



INFLUENCE OF CONSISTENCY CULTURE TRAITS ON EFFECTIVENESS OF STRATEGY IMPLEMENTATION IN INSURANCE FIRMS IN KAKAMEGA COUNTY

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ABSTRACT

This study endeavored to investigate the influence of consistency culture traits on effectiveness of strategy implementation in insurance firms in Kakamega County. The study used structured questionnaire to collect primary data from a sample of 93 senior employees working in insurance firms Kakamega. A pilot study was conducted among 10 senior employees of insurance firms in Bungoma County, so as to check research instrument's validity and reliability. Descriptive statistics comprising percentages, frequencies, mean and standard deviation was computed while correlation analysis, linear and regression analysis was done to establish for variable relationships between consistence culture and strategy implementation. The results were presented in tables. Both descriptive and inferential statistics showed that all conceptualized independent variables significantly influence effectiveness of strategy implementation in insurance firms in Kakamega County. According to the study findings, consistency cultural trait was found to be strongly correlated to effectiveness of implementation of strategies. The study recommended that group work should be cheered so as to enable staff to support each other and to share ideas as this may raise implementation of strategic. Further consistency culture traits should be harmonious with strategy so as reduce chances of resistance in order to support current strategy implementation.

Key Words: Consistency, Culture Traits, Strategy Implementation, Kakamega County

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INTRODUCTION

In today's world, no organization can go on its mission and last in the world of competition without upholding a strong helpful culture. Part of ensuring this is effectively implementing formulated strategies though this remains a major challenge for many organizations. Studies show that only less than 40 % of formulated strategies get successfully implemented (Johnson, 2004). To counter this issue, organizations develop strategies and attempt to successfully implement them in order to remain competitive and this can only be achieved with appropriate organizational culture.

Formulation and implementation of strategies are the main strategic management processes which determine the success of organizations. Strategy analysis, formulation and implementation are the three main components of strategic management. Therefore, company's strategy is crafted, implemented and executed through these processes (Anyango, 2012).

Strategy implementation is the process by which strategic plans are translated into organizational actions which are executed. This process may be hindered by many factors as hurdles may rise during the implementation process. According to Raps (2009) save for properly implementation, strategies do not add value to the organization. More often organizations focus more on strategy formulation but less on the implementation process and this is the reason for many unrealized strategies across many organizations.

Many studies have tried to investigate the effect of organizational culture (Daltrum, 2003; Mehta; & Krishna 2004; Zabid and Sambasivan, 2004). From this it was evident that conspicuous effect of a powerful culture clears up on the subject of strategy implementation. Only organizations which implement almost all their strategy achieve good records. However, (Van Der, 2008) proclaims that there are

inconsistencies in literature on how organization culture influences effectiveness of strategy implementation. Therefore, with the importance of culture as a unifying and encouraging factor, it has to be considered in the implementation process. In order to classify organizational cultures, Denison (1973) proposed a model of four types of culture traits. Using this typology, this study will be able to exhibit the effects of different culture traits on strategy implementation.

In the recent past organizations have pursued to create better organizational elasticity in answering to environmental turbulence by moving away from hierarchical structures to more supple forms (Balogun&Johnson,2004). Responsibility, resources and power in firms has been the subject of devolution and de-layering. Given an intensifying competitive environment, it is regularly asserted that the critical determinant in the success and doubtlessly, the survival of the firm is the successful implementation of strategies (Chebat, 1999). The role and tasks of those employees charged with strategy implementation duties, the mid-level managers, in these new restructured organizations is under scrutiny.

Globally, strategy implementation is slowly taking into account in functional areas in organizations (Naranjo-Gil & Hartmann, 2006). The next trend is the continuing emphasis on the well-accepted factors of strategy implementation such as culture, structure or organizational processes. For instance, the work of Olson et al. (2005) reiterates the significance of organizational structure and processes in strategy implementation. The third trend noted is of reporting studies in specific socio-economic contexts such as those in specific countries (e.g. China as in Wu et al., 2004) or developing economies (e.g. Latin American as in Brines et al., 2007).

An organizational culture that is grounded in strategy-support values, practices and Behavioral norms add

to the power and effectiveness of company's strategy implementation (Muthoni, 2011). Further, Kiptui (2009), in his study noted that strong cultural traits influence relatively on why organizations gain reputation for strategic traits such as technological leadership, which is adaptability cultural traits, strong people orientation which involves involvement cultural trait or unusual emphasis on total customer satisfaction. A study carried out by Murugi & Mugambi (2014) on factors affecting strategic implementation in water service providers, concluded that the management of the organizations should therefore maintain a strong and advantageous cultural orientation that promotes effective strategic implementation systems that will guide their operations. It is therefore domineering that organizations should identify and create a cultural coordination that supports strategy supportive values for the reason that a strong organizational culture traits is required for an organization to be able to successfully implement strategy (Muthoni, 2011).

Insurance is a financial arrangement that redistributes the cost of unexpected losses. It involves the transfer of potential losses to an insurance pool. The pool combines all the potential losses and then transfers the cost of the predicted losses back to those exposed.

Insurance industry is one of the biggest sectors in Kenya, currently there are about 55 insurance companies, three reinsurance companies, 198 insurance brokers, four reinsurance brokers while 5,155 insurance agents registered in Kenya. The industry is experiencing intensified competition whereby insurance companies are facing growing threat to new entrant and immense pressure. This makes the firms in this sector to continually create, implement, assess and improve on strategies in their respective organizations and their business processes. So as to remain relevant (Rajagopal), 2002 having in mind that more than 70 % of standard package

implementation project fail (Milis &Merken, 2002). In the white paper of strategy implementation of Chinese Corporations in 2006, 83 % of the surveyed companies fail to implement their strategy effectively and only 17 % felt that they had consistent strategy implementation. It is thus obvious that effective strategy implementation is a key challenge in today's organization's operations. Notwithstanding these tribulations in the effective implementation of strategies, there is scanty local research on this important sector of strategic management to shed light on effective implementation of strategies. A study by Gworo (2012) sought to investigate the challenges of the implementation of growth strategies at Equity Bank Kenya Ltd. Among the challenges established were resistance on the part of the staff to accept the new strategy, political and cultural challenges.

Statement of the Problem

Existing strategy implementation has largely centered identifying factors affecting effectiveness of strategy implementation. Organizations Spend a lot of energy and finance in developing strategies of which implementation is an afterthought, as a result of this only 10 to 30 % of strategies developed are successfully implemented (Preps & Kaufma, 2005). Gurown (2001) notes that only one out of ten companies that do an effective job of formulating strategy is doing an equally effective job of implementing it. Previous research into strategy implementation has consistently identified organization culture as a factor affecting effective strategy implementation. Schein (2009) revealed that organizational culture carry critical force that needs to be considered in strategy implementation. However, little is known on how these organizational cultural traits affect strategy implementation in insurance industry. Existing literature also argues that strategic management today does not lead to significant improvement in strategy implementation, and hence more focus has to put to the softer issues

in organizations particularly the organizational culture traits (Gluck et al 1980). The position is also emphasized by Deninson (2000) who argues that organization cultural traits are key in determining the performance of strategy implementation. Therefore, while there are conflicting results on the effect of consistency culture traits on effectiveness of strategy implementation, this study addressed this gap by investigating the influence of consistency culture on effectiveness of strategy implementation in insurance firms in Kakamega County.

Objectives of the Study

The objective of this study was to investigate the effect of consistency culture traits on effectiveness of strategy implementation in insurance firms in Kakamega County.

Research Hypotheses

H₀₁: There is no significant relationship between consistency culture traits and effectiveness of strategy implementation in insurance firms in Kakamega County.

LITERATURE REVIEW

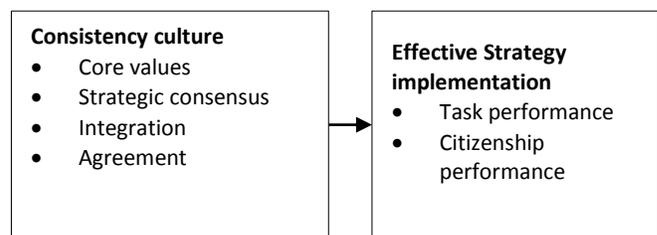
Theoretical Review

Dennison Model

Denins on model is characterized by the mutual influence of the four cultural factors upon any organizations efficiency. They include mission culture traits, consistency culture traits, adaptability culture traits and involvement culture traits. Centered on the notion which has been developed by the organization and is future-oriented; Involvement is when the employees feel that their action is tightly connected with the goals of organization, that they have been empowered, that team work is to be valued and the priority is given to the development of employees' capabilities; Consistency on the other hand is the high level of incorporation and synchronization while adaptability is a state within the border of which the

organization compliantly responds to costumers' requirements, takes risks, learns from their own mistakes and is ready for changes. Each of the four organizational culture factors has three variables – indices. Thus, involvement is characterized by such indices as empowerment, team orientation, capability development; consistency – by core values, coordination and integration, agreement; adaptability by organizational learning, focus on the customer, creating change; mission – by vision, goals and objectives, and strategy (Denison & Lief 2012).

Conceptual Framework



Independent Variables Dependent Variable

Figure 1: Conceptual Framework

Source: Dennison, Mokwa, noble, &Schein et al (2000)

Review of Variable

Consistency culture and strategy implementation

The consistency hypothesis states that, in consistent cultures, communication is a more reliable process for exchanging information because there is overall agreement on the meaning of words, actions and other symbols, furthermore, Dennison postulates that a collective perspective, shared beliefs and communal values among organization's members will enhance internal co-ordination and effective organizations tend to have "strong" cultures that are highly consistent, well-coordinated, and well integrated (Davenport, 1993; Saffold, 1988). Behavioral norms are rooted in core values, leaders and followers are able to reach agreement even with diverse points of view (Block, 1991). Consistency is the foundation of

firmness and internal integration resulting from a common mindset (Senge, 1990). Consistency trait is measured with three indexes: Core Values, Agreement, Coordination and Integration which Promote meaning and sense of identification on the part of its members (Denison, 1990).

Empirical Review

Results from several surveys have subsequently confirmed that even the best- formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented. M'mbui (2014) admitted that ineffective organizational culture and structure and procedures as the key impediments to the implementation of strategy. Ahmadiet *al.* (2012) carried out a study on the relationship between organizational culture and strategy implementation. In this study it was concluded that there is sufficient evidence linking cultural trait and organizational effectiveness in the findings it was exhibited that clan culture affects strategy implementation. The conceptual framework for this study was based on three independent variables including artifacts, espoused values and underlying assumptions; and one dependent variable which was strategy implementation.

Rajasekar (2014) in his investigation on factors affecting effective strategy implementation in service industry identified organizational culture as a key element of strategy implementation process. He found out that there exists a meaningful relationship between organizational culture and strategy implementation. Further, Buul (2010), added that a fundamental part in managing strategy implementation process should take into account organizational culture as a power aspect of status quo.

In Kenya, Momanyi, (2015), conducted a study on the influence of organizational culture on strategy implementation in selected universities in Kenya. The study used a descriptive survey to target 105

employees who were sampled by the researcher. The result of the study indicated that organization culture had an influence on strategy implementation the conclusion was that dominant characteristics and behavior norms have a strong influence on strategy implementation.

METHODOLOGY

This study used descriptive research survey. Target population of the study was 93 employees of insurance firms within Kakamega County. The study adopted a stratified sampling method. Questionnaires were used as the main data collection tool that intended to seek information on organizational culture traits and effectiveness of implementation of strategic plans. The questionnaire was pretested using 10 senior employees working in insurance firms in Bungoma County. The participants in the pilot study were effectively excluded from the main study. Collected data was analyzed by the use of descriptive and inferential statistics using Statistical package for Social Sciences (SPSS version 24).

FINDINGS

Descriptive Statistics

In this study descriptive statistics were summation of responses based on independent variable (consistency culture traits) and the dependent variable (effectiveness of strategy implementation in insurance firms in Kakamega County). The outcomes were presented in table form showing frequencies of responses as per each statement and its corresponding percentage score in brackets.

Consistency Culture Traits on effectiveness of strategy implementation

This study assessed the influence of consistency culture traits on effectiveness of strategy implementation in insurance firms in Kakamega County. respondents were asked to respond to six statements presented as follows; (i) our approach to doing business is very consistent and predictable (ii)

employees from different organizational unit share a common perspective (iii) there is a good alignment of goals across levels of this organization (iv) this organization has a strong culture (v) there is clear and consistence set of values in this company that governs the way we do business (vi) this organization has ethical code that guides our behaviour and tells us right from wrong (vii) it is easy for us to reach

consensus even on difficult issues (viii) this company has a characteristic management style and a distinct set of management practices (ix) Ignoring the core values of this organization will get you in trouble (x) there is a clear agreement about the right way and the wrong way to do things in this organization. The results are presented in the table 1.

Table 1: Descriptive statistics; Consistency Culture traits

Statement	5	4	3	2	1	Min	Max
1. our approach to doing business is very consistent and predictable	19(27.5)	44(63.8)	3(4.3)		3(4.3)	2	5
2. employees from different organizational unit share a common perspective	14(2.3)	30(47.7)	14(5.8)	11(29.1)		2	5
3. there is a good alignment of goals across levels of this organization	28(20.3)	33(47.8)	6(8.7)	2(2.9)		2	5
4. this organization has a strong culture	33(47.8)	25(36.2)	11(15.9)			3	5
5. there is clear and consistence set of values in this company that governs the way we do business	25(36.2)	39(56.5)	13(18.8)	5(7.2)		2	5
6. this organization has ethical code that guides our behaviour and tells us right from wrong	33(47.8)	33(47.8)	3(4.4)			3	5
7. it is easy for us to reach consensus even on difficult issues	19(27.5)	33(47.8)	11(15.9)	6(8.7)		2	5
8. this company has a characteristic management style and a distinct set of management practices	19(27.5)	41(59.4)	6(8.7)	3(4.3)		2	5
9. Ignoring the core values of this organization will get you in trouble	19(27.5)	39(56.5)	3(4.3)	8(11.6)		2	5
10. there is a clear agreement about the right way and the wrong way to do things in this organization	22(31.8)	33(47.8)	6(8.7)	3(4.3)	5(7.2)	1	5

Grand Mean = 4.11=4

Valid N (listwise) 69

From the table 1, most respondents agreed (63.8%) and strongly agreed (27.5%) that, their organization's approach to doing business was very consistent and predictable. Most respondents (47.7%) agreed and disagreed (29.1%) that employees from different organizational unit shared a common perspective. this inferred that different units in insurance firms in Kakamega County worked together for a common goal and purpose. When asked whether there was a good alignment of goals across levels of this organization (47.8%) while (29.1%) disagreed. (47.8%) strongly agreed and (36.2%) agreed that their organization had a strong culture while (15.9%) which can be because they had not stayed in the organization for long to understand its values. further, (56.5%) agreed and (36.2) strongly agreed that there was clear and consistence set of values in this company that governs the way their organization do business.

(47.8%) both agreed and strongly agreed that their organization had ethical code that guided their behavior and told them right from wrong. (59.4%) agreed that their company had characteristic management style and a distinct set of management practices while (27.5%) strongly agreed while the least (4.3%) disagreed. In addition, (56.5%) agreed that ignoring the core values of this organization would get them in trouble this was affirmed by (27.5%) who strongly agreed to the statement although a small number of (11.6%) disagreed with the statement. Lastly, (47.8%) agreed and (31.8%) strongly agreed that there was a clear agreement about the right way and the wrong way to do things in their organization. From the table the study concluded that majority agreed that consistency culture trait has influence on strategy implementation in insurance firms in kakamega County with a mean of 4.11=4.

Hypothesis Testing

H01: There is no significant relationship between consistency culture traits and effectiveness of strategy implementation in insurance firms in Kakamega County. The study results indicated that there exists a positive and significant effect of consistency culture trait on effective strategy implementation in insurance firms in kakamega County ($t= 8.671$; $P=0.000 < 0.05$). Thus hypothesis two was rejected.

SUMMARY

Study hypothesis stated that there is no significant relationship between consistency culture and effectiveness of strategy implementation in insurance firms in kakamega County. However the regression results showed that that $r=0.858$ which could be interpreted that 85.8% of variation in effectiveness of strategy implementations was explained by consistency culture traits and the remaining 14.2% was determined by other factors not studied in this research. The respondents indicated that due to the strong cultural values engrossed in the organization, strategic plans were implemented successfully, majority of the respondents also agreed that there organization has a strong culture.

CONCLUSIONS

The study sought to investigate the effect of consistency culture traits on effectiveness of strategy implementation on insurance firms in Kakamega County. The study established that consistency culture traits influenced effectiveness of strategy implementation in insurance firms in Kakamega County. Thus concluded that consistency culture traits are very important in determining effectiveness of strategy implementation.

RECOMMENDATIONS

Team work and innovation should be cheered as this will help in nurturing commitment amongst the employees and thus the organization will be able to focus more on organization goals rather than opposing to new ideas in the organization. Team work should be encouraged so as to enable employees to support each other and to share ideas as this may foster strategy implementation. Further the organization may involve the employees in decision making as this will make the process of implementation more effective.

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Areas for Further Research

It was recommended that study be done to cover all dimensions of organizational culture alongside the typologies in order to reach the best fulfilling results. Moreover, the study focused on organizational culture traits while other aspects of organization could be reconsidered in future studies in the same organization or in different organizations for example information technology or even financial resources.

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