could also be undertaken and results compared to the descriptive research.
REFERENCES


APPENDICES

Appendix I: Introduction Letter

Dear Respondent,

RE: Request to collect Research Data

I am a graduate student at United States International University pursuing Masters Degree in Strategic Management. I am carrying out a research on the Strategic Planning on Firm’s performance: A case of Britam, which is a partial fulfilment of the requirement of the Degree of Masters in Business Administration (MBA).

This is an academic research and the data gathered will be treated with confidentiality and will be presented in summary only for academic purposes without disclosing the name of the respondent.

Kindly spare some time to complete the questionnaire attached.

Yours sincerely

Cicily Wanjiku Chomba (Researcher)
USIU-AFRICA
Appendix II: Questionnaire

This questionnaire is designed to gather information concerning the nature and scope of strategic planning in your organization. Please describe the planning practices as you feel they truly exist in your organization, not as you believe they should exist. Data gathered with this questionnaire will be treated confidentially and presented only in summary form without disclosing the name or affiliation of the respondent.

PART A: General Information

1. What is your gender? Male [ ] Female [ ]

2. How old are you?

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>Below 25</th>
<th>26-35</th>
<th>36-45</th>
<th>46-55</th>
<th>Above 56</th>
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<td>Response</td>
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3. What is your highest level of education?
   Doctorate [] Masters [] Degree [] Diploma [] Certificate []
   Other ………………

4. What is your current designation? ..........................................................

5. Do you have relevant training for your current role? ..........................

6. How much working experience do you have in Britam?

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<tr>
<th>Years</th>
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<th>1-3</th>
<th>4-6</th>
<th>7-9</th>
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<tr>
<td>Experience</td>
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Part B: Vision, Mission and Values

To what extent has vision, mission, and values influenced performance in your company? Use the scale: SD-Strongly Disagree; D-Disagree; N-Neutral; A-Agree; and SA-Strongly Agree to rate the statements as it relates to your business.

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<td>Company mission and vision are crucial elements of strategic</td>
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<td>management in the organization</td>
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<td>4</td>
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<td>2</td>
<td>The company vision and growth are reinforced by the firms’</td>
<td>SD</td>
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<td>strategic focus on market growth and profits</td>
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<td>3</td>
<td>The organization vision provides a guideline on the objectives</td>
<td>SD</td>
<td>D</td>
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<td></td>
<td>of Britam company</td>
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<td>4</td>
<td>The firm values have helped establish benchmarks or milestones</td>
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<td>D</td>
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<td>that show whether or not the goals and objectives are met</td>
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<td>5</td>
<td>The values have enabled the firm gain competitive advantage</td>
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<td>in the insurance industry</td>
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<td>6</td>
<td>The firm consistently applies a disciplined approach to</td>
<td>SD</td>
<td>D</td>
<td>N</td>
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<td>strategic planning in order to be ready for any market changes</td>
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<td>7</td>
<td>When the firm has gone off track, it uses strategic planning</td>
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<td>D</td>
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<td></td>
<td>to redirect its recovery process</td>
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Part C: Strategy Leadership

To what extent would you rate the following statements with regards to effect of strategy leadership on performance of Britam? Use the scale: SD-Strongly Disagree; D-Disagree; N-Neutral; A-Agree; and SA-Strongly Agree.

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<td>The nature of the company’s work requires specific,</td>
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<td>predetermined behavior by means of formal direction and</td>
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<td>control to be successful</td>
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<td>2</td>
<td>Strategic planning structures and systems in the company</td>
<td>SD</td>
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<td>N</td>
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<td></td>
<td>contribute towards building organizational capabilities that</td>
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drive performance

3. Strategic leadership is the foundation that improves the company processes and ultimately reduces internal costs of operation 1 2 3 4 5

4. The insurance company is keen on monitoring and identifying trends or cycles of some kind in order to find patterns of the market trend 1 2 3 4 5

5. The company monitors environment by collecting information in all environmental sectors, sort out relevant information and adjust my business to meet future forecasts 1 2 3 4 5

6. Strategic leadership is vital to give a dependable direction of assessing the most appropriate methods for enhancing a product/item 1 2 3 4 5

7. The company concentrates on producing products/services that meet the desires or needs of various target markets 1 2 3 4 5

8. The company has an advantage in terms of making quick decisions and the willingness to take risks 1 2 3 4 5

9. The company’s managerial involvement is significantly more successful in implementing strategic decisions than those whose involvement 1 2 3 4 5

10. Management participation has ensured strategic planning practice is effective in the company 1 2 3 4 5

11. Knowledge and experience from different functions the firm enhances the functional integration role of strategic planning systems. 1 2 3 4 5

**Part D: Strategy Monitoring and Evaluation**

To what extent would you rate the following statements with regards to does strategy monitoring and evaluation contribute to the performance of Britam? Use the scale: SD-Strongly Disagree; D-Disagree; N-Neutral; A-Agree; and SA-Strongly Agree.

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<td>1. Setting performance targets and the preceding process of strategic planning is an important aspect of performance</td>
<td>1 2 3 4 5</td>
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management for the company

2. Strategic planning and target setting allows me to translate the organization vision and strategy into strategic objectives that are associated with medium to long-term goals

3. While setting targets, the company combine human expertise and organizational resources to implement value-creating organizational strategies

4. Target setting allows the company to reconfigure my existing business capabilities and also build new capabilities

5. The company have a feedback system in place that influences the development of new capabilities and organizational learning

6. The company has loyal customers facilitating the ability to work easily and achieve my objectives and outperform my set targets

7. Strategic control and monitoring helps to determine the degree to which strategies fulfill goals and objectives of the company

8. The company provides feedback when evaluation is done to motivate employees

9. Monitoring and evaluation enables managers to evaluate whether organizational objectives have been achieved

10. Monitoring and evaluation support the implementation of deliberate strategies

| THANK YOU FOR YOUR PARTICIPATION |

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