Development of Insurance Firms in Nigeria: A case of Strategic Management Architecture Model

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Abstract: *This study adopts a survey research design that seek to examine how the adoption of strategic management architecture model can help in the development of insurance firms in Nigeria. A total of 100 questionnaires were administered to employees of ten insurance firms operating in Nigeria with branch offices in Uyo, Akwa Ibom State. Stepwise regression analysis method was adopted to test the research hypotheses. The findings revealed that there is a negative and insignificant relationship existing between strategic management architecture model and the development of insurance firms in Nigeria. There is also a positive and significant relationship between strategic management performance index and the development of insurance firms in Nigeria. The adoption of the proposed strategic management architecture model as a managerial tool would help in the development of insurance firms in Nigeria and improve the overall effectiveness of insurance firms by way of enhanced congruence of such key organizational dimensions as external environment, mission, strategy, leadership, culture, structure, design, information and reward systems, and work policies and procedures. Recommendations were that the National Insurance Commission (NAICOM) should critically examine the business plan tendered to the Commission before registration of insurance company in Nigeria to ensure that the proposed strategic management architecture model is embedded in the proposal as one of the managerial tools as stipulated by the Insurance Act of 2003, Part II, Section 5(1). There is need for insurance firms in Nigeria to erect good buildings not only at corporate headquarters but also at the branch offices across the country. Strategic Management Performance Index (SMPI) should be adopted by the insurance firms in Nigeria so as to provide a perspective to measure and assess their current strategic activities.*

Keywords: Corporate Strategies, Insurance, Organizational Development, Strategic Management Architecture, Strategic Management Performance Index

I. Introduction

Every organization operates in an environment that is multidisciplinary, dynamic and complex; an indication that no business can operate in a vacuum. And theoretical literature appears to be unified in describing an environment as the totality of factors that affect, influence, or determine the operations or performance of a business. In other words, a business environment is the sum total of the physical and social forces and institutions that are relevant to the organizational goal setting and goal attainment, which are directly put into consideration by members of the organization when making business decision [1]. The last few years witnessed a number of unique systemic changes that are driven by globalization, technology and increased environmental awareness, in addition to what may be described as seismic shocks to the global economic system. This volatile nature of the environment calls for readjustment of organizations' strategic management architecture, primarily because volatility of the environment gives birth to risk and uncertainties, which is the very essence of the insurance mechanism. From this standpoint therefore, it becomes imperative for insurance firms in Nigeria to adopt an effective strategic management architecture model that would facilitate their governance structure, business processes, and business information.

Since its establishment in 1921, the insurance industry in Nigeria appears to be growing at a very slow pace when compared to global players. According to [2] the main factors accountable for this abysmal development are "poor organizational structure, design, business processes, and business information". Other challenges militating against the growth of the insurance industry in Nigeria include; low premiums accumulation, low capital formation, loss of public confidence, weak risk retention capacity, low asset base, poor corporate image, poor organizational culture, and poor human resource development programmes. On their own part, the insurance firms also contribute to their poor corporate image by paying insignificant attention to the development of their infrastructural facilities. For example, adorable (good) physical structures are erected only at the corporate headquarters of insurance firms, whereas their branch offices are housed in poor structures and sometimes in very obscure locations.

Furthermore, concentrating insurance businesses at their corporate headquarters, usually in Lagos and Abuja, poses challenges of a different nature due to the fact that most Nigerians who live in the rural areas and scattered across the cities tend to be excluded from the insurance ecosystem. Reference [3] observed that beside

corporate bodies that provide insurance cover for their staff, Nigerians are yet to fully embrace insurance services. The obvious reason here is the semblance of "a not too serious posture" presented by the rural branches of insurance companies.

Before delving into the meaning of strategic management architecture (SMArt) model, there is need to understand the meaning of strategic management and organization architecture separately for better understanding of SMArt model. Strategic management is a set of managerial decisions and actions that include environmental scanning (both external and internal), strategy formulation (strategic or long-range planning), strategy implementation and evaluation and control. Organizational architecture when applied to complex systems and organizations can be defined as the 'fundamental organization of a system embodied in its components, their relationships to each other and to the environment, and the principles guiding its design and evolution' [4]. According to [5], organizational architecture includes the formal structure, such as the design of work practices; the nature of the informal organization or operating style; and the process for selection, socialization, and development of people. Therefore, strategic management architecture model is a managerial tool adopted for managerial decisions making especially in the area of strategy formulation, implementation, evaluation and control and their relationships to each other and to the environment as well as the principles guiding its structure, design and culture.

In Nigeria, there are some fundamental problems facing the development of insurance firms. These include: weak process of planned change in insurance firms; poor strategic management architecture model; discrepancy between top management's statement of values and styles and their actual management behavior; much activity but no solid change goals; overdependence on outside specialists; a gap between goals of top management and goals of middle management; misapplication of intervention techniques; and confusing good relationships with successful organizational development. Further problems that impair the development of insurance firms in Nigeria are poor organizational structure, weak design and business processes, poor corporate culture and inadequate business information. Other challenges include poor regulatory framework as well as the use of inappropriate managerial tools in strategy formulation, implementation and control.

It is against this background that this study seeks to examine the role of Strategic Management Architecture model in the Development of Insurance Firms in Nigeria. Specifically, this article seeks to examine the relationships existing between strategic management architecture model, strategic management performance index and the development of insurance firms in Nigeria. To achieve the identified objectives, we hypothesize that ($H0_1$) there is no significant relationship existing between strategic management architecture model and the development of insurance firms in Nigeria, and ($H0_2$) there is no significant relationship existing between strategic management performance index and the development of insurance firms in Nigeria. It is believed that this research will be of immense benefit to various interest groups in the insurance industry. These groups are the government, insurance firms, other stakeholders in the insurance industry, scholars, and the readers. The remainder of the study is presented in five sections which include; literature review, methodology, data presentation and analysis, discussion of empirical results, and conclusion and recommendation.

II. Literature Review

2.1 Conceptual framework

According to [6], strategic management is a set of managerial decisions and actions that determines the long-run performance of the organization. It includes environmental scanning (both external and internal), strategy formulation (strategic or long-range planning), strategy implementation and evaluation and control. The study of management, therefore, emphasizes the monitoring and evaluating of external opportunities and threats in light of a company's strengths and weaknesses. For any organizations to thrive well in contemporary age, there is need for such organization to embrace strategic management in its fullness. The era of business environment in which we are presently is such that can be referred to as "The Age of Discontinuity" [7]. That is the era in which changes are very rapid due to the effect of globalization, internationalization, increased uncertainty, cutthroat competition, financial crises, digital-based business models, emerging countries and increasing technological advancement. Hence, firms need to respond faster, control costs better, embrace technological changes and be more proactive in approach to strategic management.

The concept of strategy is central to understanding the strategic management architecture model. The word "strategy" was coined from the Greek word "strategos" which means "a general". The Greek verb "stratego" means to plan the destruction of one's enemies through effective use of resources. The concept of strategy first became prominent in the military/political context for a relatively long period until when Socrates went to console Nichomachides, Greek militarist who lost an election to the position of general to Antisthenes, a Greek businessman [8]. Socrates compared the duties of both a general and a businessman and showed Nichomachides that in either case, one plans the use of one's resources to achieve one's targets/objectives. The viewpoint was lost, for all practical purposes, with the fall of the Greek-city states and was not to rise again until after the Industrial Revolution. The need for a concept of strategy as related to business became greater after

World War II as businesses moved from a relatively stable environment into a more rapidly changing and competitive environment. From thence up till now, the business environment has remained dynamic [9].

Strategic management architecture is therefore the synthesis of form in response to function [10, 11]. Extended to complex systems and organizations, strategic management architecture can be defined as the fundamental organization of a system embodied in its components, their relationships to each other and to the environment, and the principles guiding its design and evolution [4]. This definition provides an understanding that structure should be consistent with purpose ('form must follow function'). Over time, the concept of strategic management architecture model has been focusing on the design of specific structures and the principles that foster coherence, growth, and change [12]. An organization is a goal-directed activity system [13]. As discussed by [14], an effective organization is one that has been designed in a coherent manner.

Reference [15] showed that if a firm changes its growth strategy, it must change its structure accordingly in order to pursue the new strategy. References [16, 17] added a dynamic dimension by describing how firms move through an adaptive cycle, continually facing and solving entrepreneurial, engineering, and administrative problems. During the adaptive process, effective firms maintain internal fit (alignment of strategy and structure), external fit (alignment of strategy and environment), and dynamic fit (maintenance and improvement of internal and external fit over time). Organizing involves dividing and integrating resources in structures and processes that allow the control and coordination of activities [18, 19, 20]. Organizations create and combine units and processes to address new opportunities and pressures, and they alter their orientations to the environment as the environment changes. Integration, on the other hand, is the quality of the state of collaboration that exists among organizational units that are required to achieve coordinated effort [18].

To achieve integration, organizations employ a variety of mechanisms, including planning, supervision, standardization of processes and skills, and devices for mutual adjustment such as liaison, personnel, and cross-functional teams [19, 21]. The complexity and dynamism of both the internal and external environments are major factors to which a firm design must fit [22, 23, 24]. In reference to complex organizations, such as large firms and networks of firms, the law of requisite variety [25] states that the variety of the internal environment must match the variety of the external environment. Further, an organization's ability to adapt requires a design that allows it to keep pace with changes in the environment. It follows that the more dynamic the environment, the more frequently the reconfiguration of internal and external relationships should occur. High dynamism coupled with high complexity challenges traditional organization designs. In response, leading firms in complex, dynamic environments are experimenting with reconfigurable organization structures [26].

Strategic Management Performance Index (SMPI) focuses on time, energy and resources on the right activities during strategy design and implementation. The strategic management performance index is a performance indicator, which is incorporated with additional organizational analysis to jumpstart strategic planning. With benchmark knowledge, it helps in focusing on time and limited resources on the right activities during strategy design and implementation. It provides baseline guidance for more effective strategic planning. It also compares and contrasts strengths and weaknesses against high performing firms that are successful in growth and strategy. According to [27], strategic management performance index includes all overall Strategic Performance Score providing insight into strategic activities to continue doing, stop doing, and consider starting.

Organizational Development (OD) is the process through which an organization develops the internal capacity to be the most effective it can be in its mission work and to sustain itself over the long term. Reference [28] defined OD as a planned effort, organization wide, and managed from the top, to increase organization effectiveness and health through planned interventions in the organization's "processes," using behavioral-science knowledge (p. 9).OD involves the whole organization, not just a few individuals or groups; it is intended to improve organizational functioning; it works on both the processes and structures of the system--where processes include communications, influence, and goal setting, and structures comprise the organizational hierarchy; and it consists of planned change, not random tinkering with organizational processes and structures [29].

Development of insurance firms in Nigeria therefore entails knowing a set of values, largely humanistic; the application of the behavioural sciences, and open systems theory since organization development is a system wide process of planned change aimed toward improving overall effectiveness of insurance firms by way of enhanced congruence of such key organizational dimensions as external environment, mission, strategy, leadership, culture, structure, information and reward systems, and work policies and procedures.

2.2 Strategic Management Architecture Model
The strategic management architecture that the authors propose for insurance firms in Nigeria is shown in figure 1 below. The model consists of three components: the data warehouse, the data-mining tool, and the balanced scorecard.

Figure 1: Strategic Management Architecture Model

Adapted from [5]
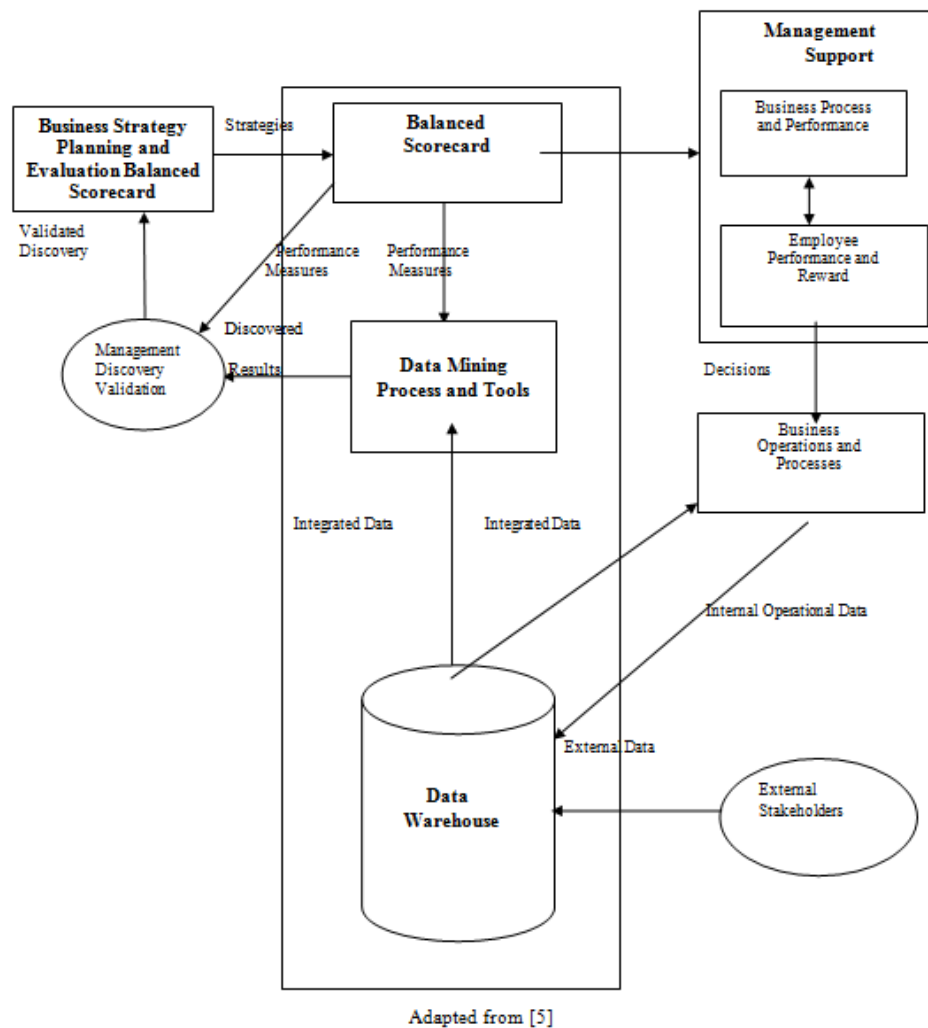
2.3 How the adoption of strategic management architecture model can help in the development of insurance firms in Nigeria.

As seen from the above model, for successful organizational structure and design to come into existence, insurance firms in Nigeria need to adopt SMArt model as a managerial tool to gather data from the external stakeholders. These stakeholders are the agents, brokers, loss adjusters, claims representatives, consultants, indirect marketers, actuaries, Nigerian Insurers Association (NIA), Chartered Insurance Institute of Nigeria (CIIN), government agencies, insured, financial institutions, general public, etc. Also, before the registration of any insurance company in Nigeria, the Insurance Act of 2003, Part II, Section 5(1) stipulates that "an application for registration as an insurer shall be made to the National Insurance Commission (NAICOM) in the prescribed form and be accompanied by a business plan and such other documents or information as the Commission may from time to time direct or require". From the above legal directive, strategic management architecture model that focuses on organization structure, design and culture should be embedded in the business plan submitted to NAICOM. This will provide a platform on the structure and design of the intending insurance company. These collated data from the external stakeholders would then be sent to the data warehouse.

The data warehouse consists of integrated data, extracted from various data sources (e.g., operational database tables) both internally and externally. Data warehousing involves consolidating data from disparate sources into a consistent format. The quality of data in a data warehouse in terms of validity, availability, level of detail, accessibility, completeness and consistency is superior to the quality of data found in the collective set of functionally oriented data sources. It provides the infrastructure for supporting a wide variety of data analysis and information needs. For example, different business functional areas such as financial accounting systems, materials resource planning, and customer relationship management may use the integrated data to support the formulation and revision of strategic initiatives. One challenging issue in building and maintaining a data

warehouse is determining what data should be extracted from other data sources. The kinds of external data that should be integrated with internal operational data must be determined. Insurance firms would then use the integrated data to redefine their structure, design, marketing strategy, product development policy, corporate social responsibility policy and the satisfaction of stakeholders in the industry.

Data mining techniques and tools are developing to assist with analyzing huge amounts of data to find critical knowledge. The amount of data collected and warehoused by insurance firms in Nigeria is growing at a phenomenal rate. For example, data collected about the existing insured and potential insured and warehoused by the agents, brokers, Nigerian Insurers Association (NIA), Chartered Insurance Institute of Nigeria (CIIN), loss adjustors, surveyors, etc., are increasing on daily basis. These data marts are of immense important to Nigerian insurance industry. Ad hoc techniques such as statistical analysis tools and query languages, are no longer adequate for sifting through vast collections of data, and are giving way to data mining and knowledge discovery tools to exploit corporate data for competitive business advantages [30, 31]. In our model, data mining techniques and tools would allow executives of insurance firms in Nigeria to confirm or discover evidence supporting the cause-effect relationships among strategies, actions and the measurement of their performance. For example, it is important to know how product quality, corporate structure and design affect customer behaviour, and ultimately profitability. Knowledge discovered through data mining may suggest potentially new strategies or performance measures.

Balanced scorecards would allow executive managers of insurance firms to translate their strategies into actions that can be measured, communicated to personnel in the organization, and provide feedback about how well the firm is meeting strategic objectives. However, the balanced scorecard itself is more than a collection of performance measures; it is one of the tools that form part of the strategic management process. It represents the cumulative domain knowledge possessed by managers accumulated through their experiences. With the portfolio of key performance measures, the balanced scorecard functions for managers in the same way dials, gauges, and meters help pilots to fly an aircraft. Recommendations for selecting critical activities and measurements of performance to be included in the scorecard have been largely heuristic, including brainstorming, focused observation, and inquiry. Feedback from subsequent observations, concerning how well the scorecard represented an organization's critical activities as well as a critical element (organizational learning) must also be incorporated into the balance scorecards. Internal operating data, external data about the economy, insured, customers, suppliers and competitors should be mined for knowledge discovery. The balanced scorecard employs a series of performance measures to provide managers of insurance firms with information about how well the organization is achieving its strategic objectives from four basic organizational processes, namely, learning and growth (employee- related), internal/business process (operations), customer, and financial. These four processes broadly relate to each other.

At the customer process level, advertising and incentive schemes for agents may be put into place to attract and retain the most profitable clients. To measure the results of these actions, executives may monitor client acquisition and retention numbers in all insurance lines. Additionally, customer profitability measurements will allow insurance firms' executives to understand whether the client niches acquired and retained are fulfilling strategic objectives of keeping the most profitable clients, and reducing the costs of servicing clients that historically have not been as profitable. To support the Customer processes, claims processing, adjustments, and disbursement processing (operating processes) may be enhanced for the most profitable insurance line clients to increase the satisfaction of current customers. The enhanced service features will also act in concert with increased sales efforts to attract more clients. Measurements of these functions may include average days to process a claim and average time to process a disbursement. Additionally, the company may send customer survey forms to solicit feedback on how satisfied customers were with the service they received.

At the employee and infrastructure level, actions may be taken to assure that employees are well trained in product knowledge, and able to respond to inquiries from clients. Measurements of these actions may consist of monitoring the number and type of classes employees have taken, and random tests, by phone, of employees' ability to field questions from customers. The ICT infrastructure may have changes made to it to gather more detailed information from clients, and to provide online services to clients in profitable insurance lines. The success of these actions will ultimately be measured by a tool such as customer satisfaction surveys, but can initially be measured by the amounts of funds invested in certain ICT applications. Some insurance firms may have more business processes or may wish to classify one of the primary business processes into sub-categories.

The real business value of data mining comes from the discovery and utilization of newly found results, via business strategy creation and refinement. This is one of the most challenging aspects of data mining projects. Accordingly, our architecture incorporates feedback from new discoveries and verified results to the top management team of Nigerian insurance firms for their evaluation. Results from data mining can be used to confirm the current strategies, or identify potentially new strategies to be evaluated. Strategy revisions or new

strategies will then be incorporated into the balanced scorecard framework and ultimately be translated into actions to be performed.

The final stage is so vital to the top management team of Nigerian insurance firms. It includes incorporating the verified results into the performance evaluation system, taking actions based on new discoveries, or simply documenting it and reporting results to interested parties. Also checking for and resolving potential conflicts with previously believed knowledge. The real business value of data mining investments accrues from the adoption and utilization of discovered results, via business strategy creation and refinement. However, this is the most challenging task of data mining projects. Interactions between data mining, data warehousing, and the balanced scorecard make our model dynamic and able to respond to changes in the economic or operating environments.

Subsequent outputs from data mining may then be used as feedback to modify strategies made for a firm's comprehensive business model. The synergy between data mining and business models extends in both directions. Results from data mining may be used to verify the assumptions underlying the business model and to modify the model to reflect operations. Successive iterations of data mining and comprehensive business model modifications will result in information that becomes increasingly useful to the executive decision maker. The changing nature of the insurance business environment in Nigeria makes the interactions among the components of our comprehensive business model an ongoing process.

Ensuring the growth of insurance firms in Nigeria incorporates all aspects of the organization, due mainly to the fact that an organization's strategic management architecture model is a framework for analyzing and designing three inter-related components that are essential to ensuring growth; organizational culture, human resource development, and organizational structure and design. These are not the only issues affecting growth. Corporate governance, management information systems, resource development, and financial management, for example, are fundamental issues that must also be considered. Ensuring the growth of insurance firms in Nigeria, as defined by the three elements of organization strategic management architecture, is the process of building solid and lasting institutions—literally, institution building.

To ensure the growth of insurance firms in Nigeria using SMArt, insurance firms in Nigeria need to be built in the same way an architect designs and constructs a building. Like an organization, a building cannot be erected without a plan. The plan outlines not just where the walls and windows will be, but also how the plumbing and electricity will flow and connect all the rooms. The shape and the location of the rooms are determined by the proposed function of that space. The rooms are arranged to allow the appropriate circulation of people. In the process of building—or reconstructing—architects must balance competing forces, such as the concern for beauty with the need for energy conservation and the multiplicity of owner-specified requirements with budgetary constraints.

2.4 The Components of Strategic Management Architecture
2.4.1 Organizational Culture

The organizational culture is an essential ingredient for effective growth management. The organizational culture has two components: (1) the external culture, as the organization presents itself to its customers, suppliers, and the rest of the outside world; and (2) its internal culture, which reflects the core values of the organization and forms the basis of how people work together. As the organization grows, what happens to the organization's external and internal culture? Do the values need to change as the organization expands? How does the culture determine the types of growth strategies the firm is willing to consider and the extent to which people are committed to implementing the strategies that are selected? The organizational culture may be characterized with participatory management that promotes flexibility, creativity, and innovation. As in any service industry like insurance, one core value that has to be retained is the commitment to customer service. In addition to customer service, this analysis of organizational culture considers the following characteristics that create a growth-friendly environment: commitment, leadership, communication, quality, honesty, and innovation. These characteristics should be exhibited by employees of insurance firms in Nigeria for the growth of the industry.

2.4.2 Human Resource Development

Most insurance firms in Nigeria do not pay much attention to human resource development. The foundation of any organization lies at the locus of interaction between the organization and its customers. This bottom-up view of the organization appropriately emphasizes the critical role of staff as the foundation, and places the organization's human resources as a top priority for ensuring growth. A growing insurance firm in Nigeria needs to hire at a pace that integrates three converging elements. First, the addition of staff must meet with the organization's ability to train and deploy human resources. An expanding organization requires systems to produce a large volume of well-trained staff.

Second, the insurance firm must have the capacity to manage and motivate new staff. Incentives are an important aspect of staff development. Staff incentives increase both costs and productivity. The challenge is to increase productivity to a greater extent than the costs. Keeping salaries and commissions at low levels may save costs, but may hurt productivity. To achieve financial viability, management of insurance firms in Nigeria must keep costs in check; but to achieve outreach, members of staff need to be appropriately rewarded for their efforts. Ensuring growth involves identifying the right balance of monetary and non-monetary incentives, including base salary, commissions, individual and/or group-based rewards, staff development opportunities, benefits, the possibility of developing new skills, and the intangible benefits derived from the organization's development mission.

Third, the pace of hiring must coincide with the demand for the institution's services, which is largely determined by the firm's marketing and outreach efforts. From these three elements, it is possible to conclude that the planning for hiring and deploying of field staff requires strategic coordination among human resources, operations, product development, management, and marketing.

2.4.3 Organizational Structure and Design

The design of the insurance firm builds on the foundation of the field staff by shaping the relationship among the sub-agencies, branches, regions, and head office, as well as direct and indirect marketers. The organizational structure evolves as the organization grows, as do the levels of responsibility at the various levels. In conceiving the organizational structure, it is useful to build from the bottom up by identifying the appropriate building blocks for the organization. Although the individual field staff is a possible building block, the business literature suggests that a team business unit should also be considered to increase efficiency, productivity, and responsiveness to the target market. The literature indicates that a flatter and leaner organizational structure is the preferred model for a growing institution.

In many insurance businesses, information tends to flow fastest across the hierarchy, from peer to peer. This is particularly true if the organizational structure minimizes walls and compartments, but instead encourages the participation of staff across the boundaries of functional departments. Growth is dynamic. To effectively ensure growth of Nigerian insurance firms, the organizational structure should also be fluid and flexible, creating an agile organization that is responsive to changes in the market. The buildings of insurance firms must reflect the professional services that they render, hence the insured may be discouraged if the physical environment is not attractive enough to the existing or potential insured.

2.5 Process of Organizational Development

Reference [32, 33] propose a "general model of planned change" which describes the process of organizational development (OD) and is comprised of four major activities – *entering and contracting, diagnosing, planning and implementing change, evaluating and institutionalizing change.* Reference [33] model echoes that of [32], although he does not speak about their fourth activity, evaluating and institutionalizing change. Waddell et al's model in relation to the process of OD will now be described in further detail.
1. Entering and contracting
2. Diagnosing
3. Planning and implementing change
4. Evaluating and institutionalizing change.

[32] suggests that while these activities typically occur in the sequence listed, there is considerable overlap and feedback between them. Each of the activities is summarized below.

Entering and contracting: According to [32], this first step of the 'planned change' process occurs when one or more key managers or administrators sense there is either a need for improvement or a problem needs to be addressed in their organization, department or group. Entering is made up of three steps – clarifying the problem or opportunities, identifying who the relevant client is and choosing an OD practitioner. The organization may be specific about what the 'persisting problem' is, such as absenteeism or a change in market conditions, or it may be more general such as a need to be more effective. Sometimes the persisting problem is stated in the form of a solution, such as needing team building. The persisting problem may just be a symptom of underlying issues. Clarifying the issue may involve preliminary data collection, in the form of interviewing key members and examining company records. Identifying the relevant client – normally those who can directly impact the change – is important at this stage of the process. This ensures there is buy in from these key members into the OD process. Choosing an OD practitioner requires the organization to find out about the practitioner's experience and competence – both technical and interpersonal. It needs to check whether the practitioner approaches the organization with openness and requires a diagnosis phase, or whether the practitioner has a program that he or she applies to all organizations. Practitioners are also responsible for ensuring there is a match between themselves and the organization and its problems.

Contracting may be formal or informal, and includes *three areas* – clarifying what each party expects to gain from the OD process, committing resources to the process and establishing the ground rules for working together, such as confidentiality. The decision about whether to proceed or not with the OD process occurs here.

Diagnosing: Diagnosing is described by [32] as the "process of assessing the functioning of the organization, department, group or job to discover the sources of problems and areas for improvement". If this step is done well, it points, towards the interventions required to improve the organization's effectiveness. It involves collecting and analyzing data about the current operations and feeding information about problems and opportunities back to managers and the organization.

Planning and implementing change: According to [32] this stage of the OD process is a joint activity conducted between the OD practitioner and the organization. They design interventions that suit the organization and the change agent's skills and make plans to implement these interventions. Reference [32] suggests interventions fall into four major categories:

1. Interpersonal interventions, which describe interventions associated with human processes;
2. Techno-structural interventions, which focus on the organization's structure and technology', meaning job design;
3. Human resource management interventions, which are designed to integrate people into organizations to "improve member performance and wellness"; and
4. Strategic interventions, which focus on linking the "the internal functioning of the organization to the larger environment and transform the organization to keep pace with changing conditions". This stage of the OD process includes "managing the change process" which requires the OD practitioner to work with the resistance to change, create a vision of the desired future state, gain political support for these changes and manage "the transition of the organization towards them".

Evaluating and institutionalizing change: Evaluation of the OD interventions implemented is a two-fold process: the first is evaluating and feeding back to the organization, the effectiveness of the implementation of the intervention – is the intervention being implemented as intended? The second checks to see whether the expected results are being achieved or not. With this information, decisions about whether the changes should continue, be modified or stopped can be made [32]. Change is institutionalized by reinforcing successful changes through feedback, rewards and training [32].

2.6 Corporate Strategies

A strategy of an organization forms a comprehensive master plan that states how the corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage. The typical business firm usually considers three types of strategy; corporate, business, and functional. Corporate strategy describes a company's overall direction in terms of its general attitude toward growth and the management of its various businesses and product lines. Corporate strategies typically fit within the three main categories of stability, growth, and retrenchment. Business strategy usually occurs at the business unit or product level, and it emphasizes improvement of the competitive position of a corporation's products or services in the specific industry or market segment served by that business unit. Business strategy focuses on improving the competitive position of a company's or business unit's products or services within the specific industry or market segment that the company or business unit serves.

Business strategies may fit within the two overall categories, competitive and cooperative strategies. For example, insurance firms in Nigeria have used a competitive strategy to differentiate themselves from their competitors by adding other services to their product lines. Business strategy can be competitive (battling against all competitors for advantage) and/or cooperative (working with one or more companies to gain advantage against other competitors). Just as corporate strategy asks what industry(ies) the company should be in, business strategy asks how the company or its units should compete or cooperate in each industry. A cooperative strategy is used for the purpose of forming alliance with other organizations in order to provide global services. Cooperative strategy may thus be used to provide a competitive advantage. This cooperative strategy is lacking among insurance firms in Nigeria that is why they cannot compete globally. This is evidenced in their abysmal contributions to the growth of the Nigeria economy compare to other developing countries in Africa and beyond.

Functional strategy is the approach taken by a functional area to achieve corporate and business unit objectives and strategies by maximizing resource productivity. It is concerned with developing and nurturing a distinctive competence to provide a company or business unit with a competitive advantage. Examples of research and development (R&D) functional strategies are technological followership (imitation of the products of other companies) and technological leadership (pioneering an innovation) [6].

2.7 Using Strategic Management Performance Index (SMPI) tool to develop Nigerian insurance firms

Strategic Management Performance Index (SMPI) focuses on time, energy and resources on the right activities during strategy design and implementation. The strategic management performance index is a performance indicator, which is incorporated with additional organizational analysis to jumpstart strategic planning. Leadership team and web-based survey will create focus and clarity to potential activities for driving growth. Through this, there is no right or wrong answers. It provides a perspective to measure and assess the current strategic activities. A web-based survey captures perspectives of key staff and measures organizational effectiveness across key performance indicators. Responses are collected and benchmarked against high-performing organizations that are successful in strategy design and implementation. Strategic management performance index includes all overall Strategic Performance Score providing insight into strategic activities to continue doing, stop doing and consider starting.

Through SMPI, many newly trained and empowered employees in developed and developing countries have implemented many innovative practices including continuous improving, reengineering, and total quality management. Outsourcing and exclusive relationships now allow organizations to focus on core activities. This can be achieved among employees of Nigerian insurance firms because many of these innovations would fundamentally change the relationships between the organization and its employees, customers (insured), suppliers, and other stakeholders.

SMPI involves performance measurement, analysis, reporting and optimization based on the indicators defined in the strategy. This will facilitate a growing understanding of stakeholder issues and to obtain stakeholder feedback on the strategic choices that the company makes. Detailed measurements are commonly based on process measurements or benchmarking criteria. Process measurements relate directly to the insurance company's specific corporate responsibility processes and projects. Benchmarking tends to involve an external perspective, often comparing performance with that of competitors or other best practices within the insurance industry. Another SMPI is the balanced scorecard focusing on financials (shareholders), customers (insured), internal processes, plus innovation and learning that are modified to sustain the symbiotic relationship between insurance firms and their stakeholders for growth.

2.8 Theoretical framework
2.8.1 Organizational Learning Theory
This research is based on the organizational learning theory by [34], which states that an organization adjusts defensively to a changing environment and uses knowledge offensively to improve the fit between itself and its environment. In agreement with this theory, an increasing number of insurance firms are realizing that they must shift from a vertically organized, top-down type of organization to a more horizontally managed, interactive organization. They are attempting to adapt more quickly to changing conditions imposed by environmental factors by becoming learning enterprises. Insurance firms in Nigeria must learn from the structure and design of other institutions like banks and stock markets

2.8.2 Institution Theory
This theory was propounded by [35]. This theory proposes that organizations can and do adapt to changing environment by imitating other successful organizations. To its credit, many examples can be found of companies that have adapted to changing environment by imitating and admired firm's strategies and management techniques.

2.8.3 Resource-Based Theory
The theory upon which this study also hinges on is the resource-based theory of the firm which combines concepts from organizational economics and strategic management [7]. In this theory, the competitive advantage and superior performance of an organization is explained by the distinctiveness of its capabilities [36]. The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal [37]. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort [38]. Strategy has been defined as the match an organization makes between its internal resources and skills and opportunities and risks created by its external environment. The resources and capabilities of a firm are the central considerations in formulating its strategy; they are foundation upon which a firm can establish its identity and frame its strategy. The key to a resources based approach to strategy formulation is the understanding of the relationships between resources, capabilities, competitive advantage and performance.

III. Methodology

This study adopts a survey research design. According to [39], surveys measure what a person knows (knowledge or information), what a person thinks (attitudes and belief), and what a person likes and dislikes (values and preferences). Reference [40] added that a survey research design is a process of extracting information from a target population through the use of questionnaires and other instruments, and subjecting the data that are obtained to statistical analysis for the purpose of drawing conclusions. This research method enables the use of questionnaires as instrument of data collection. The population of the study comprises all employees of ten insurance firms in Nigeria with branches at Uyo. The insurance firms are; Anchor Insurance Company Limited, Leadway Assurance Plc, Industrial and General Insurance (IGI) Plc, Mutual Benefit Assurance Plc, Union Assurance Plc, Axa Mansard Insurance Plc, Allied and General Insurance Company Plc, Zenith Bank Assurance Company Limited, UBA Life Assurance Plc, and First Bank Life Assurance Plc. Specifically, the population of the study is 100 employees of the selected insurance firms. To obtain our sample size from the population, we make use of [41] formula as stated below;

$$n = \frac{N}{1+Ne^2}$$

Where;
n = Sample Size
N = Population
e = error percent (0.05)

$$n = \frac{100}{1+100 (0.05)^2}$$

$$n = \frac{100}{1.25}$$

n = 80

Therefore, the sample size of the study was eighty (80) respondents. The study adopted a simple random sampling technique. In this technique, every employee was given a chance of being selected once. The questionnaire was structured using Likert Scale scoring of strongly Agree (5), Agree (4), Undecided (3), Strongly Disagree (2) and Disagree (1). The data collated for the study were presented in tables. Simple percentages were used to analyze the data. A stepwise regression analysis was used. It is a statistical tool for evaluating the relationship of one or more independent variables to a single continuous dependent variable Y. This is mostly often used when the independent variable are not controlled as when collected in a sample survey or other observational studies. Models for stepwise regression analysis are specified below;

1. $y = a + \beta(x_1) + SMArt$
2. $y = a + \beta(x_2) + SMPIn$

Where;
y = dependent variable (development of insurance firms in Nigeria - DINSFs)
$x_1 - x_4$ = independent variables
β = independent coefficients
a = regression constant
SMArt = Strategic Management Architecture Model
SMPIn = Strategic Management Performance Index

Finally, the instrument was further subjected to Cronbach's alpha reliability test statistics. All variables are reliable since their Cronbach's alpha is greater than 0.5. This analysis was conducted to determine the reliability estimates in order to ensure consistency and stability of data. Cronbach's coefficient alpha, which measures how well the variables positively relate to one another, was generated using SPSS software.

IV. Data Presentation And Analysis

Table 1: Demographic Profile of Respondents

Description	No of respondents	Percentage (%)
Sex:		
Male	60	75
Female	20	25
Total	80	100
Age:	No of respondents	Percentage (%)
20-29 years	18	22.5
30-39 years	15	18.75
40-49 years	32	40
Above 50 years	15	18.75
Total	80	100

Source: Field Survey, July, 2016

Table 1 shows the sex distribution of respondents. Out of 80 respondents sampled, 60 respondents were male representing 75% while 20 respondents were female representing 25%. This shows that the majority of the respondents were male. As seen from the above table, 18 respondents representing 22.5% were within the age bracket of 20-29 years, 15 respondents representing 18.75% were within the age bracket of 30-39 years, while 32 respondents representing 40% were within the age bracket of 40-49 years and 15 respondents representing 18.75% were within the age bracket of above 50 years. Therefore, majority of the respondents were within the age bracket of 40-49 years.

4.1 Empirical Results

$H0_1$: There is no significant relationship existing between strategic management architecture model and the development of insurance firms in Nigeria.

Stepwise Regression Model: $y = a + \beta(x_1) + SMArt$

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.994	.987	.983	5.206	1.328

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6200.702	1	6200.702	228.813	.001
	Residual	81.298	78	27.099		
	Total	6282.000	79			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.772	4.194		-1.138	.338
	SMArt	3.298	.218	.994	15.127	.001

Dependent Variable: DINSFs

Independent Variable: SMArt

Source: Authors' computation using SPSS

$H0_2$: There is no significant relationship existing between strategic management performance index and the development of insurance firms in Nigeria.

Stepwise Regression Model: $y = a + \beta(x_2) + SMPIn$

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.984	.968	.957	8.246	2.028

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6078.024	1	6078.024	89.393	.003
	Residual	203.976	78	67.992		
	Total	6282.000	79			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.094	6.267		.015	.989
	SMPIn	2.994	.317	.984	9.455	.003

Dependent Variable: DINSFs

Independent Variable: SMPIn

Source: Authors' computation using SPSS

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.878	.978	3

V. Discussion of Findings

The findings from the two hypotheses tested revealed mixed results. In the first hypothesis, a regression coefficient of -4.772 indicates a negative relationship between strategic management architecture model (SMArt) and the development of insurance firms (DINSFs) in Nigeria. The coefficient of determination (R^2) was 0.987 which implies that about 98.7% variations in DINSFs were caused by SMArt while the remaining 1.3% was due to other variables outside the regression model which affects DINSFs in Nigeria. In order to determine the significance of the independent variable, we conduct a t-test for the parameter. The test of the null hypothesis against the alternate hypothesis is to reject H_o if (t)> tα/2, n-k-1 where tα/2, n-k-1 is obtained from the t-distribution task. Therefore, at a selected 0.05 percent level of significance with n=80, k = 1, such that t 0.05/2, 80-1-1 = t 0.025, 78, we have critical value of 1.667. Thus, since DINSFs has a t-statistic (t_c) of -1.138 and tα/2, 78 = 1.667, it therefore means that t_c = -1.138 < t_t = 1.667, which means that SMArt negatively influence DINSFs in Nigeria. Thus, we accept the null hypothesis that there is no significant relationship existing between strategic management architecture model and the development of insurance firms in Nigeria.

In the second hypothesis, a regression coefficient of 0.094 indicates a positive relationship between strategic management performance index (SMPIn) and the development of insurance firms (DINSFs) in Nigeria. The coefficient of determination (R^2) was 0.968 which implies that about 96.8% variations in DINSFs were caused by SMPIn while the remaining 3.2% was due to other variables outside the regression model which affects DINSFs in Nigeria. In order to determine the significance of the independent variable, we conduct a t-test for the parameter. The test of the null hypothesis against the alternate hypothesis is to reject H_o if (t)> tα/2, n-k-1 where tα/2, n-k-1 is obtained from the t-distribution task. Therefore, at a selected 0.05 percent level of significance with n=80, k = 1, such that t 0.05/2, 80-1-1 = t 0.025, 78, we have critical value of 1.667. Thus, since DINSFs has a t-statistic (t_c) of 0.015 and tα/2, 78 = 1.667, it therefore means that t_c = 0.015 < t_t = 1.667, which means that SMPIn positively influence DINSFs in Nigeria. Thus, we reject the null hypothesis and accept the alternate hypothesis that there is a significant relationship existing between strategic management performance index and the development of insurance firms in Nigeria.

VI. Conclusion And Recommendation

Based on the findings from this study, we therefore conclude by making a case for the adoption of strategic management architecture model for the development of insurance firms in Nigeria. This is based on the findings that there is a negative and insignificant relationship existing between strategic management architecture model and the development of insurance firms in Nigeria. This negative relationship is as a result of non-adoption of SMArt model by Nigerian insurance firms hence impair their development. There is also a positive and significant relationship between strategic management performance index and the development of insurance firms in Nigeria.

Insurance firm's architecture requires an inclusive view of the elements of design and of the social and work systems that make up a large and growing organization. Wong *et al* (2009) opined that organization strategic architecture model includes the formal structure, such as the design of work practices; the nature of the informal organization or operating style; and the process for selection, socialization, and development of people. The notion of strategic management architecture model as a managerial tool encourages insurance firms in Nigeria to focus not only on the fit between the organizations and its environment, but also on the harmony among constituent design elements. The strategic management architecture model that has been proposed for insurance firms in Nigeria consists of three components: the data warehouse, the data-mining tool, and the balanced scorecard. These components are the embodiments of good organizational structure and design as well as culture. Hence, the adoption of the proposed strategic management architecture model would help in the development of insurance firms in Nigeria and improve the overall effectiveness of insurance firms by way of enhanced congruence of such key organizational dimensions as external environment, mission, strategy, leadership, culture, structure, design, information and reward systems, and work policies and procedures.

Based on these findings, the following recommendations are made;

The National Insurance Commission (NAICOM) should critically examine the business plan tendered to the Commission before registering an insurance company in Nigeria to ensure that the proposed strategic management architecture model is embedded in the proposal as one of the managerial tools as stipulated by the Insurance Act of 2003, Part II, Section 5(1).

Since there is a negative relationship between SMArt model and the development of insurance firms in Nigeria, there is need for the adoption of the SMArt model by the Nigerian insurance firms for the development and growth of their organizations as well as the growth of the insurance industry in Nigeria.

There is need for insurance firms in Nigeria to erect good buildings not only at corporate headquarters but also at the branch offices across the country.

There is need for human resource development in the insurance industry in Nigeria to acquire the requisite skills and knowledge needed to properly develop and meet the changing needs of the insured for organizational development.

Strategic Management Performance Index (SMPI) should be adopted or embraced by the insurance firms in Nigeria so as to provide a perspective to measure and assess their current strategic activities.

A cooperative strategy should be used for the purpose of forming alliance with other insurance firms in order to provide global services and have a competitive advantage.

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