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STRATEGIC ALIGNMENT ON PERFORMANCE OF INSURANCE COMPANIES IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

The general objective of the study is to examine the influence of strategic alignment on Performance of insurance companies in Nairobi city County, Kenya. Specifically, the study sought to examine the influence of goal alignment on performance of insurance companies in Nairobi city County, Kenya, to assess the influence of organizational structure alignment on performance of insurance companies in Nairobi city County, Kenya. This study was guided by Goal Setting Theory and Contingency Theory. The study used a cross-sectional descriptive research design. The study targeted management employees from these firms. From the 21 firms, the study targeted 2 top management employees, 3 middle level management employees and 5 lower level management employees from each firm. This implies that the total population form the study was 210 respondents. The study used Fisher, Laing and Stoeckel formula in determining the sample size of 173 respondents. The study used Stratified random sampling to select the sample to be used. Questionnaires were administered for primary data collection. SPSS version 23 was used to analyze quantitative data using descriptive and inferential statistics. The findings of the study were presented descriptively using frequencies, percentages and means, while inferentially the study used correlation and regression analyses to test the relationship between turnaround strategies and performance of registered insurance firms in Kenya. The study results were presented through use of tables and figures. From the pilot test results; all the variables were found to have Cronbach alpha value greater than 0.7. This suggested that all the variables were reliable and hence there is no need to change the measures and indicators in the questions. This implies that the research instrument met all the validity and reliability requirements. The study concludes that goal alignment has a positive and significant influence on performance of insurance companies in Nairobi city County, Kenya. In addition, the study concludes that organizational structure alignment has a positive and significant influence on performance of insurance companies in Nairobi city County, Kenya. Based on the findings, the study recommends that the management of insurance companies in Kenya should prioritize the alignment of individual and organizational goals. By ensuring that employees' personal objectives and daily tasks are in sync with the company's broader strategic vision, organizations can foster greater focus and commitment. In addition, the study recommends that management of insurance companies in Kenya should focus on aligning their organizational structure with their strategic goals to improve overall performance. A well-aligned structure ensures clear roles, responsibilities, and efficient decision-making processes, which reduce confusion and increase operational efficiency.

Key Words: Strategic Alignment, Goal Alignment, Organizational Structure Alignment, Performance, Insurance Companies

Background of the Study

Insurance companies are financial institutions that provide coverage against various risks in exchange for regular premium payments. They offer a variety of insurance products, such as life, health, auto, home, and liability insurance. Insurance companies play a crucial role in the economy by providing financial protection to individuals and businesses against various risks (Sardana, Terziovoski & Gupta, 2021). They help mitigate the financial impact of unforeseen events, such as accidents, natural disasters, or health emergencies. By pooling the resources of many policyholders, insurance companies can spread risk and provide a safety net for those affected by loss or damage. This risk-sharing mechanism promotes stability, allowing individuals and businesses to recover more quickly after an adverse event (Ghonim, *et al*, 2020). Another important function of insurance companies is their role in promoting risk management and safety. By assessing and underwriting risks, insurers encourage policyholders to adopt safer practices, such as implementing safety measures in homes and workplaces or maintaining vehicles. This proactive approach not only reduces the frequency of claims but also fosters a culture of responsibility and awareness about potential risks. In turn, this can lead to lower premiums and a healthier environment overall (Ayoup, Omar & Rahman, 2022).

Moreover, insurance companies contribute to the economy by investing the premiums they collect. These investments can support economic growth by funding infrastructure projects, businesses, and government initiatives. Through their investment activities, insurers help create jobs and stimulate economic development, demonstrating their influence beyond mere risk coverage (Jouirou & Kalika, 2023). Insurance companies provide peace of mind to individuals and businesses, allowing them to plan for the future without the constant worry of financial ruin from unexpected events. This assurance enables consumers to make informed decisions regarding their health, property, and business ventures, ultimately contributing to overall economic stability and growth (Shano, 2020).

Strategic alignment refers to the process of ensuring that an organization's goals, structures, resources, and technologies are cohesively coordinated to achieve its overall mission and objectives. Goal alignment involves establishing clear organizational objectives that are communicated throughout all levels of the organization, ensuring that every team member understands their role in achieving these targets (Odit, Rwashana & Kituyi, 2022). This creates a unified direction and fosters a sense of purpose among employees, promoting engagement and productivity. Organizational structure alignment is essential components of strategic alignment (Ankrah, 2020). Organizational structure alignment defines how roles and responsibilities are distributed, impacting decision-making and efficiency. This study sought to examine the influence of strategic alignment on Performance of insurance companies in Nairobi city County, Kenya.

Statement of the Problem

Insurance companies play a critical role in the economic stability and growth of a country like Kenya. They provide financial protection to individuals, businesses, and organizations against unforeseen risks, such as accidents, natural disasters, or health issues (Gichohi, Iravo & Muchelule, 2024). By offering products that manage these risks, insurance companies help reduce the financial burden on the government and individuals, promoting economic resilience. Furthermore, the industry encourages savings, investment, and job creation, while also facilitating access to capital for development projects. In Kenya, insurance companies contribute significantly to the national economy by driving financial inclusion, stimulating investment, and promoting overall economic development (Mulago & Oloko, 2020).

Insurance companies in Nairobi City County, Kenya, face significant challenges tha significantly affect their performance. They face a significant challenge in maintaining profitability. The high competition within the market, along with increased operational and regulatory costs, has eroded profit margins for many insurers (Lerionka & Kimaku, 2023). For instance, the Insurance Regulatory Authority (IRA) reported a 3.5% decline in the industry's profitability in 2020, with total profits before tax dropping from KSh 9.4 billion in 2019 to KSh 9.1 billion in 2020. Additionally, underwriting results remain under pressure, with the combined ratio (a key measure of profitability) for the industry reported at around 103% in 2020, meaning that, on average, insurance companies were paying out more in claims and expenses than they were earning in premiums (Osendi, *et al*, 2024). Furthermore, the sector's net income growth has slowed significantly, from a 7.1% increase in 2019 to a mere 2.4% increase in 2020, demonstrating the tightening of profit margins and the challenges of remaining profitable amid increased competition and regulatory changes (Anamanjia & Maina, 2022).

Expanding market share is a major challenge for insurance companies in Nairobi City County, where the overall insurance penetration in Kenya remains relatively low. According to the IRA, insurance penetration stood at just 2.8% in 2020, far below the global average of 7.4% (Gichohi, Iravo & Muchelule, 2024). Additionally, the distribution of market share is highly concentrated, with the top five insurance companies controlling nearly 50% of the total premiums collected. For instance, in 2020, the largest insurer in Kenya, Jubilee Insurance, accounted for around 15.5% of the total market share, while other players like CIC Insurance and Britam had market shares of 7.3% and 7.0%, respectively (Mulago & Oloko, 2020). Smaller companies continue to struggle to capture a significant share of the market, partly due to limited brand recognition and higher costs of reaching underserved populations. The informal sector, where the majority of the population operates, remains underinsured, with just 10% of individuals in the informal sector having access to any form of insurance, according to a 2021 survey by the Insurance Research Institute (Lerionka & Kimaku, 2023). A 2021 survey conducted by the IRA revealed that 62% of insurance customers were dissatisfied with the claims process, citing delays, poor communication, and a lack of transparency as the primary reasons for their dissatisfaction. Moreover, 55% of respondents stated that they felt insurance companies were not adequately meeting their needs in terms of product offerings and customer support (Anamanjia & Maina, 2022). The cost of premiums is also a barrier to customer satisfaction, with many consumers in the lower-income brackets feeling that insurance products are too expensive. The IRA's annual report on consumer complaints also highlighted that 45% of the complaints were related to the settlement of claims, a key driver of customer frustration in the industry. Additionally, customer retention remains low, with insurers reporting high levels of churn as customers switch to competitors offering better service or lower (Gichohi, Iravo & Muchelule, 2024).

Strategic alignment significantly influences organizational performance by ensuring that all components of a business work in concert toward common objectives. When an organization's goals are clearly defined and understood at every level, employees are more likely to feel engaged and motivated. This alignment creates a shared sense of purpose, which fosters collaboration and enhances productivity (Lerionka & Kimaku, 2023). Various studies have been conducted in different parts of the world on strategic alignment and organization performance. For instance, Mulago and Oloko (2020) conducted a study on the effect of strategic alignment on firm performance in telecommunication sector. Lerionka and Kimaku (2023) researched on strategic alignment and performance of privately owned meat processing companies and Anamanjia and Maina (2022) investigated on strategic alignment and performance of Kenya Revenue Authority. However, none of these studies focused on goal alignment, and organizational structure on performance of insurance companies in Nairobi city County, Kenya. To fill the highlighted gaps, the current study sought to determine the influence of strategic alignment (goal alignment, organizational structure alignment) on performance of insurance companies in Nairobi city County, Kenya.

General Objectives

The general objective of the study is to examine the influence of strategic alignment on Performance of insurance companies in Nairobi city County, Kenya

Specific Objectives

i. To examine the influence of goal alignment on performance of insurance companies in Nairobi city County, Kenya
ii. To assess the influence of organizational structure alignment on performance of insurance companies in Nairobi city County, Kenya

LITERATURE REVIEW

Theoretical Review

Goal Setting Theory

Goal Setting Theory, developed by Edwin (1968), posits that specific and challenging goals can lead to higher performance levels compared to vague or easy objectives. The theory emphasizes the importance of clarity in goals; well-defined goals provide direction and focus, allowing individuals to channel their efforts effectively. When individuals know exactly what they aim to achieve, they are more likely to commit to the necessary actions, thus enhancing their motivation and performance (Pieper, Sabine & Jaskiewiczthe, 2020).

Another critical aspect of Goal Setting Theory is the role of feedback. Regular feedback allows individuals to assess their progress toward their goals, adjust their strategies if necessary, and stay motivated. This process of monitoring performance helps to reinforce commitment and enables individuals to celebrate small successes along the way. Feedback serves as a mechanism for continuous improvement, ensuring that the goals remain relevant and achievable (Gede & Admasu, 2023). Additionally, Goal Setting Theory highlights the significance of goal complexity and individual capability. While challenging goals can enhance motivation, they must be attainable based on one's skills and resources. Setting overly ambitious goals can lead to frustration and decreased motivation if individuals feel overwhelmed. Therefore, balancing challenge with realism is crucial in the goal-setting process. When goals align with an individual's abilities and context, they foster a sense of competence and drive, ultimately leading to greater satisfaction and achievement (Mutinda, 2020).

Goal Setting Theory rests on several key assumptions that shape its application and effectiveness. One primary assumption is that individuals are rational actors who respond positively to specific, challenging goals. This view suggests that when people have clear targets, they will engage in goal-directed behaviors to achieve them (Komen & Kipchumba, 2019). Additionally, the theory assumes that individuals possess the capability and resources necessary to meet these goals, which may not always be the case. Such assumptions can overlook the complexities of human motivation and the various external factors influencing performance, such as stress, competing responsibilities, and environmental constraints (Anamanjia & Maina, 2022).

Critiques of Goal Setting Theory often focus on its potential drawbacks and limitations. One major concern is that an overemphasis on goal achievement can lead to a narrow focus, causing individuals to disregard important aspects of their work or personal development. This fixation on specific outcomes may hinder creativity and innovation, as individuals might prioritize meeting their goals over exploring new ideas or approaches. Furthermore, when goals are set too high, they can result in increased stress and anxiety, ultimately leading to burnout and decreased overall performance (Pieper, Sabine & Jaskiewiczthe, 2020). Critics argue that a more holistic approach to motivation, which includes elements of intrinsic motivation and well-being, may be necessary to complement goal-setting strategies. Another critique involves the assumption that all individuals respond uniformly to goal-setting interventions. Differences in personality, experience, and context can significantly affect how people perceive and pursue goals. For example, some individuals may thrive under pressure and challenge, while others may feel overwhelmed or demotivated. This variability suggests that a one-size-fits-all approach to goal setting may not be effective for everyone (Mutinda, 2020). Additionally, the social and organizational environment plays a crucial role in shaping individuals' goal-setting experiences. A lack of support or resources can undermine the effectiveness of goal-setting efforts, indicating that contextual factors should be considered alongside individual aspirations (Komen & Kipchumba, 2019). This theory was used to examine the influence of goal alignment on performance of insurance companies in Nairobi city County, Kenya.

Contingency Theory

Contingency Theory, developed by Fred E. Fiedler in the 1960s often associated with leadership and organizational management, proposes that there is no one-size-fits-all approach to leadership or management practices. Instead, the effectiveness of leadership styles, organizational structures, and management strategies depends on the specific context in which they are applied. This theory suggests that different situations require different kinds of leadership and management approaches for optimal performance (Huda *et al*, 2020). At its core, Contingency Theory asserts that various factors in the external environment and within the organization itself interact to determine the most effective leadership style or management practice. These factors can include the organization's size, its industry or sector, the complexity of its tasks, its culture, the skills and personalities of its employees, and the external environment such as market conditions or regulatory requirements (Mwansa, 2020).

One of the key principles of Contingency Theory is the idea of fit or match between the leader's or manager's style and the situational demands. For example, in a highly uncertain and rapidly changing environment, a more flexible and adaptive leadership style may be more effective than a rigid, authoritarian approach. Similarly, in organizations with complex tasks that require specialized knowledge and expertise, leaders who can facilitate collaboration and empower their teams may be more successful than those who rely solely on hierarchical authority (Njiru, 2020). Contingency Theory also emphasizes the importance of understanding the unique characteristics of each situation and tailoring leadership and management practices accordingly. This flexibility allows leaders and managers to adjust their strategies based on the specific challenges and opportunities they face, thereby enhancing organizational effectiveness and performance. Critically, Contingency Theory challenges the notion of a universally "best" or "ideal" leadership style (Abuga & Deya, 2019). Instead, it encourages leaders and managers to be adaptive and responsive, continuously evaluating and adjusting their approach to align with the evolving needs of the organization and its environment. By considering the contingency factors and adapting their practices accordingly, leaders can optimize their effectiveness and contribute to the overall success of their organizations (Awino, 2020).

One fundamental assumption is that there is no one-size-fits-all approach to leadership or management effectiveness. This implies that the effectiveness of leadership styles and organizational practices varies depending on the specific context, including factors such as the organization's size, industry, task complexity, and external environment (Huda *et al*, 2020). However, critics argue that this assumption may oversimplify the complexities of leadership and organizational dynamics by neglecting the potential for hybrid or blended approaches that integrate multiple leadership styles to address diverse organizational needs. Another assumption of Contingency Theory is the concept of fit or match between leadership styles and situational demands (Njiru, 2020). It posits that the effectiveness of a leader depends on how well their style aligns with the requirements of the situation. This assumption suggests that leaders should adapt their behaviors and strategies based on the circumstances they face, whether it involves adopting a more participative approach in collaborative settings or a more directive approach in crisis situations. However, critiques argue that while fit is important, the theory may not sufficiently address the dynamic and fluid nature of organizational environments, where situational demands can change rapidly and require ongoing adjustments in leadership approaches (Mwansa, 2020).

Critics also question the theory's emphasis on identifying specific contingency factors that determine leadership effectiveness. While Contingency Theory acknowledges the relevance of factors such as task structure, organizational culture, and external pressures, critics argue that these factors are often interrelated and complex, making it challenging to isolate their individual impacts on leadership outcomes (Abuga & Deya, 2019). This limitation suggests that a more nuanced understanding of the interactions between various contingency factors is needed to effectively apply the theory in practice and tailor leadership interventions accordingly. Furthermore, Contingency Theory has been criticized for its prescriptive nature, as it often implies that leaders should adopt a specific style or approach based on the situation's characteristics (Huda *et al*, 2020). Critics argue that this prescriptiveness may overlook the importance of leader flexibility, adaptability, and creativity in responding to unexpected challenges and opportunities. They advocate for a more dynamic and responsive approach to leadership that integrates contingency considerations with principles of agility, resilience, and innovation (Mwansa, 2020). This theory was used to assess the influence of organizational structure alignment on performance of insurance companies in Nairobi city County, Kenya.

Conceptual Framework

A conceptual framework refers to an organized way of thinking about how and why a project takes place and how to understand its activities. According to Kothari (2018), a framework could help to explain a project in a particular way. It could also help understand and use the ideas of others who had conducted similar studies.

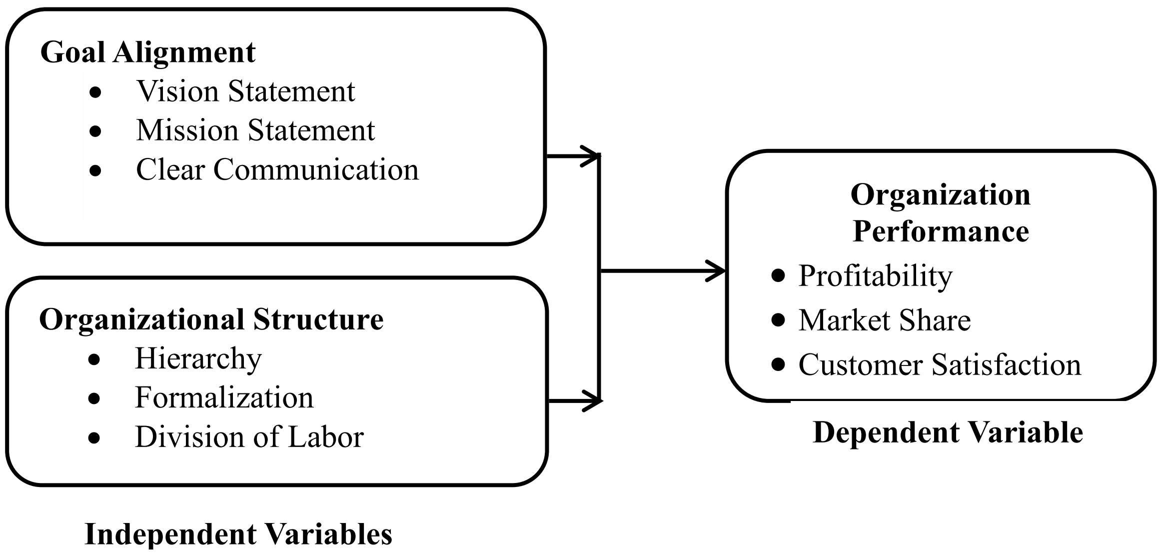

Figure 2. 1: Conceptual Framework

Goal Alignment

Goal alignment refers to the process of ensuring that the objectives of different stakeholders—such as individuals, teams, departments, or organizations—are coordinated and harmonized towards a common purpose (Pieper, Sabine & Jaskiewiczthe, 2020). This alignment is crucial for enhancing collaboration, improving efficiency, and achieving desired outcomes, as it helps prevent conflicts and miscommunication that can arise from differing priorities. By establishing clear goals that resonate across all levels, organizations can foster a unified vision and motivate all participants to work collaboratively (Gede & Admasu, 2023). A vision statement is a forward-looking declaration that articulates an organization's long-term aspirations and desired future state. It serves as a guiding light, providing direction and inspiration for all stakeholders, including employees, customers, and partners. A well-crafted vision statement is typically concise and motivational, capturing the essence of what the organization aims to achieve over time (Mutinda, 2020). It helps to align efforts and fosters a shared sense of purpose, encouraging teams to work towards a common goal. By clearly defining the organization's ambitions, a vision statement not only inspires action but also helps in decision-making processes, ensuring that all initiatives and strategies are aligned with the overarching vision (Komen & Kipchumba, 2019).

A mission statement defines the core purpose of an organization, outlining its fundamental objectives and the value it provides to its stakeholders. Unlike a vision statement, which focuses on the future, a mission statement is more present-oriented, describing what the organization does, who it serves, and how it operates (Anamanjia & Maina, 2022). A clear and compelling mission statement communicates the organization's identity and priorities, serving as a foundation for strategic planning and operational decisions. It helps guide employee behavior and organizational culture, fostering a sense of belonging and commitment among team members. By articulating the organization's mission, stakeholders can better understand its impact and significance in the market, strengthening their connection to its goals (Pieper, Sabine & Jaskiewiczthe, 2020).

Clear communication is essential for the effective functioning of any organization, as it ensures that information flows seamlessly between all levels and departments (Mutinda, 2020). It involves conveying messages in a straightforward and concise manner, minimizing misunderstandings and confusion. Effective communication fosters collaboration, builds trust, and enhances teamwork by ensuring that everyone is on the same page regarding objectives, expectations, and feedback (Komen & Kipchumba, 2019). Additionally, clear communication helps in the alignment of vision and mission statements with daily operations, as it enables employees to understand how their roles contribute to broader organizational goals. By promoting an environment where open dialogue is encouraged, organizations can enhance engagement, boost morale, and drive overall success (Gede & Admasu, 2023).

Organizational Structure Alignment

Organizational structure alignment refers to the system that defines how tasks, responsibilities, and authority are distributed within an organization (Huda *et al*, 2020). It establishes the framework for how activities are coordinated and managed, shaping the flow of information and decision-making processes. Various organizational structures—such as hierarchical, flat, matrix, or team-based—reflect different approaches to management and communication, influencing how effectively an organization can achieve its goals (Mwansa, 2020). Hierarchy refers to the structured arrangement of roles, responsibilities, and authority within an organization. It establishes clear levels of management and supervision, outlining who reports to whom and how decisions are made (Njiru, 2020). A well-defined hierarchy helps streamline communication and decision-making processes, ensuring that information flows efficiently from top management to lower levels and vice versa. Hierarchical structures can vary widely, from traditional top-down models to flatter organizations that emphasize collaboration. The choice of hierarchy impacts organizational culture and employee dynamics, influencing how teams interact and how effectively the organization can respond to changes and challenges (Abuga & Deya, 2019). Ultimately, a clear hierarchy aids in maintaining order, accountability, and clarity in organizational operations.

Formalization refers to the extent to which policies, procedures, and rules govern an organization's operations and employee behavior (Awino, 2020). High levels of formalization indicate that there are strict guidelines and standardized processes in place, which can enhance consistency, predictability, and compliance. Conversely, lower levels of formalization allow for more flexibility and creativity, enabling employees to adapt to changing circumstances. The degree of formalization can affect organizational culture and employee satisfaction, as some individuals thrive in structured environments while others prefer more autonomy (Huda *et al*, 2020). Striking the right balance in formalization is crucial; it ensures that the organization operates efficiently while also fostering an adaptable and innovative workforce.

Division of labor refers to the process of breaking down tasks and responsibilities into distinct roles and functions within an organization (Njiru, 2020). By assigning specific duties to individuals or teams, organizations can enhance efficiency and productivity, as employees can specialize in particular areas of expertise. This specialization allows for the development of skills and competencies, leading to improved performance and innovation. The division of labor also facilitates coordination and collaboration, as team members can work together more effectively when their roles are clearly defined (Mwansa, 2020). However, it's important to manage the division of labor carefully to prevent potential downsides, such as siloed thinking or a lack of overall cohesion in organizational goals. A well-implemented division of labor supports the smooth functioning of the organization, driving success and achieving strategic objectives (Abuga & Deya, 2019).

Empirical Review

Goal Alignment and Organization Performance

Pieper, Sabine and Jaskiewiczthe (2020) researched on the impact of goal alignment on board existence and top management team composition: evidence from family-influenced businesses. Using a sample of 714 private family influenced businesses in Germany, the study investigated the relationship of goal alignment between owners and managers and the existence of a board of directors. The study found that firms with relatively high levels of goal alignment are less likely to have a board of directors. Our results provide support for the substitution hypothesis of formal by social control mechanisms. Furthermore, the findings show that firms without a board and with relatively low levels of goal alignment have less family members in the top management team. The study concluded that w that it is more likely to find a board of directors in a company with a relatively low level of goal alignment between family owners and their managers than in a company with a relatively high level of goal alignment.

Gede and Admasu (2023) examined the impact of strategic alignment on organizational performance: The case of Ethiopian universities. The study took a quantitative approach with descriptive and explanatory research designs. Three Ethiopian universities were chosen based on generation of establishment to include 365 personnel in the sample using a random selection technique. According to the study's findings, goal clarity, role clarity, and process clarity all have a significant and favorable effect on organizational performance in higher education. Findings of the study reveal also that organizational performance varies among study institution based on implementation level of strategic alignment. Based on the study's findings, it concluded that organizational leaders outline organizational strategic intents with specific goals.

Mutinda (2020) researched on the influence of alignment on strategy implementation in HIV/aids non-governmental organizations in Kenya. The study adopted a cross-sectional survey. The target population was 313 organizations and a sample size of 125 respondents comprising of project officers and managers in charge of strategy implementation was selected using stratified random sampling method and purposive sampling. From the findings it was established that strategy alignment, process alignment, customer alignment, and people alignment have a statistically significant positive influence on strategy implementation. It was also established that strategic leadership was a positive and significant moderating variable for strategy alignment, process alignment, customers' alignment and people alignment. Based on the findings, top management in HIV/AIDS NGOs need to align their strategies at all levels to the long-term objectives of the organization as well as align processes and procedures to facilitate strategy implementation. The study concluded that here is need to also align organizations to their customer needs and also rally support and commitment from the staff to believe and pursue the organizational objectives fervently.

Komen and Kipchumba (2019) assessed question, Does alignment of resources to strategic goal affect performance of public secondary schools? The case of public secondary schools in koibatek sub-county, Kenya. The study adopted descriptive research design which tested variables the way they occur in natural environment without interfering with them. Purpose sampling informed the selection of Koibatek sub-county for t his study because of below average school performance. The study used purposive sampling method to settle on utilizing principals for this study being in the pinnacle of strategic leadership and who are therefore believed to be reliable to this study (Kombo and Tromp, 2006). The study targeted the thirty five schools' principals of the public secondary schools in Koibatek Sub-County as the target population. The study collected primary data from the respondents using structured questionnaire. Regression model was used to establish the alignment of school resources to strategic goal on schools' performance. The study established that alignment of resources to strategic goal had no influence on public secondary school performance. When principals' level of education was introduced in the regression model, it accelerated the relationship between school resources alignment to goals. When principals' experience was introduced in the regression model it did not change the relationship between alignment of resources to strategic goal and schools performance of public secondary schools in Koibatek Sub-County except strategic direction element. The study concluded that When principals' experience was introduced in the regression model, it did not change the relationship between resources aligned to goals and Performance had no relationship with performance of public secondary schools in Koibatek Sub-County except strategic direction element.

Anamanjia and Maina (2022)assessed the strategic alignment and performance of Kenya revenue authority. This study employed a descriptive research design. The unit of analysis was the Kenya Revenue Authority while the population of the study were all the employees in Job groups 3 -10. The group of employees was drawn from all the cadres namely; policy makers, senior management and technical staff. The study established that structural alignment, cultural alignment, resource alignment and business environment alignment had a positive and significant effect on the performance of Kenya Revenue Authority. The study concluded that structural alignment leads to decision making thus enhancing collection of feedback regarding operations in the organization thus enhancing handling of various activities.

Organizational Structure Alignment and Organization Performance

Huda *et al* (2020) examined the Influence of Knowledge Management Capabilities on Organizational Performance: A Study of Private University in Malaysia. The literature review is conducted and based on the literature; the paper incorporates elements of KMC that include knowledge acquisition, knowledge application, technology infrastructure, organizational culture, and organizational structure. Data of the study collected from 39 respondents by using convenience-sampling technique. The finding reveals that the five proposed hypotheses are supported. Organizational structure has the strongest influence on organizational performance. The number of respondent is due the time limitation and willingness of respondents to answer the survey. The casual effect of the relationship was tested by using regression analysis. The finding confirms our proposed effect. All the tested hypotheses are supported. The study concluded that the highest contributor to the variance in the organizational performance is the structure of the organization.

Mwansa (2020) conducted a case study on The Impact of Organization Structure on Human Resource Management in a Bi-national Organization—A Case Study of Tanzania-Zambia Railway Authority. The study was designed as a case study where the researcher explores a phenomenon (case) in this case (the organization structure) bounded in time and activity (in this case TAZARA as an institution) and collects data using a variety of procedures during a sustained period of time. It was appropriate for exploring, understanding, and obtaining in depth knowledge of understanding the impact of organization structure on a bi-national organization Tanzania-Zambia Railway Authority, which is divided into two regions and the Head office. Both primary and secondary data were collected from the two regions and the Head office. Primary data were collected by focus group discussion, and structured interviews and questionnaires while secondary data were collected by archival method, organization documents, books, and newspapers. Sample size comprised eight governments and Board of Directors officials, 35 Management officials, 11 trade union officials and 58 focus group members from seven discussions groups, and bring the total to 112. The study revealed that the organization structure has both advantages and limitations. From governments' perspective the structure provides the means of maintaining equal commitment, ownership, and management of the organization by the two contracting states, while the business perspective has identified two limitations. First, the three-tier structure is expensive because of duplication of duties. Second, the involvement of government officials in managing the organization brings in government bureaucracy which should be avoided in business due to slow decision making. The study concluded that efforts to change the structure to make it business, as so far have proved futile due to governments' reluctance to relinquish power as this will be seen as reducing their commitment to the organization.

Njiru (2020) investigated the effect of organizational structure on financial performance of commercial state corporations in Kenya. The study employed a survey research design and targeted all the 34 purely commercial state corporations in Kenya. The study used both structured / closed ended and unstructured / open ended questionnaires to collect data. From the study findings, the regression results revealed that there is a positive relationship between dependent variable return on assets (ROA) and independent variables; Organizational size, structure formalization, structure centralization and structure complexity. The results indicated that one unit change in organizational size results in increase in financial performance, one unit increase in structure formalization results in increase in financial performance, one unit change in the structure centralization results in increase in financial performance and one unit change in structure complexity results in increases in institution's financial performance. The conclusion from the study findings was that organization structure affected the financial performance of commercial state corporations.

Abuga and Deya (2019) assessed the effect of organizational structure on strategy implementation: a case study of Safaricom Kenya ltd. The study utilized a descriptive research design where the target population comprised of 243 Safaricom employees. Stratified sampling was adopted to select 72 employees. The study concludes that organizational structure has significant effect on strategy implementation. The study established that knowledge management had a positive and significant influence with competitive advantage. The study further found out that cost efficiency had a positive and significant influence with competitive advantage. The study concludes that human resource capability had an inverse effect on competitive advantage. Financial resource capability had a positive influence on competitive advantage. Knowledge management had a positive and significant influence with competitive advantage. Cost efficiency capability had a positive and significant influence with competitive advantage.

Awino (2020) examined organizational structure and performance of large manufacturing firms in Kenya: An Empirical Investigation. The study used a cross-sectional survey where data was collected from 102 large manufacturing firms. The chief executive officers of these firms were interviewed together with the middle-level and top managers. Regression analysis was used to test the hypothesis — it emerged that organizational structure on its own using Return on Assets (ROA) does not influence performance. However a further test using non-financial measures such as internal processes, customer perspective and performance produced a different result which influenced performance of large manufacturing firms. Results indicate industry structure determines organizational characteristics. The relationship of organizational structure and performance was determined using internal process as the measure of performance. Results indicate that organizational structure explains 27 percent of variation in internal process of large manufacturing firms in Kenya. The study concluded that has got an implication in organizations whose performance should not only be viewed using one construct of financial indicators and that non-financial measures may also be considered in the organizational performance — but overall there is clear indication that structure influences performance — even without putting in place the strategy for the organization.

RESEARCH METHODOLOGY

The study used a cross-sectional descriptive research design which ensures that data is collected without altering the environment. The design is considered appropriate because the researcher is able to make comparison of various insurance firms demographics based on the year of incorporation, ownership structure, and others. The study targeted management employees from these firms. From the 21 firms, the study targeted 2 top management employees, 3 middle level management employees and 5 lower level management employees from each firm. This implies that the total population was 210 respondents. This implies that the unit of analysis was 14 insurance companies while the unit of observation was 210 management employees working with the 14 insurance companies

The process of selecting the sample from strata, utilized the stratified random sampling technique. Stratified random sampling technique estimates all the parameters of a population with higher precision and ensures that the sample derived from a non-homogenous population is more representative (Cooper & Schindler, 2019). In order to determine the sample size, the Fisher, Liang and Stoeckel (1983) formula was used.

According to Fisher, Laing and Stoeckel formula the sample size results to 173 respondents which represents 82% of the population target.

Table 1: Sample Size

Category	Population	Sample Size
Top Management	42	35
Middle Level Management	63	52
Low Level Management	105	87
Total	210	173

Data that was used in the study was collected by way of structured questionnaire which was made up of close-ended questions that was standardized in order to enable comparisons of the results from the different respondents. Data obtained from the field was coded, cleaned, and entered into the computer for analysis using the SPSS version 25. Percentage, mean and standard deviation were used to show the frequency of responses. Tables were used to display the rate of responses and to facilitate comparison. Qualitative reports were presented in form of essay which was discussed as per the study objectives aligned with the theories and empirical study. Descriptive statistics included frequencies, percentages, mean and standard deviation. Inferential statistical analysis to be used was regression analysis and correlation analysis. The significant of each independent variable was tested at a confidence level of 95%. Both multiple linear regression and simple linear regression model that were utilized

RESEARCH FINDINGS AND DISCUSSIONS

The sample size of this study was 173 employees that made up of lower management staff, top management level and middle management staffs of the 21 insurance firms in the study. The researcher distributed 173 questionnaires to the respondents during data collection process and 150 were fully filled and returned to the researcher thus making a response rate of 86.7%. Kothari (2012) argues that a response rate which is more than 50% is considered adequate while excellent response rate is usually above 70%. This implies that the response rate in this research is good for making conclusions as well as recommendations.

Descriptive Statistics

Goal Alignment and Organization Performance

The first specific objective of the study was to examine the influence of goal alignment on performance of insurance companies in Nairobi city County, Kenya. The respondents were requested to indicate their level of agreement on various statements related to goal alignment and performance of insurance companies in Nairobi city County, Kenya. The results were as shown Table 1.

From the results, the respondents agreed that their organization's vision statement clearly articulates their long-term goals (M= 3.981, SD= 0.626). The respondents agreed that employees understand how their roles contribute to the organization's vision (M=3.970, SD=0.725). Further, the respondents agreed that their mission statement effectively defines their purpose and core values (M=3.868, SD=0.815). The respondents agreed that employees can easily recall and explain the organization's mission statement (M=3.854, SD= 0.728). The respondents also agreed that there is open communication regarding organizational goals and objectives (M=3.828, SD=0.831). The respondents also agreed that information about their vision and mission is disseminated regularly to all employees (M=3.771, SD=0.642).

Table 2: Goal Alignment and Organization Performance

	Mean	**Std. Deviation**
Our organization's vision statement clearly articulates our long-term goals.	3.981	0.626
Employees understand how their roles contribute to the organization's vision.	3.970	0.725
Our mission statement effectively defines our purpose and core values.	3.868	0.815
Employees can easily recall and explain the organization's mission statement.	3.854	0.728
There is open communication regarding organizational goals and objectives.	3.828	0.831
Information about our vision and mission is disseminated regularly to all employees.	3.771	0.642
Aggregate	**3.864**	**0.728**

Organizational Structure Alignment and Organization Performance

The second specific objective of the study was to assess the influence of organizational structure alignment on performance of insurance companies in Nairobi city County, Kenya. The respondents were requested to indicate their level of agreement on various statements related to organizational structure alignment and performance of insurance companies in Nairobi city County, Kenya. The results were as shown Table 2.

From the results, the respondents agreed that the organizational hierarchy is clearly defined and understood by all employees (M=3.952, SD=0.654). Further, the respondents agreed that roles and responsibilities within the hierarchy are well-communicated and documented (M=3.945, SD=0.768). In addition, the respondents agreed that their organization has clear policies and procedures that guide daily operations (M=3.888, SD=0.752). The respondents agreed that employees understand the formal rules and regulations that govern their work (M=3.873, SD=0.630). Further, the respondents agreed that tasks are effectively divided among team members to maximize efficiency (M=3.795, SD=0.605). The respondents also agreed that employees have a clear understanding of their specific roles and responsibilities (M=3.751, SD=0.832).

Table 3: Organizational Structure Alignment and Organization Performance

	Mean	**Std. Deviation**
The organizational hierarchy is clearly defined and understood by all employees.	3.952	0.654
Roles and responsibilities within the hierarchy are well-communicated and documented.	3.945	0.768
Our organization has clear policies and procedures that guide daily operations.	3.888	0.752
Employees understand the formal rules and regulations that govern their work.	3.873	0.630
Tasks are effectively divided among team members to maximize efficiency.	3.795	0.605
Employees have a clear understanding of their specific roles and responsibilities.	3.751	0.832
Aggregate	**3.867**	**0.707**

Organization Performance

The respondents were requested to indicate their level of agreement on various statements related to performance of insurance companies in Nairobi city County, Kenya. The results were as shown Table 4.

From the results, the respondents agreed that the organization consistently achieves its profitability targets (M=3.892, SD=0.702). In addition, the respondents agreed that financial performance metrics indicate a positive trend in profitability (M=3.875, SD=0.718). Further, the respondents agreed that their organization has a clear strategy for increasing market share (M=3.867, SD=0.686). The respondents also agreed that market share data shows our organization is growing in comparison to competitors (M=3.788, SD=0.795). In addition, the respondent agreed that customer feedback is regularly collected and analyzed to improve services (M=3.776, SD=0.702). The respondents also agreed that employees prioritize customer satisfaction in their daily interactions (M=3.766, SD=0.522).

Table 4: Organization Performance

	Mean	Std. Deviation
The organization consistently achieves its profitability targets.	3.892	0.702
Financial performance metrics indicate a positive trend in profitability.	3.875	0.718
Our organization has a clear strategy for increasing market share.	3.867	0.686
Market share data shows our organization is growing in comparison to competitors.	3.788	0.795
Customer feedback is regularly collected and analyzed to improve services.	3.776	0.702
Employees prioritize customer satisfaction in their daily interactions.	3.766	0.522
Aggregate	**3.827**	**0.688**

Correlation Analysis

This research adopted Pearson correlation analysis determine how the dependent variable (performance of insurance companies in Nairobi city County, Kenya) relates with the independent variables (goal alignment, organizational structure alignment).

Table 5: Correlation Coefficients

		Organization Performance	Goal Alignment	Organizational Structure Alignment
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	150		
Goal Alignment	Pearson Correlation	.853**	1	
	Sig. (2-tailed)	.001		
	N	150	150	
Organizational Structure Alignment	Pearson Correlation	.873**	.437	1
	Sig. (2-tailed)	.000	.020	
	N	150	150	150

**. Correlation is significant at the 0.01 level (2-tailed).

From the results, there was a very strong relationship between goal alignment and performance of insurance companies in Nairobi city County, Kenya ($r = 0.853$, p value $=0.001$). The relationship was significant since the p value 0.001 was less than 0.05 (significant level). The findings are in line with the findings of Gede and Admasu (2023) who indicated that there is a very strong relationship between goal alignment and organization performance.

Moreover, there was a very strong relationship between organizational structure alignment and performance of insurance companies in Nairobi city County, Kenya ($r = 0.873$, p value $=0.000$). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the findings of Mwansa (2020) who indicated that there is a very strong relationship between organizational structure alignment and organization performance.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (goal alignment, organizational structure alignment) and the dependent variable (performance of insurance companies in Nairobi city County, Kenya).

Table 6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.354	0.096		3.688	0.000
	goal alignment	0.378	0.099	0.377	3.818	0.001
	organizational structure alignment	0.385	0.099	0.386	3.889	0.000

a Dependent Variable: performance of insurance companies in Nairobi city County, Kenya

The regression model was as follows:

$$Y = 0.354+0.378X_1 +0.385X_2 + \varepsilon$$

According to the results, goal alignment has a significant effect on performance of insurance companies in Nairobi city County, Kenya (β_1=0.378, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the findings of Mutinda (2020) who indicated that there is a very strong relationship between goal alignment and organization performance.

The results also revealed that organizational structure alignment has a significant effect on performance of insurance companies in Nairobi city County, Kenya (β1=0.385, p value= 0.000). The relationship was considered significant since the p value 0.000 was less than the significant level of 0.05. The findings are in line with the findings of Mwansa (2020) who indicated that there is a very strong relationship between organizational structure alignment and organization performance.

Conclusions

The study concludes that goal alignment has a positive and significant influence on performance of insurance companies in Nairobi city County, Kenya. Findings revealed that vision statement, mission statement and clear communication influence performance of insurance companies in Nairobi city County, Kenya.

In addition, the study concludes that organizational structure alignment has a positive and significant influence on performance of insurance companies in Nairobi city County, Kenya. Findings revealed that hierarchy, formalization and division of labor influence performance of insurance companies in Nairobi city County, Kenya.

Recommendations

The study recommends that the management of insurance companies in Kenya should prioritize the alignment of individual and organizational goals. By ensuring that employees' personal objectives and daily tasks are in sync with the company's broader strategic vision, organizations can foster greater focus and commitment.

In addition, the study recommends that management of insurance companies in Kenya should focus on aligning their organizational structure with their strategic goals to improve overall performance. A well-aligned structure ensures clear roles, responsibilities, and efficient decision-making processes, which reduce confusion and increase operational efficiency.

Suggestions for Further Studies

This study was limited to the influence of strategic alignment on Performance of insurance companies in Nairobi city County, Kenya hence the study findings cannot be generalized to organization performance in other organizations in Kenya. The study therefore suggests further studies on the influence of strategic alignment and organization performance in other organizations in Kenya.

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