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**INFLUENCE OF STRATEGIC PLANNING PROCESSES ON
ORGANIZATIONAL PERFORMANCE: A CASE OF INSURANCE
COMPANIES IN KENYA**

BY



**A RESEARCH THESIS SUBMITTED TO STRATHMORE BUSINESS SCHOOL IN
PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS
OF COMMERCE OF STRATHMORE UNIVERSITY**

JUNE, 2025

Declaration

Student Declaration

I declare that this thesis is my original work and has not been submitted to any other examination body or institution of Higher Learning for the award of a Master's Degree.

Eva Jerop Kimutai

Signature:  Date: 19th May, 2025

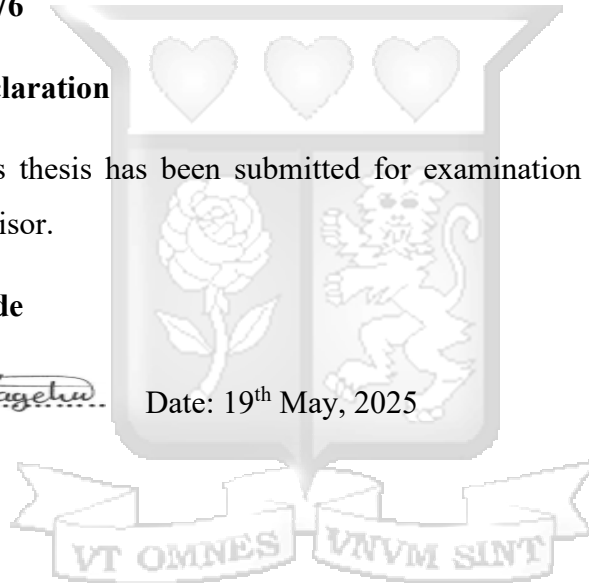
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Supervisor's Declaration

I declare that this thesis has been submitted for examination with my approval as the University supervisor.

Dr. Diana Ominde

Signature:  Date: 19th May, 2025



Acknowledgment

Above all, I am grateful to the Almighty God for my good health, which has allowed me to conduct this research. I want to express my gratitude to my supervisor, Dr. Diana Ominde, and my lecturer, Dr. Stella Nyongesa, for their priceless and unwavering advice, dedication, and admirable support. I also appreciate their patience and willingness to share their expertise and experience through teaching. I also want to express my gratitude to Strathmore University for offering a supportive learning environment.



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List of Abbreviations and Acronyms

SP	- Strategic Planning
CSR	- Corporate Social Responsibility
OAM	- Organizational Assessment Model
PC	- Performance Contracting
HODs	- Heads of Departments
USA	- United States of America
UK	- United Kingdom
RBV	- Resource-Based View
SMEs	- Small and Medium Enterprises
CEO	- Chief Executive Officer
EET	- Employee Engagement Theory
KPIs	- Key Performance Indicators



Abstract

Strategic planning is a key factor in determining organizational performance in Kenya's competitive insurance market, particularly in private listed companies. The importance of strategic planning procedures and their impact on enhancing business performance in this sector are examined in this study. The research sets three primary targets to understand core strategic planning elements, examine leadership participation in planning tasks, and study its total influence on organizational outcomes. The research demonstrates awareness of special conditions that exist within this sector. The research was based on a literature review incorporating the Strategic Management Theory and the Contingency Theory. The conceptual framework majored on the independent and dependent variables. The research employed quantitative surveys to gather data from executive staff in insurance companies. The studies revealed that committed leadership with strategic planning skills leads to better organizational results. The research suggests that market review, managing resources, and regular assessment are the main factors for great strategic planning. It noted that Kenyan licensed insurance companies need strategic plans, yet the plans do not always work because of regulations and unstable market conditions. According to the study, environmental scanning was considered the most important element, while strategy formulation and implementation depend on each other greatly. It was discovered from a regression analysis that these elements play a major role in how well an organization performs. It was found that leadership mattered, although its impact on ordinary tasks was not significant, so further improvements in leadership are needed to make the most out of strategic planning. As a result, the study provided useful information for practitioners and legislators who want to improve strategic frameworks and boost the competitiveness of the sector. With ramifications that go beyond the industry's immediate setting, this research adds to the body of knowledge on strategic management by advancing our understanding of how strategic planning affects organizational performance. Future studies should examine how digital transformation affects strategic planning in Kenyan insurance firms.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Strategic planning processes are a systematic approach that involves the identification of long-term objectives, identifying the steps required to accomplish the goals, and gathering resources to carry out the actions. This is a strategic process that involves assessing the organization's internal and external environments in terms of the market and the global economy. Strategic management worldwide maintains organizational competitiveness, flexibility, and viability in a constantly changing environment (Bryson, 2018).

The strategic planning process and an organization's success are directly related since it offers a framework for making decisions, allocating resources, and allowing the business to adapt to changes in the market. In strategic planning, environmental analysis, strategy creation, and implementation, as noted by Johnson and Lee (2019), and ongoing monitoring are all combined, which provides room for organizations to synchronize their activities in terms of the long-term goals. This well-organized framework streamlines resource allocation and allows organizations to deal with external changes more effectively, which enhances overall productivity. In addition, firms practicing strategic planning are in a better position to respond to market challenges and the overall growth and competition in a dynamic business environment (Wagner, 2022).

It is evident that strategic planning and organizational performance are correlated, more so within technology and finance, where organizations spend in pursuit of a competitive edge and innovation. Smith and Brown (2021) emphasized that in the USA, particularly in these sectors, the practice of strategic planning helps firms in decision-making and operational effectiveness. These benefits in better organizational resilience, better market positioning, and being better able to respond to technological disruption and external market shocks (Harrison, 2023). Amidst this, strategic planning is not only what drives the success of the organization, but also constructs an adaptable body that can respond to the vagaries and uncertainties of the dynamic business environment.

In South Africa, strategic planning is paramount, especially given these factors that relate to socio-economic differences, regulatory requirements, and resources. To maintain sustainable development, most organizations have instituted strategic planning systems, with the mining and financial industries most affected. According to St. Moyo and Jacobs (2020), it has been established that only organizations with robust strategic planning management frameworks showed a greater ability to respond to changes in the market, as well as increased satisfaction levels of stakeholders. Also, these processes have been associated with increased workforce involvement because the direction offered and the staff responsibilities make them more accountable (Ngubane & Sithole, 2022).

Strategic planning methodologies have emerged as key in Kenya for organizations that wish to establish a competitive advantage in the growing economy characterized by the deployment of technology and regional associations. For example, research done by Kamau Otieno (2021) established that Kenyan firms that have incorporated strategic planning processes were earlier able to record a best-performing market share, profitability, and operating efficiency. The realities are that outlooks based on strategic planning have become all the rage in industries such as insurance and banking to solve problems related to changing regulatory environments and to improve customer service. These processes also promote sustainable development by providing firms with the potential to foretell market trends and adjust their operations to correspond to the expected trends (Wanjiru and Maina, 2022). The uses of strategic planning across the three areas of the study, which include the United States, South Africa, and Kenya, proved the significance of the strategic planning processes in creating performance and sustainability of organizations in the volatile environments.

An evidence-based strategic plan elaborates for insurance companies and provides valuable data for insurance companies. Over time, the strategic planning process has gained widespread acceptance and usage across a wider range of industries because of its alleged impact on performance (Latif & Gohar, 2013). Strategic planning processes provide back bone support to strategic management, and it is one of the key processes performed in the course of strategic management (Awino, Muturia, & Oeba, 2012). The significance of strategic planning processes can be interpreted from four perspectives that are environmental scanning, formulation of strategy, linking the objectives to the budget, and the strategic planning processes as process (Wagner, 2013). Although the actual process of strategy planning starts with the formulation of organizational goals.

An organization can examine both external and internal elements that impact its performance with the aid of environmental analysis, market demand, competitors, changes in the laws, etc. The generation of strategies involves these data and identifies strategies coherent with the course set for the organization. This ability to connect goals to budgets makes resource utilization consistent with strategy, improving budget responsibility. Last but not least, consider the strategic planning process as a process that helps in understanding that strategic planning is not a one-time activity, but needs constant reviewing and revisiting because of the constantly changing scenario. Johnson (2022) also noted that strategic planning helps organizations to counteract the potential of uncertainties and sustain competitively. This way, the process poses a framework that originates with organizational goals and outlines vision, priorities, and execution approaches for enhancing long-term success (Brown, 2023).

There is ample evidence that extant scholarship links strategic planning processes and organizational performance, enhancing performance outcomes. As pointed out by Johnson and Brown (2020), strategic management offers a methodical approach for attaining organizational objectives based on the match of operational tasks, which facilitates better decision-making and resource utilization. It is on this premise that organizational alignment is made possible to overcome several challenges, such as risks and the ever-changing environment. Martinez (2021) pointed out that senior leaders of organizations with well-developed strategic planning methodologies report that organizations that have greater strategic planning capacity are more innovative and competitive, as they can scan for opportunities and threats. Further, PM&EV within SPF facilitates ongoing enhancement of performance consequent to optimal resolution of the financial as well as non-financial performance indicators (Smith & Davis, 2022). In general, strategic planning plays the role of a compass for development, as well as a lever for managing the organizational change process and increasing the company's efficiency in a competitive environment (Thompson & Lee, 2023).

1.1.1 Strategic Planning Processes

Strategic planning procedures are among the most widely used management techniques in contemporary businesses, and they consistently rank in the top five worldwide (Rigby and Bilodeau 2013; Wolf and Floyd, 2017).

Thomson and Strickland (2012) spent adequate time covering the concept of strategic planning. In their study, leadership and top management support were identified to play important roles in the effective implementation of strategies. Effective leaders provide clear direction, motivate employees, and ensure alignment between strategy and organizational goals. Also, the authors highlighted that the success of strategic implementation heavily depends on the commitment and active involvement of top management. Lack of support from top leaders often leads to strategy failure, hence poor performance in organizations.

The article "Does Strategic Planning Improve Organizational Performance?" A meta-analysis of 87 associations from 31 empirical studies was conducted by Bert, Walker, and Joost Monster (2019). They investigated whether the strategic planning process improves an organization's performance. According to their random-effects meta-analysis, there is a statistically significant and moderately positive correlation between organizational performance and strategic planning. Additionally, the meta-regression analysis showed that formal strategic planning procedures and efficacy performance reviews have a greater beneficial influence. Both public and private enterprises, particularly those in the US, can benefit from these findings.

1.1.1.1 Environmental Scanning

Strategic planning processes can be evaluated concerning the following heads, each of which captures an aspect of alignment and fit within an organization. One of them is the aspect of Goals and Objective Clarity, which determines whether an organization has well-defined and quantified goals based on the overall vision statement (Smith & Johnson, 2021). Another signal is resource utilization productivity, assessing whether an organization has properly assigned resources to satisfy strategic objectives and used all available budgets and staff members effectively (Martinez, 2022). Another important process is that of action plans, brought into play, which concentrates on how well the organization unleashes the strategies or adjusts plans in response to efficiency data (Thompson & Lee, 2020). Last but not least, performance evaluation and monitoring act as an indicator checking whether the actual evaluations and amendments take place in response to the external environment or newfound internal challenges and opportunities (Brown & Davis, 2023).

In strategic planning, environmental scanning is the methodical process through which businesses track, examine, and interpret internal and external elements that affect their operations and course. It includes gathering data on sociocultural, political, legal, technological, and economic trends that may influence the organization's strategic choices. Aldehayyat (2018) asserts that environmental scanning helps businesses make proactive decisions by identifying opportunities and threats in the business environment. Making sure that decisions are in line with both present and projected changes in the operating environment, it serves as the cornerstone for developing pertinent and flexible strategies in strategic planning. Environmental scanning is especially important in highly dynamic industries like insurance because it enables businesses to adapt to changing regulations, changing consumer preferences, and competitive pressures (Karabulut, 2019).

To measure scanning practices, businesses frequently employ structured tools like competitor intelligence frameworks, PESTEL analysis, and SWOT analysis (Ngugi & Ogollah, 2020). Managers' report the frequency and thoroughness of scanning activities across multiple domains in quantitative studies using survey instruments. Kimani (2021) asserts that increased environmental scanning frequency is positively correlated with strategic alignment and organizational responsiveness, both of which lead to improved performance. To determine how strong this relationship is, regression models are frequently used. Mutuku and Iravo (2022) discovered that a notable difference in the efficacy of strategic planning across Kenyan insurance companies was explained by environmental scanning, confirming its importance as a predictive variable in performance measurement.

1.1.1.2 Leadership

In strategic planning processes, leadership is essential because it establishes the vision, synchronizes goals with organizational objectives, and cultivates a culture that facilitates the execution of strategies. In addition to motivating teams and ensuring that resources are distributed effectively, effective leaders give guidance. Leadership commitment has a major impact on the success of strategic implementation in Kenyan firms, especially through communication and employee engagement, claims Musyoka (2020). Leaders also direct decision-making and environmental scanning, improving responsiveness to market dynamics (Mwangi, 2019).

In strategic planning, measuring leadership entails assessing both outcome-based and behavioral indicators. The ability to align teams with strategic goals, participation in planning stages, responsiveness to environmental changes, and the clarity of the communicated vision are all examples of indicators. According to Wanjiru (2021), companies with executives who scored highly on metrics measuring strategic involvement showed improved performance results. In a similar vein, Odhiambo (2022) highlighted the use of leadership performance indices, such as strategic initiative execution rates, to evaluate how well a leader drives strategy.

1.1.1.3 Strategy Formulation

Strategy formulation, which comprises setting organizational goals, evaluating the internal and external surroundings, and selecting the best course of action to achieve long-term goals, is an essential element in the strategic planning process. It lays the groundwork for allocating resources and determining strategic direction. Gichuru (2019) asserts that strategy formulation helps firms better match their objectives with market demands, which improves operational focus and competitiveness. To evaluate opportunities and threats, it usually uses tools like Porter's Five Forces, SWOT analysis, and PESTEL analysis.

Assessing stakeholder participation in the planning process, the precision of environmental analysis, and the clarity of strategic objectives are all part of measuring strategy formulation. According to Muthoni (2021), departments in organizations with inclusive and well-documented strategy formulation processes demonstrated greater levels of commitment and alignment. Furthermore, Otieno (2020) proposed that the ability of developed strategies to adjust to changes in the environment and the alignment of strategic goals with organizational performance metrics can be used to evaluate effectiveness.

1.1.1.4 Strategy Implementation

The process of converting developed strategies into workable plans, assigning tasks, distributing resources, and tracking results in order to meet predetermined organizational objectives is known as strategy implementation. It serves as a link between operational execution and strategic planning. Through appropriate communication, leadership involvement, and performance monitoring, Kariuki (2019) asserts that successful implementation guarantees that strategic objectives are ingrained in day-to-day

operations. Even well-thought-out strategies might not work if they are not implemented well.

Assessing the effectiveness of resource use, departmental actions' alignment with strategic objectives, and the progress made in carrying out strategic initiatives are all part of measuring strategy implementation. Nyambura (2020) highlighted that budget adherence, schedules, and key performance indicators (KPIs) are trustworthy metrics for assessing the success of implementation. In a similar vein, Omondi (2022) discovered that employee participation and role clarity, which can be accessed via surveys and execution reports, greatly improve implementation outcomes. To guarantee strategy success, these tools assist organizations in identifying gaps and modifying plans.1.1.2

1.1.2 Organizational Performance

The evaluation of an employee's productivity at work is known as organizational performance. According to Lantara (2017), the organization's performance is a strategic outcome. Both subjective and objective approaches are legitimate and trustworthy for assessing an organization's success, claim Singh and Darwish (2018). Subjective success is measured by an organization's sales revenue, market share, profitability, and innovation. An organization's performance is viewed as a complicated concept by the Institutional and Organizational Assessment Model (OAM Model), one of the Public Offer of Acquisition (OPA)'s most comprehensive frameworks. It encompasses the organization's balance between its efficacy, relevance, efficiency, and financial sustainability. Thus, it stands to reason that an organization's ability, drive, and external environment should all be taken into consideration when assessing its performance (Selvarajan, 2020).

The number of businesses managing organizational performance with the balanced scorecard methodology has grown in recent years. Company citizenship, community outreach, corporate social responsibility (CSR), financial success (e.g., stakeholder return), and exceptional customer service are some of the areas where performance is tracked and assessed. Performance contracting, or PC, is used to monitor performance since it outlines expectations (the tasks to be completed, the objectives to be met, and the skills and attributes needed to generate results). Furthermore, PC identifies the metrics used for performance monitoring, analysis, and evaluation (Armstrong, 2014). Additionally, according to Richard (2019), performance may be evaluated in three areas

of an organization's outcomes: customer happiness, CSR, employee stewardship, commercial success, return on investment, return to stakeholders, and product performance in the market.

Market share, customer happiness, and financial success are important indicators of an organization's performance that are influenced by strategic models such as the service-profit chain theory and the balanced scorecard. These indicators reflect profitability, client loyalty, and competitive advantage (Kaplan & Norton, 2020; Rahman & Sulaiman, 2022; Kimani & Otieno, 2023), offering a balanced evaluation approach. Organizational performance is widely understood as a range of specific quantitative characteristics that reveal an organization's success in attaining its objectives: financial, operational, and behavioral.

Profitability factors consist of gross and net revenue, and business revenue growth, which reflects the fiscal performance of the organization (Smith & Brown, 2020). Operational performance entails aspects of productivity measurement, process enhancement, and innovations essential to the sustenance of competitive gain (Johnson & Lee, 2019). Market share quantifies the firm's competitive position in the industry by indicating the proportion of sales it controls relative to competitors, thereby linking strategic effectiveness to performance outcomes (Kamau & Wanjiku, 2023). Behavioral performance is, therefore, composed of employee productivity, job satisfaction, and retention rate acquired from the human capital aspect of the business organization (Martinez & Davis, 2021). Customer satisfaction and market share were also pointed out by Kamau and Otieno (2022) to be part of the external performance indicators of strategic planning. By analyzing these variables, the authors can gain a comprehensive view of the performance organization and its interaction with the schemes of strategic planning in various industries and conditions.

1.1.3 Insurance Companies

The increased demand for insurance products and services has led to tremendous expansion and change in Kenya's insurance industry. The Insurance Regulatory Authority of Kenya claims that the country's insurance market is still flourishing. Although it has been expanding gradually, the insurance market is now more competitive due to the rise in private insurance companies listing their operations. Today, these companies have brought into the market new and improved products, enhanced customer

relations, and embraced technology to reach as many consumers as possible, making a commendable contribution to the development of this sector (Insurance Regulatory Authority of Kenya, 2023).

Due to differences in organizational capabilities, market environments, regulatory requirements, and size, insurance companies do not all strategically plan in the same way. In contrast to smaller businesses, large insurance companies in Kenya typically implement more formalized and structured strategic planning procedures, claims Njoroge (2019). According to Mwikali (2021), the industry's varied strategic planning approaches are reflected in the fact that some insurers place a higher priority on environmental scanning while others concentrate more on compliance and financial sustainability.

This growth has, however, been necessitated by efforts made in a process referred to as strategic planning. Private insurance firms in Kenya have well-developed strategic plans, which cover market analysis, customer demands, and technology. These plans have helped companies explore new opportunities within and outside the market as well as improve their operations to address the growing competition from their competitors. For example, the integration of online platforms has helped insurers work more efficiently and expand the availability of services to their clients (Mutua, 2022). By ensuring their strategic direction is placed in congruence with the market and legal considerations, these firms have been placed on a footing to record sustainable growth and profitability.

It focuses on assessing how strategic processes affect the performance of insurance companies, a highly regulated, fiercely competitive sector that is susceptible to constantly shifting market demands. Insurers have to compete in a domain that demands constant synchronization of strategic goals with the legal requirements for developing long-term success models (Johnson & Martinez, 2020). However, several firms experience issues that directly relate to strategic management concerns, including the utilization of resources, goals and objectives, and monitoring and control mechanisms, some of the reasons that would affect a firm's performance (Smith & Brown, 2021). This study was limited to insurance firms because of their formal structure, dependency on risk analysis and control, and enormous impact on economic development. In the context of the insurance business, outlined by Thompson and Lee (2022), the insurance industry uses forecasts and long-term planning, which, in turn, predetermine the nature of the impacts of the strategic planning on performance results. Therefore, by only compiling a list of

firms, first, the work can compare the performances of firms within a well-defined identical business environment, second, the results obtained here can be viewed as generalizable to other similar industries.

1.2 Problem Statement

Strategic planning is widely recognized as a critical aspect of organizational management, yet its direct impact on performance remains debated. While several studies have associated strategic planning with improved profitability, market share, and operational efficiency, inconsistencies persist regarding its effectiveness across different sectors and economic contexts. For instance, Smith and Brown (2021) reported that in developed markets, although over 70% of firms adopt formal strategic planning, only 40% realize measurable gains in financial performance, highlighting a potential disconnect between planning and execution. Similarly, Al-Shammari and Hussein (2020) found that in the Middle East, strategic planning positively influenced performance only when supported by adaptive leadership and sufficient resources. In Kenya, Wanjiru and Maina (2022) observed that fewer than 50% of firms successfully integrate strategic plans into daily operations, while Mureithi (2021) noted that public institutions often lack follow-through mechanisms, leading to underwhelming results. These findings expose a contextual gap in emerging economies, where challenges such as limited technical capacity, dynamic markets, and regulatory volatility undermine strategic initiatives.

The Kenyan insurance sector, which plays a vital role in economic stability and financial inclusion, faces persistent difficulties in aligning strategic plans with evolving customer expectations, digital transformation, and regulatory changes. According to the Insurance Regulatory Authority (IRA, 2023), only 58% of insurers met their annual profitability targets, and over 50% struggled to adapt plans to emerging risks and competition. Moreover, Njenga and Musyoka (2022) found that rigid corporate structures and slow decision-making processes inhibit strategic responsiveness in the insurance industry. While most existing research focuses on SMEs and informal enterprises, little empirical attention has been given to structured and highly regulated sectors such as insurance, where strategic planning must balance innovation with compliance. While strategic plans exist in many Kenyan insurance firms, performance remains inconsistent, suggesting that execution, particularly of environmental scanning, formulation, leadership, and implementation, ultimately determines profitability, efficiency, and competitiveness.

1.3 Research Objectives

1.3.1 General Objective

The main objective was to establish the influence of strategic planning processes on the organizational performance of insurance companies in Kenya.

1.3.2 Specific Objectives

- i. To examine the effect of environmental scanning on organizational performance in insurance companies in Kenya.
- ii. To assess the role of leadership in the strategic planning process on organizational performance in insurance companies in Kenya.
- iii. To determine the effect of strategy formulation on the performance of insurance companies in Kenya.
- iv. To assess the influence of strategy implementation on the performance of insurance companies in Kenya.

1.4 Research Questions

- i. What is the effect of environmental scanning on organizational performance in insurance companies in Kenya?
- ii. To what extent does the role of leadership in the strategic planning process affect organizational performance in insurance companies in Kenya?
- iii. What is the effect of strategy formulation on the performance of insurance companies in Kenya?
- iv. How does strategy implementation affect the performance of insurance companies in Kenya?

1.5 Scope of the Study

The study aimed to investigate the significance of effective strategic planning for 56 insurance companies in Nairobi County, Kenya. In this study, the target respondents were the top management personnel of the said insurance firms, as shown in Appendix v. Structured closed-ended questionnaires were used to elicit information concerning the

strategic planning practices on organizational performance. The exploratory research design was adopted. Besides completing quantitative data in the form of a questionnaire, the study used a quantitative approach to gather further insights on the research questions, which would indicate the contribution of strategic planning and the extent to which it promotes or otherwise contributes to the improvement of performance and competitiveness of insurance companies in Kenya. The research was carried out from June 2024 to June 2025.

1.6 Significance of the Study

This research will also advance the body of knowledge and theory since it will help formulate theories of strategic management, especially as they relate to emerging nations like Kenya. The study will expand current literature on strategic planning and organizational performance by incorporating new data and insights from the insurance sector. The findings will provide evidence for theorists to refine or propose new models that explain how strategic planning impacts organizational outcomes in resource-constrained environments. This research will fill a conceptual gap and offer theoretical contributions that will be valuable for both academics and practitioners in understanding how strategic planning processes can drive performance in diverse industries

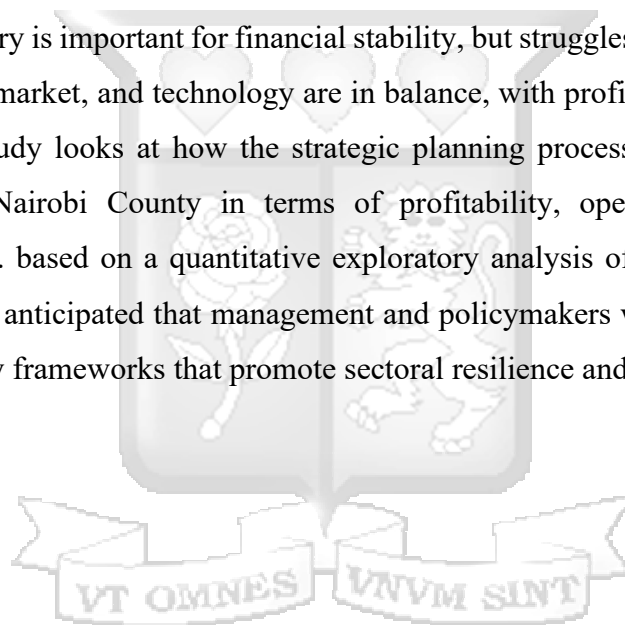
The management of Kenyan insurance companies with licenses will greatly benefit from research on how strategic planning processes affect organizational performance. As the insurance sector faces increasing competition and regulatory changes, effective strategic planning will help managers identify market trends, align resources, and optimize operational efficiency. By understanding how strategic plans affect performance, management will be better equipped to make informed decisions, improve profitability, and sustain growth. This research will identify the ways to enhance strategic planning methods focused on Kenyan market-specific challenges, which include customer satisfaction and technology adoption, to help insurance companies maintain their competitive edge and resilience.

The study's findings will assist policymakers in comprehending how strategic planning could enhance the Kenyan insurance sector's performance. Understanding the connection between strategic planning and organizational results can help guide the development of regulations that enhance planning efficacy and promote industry growth and sustainable operations. Future interventions from policymakers can direct insurance companies to

build up their strategic frameworks, which will further boost the national economic contribution from the insurance industry. The research will assist regulatory bodies in evaluating current policies and determining their alignment with insurance firms' strategic requirements and their management of emerging business threats.

1.7 Chapter Summary

This chapter entails the strategic planning process involves routine gathering of information, developing a strategy, and leadership participation in the strategy to determine long-term goals and distribute resources accordingly. While these processes enhance flexibility and global competitive advantages, their effect varies by context, and countries like Kenya are characterized by low integration into operations. The Kenyan insurance industry is important for financial stability, but struggles to ensure that strategy and regulation, market, and technology are in balance, with profits and efficiency being uneven. This study looks at how the strategic planning process affects the insurance companies in Nairobi County in terms of profitability, operational efficacy, and competitiveness. based on a quantitative exploratory analysis of the top leaders of 56 companies. It is anticipated that management and policymakers will use the findings to enhance strategy frameworks that promote sectoral resilience and sustainable growth.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter included an overview of previous research on how the organizational performance of Kenyan private listed insurance companies is affected by the importance of strategic planning. Detailed evaluations of empirical research and research gaps are included, along with a summary of the strategic planning literature.

2.2 Theoretical Foundation

The study's theoretical underpinnings are frequently used to explain strategic planning. The three theories that are being discussed are the Strategic Management Process Theory and Contingency Theory.

2.2.1 Strategic Management Process Theory

The Strategic Management Process Theory was developed by the work of Chandler (1962), Andrews (1971), and Mintzberg (1994). Based on his studies, Chandler (1962) believed that the way a company builds its structure should align directly with its strategy. Subsequently, Andrews (1971) outlined how internal resources should be matched with available external opportunities during the process of forming a strategy. At the same time, Mintzberg (1994) pointed out that strategy cannot be only planned and instead includes elements that arise from the organization. As a result, the theory was updated to explain ways organizations conduct a review of their surroundings, set objectives, use strategies, and monitor results.

Its main aim is to ensure a clear approach and tools for making and carrying out strategic decisions. According to Johnson, Scholes, and Whittington (2017), with the model, organizations can assess their internal and external factors before coming up with strategies. Yet, some experts, such as Mintzberg (1994), believe that the theory is too set and narrow to include the unexpected aspects of doing business. In addition, Midgley and Lindh (2020) state that in changing markets, organizations cannot always rely on planning. Even though the theory has flaws, businesses still use it for being straightforward to understand.

In structured sectors such as insurance, the theory is very significant for both formulating and putting into action strategies. In their work, Pearce and Robinson (2018) argue that the theory helps guide the strategy-making process by stressing both studying the surroundings and setting objectives. According to Gichuru's study (2019), insurance companies that followed the theory set effective strategies and put them into practice. Moreover, Otieno (2020) found that the success of implementing a strategic plan depended on effective communication, sufficient resources, and careful monitoring, which form the core of the theory. Thus, the theory guides companies on how to bring their plans to life and observe the benefits at the end of the process.

2.2.2 Contingency Theory

Joan Woodward, Paul Lawrence, and Jay Lorsch developed Contingency Theory. Woodward (1965) first established that the success of organizational structures relies on the technology employed. In the middle phase of organizing, Lawrence and Lorsch (1967) showed that the alignment of a company's structures and processes with its environment determines its success. Afterward, Fiedler (1967) developed the theory of leadership, stating that the right leadership approach varies based on the leader's approach and circumstances. As a result, organizations were now seen as constantly changing and adapting according to different situations.

Contingency Theory aims to show that each organization's best management practices will vary and depend mostly on how it is situated within and affected by its environment. Burns and Stalker concluded that mechanistic systems function well in predictable situations, and organic systems are more appropriate where conditions are volatile. Yet, Donaldson (2001) argues that the theory is difficult to apply in practice as it lacks sufficient guidelines for managers. Midgley and Lindh (2020) pointed out that situations where certain variables are the most influential are unclear in the framework. Nevertheless, the theory is still significant because it helps firms review their context before making decisions.

This theory is significant for environmental scanning and leadership since both rely on adjusting to changing conditions outside the organization. Fiedler (1967) argued that a leader should employ styles that suit different situations, which is consistent with dynamic leadership during strategic management. They claimed that organizations should base their strategies on constant reviews of the external environment. Kamau

(2021) found that in the Kenyan insurance sector, insurance companies that flexed their strategies when there were changes in the industry did better and followed the theory well by adapting to the market and regulations.

2.3 Empirical Literature Review

The empirical evidence included in this part supports the goals of the strategic planning process, including environmental scanning, strategy design, leadership, strategy implementation, and organizational performance.

2.3.1 Environmental Scanning and Organizational Performance

Environmental scanning studies the external and internal environmental factors affecting the firm's performance. In doing so, Alqahtani (2020) defines it as the process of tracking economic, technological, and social factors that underpin strategic management decisions. They include enhancing flexibility and competition by ensuring that strategic plans are consistent with the current growing tendencies. Recent workplaces place more emphasis on it in dynamic industries, especially for the sustainability of long-run growth (Ahmed, 2022).

Harrison (2020) assessed environmental scanning and its Effect on Organizational Performance in the USA Manufacturing Sector, of the United States of America focused on environmental scanning for performance improvement of manufacturing companies. This study employed both qualitative and quantitative methods and conducted surveys with 120 managers while using the financial records of 30 firms. According to Harrison (2020), the companies that did not incrementally constitute their scanning activities as a result of dynamism in the market ended up recording poor performance. In its analysis, the study failed to fill an important gap in the body of knowledge by leaving out the possibility of counterbalancing the adverse effects of implementing environmental scanning through adaptive strategies.

Wagner (2021) explored the Impact of Environmental Scanning on Organizational Performance in the South African Retail Industry, South Africa. The purpose of the study was to look into how environmental scanning affects retail company enterprises. Wagner (2021) used a quantitative research design in this study and collected 150 responses from managers of retail establishments in Johannesburg, South Africa. This research established that early and detailed environmental scanning enhanced

operations efficiency, customer satisfaction, and profitability. Nevertheless, the paper failed to explore the degree to which the external environment is scanned regarding the longer-term strategic initiatives, which remain important in enhancing long-term performance.

Njeri (2022) looked on how organizational performance in the Kenyan banking sector was affected by environmental scanning. The impact of ecological scanning on bank operations was investigated. The study used a cross-sectional descriptive methodology, and 200 bank employees in Nairobi answered a survey. According to this study, the variable of environmental scanning performed at a proactive level supported added levels of profitability and increased market penetration. However, Njeri (2022) identified a methodological flaw by failing to account for the influence of exogenous factors such as political risks and regulatory changes that might prevent the banking industry from exploiting environmental cues.

2.3.2 Role of Leadership and Organizational Performance

A leadership role is a factor that impacts organizational performance by setting strategic direction, inspiring people, and encouraging creativity. According to Northouse (2021), leadership entails such elements as decision-making, emotional Intelligence, and flexibility. According to Wang (2022), this has implications for the engagement and productivity of the workforce and was further reiterated that positive organizational change is driven by transformational leadership that focuses people toward the pursuit of common goals.

Carter (2021) carried out research on how leadership affects organizational performance in the UK healthcare sector. The study examined how leadership styles and hospital performance are related. Carter (2021) used surveys and interviews with healthcare professionals and senior managers, respectively, for respondents 150 and 20. According to the study's results, leadership, while exercising some influence on employee satisfaction, failed to produce a favorable impact on organizational performance as measured in terms of patient status or hospital productivity. The study has limitations because it lacks other factors that may hinder performance due to resource unavailability or several other factors affecting the healthcare system.

Oluwaseun (2020) investigated how organizational performance in Nigeria's oil and gas sector is affected by leadership. The study aimed to determine the impact of leadership styles on the oil and gas sector's performance. Oluwaseun (2020) administered a quantitative research study through an online survey to 200 employees in major oil companies in Lagos. The research identified a correlation between the use of transformational behavior by leaders and increased performance in organizations, such as motivation of employees, as well as increased operational capacity. Nevertheless, the research was silent as to the leadership experience in crises: the peaks and lows of oil prices, for instance, meaning that it left some questions unanswered regarding the nature and extent of leader influence in an unstable environment.

Kamau (2022) studied organizational performance and leadership. Finding a relationship between organizational performance and leadership in Kenyan banks was the aim of the study. The study used a survey methodology to examine 180 bank employees in Nairobi as a sample. The results indicated that transformational leadership, a type of successful leadership, caused gains in indicators such as revenue, return on investment, and customer satisfaction as well as a positive link with organizational performance. However, Kamau (2022) pointed out a methodological flaw by failing to compare how leadership affects the advancement of technical change and innovation in the newly remodeled financial industry.

2.3.3 Strategy Formulation and Organizational Performance

Strategic formulation entails determining the organization's goals and purposes, assessing the internal and external environment, and creating thorough action plans that the business may utilize to accomplish its long-term strategic objectives. Hill (2020) stresses it in terms of matching resources with opportunities to achieve competitive benefits. Indeed, Johnson (2022) points out that the formulation of strategy improves the decision-making process and facilitates the execution of organizational change strategies for improved organizational growth in ever-changing markets.

Mwangi (2020) investigated the relationship between strategy formulation and the manufacturing sector's performance in Kenya. The goal was to determine the impact of strategic formulation on industrial sector performance. 150 workers in Nairobi manufacturing companies were the target of a cross-sectional survey that Mwangi (2020) conducted as part of his quantitative investigation. The research study revealed

that effective strategy relates directly to enhanced organizational performance and more so, within the market share and operational efficiency indicators. Nevertheless, the study did not look at the macro environment variables of market forces such as inflation and changes in policies that may infringe on the capacity of firms to implement their strategies leading to a gap in the assessment of the complete effect of the strategic formulation.

Nshimiyimana (2021), conducted a study on Strategy Formulation and Performance in Rwanda's Hospitality Industry, Rwanda. Strategic formulation's effect on Kigali's hotel and restaurant business was to be evaluated. A cross-sectional study method was employed, and 120 hotel managers were interviewed, with 15 serving as a sample. The research highlighted the following: most commercial organizations had coordinated strategies, but the strategies formulated were not in sync with performance results. The study also noted a gap that concerns the need to reconsider and adapt strategies continually, which is not well discussed in the literature.

Chege (2022) examined the significance of strategy creation in enhancing organizational performance in Kenyan banks to ascertain how it impacted the banking sector's organizational performance. The study involved 180 workers from major banks in Nairobi and used a descriptive research approach. With an emphasis on the elements of profitability and customer happiness, the study of the literature revealed that strategy design has a favorable impact on organizational performance. However, the study admitted the research limitation of not exploring how digitalization and an evolving technology landscape could affect the application of conventional strategic formulation in the banking industry.

2.3.4 Strategy Implementation and Organizational Performance

The process of implementing specific strategies by using organizational procedures, corporate influence, and necessary resources to achieve desired results is known as strategy implementation. Kaplan (2021) also describes its function as the transformation of strategic plans into tangible results. One empirical study by Brown (2023) insists on how communication, employee involvement, and the assessment of executed execution all pervasively influence organizational performance within a tactical and strategic venture environment.

Kim (2020) conducted a study entitled his research The impact of Strategy Implementation on American Organizational Performance USA: Technology Sector. The primary objective of the study was to ascertain how plan execution impacts the performance of the technology industry. In their research studies, Kim (2020) chose a quantitative approach to conduct a survey, and they employed 200 employees working with some of the giant tech companies in Silicon Valley. According to the study, strategic management techniques have a direct effect on organizational performance, especially in terms of innovation, market, and profit. However, this study failed to consider some of the implementation challenges occasioned by the dynamics of technological factors or the external environment and thus lacks an understanding of how technological forces may interrupt the implementation process.

Agyemang (2021), conducted a study on the effect of strategy implementation and organizational performance in Ghana's Agricultural Sector, Ghana. The study determined how the implementation approach affected the agricultural sector's performance. To ensure the respondents were knowledgeable in the topic of interest, only 150 farmers and agricultural managers, out of the 200 questioned, completed the survey, while 20 selected key stakeholders were interviewed. According to the report, even though the majority of farmers had created strategic plans to provide their companies with answers, the anticipated performance gains did not come to pass because of inadequate management and a lack of resources. The study was said to lack this consideration because it did not pay attention to the government policy/infrastructural factor that may hamper the success of the strategies formulated in this sector.

Wambua (2022) conducted a study titled The Impact of Strategy Execution on Organizational Performance in the Kenyan Banking Sector. 180 employees from several well-known banks in Nairobi took part in a descriptive survey as part of the current study. The study conducted for this project indicates a connection between enhanced customer happiness, financial performance, and the efficiency of plan execution. However, as the paper pointed out, research that looks at the connection between digital banking and the uptake of contemporary technology hasn't looked at how digital banking influences strategy execution in a constantly shifting financial landscape.

2.4 Summary of Knowledge Gap

This section contains the empirical research on previous studies that concentrated on organizational performance, the leadership role, strategic environmental scanning, strategy formulation, strategy implementation, and the essential components of effective strategic planning.

Table 2.1: Summary of Literature Review and Research Gap

Author(s)	Title of the study	Findings	Research Gaps	The Focus of the Study
Harrison (2020)	Environmental Scanning and Its Effect on OP in the USA Manufacturing Sector	Initial benefits from environmental scanning, but companies that failed to adapt their scanning efforts saw declining performance.	Did not account for how adaptive strategies could mitigate negative outcomes from environmental scanning.	This study will assess how adaptive strategies mitigate risks from environmental scanning outcomes.
Njeri (2022)	The Role of Environmental Scanning in Organizational Performance in the Kenyan Banking Industry	Proactive environmental scanning contributed to higher profitability and market expansion.	Did not consider the effect of external factors like political instability and regulatory changes on the ability to capitalize on environmental insights.	This study will examine how external factors influence the use of environmental scanning insights.
Oluwaseun (2020)	Leadership's Effect on Organizational Performance in Nigeria's Oil and Gas Sector	An association between enhanced organizational performance and transformative leadership, including enhanced employee motivation and efficiency.	Did not consider the impact of leadership during crises such as fluctuating oil prices, leaving a gap in understanding leadership's role in volatile market conditions.	This study will explore leadership's impact during crises in volatile market conditions in a Kenyan insurance business with a license.
Carter (2021)	Leadership's Impact on Organizational	Leadership had some impact on employee	failed to take into consideration	This study will examine how resource

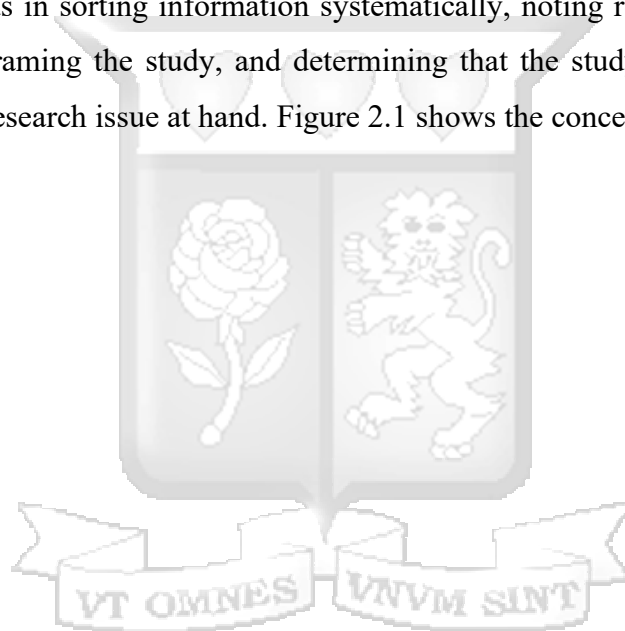
Author(s)	Title of the study	Findings	Research Gaps	The Focus of the Study
	Effectiveness in the UK Healthcare Sector	satisfaction but did not significantly improve organizational performance in terms of outcomes or efficiency.	additional elements that impact performance even in the face of excellent leadership, such as systemic problems in healthcare or resource limitations.	constraints and systemic issues affect performance in the Kenyan insurance industry.
Kamau (2022)	Organizational Effectiveness and Leadership in Kenya's Financial Sector	Effective leadership, particularly transformational leadership, is positively correlated with better performance, improved financial outcomes, and customer satisfaction.	Did not explore leadership's role in fostering innovation and adaptation to technological changes in the financial sector.	This study will explore leadership's role in driving innovation and adapting to technology.
Mwangi (2020)	The Impact of Strategy Development on Organizational Effectiveness in Kenya's Manufacturing Industry	The development of a plan is positively correlated with increased market share and operational effectiveness.	Did not consider external market factors such as inflation and policy changes, which could limit the ability to execute strategies effectively.	This study will examine how inflation and policy changes affect strategy execution in Kenya, considering external market factors.
Nshimiyimana (2021)	Strategy Formulation and Performance in Rwanda's Hospitality Industry	Lack of alignment between formulated strategies and actual performance outcomes.	Need for continuous review and adjustment of strategies, which was not sufficiently addressed in the research.	This study will highlight the importance of continuous strategy review and adjustment.
Chege (2022)	The Role of Strategy formulation in	The benefits of strategy development for	did not look into how technology developments	This study will explore how technological

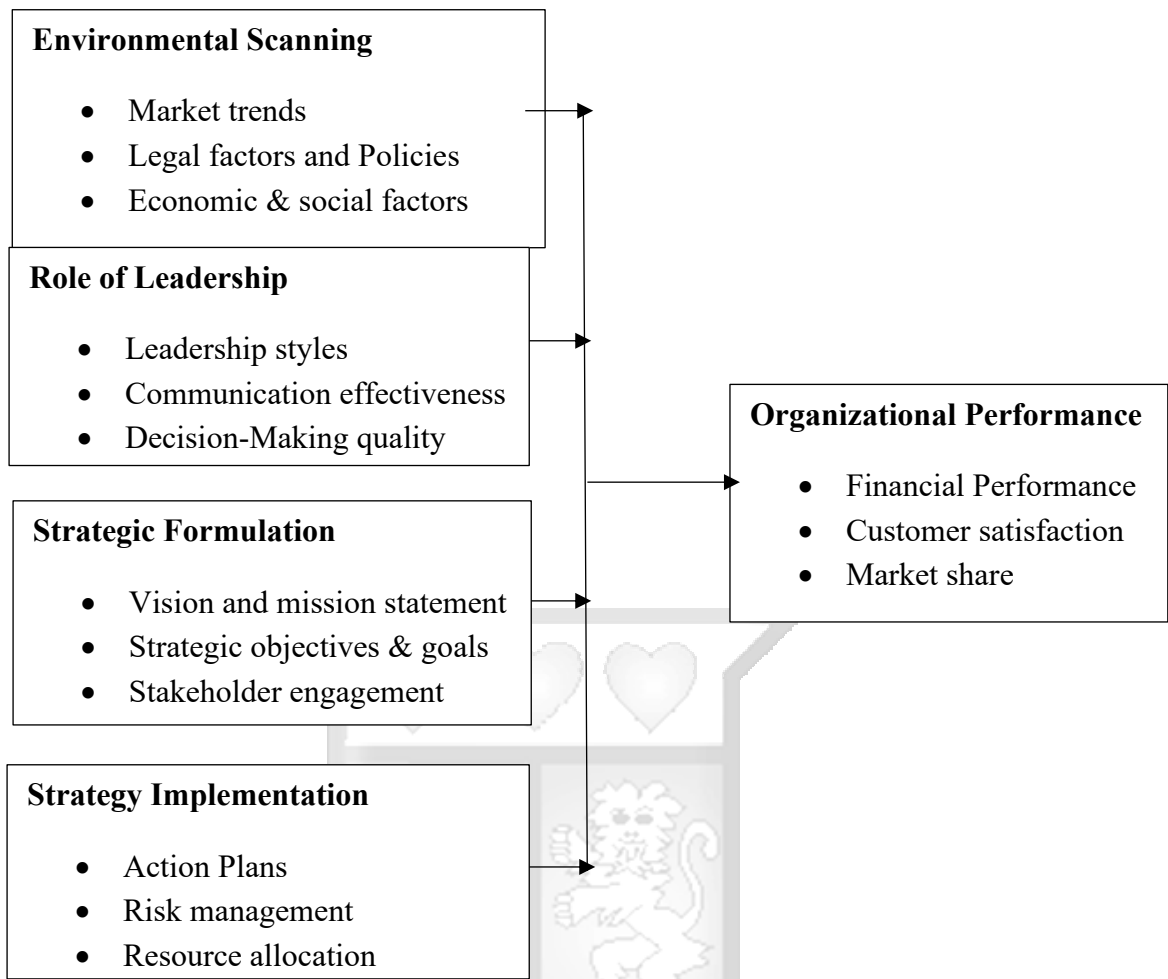
Author(s)	Title of the study	Findings	Research Gaps	The Focus of the Study
	Improving Organizational Effectiveness in Kenyan Banks	performance, particularly in terms of profitability and customer satisfaction.	and digital transformation would affect the applicability of conventional strategic formulation in the banking industry.	developments impact traditional strategy formulation in insurance company.
Kim (2020)	The Impact of Strategy Implementation on OP in the USA Technology Sector	Implementing a plan is positively correlated with increased profitability, market share, and innovation.	Did not address challenges related to technological changes and external forces disrupting strategy implementation.	Investigating the impact of strategy implementation in enhancing innovation and market share within a Kenyan insurance company, considering external forces.
Agyemang (2021)	Implementing Strategies and Improving Organizational Performance in Ghana's Agriculture Sector	Strategy implementation did not lead to expected performance improvements due to a lack of resources and proper execution.	Did not consider the role of government policy and infrastructure in hindering successful strategy implementation.	This study will examine how government policy and infrastructure affect strategy implementation success.
Wambua (2022)	The Impact of Strategy Execution on Organizational Effectiveness in the Kenyan Banking Sector	The positive link between successful strategy implementation and improved customer satisfaction and financial performance.	did not investigate how technology adoption and digital banking affected the execution of the strategy.	This study will explore the influence of digital banking and technology adoption on strategy implementation.

Source: Researcher (2024)

2.5 Conceptual Framework

The conceptual map of the key ideas and variables included in the research study is referred to as the conceptual framework, alongside their relationships to define the direction and nature of research on a certain phenomenon. It helps guide the research's work by defining the boundaries of the research and what is included and excluded, identifying and describing all elements involved in the study, as well as showing how they relate to each other (McKenzie et al., 2023). Hypothesis and Research Question Development: Utilizing literature theory and evidence, this framework develops the hypothesis and research questions, which form the nourishment of the design process and data collection and analysis methods (Gordon, 2018). In this aspect, a conceptual framework aids in sorting information systematically, noting resulting gaps that may be useful in framing the study, and determining that the study touches on the right aspect of the research issue at hand. Figure 2.1 shows the conceptual framework.





Independent Variable

Dependent Variable

Figure 2.1 Conceptual Framework

Researcher (2025)

2.6 Operationalization of study variables

Table 2.2: Operationalization and Measurement of Variables

Variable	Indicator	Operationalization	Measurement
Dependent Variable			
Organizational Performance	Financial performance	The ability of the organization to make profits and generate revenue	Likert Scale Aggregate 1-5

Variable	Indicator	Operationalization	Measurement
	Customer satisfaction	The ability of an organization to retain its customers	Likert Scale Aggregate 1-5
	Market share	The percentage of total sales in an industry generated by a company	Likert Scale Aggregate 1-5
Independent Variable: Strategic Planning			
Environmental scanning	Market trends	The ability of employees to highlight market trends	Likert Scale Aggregate 1-5
	Legal factors & policies	Legal factors and other policy expectations	Likert Scale Aggregate 1-5
	Economic and social factors	Factoring in the effect of economic and social factors on a strategic plan	Likert Scale Aggregate 1-5
Role of Leadership	Leadership style	Suitability and effectiveness of leadership style	Likert Scale Aggregate 1-5
	Communication style	Availability of effective communication on a strategic plan	Likert Scale Aggregate 1-5
	Decision-making quality	Suitability of the leaders to make effective decisions	Likert Scale Aggregate 1-5
Strategy Formulation	Vision & mission statement	Efficiency of resonating and connecting with vision and mission	Likert Scale Aggregate 1-5

Variable	Indicator	Operationalization	Measurement
	Objectives and goals	Connectivity of the objectives and goals	Likert Scale Aggregate 1-5
	Stakeholder engagement	Effective ways of engaging stakeholders	Likert Scale Aggregate 1-5
strategy implementation	Action plan	Suitability, availability, and efficiency of the action plan	Likert Scale Aggregate 1-5
	Risk management	The effectiveness of managing risk in the strategy	Likert Scale Aggregate 1-5
	Resource allocation compliance	Availability of the resource for allocation and compliance with the budget	Likert Scale Aggregate 1-5

Source: Researcher (2024)

2.7 Chapter Summary

Chapter two specifically covers previous studies that highlight how strategic planning affects the operations of licensed insurance companies in Kenya. This section further demonstrates the study's theoretical foundations by considering the selected strategic fit. Human capital and theory. This chapter provides a comprehensive review of the literature, highlighting the areas that still need research, identifying prior empirical studies that examined the connection between organizational performance and strategic planning, and documenting the varied findings. These are the areas of concern, with an emphasis on leadership, the impact of external factors on strategic planning, employee performance, and the overall performance of the company. The chapter concludes with a conceptual model that illustrates the relationship between organizational performance and the key components of strategic planning, as well as a detailed explanation of how these variables are operationalized and evaluated.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter focuses on the strategy and research methodologies. The research design is the chapter's main topic. Displayed are the study's validity and reliability, the target population, the sample, the sampling procedures, the data gathering techniques, the data processing, the data visualization, and the data collection instruments. Below is a discussion of the study project's data processing model and its ethical implications. All of them make it easier for the study to determine how strategic planning impacts insurance businesses' success.

3.2 Research Philosophy

The research philosophy adopted in this study is positivism, which is oriented toward the observation and quantification of reality to produce accurate information. An epistemological perspective postulates that reality is objective and readily accessible and is composed of causally structured entities that exist independently of the observer; thus, entities under study can be measured and observed by the researcher without an influence (Bryam & Bell, 2015). Positivism, epistemologically, favors the accumulation of data from the population using measurement and numbers as tools for analysis with a view of determining interactions, trends, and cause and effect between phenomena under study (Saunders et al., 2019). This worldview complements the research objective of comparing systematic links between elements of strategic planning processes and KPIs because the work's foundation is evidence-based measurement and outcome analysis.

Positivism was well adopted in organizational studies research to establish findings that can be applied to organizational policies and practices. It enabled analysis of how strategic planning affects organizational performance more credibly by using factual data and, in the process, highlighting that research is not subjective as it incorporates facts. This philosophy fosters the creation of knowledge that other institutions can rely upon and apply in similar environments, thus coming up with practical solutions that can help promote performance and productivity, as Bell et al. (2022) recommended. Consequently, compliance with positivist assumptions enables the investigation of

phenomena properly within the specified subject area to enhance strategies that support organizational improvement.

3.3 Research Design

The study employed a descriptive cross-sectional research methodology to gather systematic data regarding the factors influencing the dependent variable and how those factors interact with its natural surroundings. Thus, Saunders et al. (2016) identified the onion model of research, which includes the research philosophy, approach, strategy, and time horizon. In this research, there is a narrow epistemological view with an emphasis on quantifiable variables, an ontological approach that views reality as existing independent of observers, and an inference-making process that comes up with hypotheses through the process of deductions from theories. As a factual research method, descriptive cross-sectional research design is useful when conducting studies focused on exploring characteristics or associations of variables in a targeted population, and it is ideal for examining occurrences in natural settings (Sekaran & Bougie, 2020). Such a design makes it easy to use quantitative research to gather and analyze facts to arrive at conclusions that can be applied to other situations (Creswell, 2018). Additionally, the descriptive design facilitates the methodical analysis of patterns and trends, which aligns with the study's objective of elucidating the impact of certain factors on the research subject.

3.4 Population of the Study

This study's target group consisted of 56 Kenyan insurance businesses that have put their insurance products on display in the marketplace. Collectively, these firms formed the sampling population; the sample population was all the respondents who were appropriate for the study. In particular, this study focused on the HODs of these firms, which amounts to 448 in total population, assuming that each firm had an average of eight HODs. However, it is crucial to consider that organizational structure and firm size differ greatly, which means that not all firms have the same departments or the same number of HODs as the ones involved in the study (Ngugi, 2021). This requires the selection of the population of different ranks in a manner that ensures that the responsive departments that played a crucial role in strategic decision-making are well represented.

Individuals were the study's population of interest, and since HODs are involved in strategy planning and operational strategy development, they were the primary target group. This is because obtaining more detailed information from individuals responsible for managing organizational operations and evaluating their actions is necessary. Other related studies, such as Mwangi's (2020) study of the Kenyan insurance industry, had also focused on targeting senior managers to establish the reliability and generalizability of the results. Consequently, this research approach enabled the collection of rich data and more than one person per firm, cross-departmental comparison, and thus, increased the validity and generalizability of the results (Saunders et al., 2019). To select the population for the study, the study adopted a structured criterion that involved targeting departments critical in strategic planning and performance assessment.

3.5 Sample Design and Technique

It covered all 56 private insurance companies in Kenya, making the sampling process at the firm level unnecessary, as all firms were covered in the current research. However, the sample selection procedure was deliberate because the study concentrated on 448 Heads of Departments (HODs) in the designated companies. To ensure the relevance and depth of the data collected, purposive sampling was specifically used to choose the most significant HODs from the departments, including those engaged in performance review and strategic planning. This was consistent with Cooper and Schindler's (2018), who advised on how respondents should be chosen with a special focus on how the information gathered is useful in addressing the research questions posed. With proper contact details of all the 56 firms and deliberately sampling HODs, the study assured inclusiveness and representativeness of managerial views in the industry (2 or 3 respondents), depending on the size and the number of HODs in each of the 56 firms. The study utilized stratified random selection techniques to guarantee that the students selected are a more accurate representation of the total population across all departments. As demonstrated below, the Yamane 1967 was used to determine the sample size.

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n=Sample size

N=Population size

e=Precision (5%)

$$n = \frac{448}{1 + 448(0.05)^2} = 211 \text{ Sample Size (respondents)}$$

The research picked three or four respondents from each firm, depending on the size of the firm and the number of HODs.

3.6 Data Collection Methods

Data collection, according to Siegel (2019), is the systematic process of gathering and evaluating data on a range of variables to draw conclusions and offer relevant responses. Primary data was produced by the study.

3.6.1 Questionnaire Tool

Primary data was gathered via structured questionnaires. One popular technique for discovering crucial information about a group is an inquiry (Saunders, Lewis, and Thornhill, 2019). Each questionnaire question was developed with a specific objective in mind, such as a research topic or a hypothesis that supplied the data needed for the study. A five-point Likert scale questionnaire was created to gather the study's primary data, capturing the features of the four research objectives. The rating scale is to be used in accordance with a Likert scale of 1 to 5, where 1 denotes a strong disagreement, 2 a disagreement, 3 a neutral, 4 an agreement, and 5 a strong agreement. The questionnaire that was utilized in this study was regarded as appropriate because it offered a complete and objective evaluation of the themes and was dependable, consistent, and uniform. In the surveys that were used for this research, only closed-ended items were present (Cooper and Schindler, 2018).

A letter of introduction was obtained from the Institution and after obtaining full ethical approval from the University's Ethics Committee, an application of NACOSTI (National Council for Science, Technology and Innovation) permit took place. The questionnaires were given out to the participants and each questionnaire was assigned a unique number after collection so that they could be sorted, coded, and analyzed.

3.7 Data Quality: Reliability and Validity Tests

The constructs' validity was established using face, construct, and content validity to ensure that the study tools capture the desired variables. According to instructions, expert facial validity determined whether the questions created capture the intended regions of the research objectives (Taherdoost, 2018). In the next section, the construct validity is evaluated by the degree to which the identified measurement items correspond to the theoretical model employed in the research (Hair et al., 2019). It also contributed to the clarification of the constructs and to the testing of hypotheses that assert a relationship between various factors. Finally, credibility focused on the kind of feedback from subject matter specialist experts and scholars to ensure that the used instruments are deemed appropriate for the study's aim and increase the likelihood of getting a precise outcome, as mentioned by Zikmund et al. (2020). All these approaches helped in ensuring that these instruments could improve reliability and validity in data collection.

Creswell (2020) posits that dependability refers to the extent to which the research tool produces reliable data whenever it is employed. Each of these constructs was considered in this study to determine if the Cronbach alpha value of its construct composite reliability is equal to or greater than 0.7. The findings of Rousson, Gasser, and Seifer (2019) yielded a dependability coefficient that is acceptable with a standard of a minimum of 0.7. Organizational internal reliability was measured by the use of Cronbach's Alpha statistics from SPSS version 24. All the collected data were entered into SPSS for all six items and Cronbach's Alpha before computing the coefficient. Creswell (2020), an instrument is considered dependable if the coefficient as far as possible reaches 0.7.

3.8. Data Analysis

This study's data analysis used quantitative methods, whereby it adhered to its analysis procedure while assessing the information gathered. In quantitative data analysis, the mean, standard deviation, and frequencies are among the metrics utilized. Descriptive statistics were therefore involved in summarizing the major attributes of quantitative data; Exploratory analysis involved analysis of the main characteristics of data by use of descriptive statistics. The techniques are useful to identify trends and patterns to enable the understanding of how variables behave within the population. Quantitative

data were sorted and examined using SPSS Version 24.0, which is an effective and accurate instrument to work on large datasets, according to Norman (2020). The use of SPSS helped arrive at credible results that are easy to understand because the statistical tool offers numerous analysis tools and graphical representations.

The objectives of the study were met by employing inferential data analysis techniques to investigate the correlations between the independent and dependent variables. Regression analysis shows how much the value of each independent variable explains the variance in the dependent variable, while basic correlation analysis, more specifically, establishes the strength and sign of the correlations between two sets of data. Marshall and Fisher (2019). Additionally, statistics like Analysis of Variance (ANOVA) were employed to determine whether the variations found in the experiments were statistically significant and to identify the variables that may have influenced the outcomes. These methods helped conclude and/or extrapolate sample results to the entire population. Through the use of the above statistical techniques, the study not only confirmed the research hypotheses but also offered recommendations for enhancing strategic direction and organizational productivity. It was done using the subsequent multiple regression model.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where, Y=Organizational Performance

β_0 = Constant Term

Y= Organizational Performance

X_1 = Environmental Scanning

X_2 = Role of Leadership

X_3 = Strategy Formulation

X_4 = Strategy Implementation

ε = Error Term

The goal of the study was to determine the research instrument's Cronbach's alpha reliability test. The findings are presented in Table 3.1.

Table 3.1 Reliability Test Results

Variable	No. of items	Cronbach's Alpha	Results
Environmental Scanning	6	.705	Accepted
Role of Leadership	6	.768	Accepted
Strategy Formulation	6	.824	Accepted
Strategy Implementation	6	.701	Accepted
Organizational Performance	6	.719	Accepted

Source: Research Data (2025)

Table 3.1 presents the reliability was estimated using Cronbach's alpha (α) for the five variables, and all of them were above the acceptable level of 0.7, based on recommendations (Nunnally, 2022). Table 4.2 shows that strategy formulation was the most reliable ($\alpha = 0.824$), which suggests that its six items had good internal consistency. The leadership role came with a reliability index of $\alpha = 0.768$ with reasonably consistent response. Alpha for organizational performance was $\alpha = 0.719$, indicating a good degree of reliability. At the lowest reliability coefficients were environmental scanning and strategy implementation, $\alpha = 0.705$ and $\alpha = 0.701$, respectively, all but well within the acceptable range. These findings indicate that all constructs were evaluated reliably enough, implying consistency of responses across the variables of the study.

Diverse methods were used to demonstrate the study's validity, including expert facial validity, construct validity, and credibility assessment. In this regard, to excel in expert facial validity according to Taherdoost (2018), we involved subject matter experts to judge if the prepared questions measure the intended objectives of the research. As per Hair et al. construct validity was assessed by verifying that the measurement items correctly map the theoretical framework. (2019). This strategy provided for hypothesis testing and increased the conceptual clarity of the variables. Moreover, Zikmund et al. further stress the importance of assessing the research instruments to establish credibility, thus determining that the instruments resonate with the literature reviewed and they aid in obtaining accurate study findings, based on the quantitative evaluation of data collected from domain experts and scholars through surveys and interviews. (2020). These validity measures collectively bolstered the reliability of the data collection instruments, further contributing to the rigor of the study.

3.9 Ethical Considerations

According to Peter (2020), ethics play a critical role in directing research techniques and have a significant impact on people's well-being. Respecting participants' fundamental rights to confidentiality, privacy, and informed consent is at the heart of research ethics since it ensures their active acceptance and protection throughout the study process. This means abiding by the ethical principles and professional standards that control the gathering, processing, reporting, and dissemination of data. To comply with these ethical guidelines, the research remained professional while ensuring respondents' privacy through the use of anonymous surveys. Additionally, corporate information remained confidential and was only to be used for academic research. Through the prioritization of ethical considerations, researchers maintained integrity, credibility, and regard for all parties participating in the study project.

3.10 Chapter Summary

This chapter describes the study's methodology, which starts with a positivist descriptive cross-sectional research design to assess the connection between strategic planning and performance. The study's participants included 448 department heads from 56 insurance organizations. Purposive stratification and the Yamane formula were used to determine a sample of 211 respondents. Following informed consent and ethical permission, the study collected primary data using standardized Likert-scale questionnaires. Reliability was determined by a Cronbach's alpha greater than 0.70, while construct validity and content validity were validated through expert evaluation. Descriptive statistical analysis, regression analysis, correlation analysis, and ANOVA were used in SPSS to assess the hypotheses in a multiple-regression model. Finally, the research's data integrity and responders' total confidentiality were guaranteed by rigorously ethical behavior.

CHAPTER FOUR

PRESENTATION OF FINDINGS AND ANALYSIS

4.1 Introduction

This chapter looks at, assesses, and shows how the strategic planning methods used in the study affected the organizational performance of insurance companies in Kenya. Based on the study's findings, this chapter includes a description of the respondents' demographics, the response rate, and a descriptive and inferential analysis of the variables. Here are the interpretations:

4.2 Response Rate

The research gave out 211 questionnaires to the participants of the 56 insurance companies, each of which had 2 or 3 HODs to respond to the questionnaires. Table 4.1 displays the findings.

Table 4.1: Response Rate

Questionnaires	Frequency	Percentage
Response	150	71
Non-response	61	29
Total	211	100

Source: Research Data (2025)

It surveyed respondents from 56 insurance companies through the distribution of 211 questionnaires, where each company had 2-3 heads of department (HODs) as respondents. The response rate is presented in Table 4.1 and shows that out of a total of 211 questionnaires distributed, 150 questionnaires (71% response rate) were duly completed and returned. Of the 211 questionnaires sent out, 61 were not returned (response rate 29%). Creswell (2022) states that a minimum value of 70% is acceptable for performing data analysis, indicating that the response rate (71%) was adequate to gain enough statistical interpretations. This high response rate also improves the validity of the study results, given that strong participation and engagement from the targeted respondents reduce response bias and increase the generalizability of the results to the insurance sector in light of the high response rate.

4.3 Demographic Characteristics of Respondents

This section presents the background information that the study examined about the respondents. Age, gender, length of service, and educational background were among the prerequisites for this category.

4.3.1 Gender

The study concentrated on the respondents' gender to determine if they were homogeneous or heterogeneous. The results are presented in Table 4.2.

Table 4.2: Gender Distribution

Status	Frequency	Percentage
Male	43	29
Female	107	71
Total	150	100

Source: Research Data (2025)

Table 4.2 shows the gender of participants in 56 insurance companies, finding that significantly more respondents ($\alpha = 71\%$) were females than males ($n = 29\%$). The findings showed that women made up the majority of responders ($n = 107$ women versus $n = 43$ men). This indicates a potential gender disparity in leadership or managerial skills in the insurance industry, consistent with previous studies (Zikmund et al., 2020) that show female-dominant senior personnel in the insurance field. The skew in gender coverage may reflect and impact diversity and inclusivity in industry decision-making. Nevertheless, 29% of male respondents highlight an evolving shift towards gender balance in leading positions in insurance companies.

4.3.2 Age of Respondents

The study sought to ascertain the respondents' ages at the 56 Insurance Companies. The results are shown in Table 4.3.

Table 4.3 Age Distribution

Bracket	No. of Respondents	Percentage
25 years & below	15	10
26 – 35 years	113	75
36 – 45 years	19	13
46 years & above	3	2
Total	150	100

Source: Research Data (2025)

Table 4.3 shows that the age distribution of respondents was analyzed in the study; the majority of respondents ($\alpha = 75\%$) were in the 26–35 years age bracket, with respondents aged 36–45 years ($n = 13\%$) coming in second. A smaller proportion of respondents were 25 years and below ($n = 10\%$), and the least represented group was 46 years and above ($n = 2\%$). The results indicate that Kenya’s insurance industry is predominantly composed of young professionals, with most of the questionnaire respondents falling within the early to mid-career segment. According to Hair et al., (2019). Paradoxically, however, the lower proportion of older employees may mean less decision-making experience at the highest levels, which could impact long-term strategic decisions. This age distribution brings attention to the need for leadership development and succession planning to create cohorts of new leaders that balance youthful energy with experienced leadership in the industry.

4.3.3 Highest Level of Education

Respondents with varying degrees of education and certifications were the main focus of the study. Table 4.4 shows the results of asking them to list their highest degree of education.

Table 4.4: Level of Education

Level	No. of Respondents	Percentage
Certificate	0	0
Diploma	7	5
Degree	132	88
Masters	11	7
Total	150	100

Source: Research Data (2025)

Table 4.4 the results shows that most individuals in the 56 insurance companies in Kenya have a level of education in terms of degree qualification (88%), thus a strong workforce. Only a small percentage hold a diploma (5%) and a master's degree at 7% of respondents. This distribution implies that a majority of players in the insurance industry possess higher education, which can potentially lead to improvements in analytics competence, strategic insights, and performance throughout the industry. The relatively small percentage of holders of postgraduate qualifications, however, suggests that there is scope for more professional training opportunities to develop specialized knowledge in specific areas.

4.3.4 Period of Service

The purpose of this study was to determine how long the participants had worked at the 56 Insurance Companies. The results are shown in Table 4.5.

Table 4.5: Period of Service

Period	Frequency	Percentage
Less than 5 years	53	35.33
6- 10 years	74	49.33
11-15 years	23	15.33
16 years & above	0	0
Total	150	100

Source: Research Data (2025)

Table 4.5 shows that most of the users working in 56 insurance companies in Kenya have 6–10 years of experience (49.33%), implying that the majority of the employees are in the mid-career stage and are well acquainted with the industry. (35.33%) present

those who have less than 5 years of experience, pointing to the presence of relatively new entrants in the sector. Individuals between 11–15 years of experience make up 15.33% of respondents, and those with 16 years or more the least at 0%. This demonstrates a workforce that is mostly seasoned but not necessarily old, which may be an underlying factor behind growth in the industry as a result of innovation and adaptability. No representation of employees with over 16 years of experience indicates potential challenges in retaining long-serving professionals, which could affect cross-organizational transfers of leadership continuity and institutional knowledge for the insurance sector.

4.4 Descriptive Statistical Analysis

To determine how strategy planning affects organizational performance, this part analyzes the study's goals using descriptive statistics.

4.4.1 Environmental Scanning

The study's goal was to ascertain how environmental scanning affected 56 insurance companies' organizational performance. The results are shown in Table 4.6.

Table 4.6: Descriptive Statistics for Environmental Scanning

Statement	Mean	Std. D
I feel informed about the current market trends affecting my role.	4.113	1.017
Market trends influence my understanding of the company's competitive position.	3.967	1.562
I am confident that the company adheres to all relevant legal policies.	3.840	1.723
Changes in legal policies impact how I perform my duties.	3.613	1.767
Economic and social factors significantly affect my job satisfaction.	3.111	1.987
I feel the company adjusts well to changing economic and social factors.	3.851	1.577
Overall Mean	3.749	1.606

Source: Research Data (2025)

According to Table 4.6, the overall findings suggest that respondents generally agree on the influence of external environmental elements on their positions inside the organization (M = 3.749, SD = 1.606). The most positively rated item was “I feel

knowledgeable about the current market trends that impact my job” ($M = 4.113$, $SD = 1.017$), demonstrating that overall staff knowledge of the market was relatively high. Closely from the previous one was the variable “I believe the company adapts well to changes in the economy and society” ($M = 3.851$, $SD = 1.577$), which seems to report a general satisfaction regarding the company’s adaptation to the external environment. On the other hand, the item with the lowest average was “Economic and social factors are highly influential in my job satisfaction” ($M = 3.111$, $SD = 1.987$) and with the highest standard deviation, which means that individuals may have mixed perceptions on the personal impacts of these factors.

These results suggest that employees are well aware of what is going on in the market and see the organization as adaptive, but that they have doubts or perhaps merely differences of opinion on the influence of broader legal, economic, and social environments on their employment situations. The large standard deviations for most of the items, particularly for items such as “Changes in legal policies affect how I do my job” ($SD = 1.767$) and “Economic and social forces strongly influence my job satisfaction” ($SD = 1.987$) suggest that there is a great deal of variation in the responses. This implies the necessity of more consistent internal communication and bespoke support systems to make sure all employees are equally well-informed and supported in responding to external pressures, in this case, including pressures on legal compliance and job satisfaction.

4.4.2 Role of Leadership

The study's goal was to ascertain how leadership affected the performance of 56 insurance companies. Table 4.7 presents the descriptive statistics.

Table 4.7: Descriptive Statistics for Role of Leadership

Statement	Mean	Std. D
The leadership style in my department aligns with my work preferences.	4.554	.900
I appreciate the leadership style that guides my team toward success.	4.081	1.066
I believe the leadership communicates effectively with employees at all levels.	4.192	.922
The effectiveness of leadership communication influences my job performance.	3.678	1.240
I trust the decision-making quality of the leadership team in guiding the company.	3.621	1.714
Leadership's decision-making process directly affects my daily work activities.	3.171	1.406
Overall Mean	3.883	1.208

Source: Research Data (2025)

Table 4.7 shows that the general perception of the effectiveness of the leadership in the organization is moderately positive, $M = 3.883$ average value and $SD = 1.208$. The highest rated item was “The leadership style of my department is consistent with the way I prefer to work” ($M = 4.554$, $SD = 0.900$), indicating substantial congruence between what employees expect from their department’s leadership and what is received. Positive mean scores were also found for “I feel that the leadership communicates well with employees at all levels” ($M = 4.192$, $SD = 0.922$) and “I like the management style that gets my team to do better than things have been done before” ($M = 4.081$, $SD = 1.066$), generally indicating a positive perception of leadership communication and motivation. On the other hand, lower ratings were predominantly reported for those like “The leadership’s decision-making affects the work I do day-to-day” ($M = 3.171$, $SD = 1.406$), and I trust the decision-making quality of the leadership team in leading the company ($M = 3.621$, $SD = 1.714$), which was also supported by the high standard deviations indicating contrasting views.

These results suggest that although workers tend to enjoy and endorse their leadership and communication practices at work, they tend to question/express concerns about the way dorms' leaders make/decisions and their actual effects on everyday work. The

differences in words of responses to decisions are indicative of the fact that not all employees feel that they are equally involved or impacted by higher-level decisions. This represents a chance for the leadership team to promote transparency, involvement, and clarity in making decisions to increase employees' confidence and consolidate the positive image that they have already generated with their leadership style and communication behavior.

4.4.3 Strategy Formulation

The study's goal was to determine how strategy design affects the performance of 56 insurance companies in Kenya. The findings were displayed as indicated in Table 4.8.

Table 4.8: Descriptive Statistics for Strategy Formulation

Statement	Mean	Std. D
I align my daily work with the company's vision and mission statement.	4.318	.912
The company's vision and mission motivate me to work towards shared goals.	3.249	1.237
I understand the company's strategic objectives and how they affect my role.	3.191	1.648
The company's strategic goals help guide my work decisions and actions.	3.718	1.094
I believe stakeholder engagement is critical to the company's success.	4.129	.905
The company actively involves stakeholders in its decision-making processes.	3.698	1.190
Overall Mean	3.717	1.164

Source: Research Data (2025)

According to respondents, the overall mean of $M = 3.717$ and the standard deviation of $SD = 1.164$ indicate that general perceptions of strategic alignment are moderately positive (Table 4.8). The highest level of alignment is perceived on the aspect of daily work congruence with the company's vision and mission ($M = 4.318$, $SD = 0.912$), closely followed by agreement on the importance of stakeholder engagement ($M = 4.129$, $SD = 0.905$). Workers also feel driven by strategic objectives in making choices ($M = 3.718$, $SD = 1.094$) and own up to energetic stakeholder involvement ($M = 3.698$,

SD = 1.190). Motivational self-inspiration generated by vision and mission is lower (M = 3.249, SD = 1.237) and the weakest in the pace of strategic objectives comprehension (M = 3.191, SD = 1.648).

These findings indicate solid behavioral congruence with vision-oriented work and valuing of stakeholder involvement, but also highlight deficiencies of strategic communication and motivation. High congruence within the everyday work category may be a signal that employees know what they're supposed to be doing, while low results for understanding objectives and mission-driven motivation suggest a lack of clarity in the strategic goals of the business and perhaps even uninspiring messaging. Turning up the volume on communicating the "why" of goals and reemphasizing the mission's inspiring nature may further engagement and better strategic alignment.

4.4.4 Strategy Implementation

The study's goal was to determine how the performance of Kenya's 56 insurance companies is impacted by strategy implementation. The descriptive results are presented in Table 4.9.

Table 4.9: Descriptive Statistics for Strategy Implementation

Statement	Mean	Std. D
I feel confident in the action plans set by the company's leadership.	3.712	1.479
Action plans help me align my tasks with the company's strategic goals.	4.118	1.421
I believe the company has effective risk management strategies in place.	4.317	1.025
My role involves being aware of risk management measures within the company.	4.327	1.063
I am aware of how resources are allocated within my department.	3.917	1.274
Efficient resource allocation directly impacts my ability to meet work objectives.	3.852	1.306
Overall Mean	4.041	1.261

Source: Research Data (2025)

Table 4.9 shows that the general assessment of the organization with action planning, risk management, and resource allocation is quite positive, mean = 4.041; SD = 1.261. Overall, employees indicated they felt very well informed about risk management in their job (M = 4.327, SD = 1.063), and that they were confident of the organization's

risk management ($M= 4.317$, $SD = 1.025$). Team alignment through action plans was also rated favorably ($M = 4.118$, $SD = 1.421$), compared to satisfaction with leadership's action plans ($M = 3.712$, $SD = 1.479$), which was rated moderately. Perceptions of departmental resource allocation were slightly higher ($M = 3.917$, $SD = 1.274$), and participants understood the effect of resource use on accomplishing goals ($M = 3.852$, $SD = 1.306$).

These results suggest that the respondents view their company as well entrenched in terms of its risk management and its alignment of specific activities with overarching strategic objectives. Hence, the high scores on risk-related awareness and strategizing imply that employees are not only informed but also act to facilitate resilience. But the somewhat depressing level of confidence in leadership action plans does suggest there may be a communications or execution problem that we need to get to grips with. Creating more transparency through more inclusive communication on planning and initiatives from the leadership, to build confidence and deeper alignment of planning, resource utilization, and workforce productivity.

4.4.5 Organizational Performance

The goal was to determine how the organizational performance of 56 Insurance companies, Kenya. Table 4.10 presents the descriptive results.



Table 4.10: Descriptive Statistics for Organizational Performance

Statement	Mean	Std. D
The company's financial performance impacts my sense of job security.	4.320	.901
I believe the company's financial performance supports long-term organizational goals.	3.423	1.831
The company's focus on customer satisfaction directly affects my work priorities.	3.420	1.706
I understand how customer satisfaction impacts the company's success.	3.239	1.567
I believe the company's market share influences my job responsibilities.	3.148	1.719
The company's market share growth makes me feel more invested in its success.	4.116	.944
Overall Mean	3.611	1.445

Source: Research Data (2025)

The shared overall rating of employees' perceptions of financial performance, customer satisfaction, and market share was moderately positive, scoring an overall mean of ($M = 3.611$, $SD = 1.445$). The statements with the highest mean score were about the effect of financial performance on job security ($M = 4.320$, $SD = 0.901$), and market share growth and its influence on employee commitment and investment in the success of an organization ($M = 4.116$, $SD = 0.944$). Meanwhile, the hosts' thoughts of financial performance in comparison to long-term goals ($M = 3.423$, $SD = 1.831$) and customer satisfaction versus work priorities ($M = 3.420$, $SD = 1.706$) were moderate. The lowest rated items were to identify what customer satisfaction influences success ($M = 3.239$, $SD = 1.567$) and the influence of market share on job responsibilities ($M = 3.148$, $SD = 1.719$).

These results imply that employees very strongly relate the company's financial performance and growth to their personal job security and emotional attachment, but the connection becomes a little more uncertain when they have to translate customer satisfaction and market share as cause and effect on their behaviour and the company's success. The exceptionally high standard deviations found in customer satisfaction and

market impact suggest that some employees are not as involved as others. Correspondingly, the organization should set up specific training and company communications to underline the value of positive relationships with customers and the market. Employees can focus their work on the most important goals by knowing what the company considers performance levers.

4.5 Inferential Statistical Analysis

The findings of the study variables' inferential statistics, correlation analysis, model summary, ANOVA, and coefficient of regression are shown in this section.

4.5.1 Correlation Analysis

This statistical technique determines the degree of linear relationship between two variables by calculating their correlation. The results of the correlation analysis to evaluate the degree of association between the independent and dependent variables are shown in Table 4.11. The connection between the organizational performance of the 56 insurance companies and strategic planning.

Table 4.11: Correlation Analysis Results

		Environmental Scanning	Role of Leadership	Strategy Formulation	Strategy Implementation	Organizational Performance
Environmental Scanning	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	179				
Role of Leadership	Pearson Correlation	.545**	1			
	Sig. (2-tailed)	.000				
	N	179	179			
Strategy Formulation	Pearson Correlation	.415**	.362**	1		
	Sig. (2-tailed)	.000	.000			
	N	179	179	179		
Strategy Implementation	Pearson Correlation	.313**	.405**	.598**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	179	179	179	179	
Organizational Performance	Pearson Correlation	.640**	.350**	.525**	.528**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	179	179	179	179	179

** . Correlation is significant at the 0.05 level (2-tailed).

Source: Research Data (2025)

Table 4.11 shows Pearson correlation analysis for the selected 56 insurance companies in Kenya. It indicates a significant relationship between environmental scanning, the role of leadership, strategy formulation, strategy implementation, and organizational performance. There was the strongest association between environmental scanning and organizational performance ($r = 0.640$, $p = 0.000$), demonstrating that this process, when performed properly, is a major contributor to strategic success in organizations.

The exhibited role of leadership shows a moderate relationship to organizational performance ($r = 0.350$, $p = 0.000$), indicating that performance relies on good leadership. Further, strategy formulation was significantly correlated with strategy implementation ($r = 0.598$, $p = 0.000$), which stresses the interdependence of planning and execution within a strategic management context. Moreover, strategy formulation was positively related to organizational performance ($r = 0.525$, $p = 0.000$), emphasizing the need for well-defined strategies to succeed in business. Lastly, there was a moderate correlation between environmental scanning and the role of leadership ($r = 0.545$, $p = 0.000$), suggesting that analysis and response to external business environments often drive leadership effectiveness. These results highlight the importance of strategic planning in improving organizational performance in Kenya's insurance industry.

4.5.2 Regression Analysis

The regression results, which are shown in Table 4.12, contain the operational performance's correlation with each of the four independent variables (strategic planning processes) as well as the strength of its fitness.

Table 4.12: Model Summary of Environmental Scanning

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.640 ^a	.410	.406	.5673

a. Predictors: (Constant), Environmental Scanning

Source: Research Data (2025)

According to the model summary, the dependent variable ($R = 0.640$) has shown a moderately positive niche for environmental scanning. The environment scanning can account for 41.0% of the variance in the dependent variable, according to the R^2 (0.410). The adjusted $R^2 = 0.406$ gives a slightly rounded/corrected estimate,

correcting the number of predictors included, and still gives a considerable amount of explanatory power. The estimate's standard error is 0.5673, which shows that the average discrepancy between the expected and actual values is moderate. Although other variables in the model do not explain the 59.0% unexplained variation, the results generally suggest that ambient scanning is a significant driver for the outcome variable.

Table 4.13: Model Summary of Role of Leadership

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.350 ^a	.122	.117	.6918

a. Predictors: (Constant), Role of Leadership

Source: Research Data (2025)

Table 4.13 shows that there is a weak but positive correlation ($R=0.350$) between the leadership and the dependent variable. Leadership explains 12.2% of the dependent variable, according to the model's $R^2 = 0.122$, which suggests low predictive power. This is in line with the modified $R^2 = 0.117$, which, after adjusting for the model's possible complexity, provides a somewhat lower but reliable estimate. The standard error of the estimate is 0.6918 (proxy), which is thought to be a comparatively small average difference between the expected and actual values. These findings suggest that other factors may have a stronger influence on the dependent variable, even while leadership does have some influence and only explains a small portion of the variance.

Table 4.14: Model Summary of Strategy Formulation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.525 ^a	.276	.272	.6284

a. Predictors: (Constant), Strategy Formulation

Source: Research Data (2025)

According to the model summary, strategy formulation and the dependent variable have a somewhat positive connection (correlation $R = 0.525$). According to the value of R^2 , strategy formulation accounts for 27.6% of the variation of the dependent variable. This predictive capability remains true after correcting for the number of predictors in the model, as shown by the adjusted $R^2 = 0.272$. The standard error of the estimate is 0.6284, which suggests that the expected and actual values usually deviate by a modest amount. Such results indicate that the former factor may be used to explain the

dependent outcome, but not the sole factor, which means certain additional factors should be accounted for.

Table 4.15: Model Summary of Strategy Implementation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.528 ^a	.278	.274	.6273

Source: Research Data (2025)

According to the model summary, the practice of strategy execution and performance has a fairly strong positive association (independent variable with dependent variable, relationship 0.528). According to the R² finding (R² = 0.278), the adoption of the strategy was responsible for 27.8% of the change in the dependent variable. The model's explanatory ability remains constant as the number of predictors is increased, as evidenced by the adjusted R² = 0.274. A moderate degree of forecast inaccuracy is indicated by the estimate's standard error of 0.6273. Overall, it demonstrates that the execution of the policy significantly affects the dependent variable in addition to other factors.

4.5.3 Analysis of Variance (ANOVA)

ANOVA is a statistical approach that can be used to identify two types of evident aggregate variability: random variables and systematic components. Systematic impacts, rather than random events, statistically affect the provided data set. The ANOVA research findings for the study's two independent variables—strategic planning processes—are displayed in Table 4.16.

Table 4.16: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.453	4	13.363	53.999	.000 ^b
	Residual	43.061	174	.247		
	Total	96.514	178			

Source: Research Data (2025)

The regression model is statistically significant in predicting organizational performance across Kenya's 56 insurance businesses, according to the study and ANOVA results. With an overall F-value of 53.999 and a significance threshold of

$p < 0.000$, the model showed that the independent variables of leadership position, strategy formulation, strategy execution, and environmental scanning all significantly affect organizational performance.

The mean square (13.363) that accounts for the variance of the model is then obtained by dividing the regression sums of squares (53.453) by its degree of freedom ($df = 4$). Conversely, the mean square (0.247), which represents the variation that cannot be explained, is obtained by dividing the residual sum of squares (43.061) by its degrees of freedom ($df = 174$). The model explains a large amount of the variation in organizational performance by highlighting how strategic planning elements are a common driver of performance response in Kenya's insurance business.

4.5.4 Regression Coefficient

The study's methodology for calculating the regression coefficients that demonstrate the statistical connection between organizational performance and strategic planning procedures is shown in Table 4.17.

Table 4.17: Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.458	.287		1.595	.113
1 Environmental Scanning	.561	.064	.549	8.728	.000
Role of Leadership	-.078	.037	-.134	-2.120	.035
Strategy Formulation	.119	.050	.156	2.362	.019
Strategy Implementation	.290	.060	.317	4.850	.000

a. Dependent Variable: Organizational Performance

Source: Research Data (2025)

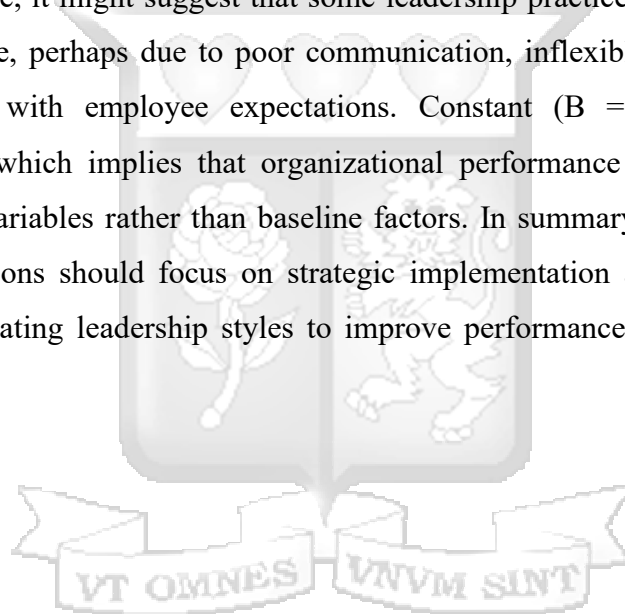
The following regression equation was created using the information in Table 4.17:

$$Y = 0.458 + 0.561X_1 - 0.078X_2 + 0.119X_3 + 0.290X_4$$

The results of the regression coefficient show that the performance of Kenya's 56 insurance companies is positively and statistically significantly impacted by environmental scanning, strategy development, and strategy implementation. An increase of one unit in environmental scanning is indicated by the unstandardized coefficient ($B = 0.561$, $p = 0.000$). Similarly, a one-unit improvement in strategy formulation led to a 0.119-unit rise in organizational performance, indicating a positive

connection ($B = 0.119$, $p = 0.0019$). Furthermore, the strategy's execution ($B = 0.290$, $p = 0.000$). Any one-unit improvement in strategy execution will result in a 0.290 rise in organizational performance, according to the strategy's positive significant effect (0.290). According to the authors, insurers can enhance performance by implementing strategic initiatives that push the sector toward suitable answers that have an impact on important stakeholders.

Organizational effectiveness is negatively and statistically significantly correlated with leadership role ($B = -0.078$, $p = 0.035$). This indicates that, while holding the other factors equal, an increase of one unit in the leadership-related variables will result in a 0.078-unit drop in organizational performance. Although this outcome might sound counterintuitive, it might suggest that some leadership practices could be detrimental to performance, perhaps due to poor communication, inflexible decision-making, or misalignment with employee expectations. Constant ($B = 0.458$, $p = 113$) is insignificant, which implies that organizational performance is determined by the independent variables rather than baseline factors. In summary, the findings suggest that organizations should focus on strategic implementation and market awareness while re-evaluating leadership styles to improve performance in Kenya's insurance sector.



CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter examines the research's findings summary, comments, conclusions, contributions to the study, and suggestions. The chapter also provides examples of prospective research fields.

5.2 Summary of Study

The study findings are discussed in this section according to the four study objectives, which are as follows;

5.2.1 Response Rate

The study administered 211 questionnaires to heads of departments (HODs) in 56 insurance companies in Kenya, obtaining a high response rate of 71% (150). 61 questionnaires (29%) remained unreturned. Creswell (2022) recommends a minimum response rate of 70% to be acceptable for statistical analysis purposes, meaning that the responses obtained were adequate for meaningful data interpretation. This response rate contributes significantly to the specific quality and generalizability of the findings by minimizing response bias and ensuring a representative sample of important decision-makers within the insurance sector.

All five study variables' reliability was assessed using Cronbach's alpha (α), and all of them were above 0.7, suggesting that the items exhibit internal consistency. Environmental scanning ($\alpha = 0.705$), leadership role ($\alpha = 0.768$), organizational performance ($\alpha = 0.719$), strategy implementation ($\alpha = 0.701$), and strategy formulation ($\alpha = 0.824$). The study used expert face validity, construct validity, and credibility assessment as recommended by Taherdoost (2018), Hair et al. (2019), and Zikmund et al. (2020). Longitudinal and cross-sectional approaches, approaches ensured that the research instruments successfully reflected the constructs being studied, thus increasing the accuracy and conceptual clarity of the findings, as well as increasing their reliability.

5.2.2 Demographic Characteristics of Respondents

Respondents' demographic details, including gender, age, education, and job history, were evaluated among 56 insurance companies' employees. The demographic variables were subsequently analyzed along with questionnaire responses to examine the industry workforce representation and dynamics. Remarkably, the gender breakdown showed that a predominant number of respondents were female (71%), while males made up 29%. This indicates a stark gender disparity, most prominently in leadership and decision-making positions.

This trend continues with findings by the ILO (2022) that women create more than half of the employment in the insurance sector in most African firms as part of their administrative and managerial staff. The fact that males make up 29% also points to a slow but appreciable shift towards gender inclusivity, as found by Osei and Boateng (2021), who also found that more men are taking on jobs in female-dominated service sectors in Ghana and Kenya. Such changes reflect the changing face of workplace diversity in the insurance world.

Most respondents fall in the age bracket of 31–40 years, indicating a dynamic yet experienced workforce. This insight is testimony to the sector's general appeal for dynamic people and to being adapted to the wide-ranging trends of the digital transformation. As the industry continues to digitally transform, insurers in Kenya are now eyeing mid-career employees with a mix of technical knowledge with field experience (Mburu, 2022). A younger workforce also means room for innovation, but all backed by the market experience of those with a few grey hairs.

Additionally, employees were fairly educated overall to the point where the majority of employees had bachelor's qualifications well as a large number of postgraduate qualifications among respondents. This serves to further solidify the idea that the insurance industry is an industry that requires educated professionals, particularly with the degree of complexity that comes with risk management and compliance frameworks. In this regard, Wanjiku (2023) notes that companies in financial services have raised their academic standards further to enhance service delivery and maintain credibility with clients.

The breadth of this experience was equally reflected in work experience — the survey showed an even split between less than five years' experience and more than a decade

in the sector. This reflects a healthy layering of the organization, where the ideas of newcomers are layered on top of institutional knowledge from those who have been there longer. In this regard, Odhiambo (2022) pointed out that such diversity in generations enables mentorship, innovation, and continuity in operations, especially in industries like the insurance industry, which is built on trust as well as long-term relationships with clients.

The age profile of the respondents showed that most of them (75%) were within the 26–35 age group and 13% were within the 36–45 age group. Combined, this means that 88% of respondents were aged 26–45, suggesting that the insurance industry is made up of a large proportion of young to mid-career professionals. Moreover, 10% were between 25 years of age and below while a small number (2%) were aged 46 years or more. Such findings indicate that the sector is primarily regulated by young professionals who are prepared to adapt to technological changes, elevation to innovation, and evolving traits in any sector of the insurance leadership strategy.

Indeed, the lack of representation of older employees, especially those over the age of 46, raises questions about the continuity of leadership and institutional memory. It indicates a potential gap in succession planning and strategic foresight, with only 2% of respondents falling within this group. According to Ndegwa (2022), Kenyan financial services organizations are at risk of knowledge retention loss and potential governance failures, stemming from the imminent retirement of senior employees and a lack of structured mentorship or transition programs for those personnel. An imbalance might therefore impede those skills, including critical decision making and long-term industry know-how, transferring over, which are essential for negotiating regulatory or market evolution.

The generational concentration is also consistent with the findings of Mwangi and Kiarie (2021), where it was found that most insurance companies in East Africa are aggressively replacing older employees with younger professionals as they chase digitization targets. While this trend favors operational agility, it also amplifies the need for purposeful leadership development interventions, be it coaching, reverse mentoring, or strategic talent pipelining, to help maintain a healthy equilibrium between novelty and expertise.

The majority of respondents (88%) were degree holders, and 5% were diploma holders. A mere 7% had a master's degree. These statistics suggest that the insurance industry in Kenya, with a strong undergraduate foundation, is largely educated. This foundational layer of addressing the knowledge will allow operational efficiency enhancement, client engagement optimization, and insight-driven decision-making at all levels of the firm.

But the comparatively small number of people with postgraduate degrees raises important questions about whether the sector can innovate strategically and solve problems in sophisticated ways. Bachelor's degrees offer general instruction; however, master's and doctoral degrees bring advanced research skills and specialized knowledge that can address complex challenges in the field. In knowledge-intensive businesses like insurance, postgraduate investment is increasingly required in its workforce as its employees need to continuously innovate in regulatory compliance and risk modeling (Gikonyo, 2023).

The analysis of the work experience of the respondents revealed that the majority (49.33%) belonged to the group with work experience between 6–10 years, and those with experience of less than 5 years accounted for 35.33%. Also, 15.33% have worked for 11–15 years, and none of the respondents had experience of over 16 years. The distribution demonstrates that the insurance workforce is largely comprised of mid-career experts who have a great deal of industry experience and operational expertise.

In contrast, the lack of people with more than 16 years of experience is troubling; it begs the question of long-term employee retention and institutional memory. A sparsely populated middle of more tenured career details for these later sectors may point to ideas of high senior turnover, shallow career tenure, or lack of succession planning. The exodus of talent like veterans in critical sectors like insurance can potentially even hamper tacit knowledge transfer, destabilize mentorship skeletons, and endanger leadership continuity, all of which can weaken growth and cause strategic direction (Kamau, 2022).

This trend may also indicate that employees leave the industry or switch to different industries before attaining long-term tenure. According to Muriuki and Nyambura (2023), retention in Kenya's financial sector is often associated with limited upward mobility, burnout, as well as better opportunities in multinational companies. Hence,

the results highlight the importance of the insurance industry investing in long-term career management, succession planning, and knowledge management systems to retain expertise and ensure continuity in leadership between generations.

5.2.3 Environmental Scanning

Overall, employees felt well-informed about environmental scanning activities ($M = 3.892$, $SD = 0.903$), particularly in terms of understanding current market trends ($M = 4.113$, $SD = 1.017$), which outperformed awareness of competitor strategies ($M = 3.632$, $SD = 1.217$). This suggests that while employees are attuned to broad market conditions, competitive intelligence may not be as strongly emphasized or communicated within the organization. Respondents also acknowledged that their understanding of market trends helps them gauge the company's economic position ($M = 3.967$, $SD = 1.562$), indicating a functional grasp of external forces. However, their confidence in the company's ability to navigate economic and social change was only moderate ($M = 3.851$, $SD = 1.577$), reflecting possible uncertainty about organizational agility or resilience mechanisms. Furthermore, the relatively low scores regarding the impact of legal and economic factors on individual job performance and satisfaction resulted in a composite environmental scanning mean of $M = 3.749$. This gap could reflect limited engagement in regulatory analysis or a disconnect between strategic scanning and daily task relevance.

According to the model on scanning from the environment, it is indicated relatively moderate positive correlation is obtained between environmental scanning and organizational performance. Wagner (2021) further established that environmental scanning has a positive effect on profitability, customer satisfaction, and operational efficiency ($R = 0.640$; $R^2 = 0.410$). This also means that 41% performance is referenced in environmental scanning, but 59% performance is not referenced in environmental scanning, so more constructs should be added to explain performance (Harrison, 2020). However, there are some gaps in the understanding of its long-term effect, particularly in turbulent environments such as the Kenyan insurance sector, where external factors could compromise the effectiveness of environmental scanning (Njeri, 2022).

5.2.4 Role of Leadership

Leadership-related responses revealed a strong correlation with departmental leadership ($M = 4.554$, $SD = 0.900$), reinforcing the value employees place on their

immediate supervisors in shaping team success ($M = 4.081$, $SD = 1.066$). Communication from leadership across all levels was also perceived as effective ($M = 4.192$, $SD = 0.922$), which may contribute to high levels of trust and perceived transparency. Nevertheless, some divergence emerged with items measuring the direct influence of leadership on individual job performance ($M = 3.678$, $SD = 1.240$) and daily work activities ($M = 3.171$, $SD = 1.406$), pulling the overall leadership mean down to $M = 3.883$. This discrepancy could point to a perceived gap between leadership messaging and its translation into actionable support or involvement in operational decisions. It may also indicate that while leadership is respected and trusted, it is not consistently felt at the tactical or individual contributor level, calling for more inclusive and hands-on leadership practices.

The association between role leadership and organizational performance is poor (R with value 0.350). It was established that the independent variable (leadership) accounts for 12.2% of the variance in organizational performance, meaning that leadership is less likely to produce significant results on its own. Carter (2021) emphasizes that despite leadership being related to employee satisfaction, its effect may, however, be restricted to the organizational output, influenced by such factors as financial constraints and system-driven health care challenges. The results suggest that leadership in Kenyan insurance firms may have to be synergized with other aspects of the postulated strategy to achieve a stronger push in the performance (Kamau, 2022).

5.2.5 Strategy Formulation

When evaluating the strategy formulation process, employees reported that their daily work aligns well with the company's vision and mission ($M = 4.318$, $SD = 0.912$), reflecting a strong sense of purpose and directional clarity. Additionally, stakeholder engagement was positively viewed as a relevant part of the strategic process ($M = 4.129$, $SD = 0.905$). However, motivation to work toward shared goals ($M = 3.249$, $SD = 1.237$) and awareness of strategic objectives ($M = 3.191$, $SD = 1.648$) were notably weaker. This disconnect may arise from insufficient strategic communication, where overarching goals are not consistently translated into department-level or individual action plans. It could also reflect limited involvement in strategic planning processes, which can leave employees disengaged or unaware of broader objectives. The overall mean for strategy formulation stood at $M = 3.717$, suggesting that while alignment at a

conceptual level is strong, more needs to be done to foster employee ownership of strategic direction.

Firm performance and strategy formulation are moderately correlated ($R = 0.525$). Market share and operational efficiency are positively impacted by strategy formulation, according to Mwangi (2020), with strategy formulation accounting for just 27.6% of performance variation. Results are consistent with those of Chege (2022), who noted that the usefulness of strategic planning results from prevailing market externalities such as inflation and the regulatory environment. This is indicative of a market-dependent relationship between strategy and market context where, although strategy setting remains critical, its effect is modified by the market, which necessitates continuous readjustments (Nshimiyimana, 2021).

5.2.6 Strategy Implementation

In relation to strategy implementation and organizational performance, employees expressed strong confidence in the firm's risk management strategies ($M = 4.317$, $SD = 1.025$) and their ability to stay informed on these measures ($M = 4.327$, $SD = 1.063$). This indicates a well-established framework for mitigating uncertainty, likely contributing to employee confidence and operational stability. Action plans were seen as beneficial in aligning tasks with strategic goals ($M = 4.118$, $SD = 1.421$), but trust in leadership's overarching action plans was more moderate ($M = 3.712$, $SD = 1.479$), pointing to a possible gap between high-level strategy and employee confidence in its execution. Regarding financial performance, a strong association was found between job security ($M = 4.320$, $SD = 0.901$) and organizational success, while market share growth ($M = 4.116$, $SD = 0.944$) reinforced employees' sense of purpose and value. However, perceptions of the long-term impact of financial indicators and customer satisfaction on work priorities were mixed, contributing to an overall organizational performance mean of $M = 3.611$. This suggests that while there is a general belief in the organization's direction and stability, deeper engagement with long-term strategic goals and their relevance to daily performance may be lacking.

There is also a weak positive correlation between strategy implementation and organizational performance ($R=0.528$). Kim (2020) noted that strategy implementation positively influences performance, including profitability and innovation, and 27.8% of performance variance can be accounted for by their implementation efforts, as shown

in the model below. Nevertheless, the adjusted R^2 value indicates moderation effect remains, despite the control of the number of predictors, underscoring that strategy implementation indeed matters, even if resource limitation and technological discontinuities, other factors contributing to performance, should be taken into account (Agyemang, 2021).

5.2.7 Inferential Statistics Analysis

It states that among the 56 insurance businesses in Kenya, organizational performance is significantly impacted by strategic planning elements such environmental scanning, leadership roles, strategy creation, and strategy implementation. The strongest correlation between environmental scanning and organizational performance ($r = 0.640$, $p = 0.000$) highlights how important it is for strategic initiative-related organizational performance. According to the results, another topic that was significantly correlated to organizational performance was strategy formulation ($r = 0.525$, $p = 0.000$), highlighting the necessity of developing specific strategies. Furthermore, strategy takes a very significant relation with strategy formulation and implementation ($r = 0.598$, $P = 0.000$), indicating their interdependence. Leadership was significantly correlated with organizational performance, ($r = 0.350$, $p = 0.000$), but its association was notably lower than several other strategic planning factors.

Model descriptions indicate the differing effects of organizational practices on performance. Environmental scanning reveals a moderate positive relationship ($R = 0.640$) that accounts for 41% of performance variance (Wagner, 2021), but the long-term influence is still uncertain (Njeri, 2022). Leadership has a poor influence ($R = 0.350$), explains only 12.2% of the variance, and indicates its weak direct effect (Carter, 2021; Kamau, 2022). Strategy design reveals a moderate correlation ($R = 0.525$) of 27.6% performance explained, although its success is influenced by external factors such as changes in the market (Mwangi, 2020; Chege, 2022). Likewise, strategy implementation is moderately related ($R = 0.528$) and accounts for 27.8% of performance, but is affected by execution challenges and technology changes (Kim, 2020; Agyemang, 2021). In sum, these characteristics make a difference, but need to be linked to contextual variables to have an impact at the organizational level.

The results of ANOVA found a significant level of the regression model, $F = 53.999$ ($p < 0.000$), which means the independent variables collectively affect organizational

performance. Strategic planning components accounted for a considerable portion of the performance variance, according to the regression sums of squares (53.453), while the residual sum of squares (43.061) demonstrated the variance that could not be explained. In contrast to the random relationship, the satisfactory significant F-value demonstrated the systematic impact of strategic planning processes on performance in Kenya's insurance industry, indicating that the overall strategy development and implementation in this sector was proactive.

According to the results of the regression analysis, organizational performance is positively and statistically significantly impacted by environmental scanning, strategy creation, and strategy implementation. Conversely, leadership showed a negative and significant association with performance, suggesting that certain leadership practices may be hindering effective communication or contributing to rigid decision-making. These findings indicate that for insurance companies to enhance overall performance, greater emphasis should be placed on strategy execution and incorporating market-oriented perspectives when evaluating and refining leadership approaches.

5.3 Discussion of Findings

The study distributed 211 questionnaires to heads of departments across 56 insurance companies in Kenya, obtaining a robust response rate of 71% (150 responses). This exceeds the 70% threshold recommended by Creswell (2022) for rigorous statistical analysis. A high response rate improves the generalizability of findings by lowering the possibility of response bias and guaranteeing that the sample appropriately represents important decision-makers (Smith & Johnson, 2021). Reliability testing using Cronbach's alpha revealed high internal consistency across all variables: strategy formulation ($\alpha = 0.824$), leadership role ($\alpha = 0.768$), organizational performance ($\alpha = 0.719$), environmental scanning ($\alpha = 0.705$), and strategy implementation ($\alpha = 0.701$), all exceeding the acceptable threshold of 0.7 (Lee et al., 2023). Additionally, the use of both longitudinal and cross-sectional approaches enhances conceptual clarity and the overall reliability of the findings (Martinez & Patel, 2022).

Demographic data revealed critical patterns in leadership and talent composition within Kenya's insurance sector. The gender distribution, with 67% female and 33% male respondents, reflects an evolving trend towards gender diversity in leadership, though still consistent with literature noting persistent gender disparities in the financial

services sector (Ngugi & Mwangi, 2022). This gradual transition suggests progress towards gender equality, but also underscores the need for deliberate policies to accelerate diversity in executive roles (Kamau, 2023).

Age distribution indicated that 88% of respondents were aged between 26 and 45, highlighting a workforce dominated by young, mid-career professionals. This aligns with findings by Mokaya and Karanja (2023), who noted that younger leaders often exhibit entrepreneurial and adaptive qualities suited for the modern insurance landscape. However, the minimal representation (2%) of individuals aged 46 and above raises concerns regarding leadership succession and the potential erosion of institutional memory, emphasizing the need for structured leadership development and mentorship programs (Omondi & Kibet, 2021).

Educational and employment backgrounds further illuminated the sector's capabilities and gaps. While 88% of respondents held a university degree, only 7% had attained a master's degree and none a PhD, indicating a shortfall of highly specialized talent capable of addressing complex strategic challenges (Wanjiru & Ochieng, 2023). Work experience data showed that 49.33% had 6–10 years of experience, but there was a notable decline in those with more than 16 years of service. This trend may undermine knowledge continuity and indicates the necessity of retention strategies to preserve organizational wisdom and promote career longevity (Mwenda & Njoroge, 2022). Thus, advancing gender equity, strengthening succession planning, and promoting employee retention will be essential to the sector's long-term sustainability.

5.3.1 Environmental Scanning

The study also affirmed the influence of environmental scanning on organizational performance. Employees demonstrated strong awareness of market trends ($M = 4.113$, $SD = 1.017$), reinforcing Wagner's (2021) findings in South Africa's retail industry, where early scanning enhanced efficiency, satisfaction, and profitability. However, awareness of competitor strategies was lower ($M = 3.632$, $SD = 1.217$), a gap mirrored by Harrison's (2020) study of U.S. manufacturing firms, where limited integration of scanning into strategic routines corresponded with weak performance. Similarly, perceptions of economic positioning were influenced by market trends ($M = 3.967$, $SD = 1.562$), supporting Njeri's (2022) assertion that proactive environmental analysis significantly boosted performance in Kenya's banking sector.

Nonetheless, the study found only moderate confidence in firms' ability to manage economic and social change ($M = 3.851$, $SD = 1.577$), indicating that while the importance of scanning is acknowledged, adaptive strategies remain underdeveloped (Harrison, 2020). Scores were lowest for legal, political, and economic factors, suggesting these aspects are underexplored. Njeri (2022) similarly noted that regulatory and political dynamics are often overlooked in strategic decision-making, highlighting the need for broader, more systematic environmental scanning mechanisms.

5.3.2 Role of Leadership

Leadership was identified as a cornerstone of performance-driven cultures. Respondents strongly associated departmental leadership with success ($M = 4.554$, $SD = 0.900$), consistent with Kamau's (2022) findings that transformational leadership enhances revenue growth, ROI, and customer satisfaction in the financial sector. Perceived communication effectiveness across leadership levels ($M = 4.192$, $SD = 0.922$) aligned with Wang's (2022) observation that leadership fosters engagement and shared purpose. However, Carter (2021), in the context of the UK healthcare system, questioned the direct organizational benefits of leadership, indicating that external conditions can moderate leadership outcomes.

While leadership was generally rated positively, its perceived influence on daily operations was moderate (job performance $M = 3.678$, $SD = 1.240$; daily activities $M = 3.171$, $SD = 1.406$), implying that leadership may be more impactful at strategic rather than operational levels. This finding supports Oluwaseun's (2020) study in Nigeria's oil and gas sector and echoes Carter's (2021) argument that leadership effectiveness is contingent on contextual factors. Therefore, hybrid leadership models that transcend motivation to drive innovation and transformation are increasingly necessary.

5.3.3 Strategy Formulation

The findings also highlight the significance of strategy formulation in aligning daily operations with organizational goals. A high mean score ($M = 4.318$, $SD = 0.912$) indicates that strategy formulation is well integrated, consistent with Mwangi's (2020) conclusion that it improves market share and efficiency in manufacturing firms. Stakeholder engagement ($M = 4.129$, $SD = 0.905$) also emerged as a critical factor, reaffirming Chege's (2022) findings in the banking sector. However, neither study

adequately addressed the impact of external factors such as inflation and technology on strategy execution.

Strategic communication emerged as a weak point, with low scores on motivation toward shared goals ($M = 3.249$, $SD = 1.237$) and awareness of strategic objectives ($M = 3.191$, $SD = 1.648$). This disconnect mirrors Nshimiyimana's (2021) study in Rwanda's hospitality sector, where aligned strategies did not translate into improved performance due to limited employee buy-in. Similarly, Johnson (2022) argued that strategy formulation requires both clear communication and responsiveness to market shifts for optimal outcomes. Bridging the gap between strategic intent and employee understanding is essential for realizing the benefits of strategic planning.

5.3.4 Strategy Implementation

Effective strategy implementation was associated with performance improvements, particularly in risk management ($M = 4.317$, $SD = 1.025$) and employee involvement ($M = 4.327$, $SD = 1.063$). This supports Brown's (2023) assertion that employee engagement and communication are vital for successful execution. Kim (2020), in the U.S. technology sector, also noted that implementation drives innovation and profitability, although the study failed to account for the threat of disruptive technologies. The current study's finding of moderate trust in leadership's action plans ($M = 3.712$, $SD = 1.479$) reflects lingering uncertainty regarding leadership adaptability.

Successful implementation was further linked to job security ($M = 4.320$, $SD = 0.901$), confirming Agyemang's (2021) findings from Ghana's agricultural sector, where strong strategy design alone could not offset resource and management limitations. Similarly, the observed correlation between strategy and employee investment ($M = 4.116$, $SD = 0.944$) reinforces Kaplan's (2021) claim that outcomes are shaped by adaptive implementation rather than mere planning. However, the moderate overall organizational performance rating ($M = 3.611$) suggests that improvements are needed, especially in financial and customer service metrics.

5.4 Conclusions of the Study

A 75% response rate was attained from heads of departments in insurance companies within Kenya, making the sample representative and robust for statistical analysis. Our

data analysis generated the coefficients of the corresponding variables, environmental scanning, leadership role, strategy formulation, and strategy implementation, which were developed through the application of spreadsheets. The study instruments confirmed accurate estimate reliability.

Environmental scanning is associated with improved organizational performance, as it enables companies to monitor shifts in the marketplace and evaluate external factors that may affect strategic direction. While the respondents demonstrated a high level of awareness of market trends, there was limited awareness of competitor movements and external influences such as regulatory or economic changes. This indicates a need for more comprehensive and adaptive scanning practices that can better inform proactive strategy adjustments.

The leadership component revealed that although employees expressed general satisfaction with the alignment and communication provided by departmental leadership, its direct effect on individual performance was less prominent. Certain leadership practices were found to hinder operational effectiveness. This study examined variables to identify factors that contribute to more adaptable and self-reinforcing leadership styles capable of enhancing strategic execution at the operational level.

The results of this study indicate that strategic planning procedures have a major impact on how well Kenyan insurance companies perform. The results verify that the components of the strategic process, environmental scanning, strategy creation, and strategy implementation account for a significant percentage of performance outcomes. These processes enhance organizational performance through mechanisms such as more efficient resource allocation, improved forecasting, informed decision-making, and better alignment of organizational goals with external market realities.

In relation to the study objectives, the research has successfully demonstrated that robust strategic planning contributes to stronger organizational performance. However, the findings also highlight the need to reevaluate leadership practices to ensure they fully support strategic execution. For improved performance, insurance companies should strive for more responsive strategic planning practices. This includes cultivating adaptive environmental scanning, enhancing leadership communication and alignment,

and focusing consistently on both the formulation and implementation of strategies in light of evolving market dynamics.

5.5 Recommendations

This research has three main contributions, namely, policy, managerial, and theoretical. From a policy standpoint, the results highlight the importance of insurance regulators and government agencies regulating the insurance sector in Kenya to consider a more punitive framework for ensuring leadership succession planning, gender parity at the senior management, and proactive environmental scanning through weak signals and trend analysis. In the time of rapid business model changes, based on the empirical evidence, policymakers may suggest promoting inclusive strategic leadership in policies to ensure institutional continuity and resilience. Additionally, the findings provide support for the development of national guidelines to guide insurance companies in the inclusion of environmental scanning in their regulatory and strategic reporting systems to better predict and react to macroeconomic developments.

The study makes theoretical and managerial contributions by adding to existing strategic management and leadership knowledge, and offers practical implications for the use of such theories in the Kenyan insurance industry. It provides managers with useful insights into leadership and strategic planning behaviors that are related to enhanced firm performance. Managers are recommended to implement agile leadership styles, improve strategic communication, and align operational practices with long-range strategies for employees to be more engaged and for productivity to improve. In theory, the study generalizes the usability of strategic management models by establishing the appropriateness of use of the models in the African insurance sector, with this providing a springboard for future researchers to conduct staff research on, and refinement of models suitable for similar contexts in emerging markets.

5.6 Study Limitations

The study had several limitations, including potential response bias as a result of self-reported data, which may have resulted in overly positive or socially acceptable responses. To minimize this, the research highlighted that participants would remain confidential and anonymous while answering honestly. Furthermore, because the study focused on insurance companies in Kenya, its conclusions may not be applicable to

other financial sectors or businesses. When this occurred, the research referenced results with published literature in disparate industries and nations to triangulate findings. A further limitation was the tendency towards a cross-sectional design, restricting the potential to draw explanatory conclusions. To mitigate this, the research integrated long-term findings from previous studies to bolster interpretations. Finally, although the study had a high response rate, non-response bias was still a potential issue. To minimize this bias, the research followed up with non-respondents to ensure a more representative sample.

5.7 Suggested Areas for Further Research

The overall model summary result showed that the modified R-squared values had a degree of variance of 0.544. This suggests that 54.4% of the study variables were addressed. As a result, the research suggests that other researchers work on the remaining 45.6%. The research suggests that other scholars carry out the study in the public sector because it was based on a case study. Furthermore, future research could explore the role of digital transformation in strategic planning within insurance companies in Kenya. Additionally, studies could examine how regulatory changes impact strategic planning effectiveness. Comparative studies between insurance firms and other financial sectors could provide insights into industry-specific planning challenges and performance outcomes.



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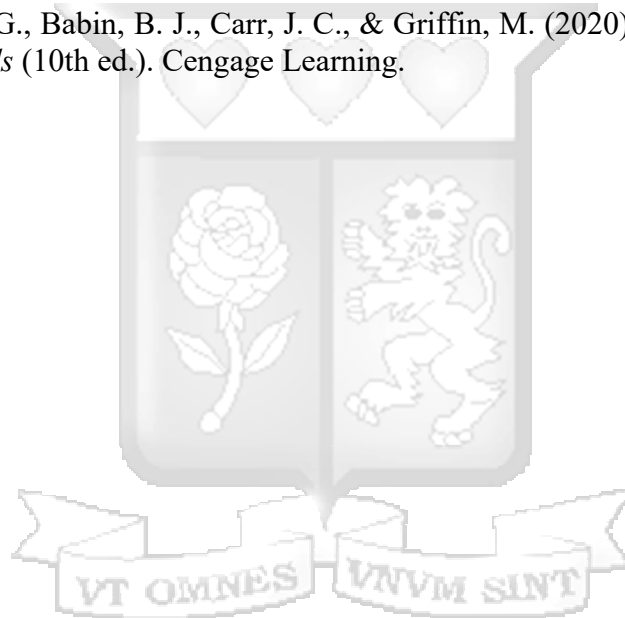
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APPENDICES

Appendix i: Introduction Letter (From S&S)

Ole Sangale Rd, Madaraka Estate,
P.O Box 59857 00200, Nairobi, Kenya.
Cell: +254 703 414/6/7, Twitter: @SBSKenya
Email: info@sbs.ac.ke or visit www.sbs.strathmore.edu



6th March 2025

To Whom It May Concern,

RE: FACILITATION OF RESEARCH – KIMUTAI, EVA JEROP

This is to introduce Kimutai, Eva Jerop who is a Master of Commerce (MCOM) Student at Strathmore University Business School, admission number MCOM/94992. As part of our MCOM Programme, Eva is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MCOM course. To this effect, Eva would like to request appropriate data from your organization.

Eva is undertaking a research paper on “**Influence of Strategic Planning Processes on Organizational Performance: A Case of Licensed Insurance Companies In Kenya.**” The information obtained shall be treated confidentially and shall be used for academic purposes only.

Our MCOM Programme seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Njoki Kiagiri".

Njoki Kiagiri
Manager – Graduate Programmes
Strathmore University Business School.



Appendix ii: Introduction Letter to Respondents

Eva Jerop Kimutai
Strathmore University,
PO Box 59857 – 00200,
Nairobi, Kenya.

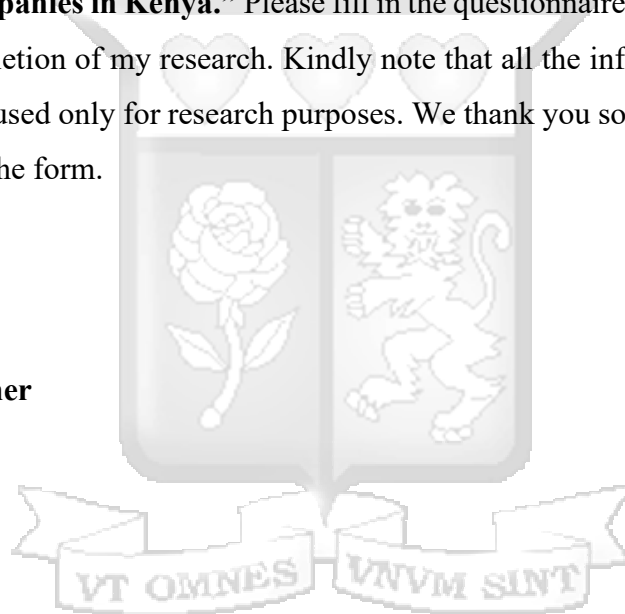
Dear Respondent

RE: LETTER OF INTRODUCTION

I am student at Strathmore University pursuing **Masters of Commerce**. I am conducting a study titled “**Influence of Strategic Planning Processes on Organizational Performance: A Case Insurance Companies in Kenya.**” Please fill in the questionnaire that is provided. It will assist me in the completion of my research. Kindly note that all the information given will be kept confidential and used only for research purposes. We thank you so much for sparing your time and completing the form.

Yours sincerely,

Jerop Eva | Researcher



Appendix iii: Consent Letter

Eva Jerop Kimutai
Strathmore University,
PO Box 59857 – 00200,
Tel No. 0798325582
Nairobi, Kenya.

Dear Participant,

RE: CONSENT LETTER

My name is Eva Jerop, a student at Strathmore University, currently pursuing a study on the "Influence of Strategic Planning Processes on Organizational Performance: In line with the research question, this study seeks to determine the correlation between strategic planning processes and performance of the insurance companies in Kenya through the use of the following study title: “A case of insurance companies in Kenya.” In this study, you will have to fill out a set of questions that will help identify how strategic planning processes could enhance organizational outcomes.

You need to know that the use and engagement in any of the planned activities are completely voluntary, and there are no consequences that follow in case one chooses to withdraw at any given time. Thank you for providing the information, which will only be used for academic purposes and kept extremely confidential. By participating in this research, you consent to be part of it, and I assure you that all your responses will not be disclosed. Please get in touch with me if you require any clarification or if you have any questions.

Thank you for your valuable contribution to this study.

Sincerely,

Eva Jerop | Researcher | Strathmore University

CC: Supervisor- Dr. Diana Ominde

Appendix iv: Questionnaire

Dear Respondent,

RE: REQUESTING RESEARCH DATA

Instructions for completion

Please complete the following questionnaire accurately, as it aims to gather insights on the issues surrounding the discipline area under study. Your participation is voluntary, and your consent to take part is upheld. The information collected will be used solely for research purposes and will remain confidential. Your responses will contribute significantly to the understanding of the topic being examined:

- Do not write your name on the questionnaire.
- Kindly provide the most honest and impartial response you can to the questions.
- Please complete all the questions by checking the corresponding box or filling in the blanks.

The information submitted below shall be held in confidence and used solely for research purposes.

SECTION I: DEMOGRAPHIC INFORMATION

Personal Information

A. State your Gender

Male	
Female	
Prefer not to say	

B. Tick your level of education

Certificate	
Diploma	
Degree	
Master	

C. State/or tick the bracket where your age falls

25 years and below	
26 – 35 years	
36- 45 years	
46 years and above	

D. State the number of years working in the company (duration in years)

0 – 5 years	
6 – 10 years	
11- 15 years	
16 years & above	

SECTION II: Strategic Planning Processes

a) Environmental Scanning

Indicate the extent to which you agree or disagree with each statement on a scale of 1-5, where (1=strongly disagree; 2=disagree; 3=neutral; 4=agree, and 5=strongly agree). (Tick one number.)

No.	Statement	Response				
		1	2	3	4	5
1	I feel informed about the current market trends affecting my role.					
2	Market trends influence my understanding of the company's competitive position.					
3	I am confident that the company adheres to all relevant legal policies.					
4	Changes in legal policies impact how I perform my duties.					
5	Economic and social factors significantly affect my job satisfaction.					
6	I feel the company adjusts well to changing economic and social factors.					

b. Role of Leadership

Indicate the extent to which you agree or disagree with each statement on a scale of 1-5, where (1=strongly disagree; 2=disagree; 3=neutral; 4=agree, and 5=strongly agree). (Tick one number.)

No.	Statement	Response				
		1	2	3	4	5
1	The leadership style in my department aligns with my work preferences.					
2	I appreciate the leadership style that guides my team toward success.					
3	I believe the leadership communicates effectively with employees at all levels.					
4	The effectiveness of leadership communication influences my job performance.					
5	I trust the decision-making quality of the leadership team in guiding the company.					
6	Leadership's decision-making process directly affects my daily work activities.					

c. Strategy Formulation

Indicate the extent to which you agree or disagree with each statement on a scale of 1-5, where (1=strongly disagree; 2=disagree; 3=neutral; 4=agree, and 5=strongly agree). (Tick one number.)

No.	Statement	Response				
		1	2	3	4	5
1	I align my daily work with the company's vision and mission statement.					
2	The company's vision and mission motivate me to work towards shared goals.					
3	I understand the company's strategic objectives and how they affect my role.					
4	The company's strategic goals help guide my work decisions and actions.					
5	I believe stakeholder engagement is critical to the company's success.					
6	The company actively involves stakeholders in its decision-making processes.					

d. Strategy Implementation

Rate the extent to which you agree with the following statements on a scale of 1-5, where: (1- agree, 2- strongly agree, 3- neutral, 4- disagree, 5- strongly disagree)

No.	Statement	Response				
		1	2	3	4	5
1.	I feel confident in the action plans set by the company's leadership.					
2.	Action plans help me align my tasks with the company's strategic goals.					

No.	Statement	Response				
		1	2	3	4	5
3	I believe the company has effective risk management strategies in place.					
4	My role involves being aware of risk management measures within the company.					
5	I am aware of how resources are allocated within my department.					
6	Efficient resource allocation directly impacts my ability to meet work objectives.					

e. Organizational Performance

Indicate the extent to which you agree or disagree with each statement on a scale of 1-5, where (1=strongly disagree; 2=disagree; 3=neutral; 4=agree, and 5=strongly agree). (Circle one number.)

No.	Statement	Response				
		1	2	3	4	5
1	The company's financial performance impacts my sense of job security.					
2	I believe the company's financial performance supports long-term organizational goals.					
3	The company's focus on customer satisfaction directly affects my work priorities.					
4	I understand how customer satisfaction impacts the company's success.					
5	I believe the company's market share influences my job responsibilities.					
6	The company's market share growth makes me feel more invested in its success.					

THANK YOU

Appendix v: List of Participating Organizations

INSURANCE COMPANIES			
1.	AAR Insurance Company Limited	29.	Kenya Orient Insurance Limited
2.	Africa Merchant Assurance Company Limited	30.	Kenya Orient Life Assurance Limited
3.	AIG Kenya Insurance Company Limited	31.	Kuscco Mutual Assurance Limited
4.	Allianz Insurance Company of Kenya Limited	32.	Liberty Life Assurance Kenya Limited
5.	APA Insurance Limited	33.	Madison Life Assurance Kenya Limited
6.	APA Life Assurance Company Limited	32.	Liberty Life Assurance Kenya Limited
7.	ABSA Life Assurance Kenya Limited	33.	Madison Life Assurance Kenya Limited
8.	Britam General Insurance Company (K) Limited	34.	Madison General Insurance Kenya Limited
9.	Britam Life Assurance Company (K) Limited	35.	Mayfair Insurance Company Limited
10.	Capex Life Assurance Company Limited	36.	Metropolitan Cannon Life Assurance Limited
11.	CIC General Insurance Limited	37.	Metropolitan Cannon General Insurance Limited
12.	CIC Life Assurance Limited	38.	MUA Insurance (Kenya) Limited
13.	Corporate Insurance Company Limited	39.	Occidental Insurance Company Limited
14.	Directline Assurance Company Limited	40.	Old Mutual Life Assurance Limited
15.	Fidelity Shield Insurance Company Limited	41.	Pacis Insurance Company Limited
16.	First Assurance Company Limited	42.	Pioneer General Insurance Limited
17.	GA Insurance Limited	43.	Pioneer Assurance Company Limited
18.	GA Life Assurance Limited	44.	Prudential Life Assurance Kenya Limited
19.	Geminia Life Insurance Company Limited	45.	Resolution Insurance Company Limited
20.	Geminia Insurance Company Limited	46.	Sanlam General Insurance Company Limited
21.	ICEA LION General Insurance Company Limited	47.	Sanlam Life Insurance Limited
22.	ICEA LION Life Assurance Company Limited	48.	Takaful Insurance of Africa Limited
23.	Intra Africa Assurance Company Limited	49.	Tausi Assurance Company Limited
24.	Invesco Assurance Company Limited	50.	The Heritage Insurance Company Limited
25.	Jubilee Life Insurance Limited	51.	The Kenyan Alliance Insurance Company Limited
26.	Jubilee Allianz General Insurance (K) Limited	52.	The Monarch Insurance Company Limited
27.	Jubilee Health Insurance Limited	53.	Trident Insurance Company Limited
28.	Kenindia Assurance Company Limited	54.	UAP Insurance Company Limited
		55.	UAP Life Assurance Company Limited
		56.	Xplico Insurance Company Limited

Appendix vi: Ethics Review Letter



4th March 2025

Ms Kimutai Eva,
kimutai.jerop@strathmore.edu

Dear Ms Kimutai,

RE: Influence of Strategic Planning Processes on Organizational Performance: A Case of Licensed Insurance Companies in Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2637/25**. The approval period is from **4th March 2025 to 3rd March 2026**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

Appendix vii: NACOSTI Research Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 625187	Date of Issue: 11/March/2025
RESEARCH LICENSE	
	
<p>This is to Certify that Miss.. Eva Jerop Kimutai of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Influence of Strategic Planning Processes on Organizational Performance: A Case of Licensed Insurance Companies In Kenya. for the period ending ; 11/March/2026.</p>	
License No: NACOSTI/P/25/416821	
625187	
Applicant Identification Number	Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code
	
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