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ABSTRACT

Since performance management plays a vital role in strategy implementation, the extent to which an organization has been able to maintain a proper performance management system will have a direct impact on the success of implementing strategy. This study aimed to assess the role of performance management on strategy implementation. The general objective of this study is to determine the role of performance management on strategy implementation in the insurance industry in Kenya. The study was guided by the following research objectives performance contracting, performance monitoring, performance evaluation, performance related compensation, employee development plans and commitment of top level management. The study was limited to the Insurance companies in Kenya. This study adopted a descriptive survey design. To ensure fair representation and generalization of finding to the general population, stratified sampling methods were used; specifically random stratified sampling technique which will ensure different subgroups of the employees' fraternity in the selected 5 insurance companies within Nairobi County are represented in the study. Primary data was collected through questionnaires which contained questions designed to elicit data in accordance with the research questions. The questionnaire contained both open and close ended questions. The regression model shows that, a goodness of fit as indicated by the coefficient of determination r^2 with value of 0.605. This implies that independent variables performance monitoring, performance evaluation; performance related compensation and employee development plans explain 60.5% of the variations as a result of the factors affecting the implementation of strategic plan in insurance industry in Kenya. 39.5% of variations are brought about by factors not captured in the objectives. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in performance monitoring will lead to a 0.191 increase in effect on strategy implementation. A unit increase in performance evaluation will lead to a 0.466 increase in effect on strategy implementation; a unit increase in employee development plans will lead to a 0.063 increase in effect strategy implementation while a unit increase in performance related compensation will lead to a 0.233 increase in effect on implementation of strategy implementation.

Key Words: Performance Management, Strategy, Monitoring, Evaluation

INTRODUCTION

In the present day business world that is dominated by a number of market participants the perspectives in strategic management are extremely important as they help companies to survive against various challenges and grow as well. The perspectives in strategic management are extremely important in the context of the modern day business entities. In the modern day business world is extremely competitive and it cannot be said for sure that the market would be dominated by a single party. The present day business world is a conglomeration of various parties like societies, customers, employees, stakeholders and the government. It is important for business enterprises to keep thinking on their feet so that they are able to survive and grow.

Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics. Strategic management is an organized development of the resources of the functional areas; financial, manufacturing, marketing, technological, manpower etc. in the pursuit of its objectives (Ritson, 2011). Past research indicates that involvement by anagers and other organizational members in strategy implementation and other organizational processes can affect a variety of firm outcomes. Many authors have suggested a relationship between organizational processes and the internal or external context of a firm (Harrington, 2004). In particular, researchers have indicated a relationship between involvement and participation in the strategy implementation process and manager-implementation preferences, organizational size, environmental complexity, and environmental uncertainty (Harrington, 2004).

Strategy implementation is the critical link between formulation of strategies and superior organizational performance (Noble and Mokwa, 1999). Nutt (1999) studied strategy decisions in organizations located in the USA and Canada and concluded that half of the strategic decisions failed to attain their initial objectives mainly because of the problems during strategy implementation process. Even though the stream of research which deals with strategic decision making is well developed, there are only a few empirical studies on strategy implementation. A comprehensive review of strategy implementation literature reveals that only very few studies have examined the relationship between strategy implementation and performance (Hickson, Miller & Wilson, 2003). Strategic management is viewed as the set of decisions and actions that result in the formulation, implementation and control of plans designed to achieve an organization’s vision, mission, strategy and strategic objectives within the business environment in which it operates (Pearce & Robinson, 2007). Strategy implementation is an integral component of the strategic management process and is viewed as the process that turns the formulated strategy into a series of actions and then results to ensure that the vision, mission, strategy and strategic objectives of the organization are successfully achieved as planned (Thompson & Strickland, 2003).

For the past two decades, strategy formulation has been widely regarded as the most important component of the strategic management process – more important than strategy implementation or strategic control. However, recent research indicates that strategy implementation, rather than strategy formulation alone, is a key requirement for superior business performance (Flood, Dromgoole, Carroll & Gordon, 2000; Kaplan & Norton, 2000). In addition, there is growing recognition that the most important problems in the field of strategic management are not related to strategy formulation, but rather to strategy implementation (Flood et al. 2000), and that the high failure rate of organisational initiatives in a dynamic business environment is primarily due to poor implementation of new strategies. The concept of 'performance management' remains ambiguous in spite of the enormous attention it has received in academic writings (Carroll, 2005). The confusion, according to Carroll and Dewar (2008), stems from the fact that many scholars continuously use it interchangeably with 'performance measurement' and other forms of performance assessment including performance evaluation, performance monitoring, and performance reporting (Bruijn, 2007; Halachmi, 2005; McAdam, Hazlet and Casey 2005; Pollitt, 2006; Talbot, 2005). Yet, one may argue that these forms of performance assessment are part of the generic idea of PMS. According to Schwartz (2009), one should not confuse performance management with performance appraisal and evaluation. The distinction of PM consists in the fact that it has three main components: understanding and setting goals and expectations; providing on-going feedback; and appraising performance. Mupazviriho (2008) is also of the view that 'performance management extends beyond the concept of performance appraisal or performance related pay of the 1980s, which only tries to address how a person should be rewarded after the completion of tasks over a given period', while Briscoe and Claus (2008) say that PM is the system through which organizations 'set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs, and distribute rewards'. Performance management is, therefore, 'conceived as a framework with system properties' (Bouckaert and Halligan, 2008).

Statement of the Problem

Organizations usually have good strategy but it is a fact that many organizational failures, occur due to the lack of implementation not formulation. Considering Johnson's (2004) research that reports 66% of corporate strategy is never implemented. Crittendens (2008) relate the problem to "somewhere in the middle of this strategy-to-performance gap, with a more likely source being a gap in the formulation-to-implementation process". The sequence of implementation of strategy is comprised of communication, interpretation, adoption and enactment respectively. There are also other definitions for implementation. Implementation is "a procedure directed by a manager to install planned change in an organization" and "the sum total of the activities and choices required for the execution of a strategic plan" (Wheelen & Hunger, 2004), "all the processes and outcomes which accrue to a strategic decision once authorization has been to go ahead and put the decision into practice" (Miller Wilson & Hickson, 2004).

A company's ability to implement its strategy successfully is a result of its ability to overcome obstacles leading to poor strategy implementation. Studies on problems of implementing strategies provide valuable contributions to strategic management. Both scholars and practitioners realize that the problem is very complex, involving many aspects of business management. Some

research has identified factors affecting poor strategy implementation using different aspects and approaches (Shah, 2005).
The design, implementation and use of performance management systems (PMS) have been the subject of a wide number of studies (Bititci, Mendibil, Martinez, and Albores, 2005.; Bourne, Melnyk, and Faull, 2007; Neely, 2005). Although our understanding of the impact of PMS on organizational functioning and business performance has certainly improved, a number of questions remain unanswered. In particular, the links between strategy and performance measurement still deserve empirical examination (Johnston & Pongatichat, 2008; Micheli & Manzoni, 2010; Gimbert, Bisbe and Mendoza, 2010).

Since performance management plays a vital role in strategy implementation, the extent to which an organization has been able to maintain a proper performance management system will have a direct impact on the success of implementing strategy. This study aims to assess the role of performance management on strategy implementation.

Objectives of the Study

The key objective of this study is to determine the role of performance management on strategy implementation in the insurance industry in Kenya. The other objectives were to establish the influence of performance monitoring, to establish the influence of performance evaluation, to determine the influence of performance related compensation and to establish the influence of employee development plans on strategy implementation in the insurance industry in Kenya.

Research Questions

i. What is the influence of performance monitoring on strategy implementation in the insurance industry in Kenya?
ii. What is the influence of performance evaluation on strategy implementation in the insurance industry in Kenya?
iii. What is the influence of performance related compensation on strategy implementation in the insurance industry in Kenya?
iv. What is the influence of employee development plans on strategy implementation in the insurance industry in Kenya?

Scope of the Study

The study sought to determine the role of performance management on strategy implementation in the insurance industry in Kenya. The study was limited to the Insurance companies in Nairobi, Kenya. The study was done between the periods of April 2014 to August 2014.

Theoretical Literature Review

a) Chamberlain's theory of strategy

Geoffrey Chamberlain's theory of strategy was first published in 2010. The theory draws on the work of Alfred Chandler, Jr., Kenneth. Andrews, Henry Mintzberg and James Brian Quinn but is more specific and attempts to cover the main areas the other theorists did not address. Chamberlain analyzes the strategy construct by treating it as a combination of four factors (Shah, 2005).
The theory introduces a specific and coherent interpretation of the strategy construct. Chamberlain argues that it is not possible either to analyze or compare strategies if we

cannot clearly describe and categorize what we are looking at.

Factor 1 is summarized in seven propositions: Proposition 1: Strategy operates in a bounded domain i.e., separate from the policy, tactical and operational domains, Proposition 2: A strategy has a single, coherent focus, Proposition 3: A strategy consists of a basic direction and a broad path, Proposition 4: A strategy can be deconstructed into elements, Proposition 5: Each of the individual components of a strategy's broad path (i.e., each of its essential thrusts) is a single coherent concept directly addressing the delivery of the basic direction, Proposition 6: A strategy's essential thrusts each imply a specific channel of influence and Proposition 7: A strategy's constituent elements are each formed either deliberately or emergently.

Chamberlain's theory states that an entity's strategy is the result of the interaction of a variety of forces in and around the entity, with the strategist's cognitive bias. Those forces are divided arbitrarily into three broad categories: internal, external, and shareholders. His cognitive bias theory applies two long-established psychological theories Michael Kirton's "adaption-innovation" theory and Eduard Spranger's theory that there are six types of cognitive emphasis to identify twelve types of strategist. Chamberlain argues that only six of these types are likely to be successful as strategists, and describes those six, which he calls Operators, Executives, Administrators, Entrepreneurs, Pioneers and Visionaries. Chamberlain asserts that his Factors 1 and 2 implicitly specify the various processes that can be involved in strategy formation (Thompson, & Strickland, 2003). He explains these and shows how they relate to each other by presenting a simple sequential process chart that distinguishes between deliberate and emergent strategy at each step. He claims that this aspect of his theory offers a solution to an old dispute in the management literature over the technical and practical differences between deliberate and emergent strategy formation (Bouckaert and Halligan, 2008).

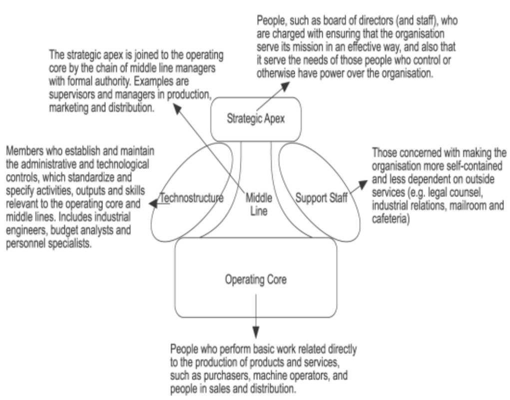
Factor 1 divides any entity's environment into three categories. In his Factor 4 discussion, Chamberlain divides the ways in which each of those environmental areas can be influenced, into two types. The first type, the rational approach, consists of only considering standard economic forces. The second type of influence technique, the social approach, considers combinations of economic and psychological forces. Combining the three environmental areas with the two influence techniques creates six categories of techniques strategies can employ to achieve their intended effects (Shah, 2005. Chamberlain calls these categories "channels of influence" and asserts that a competent strategist is able to use all of the six. He argues that a strategist who only considers one channel of influence for example the external rational channel, which Porter's theories rely on, is trapped in a paradigm. Chamberlain states that his theory applies to any organization's strategy, whatever the type or size of organization business, military, religious, non-profit, union, social club, administrative or political branch of government, or even individual people (Hrebiniak, 2005).

b) Mintzberg's Model

Traditionally, there has been a relationship between strategy formulation, strategy implementation, and organizational performance. In this model, organizations begin strategy formulation by carefully specifying their mission, goals, and objectives, and then they engage in SWOT analysis to choose appropriate strategies (Pollitt, 2006).

Henry Mintzberg suggests that the traditional way of thinking about strategy implementation focuses only on deliberate strategies. Minztberg claims that some organizations begin implementing strategies before they clearly articulate mission, goals, or objectives. In this case strategy implementation actually precedes strategy formulation. Minztberg calls strategies that unfold in this way emergent strategies. Implementation of emergent strategies involves the allocation of resources even though an organization has not explicitly chosen its strategies. Most organizations make use of both deliberate and emergent strategies. Whether deliberate or emergent, however, a strategy has little effect on an organization's performance until it is implemented (Hrebiniak, 2005).

Figure 1: Mintzberg's Model Source:



Haque & Pawar, (2003)

Henry Mintzberg argued that it's really hard to get strategy right. To help us think about it in more depth, he developed his 5 Ps of Strategy – five different definitions of (or approaches to) developing strategy (Pollitt, 2006). Mintzberg first wrote about the 5 Ps of Strategy in 1987. Each of the 5 Ps is a different approach to strategy. By understanding each P, you can develop a robust business strategy that takes full advantage of your organization's strengths and capabilities.

c) Goal-Setting Theory

Goal-setting theory had been proposed by Edwin Locke in the year 1968. This theory suggests that the individual goals established by an employee play an important role in motivating him for superior performance. This is because the employees keep following their goals. If these goals are not achieved, they either improve their performance or modify the goals and make them more realistic. In case the performance improves it will result in achievement of the performance management system aims (Graeme, Storey, Billsberry, 2005). Goal setting is a powerful way of motivating people, and of motivating yourself. The value of goal setting is so well recognized that entire management systems, like Management by Objectives, have goal setting basics incorporated within them. In fact, goal setting theory is generally accepted as among the most valid and useful motivation theories in industrial and organizational psychology, human resource management, and organizational behavior. Many of us have learned – from bosses, seminars, and business articles – to set SMART goals. It seems natural to assume that by setting a goal that's Specific, Measurable, Attainable, Relevant, and Time-bound, we were well on our way to accomplishing it.

This theory shows that, there is a relationship between how difficult and specific a goal was and people's performance of a task. He found that specific and difficult goals led to better task performance than vague or easy goals.

Telling someone to "Try hard" or "Do your best" is less effective than "Try to get more than 80% correct" or "Concentrate on beating your best time." Likewise, having a goal that's too easy is not a motivating force. Hard goals are more motivating than easy goals, because it's much more of an accomplishment to achieve something that you have to work for (Locke, Edwin, and Latham 2006).

c) Expectancy Theory

Expectancy theory had been proposed by Victor Vroom in 1964. This theory is based on the hypothesis that individuals adjust their behaviour in the organization on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behaviour in such a way which is most likely to lead them to attain these goals. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Salaman, Storey & Billsberry, 2005).

Vroom's expectancy theory assumes that behavior results from conscious choices among alternatives whose purpose it is to maximize pleasure and minimize pain. Together with Edward Lawler and Lyman Porter, Victor Vroom suggested that the relationship between people's behavior at work and their goals was not as simple as was first imagined by other scientists. Vroom realized that an employee's performance is based on individual's factors such as personality, skills, knowledge, experience and abilities (Vroom, & Deci, 1983).

The theory suggests that although individuals may have different sets of goals, they can be motivated if they believe that; there is a positive correlation between efforts and performance, favorable performance will result in a desirable reward, the reward will satisfy an important need and the desire to satisfy the need is strong enough to make the effort worthwhile (Salaman et al., 2005). The theory is based upon certain beliefs as we will explore here below;

Valence refers to the emotional orientations people hold with respect to outcomes [rewards]. The depth of the want of an employee for extrinsic [money, promotion, time-off, benefits] or intrinsic [satisfaction] rewards). Management must discover what employee's value. Employees have different expectations and levels of confidence about what they are capable of doing. Management must discover what resources, training, or supervision employees need. The perception of employees as to whether they will actually get what they desire even if it has been promised by a manager. Management must ensure that promises of rewards are fulfilled and that employees are aware of that (Vroom, & Deci, 1983). Vroom suggests that an employee's beliefs about Expectancy, Instrumentality, and Valence interact psychologically to create a motivational force such that the employee acts in ways that bring pleasure and avoid pain (Vroom, & Deci, 1983).

Expectancy theory is one of the stronger theories to help explain motivation. It takes a conscious approach that a reasonable person would be able to apply. A thought process is required to make the connections between performance, effort, and outcomes. The Expectancy Theory argues that "people make decisions among alternative plans of behavior based on their perceptions [expectancies] of the degree to which a given behavior will lead to desired outcomes" (Mathibe, 2008). The basic idea behind this theory is that people were motivated by the belief that their decision/actions will lead to the outcome they desire (Redmond, 2009). In regards to the workplace, Werner (2002, p.335) states that a person were motivated to exert a high effort if he/she believes there is a good probability that their effort will lead to the attainment of a goal set by their organization, which would then be instrumental in helping that person attain his/her personal goal/desire.

Conceptual Framework

Independent Variables **Dependent Variables**

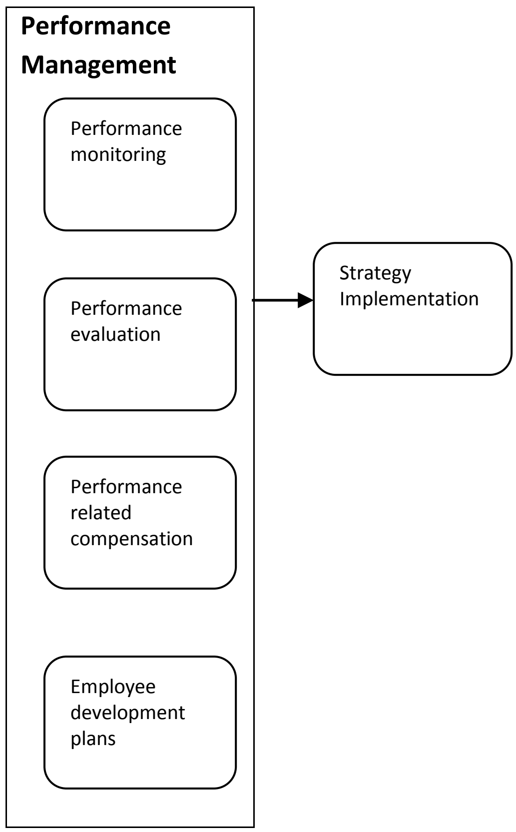


Figure 2: Conceptual framework

Performance Contracting

Performance agreements which are also known as performance contracts include; objectives and standards of performance where the objectives should be "SMART". In this abbreviation S=specific, M=measurable, A=achievable, R=relevant and T=time framed. SMART aim's to direct the people objectives towards organizational objectives. Role of definition plays an important role. This integration is achieved when everyone is fully aware of organizational functions and individual functions as well as team goals (Armstrong, 2005). Performance standard is in fact, a statement of conditions that are used when time based targets are not possible to set for an employee. It may be possible that their essential nature may not change from one performance period to another regardless of any special circumstances.

Gollan, (2004) in his study of Organisational strategies, outcomes and processes of Australian workplace agreements (AWA), where he sought to find out whether performance agreements influence the level of the intended outcome from the point of view of the employers which is successful strategy implementation. According to the survey respondents in his research, employers who had drafted AWA's have generally been able to achieve some positive organizational outcomes and they have generally met their objectives.

Performance Monitoring

Performance monitoring focuses on observing, measuring and recording the employee's performance throughout the year. This information is useful for; recognising and rewarding great performance, Identifying any issues and problems and dealing with them as they arise, managing poor performance and rating the employee's performance during the formal performance review (Aubrey, 2004).

During the planning stage of the performance management process, the employer and employee should agree on expectations and goals for the year ahead, including performance measures and how the employer will monitor performance. Right from the start, the employee is clear about what the employer is looking for and what information is being used to measure their performance. Monitoring methods include; observation – your own plus feedback from other staff or contractors, review of records kept by management. Review of records received from other companies, reporting –regular reporting by the employee on agreed topics and regular discussions with your employees (Aubrey, 2004).

Upadhyay & Palo, (2013) in their study on Engaging employees through balanced scorecard implementation found out that the process of balanced scorecard implementation brings more clarity about overall vision, strategy and individual roles in the organization. This performance monitoring induces a sense of meaningfulness in the employees about work. The periodic review of performance indicators develops a sense of seriousness and can lead to a performance-oriented work culture which translates to successful implementation of strategy.

Performance evaluation

An employee evaluation is the assessment and review of a worker's job performance. Most companies have an employee evaluation system wherein employees are evaluated on a regular basis (often once a year). Regular employee evaluation helps remind workers what is expected of them in the workplace, and provides employers with information to use when making employment decisions, such as promotions, pay raises, and layoffs (Heathfield, 2014). Performance evaluations, which provide employers with an opportunity to assess their employees' contributions to the organization, are essential to developing a powerful work team. Yet in some practices, physicians and practice managers put performance evaluations on the back burner, often because of the time involved and the difficulties of critiquing employees with whom they work closely. The benefits of performance evaluations outweigh these challenges, though. When done as part of a performance evaluation system that includes a standard evaluation form, standard performance measures, guidelines for delivering feedback, and disciplinary procedures, performance evaluations can enforce the acceptable boundaries of performance, promote staff recognition and effective communication and motivate individuals to do their best for themselves and the practice (Capko, 2003). The primary goals of a performance evaluation system are to provide an equitable measurement of an employee's contribution to the workforce, produce accurate appraisal documentation to protect both the employee and employer, and obtain a high level of quality and quantity in the work produced. To create a performance evaluation system in your practice, follow these five steps; develop an evaluation form, identify performance measures, set guidelines for feedback, create disciplinary and termination procedures and finally get an evaluation schedule. A performance evaluation system should be a key component of your practice structure. When implemented effectively, it ensures fairness and accountability, promotes growth and development and encourages a sense of pride in your employees' contributions to the practice (Capko, 2003). Hass, Burnaby, & Bierstaker, (2005) in their study on t~~T~~he use of performance measures as an integral part of an entity's strategic plan, found out that the attainment of corporate and departmental goals and strategy, employee evaluation and compensation, and regular monitoring of on-going operations is consistent with the expectation that performance measures help organizations manage variances in achieving stated corporate goals. In view of the above the evaluation process plays an invaluable role in the success of implementing strategy.

Empirical Literature review

Micheli, Mura and Agliati, (2011) in their study explored the role of performance measurement systems in strategy implementation in a highly diversified group of firms and found out the following: First, the introduction of IT systems and specific governance mechanisms alone enabled the implementation of strategy across the group only to a limited extent. Second, the lack of a comprehensive performance management system appeared to have negative effects on both the formulation and implementation of strategy. Third, following a phase of substantial expansion, both strategy and measurement systems had to be changed to provide a greater sense of direction and to gather data on non-financial aspects of the business. This study was carried out in multinational firm called Cisma IM, whose parent company is located in Italy. The purpose of this paper was to explore the links between strategy implementation, performance measurement and strategic alignment within a highly diversified group of firms.

In their research, even though statistical techniques were employed to analyze the data and almost the full company population was surveyed, the sample was too small to give statistically significant findings. Exploration of another company case with similar characteristics could lead to stronger results in terms of statistical relevance. Second, differences in the adoption of financial and non-financial indicators could be further studied to examine the impact of the use of specific indicators on the performance of subsidiaries. Third, cultural issues, at both organizational and national levels were not considered in this research. Particularly in cases of mergers and acquisitions, differences in culture could substantially influence the adoption of specific performance management practices. Hence, future studies may want to look at strategy implementation from this point of view and in geographical contexts other than the one considered in this paper (Micheli, et al., 2011).

Atkinson (2006) in his conceptual paper sought to develop a deeper understanding of the role of the balanced scorecard in strategy implementation and found out that , the balanced scorecard, subject to the adoption of suitable processes, can address the key problems associated with strategy implementation including communication, the role of middle managers and integration with existing control systems.

The study proposed that further research should be done to establish the degree of synergy that can be achieved through scorecard implementation with strategy implementation. Research should review not just the balanced scorecard, but other frameworks such as the performance prism. The Research should establish to what extent such frameworks should be used to assist strategy implementation and if so, to establish their effectiveness. Firstly, the integration or otherwise of management control systems also requires examination. To what extent are budgets coordinated with balanced scorecards, importantly are they operated in synchrony or in competition with the budgeting system still? Secondly, how effective is the balanced scorecard in mediating the understanding of the strategic initiative and do people actually understand their role and its link to organizational strategic priorities? How is the (pivotal) role of middle managers changed by the new performance management systems, which provide more widely available information and knowledge on performance throughout the organization. Is the balanced scorecard truly effective at galvanizing strategic understanding and mediating individual versus organizational priorities? To what extent is the scorecard integrated into incentive programmes and thus fully embedded into organizational control mechanisms. How can the balanced scorecard engender commitment and motivation towards achieving the strategic objectives? (Atkinson, 2006)

Critique of the literature

Many researchers like Micheli, Mura and Agliati, (2011) failed to link the part that performance management plays in implementing strategy successfully. Their study focuses on a multinational group of firms and how the parent company attempts to implement strategy without a comprehensive performance management system and foster alignment and co-ordination across all the companies in the group. Furthermore the sample size used is too small to adequately give statistically significant findings, this is because the study was done in one multinational corporation that have 60 subsidiaries which was the sample size of the study and only 44 responded. This makes the research in adequate to represent the whole population.

Atkinson (2006) in her study on Strategy implementation: a role for the balanced scorecard was not able to analyze other frameworks to strategy implementation and ascertain whether they would be effective in the achieving proper execution of strategy within an organization.

The study being a conceptual paper did not involve collection and analysis of data and as such the study does not conclusively explore the research area. Moreover, by examining the weakness of the balance score card approach and the important role of stakeholders' involvement, the idea of this new research approach is not explored.

Whereas Slavic, et al., (2014) in their study on performance management in international human resource management: evidence from the CEE region critically analysed the Performance Management practices across the region, they did not link these practices to the overall success of strategy implementation.

Research Gaps

Performance management has been investigated by a number of researchers over a long period and from different viewpoints Falshaw, Gleister & Tatuglo (2005), Hult, Ketchen & Slater (2005). Despite their limitations, these studies have contributed to the existing knowledge and understanding of the part that performance management plays to the strategy process. However, a conclusive answer to the performance management to strategy implementation phenomenon still seems elusive. The effective implementation of corporate strategy is often overlooked in strategic management literature. There is still recognition that there is a need for further research. By combining two eclectic fields of research, i.e. strategy implementation and performance measurement, it is proposed that new insights can be gained to inform future practice (Atkinson, 2006).

Conclusions of previous strategy-to-performance studies are divergent, highlighting the complexity of the strategy-to-performance debate. This indicates that more studies are required to contribute to knowledge creation in this area. The strategy implementation management literature has more or less ignored the performance management process. The role of performance management and implementation of strategy have been sidelined by different scholars, this research paper therefore seeks to fill this gap.

REASEARCH METHODOLOGY

Research design

This study adopted a descriptive survey design. According to Upagade & Shende (2012), research design is the arrangement of condition from collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals (Orodho, 2003). It can be used when collecting information about peoples' attitudes, opinions, habits or any other social issues.

Sekaran & Bougie (2011) avers that descriptive study has several advantages like; it helps in understanding the characteristics of a group in a given situation, assists in systematic thinking about aspects in a given situation.

Target Population

According to Mugenda (2005), target population is the number of individuals, who we are interested in describing and making statistical inferences about. According to Kombo and Tromp (2006), population is a group of individuals, objects or items from which samples are taken for measurement, or, it is an entire group of persons or elements that have at least one thing in common. The study targets 5 insurance companies in Nairobi. The researcher used a 30% of the total target population which is approximate. The sampling was done using systematic random sampling of the targeted population.

Data Collection Instrument and procedures

The study used both secondary and primary data. Secondary data was obtained from the insurance handbooks and data base while primary data was collected through questionnaires which contained questions designed to elicit data in accordance with the research questions. The questionnaire contained both open and close ended questions. In case of the close ended questions, a five-point Likert-type scale, ranking from 1 (Strongly disagree) to 5 (Strongly agree) was used for all the constructs with 5 being the strongest/highest. The use of questionnaires was justified as they offer an effective way of collecting information from a large sample in a short span of time and at a reduced cost as compared to other methods. Questionnaires were used because each respondent is capable to receive the same set of questions in exactly the same way. Questionnaires may therefore yield data more comparable than information obtained through an interview. The questionnaire had both open and closed ended questions to allow respondents to express their opinions.

The questionnaires were issued to the respondents through informal self-introduction. The questionnaires were sent to the respondents under a questionnaire forwarding letter accompanied by an introduction letter from the University. Follow ups were made and the fully completed questionnaires were picked from the respondents later by use of a research assistant.

Data Analysis

Both quantitative and qualitative methods of data analysis were employed in analyzing data in this study. The quantitative analysis mainly focused on using descriptive and inferential statistics. According to Trochim (2006) descriptive statistics are used to describe the basic features of the data in a study or survey. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data. The Statistical Package for Social Sciences (SPSS version 21) program was used to generate the frequencies, means and percentages of the responses. Such frequencies and percentages were important in drawing graphs and charts. Quantitative Content analysis was also be used to address the qualitative information obtained from key informants. According to Hsieh &

Shannon (2005) qualitative content analysis is preferred in a research study as it allows researchers to understand social reality in a subjective but scientific manner. The results were presented using tables and pie charts to give a clear picture of the research findings at a glance.

Inferential statistics involved ANOVA and regression analysis. Qualitative Content analysis was also used to address the qualitative information obtained from key informants. Qualitative analysis addresses some of the weaknesses of the quantitative approach. According to Hsieh & Shannon (2005) qualitative content analysis is preferred in a research study as it allows researchers to understand social reality in a subjective but scientific manner. The results were presented using tables and pie charts to give a clear picture of the research findings at a glance.

FINDINGS AND DISCUSSION

Response Rate

From the data collected, out of the 60 questionnaires administered, 57 were filled and returned. This represented 95% response rate, which is considered satisfactory to make conclusion for the study. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% good and above 70% rated very good. This also corroborates Bailey (2000) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion; the response rate in this case of 95% is very good.

Demographic Information

Gender

The study sought to establish the gender of the respondents, from the findings majority 30(53%) were males, while 27(47%) were females. This implies that there were more males than females respondents in the study and also showed a fair representation from both genders.

Level of Education

From the study findings majority 40(70%) indicated that they had reached university level as their highest academic qualification, 10(18%) indicated that they had reached post graduate level, 5(9%) of the respondents indicated that they had reached college level as the highest level of education and lastly 2(3%) had reached a secondary level.

Length of Service

The study sought to establish how long the respondents had been working at their respective organizations to ascertain to what extent their responses could be relied upon to make conclusions for the study based on experience. From the study findings majority 25(44%) indicated that they had been working at their respective organizations for a period between 5-9 years, 20(35%) indicated they had been working for 0-4 years, 10(18%) for 10-19 years and a few 2 (3%) indicated they had been working for over 20yrs.

From this information, the researcher was also able to have confidence in the data collected since most of the respondents (44% and 35%) had been working in their respective organizations for a period between 0-4 years and 5-9 years respectively, and this shows that they were well versed with information in which the study sought.

Job Rank

The study sought to establish position or jobs in which the respondents held their respective organizations to ascertain to what extent their responses could be relied upon to make conclusions for the study based on type of work they did for the organizations.

The findings showed that 17(30%) were supporting staff, 12(21%) were middle level managers, 10 (18%) were both officers and 11(18%) top level managers respectively while the supervisors were 7 (12%). This showed that all respondents were versed with the role of performance management on strategic achievement.

Performance Monitoring

The study sought to establish whether, performance monitoring in the insurance industry and whether they influenced the strategy implementation in the insurance industry in Kenya. The study used several statements to solicit information from the responds. The responses are shown in the table 4.2.

Table 1. Perfomance monitoring and strategy implementation

Statements	4	2 1	Mean	Std dev
There is a culture of monitoring performance	27	0 0	3.9	0.18
The management often communicate effectively when they carry out performance monitoring	20	4 5	4.1	0.22
The company has designed a way of reviewing your targets against the set targets	28	2 0	4.7	0.05
The management together with the employee have a way of realigning targets that have been found to be off-course	25	0 0	3.7	0.18

Source: Researcher (2014)

The table 1 show how respondents response to statement on performance monitoring where the first statement has a mean of 3.9 and a standard deviation of 0.18, the second statement has a mean of 4.1 and standard deviation of 0.22, third statement means is 4.7 and a standard deviation of 0.05, fourth statement mean is 3.7 and standard deviation of 0.18.

Performance Evaluation

The study sought to establish whether, performance evaluation in the insurance industry and whether they influenced the strategy implementation in the insurance industry in Kenya. The study used several statements to solicit information from the responds. The responses are shown in the table 2.

Table 2: Perfomance evaluation and strategy implementation

Statements	5	3	2	1	Mean	Std dev
The management has set up a performance evaluation method	22	2	0	0	4.6	0.26
The management of this insurance has designed a set of performance evaluation procedures in the aim of ensuring strategic plans are implemented	25	1	1	0	4.8	0.32
The management	18	15	2	2	4.6	0.24

has a process of rating employees performance				
The management discusses the targets and schedules that have been attained and their after set new performance targets and standards	12	:1010 10	0 2.0	0.28

The table show how respondents response to statement on performance evaluation where the first statement has a mean of 4.6 and a standard deviation of 0.26, the second statement has a mean of 4.8 and standard deviation of 0.34, third statement means is 4.6 and a standard deviation of 0.24, fourth statement mean is 2.0 and standard deviation of 0.28.

Regression Analysis

From the results shown in table 3, the model shows a goodness of fit as indicated by the coefficient of determination r^2 with value of .605. This implies that independent variables performance monitoring, performance evaluation; performance related compensation and employee development plans explain 60.5% of the variations as a result of the factors affecting the implementation of strategic plan in insurance industry in Kenya. 39.5% of variations are brought about by factors not captured in the objectives. Durbin Watson value of 2.220 was established illustrating lack of auto correlation in the model residuals.

Table 3: Regression model summary of the effect of independent variables on the dependent variable

R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson
			F Change	df 1	df 2	Sig. F Change	
.6053	.52	.65554	2.761	3	23	.022	2.220

The variables explain 60.5% of the variations as a result of the factors affecting the implementation of strategic plan in insurance industry in Kenya. The significant change of 0.022 which is less than 0.05 means that the variables are highly significant.

Table 4: Regression Coefficient of Determination of the effect of independent variables on the dependent variable

	Unstandardized Coefficients		**Standardized Coefficients**	**T**	**Sig.**
	B	**Std. Error**	**Beta**		
Strategic implementation (Constant)	1.448	.560		2.584	. 001
Performance monitoring	.191	.058	.313	3.329	.002
Performance evaluation	.466	.123	.312	3.779	.000
Employee development plans	.063	.116	.052	.544	. 013
Performance related compensation	.233	.077	.322	3.016	.004

a. Dependent Variable: Strategic Implementation in the Kenyan insurance industry

Source: Researcher (2014)

The study conducted a multiple regression analysis so as to determine the relationship between the factors affecting the strategy implementation.

The regression equation ($Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha$) was:

$Y = 1.448 + 0.191X_1 + 0.466X_2 + 0.063X_3 + 0.233X_4 + 0$

Whereby Y = Strategy Implementation, X1 = Performance Monitoring; X_2= Performance Evaluation; X3 = Employee Development Plans and X_4 = Performance Related Compensation.

According to the regression equation established, taking all factors (performance monitoring, performance evaluation, performance related compensation and employee development plans) constant at zero, strategy implementation in insurance industry as a result of these independent factors were 1.448. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in performance monitoring will lead to a 0.191 increase in effect on strategy implementation. A unit increase in performance evaluation will lead to a 0.466 increase in effect on strategy implementation; a unit increase in employee development plans will lead to a 0.063 increase in effect strategy implementation while a unit increase in performance related compensation will lead to a 0.233 increase in effect on implementation of strategy implementation.

SUMMARY OF FINDINGS

Perfomance monitoring

The study sought to establish the effect of perfomance monitoring on the strategy implementation and most respondents responded that It was evident in the industry. The individual insurance companies did perfomance monitoring. Schultz (2004) states that the astute manager is always aware of his or her subordinate's performance. Whether the organization's objective in managing performance is to achieve goals, or to add value, performance problems must be noticed and analyzed at an early stage. It is by defining these input requirements and assessing the extent to which the expected levels of performance have been achieved by using skills and competencies effectively that developmental needs are identified (Armstrong, 2001). From the results from the study it was evident that a culture of performance monitoring existed among companies in the insurance industry.

Perfomance Evaluation

The study showed that performance evaluation was evident in the insurance industry and from the responses gathered, the respondent's majority of them indicated that it was there and that the management had put efforts to conduct evaluation, and procedures were put in order to implement strategy effectively. Evaluating the strategy may lead to adjustments or corrections in the formulation and implementation of strategy, or to the content of the strategy itself (Thompson and Strickland, 2003). The study showed that the management did discuss the targets with the employees so as to ensure they achieve the targets.

Conclusion

The study concludes that there is existence of strategy implementation in the insurance industry. Performance monitoring is evident and the companies use this performance monitoring to measure and be able to control the performance in the implementation stage. Implementation of the strategy is the most important element of the strategic management process. A well-formulated strategy can create sustainable value only if successfully implemented, so effective implementation has a huge impact on the success of a company. Poor implementation leads to waste of time and energy (Thompson and Strickland, 2003). The study also concluded that performance evaluation is important to strategy implementation since it helps evaluate whether a strategy is effective in the implementation stage. By carrying out evaluations a company can know whether it is achieving its strategic plans.

Recommendation

The study recommends that the companies keep a culture of measuring performance since it will help them in achieving their strategic goals and objectives. The study continues to recommend clear communication of the strategy to the employees so as it can be clear what is expected of them. Employees must consider themselves to be in tune with the organisation.

Also the management should ensure that the evaluation of performance is proper and should have appropriate evaluation procedures. It is important for management to ensure that all staff members are continuously informed about the strategy to be adopted and how they fit in.

Areas of Further Research

In the present study, performance monitoring, performance evaluation, performance related compensation and employee development plans have been investigated without addressing of wide array of other factors that affect the strategic implementation in the insurance industry. Future research can be done on different factors affecting the strategy implementation in organizations in private and public sector.

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