STRATEGIC FIT AND PERFORMANCE OF INSURANCE FIRMS IN NAIROBI CITY COUNTY, KENYA

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DECLARATION

This project is my original work and has not been presented for a degree in any other University.

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This project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

I dedicate this work to My husband Dennis Njiru Kamaitha and daughter Elsie Nyambura Njiru. for their love and continued support in my education

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ABBREVIATIONS /ACRONYMS

CEO - Chief Executive Officer

DOI - Diffusion on Innovation

HR - Human Resource

HRM - Human Resource Management

KNBS - Kenya National Bureau of Statistics

NACOSTI - National Council for Science, Technology and Innovation

RBV - Resource Based Theory

RDT - Resource Dependency Theory

ROA - Return On Asset

SPSS - Statistical Package for Social Sciences

OPERATIONAL DEFINITION OF TERMS

Management fit   -   Enhancement of the elements in an organization by managers to reinforce each other thus tightening the relationship among them producing organizational performance. In this study, this was operationalized as coordination, division of labour and hierarchy of authority in insurance firms in Nairobi City County.

Operational fit   -   This arises when various departments in organizations work along so as to delve into chances for cost-sharing or transfer of skills and as they do so, they frequently save more on cost. In this study, this was operationalized on quality management of services, outsourcing of services and ISO standard in insurance firms in Nairobi City County.

Organizational performance -   It is the evidence obtained when the financial and non-financial goals of a firm. This was operationalized as market share, profitability, customers' loyalty and satisfaction in insurance firms in Nairobi City County

Strategic fit   -   The linkage of strongly related components and actions that emerge in a particular context of an organization (insurance firms)

Structure fit   -   Specifies the alignment between the separation of duties in the insurance firms and how they are going to be coordinated or harmonization of the duties for successful operation

Technology fit   -   Extent to which a particular information system or technology is able to support the duty at hand. In this case, how social networks, mobile information

and content marketing support the operation of the insurance firms in Nairobi City County

ABSTRACT

Downside economic risks (political risks, COVID 19 pandemic and heightened inflation uncertainty) and uptake of insurance policies by potential customers have negatively affected the profitability of insurance industry. Further, in the Kenyan insurance industry, there has been a sequence of variations via reforms, communication and information technologies advancements, services have been globalized and development in the economies particularly since 2015 affecting the overall performance. This study determined the effect of strategic fit on performance of insurance firms in Nairobi City County. Specifically, it established the effect of structure fit, technology fit, management fit and operational fit on the performance of insurance firms. Resource dependency, resource based, diffusion on innovation and the balanced score card theories anchored the study. The study used both descriptive and explanatory research designs. Fifty five (55) registered insurance firms in Nairobi City County were targeted. A population of 521 general managers, underwriting managers, claims managers and marketing managers from the 55 registered insurance firms and employees who were not in management were focused. Two hundred and twenty six (226) respondents were purposively and randomly sampled. Questionnaires were the data collection tools where drop and pick later approach was used. Face and content validity was done by factor analysis and discussing the questions in the questionnaire with the supervisor while coefficients of above 0.7 was regarded sufficient to quantify the reliability of the data collection tool. Descriptive analysis was done while inferential statistics involved linear regression. There was a positive and significant linear correlation between structure fit (r=0.862, p=0.000), technology fit (r=0.815, p=0.000), management fit (r=0.799, p=0.000), operational fit (r=0.987, p=0.000) and performance of insurance firms. The regression results show a positive and significant effect of structure fit ($\beta = 0.096$, Sig. $= 0.000$), technology fit ($\beta = 0.104$, Sig. $= 0.006$) and operational fit ($\beta = 1.014$, Sig. $= 0.000$) on performance of insurance firms which implies that structure fit, technology fit and operational fit affects performance of insurance firms positively. The study concludes that strategic fit components studied (structure fit, technology fit, management fit and operational fit) are interrelated and they affect the performance of insurance firms. Therefore, organizations should continuously work towards attaining strategic fit because it affects profitability, customers' loyalty, customers' satisfaction and market share of insurance firms.

CHAPTER ONE:
INTRODUCTION

1.1 Background of the Study

Organizational performance is a key aspect in the success of businesses, which means its capacity to effectively implement strategies to help in the achievement of institutional goals and objectives (Randeree & Al Youha, 2009). Further, it largely depends on the skill level its leaders have when it comes to implementing strategies (Bashaer, Singh & Sherine, 2016). Silva (2014) insinuated that the core of management is a conditional association existing between managers and their followers. Given that there are always challenges in the achievement of objectives of organization, it is imperative that the practices that leaders utilize be flexible adequately in accommodating change. Organizational performance is also dependent on its staff, who are a significant organizational part and form the team that works towards achievement of the organizational objectives (Bashaer *et al.,* 2016).

According to Grant (2007), the connection of a business organization on the efficient use of resources is strategic fit. This shows that for profitability to be achieved in an organization there is need for position and selection of the appropriate industry and a focus on the factors within the organization that ensures utilization of inimitable uniqueness of the variety of resources and capabilities of the organization (Grant, 2007). Further, Johnson and Whittington (2005) denoted that strategy fit entails the management and modification of strategies including forming business structure supporting the operation of the business via the progression and relationship and achieving success using the accessible resources like individuals and making adjustments on the strategy to face coming challenging circumstances. When strategic fit is achieved, the reaction and efficiency balance in an organization is ensured thereby fulfilling the demands of the targeted customers (Johnson & Whittington, 2005).

The degree at which an organization has effectiveness in running its operations and maximizing it gains is a factor determined by the difficulties in the management of strategic fit (Okebaram & Onuoha, 2018). Accordingly, Kale and Singh (2009) cited that there has been investment by organizations in the formation of alliances which has evidently

contributed to a stronger competitive position of the organizations. Day (2000) indicated that when there is appropriate allocation of resources across correlations and happenings in an organization, maximization of an organization's entire effectiveness is possible in cases where the organizational effectiveness is termed under a model which views organizations as endevouring productivity and efficiency.

The development of strategic fit in Africa has been grounded on the basis of literature that has been collected and assembled together by business organizations where the effect of globalization has been rampart (Wiersema & Bowen, 2008). Organizations that are strategically linked invest and ventures into having intentions that are value-added which are connected with and supplemented with other happenings (Kaplan Spittel & Zeno, 2014). They specifically consider carefully their strategy on the use of the available resources to the activities having the most critical effect on the strategy they prefer. Generation, conveying, fabrication and promotion of the products and services are depicted by the ventures and forms the basic units of competitiveness and the possibility where targets are conducted and achieved (Kaplan *et al.,* 2014).

The insurance industry is the pillar in the system concerning management of risks in a nation since it upholds the financial security, assists in intermediating the financial chain and in posing an arranged foundation for the long term capital for projects involving infrastructure in Nigeria (Augustine & Nwanneka, 2011). In Kenya, insurance has been found to offer a shoulder where some qualms of life can be transferred by persons or organizations. This is done by promoting savings and investments by persons or organizations, granting loans against the security of an insurance policy and protecting against life and property vulnerabilities (Shah & Khan, 2015). The insurance industry is also involved in macroeconomic activities like offering employment opportunities, provision of taxes and thus stimulating economic advancement particularly for countries that are developing like Kenya. Awino (2011) denoted that the insurance industry greatly contributes to economic advancement.

1.1.1 Organizational Performance

This gives the definite output attained which is a comparison against the output that is intended (Richard *et al.,* 2009). It is also the evidence obtained when the financial and non-financial goals of an organization are achieved as cited by Lebans and Euske (2006). Torrington, Hall and Taylor (2008), argues that there is multiplication instead of addition on the effects of performance as a result of policies and practices made by human resource. There is a likelihood of having more effect on performance when a specific set of practices that are mutually reinforcing are applied instead of applying one or some of them separately. Wu and Liu (2010) indicated that it is assumed that organizations must first make critical steps in the identification of the performance needed in the organization entirely before it can be able make plans and manage the performance of individuals.

Organizational performance was conceptualized in form of quality of service, productivity level, profitability, time taken from production to the market and innovation rate (Rizov & Croucher, 2009). Organizational performance was determined using perceptions of financial contexts by the top leaders, growth of company, productivity of employees and fluctuation (Kunze, Boehm & Bruch, 2013). Wieseke, Geigenmuller and Kraus (2012) determined organizational performance in form of return on investment (ROI) and growth of sales and a strong and positive correlation was observed. A significant relationship between ROI and sales growth was also observed by Harris (2001). This study operationalized organizational performance as customer satisfaction, loyalty, profitability and market share.

Customer satisfaction is of significance in any business since customers are the drivers of any business and when customers are satisfied, there is a high chance of their retention. Any organization involved in doing business have a responsibility of focusing on pleasing their customer base since customer loyalty does not come easy yet it is important in increasing profits, improving sales success and allowing for sustainable growth. As market share increases, profitability improves and competitiveness of an organization increases and thus customer satisfaction, loyalty, profitability and market share are important organizational performance factors in insurance firms for sustained growth and competitiveness.

1.1.2 Strategic Fit

According to Venkatraman (1989), strategic fit is the match between related variables. Ensign (2001) also defined strategic fit as an internal consistency or alignment. Porter (1996) denoted that strategic fit is a network of directly linked elements and actions emerging in a particular context of an organization thereby presenting a key hindrance for replication by industry rivals. Strategic fit helps organizations in the management of their resources in a more effective manner, brings about synergy effects throughout the organization, improvement of procurement, allocation and utilization of resources and increasing the capability of earning. Strategic fit helps in the reduction of operational costs and taking advantage of new chances internationalization in the organization (Hsieh & Chen, 2011) and in responding to environmental variations. An important allegory that can illustrate the usefulness of strategic fit is looking at the varied elements of an organization as riddles that offer an entire picture and achieves its objectives only when they appropriately fit together (Bahreman & Swoboda, 2016). The two concepts of strategic fit are the internal fit between the strategy and structure of an organization on one side and external fit between organizational strategy and environment. Determination of the elements that are crucial and interlinked with one another to an organization is necessary if an understanding of strategic fit is to be achieved. The elements are interlinked in regard to the actions, policies and structures, abilities and resources of an organization (Rivkin & Siggelkow, 2003).

The different types of strategic fit include structure fit, technology fit, operations fit, distribution and customer-related fit and management fit. This study focused on structure fit, technology fit, management fit and operational fit. A structure fit usually specifies the alignment between the tasks division in an organization with how they are coordinated, or the harmonization of the tasks in their working. The tasks can be mutually dependent and undefined (Lee et al., 2015). It also shows the fit between the mission and the vision of an organization. Further, there is a strong emphasis on the importance of structure fit as its important in allocating resources and varying action in the organization and in the definition of power and authority positions (Rivkin & Siggelkow, 2003).

Technology fit is the extent to which a particular information system or technology is able to support the task at hand (Goodhue & Thompson, 1995). When the technology fits the operator's tasks and flow of work, the utilization of the technology continues when undertaking the tasks but when there is interruption in the use of the technology on the operator's tasks and flow of work, utilization of the technology ceases or the operator avoids utilizing it. There is need for the alignment of the tasks in an organization with the technology in place so that performance can be achieved (Zigurs & Buckland, 1998). Further, operator reports of increased levels of job performance and efficiency attributed by the utilization of an information system that is under assessment can be significantly predicted by technology fit. According to Goodhue and Thompson (1995), technology fit consists of factors that measure the fit which include quality, ease of utilization, timeliness in production, reliability of systems and correlation with operators.

In management fit, the managers in an organization ensures that the elements fortify each other which consequently lead to a sequence of cause and effect which mutually tightens the correlation among them producing organizational performance (Kamruzzaman & Herman, 2017). There is a possibility of having administrative challenges and ambiguity when the elements in an organization fail to mutually fit with each other. Finding a solution on the administrative challenges and ambiguity needs continued inventions through allowing organizational formulation and implementation processes. In organizations that are idyllic, there is need for the management to create an administrative system for effective directing and monitoring of the ongoing actions of the organization and further allowing the system to become established so as to ensure that the future inventive actions won't be at risk (Hsieh & Chen, 2011).

Operational fit occurs when varying businesses work together for exploration of chances that enhance sharing of costs or transfer of skills and as they do so, there is always saving on the cost. Further, the ability of tapping into more economy of scale and/or economies of scope by the organization is made possible (Daniela, 2014). The organizations that work together always lean towards increasing the operation efficiency via sharing activities that are related. According to Slack and Lewis (2012) the opinion of the organization on the market matters, how it views its function on the operation resources and its configuration

between the market and their operations fit. Daniela (2014) contended that most organizations have an objective of creating a sustainable configuration between the business and the markets it is serving.

Distribution and customer-related strategy fit is concerned on how a company plans on having competitiveness in the markets it selects to serve (Aaker, 1999) and how it maps the planned models of resource distribution through which the organization tries to obtain its objectives (Hughes & Morgan 2007). This fit is critical to marketing strategy research because it is the level of strategy where those involved in marketing in the organizations normally have the highest input and impact and where the marketing strategy research has the possibility of contributing most to the strategy discourse both inside the organization and with management researchers (Varadarajan & Jayachandran, 1999)

1.1.3 Insurance Industry in Kenya

The sector in Kenya is dominating East African Community market and COMESA in the face of the many difficulties and has employed over 10,000 employees (Olweny, 2013). A report by Ndungu (2013) showed that the average growth rate has been16% annually since 2008. As at 2017, a total of 55 firms had been licensed to undertake underwriting insurance business in Kenya with 198 insurance brokers and 4 reinsurance brokers (AKI, 2017). Apart from the insurers, other actors in the industry include the reinsurers, risk managers, surveyors, loss adjustors, brokers and agents.

There has been entrance of international insurance firms like Sanlam and Old Mutual Group in the Kenyan insurance industry resulting to both growth and increased competition (AKI, 2014). The stiff competition has made most of the insurance firms not to have sufficient profits and market share in spite of the growth experienced. In fact, due to the stiff competition resulting from the key underwriters, most of the insurance firms have not experienced tangible growth or had break even. Further, few ten (10) underwriters have been enjoying 60% of the market share in spite of having 55 licensed insurance underwriters in Kenya as at 2017.

A report by KPMG Kenya Insurance Survey Report carried out in 2016 showed that there is 3% penetration in insurance market development making Kenya the East African leader.

There has been rise in the gross written premium for both life and general business where total gross premium by June 2015 was Kshs 88 billion (Cytonn investment report, 2015). New products development, improvement in regulations, banc assurance, increasing public awareness and automating processes of insurance business are important drivers for the growth of insurance industry in Kenya (IRA report, 2016). However, an annual report by IRA (2014) indicated that several insurance firms do not have the needed capitalization levels to enable them write key and evolving risks like the political violence which create the necessity for a research on Kenyan insurance industry on the effect of strategic fit. All these insurance firms are headquartered in Nairobi County and thus the study was conducted in Nairobi.

1.2 Statement of the Problem

The Kenyan insurance industry has gone through a sequence of changes via reforms, communication advancement and information technologies, internationalization of services and development in the economy in the recent years (AKI, 2019; Gachanja & Wambua, 2018). The changes have significantly affected the efficiency, productivity, market structure and the performance of insurance firms. Downside economic risks (political risks, COVID 19 pandemic and heightened inflation uncertainty) and uptake of insurance policies have also negatively affected the profitability of insurance industry (AKI, 2020). Further, the success or survival of the insurance firms as a result of the changes and the risks is dependent on their capability to act on the transformations and the risks thereof (Kogo & Kimencu, 2018). Research has also shown that the performance of all kinds of products and services tendered by the insurance industry in Kenya is affected with some mutual challenges (AKI, 2019). Customer satisfaction, loyalty and uptake of insurance policies are key setbacks encountered by the insurance industry (Gachanja & Wambua, 2018). Further, there has been competition in the various services offered by the insurance firms affecting their market share and subsequently their profitability.

Gachau (2018) studied the influence of strategic fit components on retirement benefits authority' performance and found that the independent and dependent variables were positively correlated. The study's context was retirement benefits authority while the current study was insurance firms. Hashem and Al-Maani (2019) identified strategic fit's

influence on the marketing performance of the Jordan's industrial corporations and found out that the influence of strategic fit was positive and statistically significant on the marketing performance. The study was done at the Jordan's industrial corporations while the current study was done in the insurance industry. Okebaram and Onuoha (2018) studied the impacts of strategic fit and sustainability on effectiveness of an organization and their conclusion was that strategic fit is able increase effective information exchange to enhance effectiveness of an organization. The study focused on effectiveness of an organization while the current study focused on performance of insurance firms. Reviewed studies have shown that little attention has been given to strategic fit because of its elusiveness and thus need for further research. It is evident that in the studies reviewed none has determined on strategic fit and performance of insurance firms. The knowledge gap was filled by determining the effect of structure fit, technology fit, management fit and operational fit on the performance of insurance firms in Nairobi City County.

1.3 Objectives of the Study

1.3.1 General Objective

To investigate the effect of strategic fit on insurance firms' performance in Nairobi City County

1.3.2 Specific Objectives

   i. To establish the effect of structure fit on insurance firms' performance in Nairobi City County

   ii. To find out the effect of technology fit on insurance firms' performance in Nairobi City County

   iii. To investigate the effect of management fit on insurance firms' performance in Nairobi City County

   iv. To determine the effect of operational fit on insurance firms' performance in Nairobi City County

1.4 Research Questions

   i. Does structure fit affect insurance firms' performance in Nairobi City County?

   ii. Does technology fit affect insurance firms' performance in Nairobi City County?

   iii. Does management fit affect insurance firms' performance in Nairobi City County?

iv.   Does operational fit affect insurance firms' performance in Nairobi City County?

1.5 Significance of the Study

This research provides more information on strategic fit and performance of insurance firms. Management of insurance firms, insurance regulatory agency and policy makers find the results helpful since they get insights on designing the strategy of their firms for them to operate optimally and marketing strategically. The ministry of trade and other line ministries get important insights from the results of this research necessary to enhance national competitiveness especially in regard to Vision 2030 centering on entrepreneurship as a critical economic strategy. In addition, the study forms a core for future research in this area among academicians who would have interest in furthering research on the research methods and approaches applied in this study. The literature review in this study also forms the basis for future scholars.

1.6 Limitations of the Study

This research collected primary data using questionnaires. Giving answers of the questions was dependent on the respondents' comprehension on the questions. This was overcome by carrying out a pilot test for the simplifying of the questions that were difficult to the respondents. The study was conducted in the insurance sector only where most of them are privately owned and thus it was possible to get responses that are biased since the respondents may wish to protect the image of their companies. This limitation was countered by obtaining information from all staff from management and other departments.

1.7 Scope of the Study

The effect of strategic fit on the performance of insurance firms in Nairobi City County was investigated. The effect of structure fit, technology fit, management fit and operational fit on the performance was determined. The focus was on general, underwriting, claims and marketing managers in the 55 insurance firms and employees not in the management within Nairobi City County as the target population. Descriptive and explanatory research designs were adopted in the study. Primary data was used. The study was carried out between January and April 2022.

1.8 Organization of the Study

The first chapter covered background of the study, problem statement, objectives, questions, significance, limitations and scope. The second chapter includes theoretical, past studies' review, summary of past research and gaps and conceptual framework. The third chapter covered research methodology. The fourth chapter covered results, interpretation and discussion of the data while the final chapter gives the summary of findings, conclusion and recommendations.

CHAPTER TWO:
LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature on the effect of strategic fit on performance. The theories were reviewed and empirical review acting as a basis grounding the research. Summary of the reviewed literature and the research gap were also discussed. The conceptual framework is also shown.

2.2 Theoretical Framework

The study was affixed by resource dependency, resource based, diffusion on innovation (DOI) theory and balanced score card theory

2.2.1 Resource Dependency Theory

Pfeffer and Salancik (1978) proposed this theory. The success of an organization in this theory is referred as power maximization by the organizations (Pfeffer 1994). Studies concerning power inside organizations started as early as 1947 as denoted by Weber (1947) and comprised a lot of the initial work carried out by the social exchange theorists and scientists in the political arenas. According to Selznick (1957) generalizing power-based opinions from intra-organizational associations to associations between organizations started early. RDT typifies the connections among organizations as an array of power associations founded on exchange of resources (Pfeffer, 1994).

RDT states that organizations need resources for the sustenance of their long term existence. The theory also states that organizations have the ability to get the resources only from their own setting where there exists other organizations which need to utilize similar resources in the same setting (Pfeffer & Salancik, 1978). The emphasis is that the change strategies established by firms in the magnitude of getting the resources raises their dependence level on the organizational setting or on other organizations (Fink et al., 2006). Further, Emerson (1962) denoted that it becomes needful in the management of the associations of dependence on power appropriately (Delke, 2015).

RDT suggests that players that lack fundamental resources usually seek to have associations with those having the resources so as to get the required resources. Further,

organizations try to modify their dependence associations through reducing their own dependence or through enhancing other organizations' dependence on them (Selznick, 1957). In this viewpoint, organizations are regarded as alliances that alert their structure and configurations of behaviour for the acquisition and maintenance of the required external resources (Pfeffer, 1994). Acquisition of the required external resources by an organization is possible through reduction of the dependence of the organization on others and/or through enhancing other organizations dependency on it which means that the power of an organization has been modified with other organizations.

The argument in this theory is that there are resources that organizations are dependent upon which eventually come from the setting of the organization. The resources needed by one organization are usually held by other organizations which forms the foundation of power. Organizations that do not dependent on others can thus be dependent on each other since there is a direct relationship between power and resource dependence (Pfeffer, 1994). There are so many resources that organizations depend on and include labor, capital and raw materials and in most cases, most organizations are unable to emerge with countervailing schemes for all the many resources. This should make organization to move through the criticality and scarcity principle. The resources that organizations must have for their functionality are the critical resources.

The principle that forms the basis of this theory is that organizations like an insurance firm usually involves itself with other stakeholders and organizations in their business setting so as to acquire resources (tangible and intangible resources) which may create dependencies that are not although such transactions may be advantageous. This theory is important in addressing performance since all insurance firms have people as their critical resources who need to buy their policies for the organizational performance.

2.2.2 Resource Based View Theory

Penrose developed this theory in 1959 (Roos & Roos, 1997). Physical, human capital and resources are the components in the organization (Barney, 1991). The basis of this theory is that the resources and abilities of organizations can differ considerably across organizations yet there is stability in the differences (Barney, 1986; Hijzen et al., 2005). The focus is on the notion of costly-to-copy traits of an organization as a source of

organizational outputs and as a basis of achieving higher performance and competitiveness (Conner, 1991; Hamel & Prahalad, 1996). This theory was developed as a basis of understanding the way organizations obtain sustainable competitiveness (Barney, 1986).

One of the objectives of this theory is helping those in management to acknowledge the reason capabilities can be alleged as an organizations' most important asset and simultaneously, understanding how the assets can be utilized to enhance organizational performance. This theory denotes that traits linked to previous encounters, culture of the organization and capabilities are important for organizational victory (Hamel & Prahalad, 1996). Mixing and deploying the resources and competencies in the correct manner is able to create organizational competitiveness. Firms with higher competitiveness have a tendency of creating a sense of confidence in the players who supports them financially or in other ways and thus will be highly regarded and put into action.

In the resource-based view, there is selection of a strategy by strategists that best uses the interior resources and competencies in comparison to the external chances. Organizations are able to adopt many probable competitive positions since the strategic resources in any organizations are a representation of multifaceted network of interconnected assets and competencies. Competitive advantage is found in organizations that possess a resource or mixture of resources which are not common among their rivals. This competitive advantage is able to help organizations come up with marketing offers which are alleged to have higher value or which can be made at reduced costs (Craig & Armstrong, 2007)

According to Muller and Jugdev (2012) this theory suggests that an organization lacking valuable, uncommon, unique and organized resources and competencies usually seek them from other external organizations so as to overcome that weakness. RBV criticism includes its inability to put into consideration factors that are around resources since it assumes that they are in existence instead of critically researching how the development and acquisition of the important competencies (Craig & Armstrong, 2007). The other assumption of this theory that has been criticized is that organizations remain profitable in markets that are highly competitive provided that they are able to exploit resources that are lacking in the external environment which does not always happen. The theory ignores the external factors that concern the industry entirely (Peteraf, 1993).

The reality of the resources of an organization is a key consideration in the resource-based theory. Touchable, quantifiable and resources that can be seen in reality like plants, equipment, properties, physical assets and cash are the tangible resources while resources which are unseen, untouchable or unquantifiable like employees' knowledge and capabilities, reputation of an organization and the culture of an organization are the intangible resources. There is a high likelihood of meeting the standards for strategic resources (treasured, uncommon, unique and non-substitutable) in intangible resources compared to tangible resources. Achieving long-term competitiveness in organizations can be possible through placing a value by the managers through attempting to cultivate and develop the intangible resources in their organizations (Hijzen et al., 2005).

What can be done by an organization in regard to the resources it has is referred to as capabilities. There is a tendency of capabilities arising or expanding over time when actions are taken by organizations in building their strategic resources. The way organizations capture the possible worth offered by resources is a factor of the capabilities. Money is not simply sent by customers to organizations since they own strategic resources, there is need for capabilities in bundling, managing and exploiting resources such that there is provision of value added to customers and creation of advantages over rivals (Peteraf, 1993).

This theory informed this study because it contends that the possession of strategic resources provides an organization (in this case insurance firms) with a rare chance in the development of competitiveness over its competitors which eventually can assist any organization in enjoying higher profits. The theory facilitated the fourth study objective.

2.2.3 Diffusion on Innovation (DOI) Theory

It was proposed by Rogers in 1962. The theory denotes the way, reason and the rate at which new innovations and technology persist through cultures and their operation at the personal and organizational level. The theory views innovations as being communicated via particular means over time and in specific social systems (Sarker & Sahay, 2004). Persons are viewed as having varying extents of willingness in the adoption of the innovations and therefore, the general observation is that the fraction of the population that adopts an innovation is estimated to have a normal distribution over time (Sense, 2008). When the normal distribution is broken into portions, five groups of personal

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innovativeness are highlighted (from initial to late adopters): innovators, early adopters, early majority, late majority and the laggards. Organizations that fall in the category of late adopters of technology have a tendency of having difficulty obtaining the support and participation of the players (Wallace, Keil & Rai, 2004).

Individuals that wish to initially attempt to use a technology, venturesome and have an interest in new ideas are the innovators. They are the risk takers and mostly initiators in development of new ideas. This population of individuals need very little, if any, to be appealed (Dearing, 2009). Those individuals representing opinion leaders, enjoying leadership functions and embracing change chances are the early adopters. They have the knowledge of the need for a change and thus are comfortable to adopt new innovations. Strategies to appeal to this population include How-to manuals and data sheets on implementing the innovations is what is needed to appeal the early adopters and they do not require convincing information to change (Dearing & Cox, 2018).

Individuals who require seeing evidence of the working of an innovation before having the willingness to adopt it are the early majority. They seldom become leaders but adoption of new innovations does not take place earlier than the average person. Showcasing success stories and evidence of the effectiveness of an innovation is what appeals these individuals (Dearing, 2009). Individuals who are cynical of change and embrace an innovation long after many individuals have tried it are the late majority. Data on the many individuals who have tried and adopted the innovation successfully are the strategies that appeal these individuals. Individuals that are bound by tradition and are conservatives are the laggards. They are very cynical of change and it is very difficult to have them on board (Dearing & Cox, 2018).

According to Tabish and Jha (2012) the process of innovation in organizations is very complicated. In most cases, several persons are involved and include those supporting and opposing the new innovation. On the basis of this theory at the organizational level, individual traits, internal organizational structural traits within the organization and external organizational traits are the variables that innovativeness is dependent upon. Individual traits are the description of the leaders' attitude in regard to change (Zou *et al.,*

2006). A leader who is flexible and readily accepts change means that the actors' views are put into practice because he/she does not value their views above those of the actors (Sense 2008).

Some of the limitations of this theory are that the theory works well where behaviors are adopted instead of where behaviors are prevented or ceased and that accounting of person's resources or the support they get socially in the adoption of the innovation does not take place. This theory is applicable since its focus is on the identification and recruiting significant early adopters to assist in accelerating acceptance by the consumers and thus important to managers of insurance firms in seeking to identify and recruit people to have their policies penetrate in the market. It facilitated establishing the effect of structure fit and technology fit on the performance of insurance firms in Nairobi City County.

2.2.4 Balanced Score Card

This model was proposed by Kaplan and Norton in 1992. A framework for measuring an organization's strategy and performance is provided that converts an organization's strategy into a series of tangible goals. The Balanced Scorecard outlines the significant matrixes that must be examined and how they must be measured. Monitoring of an organization's advancement towards goal attainment to enhance a reaction from deviations from the plan is also examined in the theory (Kaplan & Norton, 1996).

This model has the objective of offering managers with a framework, a way of translating the objectives of the organization in addition to the organization's vision into an understandable array of performance improving measures (Kaplan & Norton, 1996). There are four varying perceptions that are translated by the managers if the mission statement and anticipated direction of the organization is alleged very effective and profitable. They are the finances, customers, interior firm processes and learning and development and they offer a basis for the communication with simplicity of the strategy and intents of an organization and further expressing to the staff what will drive the future breakthrough of a firm. When the organizational outcomes are expressed clearly and those involved in those outcomes, managers anticipate encouraging and crowning the capabilities and initiatives of the persons in the organization to achieve the long-term objectives (Kaplan & Norton, 1996).

The model has been extensively approved and implemented in both private and public organizations since its initiation in 1992 (Olve & Sjostrand, 2006). It is important in communication of strategic intentions, as organizations progressively require involving managers and staff, to discuss actions which are motivated by strategic objectives instead of present necessities such as developing capabilities, relationships with customers and IT, and their profitability in the coming days, to monitor and reward such actions (Olve & Sjostrand, 2006). What is important is not the number of measures that are put in place but the consistency of the four perceptions inside the organization's strategy. When selecting the appropriate indicators what is of importance is considering the cause-and-effect relationships between the varied measures whose establishment is one of the significant difficulties in the creation of the BSC (Mooraj, Oyon & Hostettker, 1999; Olve & Sjostrand (2006).

This model helps organizations (insurance firms) in the identification and improvement of their internal operations thus assisting their external outcomes. This is done through measuring previous performance information and providing organizations with responses on making better decisions in the coming days which is very important to managers especially in insurance firms if they are to make profits. This model facilitated the third and fourth study objectives.

2.3 Empirical Review
The scholarly information in regard to the four study objectives is presented. Past studies were reviewed to bring up the research gaps.

2.3.1 Structure Fit and Performance
A research examining the degree to which the leader's span of control affects nurse, patient, and unit results was conducted by Diane et al. (2004). Survey method was used in collection of data from both individual and hospital units. The study was carried out at seven teaching and community-based hospitals, using 51 units in the hospitals. The respondents were 41 nurse managers, 680 patients and 717 staff. Findings denoted that wide span of control lessened the positive impacts of transformational and transactional management styles on nurses' job satisfaction, patients' satisfaction and increased

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turnover. In the current study, closed-ended questions to ensure consistency of data responses across respondents were used and analysis carried out using SPSS.

The correlation between span of control and labor resignations in Indian manufacturing comanies was determined by Desta (2015). The study examined 200 firms using Enterprise Survey information done by The World Bank in 2009. Findings showed that an upsurge in the number of representative production staff reporting to the top manager eventually leads to an upsurge in the number of staff exiting the firm. The present study focused on the insurance industry where operationalization of the structure fit may be different from the manufacturing industry.

Ogbo et al. (2015) researched the influence of structure on performance of selected technical and service organizations in Nigeria. Survey approach method was used. The sources of data were primary sources where eighty (80) respondents were administered with copies of designed questionnaires. Analysis of data was done descriptively. The results showed the existence of significant positive correlation between narrow span of control and efficiency. However, the current study focused on the insurance industry where operationalization of the structure fit may be different from the technical and service industry.

A study was carried out by Staats and Gino (2012) in a Japanese bank to investigate how specialization and variety can bring varying productivity benefits over time. Thirty months of transaction information from a home loan application-processing line in the Japanese bank was used. Findings showed that during a single day, specialization in comparison to variety enhanced staff productivity. On the other hand, when the experience of the workers across several days was examined, findings showed that variety helped in improving the productivity of the workers. The present study focused on the insurance industry where operationalization of the structure fit may be different from the banking industry.

The effect of job specialization on the entire job performance of the workers of a Nigerian university library was established by Adeyoyin et al. (2013). Questionnaire was used and fifty (50) respondents were targeted. The study indicated that most of participants were in

agreement that job specialization speeds and hastens their work and improves their job performance. This research was done in the education sector while the current research was done in the insurance industry where operationalization of the structure fit may vary.

The effect of specialization in job on satisfaction in employment among the employees of a library of Nimbe Adedipe Library, Federal University of Agriculture, Abeokuta was done by Adeyoyin et al. (2015). Descriptive research design was used while a survey method was engaged in eliciting data from fifty (50) library employees. Results from the analyzed data indicated that most of the employees were fully contented with their current specialization area. The current study adopted both descriptive and explanatory research designs unlike this study which adopted descriptive research design.

2.3.2 Technology Fit and Performance

The impact of social networking like Facebook, Twitter, Slideshare and Linkedin at performance of employees was determined by Ashraf and Javed (2014). Information was collected from employees of different banks (The Bank of Punjab, National Bank and Habib Bank) using questionnaires. Results showed that social networking becomes an essential part of the life of everybody and have a strong effect. Further, the skills/ capabilities, knowledge/ qualifications, productivity/ outcomes and motivation level of the employees was affected by social networking thus affecting organizational performance. The present study focus was the insurance industry where operationalization of the technology fit may be different from the banking industry.

Lebioda et al. (2019) investigated whether the mobile technology utilization behavior has an effect on the perceived work performance advancement. 580 Brazilians who use mobile devices were surveyed. Univariate and multivariate statistics were conducted. The findings showed that the perceived worth and ease of utilization increased the mobile technology utilization behavior. Further, the findings denoted that mobile technology utilization behavior increased the perceived work performance advancement. The current study conducted both descriptive and inferential statistics unlike this study where only univariate and multivariate descriptive statistics were used.

A study to establish the impact of adoption and utilization of mobile phone technology on the micro and small enterprises' (MSE) performance in Kisii municipality, Kenya was done by Onyango et al. (2014). Cross-sectional survey research design was utilized. Identification of MSEs was done using stratified sampling and selection of participants was done using simple random sampling techniques and questionnaires used in data collection. Four hundred (400) respondents were sampled. Analysis of quantitative data was done descriptively while recording from field information, transcription and reporting in topics and sub topics took place for the qualitative data. Assessment on the correlation among the variables was done using multiple regression analysis. Adoption and utilization of mobile phone technology was found to affect the performance of MSEs. In the current study, closed-ended questions to ensure consistency of data responses across respondents were used and analysis carried out using SPSS.

Levi-Bliech et al. (2018) did a study which was aimed at explaining how mobile technology aids collaborative capabilities that improve business process performance in organizational performance. Survey data was collected from the managers. The findings suggested that while mobile technology positively associates with both exterior and interior collaborative capabilities, organizational performance increases to the highest when the development of interior capabilities takes place before the development of exterior capabilities. Data was collected from managers and departmental heads in the various departments in the insurance firms complementing the information collected making it more reliable. In this study, managers and employees from all ranks were sampled.

A study on how content marketing influences customer engagement from a perspective of the consumer was carried out by Denham-Smith and Harvidsson (2017). This research was a qualitative study where a number of semi-structured interviews and observations were utilized in data gathering. A conceptual framework from past research was utilized to analyze data. Findings showed that consumer engagement is a psychological state which is difficult to attain for any business or brand and for any success to be attained, the cognitive, emotional and action responses of consumers should be impacted, which is possible via credible, targeted and differentiated content marketing. In the current study,

closed-ended questions to ensure consistency of data responses across respondents were used and analysis carried out using SPSS.

2.3.3 Management Fit and Performance

A study determining the impact of coordination on insurance organizations' performance in Kenya was done by Waruiru et al. (2018). Descriptive cross-sectional survey research design was utilized where 50 insurance firms formed the population and stratified random sampling was utilized in selection of 384 employees. Questionnaires were utilized in data gathering. Establishing the correlation between the study variables was done (inferential statistics and multiple regression). Results showed the presence of a significant influence of coordination on the organizational performance. In the current study, closed-ended questions to ensure consistency of data responses across respondents were used and analysis carried out using SPSS.

The correlation between formalization, centralization, complexity, magnitude and firm strategy was established by Bozkurt, Kalkan and Arman (2014). Information was obtained from the Denizli Chamber of Commerce and Industry and survey was utilized in collection of the data. Results indicated the existence of a correlation between the structural traits of a firm and strategies of an organization. Further, there existed a correlation between complexity and centralization where organizational strategies that were established being prospector, reactor and defender. Information was obtained from the Denizli Chamber of Commerce and Industry while in the current study, data was obtained from insurance firms.

Bakonyi and Murakozy (2016) analyzed kinds of organizational-level shocks that were linked with the centralization of making of decisions strategically during the recession of 2008-09. Survey dataset of in excess of 14000 manufacturing organizations that included direct data on if the organizations centralized or decentralized their strategic process of making decisions was used. Multinomial logit models were used to test if organizations that faced a higher drop in turnover, employment, investment or had to suspend their inventions had a higher likelihood of changing their process of making decisions. Findings showed that employment change and postponing inventions were linked with centralization. Source of data was secondary data while in the current study, primary data was collected.

2.3.4 Operational Fit and Performance

Monirei (2016) conducted a research on the quality management and performance of manufacturing organizations in Nairobi County. Descriptive survey method was used. 70 manufacturing organizations in Nairobi County were selected. Primary data was utilized. Analysis was both descriptively and using inferential statistics. There was the presence of embracing of the quality management to a large extent in the organization's vision. Descriptive survey design was utilized while the present study used both descriptive and explanatory research designs.

The impact of total quality management practices on the performance of firms in Kenya was studied by Chepkech (2014). Explanatory research design was utilized. Heads of departments and instructors in the tertiary organizations within Uasin Gishu County were targeted and their total population was 421. 264 respondents were targeted and questionnaires distributed to them. Descriptive statistics and inferential statistics were done. Pearson correlation was used. Commitment of top management, staff involvement and focusing on customers were positive and significantly affected organizational performance. Both descriptive and explanatory research designs and purposive sampling was used in the current study while explanatory research design and stratified random sampling were used in this study.

Jaafreh and Abedalfattah (2013) established the degree to which quality management techniques and performance of firms are correlated and how QMPs affected performance of organizations. Development of a QMPs framework took place in accordance to a thorough review of literature and the correlation between QMPs and firm performance shown via establishing the impacts of the six QMPs concepts on performance of organizations. The findings were in support of the model proposed indicating a positive correlation. The present study focused on the insurance industry where operationalization of the operational fit may be different from the banking industry.

A study analyzing the impacts of outsourcing services in the oil marketing firms in Kenya was done by Kivuva (2018). Descriptive research design was utilized and the study population composed of 30 oil firms in Kenya where those in management of the head of operations, legal departments, Finance/IT departments and heads of marketing were

targeted sampling 120 managers. This was a census study and information was collected using questionnaires. Outsourcing impacted the performance of organizations although to a small extent. The present study focused on the insurance industry where operationalization of the operational fit may vary from the oil marketing firms.

The impact of outsourcing on the firm performance in Rwanda was done by Kanyumba (2019). Three sample companies were selected from Telecom and manufacturing industry of Rwanda. A sample of 111 staffs selected using convenient and purposive sampling formed the respondents. Data source was both primary and secondary gathered using questionnaires and documentation. The findings showed that the link between outsourcing activities and organizational performance was a weak positive and significant. However, the current study focused on the insurance industry where operationalization of the operational fit may vary from the Telecom and manufacturing industry. Further, both convenient and purposive sampling was used.

The impact of ISO 9001 certification on performance of commercial state organizations in Kenya was done by Jepng'etich (2013). Causal-comparative research was incorporated. Data was gotten from the audited annual reports. Analysis was done descriptively and ANOVA was used. The findings showed that ISO 9001 certification resulted to increased ROA. In the current study, closed-ended questions to ensure consistency of data responses across respondents was used and analysis carried out using SPSS.

2.4 Summary of Reviewed Literature and Research Gaps

Strategic fit is of significance in all organizations seeking to obtain their long term goals and objectives. The study was informed by the resource dependency theory, resource based view theory and Diffusion on Innovation theory. The strategic fit process facilitates the management of all other internal organizational aspects that ensures that implementation process is profitable (Dess & Lumpkin, 2003). Review of the past studies by researchers and scholars showed that more research was required on strategic fit and the performance of organizations.

Table 2.1: Summary of Reviewed Literature and Research Gaps

Author(s)	Study	Results	Research Gaps	Focus of the current Study
Desta (2015)	The correlation between span of control and labor turnover in Indian manufacturing firms	Findings showed that an increase in the number of representative production staff reporting to the top manager eventually leads to an upsurge in the number of workers exiting the firm	The study focus was on the manufacturing industry	The current study focused on the insurance industry
Ogbo et al. (2015)	The impact of structure on organizational performance of selected technical and service firms in Nigeria.	The results showed the existence of significant positive correlation between narrow span of control and efficiency	Technical and service firms were studied.	The current study focused on the insurance industry

Adeyoyin et al. (2013).	The effect of job specialization on the entire job performance of the employees of a Nigerian university library	Job specialization speeds and hastens their work and improves their job performance	A descriptive survey method was adopted	Both descriptive and explanatory research designs were used
Lebioda et al. (2019)	An investigation mobile technology utilization behavior has an effect on the perceived work performance advancement	The results showed that usage behavior increased the perceived work performance advancement	Only univariate and multivariate descriptive statistics were used.	The current study conducted both descriptive and inferential statistics
Onyango et al. (2014).	The effect of adoption and utilization of mobile phone technology on the MSEs'	The study showed that there is an impact on adoption and utilization of mobile phone	The study was done in micro and small enterprises'	The study was done in the insurance firms

	performance in Kisii municipality, Kenya	technology on the MSEs' performance.	
Levi-Bliech et al. (2018)	The effect of mobile technology on collaborative capabilities and organizational performance.	Mobile technology was positively associated with both external and internal collaborative capabilities and organizational performance	Only managers were sampled as respondents.	Data was collected from managers and employees in the various departments in the insurance firms
Waruiru et al. (2018).	The influence of coordination on performance of insurance organizations in Kenya	Coordination was statistically significant in explaining organization performance of insurance firms.	Descriptive cross-sectional survey research design was adopted.	Both descriptive and explanatory research designs were used

Bozkurt, Kalkan and Arman (2014)	The correlation between structural traits of a firm and strategies of an organization	There was a correlation between the structural traits of a firm and strategies of an organization	Both primary and secondary data was collected	Only primary data was collected.
Bakonyi and Murakozy (2016)	Kinds of organizational-level shocks that were linked with the centralization of making of decisions strategically during the recession of 2008-09	Findings showed that employment change and postponing inventions were linked with centralization	Secondary data was collected	Primary data was collected.
Monirei (2016)	Quality management and performance of manufacturing organizations	There was embracing of the quality management to a large extent in	Descriptive survey design was used	The current study used both descriptive and explanatory research designs.

		the vision of the organization		
Kivuva (2018).	Effects of outsourcing services in the oil marketing firms in Kenya	Outsourcing impacted the performance of organizations although to a small extent.	Oil marketing firms were studied.	Insurance firms were focused

2.5 Conceptual Framework

The conceptual model explains how the independent variables of structure fit, technology fit, management fit and operational fit have been operationalized.

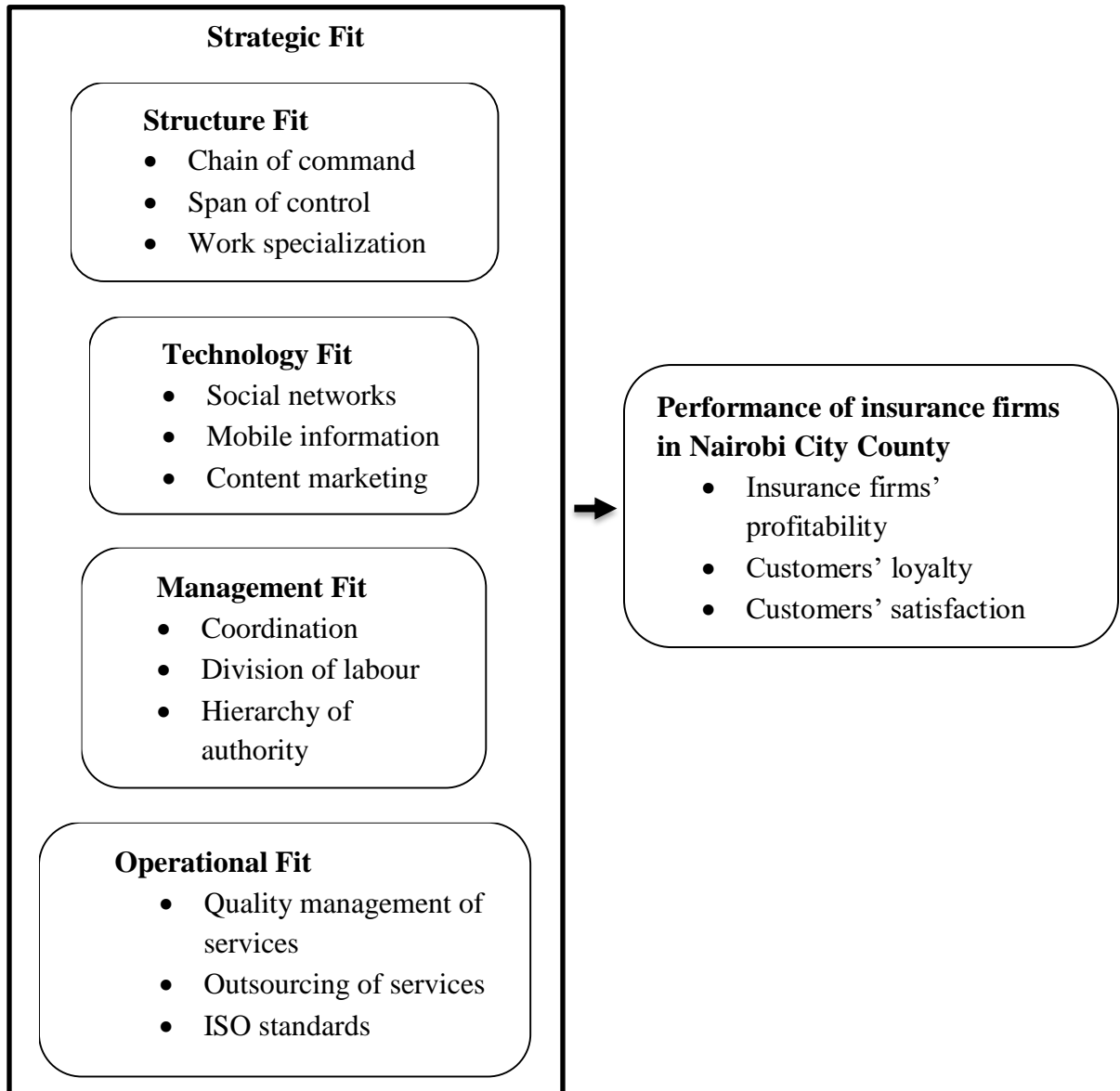**Independent Variables**   **Dependent Variable**

Figure 2.1 Conceptual Framework

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

This section is a presentation of the research approaches utilized in the study.

3.2 Research Design

It is a plan showing the way a solution concerning the research problem will be found (Sekaran & Bougie, 2010). Further, it is a plan involving collection of data, data measurement and analysis that is created to answer questions of the research. It is the sketch of the research consisting of the plan that the researcher plans to execute right from framing of the hypothesis, operationalization of the study variables to data analysis. There is no single design that is superior in all circumstances (Sekaran & Bougie, 2010). This means that one is allowed to decide and adopt a design putting into consideration the specific research objectives, questions and challenges of the project.

Descriptive and explanatory research designs were adopted in the study. Descriptive research design helps in getting data regarding current status of an incident in regard to the variables in a circumstance (Mutai, 2000) while explanatory research design has its focus on giving explanations on the attributes of the research in a comprehensive manner (Mugenda & Mugenda, 2013). The research designs were applicable in this research since they are suitable in the establishment of the linkages between the study variables and facilitating data gathering so as to determine the population parameters. Additionally, Babbie (2012) suggested that the research designs are enablers of the subjects in giving extra information concerning the variables that are being studied.

3.3 Target Population

This is a subgroup of the entire population (Pyrczak, 2010). It comprised all the 55 insurance firms in the three categories of the insurance firms (Appendix III). General managers, underwriting managers, claims managers and marketing managers and 301 employees not in the managerial positions were the respondents who were targeted in the 55 insurance firms.

3.4 Sample Size and Sampling Procedure

A census approach of the 55 insurance firms was adopted. Obtaining the respondents involved both purposive and random sampling method. Selection of the general managers, underwriting managers, claims managers and marketing managers from each of the 55 insurance firms was done purposively while random sampling method was used sample respondents not in the management. The respondents were considered to having the data needed to meet the study objectives. Further, they were assumed to be involved in strategic fit and thus knowledgeable in the areas of the research.

Sampled respondents were obtained using Yamane's formula (1967) sample size determination formula since it provides the best sample that well represents the entire population. The formula derives sample size as

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

Where:

n = Sample size

N = Sum of population figure of 521

E = Maximum limit of tolerable error (0.05)

$$\text{Hence, } n = \frac{521}{1 + (521 \times 0.0025)} = 226$$

From the study's total population of 521, 226 respondents were targeted and sampling done both purposively and randomly. To ensure well representation and avoidance of biasness of the insurance firms for ease of sampling, 50% of the insurance firms were involved in the study as in Table 3.1.

Table 3.1: Sample Size

Respondents	Sample size
General managers	28
Underwriting managers	28
Claims managers	28
Marketing managers	28
Other employees	114
Total	**226**

Source: Researcher (2021)

3.5 Data Collection Instrument

Questionnaires were used in data collection. Saunders *et al*. (2007) denoted that a chance to give structured and informed responses by the respondents is offered when questionnaires are used for data collection. Closed-ended questions to ensure uniformity of data responses were used (Babbie, 2012).

3.6 Data Collection Procedure

Questionnaires were given to the participants through physical delivery or via online Google documents format. Participants were given sufficient time to give the information on the questionnaires and follow up was done to the respondents who had not responded after the two weeks.

3.7 Piloting of the Questionnaires

Piloting took place for the assessment of uniformity and any flaws in designing and development of questionnaires. This assists in amendment on the questions that may attract biasness and are unclear. Piloting took place using ten (10) respondents who were randomly sampled from two insurance firms in Nakuru. This was done in line with the recommendations by Mugenda and Mugenda (2013) that 1-10% of the definite sample size is enough for successful piloting. The respondents involved in piloting are persons with the same traits as those to be involved in the actual study (Babbie, 2007). To avoid biasness that may be brought about by acclimatizing the respondents, those respondents involved in piloting are left out during the main study.

3.7.1 Validity of Research Instrument

This is related to its ability to quantify the constructs as expected. It shows the degree to which findings gotten after data is analyzed to actually show represent the facts being studied (Mugenda & Mugenda, 2013). There are face, constructs and content validity in research. Construct validity is the extent to which the questionnaire in reality quantifies the hypothesis or the theory they are measuring (Cooper & Schindler, 2006). Face validity measures whether the instrument appears to measure what it is aimed at measuring (Cooper & Schindler, 2006). Content validity quantifies the extent to which the questionnaire gives sufficient analysis of the research questions (Cooper & Schindler, 2006). Face validity were tested by having the explanatory factor analysis on the questions in the data collection tool (Table 3.2).

Table 3.2: Factor Analysis

Variables	Number of items	Factor loadings	Comment
Structure fit	5	50% and Above	Accepted
Technology fit	3	50% and Above	Accepted
Management fit	3	50% and Above	Accepted
Operational fit	3	50% and Above	Accepted
Organizational performance	4	50% and Above	Accepted

The results for the strategic fit variables showed that the factor loadings were more than 50%. All the variables were thus accepted in regard to the general rule of thumb that factor loading of 40% and above are acceptable.

3.7.2 Reliability of Research Instrument

Mugenda and Mugenda (2013) defined reliability as the extent to which data collection tool produces consistent findings. It is very important to establish reliability of the scales of measurement. This is usually carried out via Cronbach's Coefficient Alpha which is quantifies the reliability of a data collection tool where Likert type scale data with multiple answers is collected. Coefficients of 0.7 or above was regarded sufficient to quantify the reliability of the data collection tool (Nachmias & Nachmias, 2004).

Table 3.3: Reliability Statistics

Item	Cronbach's Alpha	No of items
Structure fit	0.740	5
Technology fit	0.711	3
Management fit	0.827	3
Operational fit	0.889	3
Organizational performance	0.873	4

Source; Survey data (2021)

Table 3.3 shows structure fit had a coefficient of 0.740, technology fit, 0.711, management fit, 0.827, operational fit, 0.889 and organizational performance, 0.873. The coefficients were from 0.711 to 0.889 which shows that the research instrument had acceptable reliability and therefore it is reliable.

3.8 Data Analysis and Presentation

Both descriptive and inferential statistics were done in analysis of the data. Descriptive analysis encompassed generation of summary statistics while inferential statistics involved linear regression. Data was presented using graphs and tables. The direction of the relationship between the study variables is predicted using linear regression and therefore very important (Kothari, 2008).

The regression model is as shown

$$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon_o$$

Where:

Y = Performance of insurance firms

β_0 = Constant

$\beta_{1-}\beta_4$ = Coefficients of Independent variables

$X_1 - X_4 =$ Independent variables

ε_o =   Error term assumed to be a constant

3.9 Ethical Considerations

There is need for expertise, honesty, diligence and integrity while carrying out any research. This is usually carried out for the recognition and protection of the rights of respondents. This study was rendered ethical through ensuring informed consent from the respondents and observing anonymity, confidentiality. Respondents' consent was ensured before they filled the questionnaires. An introductory letter was sought that introduced the researcher and the study intention. A permit to carry out the research was also secured. All citations from journals, textbooks and other reference materials by other authors referenced in this study were dully acknowledged.

CHAPTER FOUR:

RESULTS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter is the analysis of data that was collected for the study. Data interpretation and discussion is also provided.

4.2 Response Rate

The study targeted general managers, underwriting managers, claims managers, marketing managers and other employees in the departments totaling up to 226 participants in the 55 insurance firms in Nairobi City County. With the targeted sample size of 226, 185 provided their responses which translated to 81.9%

Table 4.1: Response Rate

Questionnaires	Frequency	Percent
Questionnaires returned	185	81.9
Questionnaires not returned	41	18.1
Questionnaires sent out	**226**	**100**

Source: Survey data (2022)

Table 4.1 shows 185 questionnaires were well filled which gave a response rate of 81.9%. Babbie (2012) argued that response rates are termed acceptable, good and very good if 50%, 60% and 70% respectively are achieved and thus accepted for publication. High response rate obtained is attributable to self-administration of the questionnaires.

4.3 Demographics characteristics

The demographics included position in the insurance firm, gender, age, education level and the number of years working for the insurance firm. The results are shown in the sections that follow.

4.3.1 Position of the Respondents

The positions held in the insurance firms are shown in Table 4.2.

Table 4.2: Position of the Respondents

Position	Frequency	Percent
General managers	23	12.4
Underwriting managers	21	11.3
Claims managers	24	13.0
Marketing managers	26	14.1
Other employees	91	49.2
Total	**185**	**100.0**

Source: Survey data (2022)

Table 4.2 show that 12.4% were general managers, 11.3% were underwriting managers, 13.0% were claims managers, 14.1% were marketing managers while 49.2% of the respondents were other employees in the different departments. The research findings showed that all the levels of staff were involved in the study and thus the data collected can be validated since all the levels of staff participated in the study.

4.3.2 Gender of the Respondents
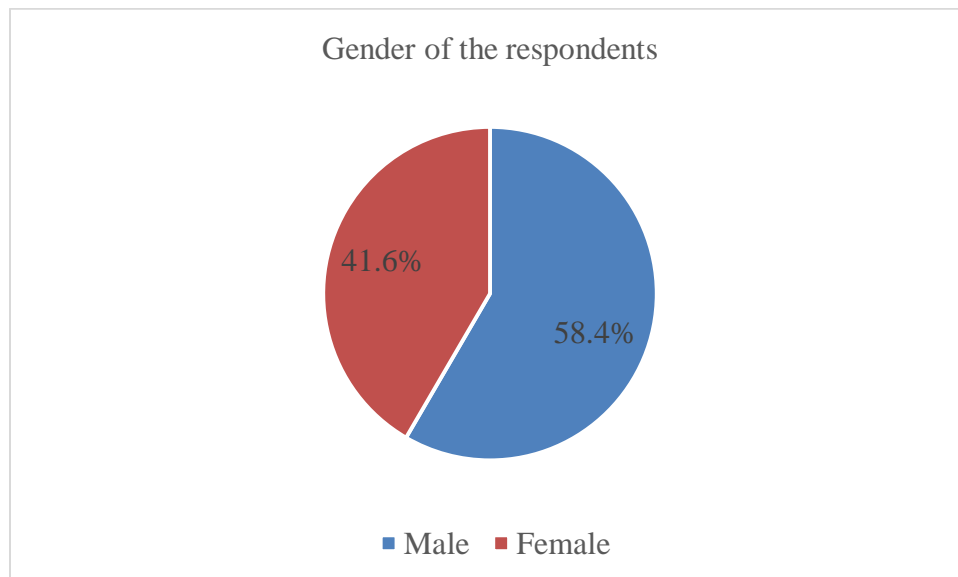
Gender distribution is as shown in Figure 4.1.

Figure 4.1: Gender of the Respondents

Source: Survey data (2022)

Figure 4.1 showed that 58.4% were male while 41.6% were female. This shows that insurance firms in Nairobi City County have employed more male staff compared to the female staff. The results indicate that gender balance is not an issue of concern in the insurance firms since the representation of women among the workers in Nairobi City County is high. A study carried out by Kisiang'ani (2016) denoted that the government, private sector and the parastatals were doing little to ensure that gender balance among its employees was achieved as stipulated in the constitution. This is not the case in the insurance firms which is clearly shown in this research where there are 41.6% of women employees.

4.3.3 Age of the Respondents

Responses shown in Table 4.3 are the ages of the respondents.

Table 4.3: Age of the Respondents

Age category	Frequency	Percent
30 years and below	64	34.6
31-40 years	34	18.4
41-50 years	47	25.4
51-60 years	28	15.1
Above 60 years	12	6.5
Total	185	100.0

Source; Survey data (2022)

Results showed that the age category of 30 years and below had 34.6% of the respondents being the highest number. This was followed by 41-50 years with 25.4% respondents while respondents aged 31-40 years were 18.4%. Age category of 51-60 years was 15.1% while those above 60 years were 6.5%. Nearly 80% of the participants in the insurance were aged below 50 years. Vandenberghe and Waltenberg, (2010) stated that there is improved performance and productivity of the employees when they are below the age of 50 years. This showed that there is high performance of the employees since most of the employees are within the productivity age bracket.

4.3.4 Education Level of the Respondents

Responses in Figure 4.2 are the level of education of the respondents.
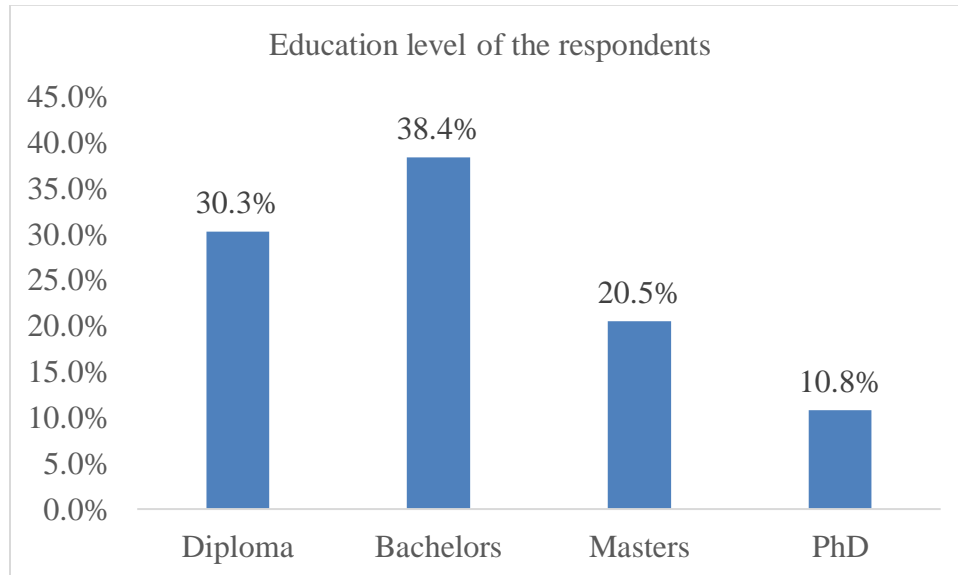
Figure 4.2: Education Level of the Respondents
Source; Survey data (2022)

Results showed that 38.4% were bachelor's holders while 30.3% were diploma holders. Further, 20.5% were masters' holders while only 10.8% were PhD holders. When the average education level of the employees is advanced by one year, their net worth to the organization is advanced by 14% which directly translates to improved performance (Soderbom & Teal, 2000). Accordingly, a positive correlation is in existence between high education levels and performance of staff (Hirsch & Emerick, 2007). High education level for most employees in the insurance firms is an indication of high performance.

4.3.5 Years Working for the Insurance Firms

The study sought the number of years respondents had worked for the insurance firms (Table 4.4).

Table 4.4: Years Working for the Insurance Firms

Years	Frequency	Percent
Below 5 years	49	26.5
5-10 years	72	38.9
11-15 years	40	21.6
Above 15 years	24	13.0
Total	185	100.0

Source; Survey data (2022)

Results showed that 38.9% of the participants had worked for 5-10 years, 26.5% for below 5 years while 21.6% had worked for the insurance firms for 11-15 years. Only 13.0% had worked for above 15 years. Research has shown that work experience gently introduces employees to the world of work thereby helping them to learn the dos and don'ts, gets to know a work place and learn to cope in a working environment (Gilman, 2005). Further, skills needed for one to thrive in the workplace are learnt. The results of this research denoted that the participants had adequate working experience and therefore all the matters concerning the data collected can be termed as reliable since they had interacted with the system of the insurance firms adequately.

4.4 Descriptive Statistics

Participants were to show their agreement level on different aspects of structure fit, technology fit, management fit, operational fit and organizational performance as 1 (strongly disagree), 2 (disagree), 3 (neither disagree nor agree), 4 (agree) and 5 (strongly agree). Descriptive statistics were used in analysis.

4.4.1 Structure Fit

The study sought the impact of structure fit on the performance of insurance firms. Structure fit was conceptualized to constitute chain of command, span of control and work specialization.

Table 4.5: Structure Fit

Structure fit statements	Mean	Standard deviation
This insurance firm has structures that help make clear who answers to whom in the chain of command	3.15	0.94
In this insurance firm, there is a chain of command where decisions are made and passed from the top management to the lowest level of staff	3.34	1.20
To enhance effectiveness in the insurance firm, managers or departmental heads are assigned manageable subordinates	3.22	1.12
This insurance firm encourages the staff to be specialized in their different areas of training	3.48	1.11
This insurance firm ensures that all its employees have expertise in their specialization area	3.64	1.11
Aggregate Mean	**3.37**	**1.10**

Source: Survey data (2022)

The mean summaries showed that this insurance firm ensures that all its employees have expertise in their specialization area as it had the highest mean of 3.64. There was a high variation (standard deviation (SD) of 1.11). This insurance firm encourages the staff to be specialized in their different areas of training had a mean of 3.48. There was a high variation (SD of 1.11). In this insurance firm, there is a chain of command where decisions are made and passed from the top management to the lowest level of staff had a mean of 3.34 and a high variation (SD of 1.20) while to enhance effectiveness in the insurance firm, managers or departmental heads are assigned manageable subordinates had a mean of 3.22 and an SD of 1.12 thus a high variation. This insurance firm has structures that help make clear who answers to who in the chain of command had a mean of 3.15 and an SD of 0.94 thus a low variation. The results implies that in the insurance firms, there is a likelihood

that structure fit affects performance and that chain of command, span of control and work specialization are critical factors in the insurance firms' profitability, customers' loyalty, customers' satisfaction and market share.

The results support those of Adeyoyin et al. (2015) who denoted that specialization is an enabler to staff in focusing on particular tasks thus allows them to become experts and experienced which enhances production efficiency. Specialization also helps staff in concentrating on their spheres of strength which leads to higher productivity which the insurance firms have keen interest on. Further, when the job is broken down into simple particular process there is ease in learning for the new staff (Kimani, Omato & Gichuhi, 2020). However, on the contrary, work specialization reduces the staff capability to do multiple tasks because they do similar task throughout (Zareen, Razzaq, & Mujtaba, 2013). The flow of commands and information is determined by hierarchy via the official channel, nevertheless, in case of the general hierarchical structure, the chain of command is long (Socha, 2019).

4.4.2 Technology Fit

The impact of technology fit on the performance of insurance firms was established. Technology fit was conceptualized to constitute social networks, mobile information and content marketing.

Table 4.6: Technology Fit

Technology fit statements	Mean	Standard deviation
This insurance firm ensures that customers are served with efficiency through embracing social networks	4.21	0.79
The insurance firm has enhanced efficiency in offering client service through embracing mobile information	3.48	1.11
This insurance firm uses content marketing as a tool in attracting and maintaining customers	3.82	0.82
Aggregate Mean	**3.84**	**0.91**

Source: Survey data (2022)

The mean summaries showed that this insurance firm ensures that customers are served with efficiency through embracing social networks as it had a mean of 4.21. There was a low variation (SD) of 0.79). This insurance firm uses content marketing as a tool in attracting and maintaining customers had a mean of 3.82 and a low variation (SD) of 0.82) while the insurance firm has enhanced efficiency in offering client service through embracing mobile information had a mean of 3.48. There was a high variation (SD 1.11). The results implies that in the insurance firms, there is a likelihood that technology fit affects performance and that social networks, mobile information and content marketing are critical factors in the insurance firms' profitability, customers' loyalty, customers' satisfaction and market share.

Zavrsnik (2015) suggested that in the area of communication, social networking has become an unavoidable part of life and work. It is a representation of communication avenues to aggressively communicate with users by assisting organizations in following upcoming trends. Social networks are predominantly appropriate for the increase in brand awareness, organizational acknowledgement and its endeavour to enhance customer interactions and in creation of new user groups. Organization has the responsibility of coordinating a diversity of strategies, tactics, messages and communication avenues in creation of messages that are clear and will convince users (Cenk, 2012).

Content marketing is not just one of the several alternatives present and if an organization is in need of developing its activities (Swieczak, 2012). Efficient content marketing is a product of a well-designed content strategy. A significant problem in content marketing is that there is emergence of new topics oftenly because of emergence of new concepts and interests of consumers which increases the range of labels needful to correctly depict the content collection (Salminen et al., 2019) which supports the findings of this study.

4.4.3 Management Fit

Management fit was conceptualized to constitute coordination, division of labour and hierarchy of authority.

Table 4.7: Management Fit

Management fit statements	Mean	Standard deviation
Coordination is ensured in the insurance firm so that staff and management are at par to minimize conflicts	4.02	0.80
Higher efficiency in the insurance firm is ensured through division of labour	4.29	0.80
Maintenance of managerial integrity has been enhanced through hierarchy of authority	4.15	0.79
Aggregate Mean	**4.15**	**0.80**

Source: Survey data (2022)

The mean summaries showed that higher efficiency in the insurance firm is ensured through division of labour as it had a mean of 4.29. There was a low variation (SD) of 0.80). Maintenance of managerial integrity has been enhanced through hierarchy of authority had a mean of 4.15 and a low variation (SD) of 0.79) while coordination is ensured in the insurance firm so that staff and management are at par to minimize conflicts had a mean of 4.02. There was a low variation (SD of 0.80). The results imply that in the insurance firms, there is a likelihood that management fit affects performance and that coordination, division of labour and hierarchy of authority are critical factors in the insurance firms' profitability, customers' loyalty, customers' satisfaction and market share.

According to Vanagas and Sakeviciene (2017) the organizational leader has the responsibility of coordinating the employees' work such that the anticipated outcomes are reachable having had minimal expenses. The reason for coordinating is to give direction to the employees who work for the firm so that a common objective is sought. Coordination is a process whereby division of labour takes place, formation of structural associations, creation of the hierarchy and the coordination of acts of the operators. There is need for organizational and management skills among the organizational leaders who are mandated with the performance of significant management roles (Little, 2012). Improved

interpersonal and inter-group relationships are a product of coordination and cooperation since they are involved in the creation of advanced methods used to deal with matters emanating from intra-link and cosmopolitan settings (Kramer, 2010) which is important in insurance firms and supported by the results of this study.

4.4.4 Operational Fit

Operational fit was conceptualized to constitute quality management of services, outsourcing of services and ISO standards.

Table 4.8: Operational Fit

Operational fit statements	Mean	Standard deviation
Quality of services offered is ensured in the insurance firm so that the clients are satisfied	3.12	1.17
Outsourcing of services occurs to enhance operational efficiency	3.66	1.01
The insurance firm has implemented the ISO standards to help achieve competitiveness	3.83	1.06
Aggregate Mean	**3.54**	**1.08**

Source: Survey data (2022)

Table 4.8 shows mean summaries which showed that the insurance firm has implemented the ISO standards to help achieve competitiveness as it had the highest mean of 3.83. There was high variation (standard deviation (SD) of 1.06). Outsourcing of services occurs to enhance operational efficiency had a mean of 3.66 and a high variation (SD) of 1.01) while quality of services offered is ensured in the insurance firm so that the clients are satisfied had a mean of 3.12. There was a high variation (SD 1.17). The findings imply that in the insurance firms, there is a likelihood that operational fit affects performance and that quality management of services, outsourcing of services and ISO standards are critical factors in the insurance firms' profitability, customers' loyalty, customers' satisfaction and market share.

ISO standard is an effectual and effective method used in the continual improvement of performance in firms (Lakhal, 2014). It benefits organizations through improving the competitive status, improving systematization, enhanced quality in products and services, improving brand, improving staff outcomes, improving satisfaction of customers, improving associations with suppliers, improving associations with those in authority and other stakeholders. The demand for improved production, high profits and fast growth have made companies validate their interior human resource in regard to management of services and organizational processes (Seth & Sethi, 2011). There is an anticipation of a rise of the quality of services, despite that fact that no quantitative data is available supporting the actual conclusion that outsourcing is continually cheaper and better (Troaca & Bodislav, 2012) and the results showed that ISO standards and outsourcing of services are important in the insurance firms in Nairobi City County.

4.4.5 Organizational Performance

Organizational performance was conceptualized to constitute insurance firms' profitability, customers' loyalty, customers' satisfaction and market share.

Table 4.9: Performance of Insurance Firms

Performance statements	Mean	Standard deviation
The growth of the number of customer has been rising thus increased market share	3.48	1.11
The insurance firm has increased its networks nationally thus increasing profitability	3.83	1.06
Customer loyalty has resulted in increased number of customers in the target markets	3.66	1.01
This insurance firm ensures customer satisfaction through prompt delivery of services	3.12	1.17
Aggregate Mean	**3.52**	**1.09**

Source: Survey data (2022)

The mean summaries showed that the insurance firm increased its networks nationally thus increasing profitability as it had a mean of 3.83. There was a high variation (SD) of 1.06). Customer loyalty has resulted in increased number of customers in the target markets had a mean of 3.66. There was a high variation (SD of 1.01). The growth of the number of customer has been rising thus increased market share had a mean of 3.48 and a high variation (SD of 1.11) while this insurance firm ensures customer satisfaction through prompt delivery of services (mean = 3.22 and an SD of 1.17) thus a high variation. The results imply that insurance firms' profitability, customers' loyalty, customers' satisfaction and market share are critical performance indicators in the insurance firms.

In all organizations including insurance firms, maximizing profits is a critical intention for an organization to continue in business and to endure rivally from organizations working in the same sector (Odusanya et al., 2018). Maximizing profits is a key requirement for long-term existence and success of an organization (Gitman & Zutter, 2012). Making of profits is a core performance gauge of an organization and it comprises of a critical feature of its financial reporting. It shows the organization's capability and skills in the generation of earnings at a rate of sales and assets level (Margaretha & Supartika, 2016).

4.5 Inferential Statistics

4.5.1 Pearson Correlation

This was done to establish the linear relationship between the variables. The test results of the study variables are as in Table 4.10.

Table 4.10: Results of Pearson's Linearity Test

Structure fit	Pearson's correlation	.862[**]
	Sig. (2-tailed)	.000
	N	185
Technology fit	Pearson's correlation	.815[**]
	Sig. (2-tailed)	.000
	N	185
Management fit	Pearson's correlation	.799[**]
	Sig. (2-tailed)	.000
	N	185
Operational fit	Pearson's correlation	.987[**]
	Sig. (2-tailed)	.000
	N	185

Source: Author (2022)

Findings shown in Table 4.10 demonstrated a significant positive linear correlation between performance and structure fit, technology fit, management fit as well as operational fit at the level significance of $P<0.05$. The result implies that an increase in structure fit, technology fit, management fit and operational fit increases performance of insurance firms positively and significantly.

4.5.2 Regression Analysis

Regression model determined the impact of structure fit, technology fit, management fit and operational fit on organizational performance of insurance firms.

Table 4.11: Test of Direct Relationship

Goodness of fit	Test Statistic	P-Value	
Adjusted R Square	0.680		
R Square	0.681		
F Statistics (4, 184)	2311.605	0.000[b]	
Dependent Variable= Performance	Linear Regression Results		
	Coefficients	t-statistic	P-Value
Structure fit	0.096	3.681	0.000
Technology fit	0.104	2.761	0.006
Management fit	-0.176	-5.186	0.000
Operational fit	1.014	42.867	0.000
Constant	-0.113	-1.843	0.067

According to the results in Table 4.11, strategic fit that is structure fit, technology fit, management fit and operational fit account for up to 68.1% of the variation in organizational performance of insurance firms as shown by an R-square value of 0.681. The remaining 31.9% of the variation in organizational performance is explained by other factors not studied in this study. The F statistic is 2311.605 with P-value of 0.000, which inferred that the regression model was significant and thus the t-statistic and P values can dependably be used to test significance of coefficients in the model;

$$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon_o$$

4.5.2.1 The effect of structure fit

An objective question was formulated on assumption that there is no established effect of structure fit on the performance of insurance firms. The beta coefficient of structure fit was 0.096 (Table 4.11) which denotes that a unit increase in structure fit would result in a 9.6% rise in value of performance of the organization showing direct effect of structure fit on the performance of insurance firms. The t-statistic and corresponding P-value recorded was 3.681 and 0.000 respectively. At significance level of $P<0.001$, the assumption is rejected implying that structure fit had a significant effect on the performance of insurance firms.

Based on these statistics, the study found a significant positive effect of structure fit on the performance of insurance firms in Nairobi City County. This research finding is supported by the studies carried out by Ogbo et al. (2015) and Adeyoyin et al. (2013) showed the existence of significant positive relationship between narrow span of control (structure fit) and that job specialization speeds and hastens their work and improves their job performance. Further, Staats and Gino (2012) found out that during a single day, specialization in comparison to variety enhanced staff productivity thus a positive correlation between specialization and performance.

4.5.2.2 The effect of technology fit

An objective question was formulated on assumption that there is no established the effect of technology fit on the performance of insurance firms. The beta coefficient of technology fit was 0.104 (Table 4.11) which denotes that a unit increase in technology fit would result in a 10.4% rise in value of performance of the organization showing direct effect of technology fit on the performance of insurance firms in Nairobi City County.

The t-statistic and corresponding P-value recorded was 2.761 and 0.006 respectively. At significance level of $P < 0.001$, the assumption is accepted implying that technology fit had an insignificant effect on the performance of insurance firms. Based on these statistics, the study found the presence of an insignificant positive effect of technology fit on the performance of insurance firms in Nairobi City County. This research finding contradicts those of Onyango et al. (2014) who found out that adoption and utilization of mobile phone technology (technology fit) affected the performance of MSEs significantly. Additionally, Ashraf and Javed (2014) showed that social networking becomes an essential part of the life of everybody and have a strong effect on performance of employees in the different banks. Moreover, Lebioda et al. (2019) denoted that mobile technology utilization behavior increased the perceived work performance advancement which contradicts the findings of this study.

4.5.2.3 The effect of management fit

An objective question was formulated on assumption that there is no established effect of management fit on the performance of insurance firms in Nairobi City County. The beta coefficient of management fit was -0.176 (Table 4.11) which indicates that a unit increase

in management fit would result in a 17.6% decrease in value of performance of the organization showing indirect effect of management fit on the performance of insurance firms.

The t-statistic and corresponding P-value recorded was -5.186 and 0.000 respectively. At significance level of P<0.001, the assumption is rejected implying that management fit had a significant effect on the performance of insurance firms. As per these statistics, the study found a significant negative effect of management fit on the performance of insurance firms in Nairobi City County. Waruiru et al. (2018) showed the existence of a significant effect of coordination on the organizational performance supporting the results of this study. Bozkurt, Kalkan and Arman (2014) found that there existed a correlation between the study variables and performance. Further, Bakonyi and Murakozy (2016) found out that employment change and postponing inventions were linked with centralization which supports the findings of this study.

4.5.2.4 The effect of operational fit

An objective question was formulated on the hypothesis that there is no established effect of operational fit on the performance of insurance firms. The beta coefficient of operational fit was 1.014 (Table 4.11) which indicates that a unit increase in operation fit would result in a 101.4% rise in value of performance of the organization showing direct effect of operational fit on the performance of insurance firms.

The t-statistic and corresponding P-value recorded was 42.867 and 0.000 respectively. At significance level of P<0.001, the hypothesis is rejected implying that operational fit had a significant effect on the performance of insurance firms. As per these statistics, the study found a significant positive effect of operational fit on the performance of insurance firms in Nairobi City County. The research findings highlight the effect that operational fit can have on performance of insurance firms. The research findings support those of Kanyumba (2019) who found a weak positive and significant link between outsourcing activities and organizational performance. Kivuva (2018) also found out that outsourcing impacted the performance of organizations although to a small extent. Chepkech (2014) denoted that commitment of top management, staff involvement and focusing on customers was

positive and significantly affected organizational performance which supports the finds of this study.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter shows the summary of the research findings, conclusions and the recommendations guided by the study objectives. Suggestions for further research are also given.

5.2 Summary of Findings

The main objective was to establish the effect of strategic fit on the performance of insurance firms in Nairobi City County. There were four objectives which determined the effect of structure fit, technology fit, management fit and operational fit on performance. Descriptive and inferential analysis was done to meet the study objectives. This section is a presentation of the descriptive, correlation and regression results. The summary is presented as per the objectives.

5.2.1 Structure Fit and Performance

Structure fit determines performance of insurance firms as it had an aggregate mean of 3.37 and a high variation (SD of 1.10). The statement that the insurance firm ensures that all its employees have expertise in their specialization area had the highest mean of 3.64. The correlation results show a positive and significant linear correlation between structure fit and performance of insurance firms (r=0.862, p=0.000). The regression results show a positive and significant effect of structure fit on performance (β = 0.096, Sig. = 0.000) which implies that structure fit affects performance of insurance firms positively and that increasing structure fit leads to 0.096 rise in performance of insurance firms in Nairobi City County.

5.2.2 Technology Fit and Performance

Technology fit determines performance of insurance firms as it had an aggregate mean of 3.84 and a low variation (SD of 0.91). The statement that the insurance firm ensures that customers are served with efficiency through embracing social networks had the highest mean of 4.21. The correlation results show a positive and significant linear correlation between technology fit and performance of insurance firms (r=0.815, p=0.000). The regression results show a positive and significant effect of technology fit on performance

(β = 0.104, Sig. = 0.006) which implies that technology fit affects performance of insurance firms positively and that increasing technology fit leads to 0.104 rise in performance of insurance firms in Nairobi City County.

5.2.3 Management Fit and Performance

Management fit determines performance of insurance firms as it had an aggregate mean of 4.15 and a low variation (SD of 0.0.80). The statement that higher efficiency in the insurance firm is ensured through division of labour had the highest mean of 4.29. The correlation results show a positive and significant linear correlation between management fit and performance of insurance firms (r=0.799, p=0.000). The regression results show a negative and significant effect of management fit on performance (β = -0.176, Sig. = 0.000) which implies that management fit affects performance of insurance firms positively and that increasing management fit leads to 0.176 reduction in performance of insurance firms in Nairobi City County.

5.2.4 Operational Fit and Performance

Operational fit determines performance of insurance firms as it had an aggregate mean of 3.54 and a high variation (SD of 1.08). The statement that the insurance firm has implemented the ISO standards to help achieve competitiveness had the highest mean of 3.83. The correlation findings show a positive and significant linear correlation between operational fit and performance (r=0.987, p=0.000). The regression results show a positive and significant influence of operational fit on performance (β = 1.014, Sig. = 0.000) which implies that operational fit affects performance of insurance firms positively and that increasing operational fit leads to 1.104 rise in performance of insurance firms in Nairobi City County.

5.3 Conclusion

This research found out that strategic fit (structure fit, technology fit, management fit and operational fit) are significant factors of performance of insurance firms in Nairobi City County as they were found to affect performance of insurance firms. On structure fit and performance of the insurance firms, the ANOVA statistics and regression analysis results helped in making the conclusion that each of the structure fit variables studied herein are characterized by specific internal settings in the organization that need to support selected

variable for a firm for obtaining its strategic aims in a particular setting. The question that rises is how to align these variables so as to achieve structure fit and transform the mutual relations into higher levels of performance.

On technology fit, one-way ANOVA statistics informed the conclusion that social networks, mobile information and content marketing affected performance of insurance firms. Regression analysis results showed that the impact of technology fit was positive but insignificant. Social networks, mobile information and content marketing provides a means of using technology in organizations and their effective use in any organization can result in increased productivity by the employees.

On management fit and performance of the insurance firms, the ANOVA statistics and regression analysis results helped in making the conclusion that management fit affected performance of the insurance firms negatively and significantly. Different management ranks in organizational hierarchy or hierarchy of authority in organizations and the leadership positions co-ordinates information that flows within an organization and the perceptions of the management in any organization about the business setting defines how an organization respond to challenges in its environment.

On operation fit, one-way ANOVA statistics informed the conclusion that quality management of services, outsourcing of services and ISO standards affected performance of insurance firms. Analysis result on regression showed that operation fit effect was positive and significant. Operation fit through ISO standards helps in increasing the control of the organizational processes. Increased control in organizations results to consistency and when there is increased consistency, quality management of services takes place which leads to customers' loyalty.

5.4 Recommendations

For insurance firms to increase their profitability, customers' loyalty, customers' satisfaction and market share, there is need for the insurance firms to continuously work towards attaining strategic fit. On structure fit, work specialization need to be enhanced in insurance firms as it increases productivity and provides a comparative advantage in organizations. Many respondents agreed that the insurance firms ensure that all the staffs

are experts in their area of specialization. The quality of an organization's employees has been shown to determine its technical capabilities, knowhow, experience, innovation, how they relate with clients and other stakeholders and productivity. Work specialization is able to make staff focus on particular tasks which allows them to build expertise and experience, thus improving efficiency in production.

On technology fit, embracing social networks for insurance firms will help them in enhancing productivity in business when utilized for the purposes of public relations, marketing and advertising. Many respondents agreed that the insurance firms had embraced social networks such that the customers were served efficiently. Using social networks in firms has revealed quick development such that firms are now building and maintaining public pages of social media to enhance organizational importance and communication with online individuals. Social networks can lead to collaboration between employees, connecting to the customers and identifying future trends in the market, groups they are targeting and their needs.

On management fit, the study recommends that higher efficiency in the insurance firms should be ensured through division of labour. The costs of coordinating specialized workers and the availability of information has been found to constrain division of labour in organizations. On operation fit, the study recommends that there is need for implementing the ISO standards to help achieve competitiveness in organizations. Many respondents agreed that the insurance firms had implemented the ISO standards to help achieve competitiveness.

5.5 Areas for Further Research

The variables studied (strategic fit that is structure fit, technology fit, management fit and operational fit) in this research accounted for 68.1% variation of performance of insurance firms in Nairobi City County which means that there are other performance factors which should be established. The research was conducted in insurance firms and thus another research can be done in other organizations to investigate whether same findings would be found for instance in the organizations like the banking sector which will fill the scope gap while other studies can be carried out using secondary data for the filling of the methodological gap posed by this study.

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APPENDICES

Appendix 1: Introductory Letter

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 19th September, 2022

TO: Muiruri Wambui Terry Winnie
C/o Business Administration Dept.

REF: D53/NKU/PT/26834/2018

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 14th September, 2022 approved your Research Project Proposal for the M.B.A Degree Entitled, **"Strategic Fit and Performance of Insurance Firms in Nairobi City County, Kenya."**

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The forms are available at the University's Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your thesis before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.

ANNABELL MWANIKI
FOR: DEAN, GRADUATE SCHOOL

c.c.   Chairman, Business Administration.

Supervisors:

1. Dr. Anne Muchemi
C/o Department of Business Administration
Kenyatta University

AM/ino

Appendix 2: Research Permit

	NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
REPUBLIC OF KENYA	

Ref No: 146456

Date of Issue: 18/October/2022

RESEARCH LICENSE

This is to Certify that Ms.. Terry Wambui Winnie of Kenyatta 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: STRATEGIC FIT AND PERFORMANCE OF INSURANCE FIRMS IN NAIROBI CITY COUNTY, KENYA for the period ending : 18/October/2023.

License No: NACOSTI/P/22/21168

146456

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR
SCIENCE,TECHNOLOGY &
INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

Appendix 3: Questionnaire

I am carrying out a research project to determine the effect of strategic fit and performance of insurance firms in Nairobi City County. Kindly fill the questionnaire below. Please tick (√) or fill the space provided where appropriate.

Questions

1. What is your position in the insurance firm?

    i.   General manager   [ ]

    ii.   Underwriting manager   [ ]

    iii.   Claims manager   [ ]

    iv.   Marketing manager   [ ]

    v.   Other employees   [ ]

SECTION A: DEMOGRAPHIC CHARACTERISTICS

2. Age

    i.   Less than 30 years   [ ]

    ii.   31-40 years   [ ]

    iii.   41-50 years   [ ]

    iv.   51-60 years   [ ]

    v.   Above 60 years   [ ]

3. Gender

    Male   [ ]   Female   [ ]

4. Highest education degree

    i.   Diploma   [ ]

    ii.   Bachelors   [ ]

    iii.   Masters   [ ]

    iv.   PhD   [ ]

5. How long have you worked in the insurance firm

    i.   Less than 5 years   [ ]

    ii.   5 -10 years   [ ]

    iii.   11 -15 years   [ ]

    iv.   Above 15 years   [ ]

SECTION B: STRATEGIC FIT INDICATORS

With respect to your performance in your current role in the insurance firm, what is the extent of your agreement with each of the statements in the strategic indicators given. Where 1= Strongly disagree, 2= Disagree, 3= Neither agree nor disagree, 4= Agree and 5= Strongly agree

6. **Structure fit statements**

Structure fit statements	1	2	3	4	5
This insurance firm has structures that help make clear who answers to whom in the chain of command					
In this insurance firm, there is a chain of command where decisions are made and passed from the top management to the lowest level of staff					
To enhance effectiveness in the insurance firm, managers or departmental heads are assigned manageable subordinates.					
This insurance firm encourages the staff to be specialized in their different areas of training					
This insurance firm ensures that all its employees have expertise in their specialization area					

7. Technology fit statements

Technology fit statements	1	2	3	4	5
This insurance firm ensures that customers are served with efficiency through embracing social networks					
The insurance firm has enhanced efficiency in offering client service through embracing mobile information					
This insurance firm uses content marketing as a tool in attracting and maintaining customers					

8. **Management fit statements**

Management fit statements	1	2	3	4	5
Coordination is ensured in the insurance firm so that staff and management are at par to minimize conflicts					
Higher efficiency in the insurance firm is ensured through division of labour					
Maintenance of managerial integrity has been enhanced through hierarchy of authority					

9. Operational fit statements

Operational fit statements	1	2	3	4	5
Quality of services offered is ensured in the insurance firm so that the clients are satisfied					

Outsourcing of services occurs to enhance
operational efficiency

The insurance firm has implemented the ISO
standards to help achieve competitiveness

10. Organizational performance statements

Organizational performance statements	1	2	3	4	5
The growth of the number of customer has been rising thus increased market share					
The insurance firm has increased its networks nationally thus increasing profitability					
Customer loyalty has resulted in increased number of customers in the target markets					
This insurance firm ensures customer satisfaction through prompt delivery of services					

THANK YOU

Appendix 4: List of Insurance Firms

1. Old Mutual Life Assurance Company Limited
2. Britam Life Assurance Company (K)
3. UAP Life Assurance
4. Britam General Insurance Company (K)
5. UAP Insurance Company
6. Allianz Insurance Company of Kenya
7. Xplico Insurance Company
8. Barclays Life Assurance Kenya
9. The Heritage Insurance
10. Samlam Assurance
11. Tausi Assurance
12. The Kenya Alliance Insurance Company
13. AIG Kenya Insurance Company
14. Pacis Insurance Company
15. The Monarch Insurance
16. Saham Assurance Company Kenya
17. Takaful Insurance of Africa
18. Samlam General Insurance Company
19. Pioneer General Insurance Company
20. Trident Insurance Company
21. Resolution Insurance Company
22. The Jubilee Insurance Company of Kenya
23. Pioneer Assurance Company
24. Africa Merchant Assurance Company
25. Prudential Life Assurance Company
26. Phoenix of East Africa Assurance
27. Madison Insurance Company Kenya
28. East Africa Reinsurance
29. Occidental Insurance
30. ICEA LION General Insurance Company
31. Mayfair Insurance Company
32. Kenya Orient Life Assurance
33. Liberty Life Assurance Kenya
34. ICEA LION Life Assurance Company
35. APA Life Assurance
36. Metropolitan Life Insurance
37. Kenya Orient
38. Kenindia Assurance
39. Capex Life Assurance

40. Intra Africa Assurance
41. Kenya Reinsurance Corporation
42. CIC General Insurance
43. Geminia Insurance Company
44. CIC Life Assurance
45. GA Insurance
46. APA Insurance
47. First Assurance Company
48. Cannon Assurance Limited
49. Fidelity Shield Insurance Company
50. Corporate Insurance Company
51. Directline Assurance Company
52. GA Life Assurance
53. Continental Reinsurance
54. Invesco Assurance Company
55. AAR Insurance Kenya