

**Determinants Affecting Implementation of Blue Ocean Strategy in Liaison Group
Insurance Brokers and Its Effects on Organization Performance.**

**Julius Kitheka Ndungu
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DECLARATION

I the undersigned, declare that this is my original work and has not been presented in any other university or college for examination purpose.

Signature: _____ Date _____
Julius Kitheka Ndungu

This research project has been submitted for examination with my approval as University Supervisor.

Signature: _____ Date _____
Mr. Chrispen Maende

DEDICATION

This research project is dedicated to my entire family. You have always been at my side during times of need and your constant encouragements have made me achieve this far.

ACKNOWLEDGEMENT

I am greatly indebted to my supervisor who has not tired from providing the much needed advice, direction and has constantly offered invaluable insights and constructive criticism. I thank the entire staff of the University who in different capacity contributed to the finalization of this project this far. To all of you; I salute you.

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ABSTRACT

In Kenya, Over 75% of insurance companies employ red ocean strategies to outperform competitors and acquire many customers in the existing insurance market. Only less than 10% of insurance companies have attempted to implement blue ocean strategy by offering new insurance services in the target market and thus successful implementation of Blue Ocean strategy remains as a major hindrance to the growth and development of insurance industry in the country. The main objective of the research study is to investigate determinants Affecting implementation of blue ocean strategy in Liaison Group Insurance Brokerage and its effects on organization performance. The study specifically aims to; establish the effect of strategic leadership on the implementation of blue ocean strategy in Liaison Group Insurance Brokerage and its effects on organization performance; assess the effect of core competencies on the implementation of blue ocean strategy in Liaison Group Insurance Brokerage and its effects on organization performance and determine the effect of organizational structure on the implementation of blue ocean strategy in Liaison Group Insurance Brokerage and its effects on organization performance. The study population will comprise of a total of 180 employees working at Liaison Group Insurance Brokers offices situated in Nairobi. The study will adopt a probability sampling design by applying a stratified random sampling technique to select a sample size of 54 respondents. Questionnaires will be used as the major data collection instruments and they will be self administered to the respondents in the sample size. A pilot study will be undertaken to pretest the questionnaires for validity and reliability. The gathered data will be analyzed using descriptive statistics and inferential statistics aided by Statistical Package for Social Scientists (SPSS). The findings will finally be presented using tables and charts. The study is of significance to management of insurance brokerage firms, strategic managers and scholars since it will extend the knowledge base on the determinants affecting the Implementation of Blue Ocean Strategy in Insurance firms in Kenya and Its effects on Organization Performance, A case of Liaison Group insurance Brokers. The concept of blue ocean strategy is relatively new to the majority of insurance companies in Kenya and the obtained findings will help to raise awareness among insurance managers unacquainted with the potential applications and benefits of blue ocean strategy in insurance industry.

LIST OF ACRONYMS/ ABBREVIATIONS

ADC	Agricultural Development Corporation
BOS	Blue Ocean Strategy
SWOT	Strengths Weaknesses Opportunities and Threats
PEST	Political, Economic, Social, and Technological
SBU s	Strategic Business unit

DEFINITION OF OPERATIONAL TERMS

- Blue Ocean strategy:** Is a strategy that advises companies to go to a new market, which interest customers and avoid competition from the existing market.
- Red Ocean:** Represent to all the industries in existence today the known market space. In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known.
- Strategy Formulation:** Refers to the process of choosing the most appropriate course of action for the realization of organizational goals and objectives and thereby achieving the organizational vision.
- Strategy Implementation:** Is the translation of chosen strategy into organizational action so as to achieve strategic goals and objectives.
- Strategic leadership:** Strategic leadership refers to a manager's potential to express a strategic vision for the organization, or a part of the organization, and to motivate and persuade others to acquire that vision
- Core competency:** Core competency is a unique skill or technology that creates distinct customer value
- Product innovation:** Product innovation is development of existing products in a way that adds more value to the customers than original products.
- Organizational structure:** Comprises of the activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational goals and objectives. It's the viewing point or perspective through which individuals see their organization and its environment.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Strategy is an action that managers take to attain one or more of the organization's goals. Strategy can also be defined as a general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process (Cooper, 2009). According to Brandt (2008) a strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives. While planning a strategy it is essential to consider that decisions are not taken in a vacuum and that any act taken by a firm is likely to be met by a reaction from those affected, competitors, customers, employees or suppliers (Dennis, 2012).

Strategy implementation is the translation of chosen strategy into organizational action so as to achieve strategic goals and objectives. Strategy implementation is also defined as the manner in which an organization should develop, utilize, and amalgamate organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance (Dennis, 2012). Organizational structure allocates special value developing tasks and roles to the employees and states how these tasks and roles can be correlated so as to maximize efficiency, quality, and customer satisfaction-the pillars of competitive advantage. But, organizational structure is not sufficient in itself to motivate the employees (Füller, 2010).

An organizational control system is also required. This control system equips managers with motivational incentives for employees as well as feedback on employees and organizational performance. Organizational culture refers to the specialized collection of values, attitudes, norms and beliefs shared by organizational members and groups (Dennis, 2012).

1.1.1 Blue Ocean Strategy

Blue Ocean strategy is a strategy that advises companies to go to a new market, which interest customers and avoid competition from the existing market. This strategy makes possible for companies, entrepreneurs to increase their chances of success. In order to maximize the efficiency of the strategy, it is better for companies to initiate it when the

business starts. The earlier the firms pursue it, the more profits margin will be. Blue Ocean strategy can help companies to find new market in which they can capture more customers while improving cost structure (Gorrell, 2005).

Kim and Mauborgne (2005) introduced a Blue Ocean Strategy which led corporations create a new market to make competition irrelevant. Blue oceans strategy's goal is to modify a product/service and establish a new market space by targeting new potential customers. In this market space, the competition will be irrelevant which will give a certain competitive advantage. By applying blue ocean strategy, a firm can get a new chance. Organizations need to enlarge their vision and go out of the red ocean and "swim" in the blue ocean, where the competition is irrelevant (Cooper, 2009).

According to Decker (2010), to create a blue ocean is a necessity for companies who want to move on. Several factors as globalization, technology, innovation, prices, and market shares are facts leading companies to choose their best solution: blue ocean strategy. The strategy is to create a new demand and go in another direction than competition.

Red oceans represent to all the industries in existence today the known market space. In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known. Here companies try to outperform their rivals to grab a greater share of product or service demand. As the market space gets crowded, prospects for profits and growth are reduced. Products become commodities or niche, and cutthroat competition turns the ocean bloody; hence, the term red oceans (Schreier, 2010).

According to Matzler (2009), Blue Oceans, in contrast, denote all the industries not in existence today the unknown market space, untainted by competition. In blue oceans, demand is created rather than fought over. There is ample opportunity for growth that is both profitable and rapid. In blue oceans, competition is irrelevant because the rules of the game are waiting to be set. Blue Ocean is an analogy to describe the wider, deeper potential of market space that is not yet explored (Arakji, 2007).

The high level of competition in insurance industry has influenced many insurance brokerage companies around the world to employ various strategies as an effort to overcome competition and gain a big market share (Dennis, 2012). However, most of the insurance companies have given much emphasis on red ocean strategies where they have

succeeded in outperforming their rivals and gaining a competitive edge in the insurance market. Nevertheless, few insurance have succeeded in implementing blue ocean strategy by creating new demand in the uncontested insurance market and gaining higher profit margins. In USA, and Britain, over 40% of insurance companies have succeeded in formulating and implementing blue ocean strategy while in Africa less than 20% of insurance brokerage companies have succeeded in embracing the blue ocean strategy (Schreier, 2010).

1.1.2 Determinants affecting the Implementation of Blue Ocean Strategy in Liaison Group Insurance Brokers and Its effects on Organization Performance.

According to Cranfield (2013) the proponents of the blue ocean strategy take the view that innovation should create new market space, tap into unsatisfied consumer demand, and find uncontested market space. In this way, competition can become quite irrelevant. Now blue ocean strategy has had a lot of enthusiasts and people like Starbucks and Dell have been cited as examples where company can get into territory that is uncontested and profitable. However, implementation of blue ocean strategy in many companies is hampered by many Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance such as lack of resources, lack of employee motivation and organization political issues.

In Kenya, many insurance brokerage firms have not effectively managed to embrace the concept of blue ocean strategy as a measure to overcome competition threats. According to Robert (2009) lack of effective strategic management practices hinders the success of blue ocean strategy implementation in many insurance brokerage firms. The employed strategic management processes such as environmental scanning and strategy formulation affects development of effective blue ocean strategies such as new product development or innovation of the existing insurance products. According to Dorothy (2009) Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance such as lack of strategic leadership, weak organization core competencies and lack of good organizational structure greatly frustrates efforts aimed at enhancing implementation of blue ocean strategy.

In Kenya, the growth and development of insurance industry encounters many Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance that impacts negatively on the performance of many insurance

companies. There is a total of 43 licensed insurance companies offering similar products in the same target market hence leading to increased level of competition. Most insurance firms rely on red ocean strategy to outperform competitors as many insurance companies have not succeeded in embracing the blue ocean strategy (George, 2008).

Low penetration of insurance in the Kenyan market is influenced by lack of affordable and better insurance products, general lack of a savings culture among Kenyans, low disposable incomes for the majority of the population, with close to 50% of Kenyans living below the poverty line, inadequate tax incentives that could encourage the middle classes to purchase life insurance products, and a perceived credibility crisis of the industry in the eyes of the public particularly with regard to settlement of claims (Dorothy, 2009).

Many insurers are facing mounting skills shortages. Yet, investment in recruitment, training and career development often trails behind other financial sectors. The primary focus can often be short-term demands rather than securing the talent companies need to meet longer term strategic objectives. Looking ahead, demographic shifts, evolving aspirations and accelerating globalization are set to transform the shape of the labour market and could make it even harder for insurers to attract and retain good people. In this competitive labour market, successful companies will need to develop a strategic approach to HR management capable of anticipating and responding to evolving business needs and workforce expectations (Robert, 2009).

1.1.3 Background on Insurance Brokerage Firms in Kenya

Insurance industry in Kenya is highly fragmented with about forty registered insurance companies writing long and short-term business. In 2003, two leading companies accounted for 20% of the short-term premium income, eight had shares ranging between 3.7% and 6.3% adding to 37%, while the rest of the companies, controlled 43% of the market. There were twenty-one companies actively writing long-term business. The top five dominated the market with a share of 68% of the gross premium income. The life insurance sector is driven by two main lines of business; ordinary life and superannuation, which includes group life assurance and deposit administration (Olotch, 2012).

By world standards, the Kenya insurance market is very small in terms of premium income. It is however one of the leading markets in Africa occupying the 7th position

going by the 2003 statistics published in “Sigma”. It ranks fourth in terms of insurance penetration after South Africa, Mauritius and Zimbabwe with a rate of 3.09%. Life and non-life corresponding rates were 0.81% and 2.28% respectively. In 2003 the market premium was Kshs 27.9 billion (US\$ 411 million), which grew to Kshs 32.60 billion (US \$ 446.60 million) the following year, with a breakdown of Kshs 9.97 billion and Kshs 22.63 billion for long and short-term business, respectively (Olotch,2012).

According to a list published by the Commissioner of Insurance, there are over two hundred registered insurance brokers currently operating in the market and one thousand (1000) registered insurance agents. The market also has about two hundred and fifty (250) registered surveyors, loss adjusters and investigators, in addition to five qualified actuaries working in the industry. Eagle Africa Insurance brokers, Chancery Wright Insurance Brokers Limited, Aon Kenya Insurance Brokers Ltd and Liaison Group insurance brokers are some of the leading insurance brokers in Kenya (Africa-re.com,2013).

Chancery Wright Insurance Brokers Limited is an Insurance brokerage and consultancy firm established in 1991 with the goal of making insurance services accessible to customers. Since then, Chancery Wright has undergone significant growth with a branch network in Nairobi, Mombasa and a wholly owned subsidiary in Uganda. Chancery Wright is a Kenyan insurance broker with a global reach. It has correspondent reciprocal broking arrangements with several international insurance brokers. The company market share is estimated to be over 12% in Kenya (Chancery Wright Insurance Brokers, 2013).

Aon Kenya (Aon Kenya Insurance Brokers Ltd), a member of Aon Corporation Inc. is a market leader offering insurance broking, risk management, actuarial consulting, medical scheme administration and medical fund management, life and pension administration, and employee benefits consulting services to medium and large organizations. Aon Kenya is the largest brokerage firm in Kenya whose size gives them undue advantage over others to compete on the same footing. Despite the intense competition that exists in the insurance broking sector, Aon has managed to keep top position. The market share of Aon Kenya in the insurance brokerage sector is estimated to be over 14%. The last two years showed significant growth for Aon Kenya, with improved revenues and margins and increased vertical market and product expansion (Miano, 2007).

1.1.4 Liaison Group Insurance Brokers

Liaison Group insurance brokers is a leading insurance brokerage firm engaged in Risk management, insurance broking, human capital benefits, health care management and pension consulting. Since 1981, Liaison has been at the forefront of risk and pension services consulting in Africa. Through a comprehensive suite of service offerings, Liaison is wholly and exclusively engaged in supporting its clients in building and maintaining robust risk management. The overall management of insurance programmes including underwriter matching and claims administration. The company has got a total of 180 employees in Kenya working in its main departments namely; Risk management, insurance broking, human capital benefits, health care management, pension consulting, marketing, human resource management and finance department (Liaison Group Insurance Brokers,2013). Its branch network extends to the entire Eastern Africa region namely; Uganda, Tanzania, Rwanda and South Sudan. The study intends to gather data from employees working in these departments in order to establish Determinants affecting the Implementation of Blue Ocean Strategy in Liaison Group Insurance Brokers and Its effects on Organization Performance.

1.2 Statement of the Problem

In Kenya, all the 43 licensed insurance companies compete for a limited market characterized by low penetration. Kenyans' uptake of insurance cover, both at corporate and personal level, remains predominantly in the motor, fire industrial, personal accident and health insurance. Over 75% of insurance companies employ red ocean strategies to outperform competitors and acquire many customers in the existing insurance market (George, 2008). Only less than 10% of insurance companies have attempted to implement blue ocean strategy by offering new insurance services in the target market and thus successful implementation of Blue Ocean strategy remains as a major hindrance to the growth and development of insurance industry in the country (Martin, 2009).According to Philip (2007) strategic leadership is a key notable problem in many local insurance brokerage firms since many top insurance managers lacks potential to express vision for the organization and fails to create a working environment that allows employs to apply their creative ideas in the execution of organization job task functions. Availability of core competencies in many insurance firms remains as a major challenge as most staff are not professionally trained in insurance matters (Robert, 2009). This leads to new product innovation problems that greatly affect development of products with higher demand in

the insurance market (Michael, 2010). During strategy implementation, designing actions plans for guiding strategy implementation process is key problem facing many insurance firms in Kenya (Anderson.2010).

Despite the role that blue ocean strategy can play in promoting the growth and development of insurance industry in Kenya, previous studies by past researchers only highlighted strategy implementation problems and hence have not fully addressed the issue of offering a practical solution on how insurance firms should succeed in implementing the blue ocean strategy. This has left a major knowledge gap on how insurance companies should embrace a blue ocean strategy. The study therefore intends to address the blue ocean strategy implementation gap by investigating the Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance with a specific reference to Liaison Group insurance Brokers.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of the research study is to investigate determinants Affecting implementation of blue ocean strategy in Liaison Group Insurance Brokerage and its effects on organization performance.

1.3.2 Specific Objectives

The study specifically aims to achieve the following objectives

1. To establish the effect of strategic leadership on the implementation of blue ocean strategy in Liaison Group Insurance Brokers and its effects on organization performance.
2. To assess the effect of core competencies on the implementation of blue ocean strategy in Liaison Group Insurance Brokers and its effects on organization performance.
3. To determine the effect of organizational structure on the implementation of blue ocean strategy in Liaison Group Insurance Brokers and its effects on organization performance.

1.4 Research Questions

This study aims to answer the following pertinent questions emerging within the domain of the problem statement;

1. Does strategic leadership affect implementation of blue ocean strategy in Liaison Group Insurance Brokerage and organization performance?
2. Do core competencies affect implementation of blue ocean strategy in Liaison Group Insurance Brokerage and organization performance?
3. Does organizational structure affect implementation of blue ocean strategy in Liaison Group Insurance Brokerage and its effects on organization performance?

1.5 Significance of the Study

This research is of significance to management of insurance brokerage firms as it will extend the knowledge base on Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance with reference to Liaison Group Insurance Brokers. The concept of blue ocean strategy is relatively new to the majority of insurance companies in Kenya and the obtained findings will help to raise awareness among insurance managers unacquainted with the potential applications and benefits of blue ocean strategy in insurance industry. The obtained findings will help Liaison company management to formulate and implement new product and marketing policies that will lead to realization of increased revenue. The study is of great significance to strategic managers at Liaison Group Insurance Brokers since the obtained findings will help managers to understand the major problems impeding implementation of blue ocean strategy in the organization.

The study recommendations will provide a guiding framework on steps to be followed during implementation of Blue Ocean strategy. The study is of great significance to other scholars since it will contribute to new body of knowledge on Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance in insurance firms in Kenya. Future scholars will find the study material important in their studies since they will have a ready source of literature review. The study findings will help scholars and researchers to understand the concept of blue ocean strategy and this will assist as a guiding framework in developing various policies related with marketing of insurance products. The study report will act as reference and stimulate the interest among academicians and this will encourage further researches strategy implementation Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance in insurance industry.

1.6 Scope of the Study

The study will be undertaken at the Liaison Group Insurance Brokers headquarter offices situated in Nairobi. The study population will comprise of the 180 staff working at Liaison Group Insurance Brokers company offices. These will include 40 management staff, 60 middle level management staff and 80 lower management staff. The study will narrow its research undertakings in gathering data on the major Determinants affecting the Implementation of Blue Ocean Strategy in Liaison Group Insurance Brokers and Its effects on Organization's Performance.

1.7 Limitations of the Study

A major limitation likely to be experienced by respondents is cases of non cooperative respondents. This may lead to some of the respondents not filling or completing the questions or some issues being misunderstood, inadequate responses to questionnaires and unexpected occurrences like respondents going on leave before completing the questionnaire. This will be mitigated through constant reminder to the respondents during the period they will be having the questionnaire. Descriptive research is flexible in that it requires the initial study (the tools and administration of tools) to remain unchanged throughout data collection (Mugenda and Mugenda, 2003).

The use of questionnaire as the main data collection instrument is a key limitation. In order to assure manageability of the collected data, the study will only use survey questionnaire that will rely on self report responses. However, the problem with using such questionnaire is that it is based on the assumption that participants will respond to the questions in an honest and accurate manner. Nevertheless, it is not always the case that participants answer in an honest manner. This is because participants will often give answers that they believe to be desirable (Donald & Grant-Vallone, 2002).

1.8 Assumptions of the Study

In undertaking the research study, it is assumed that the major determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization's Performance. Includes; strategic leadership, core competencies and organization's structure.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explores the existing literature on Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance in reference to Liaison Group Insurance Brokers. The chapter reviews theoretical literature, empirical literature on determinants Affecting implementation of blue ocean strategy and organization performance. The chapter also explains the conceptual framework and discusses the research gaps.

2.2 Theoretical Literature

This section reviews relevant theories in relationship to determinants Affecting implementation of blue ocean strategy and organization performance.

2.2.1 Resource Based Theory

According to Resource Based Theory resources are inputs into a firm's production process; can be classified into three categories as; physical capital, human capital and organizational capital (Crook, 2008). A capability is a capacity for a set of resources to perform a stretch task of an activity. Each organization is a collection of unique resources and capabilities that provides the basis for its strategy and the primary source of its returns. In the 21st-century hyper-competitive landscape, a firm is a collection of evolving capabilities that is managed dynamically in pursuit of above-average returns (Sherry, 2005). Thus, differences in firm's performances across time are driven primarily by their unique resources and capabilities rather than by an industry's structural characteristics (Crook, 2008). The study will use this theory to establish the capacity of the organization to meet the resources for facilitating effective implementation of blue ocean strategy.

2.2.2 Competency-Based Theory

Competency-Based Theory defines competencies as behavioral skills combined with technical knowledge and skills that will serve as indicators of success in a position. A competency is an underlying characteristic of an individual that is causally related to a criterion-referenced effective and/or superior performance in a job situation (Griffith, 2005). Developing a competent work force requires decades. Performance management systems are typically based on personal competencies that distinguish high from average

performance for successful managers. These personal competencies are derived from values and core competencies of the organization (Marquardt, 2009).

Competency-based variables are those which involve achievement orientation, customer service orientation, analytical and learning capability, and teamwork and cooperation. Competencies can also be considered as a yardstick for monitoring and evaluating individual/organizational performance and improving their competitiveness. Firms utilize competence to reach set goals, regardless of whether it is reduced costs or competitive advantage. Additionally, the results of study are in line with, which emphasizes the need to have the map for all achievement received that could enhance both the employees and organizational performance. Furthermore, report that organizations use core competency based systems are referred to as visionary or high performance organizations (Chiem, 2008).

2.3 Empirical Literature

This section discusses past studies on implementation of blue ocean strategy, strategic leadership, core competencies and organizational structure.

2.3.1 Blue ocean strategy

The key aim of blue ocean strategy is to create value innovation driving costs down while simultaneously driving value up for buyers. Value innovation is the cornerstone of blue ocean strategy. Value innovation is achievable only when a company's utility, price and cost structures are properly aligned. This whole system approach makes the creation of blue oceans sustainable because it integrates all the firm's functional and operational activities (Bonn, 2008).

Most corporate strategy has its roots in military strategy. Therefore, chief executive "officers" sitting in the corporate "headquarters" think about what their customer-facing people at the "front lines" are doing. Warfare has always been centered around confronting an opponent and fighting over a given piece of land. In this type of scenario, winning market share is everything. This is classical red ocean thinking (Ericsson, 2009).

In today's business environment, however, there are some very unique Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance. Industrial productivity has been enhanced by technology in all industries, meaning supply exceeds demand right across virtually all market segments. As trade

barriers fall and globalization takes firmer hold, niche markets with high pricing are becoming extinct. Worldwide demand for many products is falling in sync with falling populations in many developed markets (Goldman, 2010).

As a result, profit margins are shrinking, price wars are becoming more frequent and there has been accelerated commoditization of many products. To avoid having to compete aggressively for share of existing markets (red oceans), more and more companies are going to attempt to create to create new market space that is uncontested (blue oceans) and therefore potentially highly profitable (Ellen, 2012)

According to Filho (2009) Examples of some highly successful blue ocean strategies include; Apple Computer capturing a 60% share of the digital music industry with its iPod digital music player and iTunes digital music store. Ford introducing the Model T in 1908 at half the price of existing automobiles. CNN introducing real-time news that is playing 24/7 in 1980. Cirque du Soleil introducing a new touring show in 1984 that is part-circus and part-entertainment, and in less than 20-years achieving a level of revenue that took traditional circus companies more than one hundred years to achieve. Japanese automakers introducing small, fuel-efficient cars to the U.S. marketplace in the 1970s. Dell Computer Corporation applying a direct sales made-to-order business model to the personal computer industry in the mid-1990s.

The launch of the twenty-four-screen megaplex in the United States in 1995 by American Multi-Cinema Inc. By offering superior seating, better sight and impressive sound capabilities, the megaplex brought people back to the movie theater at a time when VCRs and home theaters were believed to reign supreme (Whittington, 2009).

All blue oceans moves succeed because they are focused more on value innovation and less on beating an established competitor. Value innovation is a simple concept to understand: Value innovation occurs whenever companies align innovation with utility, price and cost benefits for customers. Companies that achieve value innovation pursue differentiation and low cost simultaneously. It means to grow the market significantly by converting noncustomers into customers. The key to achieving this is to offer customers features and elements which have never before been available at an affordable price. Over time, as economies of scale come into effect, costs will then be reduced still further (Hughes, 2010).

Blue Ocean Strategy” (BOS) framework comprises of a set of tools developed by Kim and Mauborgne by ex post studying over 150 cases, from 30 industries, the result of which was published most extensively in the book “Blue Ocean Strategy” in 2004 (Kim and Mauborgne, 2004). This work was quickly picked up by a wide audience, considering its selection as the “Wall Street Journal Bestseller” and “BusinessWeek Bestseller” 2007. The two authors hold the 5th position of the 2009 “Thinkers 50”-list. Reputed companies as Coca-Cola, Deloitte, Procter & Gamble, and HP are using the BOS to search and to investigate new business areas. So far publications on the BOS-framework were backward-looking, with the disadvantage of ex-post interpretations, instead of recognizing market opportunities ex ante. Is the BOS-framework strong enough to show ex ante new, uncontested market opportunities in the highly competitive environment (Emiel, 2012).

In brief, Kim and Mauborgne (2007) simplified the world by classifying or labeling businesses as either in the Red Ocean or the Blue Ocean. The Red Ocean implicates strong competition and low or declining profits, because markets are densely populated and saturated. All market-niches and spaces seem to have been taken already (Hughes, 2010). The opposite is the Blue Ocean, “all the industries not in existence today” (Kim and Mauborgne, 2004), where markets are not well developed, industry boundaries are not given, and hence competition is absent or weak. Here, high growth rates may be expected. An example is the de facto creation of the European no frills/low budget airline-market by following the effective Blue Ocean-strategy by Southwest Airlines in the USA. The BOS is not about blind spots or misperceptions in an industry, but about recognizing and realizing the untapped potential of new market spaces, making competition irrelevant (Morrison, 2008).

2.3.2 Strategic leadership and implementation of blue ocean strategy

Strategic leadership basically means using strategy in the management of workers. The main strategy usually employed is to motivate workers to take the initiative to improve their productive input into the company. Strategy involves thinking and planning, while leadership inspires others to take the appropriate action. This management model trains and encourages employees to best prepare the company for the future (Ericsson, 2009). Leaders who are strategic are always looking ahead and analyzing the present in terms of preparation for what may come for the business. Awareness is a big part of this

leadership style, but it must be followed up with well thought out action. Strategic leaders are adaptable and growth-oriented. They take responsibility for getting things done by training employees to think and act more effectively to achieve the best result possible for the company (Goldman, 2010). Productivity is a main goal of strategic leadership. It's not about merely increasing the amount of work done, however, but strategic productivity or working harder for reasons best for the company. Although the strategic style of leadership always keeps the best interests of the business in mind, it's also appreciative of employees' unique talents and efforts (Bonn, 2008).

Strategic leadership provides the vision and direction for the growth and success of an organization. To successfully deal with change, all executives need the skills and tools for both strategy formulation and implementation. Managing change and ambiguity requires strategic leaders who not only provide a sense of direction, but who can also build ownership and alignment within their workgroups to implement change. Leaders face the continuing challenge of how they can meet the expectations of those who placed them there (Bonn, 2008). Addressing these expectations usually takes the form of strategic decisions and actions. For a strategy to succeed, the leader must be able to adjust it as conditions require. But leaders cannot learn enough, fast enough, and do enough on their own to effectively adapt the strategy and then define, shape and execute the organizational response. If leaders are to win they must rely on the prepared minds of employees throughout the organization to understand the strategic intent and then both carry out the current strategy and adapt it in real time. The challenge is not only producing a winning strategy at a point in time but getting employees smart enough and motivated enough to execute the strategy and change it as conditions change. This requires the leader to focus as much on the process used to develop the strategy, the human dimension, as the content of the strategy the analytical dimension (Ericsson, 2009).

There is a growing recognition that the most important problems in strategic management are not related to strategy formulation, but rather strategy implementation. Putting the strategy into effect and getting the organization moving in the direction of strategy accomplishment is a critical phase of strategic management process (Hughes, 2010). This is the strategy implementation stage. It is a process by which strategies and policies are put into action through development of programs, budgets, and procedures. Leadership, and specifically strategic leadership has been identified as one of the key drivers of

effective strategy implementation. The leadership's role is all important because its agenda for action and conclusion about how hard or fast to push for change are decisive in shaping the character of the implementation and moving the process along. Strategic leadership is the ability to influence a group towards the achievement of goals, and successful strategy implementation thus depends upon the leadership skills of working through others, organizing, motivating, culture building, establishing strategic controls, and creating strong fits between strategy and how the organization does things to ultimately achieve organizational goals (Chepkirui, 2012).

A study by Chepkirui (2012) on the role played by strategic leadership in strategy implementation at the Agricultural Development Corporation (ADC) found out that that strategic leadership plays a very critical role in the effective implementation of strategy at the corporation. Its role stirs commitment among people within the organization to embrace change and implement strategies intended to achieve the strategic vision. Strategic leadership role in strategy implementation include determination of strategic direction, building an organization, shaping effective organizational culture, effective management of organization's resource portfolio, enforcement of ethical compliance, communicating strategy, development of short-term objectives and operational plans as well as establishment of balanced organizational controls, to mention a few. The recommendations made by this study will be valuable to the organization under study, the government, scholars, academicians, and any other organization or individual who may want to use the information obtained from the study.

2.3.3 Core competencies and implementation of blue ocean strategy

Core competencies can be defined as the unique combination of the resources and experiences of a particular firm. It takes time to build these core competencies and they are difficult to imitate. Critical to sustaining these core competencies makes their durability and life span is longer than individual product or technology life-cycles, as are the life spans of resources used to generate them, including people. Intransparency, it is difficult for competitors to imitate these competencies quickly. Immobility these capabilities and resources are difficult to transfer (Tovstiga, 2010).

Capability-based strategies are based on the notion that internal resources and core competencies derived from distinctive capabilities provide the strategy platform that underlies a firm's long-term profitability. Evaluation of these capabilities begins with a

company capability profile, which examines a company's strengths and weaknesses in four key areas: managerial, marketing, financial and technical (Porter, 2008).

Then a Strengths Weakness Opportunities and Threats (SWOT) analysis is carried out to determine whether the company has the strengths necessary to deal with the specific forces in the external environment. This analysis enables managers to identify: external threats and opportunities, and distinct competencies that can ward off the threats and compensate for weaknesses (Porter, 2008).

The picture identified by the SWOT analysis helps to suggest which type of strategy, or strategic thrust the firm should use to gain competitive advantage. Schulman (2007) identified four principles that serve as guidelines to achieving capability-based competition: Corporate strategy does not depend on products or markets but on business processes. Key strategic processes are needed to consistently provide superior value to the customer. Investment is made in capability, not functions or SBUs. The Chief executive officer (CEO) must champion the capability-based strategy (Tovstiga, 2010).

Capability-based strategies, sometimes referred to as the resource-based view of the firm, are determined by those internal resources and capabilities that provide the platform for the firm's strategy and those resources and capabilities that are the primary source of profit for the firm. A key management function is to identify what resource gaps need to be filled in order to maintain a competitive edge where these capabilities are required (Porter, 2008).

Building an organization capable of good strategy execution entails three types of organization-building actions: staffing the organization, assembling a talented, can-do management team, and recruiting and retaining employees with the needed experience, technical skills, and intellectual capital, building core competencies and competitive capabilities that will enable good strategy execution and updating them as strategy and external conditions change, and structuring the organization and work effort, organizing value chain activities and business processes and deciding how much decision-making authority to push down to lower-level managers and frontline employees (Thomas,2007).

Building core competencies and competitive capabilities is a time-consuming, managerially challenging exercise that involves three stages: developing the ability to do

something, however imperfectly or inefficiently, by selecting people with the requisite skills and experience, upgrading or expanding individual abilities as needed, and then molding the efforts and work products of individuals into a collaborative group effort; coordinating group efforts to learn how to perform the activity consistently well and at an acceptable cost, thereby transforming the ability into a tried-and-true competence or capability; and continuing to polish and refine the organization's know-how and otherwise sharpen performance such that it becomes better than rivals at performing the activity, thus raising the core competence (or capability) to the rank of a distinctive competence (or competitively superior capability) and opening an avenue to competitive advantage. Many companies manage to get through stages 1 and 2 in performing a strategy-critical activity but comparatively few achieve sufficient proficiency in performing strategy-critical activities to qualify for the third stage. (Mcgraw, 2013).

Strong core competencies and competitive capabilities are an important avenue for securing a competitive edge over rivals in situations where it is relatively easy for rivals to copy smart strategies. Anytime rivals can readily duplicate successful strategy features, making it difficult or impossible to out strategize rivals and beat them in the marketplace with a superior strategy, the chief way to achieve lasting competitive advantage is to out execute them (beat them by performing certain value chain activities in superior fashion). Building core competencies and competitive capabilities that are difficult or costly for rivals to emulate and that push a company closer to true operating excellence is one of the best and most reliable ways to achieve a durable competitive edge (Schein, 2008).

Structuring the organization and organizing the work effort in a strategy-supportive fashion has five aspects: deciding which value chain activities to perform internally and which ones to outsource; making internally performed strategy-critical activities the main building blocks in the organization structure; deciding how much authority to centralize at the top and how much to delegate to down-the-line managers and employees; providing for internal cross-unit coordination and collaboration to build and strengthen internal competencies/capabilities; and providing for the necessary collaboration and coordination with suppliers and strategic allies (Mcgraw,2013).

2.3.4 Organizational structure

Organizational structure refers to the outcome of the combination of all the ways in that work can be divided into various tasks, the coordination of which must subsequently be ensured (Claver-Cortés et al., 2007). Rowland (2008) in his research on the relationship between organizational structure and function of knowledge transfer process call the structure as a relationship flow.

Wang and Ahmed (2009) believe that for the structure of knowledge-based organizations it must be created in higher levels of structural dimensions. This level includes trust-based relationship, externally-oriented interactive relationship, emotionally- inclusive relationship. They stressed the importance of interaction and fluidity as a structural requirements needed for effective knowledge management. Hence, they believe that the position of knowledge-based structures is distinct, apart from the mechanical or organic structures. In traditional structures too many organizational layers and very high chain of commands (decisions are made at the top of the chain of command and transferred to lower levels). This kind of communication/decision making can significantly slow organizational processes, which can be very detrimental to the organization (Rowland and Syed, 2008).

Lord and Ranft (2009) argue that these structures prevent the knowledge transfer among different parts of organization and cause limited access to the accumulated knowledge by other division of the corporation and thus the employees needs cannot be satisfied Rowland (2008) believe that effective communication from top to bottom and from bottom to top could improve the company's ability to benefit from their current knowledge.

Most studies examine organizational structure from a traditional viewpoint, with centralization and formalization as the two critical structural dimensions (Tata & Prasad, 2008). Centralization refers to a hierarchical level that has the authority to make a decision within an organization. Formalization refers to written documentation, rules, and procedures in the organization that affect the communication of knowledge (Smith, 2009). Centralization is generally considered to hinder interdepartmental communication, frequent sharing of ideas, and knowledge application, to the contrary, decentralization is a structural factor that aids the sharing of knowledge through an emphasizing of

empowerment and information sharing with other employees (Hurley, 2005).

According to Lord and Ranft (2009) there are two opposing views regarding the relationship of formalization and knowledge application in a firm. Formalized structures can be less flexible, prohibiting the acquisition and utilization of knowledge. The absence of a formal structure tends to allow organization members to communicate and interact with one another to create knowledge. Conversely, formalization systemizes information collection and dissemination, and helps to identify storage of strategic issues. Rigid structures are argued to encourage behaviors in which organizational units are rewarded for hoarding information (Claver-Cortés et al., 2007).

Smith and Schurink (2005) suggests that an organisation's knowledge base should be seen as a valuable asset and managed accordingly, influencing organisational structures and affecting organisational change and development. This requires different approaches, as well as structural, paradigm and behavioral changes in people and the organization where each business unit should take ownership of the knowledge in their midst and optimally manage it to improve performance. The work environment needs to be restructured and reorganized to ease access to and link employees with one another to provide for knowledge sharing (Tata & Prasad, 2008).

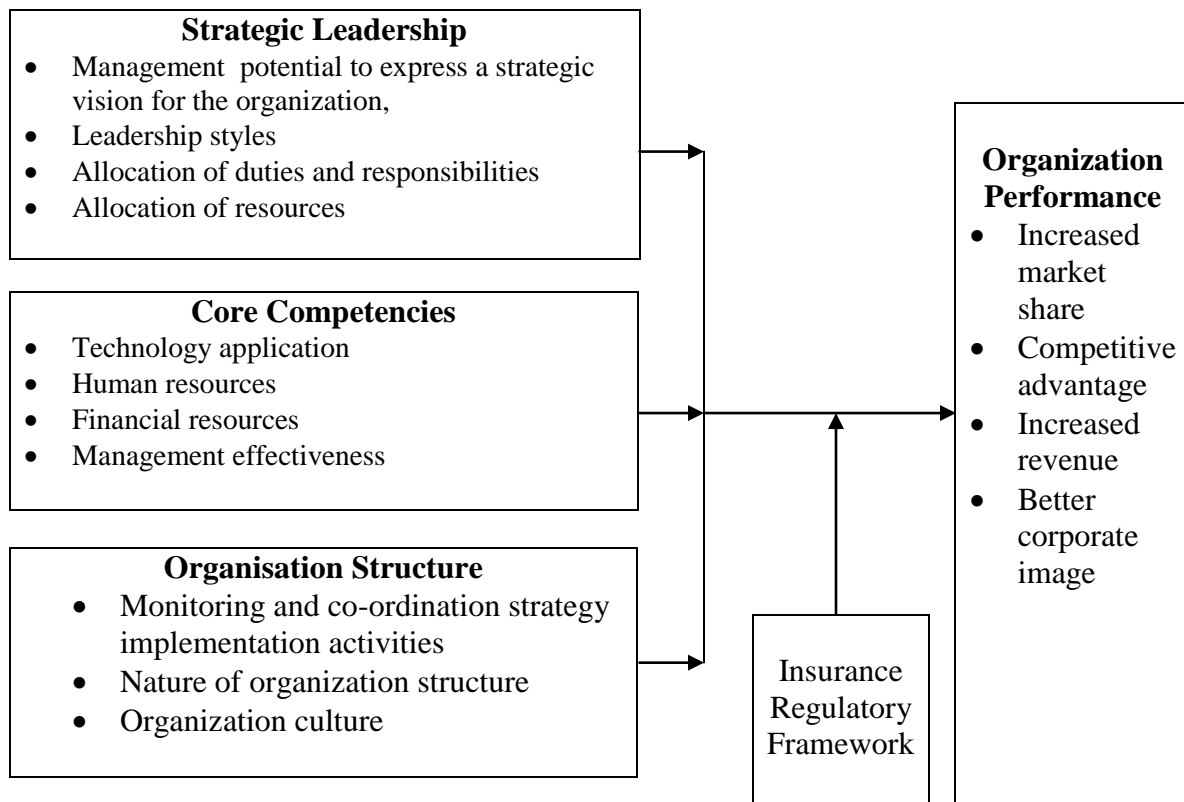
2.3 Summary and Gaps to be filled by the Study

The literature review of the study indicated that different researchers have made numerous attempts to explain blue ocean strategy in various industrial sectors but there lacks a specific study on Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance in insurance brokerage firms in Kenya. This has hence led to development of major knowledge gap the effect of strategic leadership, core competencies and organization structure on implementation of blue ocean strategy. This study aims to fill the missing gap by narrowing its research undertakings on Determinants affecting the Implementation of Blue Ocean Strategy in Liaison Group insurance Brokers and Its effects on Organization Performance.

2.4 Conceptual Framework

The conceptual framework is used to show the relationship between the research variables. In this study the independent variables are; strategic leadership, core competencies and organization structure. The dependent variable is organization performance.

The constructs are relationship between the researches variables are presented in figure 1.



Independent variables

Intervening variable

Dependent variable

Source; Author (2013)

Fig 1 Conceptual Framework

2.4.1 Strategic Leadership

Strategic leadership refers to a manager's potential to express a strategic vision for the organization, or a part of the organization, and to motivate and persuade others to acquire that vision. Strategic leadership can also be defined as utilizing strategy in the management of employees. It is the potential to influence organizational members and to execute organizational change (Cooper, 2009). Strategic leaders create organizational structure, allocate resources and express strategic vision. Strategic leadership requires the potential to foresee and comprehend the work environment. It requires objectivity and potential to look at the broader picture. Strategic leaders encourage the employees in an organization to follow their own ideas. Strategic leaders make greater use of reward and incentive system for encouraging productive and quality employees to show much better performance for their organization (Füller, 2010). Lack of strategic leaders in many insurance firms discourages team work, lowers the level of employee motivation and affects development of ideas that could lead to introduction of new products in the market hence affecting implementation of Blue Ocean strategy

2.4.2 Core Competencies

Core competency is a unique skill or technology that creates distinct customer value. The organizational unique capabilities are mainly personified in the collective knowledge of people as well as the organizational system that influences the way the employees interact. As an organization grows, develops and adjusts to the new environment, so do its core competencies also adjust and change. Thus, core competencies are flexible and developing with time (Schreier, 2010). Core competencies do not remain rigid and fixed. Core competencies help in creating and developing products. Core competencies decide the future of the organization. Core competencies give way to innovations since using core competencies, new technologies can be developed and new insurance products can be designed (Matzler, 2009). Most insurance firm's lacks professional trained insurance staff and this weakens the organization core competencies. The organization human resources thus lack capacity to effectively impellent blue ocean strategy.

2.4.3 Organizational Structure

Armstrong M (2002) defines an organization structure as a framework for getting things done. It consists of units, functions, divisions, departments and formally constituted work teams into which activities related to particular processes, projects, products, markets,

geographical areas or professional discipline are grouped together. The type and nature of organizational structure determines how authority flows in the organization and how employees are allocated various job task functions. Weak and ineffective organizational structures affects allocation of strategy implementation job task functions and effective monitoring of the employees. Strategy implementation functions are thus poorly executed and this hampers successful implementation of blue ocean strategy and realization of increased organization performance.

2.4.4 Insurance Regulatory Framework

The Insurance Regulatory Authority (IRA) is the body that regulates the running and proper functioning of insurance firms in Kenya. To ensure that the industry reaps the benefits from a globally competitive financial services sector, the sector has to remain efficient, flexible and responsive to emerging trends like effective in addressing identified problem and efficient in maximizing benefits to the economy.

Regulations used for the insurance industry in Kenya include the Insurance Act Cap 487 and its accompanying Schedules and Regulations. Circulars and Guidelines are normally issued by the Commissioner of Insurance/Chief Executive Officer of IRA detailing provisions that insurance/re-insurance companies and intermediaries need to comply with. These rules are issued with an expectation of compliance that is done through surveillance and inspections.

In this study, the Insurance regulatory framework is our intervening variable; however it will not be used further in the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology to be applied in order to execute the study. The chapter covers the research design, target population, sampling procedure, data sources and instruments, data collection procedure and highlights the data analysis and presentation methods and ethical standards.

3.2 Research design

The study will apply a descriptive research design. According to Sekeran (2003), descriptive research design is a non experimental in that it deals with the relationships between non manipulated variables in a natural rather than laboratory setting. Since the events or conditions have already occurred, the researcher selects the relevant variables for an analysis of their relationships. Descriptive design also involves hypothesis formulation and testing and uses the logical methods of inductive-deductive reasoning to arrive at generalizations of findings. Descriptive design also employs methods of randomization so that error may be estimated when inferring population characteristics from observations of samples and the variables and procedures are described (Cooper and Schindler, 2003). The study considers this design appropriate since it will support application of stratified random sampling technique to obtain information from few respondents in order to have a general view of Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance in insurance brokerage companies in Kenya in reference to Liaison Group Insurance Brokers.

3.3 Target Population

Morris (2001) defines population as the total collection of elements about which the study make some inferences. The study population will comprise of a total of 180 employees working at Liaison Group Insurance Brokers headquarter offices situated in Nairobi. The organization structure and strategic location in Nairobi makes it suitable to gather reliable and accurate information on Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization in Kenya with specific reference to Liaison Group Insurance Brokers. The study targets 180 staff since they are the ones mostly involved in the execution strategic management practices and thus stands high chances of providing the study with reliable information on strategy implementation (Liaison HRM, 2012). The list containing the number of employees will be obtained from

the organization Human Resource department and it will form the basis of the sampling frame for the study. The study population will thus be divided into three categories as shown in Table 3.1.

3.3.1 Study Site

The study site will be Liaison Group Insurance Brokers headquarter offices situated in Nairobi.

Table 3.1 Study Population

Department	Population
Top management	40
Middle level management	60
Lower management	80
Total	180

Source; Liaison HRM (2013)

3.4 Sampling and Sampling Procedure

Sampling is the practice concerned with the selection of individual observations intended to yield some knowledge about a population of concern especially for the purpose of statistical inference (Mugenda 2003). The sample size is a representative of the target population. The study will adopt a probability sampling design by applying a stratified random sampling technique to select a sample size of 54 respondents. Stratified random sampling is the process of selecting a sample in such a way that identified subgroups in the population are represented in the sample in the same proportion as they exist in the population (Patton, 2002), while a simple random sample is one in which each and every member of the population has an equal and independent chance of being selected as respondents (Mugenda and Mugenda, 2003).

Stratified random sampling technique is deemed appropriate since the researcher does not know the population sample and therefore will just chose the respondents at random (Mugenda and Mugenda,2003). Stratified sampling will be used to group the respondents in the study population into three subgroups or strata's namely; top management, middle level management and lower management and random sampling will then be used to pick 30% of the respondents from each population subgroup. This is in tandem with Mugenda and Mugenda (2003) that a sample size that is 30% of the study population facilitates gathering of adequate data that can be generalized to reflect the opinion of the entire population on the study problem. The sample size and selection criterion is presented in Table 3.2.

Table 3.2 Sample Size

Department	Population	Sample Ratio	Sample Size
Top management	40	0.3	12
Middle level management	60	0.3	18
Lower management	80	0.3	24
Total	180	0.3	54

Source; Liaison HRM (2012).

3.5 Research Instruments

The study main source of data will be from the Liaison Group Insurance staff who will form the study respondents. The main data collection instruments will be questionnaires containing both open ended and close ended questions with the quantitative section of the instrument utilizing a Likert-type scale format. The Likert-type format will be selected because according to Kiess & Bloomquist (2009), this format yields equal-interval data, a fact that allows for the use of more powerful statistical statistics to test research variables. Questionnaires will be preferred since according to Kothari (2006) the information obtained from questionnaires is free from bias and researchers influence and thus accurate and valid data will be gathered.

A pilot study will be undertaken to pretest data collection instruments for validity and reliability. According to Sekeran (2003), a pilot study is necessary for testing the validity and reliability of data collection instruments. Joppe (2000) explains reliability of research as determining whether the research truly measures that which it was intended to measure or how truthful the research results are. Pilot study is thus conducted to detect weakness in design and instrumentation and to provide accurate data for selection of a sample (Cooper & Schindler, 2003).

3.5.1 Piloting

3.5.1.1 Validity

To establish the validity of the data collection instruments, the research instruments will be given to 5 research consultants. The research consultants will be expected to tick if the item in the questionnaires addresses the determinants Affecting implementation of blue ocean strategy in Liaison Group Insurance Brokerage and its effects on organization performance. The content of the responses given by the research consultants will be checked against the study objectives and rated using a scale of 1(very relevant) to 4 (not

very relevant). The Content Validity Index will be used to determine the validity by adding up all the items rated using a scale of 3 and 4 by the research consultants and dividing the total sum by the total number of items in the questionnaires. A context of validity coefficient index of 0.75 will be obtained and this will be in tandem with Joppe, (2000) that a coefficient of at least 0.70 is acceptable as a valid research and thus the research instrument will be considered to be valid for the study.

3.5.1.2 Reliability

To measure the reliability of the data collection instruments an internal consistency technique Cronbach's alpha will be computed using SPSS. The pilot study will involve issuing of the questionnaires to five respondents in a different insurance firm. The data obtained from these respondents will be analyzed using SPSS Cronbach's alpha. According to Zinbarg (2005), cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability. An alpha coefficient higher than 0.75 indicates that the gathered data has a relatively high internal consistency and could be generalized to reflect opinions of all respondents in the target population (Joppe, 2000). Data reliability will play an important role towards generalization of the gathered data to reflect the true characteristics of determinants Affecting implementation of blue ocean strategy in Liaison Group Insurance Brokerage and its effects on organization performance

3.6 Data Collection Procedures

The study will collect primary data which will be the actual information that will be obtained for the purpose of the research study. Primary data will be gathered through the use of questioning method in form of a semi structured questionnaire (open and close ended questions). The questionnaires will be self administered to a total of 54 respondents and later picked for data analysis.

3.7 Ethical Standards

To comply with all research ethical standards, permission to conduct the study will be obtained from the Liaison Group insurance brokers head offices where the researcher will present an authority letter from the University detailing the academic purpose and intention of the study. The researchers will seek appointments with the respondents and upon their consent; he will proceeded to issue questionnaires for data collection. The researcher will uphold moral obligation to treat the information with utmost propriety due

to sensitivity of the information to be collected. Since the respondents might be reluctant to disclose some information, the researcher will reassure the respondent's high level of confidentiality of the information given.

3.8 Data Analysis and Presentation

Since the study will generate both quantitative and qualitative data. Descriptive statistics data analysis method will be applied. Data obtained from the questionnaires will be processed through editing and coding and then entered into a computer for analysis using descriptive statistics with the help of Statistical Package for Social Sciences version 17, which offers extensive data handling capabilities and numerous statistical analysis procedures that analyses small to very large data statistics (Bell, 2007). Descriptive statistics will help to compute measures of central tendencies and measures of variability (Bell, 2007). Descriptive analyses are important since they provide the foundation upon which correlational and experimental studies emerge; they also provide clues regarding the issues that should be focused on leading to further studies (Mugenda and Mugenda, 2008). Further inferential statistics will be done using Pearson correlation to establish the relationship between the research variables. The findings will be presented using tables and charts. Qualitative data drawn from open-ended question in the questionnaire will be analyzed through summarising the set of observations drawn from the respondents. Common set of observation will be assigned numerical value and entered into the SPSS computer system.

3.9 Expected Output

The study is expected to generate descriptive data that demonstrating respondent's opinion on Determinants affecting the Implementation of Blue Ocean Strategy and Its effects on Organization Performance in Kenya in reference to Liaison Group Insurance Brokers. The study findings will show how strategic leadership, core competencies and Organization structure affects implementation of blue ocean strategy.

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APPENDIX I: RESEARCH PLAN

ACTIVITY	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013
✓ Development of Concept Paper					
✓ Proposal writing ✓ Proposal Presentation ✓ Correction ✓ Data collection					
✓ Data Analysis ✓ Report writing					
✓ Writing of the research report ✓ Presentation of the project ✓ Corrections					
✓ Submitting the research project report					

APPENDIX II: BUDGET ESTIMATES

ITEM	QUANTITY	UNIT COST (KSHS)	TOTAL COST (KSHS)
Stationary	5 reams	500	2,500
Traveling (Fuel)	21 kms (6 days)	1000	6,000
Typing services	80 pages (5 copies)	10	4,000
Binding	80 pages (5 copies)	100	500
Photocopying	80 pages (5 copies)	2	800
Lunch	6 lunches	300	1,800
Data correction and analysis			70,000
Total			85,600

APPENDIX III: INTRODUCTION LETTER

**THE RESPONDENTS,
LIAISON GROUP I.B LTD,
P.O BOX 58013-00200,
NAIROBI - KENYA.**

Dear Sirs,

REF: COLLECTION OF DATA

I'm a student at Kenyatta University pursuing a Master of Business Administration in Strategic Management. I'm currently undertaking a research project on “**Determinants Affecting the Implementation of Blue Ocean Strategy in Liaison Group Insurance Brokers and Its Effects on Organization Performance.**” which is a requirement for the award of the degree. I'm therefore seeking your assistance in filling the questionnaire attached.

All the information given will be held confidentially and will only be used for educational purposes.

Thank you and I look forward to your assistance.

Yours faithfully,

JULIUS KITHEKA

APPENDIX IV: RESEARCH QUESTIONNAIRE

Instructions (tick where appropriate)

SECTION I

Background information

Fill in the provided spaces

1. Age:

- 18-30 yrs
- 31-40 yrs
- 41-50 yrs
- Above 51 yrs

2. Education level

- Primary level
- Secondary level
- College level
- University level
- Other specify.....

3. Working experience

- Less than 5 years
- 6-10 years
- 11-15 YEARS
- 15 Years and above

SECTION II

Strategic Leadership

- (i) By using a scale of 1 to 5; (1= not at all, 2 = small extent, 3 = moderate extent, 4 = large extent, 5 = very large extent), rate the extent to which the following strategic leadership factors affect implementation of blue ocean strategy and the organization performance.

Strategic Leadership factors	1-Not at all	2-Small extent	3-Moderate Extent	4-Large extent	5-Very Large extent
1) Management potential to express a strategic vision for the organization affects implementation of blue ocean strategy and organization performance					
2) The nature of the employed leadership styles affects implementation of blue ocean strategy and organization performance					
3) Proper allocation of duties and responsibilities affects implementation of blue ocean strategy and organization performance					
4) Lack of understanding of the nature of work environment affects implementation of blue ocean					

strategy and organization performance					
5) Lack of team work affects implementation of blue ocean strategy and organization performance					
6) Low level of employee motivation affects implementation of blue ocean strategy and organization performance					
7) Lack of development of new ideas affects implementation of blue ocean strategy and organization performance					

(ii) Suggest how the organization management should apply strategic leadership in order to support implementation of blue ocean strategy and help in improvement of the level of organization performance?

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SECTION III

Core Competencies

- (i) By using a scale of 1 to 5; (1= not at all, 2 = small extent, 3 = moderate extent, 4 = large extent, 5 = very large extent), rate the extent to which the following core competencies factors affect implementation of blue ocean strategy and the organization performance.

Core competencies issues	1-Not at all	2-Small extent	3-Moderate Extent	4-Large extent	5-Very Large extent
1) The level of information technology application affects implementation of blue ocean strategy and organization performance					
2) Lack of effective human resource development practices hinders improvement of the organization core competencies and this negatively affects implementation of blue ocean strategy and organization performance					
3) Lack of allocation of enough financial resources affects implementation of blue ocean strategy and organization performance					
4) Lack of Talent management practices affects implementation of blue ocean strategy and organization performance					
5) Lack of Professional trained insurance staff affects implementation					

of blue ocean strategy and organization performance					
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(ii) Suggest how the organization management should improve on core competencies in order to support implementation of blue ocean strategy and help in improvement of the level of organization performance?

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SECTION IV

Organizational Structure

(i) By using a scale of 1 to 5; (1= not at all, 2 = small extent, 3 = moderate extent, 4 = large extent, 5 = very large extent), rate the extent to which the following organizational structure issues affect implementation of blue ocean strategy and the organization performance.

Organizational Structure	1-Not at all	2-Small extent	3-Moderate Extent	4-Large extent	5-Very Large extent
1) Lack of effective organizational structure affects monitoring and coordination of blue ocean strategy implementation activities and this affects organization performance					
2) Organizational structure that does not support teamwork and delegation of duties affects implementation of blue ocean					

strategy and organization performance					
3) Application of rigid organisation structure hinders knowledge sharing amongst the staff and this affects implementation of blue ocean strategy and organization performance					
4) Organization culture affects implementation of blue ocean strategy and organization performance					

(ii) Suggest how the organization management should improve on organizational structure in order to support implementation of blue ocean strategy and help in improvement of the level of organization performance?

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