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Strategic Management Processes and Performance of Insurance Firms in Nairobi County, Kenya

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Abstract

Purpose: The research aimed to evaluate and determine how strategic management processes affect performance in Kenya's insurance sector. Four objectives guided the study: to ascertain how environmental analysis affects performance, how strategic implementation affects performance, how strategic formulation influences performance, and how strategic evaluation and control impact overall performance in Kenya's insurance sector.

Methodology: A descriptive research design was used for this study. Some of the senior and middle-level management employees of the insurance businesses in Nairobi County that have registered with the Association of Kenya Insurers (AKI) by December 2024 are the study's target source of research data. The respondents were chosen for the study using a random sampling method. Self-administered questionnaires distributed on a drop-and-pick basis were used to collect the primary data from the target group. The quantitative variables and data shown in tables and graphs were obtained using descriptive statistics, such as frequencies, percentages, mode, and standard deviations. The study contributed to evaluating and establishing how strategic management processes impact performance in insurance firms in Nairobi County, Kenya.

Findings: The regression results indicated that environmental analysis had a positive but statistically insignificant relationship with organizational performance ($\beta = 0.015$, $p = 0.058$), strategy formulation had a positive and significant influence on performance ($\beta = 0.425$, $p = 0.021$), strategic implementation had a strong and statistically significant influence on organizational performance ($\beta = 1.025$, $p < 0.001$) and strategic evaluation and control had the strongest positive influence on organizational performance ($\beta = 1.199$, $p < 0.001$).

Unique Contribution to Theory Practice and Policy: The study recommended that insurance firms should strengthen their strategic management processes by ensuring that organizational goals and objectives are clearly defined and aligned with the organization's vision and mission.

Key Words: *Environmental Analysis, Strategic Implementation, Strategic Formulation, and Strategic Evaluation and Control*

1. Background of the Study

Globally, the insurance industry is vital in managing risk and helps support and facilitate business activities. In addition, the role of insurers as institutional investors is important as large and mature insurance markets generate huge premium flows and massive pools of capital for long-term investments. The insurance industry is an important sub-sector that plays a significant role in Kenya's economic performance. According to Van Fleet & Griffin (2006), the ability of an organization to attain and sustain high performance and productivity is a fundamental difficulty faced by the management of almost all businesses nowadays. It contributes to the economy by providing financial security, mobilizing savings, and promoting direct and indirect investments and trade facilitation. Notably, strategic management processes have been identified as urgent for competition and enhanced performance as they improve efficiency concerning the organisation's production and allocation of goods and services.

Strategic Management involves making well-justified decisions and adopting responsive strategies to changes in the business environment. Management focuses on decisions that determine strategy and define the business and the general relationship between the organisation and its environment. It also deals with the strategic planning required to implement these decisions with strategic control, ensuring that the chosen strategy is implemented correctly and produces the desired results. In the insurance industry, firms must constantly think strategically to attain long-term performance. This includes leveraging core competencies, building a strong management team, and managing intellectual capital. However, challenges such as low human capital and resistance to change in strategies can hinder strategic implementation and, thus, performance. This study aims to establish how strategic management processes influence performance in the insurance industry.

Statement of the Problem

With the current era of dynamic and competitive business, the role of strategic management processes has been increasingly significant in determining organizational sustainability and success. Nowhere is this more understood than within the insurance sector, whose unique challenges consist of low market penetration, operational inefficiencies, regulatory compliance, and increasing competition. Within Nairobi County, Kenya, which harbors a significant agglomeration of insurance firms, such pressures are even more intense. Despite the industry's crucial role in economic growth through risk management and financial intermediation, the majority of insurance firms' performance remains subpar and, in some cases, disappointing.

Literature and industry reports indicate that the majority of insurance firms in Kenya still register nominal growth in profitability, market share, and efficiency. The stagnation raises serious issues about the appropriateness and effectiveness of the strategic management processes employed by these firms. It is not clear whether Nairobi insurance firms are applying environmental analysis, strategic formulation, implementation, evaluation, and control processes to their optimal capacity to attain maximum performance results. Further, while several firms have adopted various strategic frameworks, there is limited empirical information that links the strategies to measurable performance indicators such as customer satisfaction, financial performance, market competitiveness, and ability to innovate.

The knowledge gap concerning the relationship between performance and strategic management processes for Kenyan insurance firms is problematic for both academic inquiry and practical management. Without a clear comprehension of how these processes lead to performance, insurance firms can remain non-optimal, threatening not only profitability but also survival in the long run. Policymakers and regulators in the industry have no solid ground on which to recommend best practices or support capacity-building interventions.

When evaluating an organisation's performance, it is critical to look at whether or not it is meeting its goals, (Bryce, 2017). Because of this, monitoring an organization's performance is both necessary and strategic (Singh, Darwish, and Potočnik, 2016). This study, therefore, sought to bridge the vital knowledge gap through an examination of the strategic management processes used by insurance firms in Nairobi County, Kenya and an evaluation of their impact on performance. The findings will provide crucial illumination for managers, policy-makers, and scholars, guiding more effective strategic decision-making and promoting improved performance for the sector as a whole.

Objectives of the Study

i. To determine the relationship between environmental analysis and the performance of insurance firms in Nairobi County, Kenya
ii. To investigate how effective strategy formulation influences performance in insurance firms in Nairobi County, Kenya
iii. To assess how strategy implementation affects the performance of insurance firms in Nairobi County, Kenya
iv. To determine the relationship between strategy evaluation and control and the performance of insurance firms in Nairobi County, Kenya

2. Literature Review

Theoretical Framework

Resource-Based Theory

The resource-based view theory argues that collections of resources within a firm enable it to have unique attributes and, hence, better performance (Barney et al., 2021). Influenced by Porter's studies in the 1980s, strategic management explains a firm's success regarding industrial sector features. From this point of view, firms in the same industrial sector have the same opportunities with few differences between them and remain that way only for a short period. Nevertheless, it is observed that an enterprise from the same industrial sector can be profitably different for a long time. External factors not only determine the firm's success and profitability, but internal factors also play an important role. According to this new viewpoint, every firm is unique and has many established resources that come from its own prior experiences. Long-term income can be attained by maintaining a heterogeneous nature for an extended period.

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Penrose is where the resource-based theory first appeared (Burvill et al., 2018). An enterprise is a collaborative effort between productive resources providing a range of services that determine the organization's potential for growth. What an enterprise does particularly well is its distinctive competency. Because of this, Andrews believes that a firm's unique capabilities and the interplay between environmental opportunities determine a firm's competitive advantage.

According to the resource-based paradigm, an enterprise's internal components are crucial. The company is seen as a hub of skills and resources that cannot be easily purchased or sold on the open market. These firm-specific assets and competencies may be strong sources of long-term competitive advantage if they produce financial gains that rivals' activities cannot exactly replicate (Burvill et al., 2018). Along general lines of this theory, two key concepts are resource and capability. By a resource is meant anything which could be thought of as strength or a weakness of a given firm. More formally, a firm's resources at a given time could be defined as those (tangible and intangible) assets which are tied semi permanently to the firm (Barney et al., 2021). Examples of resources are: brand names, in-house knowledge of technology, employment of skilled personnel, trade contracts, machinery, efficient procedures and capital (Burvill et al., 2018). Resources are the inputs into the production process. All input components, both human and nonhuman, real and intangible, that are owned or controlled by the company and used in producing goods and services to meet consumer demand can also be referred to as resources. Resources fall into two categories: material and intangible. The tangible resources are the easiest to identify and evaluate. They are reflected on the firm's balance sheets and are valued with accounting criteria. Intangible resources are more difficult to identify and value. No property rights are clearly defined as they are based on no codified information.

Capabilities must be defined apart from resources. A capability is joint resources to produce any work or activity. Grant established a hierarchy of resources and capabilities. Resources (first level) are combined to create capabilities (second level) which are the basis for a competitive advantage (third level). Therefore, this point of view allows evaluation of the firm's capacity to create a competitive advantage from resources or capabilities and the possibility of maintaining that competitive advantage over time (Burvill et al., 2018). Studies suggest a more expansive discussion of sustained differences among firms and develop a broad theory of competitive heterogeneity (Barney et al., 2021). The RBV seems to assume what it seeks to explain. This dilutes its explanatory power. Though slight, the discrepancy makes it difficult to comprehend what the Resource View might be able to offer.

Traditionally, organizations have measured their performance through financial measures like profitability and return on investment. Events have overtaken these measures since they are out of step with skills and competencies organizations are trying to master today (Barney et al., 2021). devised the Balanced Scorecard (BSC), a set of measures that give the managers fast and comprehensive view of their business. BSC includes financial and operational measures for customer satisfaction, internal practices, and the organization's innovation and improvement activities (Burvill et al., 2018). This enables companies to track financial performance while simultaneously monitoring progress in building the capabilities and acquiring the resources

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needed for future growth. The resource-based approach (RBV) provides important and essential insights into why insurance businesses may perform better when they have well-organized, rare, valuable, and unique resources in terms of intellectual capital and core competencies (Barney et al., 2021). In its simplest form, the resource-based view is predicated on the notion that an insurance company's performance is determined by how well it applies all of its available resources, including computerization, delinquency management, risk management expertise, and decentralized structure.

Contingency Theory

Austrian psychologist Fred Edward Fiedler introduced the contingency theory of leadership in a seminal 1964 paper titled "A Contingency Model of Leadership Effectiveness" (Gupta, et al., 2018). According to the proposal (McAdam et al., 2019), the structure that best suits the organization's needs is the one with the most effective and suitable governance structural design. According to the principle, managers should consider all relevant factors when deciding how to run their businesses and focus on those that are particularly important. Solutions to management issues and problems are prescribed based on the specific conditions that exist within the business (McAdam et al, 2019). Therefore, solutions should only be implemented in light of the current situation or context.

This suggests that different problems require different approaches to be managed in different business environments and under different conditions. This suggests a correlation between an organization's performance in a given situation and its ability to discern its environment (McAdam et al, 2019). The rule of thumb and one best way approach, which suggests particular solutions for problems in organizations generally, has been criticized by critics. Instead, it is suggested that strategic management practices should guide the company toward aligning appropriately with its environment (Gupta, et al., 2018). Some academics say an organization's primary objective is to generate sustainable growth. Business enterprise management is responsible for carrying out the organization's vision and strategic objectives, which practically impact decision-making, choice execution, and assessment of chosen courses of action. Thus, in order to take advantage of market possibilities and acquire a competitive edge, it is critical for a business to align its competencies and resources (Gupta, et al., 2018).

Research indicates that innovation, a vital component of a company's sustainability, is also essential for expansion and standing out from the competition. Businesses that are eager to expand their clientele can look to innovation to find a strategic fit for directing their expansion goals. According to contingency theory, an organization is an open system that benefits and depends on its surroundings (Gupta, et al., 2018). This highlights the theory's applicability to managers in the real world because it validates the necessity of environmental scanning for organizations when choosing and implementing strategic decisions. These decisions must be carried out in a way that is responsive to the dynamics of the environment and offer mechanisms for adaptation to actualize best performance, which will intern guarantee long-term business resilience.

Stakeholder Analysis

This idea supports the approach of environment analysis. Ian Mitroff created the stakeholder theory in 1983. It is centred on corporate ethics and management, specifically addressing morality and values in management (Bratianu, 2015). A second study by Freeman in late 1983 models and identifies the stakeholders of a firm and describes and suggests ways in which management might consider those groups' interests. However, Freeman did not cite Mitroff's work in this study. As Tolici (2021) puts it, it deals with the "principle of who or what counts" in brief. In the traditional view of a company, the shareholder view is that only the owners or shareholders of the company are important, and the company has a binding fiduciary duty to put their needs first and increase value for them.

On the other hand, the stakeholder approach contends that other parties—such as workers, clients, vendors, financiers, communities, governmental entities, political parties, trade associations, and unions—are also involved. According to Bratianu (2015), stakeholders can include competitors as well, as their status is determined by their ability to impact the company and its stakeholders. The nature of what constitutes a stakeholder is highly contested, with hundreds of definitions in the academic literature. The stakeholder view of strategy integrates both a resource- and a market-based view, adding a sociopolitical level (Tolici, 2021). One common version of stakeholder theory seeks to define the specific stakeholders of a company (the normative theory of stakeholder identification) and then examine the conditions under which managers treat these parties as stakeholders (the descriptive theory of stakeholder salience) (Bratianu, 2015).

The theory has multiple distinct mutually supportive aspects: descriptive, instrumental, and normative. The descriptive approach is used in research to describe and explain the characteristics and behaviours of firms, including how companies are managed, how the board of directors considers corporate constituencies, the way that managers think about managing, and the nature of the firm itself (Tolici, 2021). The instrumental approach uses empirical data to identify the connections between the management of stakeholder groups and the achievement of corporate goals (most commonly profitability and efficiency. Since the publication of this article in 1995, it has served as a foundational reference for the study in the field, having been cited over 1,100 times.

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www.carijournals.org

Conceptual Framework

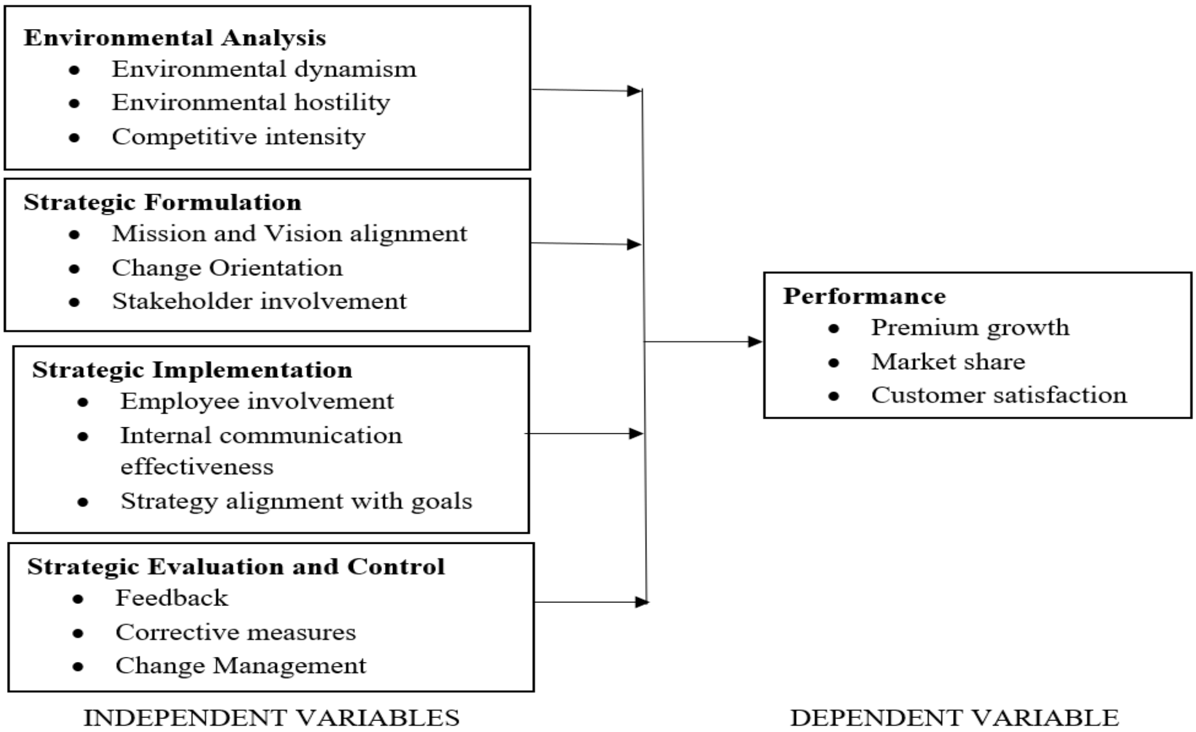

Figure 1: Conceptual Framework

3. Research Methodology

This study adopted a descriptive research design. This study's target population comprised 168 middle and senior management staff of all licensed insurance firms operating in Nairobi County, Kenya, as listed by the IRA (Insurance Regulatory Authority). These include chief executive officers, heads of departments, human resource managers and finance managers. In this study, purposive sampling was used to select commercial-based parastatals, departments and employees. The sample size of 118 was determined based on Yamane's' formula. This study utilized both primary and secondary data. Primary data was collected using an interview guide and questionnaires, while secondary data was collected using internet searches and journals. The gathered data will be compiled, and both qualitative and quantitative techniques will be used for analysis. Qualitative techniques will do content analysis in accordance with the determined study objectives. While SPSS will be used as the quantitative technique.

4. Results

Response Rate

Out of the 118 targeted, the study managed to obtain 117, giving a response rate of approximately 100%. Javali and Javali (2024) assert that a response rate of over 50 percent is satisfactory, 60 percent is better while a response rate of over 70 percent is excellent. The

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response rate for this study was therefore considered excellent since the rate was more than 70 percent.

Descriptive Statistics of Study Variables

Descriptive statistics were used to examine respondents' perceptions regarding the strategic management processes practiced within their organizations. The descriptive statistics included mode and standard deviation which helped determine the level of agreement among respondents regarding each statement.

Table 1: Descriptive Statistics

Variable	N	Minimum	Maximum	Mode	Std. Deviation
Environmental Analysis	117	1	5	4	0.87
Strategic Formulation	117	1	5	4	0.82
Strategic Implementation	117	1	5	4	0.79
Strategic Evaluation and Control	117	1	5	4	0.76
Organizational Performance	117	1	5	4	0.81

The results showed that for all five variables the modal response was 4 ("Agree"), indicating that the single most common response among respondents was agreement that organizations engage in environmental analysis, strategic formulation, strategic implementation, strategic evaluation and control, and that this is reflected in organizational performance. For strategic evaluation and control specifically, most respondents agreed that organizations continuously monitor and evaluate their strategies. Strategic implementation had a mode of 4, suggesting that the most common response among respondents was agreement that insurance firms implemented their strategies through communication and resource allocation. Strategic formulation recorded a mode of 4, indicating that the most frequently selected response among respondents was agreement that organizations engaged in defining their mission, vision, and strategic goals. Environmental analysis recorded a mode of 4, suggesting that, despite a comparatively lower mean, the most common response among respondents was still agreement that organizations conducted environmental scanning.

Correlation Analysis

Correlation analysis was conducted using the Pearson Product Moment Correlation Coefficient to determine the strength and direction of the relationship between the independent variables and the dependent variable. The results of the correlation analysis are presented in Table 2.

Table 2: Correlation Matrix of Study Variables

Variables	Environmental Analysis	Strategic Formulation	Strategic Implementation	Strategic Evaluation & Control	Organizational Performance
Environmental Analysis	1				
Strategic Formulation	.221*	1			
Strategic Implementation	.304**	.286**	1		
Strategic Evaluation & Control	.315**	.341**	.389**	1	
Organizational Performance	.165	.247**	.275**	.421**	1

The correlation matrix results showed that most strategic management processes had positive relationships with organizational performance. The relationship between strategy formulation and organizational performance was positive and statistically significant ($r = 0.247$, $p = 0.009$). This indicated that organizations that clearly defined their strategic direction, mission, and goals were more likely to achieve better performance outcomes. Strategic implementation also showed a positive and statistically significant relationship with organizational performance ($r = 0.275$, $p = 0.004$). This implied that effective communication of strategies, proper resource allocation, and alignment of activities with organizational goals improved operational efficiency and performance.

Strategic evaluation and control showed the strongest relationship with performance ($r = 0.421$, $p < 0.001$). This suggested that organizations that continuously monitored their strategies and implemented corrective measures experienced better organizational outcomes. Environmental analysis had a positive but weak relationship with performance ($r = 0.165$). However, the relationship was not statistically significant, suggesting that environmental scanning alone may

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not directly influence organizational performance unless the information gathered is translated into effective strategic actions.

Multiple Regression Analysis

Multiple regression analysis was conducted to determine the combined influence of the independent variables on organizational performance.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.709	0.502	0.47	1.013

Predictors: Environmental Analysis, Strategic Formulation, Strategic Implementation, Strategic Evaluation and Control

The results indicated that the regression model produced a multiple correlation coefficient (R) of 0.709. This indicated a strong positive relationship between the independent variables and organizational performance. The coefficient of determination (R^2) was 0.502, meaning that 50.2% of the variation in organizational performance was explained by the four strategic management processes examined in the study. The Adjusted R^2 value of 0.470 indicated that even after adjusting the number of predictors and sample size, the model still explained 47.0% of the variation in performance. This suggested that strategic management processes played a significant role in determining the performance of insurance firms in Nairobi County.

ANOVA Test

The ANOVA test was conducted to determine whether the regression model was statistically significant.

Table 4: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	112.64	4	28.16	27.43	.000
Residual	111.02	112	0.99		
Total	223.66	116			

The ANOVA results indicated that the regression model was statistically significant ($F = 27.43$, $p < 0.001$). This implied that the independent variables collectively had a significant effect on organizational performance. Therefore, the regression model was appropriate for predicting the relationship between strategic management processes and organizational performance.

Journal of Business and Strategic Management
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Regression Coefficients

The regression coefficients were used to determine the individual contribution of each independent variable to organizational performance.

Table 5: Regression Coefficients

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig
Constant	2.023	.424		4.775	.000
Environmental Analysis	.015	.098	.012	.150	.058
Strategic Formulation	.425	.733	.310	.580	.021
Strategic Implementation	1.025	.268	.370	3.828	.000
Strategic Evaluation and Control	1.199	.265	.432	4.528	.000

Dependent Variable: Organizational Performance

The regression coefficients provided insights into the contribution of each strategic management process to organizational performance. Environmental analysis recorded a very small coefficient ($\beta = 0.015$) and was not statistically significant ($p = 0.058$). This suggested that although insurance firms conduct environmental scanning, this factor alone did not significantly influence performance outcomes. Strategy formulation had a positive and statistically significant effect on performance ($\beta = 0.425$, $p = 0.021$). This indicated that organizations that clearly define their mission, vision, and strategic objectives are more likely to achieve improved performance.

Strategic implementation had a strong and statistically significant effect ($\beta = 1.025$, $p < 0.001$). This implied that successful implementation of strategies through effective communication, coordination, and resource allocation significantly improves organizational performance. Strategic evaluation and control had the strongest effect on performance ($\beta = 1.199$, $p < 0.001$). This demonstrated that continuous monitoring of strategies, feedback mechanisms, and corrective actions are critical drivers of organizational success.

Based on the regression results, the following regression model was derived:

Where;

$Y= 2.023 + 0.015\ B_1 + 0.425\ B_2 + 1.025\ B_3 + 1.199\ B_4 + e$

Y= Performance

B_0 *=constant*

B_1 *=Environmental Analysis*

B_2*=Strategic Formulation*

B_3*=Strategic Implementation*

B_4*=Strategy Evaluation and Control*

e = error term

This equation indicated that improvements in strategic implementation and strategic evaluation and control contributed the most toward improving organizational performance.

Objective-Based Analysis and Discussion

Objective One: Environmental Analysis and Organizational Performance

The first objective of the study sought to determine the relationship between environmental analysis and the performance of insurance firms in Nairobi County. Environmental analysis refers to the process through which organizations scan their internal and external environments in order to identify opportunities, threats, strengths, and weaknesses that may affect their operations. Organizations typically conduct environmental analysis through tools such as PESTEL analysis, SWOT analysis, and industry analysis. The regression results indicated that environmental analysis had a positive but statistically insignificant relationship with organizational performance ($\beta = 0.015$, $p = 0.058$). This finding suggested that although insurance firms conducted environmental scanning, this process alone did not significantly influence their performance outcomes. One possible explanation for this result is that environmental analysis may not translate directly into performance unless organizations effectively utilize the information gathered to develop actionable strategies.

In the insurance sector, environmental factors such as regulatory changes, technological advancements, and market competition constantly influence organizational performance. However, if organizations fail to translate environmental insights into strategic actions, the impact on performance may remain limited. These findings are consistent with strategic management theory which emphasizes that environmental analysis is only beneficial when it is followed by effective strategy formulation and implementation. Furthermore, the results may indicate that insurance firms in Nairobi County conduct environmental analysis as a routine activity but may not fully integrate the findings into their strategic decision-making processes.

Objective Two: Strategy Formulation and Organizational Performance

The second objective of the study sought to investigate how strategy formulation influences the performance of insurance firms in Nairobi County. Strategy formulation involves the development of organizational strategies through the identification of mission statements, strategic goals, competitive positioning, and resource allocation plans. The correlation analysis showed that strategy formulation had a positive and statistically significant relationship with organizational performance ($r = 0.247$, $p = 0.009$). The regression analysis further indicated that strategy formulation had a positive and significant influence on performance ($\beta = 0.425$, $p = 0.021$).

These findings suggested that organizations that clearly define their strategic goals, mission, and vision tend to perform better compared to those that lack clear strategic direction. Effective strategy formulation enables organizations to: Identify competitive advantages, align organizational resources with strategic goals, improve decision-making processes and enhance organizational focus and coordination.

In the context of insurance firms, strategy formulation may involve identifying new insurance products, expanding into new markets, improving service delivery channels, and adopting digital technologies. The results of this study therefore indicated that clear and well-defined strategies contribute significantly to organizational performance, particularly in a highly competitive industry such as insurance. These findings are also consistent with strategic management theory which argues that organizations that develop clear and well-articulated strategies are more likely to achieve long-term success.

Objective Three: Strategic Implementation and Organizational Performance

The third objective of the study sought to assess how strategic implementation affects the performance of insurance firms. Strategic implementation refers to the process through which organizations translate strategic plans into operational actions. This includes the allocation of resources, communication of strategies to employees, establishment of organizational structures, and coordination of activities. The correlation results indicated that strategic implementation had a positive and statistically significant relationship with organizational performance ($r = 0.275$, $p = 0.004$). Similarly, the regression analysis showed that strategic implementation had a strong and statistically significant influence on organizational performance ($\beta = 1.025$, $p < 0.001$).

These findings indicated that successful implementation of strategies plays a critical role in determining the performance of insurance firms. Even the most well-formulated strategies may fail to deliver results if they are not properly implemented. Effective implementation ensures that strategic plans are translated into concrete actions that improve operational efficiency and service delivery. In insurance firms, strategic implementation may involve: Introducing new insurance products, Improving claims processing systems, enhancing customer service processes and implementing digital insurance platforms.

The results therefore demonstrated that organizations that effectively implement their strategies tend to experience improved performance outcomes.

Objective Four: Strategic Evaluation and Control and Organizational Performance

The fourth objective of the study sought to determine the relationship between strategy evaluation and control and the performance of insurance firms. Strategy evaluation and control involve the continuous monitoring of strategic activities in order to assess whether organizational goals are being achieved. It also involves taking corrective actions when necessary to ensure that strategies remain aligned with organizational objectives. The regression results indicated that strategic evaluation and control had the strongest positive influence on organizational performance ($\beta = 1.199$, $p < 0.001$).

This finding suggested that organizations that regularly evaluate their strategies and implement corrective actions tend to achieve higher levels of performance. Strategic evaluation enables organizations to: Monitor progress toward strategic goals, identify performance gaps, implement corrective measures and adapt strategies to changing environmental conditions.

In the insurance sector, strategic evaluation may involve monitoring key performance indicators such as: Premium growth, Market share, Customer satisfaction and Claims settlement efficiency.

The findings of this study therefore highlighted the importance of continuous monitoring and evaluation of strategies in enhancing organizational performance.

Discussion of Findings

The results of the study demonstrated that strategic management processes play a critical role in determining the performance of insurance firms in Nairobi County. The regression model revealed that 50.2% of the variation in organizational performance was explained by strategic management processes, indicating that these processes are key determinants of organizational success. Among the strategic management processes examined in the study, strategic evaluation and control emerged as the strongest predictor of organizational performance, followed by strategic implementation and strategy formulation.

This finding emphasized the importance of not only developing strategic plans but also ensuring that these plans are effectively implemented and continuously evaluated. The results also highlighted the interconnected nature of strategic management processes. Environmental analysis provides information about external and internal factors, strategy formulation translates this information into strategic plans, strategic implementation operationalizes the plans, and strategic evaluation ensures that the plans remain effective. Therefore, organizations that integrate all these processes effectively are more likely to achieve superior performance outcomes.

Implications of the Findings

The findings of the study have several implications for insurance firms operating in Nairobi County. First, organizations should strengthen their strategic management systems to ensure that strategic management processes are effectively integrated into their operations. Second, management should focus on improving strategy implementation mechanisms, particularly through improved communication, employee involvement, and resource allocation. Third, organizations should establish strong performance monitoring systems to ensure that strategies are continuously evaluated and adjusted when necessary. Finally, insurance firms should ensure that environmental analysis is effectively utilized to inform strategic decision-making.

5. Conclusions and Recommendations

Conclusion

First, the study concluded that strategic management processes play a significant role in influencing the performance of insurance firms in Nairobi County. Organizations that effectively formulate, implement, and evaluate their strategies tend to achieve better performance outcomes compared to those that do not adopt structured strategic management practices. Second, the study concluded that strategy formulation is an important determinant of organizational performance. Organizations that clearly define their strategic goals and objectives are more likely to allocate resources efficiently and achieve their desired outcomes.

Third, the study concluded that strategic implementation is a critical factor in determining organizational success. Even well-designed strategies may fail if they are not effectively implemented. Fourth, the study concluded that strategy evaluation and control are essential components of strategic management. Continuous monitoring and evaluation of strategies enable organizations to identify performance gaps and implement corrective measures in a timely manner. Finally, the study concluded that environmental analysis alone may not significantly influence organizational performance unless the insights obtained are translated into actionable strategies.

Recommendations

Insurance firms should strengthen their strategic management processes by ensuring that organizational goals and objectives are clearly defined and aligned with the organization's vision and mission. Management should also improve strategy implementation mechanisms by enhancing communication systems, ensuring effective coordination among departments, and allocating adequate resources to support strategic initiatives. Organizations should establish robust monitoring and evaluation systems to assess the effectiveness of their strategies and ensure that corrective actions are taken when necessary. Insurance firms should also invest in training and capacity building programs to enhance employees' strategic management skills and competencies. Furthermore, organizations should utilize environmental analysis more effectively by incorporating insights from market research and industry analysis into their strategic management processes.

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