ROLE OF EMPLOYEE COMPETENCIES, QUALITY DECISIONS AND COMPETITIVE STRATEGIES IN THE RELATIONSHIP BETWEEN ORGANIZATIONAL LEARNING AND PERFORMANCE OF INSURANCE FIRMS IN KENYA

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DECLARATION

I declare that this doctoral thesis is my original work. I developed it through a thorough research process as per the regulations and guidelines of the School of Business, University of Nairobi. No part of this work has ever been submitted to any institution of learning for academic credit. The works of other scholars and all other sources cited in this study are dully acknowledged.

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DEDICATION

This thesis is dedicated to my dear mother, Ongoche; my beloved spouse, Philip; my children: Mine, Acha, Ngala, Kirina, Apo, Valerie, Lyndon, and Frank. Their ever present encouragement, inspiration, and incredible support are greatly valued. Most of all, the thesis is dedicated to my God Almighty for His faithfulness upon my life.

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ABBREVIATIONS AND ACRONYMS

AKI	Association of Kenya Insurers
CA	Competitive Advantage
CS	Competitive Strategies
DCT	Dynamic Capability Theory
EC	Employee Competence
GDP	Gross Domestic Product
GPI	Gross Premium Income
GPI	Gross Premium Income
GT	Game Theory
HR	Human Resources
IRA	Insurance Regulatory Authority
KBV	Knowledge-Based View
KM	Knowledge Management
ODT	Organizational Development Theory
OL	Organizational Learning
QD	Quality Decisions
RBV	Resource-Based View
SME	Small and Medium Enterprises

ABSTRACT

Achieving superior performance is a major pre-occupation of senior managers in the competitive and slow growth markets, including the insurance industry in Kenya. The insurance firms operate in a dynamic environment defined by stiff competition in which they have to seek to learn, respond to the environment in a timely way and maintain practices that would ensure they remain competitive with superior performance levels. The purpose of this study was to establish the role of employee competencies, quality decisions and competitive strategies in the relationship between organizational learning and firm performance. Specifically, the study sought to establish the relationship between organizational learning and firm performance; the moderating effect of employee competencies on the relationship between organizational learning and firm performance, the moderating effect of competitive strategies on the relationship between organizational learning and firm performance; the mediating effect of quality decisions on the relationship between organizational learning and firm performance and the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance. The research design was descriptive. A census survey was carried out on a population of 45 insurance firms in Kenya using self-administered questionnaires. The response rate was 88.89%. Descriptive statistics, correlation and regression techniques were used to analyze the data. The results showed that organizational learning has a positive and statistically significant effect on firm performance in the case of return on assets, growth of market share and the overall firm performance. Although the introduction of employee competencies significantly improved the influence of organizational learning on firm performance both in the case of return on assets and growth of market share, results did not support the moderation effect on the relationship between organizational learning and firm performance. The introduction of competitive strategies also significantly improved the influence of organizational learning on firm performance, in the case of return on assets, growth of market share and the overall firm performance. However, results did not support the moderation of competitive strategies on the relationship between organizational learning and firm performance. The study found that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance was significantly greater than the individual effect of organizational learning on firm performance in the case of return on assets, growth of market share and the overall firm performance. The study added to knowledge by determining that the influence of organizational learning on firm performance is mediated by quality decisions for the firms in the insurance industry in Kenya. The study should guide managers on the need to continuously learn and the variables to be well-managed to maintain expected standards of performance in a regulated environment with intense competition. The study concurs with the resource-based view, which proposes that firms may obtain enhanced performance from the synergistic effect of applying a combination of internal resources together. The findings of this study may guide policy-makers in the insurance industry to take steps that can facilitate firms to attain superior performance by promoting organizational learning along with quality decisions, appropriate competitive strategies and employee competencies. Longitudinal studies could be carried out to establish if the results would remain the same or change and thereby obtain a better understanding of the relationships. Future studies could also establish the effect of organizational learning on other measures of performance not used in this study.

CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Organizational learning is viewed as one of the fundamental sources of improved and superior performance in the strategic management field (Nonaka, 1984). Theorists argue that in dynamic and uncertain environments, the ability of firms to learn faster than competitors may provide sustained competitive advantage (De Geus, 1988; Stata, 1989). Innovation, change, organizational renewal and dynamic capabilities have become important bases of sustained superior performance (Hedlund, 1994).

The study was anchored on various strategic management theories. The Resource-Based View (RBV) advises on the need for building internal resources and capabilities as the primary source of competitiveness and sustained superior performance (Barney, 1991). The Knowledge-Based View (KBV) also advances the critical role of internal resources and focuses on differentiated knowledge inventories as a basis for competitive advantage and improved performance (Hoskisson, 1999). Teece et al. (1997) wrote on the dynamic capability theory and define dynamic capability as "… the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments." They introduced the need to develop the capability to respond quickly to the changes in both the internal and external environment. The Organizational Development Theory (ODT) focuses on the need for aligning organizations with their rapidly changing and complex environments through organizational learning, knowledge management, and transformation of organizational norms and values (Cummings, 2004). Game theory (GT) involves the study of strategic decision-making and offers a scientific approach (Myerson, 1991). Game theory advises that for each decision, alternative possible options are generated and the best alternative is selected (Myerson, 1991). In place of the anecdotes, cases, stories, and examples that are commonly offered as advice to negotiators, Game Theory gives a systematically structured view (McMillan, 1992).

Achieving superior performance is a major pre-occupation of senior managers in the competitive and slow growth markets, including the insurance industry, and the sources of competitive advantage have been a major concern for scholars and practitioners (Porter, 1985; Barney, 1991; Grant, 1991). Organizational learning facilitates the development of intellectual organizational capabilities that are rare and difficult to imitate (Coplin, 2002). Goh (2003) noted that to retain superior performance, it is important to adopt a strategy of continuous learning. Ollila (1994) and Goh (2003) in their studies encourage employees to learn new skills and to be continually innovative in order to achieve strategic business objectives. It is important to examine what firms need to put in place and what influences the process through which organizational learning impacts organizational performance. The process of developing resources and competencies has turned the attention of firms to collective learning (Prahalad & Hamel, 1990).

The 45 insurance companies in Kenya on which the study was based have to strive to retain acceptable standards of performance given the competitive environment and strict regulatory framework in which they operate. These firms deal in imitable products in a market with low penetration rates. In this industry firms have to seek ways to ensure they learn the environment and build their capacity to make correct decisions, applying the correct competitive strategies to ensure their performance levels remain acceptable to stakeholders, including the regulatory authorities. This research is motivated by the above arguments, theories, and findings of various scholars.

1.1.1 Organizational Learning

Organizational learning has been variously defined. Leroy and Remanantsoa (1997) defined organizational learning as the collective phenomena of the acquisition, development and dissemination of knowledge and skills within the organization to positively influence organizational outcomes. Lipshitz et al. (2007) define organizational learning as a conscious and critical process of reflection intended to produce new perceptions, goals and/or behavioural strategies.

Crossan, Lane, and White (1999) presented a model of organizational learning called "The 41 framework", which identified four main processes through which learning occurs as intuiting, interpreting, integrating and institutionalizing. This study defines organizational learning as a cyclical process through which knowledge that is acquired at an individual or group level is objectified on the organizational level by sharing and having a shared interpretation, institutionalized and embedded in the organizational memory (Crossan, Lane, & White, 1995). Organizational learning is concerned with the strategies and process of identifying, capturing and leveraging such knowledge to enhance competitiveness (Manasco, 1996).

1.1.2 Quality Decisions

Quality decisions is a concept that has a commitment to excellence and continuous improvement with a set of strategies and operating tools to gain improved performance (Albert, 2005). According to Gilmore (1998), a quality decision is seen from the process that has been followed and persons involved. He specifies that a good decision must involve clear identification of what a decision is to be made about or the problem at hand, collection of all information that needs to be considered in arriving at a decision, analysis of the information, generating possible alternative solutions to the issue at hand, considering the advantages and disadvantages of each alternative and the risks involved, selection of the best possible alternative while considering how any risks will be hedged against, and clear arrangement of how decisions made will be implemented.

Quality decisions in management facilitate carrying out in the best possible way the functions, tasks and related activities associated with planning, organizing, leading and controlling the firm (Grant, 2005). It is argued that the concept of organizational learning has emerged and evolved from the quality circles with the quality decisions strategy (Caulkan, 1994).

1.1.3 Employee Competencies

According to Thompson (2007), competencies are things an organization is good at doing. He says that it is always the product of experience, representing an accumulation of learning and the build-up of proficiency in performing an internal activity. Usually, a company's competence originates with deliberate efforts to develop the organization's ability to take certain actions. As experience builds, such that the company gains proficiency in performing the activity consistently well and at an acceptable cost, the ability evolves into a true competence and company capability (Thompson, 2007).

Korossy (1997) and Spencer and Spencer (1993) define competencies as the capacities that exist within a person and which predict superior performance. They are usually seen to encompass a person's knowledge, skills, attitudes and behaviours which predict competent performance in a certain job. In order to ensure that employee competencies are managed in line with the future needs of the organization, the skills management initiative starts by looking at future developments of the market and the needs of the customer and from these goes on to define the core competencies of the organizational unit (Green, 1999). Competencies that are shared and remain within the firm are more reliable in sustaining competitive advantage and superior performance.

1.1.4 Competitive Strategies

Ansoff (1987) defined strategic choice as the process of selecting an option for implementation. He further describes an option as a course of action that forms the potential strategy that offers the most advantage. The firm must choose to take actions to meet the needs of the environment, which is always changing and at times turbulent. A firm's strategic choice ultimately determines its performance. Porter's 1980 model of generic competitive strategies suggested differentiation, cost leadership, and market focus. Porter's framework for competitive strategy is one of the most widely accepted business planning models. With a cost-based strategy, a firm can improve its competitive stance by lowering its production and marketing costs and thereby improve profitability and market share. A firm can pursue a strategic advantage by differentiating its products

from those offered by competitors. By providing unique and innovative products and services with creative marketing, a firm can create and nurture strong brand recognition and customer loyalty. Also, a firm may obtain a strategic advantage by choosing to become specialized and focus on a market niche instead of competing broadly in the market (Pearce, Robinson, and Mital, 2007).

Besides Porter's, a number of authors have proposed generic competitive strategies. Ansoff (1965) suggested a matrix with four strategies including penetrating the market, market development, product development and diversification. Mintzberg (1994) proposed strategies included distinguishing, locating, elaborating, extending, and reconceiving. Gilbert and Stretbel (1987) proposed the outpacing strategy whose approach involves strategic flexibility through the combination of exclusivity and low cost. Treacy and Wiersema (1995) proposed operational excellence, product leadership and customer intimacy as competitive strategies. Hax and Wilde (2001) proposed the strategy of best products, customer solution, and lock-in. An observation of the strategies proposed above is that there is always the intention to perform better in the area of cost leadership and/or have the products appear to be superior to those of competitors and/or the need to capture specific markets and then ensure competitors do not take a firm's market share. This study finds Porter's Generic Strategies most useful for the study and these will, therefore, be selected for use in operationalizing of competitive strategies.

1.1.5 Firm Performance

Ricardo and Wade (2001) define firm performance as the ability of the organization to achieve its goals and objectives. Kreitner et al. (1998) argued that corporate effectiveness can be assessed by using four generic approaches namely goal attainment, resource acquisition, internal performance or healthy system and strategic constituencies. Daft (2000) also defined firm performance as the ability of an organization to attain its goals by using resources in an efficient and effective manner. It is the extent to which an organization achieves a set of predetermined targets that are unique to its mission. The balanced scorecard was introduced in the 1990s as a measuring tool for both the short-

term and long-term performance (Kaplan and Norton, 1992). This approach included financial and non-financial aspects but also blended business strategies into management systems. The balanced scorecard is a set of measures that are directly linked to an organization's strategy (Pearce and Robinson, 2005). The currently applied balanced scorecard measures financial, customer/market share, social processes, internal processes, learning and growth, and environmental perspectives (Pearce and Robinson, 2005).

The growing interest in organizational learning has been because it is viewed as one way in which the organization could become better prepared to respond to the changes in the environment and to deal with competition. A firm has superior performance when it is able to create more economic value than rival firms (Barney, 2010). Organizational learning is increasingly seen as a central source of enhanced performance and competitive advantage for organizations faced with rapid changes and work in a competitive business environment (Senge, 1990).

1.1.6 The Insurance Industry in Kenya

Currently, there are 45 licensed insurance firms that offer insurance cover in Kenya and contribute to a sustained economic development of Kenya. The contribution of the insurance sector was at 2.63% of the Gross Domestic Product in Kenya in 2012 (Mudaki et al., 2012) and in 2016 it was 2.93% of the Gross Domestic Product (Insurance Regulatory Authority January – March 2016 *Quarterly Report*). Insurance Regulatory Authority (IRA), established in 2006, is improving the regulatory environment and enforcing the adoption of international best standards by the insurance industry in Kenya. IRA ensures the industry players observe the rules governing the insurance industry. The Government of Kenya recognizes that accelerating economic growth to 10% (The Kenya Vision 2030 target) requires an efficient financial sector capable of providing the requisite national savings for financing the needed higher investment levels (http://www.treasury.go.ke). The insurance industry being a key player in the financial sector is being depended on to come up with innovations to provide efficiency and expanded insurance coverage in order to mobilize the requisite savings, in addition to

covering risks to support and encourage businesses (http://www.treasury.go.ke). The Kenyan Insurance market collected gross premiums of approximately Ksh100 billion in the year 2014, while the penetration ratio continues to grow by well above 2.5 percent, which is the average for emerging markets (Association of Kenya Insurers (AKI) Report, 2015).

The total gross premium income (GPI) in the insurance industry has continued to grow by an average of 16 percent over the last five years (Association of Kenya Insurers (AKI) Report, 2015). Competition is stiff and products are imitable in the insurance industry while the firms have to deal with negative perceptions about the priority that should be given to insurance products in an environment where more than half of the population live below the poverty line (*Association of Kenya Insurers (AKI) Report*, 2015). The industry has a problem of limited skills and faces a high rate of staff turnover (*Association of Kenya Insurers (AKI) Report*, 2014). It would be interesting to study the relationship between organizational learning and firm performance in this industry as firms strive to compete in sustaining superior financial performance and increasing their market share. It would also be important to examine the role of quality decisions, employee competencies and competitive strategies in that relationship.

1.2 Research Problem

The ability to learn faster than competitors may be the only sustainable competitive advantage (De Geus, 1988). Organizational learning is an essential element for the survival of firms in the volatile business environment in which they operate today (Argyris & Scon, 1996; Senge, 1990). Organizational learning based on Senge's (1992) conceptualization of the five elements personal mastery, mental modes, shared vision, team learning and systems thinking aims to facilitate an organizations ability to learn and adapt to change (Scott-Ladd and Chan, 2004). Firms need to be able to timely learn changes in the environment that may affect them, the action of competitors and expectations of stakeholders so that they take appropriate action. Organizational learning is expected to facilitate timely appropriate action. Therefore firms seeking to maintain superior performance need to create opportunities for their employees to acquire and

share information, which will enable them to contribute to quality decisions. They have to prepare their employees to make quality decisions including choose appropriate competitive strategies according to the rapidly changing needs. Quality decisions lead to actions that give rise to superior performance. Firms need to have a system of continuous learning to enable them to know their environment and changes taking place so that they quickly take timely decision on the best competitive strategies to adopt in order to acquire and maintain superior firm performance. It is important to take a holistic approach focusing on examining organizational learning, the variables that it relates with including quality decisions, employee competencies and competitive strategies and how their interaction influences firm performance.

The context of the study was the 45 firms offering insurance cover in Kenya. The insurance industry in Kenya is looked at as an important source of accumulated savings to be used to stimulate growth and assist in realizing the Kenya Vision 2030, the national long-term development policy. The sector is also depended on to encourage investment by mitigating risks. The industry is strictly regulated by the government, IRA and AKI, who keep a close watch and expect set minimum standards of performance. Meanwhile, in the recent years there have been cases of some firms that have collapsed whilst others have been unable to meet their obligations. The industry has also had a number of firms going into mergers and acquisitions in an attempt to be stronger, to cope and perform better in this industry where there is intense competition, the products are highly imitable and entry is relatively easy. Given the easily imitable nature of the products and the rapidly changing environment, insurance firms have to continuously search for ways of differentiating their products and continuously learn the environment. One major challenge facing the insurance firms in Kenya is the low insurance penetration rate coupled with the negative perception towards insurance products by members of the public, many of whom still believe that where there are competing priorities for their limited incomes, insurance can be set aside (*AKI Insurance Industry Annual Report*, 2013). Insurance firms are facing mounting skills shortage and high labour turnover is also one of the problems they face. All these make it necessary for learning to be

embraced to avoid losing competencies that give rise to improved performance (http://www.treasury.go.ke). Firms, therefore, face pressure to seek for ways to acquire and retain good performance. The above situations raise the question: could it be that insurance firms in Kenya need to embrace better the aspect of organizational learning and the combination of variables that are important for enhanced firm performance to be realized?

Hawkins (1994) carried out a study on the relationship between learning orientation and the survival of firms and found that learning orientation is an internal resource which firms apply when seeking to ensure survival in an environment of turbulent and highly competitive market conditions. The study did not specify whether there may be variables that influence the relationship between organizational learning and firm performance. The study was longitudinal and used qualitative analysis. It was carried out in Canada, a developed country context.

While Crossan, Lane, and White (1999) identified four main processes through which learning occurs as intuiting, interpreting, integrating and institutionalizing. Hyttinen (2005) investigated the conversion of individual knowledge creation into organizational knowledge creation and found that intuiting, interpreting and integrating were a better fit for the processes that convert individual knowledge to organizational knowledge. The above-cited studies were only theory based and did not relate organizational learning with other variables. Njuguna (2008) carried out a study on the Kenyan small and medium enterprises in the manufacturing sector and found, like in earlier studies, that organizational learning enhances performance. He sampled 48 small and medium enterprises, majority of which were in Nairobi, a cosmopolitan area where conditions are different from the rural setting. He did not, however, give attention to the influence of employee competencies, competitive strategy, and quality decisions. Ollila (1994), in his study, encouraged employees to learn new skills continuously so as to be innovative and to try new processes and work methods in order to achieve the strategic business objectives of the organization. He did not examine what firms need to put in place along

with organizational learning and what influences the process through which organizational learning impacts performance. Mutena (2011) carried out a study on how insurance firms build competitive advantage, highlighting learning as one of the ways in which firms build competitive advantage. The study sampled insurance firms and did not do a census study. Like in the case of Odoyo (2014) and Nzioka (2011), who in their studies found a positive relationship between organizational learning and firm performance, the studies were limited because they did not examine the existence of mediating or moderating variables.

Shwartz, Jones, and McCarthey carried out a descriptive study focusing on 335 Saudi Banks and established the dynamic nature of firms and the role of continuous learning to facilitate development and change. While the study was carried out on businesses which have a profit motive and established the importance of organizational learning in facilitating change including in the competence of employees, he did not examine the impact of the process of change on firm performance, the ultimate goal of businesses. The study was also in a context that is at a much higher level of development than in Kenya. Lindley (2000) carried out a study of 22 Belgian organizations and found that to sustain superior performance levels employee competencies increasingly gain importance in the work environment since the rise of the knowledge economy and the growing need for flexibility make it important for employees to continuously invest in their development. The study was carried out in a developed country context and used longitudinal multiple case study design on only 22 firms. The data collection was done using organizational records, semi-structured interviews and focus groups. Lucia and Lapsinger (1999) carried out a case study in Austria on whether the development of competencies led to desired behavior. The study found that a certain combination of individual competencies led to desired behavior. The study did not however clearly relate the acquired employee competencies to superior firm performance, the ultimate goal of firms in the business sector.

Barvasad, Rahima, and Seyfi (2004) confirmed that organizational learning influences firm performance and also found that differentiation is not a moderating variable in the relationship. The study however did not consider all the three aspects in competitive strategies proposed by Porters and only narrowed down to differentiation. The study left out cost leadership and market focus strategies.Beal (2000) carried out a study on small and micro enterprises from various sectors and found that obtaining information about the environment is a prerequisite for formulating effective competitive strategies which lead to superior organizational performance. The study took a sample of small and micro enterprises only and the results obtained may not be generalized for larger firms. Besides the sample used was from various sectors but the findings may not necessarily apply when all firms are from one sector. Chen (2012) carried out a study on the role of competitive strategies on the relationship between organizational learning and export performance. The study used a sample of 105 exporting firms in New Zealand. The results indicated that export performance is significantly affected by low cost and differentiation strategies. It was also found that organizational learning acts as an antecedent to the competitive strategies. The study confirmed that competitive strategies is a mediator in the relationship between organizational learning and firm performance. The study defined competitive strategies in terms of low cost and differentiation. It also defined performance in terms of the value of exports. Structural equation modelling method was applied. The study did not also consider other variables besides competitive strategies that may affect the relationship between organizational learning and quality decisions.

Munjuri (2013) carried out a study on human capital, social capital, employee empowerment, quality of decisions and performance of commercial banks and insurance firms in Kenya. The results confirmed that the joint effect of human capital, social capital, employee empowerment and quality of decisions on non-financial firm performance was greater than the individual effects of human capital and quality of decisions on firm performance. Although the study results showed the positive impact of the synergistic effect on performance of a number of internal variables, the study did not, consider the effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance.

This study examined, in a developing country context, the empirical evidence of the theoretical claim that organizational learning leads to improved performance. Previous studies had not examined employee competencies and competitive strategies as moderating variables and quality decisions as an intervening variable in the relationship between organizational learning and organizational performance. This study, therefore, set to answer the question: What is the role of quality decisions, employee competencies and competitive strategies in the relationship between organizational learning and firm performance?

1.3 Research Objectives

The broad objective of this study was to determine the role played by employee competencies, quality decisions and competitive strategies in the relationship between organizational learning and firm performance.

The specific objectives of this study were to:

(i) Establish the relationship between organizational learning and firm performance;

(ii) Determine the moderating effect of employee competencies on the relationship between organizational learning and firm performance;

(iii) Establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance;

(iv) Establish whether quality decisions have a mediating effect on the relationship between organizational learning and firm performance;

(v) Establish the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance, and the effect of organizational learning on firm performance.

1.4 Value of the Study

The documented findings in this study should contribute towards addressing the gaps identified and also facilitate the growth of literature in the subject area. It should also provide reference material for further studies. The study should serve as a basis for providing research recommendations with empirical underpinnings. In addition, this study should be useful in extending the existing knowledge and providing empirical findings in an emerging market context on the moderating variables (employee competencies and competitive strategies) and intervening variables (quality decisions) that need to be well managed for organizational learning to effectively lead to enhanced performance in an era of intense competition. The study will add information to the theories propounded by RBV, KBV, DCT, ODT and GT which have called for organizations to build their capacities to respond to environmental changes and increase their competitiveness.

The study should hopefully show the policy makers and decision-makers in the insurance industry who include the government, AKI, IRA, owners and managers the steps firms are taking as they strive to acquire superior performance in the regulated industry. They could better design the support to offer the firms, policies, and regulations. The government, which depends on the insurance sector to contribute to the desired economic growth, will also find this study useful as it will have a better understanding of the industry. The study should provide insight on the importance of building employee competencies, setting effective competitive strategies, the role of quality decision making if organizational learning is to lead to competitive advantage in the industry ridden with competition. It establishes the strategic importance of the concept of organizational learning and enables managers to use it strategically to prepare their employees to fight the industry competition and to quickly respond to environmental changes.

1.5 Scope of the Study

The study was carried out in insurance firms in Kenya. Insurance firms are 45 in number in Kenya. The study used census approach because the total population was small.

1.6 Definition of Terms (variables)

Competitive Strategies – the process of selecting an option for implementation and an option is a course of action that forms a potential strategy that offers the most advantage (Ansoff, 1987).

Employee Competencies – the capacities that exist within a person and which predict superior performance. They are usually seen to encompass a person's knowledge, skills, attitudes and behaviours which predict competent performance in a certain job (Spencer and Spencer, 1993)

Firm Performance – comprises the actual output or results of a firm as measured against its intended outputs, goals, and objectives (Banker, Chang, & Pizzini, 2004).

Organizational Learning – the collective phenomena of the acquisition, development and dissemination of knowledge and skills within the organization to positively influence organizational outcomes (Leroy & Remanantsoa, 1997).

Quality Decisions – a concept that has a commitment to excellence and continuous improvement with a set of strategies and operating tools to gain improved performance (Albert, 2005).

1.7 Organization of the Thesis

The thesis consists of five chapters. Chapter One presents the introduction and background of the study variables, namely: organizational learning, quality decisions, employee competencies, competitive strategies and firm performance. The chapter also provides a subsection on the insurance industry in Kenya. This is followed by the statement of the research problem, study objectives, value of the study, scope of study and definition of terms.

Chapter Two presents a theoretical exposition of the framework on which the study is pegged. It reviews the theoretical and empirical literature relating to linkages among major variables of the study. The theories used were Resource-Based View (RBV), Knowledge-Based View (KBV), Dynamic Capability Theory (DCT), Organizational Development Theory (ODT) and Game Theory (GT). The chapter also reviews the literature on the variables. The review points out the existing gaps in knowledge in both the direct and indirect linkages, which the current study has attempted to fill. Finally, the chapter sets out a conceptual model and conceptual hypotheses.

Chapter Three identifies and discusses the philosophical orientation of the study, the research design and the methodology adopted for the study. It also covers the target population of the study, the data collection method, and tools, and it highlights the operationalization of research variables and the analytical data models.

Chapter Four presents the findings of the study, data analysis, and interpretation. The aim of the study was to establish the role of employee competencies, quality decisions and competitive strategies in the relationship between organizational learning and performance of insurance firms in Kenya. The analysis of data was done per objective.

Chapter Five presents the summary of findings; the conclusion; the implications and recommendations of the study, the limitations of the study, and the recommendations for further research. The structure of the chapter is guided by specific objectives of the study, such that for every objective the researcher presents a summary and explanation of the findings in light of previous empirical findings and theoretical explanations.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter begins with a discussion of the theoretical perspectives of the study, which is informed by a resource-based view, knowledge-based view and the dynamic capability theory. The introduction is followed by a review of the literature highlighting the relationship among the variables of the study. A summary of research and knowledge gaps identified from the review of literature is provided. Finally, conceptual hypotheses drawn from the literature and conceptual framework, depicting the relationship between the study variables, are provided.

2.2 Theoretical Foundation

The key theories on which this study is anchored include Resource-Based View (RBV), Knowledge-Based View (KBV), Dynamic Capability Theory (DCT), Organizational Development Theory (ODT) and Game Theory (GT).

2.2.1 Resource-Based View (RBV)

The Resource-Based View (RBV) of the firm or the internal view of competitive advantage arose from a diversion since the early 1980s towards considering internal resources and capabilities as the primary source of competitiveness. Barney (1991) and Wernerfelt (1984) developed the resource-based theory around the internal competencies of firms and turned the interest of strategic management towards the inside of the firm. According to RBV competitive advantage is rooted in a firm's assets that are valuable and inimitable. This perspective expects firms to compete based on their unique or distinctive internal capabilities, competencies and resource capabilities (Hoskisson et al., 1999).

A firm's capabilities or competencies and management ability to marshal the resources and their deployment patterns to produce superior performance determine its competitive advantage (Grant, 1991). Barney (1991) also noted that by nurturing a firm's resources and internal competencies and applying them to an appropriate external environment, a

firm can develop a viable and sustainable strategy. In 2002 McEvily and Charkravathy carried out a study whose results showed that if a firm was able to continually and quickly learn, adapt and provide unique requirements of stakeholders in a manner that could not be immediately imitated then they could outperform competitors.

2.2.2 Knowledge-Based View (KBV)

The Knowledge-Based View (KBV) is an extension of the resource-based view. It advances the critical role of internal resources and focuses on differentiated knowledge inventories as a basis for competitive advantage (Hoskisson et al., 1999). Writers on the knowledge-based view consider knowledge as a strategic resource and the gathering of knowledge as building of strategic capability (Conner, 1991; Grant, 1996; Kogut and Zander, 1993; Leonard-Barton, 1992; Liebaskind, 1996; Spender and Grant, 1996; Teece et al., 1997 and Winter, 1987).

A firm's knowledge about routines and processes that define the distinctive way of doing things inside the organization and the knowledge of customer needs and suppliers strengths are critical to superior performance (Grant, 1991). A widely shared view in the strategic management literature is that performance differences between organizations are a result of their different stocks of knowledge and their differing capabilities in developing and deploying knowledge (Choo and Bontis, 2002). The dynamic environment in which firms operate today has raised a lot of interest in continuous learning and gathering of knowledge in organizations (Sanchez, 1995).

2.2.3 Dynamic Capability Theory (DCT)

Teece et al. (1997) define dynamic capability as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" Dynamic capabilities refer to "the capacity of an organization to purposefully create, extend, or modify its resource base" (Helfat et al., 2007). The basic assumption of the dynamic capabilities framework is that core competencies should be used to modify short-term competitive positions that can be used to build longer-term superior performance.

The literature on dynamic capabilities grew out of the resource based view of the firm. It thus provides a bridge between the economics-based strategy literature and evolutionary approaches to organizations. This perspective grew out of RBV literature, but while the RBV emphasizes selection of appropriate resources, dynamic capabilities emphasize resource development and renewal.

2.2.4 Organizational Development Theory (ODT)

Organizational Development Theory (ODT) propounded by Lewin (1951) explicitly emphasized both the practice and scholarship of planned organizational change. ODT expanded focus on aligning organizations with their rapidly changing complex environment through organizational learning, knowledge management and transformation of organizational norms and values (Cummings, 2004).

Lewin's work helped to show that feedback was a valuable tool in improving performance. Lewin's theory of organizational development is very valuable and suggests that organizational change has three steps known as unfreezing, transformation, and refreezing. During the first step, an organization realizes there is a need for change. During transformation, the changes in organizational development occur, and in the final step, the implemented changes are refrozen into the organizational routine.

2.2.5 Game Theory (GT)

Newmann and Morgenstern first wrote on game theory in 1944. They introduced the use of Game Theory (GT) to deal with decisions in which two or more intelligent opponents have conflicting objectives (McCain, 2004). Game theory looks at the relationships between competing participants in a particular model and predicts their optimal decisions given specific conditions or environment in which they operate (McCain, 2004). Game theory is useful in strategic decision making and suggests the need to analyze decisions, the environment, possible alternative actions of a firm and those of other players in the industry as well as the possible outcome (Myerson, 1991). A course of action can then be selected that offers the best possible advantage compared to competitors. As the game theory is applied, useful experience is gained and learning takes place so that effective decisions are made that help in gaining superior performance (Myerson, 1991).

The perspectives in the five theories above are considered relevant in this study. RBV points to the need to build internal capabilities or competencies and management ability as a way of gaining uniqueness that gives rise to competitive advantage. KBV focuses on the critical role internal resources and differentiated knowledge play in building sustained superior performance. DCT indicates that to build long term superior performance, there is a need to have dynamic capability to make good decisions and act to facilitate quick response to rapidly changing environment. ODT shows the importance of being prepared for change in the management of and organization including by organizational learning to maintain superior performance. GT brings out the need for enhanced capacity for strategic decision making by having the capacity to select the best possible alternatives.

2.3 Empirical Studies and Variable Relationships

2.3.1 Organizational Learning and Firm Performance

The interest in the issue of organizational learning (OL) has recently increased (Lipshitz, et al., 2002). Since organizations today face a lot of environmental pressures, including intense competition, there is an urgent need to learn quickly and change (Lakomski, 2001). Through organizational learning, a firm can develop hard to imitate knowledge resources and capabilities that create value which in turn lead to superior performance (Njuguna, 2009). McGill, Slocum, and Lei (1992) and Starkey (1998) singled out organizational learning and its promulgation as a key means of adaptation as one of the latest manifestations of the search for new approaches towards acquisition of superior performance. Studies by Peddler, Burgoyne, and Boydell (1997) point to the power of learning, its unleashing and the claim that those who learn quickest will be the winners.

According to Alderson (1965) firms should strive for unique characteristics in order to distinguish themselves from competitors, in the eyes of the consumer, for a long period of time to ensure sustainable superior performance. A firm should ensure competitors are unable to easily imitate its capacity for value creation by continuously being ahead (Collis & Montgomery, 1995). The resources should be valuable, rare, inimitable and appropriate. Acquiring and preserving sustainable competitive advantage and superior

performance are a function of the resources and capabilities brought to the competition (Barney, 1995). These knowledge resources and capabilities, resulting from learning processes implies an improvement in response capacity through a broader understanding of the environment (Dodgson, 1993; Sinkula, 1994).

Bustinza, Molina, and Aranda (2011) carried out a study on service companies in Spain which established that development of dynamic capabilities by learning led to improved firm performance. He used both financial and non-financial measures. The results of the non-financial performance measures of this study were in agreement with the past findings. However, the results of the financial performance measures contradict did not support their hypothesis that organizational learning is positively related to firm performance. It was specified in the study that possible reasons could be that the relationship between organizational learning financial performance may be are moderated by other factors not considered in the study. Bontis, Crossan, and Hulland (2002) carried out a study on mutual fund companies in Canada which supported the premise that there exists a positive and significant relationship between organizational learning and business performance.

Morgan and Berthon (2008) carried out a study which focused on bioscience industry in the UK and established that exploitative and exploration innovation strategies which are greatly rooted in organizational learning significantly explained improvements in business performance. Amiri et al. (2010) argued that organizational learning leads to improvements in business performance which explain both financial and non-financial performance. They observed that market orientation leads to exploitative learning while generative learning leads to explorative innovation.

The organizational learning process helps people discover why problems may arise, question the current systems and challenge paradoxes as they occur (Murray & Donegan, 2003). Change in behaviour that gives rise to improved performance can, therefore, take place in good time. Hitt, Hoskisson, and Ireland (1990) conclude in their empirical study that the source of distinctive competencies are internal rather than external and are

derived from the way an enterprise uses its resources relative to its competition. Firms that continuously devote their internal forces to learn and exploit the opportunities in the environment and to neutralize threats while avoiding weak points are likely to perform better than those that do not do the same (Barney, 1995). The foregoing leads to the hypothesis H_1.

2.3.2 Quality Decisions, Organizational Learning and Firm Performance

Quality decisions are those made using quality processes involving rigorous debate with different well-informed positions eventually producing well thought out positions in which all factors that could influence a decision have been considered. Making quality decisions is seen as a critical factor in achieving superior performance (Friederickson & Mitchell, 1984). Quality decisions may facilitate a focus on satisfying customer expectations on a product which includes pricing, applicable industry standards, and satisfactory cost and profit outcome. Bunning (1992) says that quality decisions are simply about getting things done by an organization through its people in a value adding way.

The right people with the requisite knowledge should be involved. Empowerment, including in decision-making, has gained importance within management in recent years. Empowerment is often defined as the act of giving people the opportunity to make workplace decisions by expanding their autonomy in decision making (Vogt, 1997). Empowerment is an important factor in facilitating a worker's dedication to the organization (Kirkman et al., 1999). Within the quality circle process, learning in such areas as environmental scanning, quality strategies, problem analysis and evaluation techniques become a critical success factor (Becker, 2001).

Learning also increases information sharing, communication, understanding, and the quality of decisions made in organizations. In their research on organizational learning, Nevis et al., (1995) reported that all the firms they observed were learning systems. The study described how learning has changed organizations such as Motorola, Mutual Investment Corporation, Electricite de France and Fiat Auto Company. All these firms

had both formal and informal structures and processes for the acquisition, sharing and utilization of knowledge and skills. Organizational learning is valued in enhancing the quality of decisions. Federal Express invests heavily in team learning for its quality improvement and better firm performance (Nevis et al., 1995).

Munjuri (2013) established that quality decisions contributed to improved firm performance of commercial banks and insurance firms in Kenya. Rogers and Blenko (2006) researched high performance organizations and found that more than 90 percent of the firms surveyed believe that significant quality decisions are made in their organizations leading to prompt and effective action. The study contended that making good decisions means being clear about which decisions really matter for good performance to be achieved.

The process of organizational learning may facilitate more informed decisions and shared understanding and the rate at which organizational learning takes place may become a competitive advantage (Ollila, 1994). In the 21stcentury business landscape, firms must compete in a complex and challenging dynamic context that is being transformed by many factors from globalization, frequent and uncertain changes to the growing use of information technologies (DeNisi, Hitt & Jackson, 2003). Past studies have however not yet examined the role of quality decisions as an intervening variable in the relationship between organizational learning and performance. The foregoing leads to the hypotheses H_4.

2.3.3 Employee Competencies, Organizational Learning, and Firm Performance

The prominent role of competency development in enhancing the success of employees and organizations has drawn the attention of practitioners leading them to introduce competency development as a central part of their human resource practices (Delamare Le Deist & Winterton, 2005; Lawler, 1994). When employees are empowered they become a source of new ideas, innovation, and learning within the organization and will increase the firm's efficiency and productivity. Korossy (1997), and Spencer and Spencer

(1993) define competencies as the capacities that exist within a person and which predict superior performance, necessary to cope with current and future needs to remain competitive. Dynamic capabilities, considering the evolutionary nature of resources and capabilities, emerged to enhance the RBV (Teece et al., 1992, 1997; Helfat 1997; Eisenhardt & Martin, 2000; Zahra and George, 2002).

Lindley (2002) carried out a study on Belgian organizations and found that to sustain superior performance levels employee competencies increasingly gain importance in the work environment since the rise of the knowledge economy and the growing need for flexibility make it important for employees to continuously invest in their development. Lai and Kapstad (2009) carried out a study on the interrelations between different human resources practices, including building employee competencies, involved in competency development of public workers. They found that human resource practices including employee competencies are interrelated and lead to better firm performance. Lucia and Lepsinger (1999) on the difference between development of employee competencies and actual behavior. A certain combination of individual competencies was established as the determinant of competent job behavior. It was also found that taking steps to learn and develop employee competencies leads to desired behavior.

While it is necessary to define individual competencies and develop them, it is most useful for the organization that competencies acquired are shared and organizational learning takes place, which make the competencies lead to a sustained competitive advantage. Green (1999) discusses how to connect definitions of individual skills with a company's objectives and core competencies because competencies that are shared and remain within the firm are more reliable in sustaining competitive advantage. As organizational learning takes place employee competencies that facilitate optimal firm performance should increase. This relationship has not been tested by earlier studies available. The foregoing leads to the hypotheses H_2.

2.3.4 Competitive Strategies, Organizational Learning and Firm Performance

Competitive Strategy is a deliberate search for a plan of action that could be used to turn the business around and create a competitive advantage for the firm (Thompson & Strickland, 2007). The strategy, therefore, must tackle the mismatch between the internal firm capability and its external environment to create a competitive advantage (Aosa, 1992). The competitive strategy must recognize that the basis of differentiation between the firm and its competitors in actual fact is the competitive edge of the firm. The external environment is always changing, at times turbulent and therefore the timely choice of appropriate strategy to cope is important (Porter, 1980). Kaplan and Norton (1996) suggested that superior performance levels can be viewed in terms of the success of the selected strategy, when put into action and the ability the firm to select strategies that sustain that performance level.

Ansoff (1987) defined strategic choice as the process of selecting an option for implementation and an option is a course of action that forms potential strategy that offers most advantage. Quality decision-making processes will yield the most appropriate actions giving results that are difficult to imitate. The dimensions that organizations show great interest in when providing products so as to meet the expectations of the market include cost, quality, time, flexibility, innovation and responsiveness (Krajewski & Ritzman, 1999).

Beal (2000) studied small and micro-enterprises from various sectors and found that competitive strategies which lead to superior organizational performance. The study established that learning continuously about the environment is a prerequisite for formulating effective competitive strategies that can respond to changes in a manner that can lead to superior organizational performance. Chen (2012) researched the role of competitive strategies on the relationship between organizational learning and export performance. The study was on firms in New Zealand. The study noted that organizational learning acts as an antecedent to selection of suitable competitive strategies. The study confirmed that competitive strategies is a mediator in the relationship between organizational learning and firm performance. The study defined

competitive strategies in terms of low cost and differentiation and defined performance in terms of the value of exports. Studies to date have not related competitive strategies to the relationship between organizational learning and firm performance. The foregoing leads to the hypothesis H_3.

2.3.5 Organizational Learning, Employee Competencies, Quality Decisions, Competitive Strategies and Organizational Performance

Scholars have argued that the new knowledge and skills obtained through learning improve firm's innovative capabilities thus enhancing the level of organizations' competitiveness and performance. Baker &Sinkula (1999) in their study found that a learning orientation is significantly related to business performance. The investigations of the relationship between quality management practices and organizational learning indicated that there is a positive relationship between organizational learning and organizational performance (Kieser& Koch, 2008). Quality management authors explain that the concept of learning is embedded in quality practices (Nonaka& Toyama, 2003). They believe that learning facilitates organizations to develop their capabilities to take effective decisions, identify customers' needs and apply appropriate strategies considering changes in the environment, (Chiles & Choi, 2000; Hackman & Wageman, 1995).

Organizational learning in quality practices enables organizations to develop new markets and improve their competitive advantage (Crossan, et al., 1999; Ruiz-Moreno et al., 2005). Samson & Terziovski (1999) argue that quality management practices are important in ensuring provision of products that meet market requirements. Learning opportunities for employees to develop their abilities should be provided (Chiles & Choi, 2000). Empirical research on the relationship between organizational learning and organizational performance and the role of quality decisions, employee competencies and competitive strategies in the relationship, has not been done although literature suggests the existence of relationships between these variables. The foregoing leads to the hypothesis H_5.

2.4 Summary of Previous Studies and Knowledge Gaps

There exists studies on organizational learning, firm performance, quality decisions, employee competencies and competitive strategies but the previous studies have not examined the relationships this study will focus on. The studies did not examine quality decisions as an intervening variable and employee competencies and competitive strategies as moderating variables in the relationship between organizational learning and firm performance. This study aimed at closing the existing gap in theory and perspective by providing a conceptual integration of the variables and empirically establishing the relationships. The table below gives a summary of previous studies and knowledge gaps that this study has addressed.

Table 2.1 Summary of Previous Studies and Knowledge Gaps

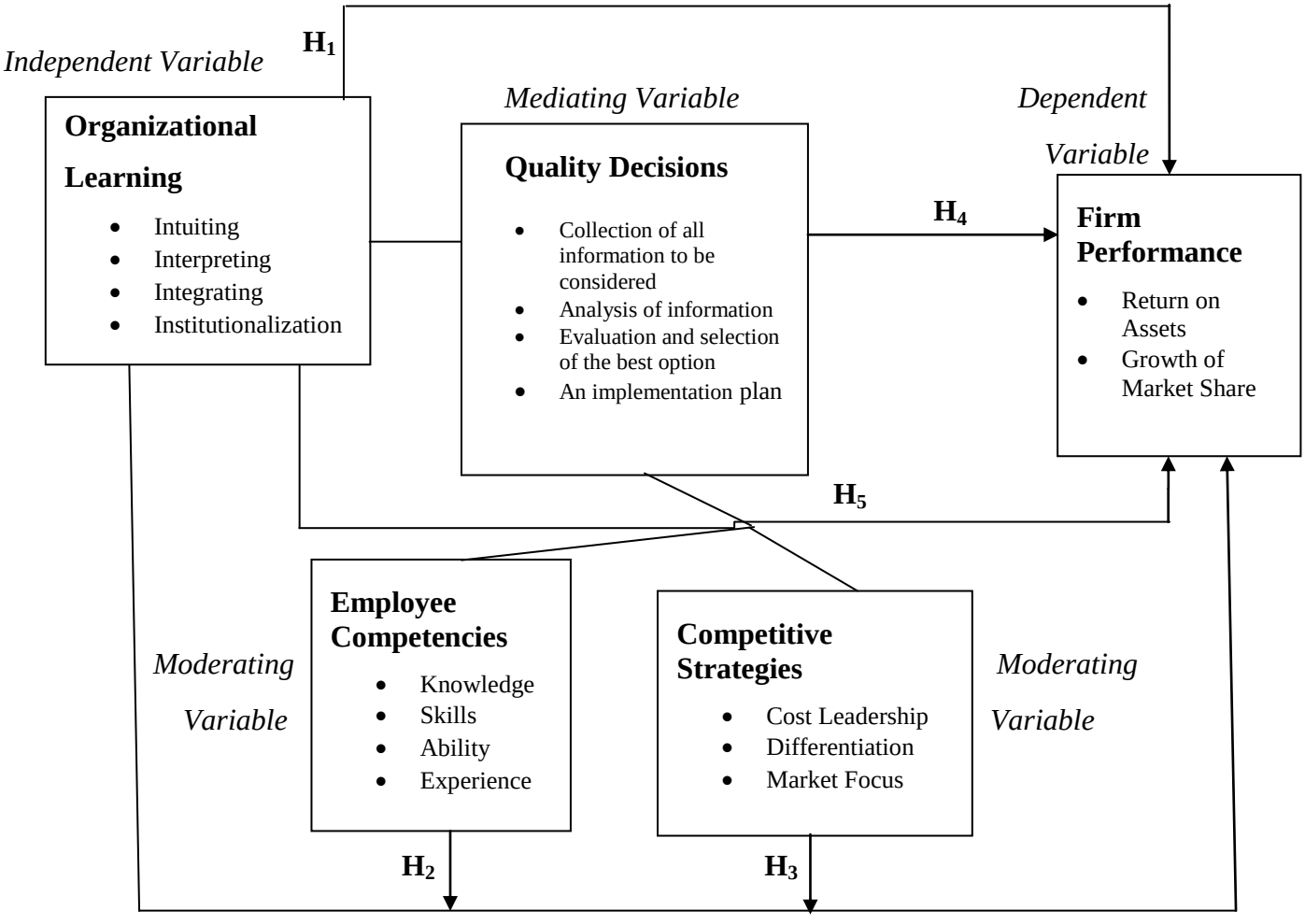
Author	Methodology	Focus	Findings	Knowledge Gap Addressed the Study
Mutena (2011)	Cross-sectional Survey, randomly selected a sample out of the 45 insurers, Questionnaires	How Kenyan insurers build competitive advantage	Most companies in Kenya focus on cost leadership to gain competitive advantage	What is the role of organizational learning in gaining superior performance?
Schwartz, Jones, & McCarthy (2010)	Cross-sectional Survey, Questionnaires on 335 Saudi banks, descriptive	Succinctly address organizational learning, development, and change	Organizations are dynamic and must be able to compete in this competitive and global society by ad infinitum learning.	What are the facilitating elements for organizational learning, to lead to superior performance?
Lai & Kapstad, (2009)	Cross-sectional Survey, Questionnaires on 881 public workers, descriptive	Interrelations between different HR-practices involved in competency development	Competency development between different HR-practices including building employee competencies are connected, interrelated and are geared to one another to lead to better performance.	What is the effect of employee competencies on the relationship between organizational learning and quality decisions?
Njuguna (2008)	Cross-sectional Survey, mailed Questionnaires to 48 Manufacturing SMEs in Kenya , used two-stage sampling, descriptive	Effect of interactive relationship between organizational learning, intellectual capital and SME's performance	SME's with greater organizational learning processes develop human capital, operational systems, innovation and competitiveness that lead to better performance.	What are the intervening role of quality decisions and the moderating role of employee competencies and competitive strategies in the relationship between organizational learning and firm performance?

Lindley (2002)	Longitudinal multiple case study design, 22 Belgian organizations, using organizational records, semi-structured interviews and focus groups.	Employee competencies and work environment.	To sustain superior performance levels Employee competencies increasingly gain importance in the work environment since the rise of the knowledge economy and the growing need for flexibility make it important for employees to continuously invest in their development.	What is the effect of employee competencies in the relationship between organizational learning and firm performance in a developing country context?
Beal (2000)	Cross-sectional Survey, Questionnaires on various sector SME, descriptive.	Competing Effectively: Environmental Scanning, Competitive Strategy, and Organizational Performance in Small Manufacturing Firm.	Obtaining information about the environment, a process of continuous learning, is a prerequisite for formulating effective competitive strategies which lead to superior organizational performance.	What is the influence of competitive strategies on the relationship between organizational learning and firm performance in the insurance industry in Kenya?
Lucia & Lepsinger (1999)	Case study design, sampled employees in Austria, used organizational records.	Difference between development of competencies and actual behaviour.	A certain combination of individual competencies was established as the determinant of competent job behaviour. It was also found that taking steps to learn and develop certain employee competencies could lead to desired behaviour.	What is the role of employee competencies in the relationship between organizational learning and firm performance?
Hawkins, (1994).	Longitudinal, Qualitative analysis, various organizations in Canada.	Learning orientation and survival of firms.	Learning orientation is a way in which an organization may seek to ensure its survival in the face of turbulent and highly competitive market conditions.	Which variables may influence the relationship between organizational learning and firm performance?

2.5 Conceptual Framework

A conceptual framework is a model that is made up of constructs, encapsulated by different variables, which are used to generate and stimulate knowledge, inter-relationships and understanding of the subject the model represents. The inter-relationships which form the basis upon which the proposed research objectives are founded are captured in the conceptual framework model as presented in Figure 2.1 below. The model is drawn from the literature review. The independent variable is Organizational learning. Quality decisions mediate the relationship between organizational learning and firm performance. The above relationship is moderated by employee competencies and competitive strategies.

Figure 2.1: Conceptual Model



Source: Author 2015: Developed for this Research

2.6 Research Hypotheses

The following hypotheses guided the study;

H_{1a}: Organizational learning is positively related to return on asset;

H_{1b}: Organizational learning is positively related to growth of market share;

H_{1c}: Organizational learning is positively related to overall firm performance;

H_{2a}: Employee competencies moderate the relationship between organizational learning and return on asset;

H_{2b}: Employee competencies moderate the relationship between organizational learning and growth of market share;

H_{2c}: Employee competencies moderate the relationship between organizational learning and overall firm performance;

H_{3a}: Competitive strategies have a moderating effect on the relationship between organizational learning and return on asset;

H_{3b}: Competitive strategies have a moderating effect on the relationship between organizational learning and growth of market share;

H_{3c}: Competitive strategies have a moderating effect on the relationship between organizational learning and overall firm performance;

H_{4a}: Relationship between organizational learning and return on asset is mediated by quality decisions;

H_{4b}: Relationship between organizational learning and growth of market share is mediated by quality decisions;

H_{4c}: Relationship between organizational learning and overall firm performance is mediated by quality decisions;

H_{5a}: The joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on return on asset is greater than the effect of organizational learning on return on asset;

H_{5b}: The joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on growth of market share is greater than the effect of organizational learning on growth of market share;

H_{5c}: The joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on overall firm performance is greater than the effect of organizational learning on overall firm performance.

2.7 Summary of the Chapter

This chapter presents a theoretical exposition of the model on which the study is pegged. It reviews theoretical and empirical literature relating to linkages among major variables of the study. The theories used were resource-based view (RBV), knowledge-based view (KBV), dynamic capability theory (DCT), organizational development theory (ODT) and game theory (GT). The chapter also reviewed literature on the variables. The review pointed out the existing gaps in knowledge in both the direct and indirect linkages, which the current study has attempted to fill. Finally, the chapter set out a conceptual model and conceptual hypotheses.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the steps and approaches used to carry out the study in order to address the research objectives. It highlights the research design, target population, data collection procedures and analysis techniques that were used to accomplish the study.

3.2 Philosophical Orientation of the Study

The approach used to conduct a study depends largely on the philosophy of science to which the person carrying it out subscribes. The branch of philosophy that studies knowledge is referred to as epistemology and deals with the nature and extent of knowledge (Truncellito, 2007). It is concerned with the distinction between true knowledge and false knowledge as well as between adequate knowledge and inadequate knowledge (Heylighen, 1993). There are many philosophical paradigms, for example, realism, positivism, and phenomenology. However, in social sciences, the two main paradigms that are used to guide research are positivism and phenomenology.

Hunt (1991) underscored the dominance of these paradigms when he noted that philosophers have been polarized into two streams of thought, namely positivism and idealism or phenomenology. This study used positivism as the basis for designing, executing and interpreting research findings. Positivism is a method which follows a scientific approach to research (Durgee, 1984). The method is objective, generalizable and replicable. It is rigorous and testable for validity. Phenomenology is a method of research which focuses on immediate experience and gives prominence to cognition. It is qualitative in nature and describes things as they are (Cooper & Schindler, 2004). Advocates of this approach argue that it is more thorough and informed in its observation of experimental phenomena. However, this approach can be subjective and may lack the rigor of precise definition or exact measurement. It focuses on meanings and may not give rise to facts (Hunt, 1991). It is hard to understand people's feelings and document them. The phenomenological approach is qualitative in nature and avoids generalizations

based on an existing theory (Irungu, 2007). The approach does not start with an established theory, data collection, analysis and acceptance or rejection of the hypothesis. Rather, the approach focuses on theory building, which seeks to obtain data, analyze them and then make conclusions regarding the nature and strength of the relationship among the variables based on empirical evidence (Ongore, 2008).

This study was grounded on theory and test of hypotheses. This places it in the domain of positivism rather than phenomenology which places theory at the end rather than before empirical investigation. Positivism will ensure objectivity, neutrality, clear measurement and validity of results (Easterby-Smith, Thorpe & Lowe, 1999; Bryman & Bell, 2008). Furthermore, positivism was considered appropriate as it is in line with the proposed study procedures and methods, including the development of study objectives, hypothesis formulation, operationalization and measurement of variables to ensure precision, logic and evidence attesting.

3.3 Research Design

The study used descriptive research design. This is because it is concerned with determining the relationship between variables (Churchill, 1991). A descriptive study entails a description of factors associated with a subject of the population. It enables estimates of the proportion of the population that has these characteristics (who, what, when and how of a topic). Determination of associations is possible whether related or unrelated and if related the magnitude or strength of the relationship. The choice of the design was further informed by the type of data required and how it was to be analyzed. Njuguna (2009) used a similar research design and investigated the relationship between organizational learning and comparative advantage in the small and medium firms in the manufacturing industry in Kenya.

It is cross-sectional and so collection of data was done at one point in time across all firms licensed in Kenya to offer insurance cover. A cross-sectional approach allowed the researcher to generalize the findings to firms in similar situations. A descriptive cross-sectional design facilitated determination of relationship between or among organizational learning, employee competencies, quality decisions, competitive

strategies, and performance of firms in the insurance industry in Kenya. Survey designs are of particular value when one is investigating effects in which interrelationships of a number of variables are involved and in which it is difficult to understand the individual variables without considering their relationships with each other (Cooper & Schindler, 2006). The goal of a survey design is to obtain data to facilitate comparison of findings relating to the population, to find similarities and differences within any existing subgroups (Cooper & Schindler, 2006). These qualities of research design made it suitable for this study.

3.4 Target Population

The population of interest in this study consisted of all the 45 insurance firms offering insurance cover in Kenya. The list of insurance firms was obtained from *The Association of Kenya Insurers Report* (AKI) of 2014 and is presented in Appendix II. This was a census study since the population was small. According to the *Association of Kenya Insurers Report* (AKI, December 31, 2014) the licensed insurance firms operating in Kenya were 45. The researcher, therefore, studied the entire population of 45 firms.

3.5 Data Collection

Both primary and secondary data were collected and used in the study. Primary data was collected using questionnaires that were administered on a face to face basis. This procedure allowed for any clarifications that were found necessary by the respondents. The data was obtained by approaching chief executives of the 45 insurance firms in Kenya and requesting them to respond. The chief executives designated persons who were the most appropriate to fill the questionnaires based on the information required. Those designated respondents included persons in charge of or most competent to respond in the area of strategy or business development or marketing or human resources management. These respondents were, by virtue of their positions, better placed to give well-informed responses. The questionnaire contained items that measured variables on a five-point Likert-type scale, with 1 being lowest and 5 being the highest except for data on performance which was obtained using a table filled for the years 2009 to 2013.

The questionnaire comprised six sections according to the research objectives. Section A of the questionnaire captured data on the profile of the respondent organizations, Section B on organizational learning, C on employee competencies, D on quality decisions, E on competitive strategies and F on the performance of firms. Data on performance was collected using secondary sources. These secondary sources were obtained by reviewing published and unpublished reports made available by the insurance firms, the Association of Kenya Insurers and the Insurance Regulatory Authority. For data analysis, the average for five years, 2009 to 2013 was used for each indicator of performance.

3.6 Reliability of the Research Instruments

Reliability is a measure of the degree to which a research instrument yields consistent results (Mugenda & Mugenda, 2003). Tests of reliability were carried out to check the internal consistency of data measurement instruments. Cronbach alpha was used to measure this reliability or the degree to which a particular measuring procedure gives similar results over a number of repeated tests. The coefficient alpha provides a good estimate of reliability. Alpha values range from 0 to 1.00. Nunnally (1978) offered a rule of thumb of 0.7 or higher to guide on what is an acceptable alpha before a research instrument is used.

3.7 Validity of the Research Instruments

The study carried out tests to confirm face, content and construct validity of the questionnaire. This was done because a questionnaire is said to be valid only if it measures what it is supposed to measure. The test for validity is done to show the degree to which a research instrument measures what it is expected to measure (Kothari, 2004). To test face validity the questionnaire was shared with two selected persons who are knowledgeable in research so that their view would be obtained on the suitability of the items in obtaining information that would help fulfill the research objectives. They were expected to check the questionnaire structure, sequence and clarity of questions. To determine content validity the questionnaire intended for the study was distributed in a pilot study to a sample of 10 respondents in insurance firms selected at random and responses analyzed for validity. Appropriate modifications based on the responses to the

questionnaires was to ensure clarity, comprehensiveness, relevance, meaning and required depth. Construct validity was ensured by setting items in the questionnaire that match the theoretical latency of the constructs based on modified versions of earlier studies and instruments. The questionnaire had to be designed in line with the conceptual framework developed from the literature review.

3.8 Operationalization of Research Variables

The five variables in this study namely organizational learning, employee competencies, quality decisions, competitive strategy and firm performance were operationalized as in table 3.1. The independent variable in this study is organizational learning. Employee competencies and competitive strategy are moderating variables and these were conceptualized as moderating the relationship between organizational learning and firm performance. The assumption of the model is that organizational learning will not necessarily lead to better firm performance unless competitive strategies are applied and employees have the right competencies. Hence competitive strategies and employee competencies moderate the relationship between organizational learning and firm performance. On the other hand, the model also assumes that for organizational learning to lead to better firm performance quality decisions need to be made.

Table 3.1 below shows how the research variables were operationalized, the indicators to be used to measure them, the measurement scale, the supporting literature and the part of the questionnaire to be used to collect information about each of the variables.

Table 3.1: Operationalization of Variables

Independent Variable: Organizational Learning	**Indicators**	**Measurement scale**	**Question**	**Supporting Literature**
Intuiting	-Increase in acquisition of information that is useful for the organization. -Existence of Programmes that are budgeted for and aimed at raising the level of knowledge of employees.	5- point Likert-type scale	7.1	Crossan, Lane and White (1999)
Interpreting	-Extent to which useful information is passed on to potential users. -Existence of clear common communication networks accessible to all staff.	5-point Likert-type scale	7.2	Crossan, Lane and White (1999)
Integrating	-Display of common understanding at the level of the whole organization. -Common application of knowledge acquired by staff working in the same area.	5-point Likert-type scale	7.3	Crossan, Lane and White (1999)
Institutionalizing	-Existence of specific policies and procedures on learning. -Mentoring practices in place. -Resources set aside for learning.	5-point Likert-type scale	7.4	Crossan, Lane and White (1999)
Moderating Variable: Employee Competencies	**Indicators**	**Measurement scale**	**Question**	
Knowledge	-Level of utilization of acquired information to produce desired results.	5-point Likert – type scale	8.1	Bergmann, (2000)
Skills	-Training done -Quality of output of employees work.	5-pointLikert-type scale	8.2	Bergmann, (2000)
Ability/Qualifications	-Existence of evidence that an employee can deliver on an assignment. -Possession of qualifications required for each job.	5-point Likert-type scale	8.3	Bergmann, (2000)
Experience	-Period of time taken doing a particular job. -Period of time one has worked in the same industry. -Number of times one has done a similar task.	5-point Likert-type scale	8.4	Thompson, 2007
Cost Leadership	-Decline in the ratio of total costs to total sales. -Continuous review of processes. -implementing cost reduction strategies.	5- point Likert-type scale	10.1	Porter (1980)

Moderating Variable: Competitive Strategy	**Indicators**	**Measurement scale**	**Question**	
Differentiation	-Uniqueness of products. -Level of difficulty to immediately imitate. -Continuous examination of the need to change/improve the product.	5- point Likert-type scale	10.2	Porter (1980)
Market Focus	-Growth through selection of market niche. -Superior performance in selected markets.	5- point Likert-type scale	10.3	Porter (1980)
Intervening Variables: Quality Decisions	**Indicators**	**Measurement scale**	**Question**	
Based on collection of all relevant information	-Extent of information collected to inform decision taken.	5- point Likert-type scale	9.1	Gilmore (1998)
Anchored on analysis of information	-Documented analysis of information. -Forums held to discuss various possible alternatives.	5- point Likert-type scale	9.2	Gilmore (1998)
Based on evaluation and selection of best option	-Selected decision made with supporting basis for selection.	5- point Likert-type scale	9.3	Gilmore (1998)
Finalized with Implementation Plan	-Existence of assignment of responsible persons to implement decision.	5- point Likert-type scale	9.4	Gilmore (1998)
Dependent Variable: Firm Performance	**Indicators**	**Indicator (See Section F of Questionnaire)**	**Question**	
Return on Assets	-Profit before tax as a percentage of total Assets persistently growing.	Average for 2011 to 2015	11.1	Pearce et al (2005)
Growth of Market Share	-Persistent growth in size of the market share. --Rising Annual percentage growth in total sales.	Average for 2011 to 2015	11.3	Pearce et al (2005)

Source: Author (2015)

3.9 Data Analysis

The data analysis was done using quantitative techniques. The data collected was first summarized, categorized and coded. Descriptive statistics were used. They consisted of frequency distributions, measures of central tendency (arithmetic mean, median, and mode). Regression models were used to test the hypotheses. However before hypotheses testing diagnostic tests were carried out including tests for normality, linearity, heteroscedasticity and multicollinearity to confirm whether the data conforms to regression assumptions and is therefore appropriate for regression analysis. Correlation analysis was also carried out.

Regression analysis assumes that data is normally distributed and it is therefore important to test data for normality before further analysis (Osborne and Waters, 2002). Normality assumption is required in order to conduct single or joint hypothesis tests about the model parameters. The data was tested for normality using the Shapiro-Wilk test. For data to be considered normally distributed, the test results should be statistically insignificant, that is significance value should be more than 0.05 (Tabachnik & Fidell, 2007).

Test for linearity was carried out since if there is no linearity the forecasts and confidence intervals yielded by the regression models may be biased or misleading or inefficient. Linearity, an important association between an independent and a dependent variable, data means values of the outcome variable for each increment of a predictor variable which lie along a straight line (Ombaka, 2014). Linearity was tested using scatterplots, which is used to show whether there is a linear or curvilinear relationship between two continuous variables before regression analysis is carried out. It is expected that the relationship between variables should be fairly linear before the regression models are applied.

Heteroscedasticity is present when the size of the error term differs across values of an independent variable. The existence of heteroscedasticity is a major concern in the application of regression analysis, including the analysis of variance, as it can invalidate statistical tests of significance that assume that the modelling errors are uncorrelated and uniform. To test for heteroscedasticity the Breusch-Pagan/Cook-Weisbergtest was used. If p value obtained was greater than 0.05 then it meant that there was no heteroscedasticity and regression analysis could be applied.

Multicollinearity is a statistical phenomenon that occurs in multiple regression models in which some of the independent variables are significantly correlated among themselves (Mugenda & Mugenda, 2012). In severe cases of perfect correlations between predictor variables, multicollinearity can imply that a unique least squares solution to a regression analysis cannot be computed. When the association between independent variables is so high their individual prediction of the variation in the dependent variable is affected (Levine et.al, 2008). To test a hypothesis using regression analysis the absence of multicollinearity is assumed. In its most severe case multicollinearity makes the estimation of the

regression coefficient impossible or unreliable (Sekaran & Bougie, 2013). Before testing hypothesis using regression analysis in this study Variance Inflation Factor (VIF) and Tolerance statistic were computed to test multicollinearity and indicate whether a predictor has a strong linear relationship with other predictor (s). A value of 5 has been recommended as the maximum level of VIF (Hair et al., 2006). On the other hand a tolerance value of less than 0.20 indicates serious collinearity problems (O'Brien, 2007).

Pearson's Product Moment Correlation (r) analysis was used to explore the direction and strength of the relationship between variables. Pearson's product-moment correlation coefficient (r) was used to examine the extent of correlation between the variables of study and to show the strength of the linear relationships between the variables in the regression. Data is suitable for further tests using regression analysis if the variables do not have strong relationships. According to Esther-Smith et al. (1999), r ranges between +1 and -1. Where r= +0.7 and above it indicates a very strong relationship; r=+0.5 to below 0.7 is a strong relationship; r=0.3-0.49 is a moderate relationship while r=0.29 and below indicates a weak relationship. Where r=0 it indicates that there is no relationship (Esther-Smith, Thorge & Love, 1999).

Hypothesis H_1 was tested using simple linear regression. Hypotheses H_2 and H_3 were examined using stepwise regression analysis, which is a form of multivariate regression analysis. Hypothesis H_4 was tested using Baron and Kenny's path analysis comprising four steps regression model while hypothesis H_5 was tested using multiple regression model. The level of significance for purposes of this study was considered as 5%. The analytical models, as well as the objectives and hypotheses, are summarized in table 3.2.

Table 3.2 Summary of Research Objectives, Hypotheses and Analytical Techniques

Objective	Hypothesis	Analytical Model	Interpretation of Results
To establish the effect of organizational learning and firm performance.	H_1: Organizational learning is positively related to firm performance.	Simplelinear regression was used to explore the effect of OL on FP. Firm Performance, FP = f(organizational learning, OL) =f(OL Dimensions, = *intuiting*, *Interpreting*, *integratin*, *Institutionalizing*) $FP = \alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+ \beta_4X_4 +\varepsilon$ Where α=constant (intercept) , FP= Firm Performance , β_1…… β_4 Coefficients of OL X_1,X_2, X_3, X_4, *OL: X_1= intuiting, X_2= Interpreting, X_3= integrating and X_4= Institutionalizing, and* ε= Error Term.	Hypothesis rejection rule: If F statistic, R^2, p value < 0.05, the H_1 hypothesis supported; If F statistic, R^2, p value > 0.05, the H_1 hypothesis not supported; R^2 to assess how much of dependent variable variation is due to influence of independent variable. F test to assess the overall significance of the model. Beta (β) to determine the contribution of each predictor variable to the significance of the model. t to determine the significance of individual variables. P value < 0.05 to check on statistical significance.
To determine the effect of employee competencies on the relationship between organizational learning and firm performance.	H_2: The relationship between organizational learning and firm performance is moderated by employee competencies.	Hypothesis two was tested using stepwise regression analysis consisting of three steps as specified below: $FP= \alpha+\beta_1OL$.....step 1 $FP= \alpha+\beta_1OL+ \beta_2EC$.....step 2 . $FP= \alpha+\beta_1OL+\beta_2EC+\beta_3(OL*EC) +\varepsilon$.....step 3 Where FP=Firm Performance, OL=Organizational Learning, EC=Employee Competency, (OL*EC)=Interaction Term and ε is error term.	Determine the statistical significance of the interaction term (product of centered independent variable and centered moderator). Moderating effect occurs if the interacting term is significant (F statistic, R^2,$p<0.05$). R^2 to assess how much of dependent variable variation is due to influence of independent variable. F test to assess the overall significance of the model Beta (β) to determine the contribution of each predictor variable to the significance of the model. t to determine the significance of individual variables P value < 0.05 to check on statistical significance.

To establish the effect of competitive strategies on the relationship between organizational learning and firm performance.	H_3: Competitive strategies moderate the relationship between organizational learning and firm performance.	Hypothesis three was tested using stepwise regression analysis consisting of three steps as specified below: $FP= \alpha+\beta_1 OL$.....step 1 $FP= \alpha+\beta_1 OL+ +\beta_2 CS$.....step 2 . $FP= \alpha+\beta_1 OL+\beta_2 CS+\beta_3 (OL*CS) +\varepsilon$.....step 3 Where FP=Firm Performance, OL=Organizational Learning, CS=Competitive Strategies ,(OL*EC)=Interaction Term and ε is error term.	Determine the statistical significance of the interaction term (product of centered independent variable and centered moderator). Moderating effect occurs if the interacting term is significant (F statistic, R^2,$p<0.05$). R^2 to assess how much of dependent variable variation is due to influence of independent variable. F test to assess the overall significance of the model. Beta (β) to determine the contribution of each predictor variable to the significance of the model. t to determine the significance of individual variables. P value < 0.05 to check on statistical significance.
To establish whether the effect of organizational learning on firm performance is mediated by quality decisions.	H_4: The relationship between organizational learning and firm performance is mediated by quality decisions.	-Baron and Kenny (1986) Regression model was used to establish whether the effect of organizational learning on firm performance is mediated by quality decisions. FP=f(OL+QD) Regression models: Step 1: $FP= \alpha+ \beta_1 OL+ \varepsilon$ Step 2:$QD= \alpha + \beta_2 OL+ \varepsilon$ Step 3: $FP= \alpha + \beta_3 QD+ \varepsilon$ Step 4: $FP= \alpha+ \beta_4 OL+ \beta_5 QD+ \varepsilon$ Where FP=Firm Performance, OL=Organizational Learning, QD=Quality decisions.	For mediation effect to be considered positive, four conditions should be fulfilled: 1. The independent variable is significantly related to the dependent variable in the absence of the mediating variable (F statistic, R^2, p-value < 0.05). 2. The independent variable is significantly related to the mediator variable (F statistic, R^2, p-value < 0.05). 3. The mediator variable is significantly related to the dependent variable (F statistic, R^2, p-value < 0.05). 4. When controlling for the effect of the mediating variable on the dependent variable, the effect of the independent variable on the dependent variable is insignificant in the presence of the mediating variable. (F statistic, R^2, p-value > 0.05. R^2 to assess how much of dependent variable variation is due to influence of independent variable. F test to assess the overall significance of the model. Beta (β) to determine the contribution of each predictor variable to the significance of the model. t to determine the significance of individual variables. P value < 0.05 to check on statistical significance.

Establish the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance and the effect of organizational learning on firm performance.	H_5: The joint effect of organizational learning, employee competency, competitive strategies and quality decisions on Firm Performance is greater than that of individual effect of organizational learning on firm performance.	Stepwise Regression Model, which is used to To establish the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance and effect on it of each individual variable of OL,QD, CS and EC on FP. FP=f(OL+EC+QD+CS dimensions)+Ɛ FP= $\alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + Ɛ$, where FP represents Dependent Variable (Firm Performance), α = constant (y-intercept); β_1, β_2, β_3 and $\beta_3$represents regression coefficients and X_1, =OL X_2=EC X_3=CS X_4=QD and $\mathcal{E}$ the error term.	Test of significance for R and R^2 using the F-statistic. The correlation coefficient (R) will give an indication of the strength and direction of the relationship between the variables. Coefficient of determination(R^2) value will show the percentage of variance of the dependent variable (FP) accounted for by the independent variables (OL, EC, QD & CS). R^2 to assess how much of dependent variable variation is due to influence of independent variable. F test to assess the overall significance of the model. Beta (β) to determine the contribution of each predictor variable to the significance of the model. t to determine the significance of individual variables. P value < 0.05 to check on statistical significance.

Source: Author (2015)

CHAPTER FOUR
DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study, data analysis, and interpretation. The study aimed at establishing the role of employee competencies, quality decisions and competitive strategies in the relationship between organizational learning and performance of insurance firms in Kenya. Data was analyzed in sections. Section one presents descriptive statistics featuring the survey response rate; demographic profiles of the respondent firms and respondents who took part in the study and the description of the variables. The percentages, means, frequencies, standard deviations, Cronbach's Alpha coefficients or reliability and correlations are also computed and presented in this section. Section two presents the results of the test of hypotheses and discussion of research findings. Parametric statistical techniques namely; simple linear regression, stepwise regression and multiple regression techniques were used to test the relationships. The choice and use of these parametric statistical methods were informed by the measurement scales used and the purpose of the study. The descriptive data presented first forms the basis for hypotheses testing and further inferences. Attempts are also made to explain why the findings are the way they are and to what extent they are consistent with or contrary to past empirical findings and theoretical arguments. The discussion of the findings was guided by the objectives of the study.

4.2 Response Rate

The number of questionnaires that were administered was 45. A total of 40 questionnaires were properly filled and returned. This represented an overall successful response rate of 88.89% as shown in Table 4.1 According to Mugenda and Mugenda (2003) and also Kothari (2004), a response rate of above 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of above 50% are acceptable to analyze and publish, 60% is good, 70% is very good while above 80% is excellent. Based on these assertions from fore mentioned scholars, 88.89% response rate that was obtained in this study is excellent for the study.

Table 4.1: Survey Response Rate

Response	Frequency	Percent
Returned	40	88.89%
Not returned	5	11.11%
Total	**45**	**100%**

Source: Survey Data 2015

4.3 Test of Reliability

The reliability of an instrument refers to its ability to produce consistent and stable measurements. Bagozzi (1994) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The most common reliability coefficient is Cronbach's Alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test-internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable the test is.

Reliability of this instrument was evaluated using Cronbach Alpha which measures the internal consistency. Cronbach Alpha value is widely used to verify the reliability of the construct. A Cronbach's Alpha of 0.7 and above indicates the presence of internal consistency and that the instrument is reliable for use in the study (Babbie & Mouton, 2009). Internal consistency means that the questions or item measures included for a construct actually belong to that construct (Babbie & Mouton, 2009). Table 4.1 shows that all the variables had a Cronbach's Alpha above 0.7 and thus were accepted. These represented a high level of reliability and on this basis, it was supposed that scales used in this study were reliable to capture the variables.

Tables 4.2 below indicates the statistical reliability for the various variables. All the variables were quite reliable with a Cronbach's Alpha reliability coefficient greater than 0.7. Quality Decisions with 21 items had the highest reliability (α=0.952) followed by Competitive Strategies (α=0.870) with 22 items, then Employee Competencies, (α=0.869) with 23 items followed by Organizational Learning (α=0.865) with 20 items. The study thus found that the instrument used was reliable and could be used for further analysis.

Table 4.2: Reliability Results

Variable	Items	Cronbach's Alpha (α)
Organizational Learning	20	0.865
Employee Competencies	23	0.869
Quality Decisions	21	0.952
Competitive Strategies	22	0.870

Source: Survey Data 2015

4.4 Test of Validity

Validity test is done to show the degree to which a research instrument measures what it is expected to measure (Kothari, 2004). An initial version of the questionnaire was shared with the supervisors to get their opinion on the suitability of the questionnaire before pilot testing. The questionnaire intended for the study was distributed in a pilot study to a sample of 10 respondents in insurance firms selected at random and analyzed for validity. This exercise was useful in interpreting whether respondents understood the questions the same way the researcher intended. Based on their input the questionnaire was reviewed before further data collection. The research data was then collected using the modified questionnaires.

4.5 Demographic Characteristics

This section consists of information that describes basic characteristics namely; Job title of the respondents, ownership structure, the scope of the operation, size of the firm and insurance cover.

4.5.1 Job Title of the Respondent

The respondents were asked to indicate their job titles. As shown in Table 4.3 below, the majority of the respondents were Business development managers (17.5%) while 7.5% were reinsurance managers. Each of the following categories had 5% of the respondents: Claims Managers, Finance Managers, Reinsurance Managers, Marketing Executives, Senior Underwriters, Senior Vetting Officers and Senior Reinsurance Executives.

Table 4.3: Job Title of the Respondent

Job Title	Frequency	Percentage (%)
Accountant	1	2.5
Assistant Manager Finance	1	2.5
Branch Manager	2	5.0
Business Development Manager	7	17.5
Business development staff	1	2.5
Claims Manager	2	5.0
Director - Finance and Administration	1	2.5
Finance Manager	2	5
Group life Administrator	1	2.5
Manager	1	2.5
Manager - Reinsurance	2	5
Managing Director	1	2.5
Marketing Executive	2	5
Receivable Manager	1	2.5
Reinsurance Manager	3	7.5
Reinsurance Officer	1	2.5
Senior Underwriter	2	5
Senior vetting officer	2	5
Senior Reinsurance Executive	2	5
Senior Reinsurance Officer	1	2.5
U/W and Reinsurance Manager	1	2.5
Underwriter Manager	1	2.5
Underwriting Manager	2	5
Total	**40**	**100**

Source: Survey Data 2015

4.5.2 Ownership Structure of the Company

Respondents were asked to state the ownership structure of the insurance companies. To this end, respondents were required to indicate the appropriate category as to whether privately and locally owned, privately and foreign owned, private and both locally and foreign-owned, state and partly private owned or public and partly privately owned. The findings are as presented in table 4.4 below.

Table 4.4: Ownership Structure

Ownership	Frequency	Percentage
Privately and Locally Owned	19	47.5%
Privately and Foreign Owned	4	10%
Private and both locally and foreign-owned	17	42.5%
Total	**40**	**100%**

Source: Survey Data 2015

As seen in table 4.4, the majority of the Companies (47.5%) were privately and locally owned while 42.5% were privately and both locally and foreign owned. 10% of the Companies were privately and foreign owned. None of the firms was state and partly private owned or public and partly privately owned. Thus, it can be deduced that a majority of insurance firms in Kenya are both privately and locally owned. This statistics can be attributed to the government's policies and incentives that encourage setting up of local firms as well as advocating for joint ventures that have a larger local shareholding.

4.5.3 Scope of Operations

The respondents were asked to state the Company scope of operations, whether National (within Kenya), Regional (within East Africa), Continental (within Africa) or Global (within Africa and beyond). The results are presented in Table 4.5 below.

Table 4.5: Scope of Operations

Scope	Frequency	Percentage
National (within Kenya)	18	45%
Regional (within East Africa)	16	40%
Continental (within Africa)	1	2.5%
Global (within Africa and beyond)	5	12.5%
Total	**40**	**100%**

Source: Survey Data 2015

From table 4.5, the majority of the Companies (45%) were operating within Kenya, while 40% had a regional presence (were operating within East Africa). 12.5% were operating within Africa and beyond while 2.5 % were continental (were operating within Africa). As such, a majority of insurance firms in Kenya can be deemed national in scope, while a significant number are regional. This can be attributed to factors including legal and policy incentives in the prospective countries, outside of the country as well as individual firms' capacity to venture into regional and global markets.

4.5.4 Size of the Organization

The respondents were asked to indicate the size of their organization. The size here was measured in terms of the number of employees which the respondents were asked to give. The results are presented in table 4.6below.

Table 4.6: Size of the Organization

Number of employees	Frequency	Percent
Below 100	10	25%
100 to 400	27	67.5%
401 to 600	2	5%
Above 600	1	2.5%
Total	**40**	**100%**

Source: Survey Data 2015

Results in table 4.6 show that majority of the companies (67.5%) had 100 to 400 employees while 25% had below 100 employees. 5% of the companies had 401 to 600 employees while 2.5% had over 600 employees. It can be deduced from the finding that most insurance firms operating in the country are mid-sized to small based on the employee base. This statistics is in tandem with the respective firms' scope of operation, as most are both national and regional respectively.

4.5.5 Type of Insurance Cover Offered by Firms

The table below shows the type of insurance cover offered by firms. A significant number affirmed to more than one category and findings are as presented in table 4.7 below.

Table 4.7: Type of Insurance Cover Offered by Firms

Insurance cover	Frequency	Percentage
General Insurance	19	47.5%
Life Insurance	2	5%
General Insurance & Life Insurance	6	15%
General Insurance, Life Insurance and Medical Insurance	11	27.5%
General Insurance and Medical Insurance	2	5%
Total	**40**	**100%**

Source: Survey Data 2015

Results in Table 4.7 showed that majority of firms offer general insurance, as affirmed to by 47.5% of respondents. This was followed by 27.5% offering a combination of general, life and medical insurance while 15% offer both general and life insurance. Only 5% of respondent firms offer both general and medical insurance while another 5% offer either life insurance only or both life and medical insurance. It follows then, from the findings that a majority of insurance firms in Kenya offer general insurance followed by a combination of general, life and medical insurance.

4.6 Descriptive Statistics

4.6.1 Firm Performance Return on Assets and Growth of Market Share

Results in table 4.8 below indicate the descriptive statistics of Return on Asset and Growth of market share. As indicated in the table below the total mean for return on asset for the 45 insurance firms for the period 2011 to 2015was 0.061 with a standard deviation of 0.039, indicating small variability in return on asset over time. The minimum and maximum values of return on asset ratio over the same period of time were 0.002 and 0.200 respectively.

Further, the descriptive results show that the total mean for growth of market share for the 45 insurance firms for the period 2011 to 2015was 24.275 with a standard deviation of 15.596 indicating a large variability in growth of market share over time. The minimum and maximum values of growth of market share over the same period of time were 1.000 and 49.000 respectively.

Table 4.8: Descriptive Statistics for Return on Assets and Growth of Market share

Descriptive Statistics	Return on Asset	Growth of Market Share
Observations	40	40
Minimum	0.002	1.000
Maximum	0.200	49.000
Mean	0.061	24.275
Std. Deviation	0.039	15.596

Source: Survey Data 2016

Return on Assets was computed as profit before tax as a percentage of total assets. Market share per annum was computed as total sales per annum as a percentage of total assets. Growth of market share in one year was computed as the difference in the total sales of that year and the previous year as a percentage of the previous year's total sales.

4.6.2 Confirmation of Structure of Variables

Confirmatory factor extraction was carried out to confirm the structures for the four variables of the study namely, organizational learning, quality decisions, employee competencies and competitive strategies. For organizational learning, the confirmatory factor analysis resulted in four factors, namely Intuiting, Institutionalization, Integrating, and Interpreting. For employee competencies, the confirmatory factor analysis resulted in four that were labelled as: Knowledge, Skills, Ability, and Experience. Quality decisions resulted in three factors, namely collection of information, analysis, evaluation and implementation. Competitive strategies resulted in three confirmatory factors, namely cost leadership strategy, differentiation strategy, and market focus strategy. Table 4.9 below shows the variables and factor statistics.

Table 4.9: Variable and Factor Statistics

Variable	Dimension/structure/factor	No. of Items	Scale Mean Scores
Organization learning	**Overall Organization learning**	**20**	**3.74**
	Intuiting	5	3.82
	Interpreting	8	3.75
	Integrating	3	3.93
	Institutionalization	4	3.45
Employee competencies	**Overall employee competencies**	**23**	**3.86**
	Knowledge	6	3.84
	Skills	4	3.81
	Ability	8	3.89
	Experience	5	3.89
Quality decisions	**Overall quality decisions**	**21**	**3.82**
	Collections	6	3.85
	Analysis	6	3.73
	Evaluation	8	3.98
	Implementation	1	3.75
Competitive strategies	**Overall Competitive strategies**	**22**	**3.7**
	Cost leadership strategy	5	3.9
	Differentiation strategy	11	3.7
	Market focus strategy	6	3.5

Source: Survey Data 2015

4.6.3 Measures of Organizational Learning

The sub-constructs that were used to measure organizational learning were Intuiting, Interpreting, Integrating, and Institutionalization. Twenty (20) items were used to measure organizational learning. Respondents were asked to respond to pertinent statements posed by indicating the extent to which the same applied in their respective firms. Responses were given on a five-point Likert scale ranging from 1 being "Very Limited Extent" to 5 being "Very Great Extent" (where 5 = To a very great extent; 4 = To a great extent; 3 = To a moderate extent; 2 = To a limited extent; 1= To a very limited extent). The scores of 'To a very limited extent and 'To a limited extent' have been taken to represent a statement affirmed to, as to a limited extent, equivalent to mean score of 0 to 2.5. The score of 'To a moderate extent' has been taken to represent a statement affirmed to, as to a moderate extent, equivalent to a mean score of 2.6 to 3.4. The score of 'To a great extent' and 'To a very great extent' have been taken to represent a statement affirmed to as equivalent to a mean score of 3.5 to 5.4.

The intuiting subscale consisted of 5 items, the Interpreting subscale consisted of 8 items, the Integrating subscale consisted of 8 items and the Institutionalization subscale consisted of 4 items. Respondent's views about these sub-constructs were sought and the ratings are presented in table 4.10.

Table 4.10: Mean and Standard Deviation for Measures of Organizational Learning

Statement	Mean	Std Dev	CV
Intuiting			
New ways of making work better and achieving results are continuously sought.	3.87	0.65	0.17
Knowledge is acquired from external sources.	3.55	0.96	0.27
Knowledge is acquired from internal sources.	3.92	0.83	0.21
The organization encourages joining of formal or informal networks within and outside.	3.38	1.31	0.39
Organization is in touch with Regulatory authorities, relevant ministries, Associations & professional organizations and employees can access information.	4.37	0.74	0.17
Overall mean	**3.82**	**0.90**	**0.24**
Interpreting			
The organization has clear communication networks.	4.02	1.09	0.27
All Employees are regularly informed about the expectations of the organization.	4.12	0.79	0.19
Regular training is conducted within and outside the organization.	3.70	0.97	0.26
Steps are regularly taken to ensure employees have necessary competence to do their work.	3.80	0.82	0.22
Steps are regularly taken to inform staff of external and internal factors that may affect their work.	3.57	0.81	0.23
Regular Meetings are held to share ideas.	3.82	1.06	0.28
Employees are encouraged to regularly share knowledge and experience.	3.67	0.92	0.25
There are formal mechanisms for sharing information between various sections.	3.27	0.68	0.21
Overall mean	**3.75**	**0.89**	**0.24**
Integrating			
Teamwork is encouraged.	4.15	0.70	0.17
Supervisors work closely with staff to ensure clear understanding of work procedures.	4.05	0.75	0.19
Mechanisms are in place to ensure staff knows how their work relates with that of their colleagues.	3.60	0.84	0.23
Overall mean	**3.93**	**0.76**	**0.19**
Institutionalization			
There are clear policies and procedures on learning.	3.78	0.80	0.21
Mentoring is valued and each staff has to demonstrate how he/she has mentored others.	2.90	1.03	0.36
Reports are prepared regularly at organizational level on learning.	3.45	1.09	0.32
The organization sets aside resources for learning.	3.68	1.10	0.30
Overall mean	**3.45**	**1.00**	0.29
Grand Mean	**3.74**	**0.89**	**0.24**

Source: Survey Data 2015

As presented in table 4.10 above, under intuiting subscale the analysis indicated that to a great extent the respective organizations are in regular touch with regulatory authorities, relevant ministries, associations of firms in the industry, professional organizations, and information from them are accessible to employees (mean = 4.37, standard deviation = 0.74); new ways of making work better and achieving results in a better way are continuously sought (mean = 3.87, standard deviation = 0.65) and knowledge is acquired from internal sources (mean = 3.92, standard deviation = 0.82). To a moderate extent knowledge is acquired from external sources (mean = 3.55, standard deviation = 0.96) and the organization encourages joining of formal or informal networks within and outside (mean = 3.38, standard deviation = 1.31).

Under interpreting subscale of organizational learning the scores showed that to a great extent in order to ensure movement in a common direction all employees are regularly informed about the expectations of the organization (mean = 4.12, standard deviation = 0.79); the organization has clear communication networks accessible to all staff through which information can be passed on (mean = 4.02, standard deviation = 0.94); steps are regularly taken to ensure that employees have the necessary competence to do their work learning (mean = 3.75, standard deviation = 0.84); regular meetings are held at which ideas are shared (mean = 3.82, standard deviation = 1.06); regular training is conducted within and outside the organization (mean = 3.70, standard deviation = 0.97) and that employees are encouraged to regularly share knowledge and experience (mean = 3.67, standard deviation = 0.92). Also under interpreting it is only to a moderate extent that steps are regularly taken to inform staff of external and internal factors that may affect their work (mean = 3.57, standard deviation = 0.81). The respondent also indicated that it is only to a moderate extent that formal mechanisms are available for sharing information between various sections (mean = 3.27, standard deviation = 0.68).

Analysis in the table above shows that under the integrating subscale of organizational learning shows that to a great extent teamwork is encouraged as a way of ensuring common understanding of work procedures and methods (mean = 4.15, standard deviation = 0.70); supervisors work closely with staff to ensure clear understanding of work procedures and methods (mean = 4.05, standard deviation = 0.75) and that only to a moderate extent mechanisms are put in place to ensure staff know how their work relates with that of their colleagues (mean = 3.60, standard deviation = 0.84).

Under the institutionalization subscale of organizational learning the respondents agreed that to a great extent there are clear policies and procedures on learning (mean = 3.78, standard deviation = 0.80) and the organizations set aside resources for learning (mean = 3.68, standard deviation = 1.10). Only to a moderate extent however are reports prepared regularly at organizational level on learning (mean = 3.45, standard deviation = 1.09). From the analysis, it is seen that only to a limited extent mentoring is valued and each staff has to demonstrate how he/she has mentored others (mean = 2.90, standard deviation = 1.03).A grand mean of 3.74 for organizational learning subscales was obtained implying that the insurance firms reached to a great extent recognize that organizational learning is a strategy to maintain adaptability and flexibility in an ever changing world, hence superior performance. It can be deduced from the responses given that organizational learning allows for teams to learn exactly what is relevant to their specific tasks and specialties while other information they do not need is given to the individuals and teams that need it. With this, employees work together to help each other learn, and to ensure that nobody is left behind in the overall progress and achievement of the target goals.

4.6.4 Measures of Employee Competencies

In this section, the study sought respondents' perception regarding the various aspects defining employee competencies. To this end, respondents were asked to respond to pertinent statements posed by indicating the extent to which the same applied in their respective firms. Responses were given on a five-point Likert scale (where 5 = To a very great extent; 4 = To a great extent; 3 = To a moderate extent; 2 = To a limited extent; 1= To a very limited extent). The scores of 'To a very limited extent and 'To a limited extent' have been taken to represent a statement affirmed to, as to a limited extent, equivalent to mean score of 0 to 2.5. The score of 'To a moderate extent' has been taken to represent a statement affirmed to, as to a moderate extent, equivalent to a mean score of 2.6 to 3.4. The score of 'To a great extent' and 'To a very great extent' have been taken to represent a statement affirmed to as equivalent to a mean score of 3.5 to 5.4. The knowledge subscale consisted of 6 items, the Skills subscale consisted of 4 items; the Ability subscale consisted of 8 items; and the Experience subscale consisted of 5 items. Table 4.11 below shows the results.

Table 4.11: Mean and Standard Deviation for Measures of Employees Competencies

Statement	Mean	Std Dev	CV
Knowledge			
Employees are knowledgeable	3.8	0.758	0.20
Employees continuously seek information to enhance knowledge	3.95	0.677	0.17
Employees utilize knowledge acquired in doing their work	3.85	0.622	0.16
Employees use internet facilities to access information	3.6	1.172	0.33
Communication of organizational goals and strategy to employees is documented	4.1	0.9	0.22
Knowledge is freely passed from employee to employee	3.75	0.776	0.21
Overall mean	**3.84**	**0.82**	**0.21**
Skills			
Employees have acquired the skills required to do their work	3.83	0.813	0.21
Employees are assigned tasks for which they have necessary skills	3.55	0.846	0.24
Employees often meet work quality standards	3.68	0.73	0.20
Minimum qualifications are specified for each job	4.18	0.675	0.16
Overall mean	**3.81**	**0.766**	**0.20**
Ability			
Employees are assigned work only if there is evidence they can deliver	3.45	0.959	0.28
Staff have the capacity to learn in their area of work	3.9	0.709	0.18
Staff have the ability to interact with colleagues' and seniors effectively	3.98	0.698	0.18
Staff plan and organize their work	3.83	0.636	0.17
Staff take initiative to ensure work is done	3.92	0.764	0.19
Staff have suitable education to fulfil, their job satisfactorily	4.08	0.764	0.19
Employees freely ask questions regarding tasks they perform	3.65	0.7	0.19
Each employee has a supervisor who confirms that work is done	4.3	0.758	0.18
Overall mean	**3.89**	**0.75**	**0.19**
Experience			
Experience is an important consideration in recruitment	3.63	0.77	0.21
Times one has performed similar tasks is considered in future assignments	3.85	0.62	0.16
Staff are required to multitask	3.97	1.00	0.25
Staff are willing to take challenging tasks	3.80	0.85	0.22
Staff share experience freely with their colleagues	3.68	0.80	0.22
Overall mean	**3.79**	**0.81**	**0.21**
Grand mean	**3.83**	**0.79**	**0.21**

Source: Survey Data 2015

As Table 4.11 above shows, under the knowledge subscale, a majority of respondents indicated that to a great extent communication of organizational goals and strategy to employees is documented (mean = 4.1, standard deviation = .9); employees continuously seek information to enhance knowledge (mean = 3.95, standard deviation = .67); employees utilize knowledge acquired in doing their work (mean = 3.85, standard deviation = .62); Employees are knowledgeable (mean = 3.8, standard deviation = .75); knowledge is freely passed from employee to employee to ensure knowledge that should be utilized in work processes is passed on (mean = 3.75, standard deviation = .77); employees use internet facilities to access information (mean = 3.6, standard deviation = 1.17). The statements under knowledge indicate that much effort is put to ensure employees acquire and use knowledge.

Under the skills subscale of employee competencies, the analysis shows that to a great extent, for each job minimum qualifications are specified and for one to be employed he/she must have these qualifications (mean = 4.18, standard deviation = .67); employees have acquired the skills required to do their work (mean = 3.83, standard deviation = .81); employees often meet work quality standards required to perform their work (mean = 3.68, standard deviation = .81) and employees are assigned tasks for which they have the necessary skills (mean = 3.55, standard deviation = .84).

It is interesting to note that for all statements under skills subscale the respondents indicated the activities were carried out to a great extent. Under ability as an indicator of employee competency the analysis shows that to a great extent each employee has a supervisor who confirms that work is done to acceptable standards (mean = 4.30, standard deviation = .75); Staff have suitable education to fulfil their job satisfactorily (mean = 4.08, standard deviation = .76); staff have the ability to interact with colleagues and seniors effectively (mean = 3.98, standard deviation = .69); Staff take initiative to ensure work is done (mean = 3.92, standard deviation = .76); staff have the capacity to learn in their area of work (mean = 3.90 standard deviation = .70); staff have the ability to interact with colleagues and seniors effectively; Staff plan and organize their work (mean = 3.78, standard deviation = .61); staff have the ability to interact with colleagues and seniors effectively; employees freely ask questions regarding tasks they perform (mean =

3.65, standard deviation = .70).The analysis shows that only to a moderate extent employees are assigned work only if there is evidence they can deliver (mean = 3.45, standard deviation = .96).

Finally, under the experience subscale of employee competencies as in table 4.10, the respondents indicated that to a great extent times one has performed similar tasks is considered in future (mean = 3.85, standard deviation = .62); staff are required to multitask (mean = 3.97, standard deviation = 1.00); staff are willing take and seek for new and challenging tasks (mean = 3.80, standard deviation = .85); experience is an important consideration in recruitment (mean = 3.63, standard deviation = .77) and staff share experience freely with their colleagues (mean = 3.68, standard deviation = .80).

A grand mean of 3.83 implies that the insurance sector in the country is well aware that competency development is a crucial driving force for increasing employee effectiveness and therefore overall firm performance. Therefore, the organizations are taking a number of initiatives to stimulate competency development. Employees indicate that their organization supports them in their learning activities. With regard to their own role in the competency development process, employees indicated that they themselves take initiatives to develop their competencies. Moreover, employees estimate their own share as being high. Therefore, competency development can be seen as a shared responsibility of both the organization and the individual employee.

4.6.5 Measure of Quality Decisions

In this section, the study sought respondents' perception regarding the various aspects defining Quality Decisions. To this end, respondents were asked to respond to pertinent statements posed by indicating the extent to which the same applied in their respective firms. Responses were given on a five-point Likert scale (where 5 = To a very great extent; 4 = To a great extent; 3 = To a moderate extent; 2 = To a limited extent; 1= To a very limited extent). The scores of 'To a very limited extent and 'To a limited extent' have been taken to represent a statement affirmed to, as to a limited extent, equivalent to mean score of 0 to 2.5. The score of 'To a moderate extent' has been taken to represent a statement affirmed to, as to a moderate extent, equivalent to a mean score of 2.6 to 3.4. The score of 'To a great extent' and 'To a very great extent' have been taken to represent a statement affirmed to as equivalent to a mean score of 3.5 to 5.0.

The 'Based on collection of all information necessary to inform decisions' subscale consisted of 6 items, the 'Anchored on Analysis of information' subscale consisted of 6 items, the 'Based on Evaluation and Selection of the best option' subscale consisted of 8 items and 'Implementation plan is made for each decision' subscale consisted of 1 item. Table 4.12 below shows how the subscales of Quality Decisions were rated by respondents.

Table 4.12: Mean and Standard Deviation for Measures of Quality Decisions

Statement	Mean	Std Dev	CV
Collection of Information			
Before Decision making, all information is made available.	3.95	0.85	0.20
Staff participate in decisions that concern their unit.	3.77	0.70	0.17
External Experts are consulted before a decision is made.	3.88	0.99	0.16
Steps are taken to consider all possible causes of problems.	3.82	0.71	0.33
Adequate resources are allocated in problem identification.	3.75	1.01	0.22
Adequate analysis is done to determine cause of problem.	3.90	1.03	0.21
Overall mean	**3.85**	**0.88**	**0.21**
Analysis			
Brainstorming takes place to get views on alternative solutions.	3.70	0.82	0.21
Options are considered before a decision is made.	3.95	0.85	0.24
Relevant and reliable data about each alternative option is collected.	3.75	0.90	0.20
Possible alternatives are ranked and the best selected.	3.70	0.99	0.16
Historical data is given importance and referred to.	3.80	0.88	0.20
Experts are engaged in identifying best alternatives.	3.47	0.91	
Overall mean	**3.73**	**0.89**	**0.28**
Evaluation			
Use of Experts from outside and select employees in taking final decision.	3.65	1.00	0.18
All opinions and competing alternatives are thoroughly discussed.	3.93	0.80	0.17
Final decision making is guided by clear set standards.	3.80	0.88	0.19
Contingency plans are made to hedge against risks of decisions taken.	3.70	0.99	0.19
Final Decision makers are knowledgeable.	4.13	0.61	0.19
Decision makers are committed to success of decisions taken.	4.10	0.81	0.18
Final decision making is geared towards efficiency.	4.23	0.73	0.19
Final decision making is geared towards effectiveness.	4.27	0.68	
Overall mean	**3.98**	**0.81**	**0.21**
Implementation			
Implementation mechanism is spelt out for each final decision.	3.75	0.81	0.25
Overall mean	**3.75**	**0.81**	**0.22**
Grand mean	**3.82**	**0.85**	**0.22**

Source: Survey Data 2015

Results, as shown in table 4.12 above, reveal that to a great extent all firms make decisions based on the collection of all information necessary to inform decisions. This can be seen from the statements under this subscale that were all rated as being done to a great extent. To a great extent, before any decision is made, all the relevant information is made available (mean = 3.95, standard deviation = .85); adequate analysis is done to determine cause of problem (mean = 3.90, standard deviation = 1.03); external experts are consulted before a decision is made (mean = 3.88, standard deviation = 0.99); steps are taken to consider all possible causes of problems (mean = 3.82, standard deviation = 0.71);staff participate in decisions that concern their unit (mean = 3.77, standard deviation = .70) and that adequate resources are allocated in problem identification (mean = 3.75, standard deviation = 1.01).

In the case of the subscale where it was sought to determine whether decisions are anchored on analysis of information the table 4.11 above indicated that to a great extent a number of options are considered before a decision is taken (mean = 3.95, standard deviation = .85); relevant and reliable data about each alternative option is collected (mean = 3.75, standard deviation = 0.90); historical data is given importance and referred to inform decision (mean = 3.80, standard deviation = .88); brainstorming takes place to get views on alternative solutions (mean = 3.70, standard deviation = .82) and possible alternatives are ranked and the best selected (mean = 3.70, standard deviation = .99). To a moderate extent, however, experts are engaged in identifying best alternatives (mean = 3.47, standard deviation = .91).

Under the subscale on whether decisions are based on evaluation and selection of the best option, it was identified that this is done to a great extent given that the means for all statements confirmed this fact. To a great extent final decision making is geared towards creation of effectiveness (mean = 4.27, standard deviation = .68) and efficiency (mean = 4.11, standard deviation = .73), standard deviation = .81); final decision makers are knowledgeable in the area (mean = 4.13, standard deviation = .61); decision makers are committed to success of decisions taken (mean = 4.10, standard deviation = .81); all opinions and competing alternatives are thoroughly discussed (mean = 3.93, standard deviation = .80); contingency plans are made to hedge against risks of decisions taken

(mean = 3.70, standard deviation = .99) and the firms use experts from outside and select employees in taking final decisions (mean = 3.65, standard deviation = .100); Finally in response to the question of the final subscale the majority of the respondents agreed that to a great extent implementation mechanism is spelt out for each final decision.

With a grand mean of 3.82, it can be deduced that the insurance industry in the country recognizes that quality decisions are the coin of the realm in the insurance business and that no firm can reach its full potential unless it makes good decisions quickly and consistently and then implements them effectively. It is evident that better decision abilities contribute to organizations' improved financial performance. It is also evident that a modern forward-looking insurance firm does not keep its employees uninvolved about vital decisions affecting them. It trusts them and involves them in decision-making at all levels.

4.6.6 Measure of Competitive Strategies

In this section, the study sought respondents' perception regarding the various aspects defining Competitive Strategies. Here too respondents were asked to respond to pertinent statements by indicating the extent to which the statements applied in their respective firms. Responses were given on a five-point Likert scale (where 5 = To a very great extent; 4 = To a great extent; 3 = To a moderate extent; 2 = To a limited extent; 1= To a very limited extent). The scores of 'To a very limited extent and 'To a limited extent' were taken to represent a statement affirmed to, as to a limited extent, equivalent to mean score of 0 to 2.5. The score of 'To a moderate extent' has been taken to represent a statement affirmed to, as to a moderate extent, equivalent to a mean score of 2.6 to 3.4. The score of 'To a great extent' and 'To a very great extent' have been taken to represent a statement affirmed to as equivalent to a mean score of 3.5 to 5.0.

The Low-cost Leadership subscale consisted of 5 items, the Differentiation subscale consisted of 11 items while the Market Focus subscale consisted of 6 items. Table 4.13 below shows how the subscales of Competitive Strategies were rated by respondents.

Table 4.13: Mean and Standard Deviation for Measures of Competitive Strategies

Statement	Mean	StdDev	CV
Cost leadership Strategy			
Has the virtue of maintaining low cost in operational efficiency.	3.7	0.9	0.24
Forecasts on market growth while seeking for cost savings.	3.9	0.6	0.15
Minimizes use of outside financing.	4.4	0.8	0.18
Innovative in continuous review of processes.	3.7	0.8	0.22
Processes high-quality products at lower costs.	4.0	0.8	0.20
Overall mean	**3.9**	**0.8**	**0.21**
Differentiation Strategy			
There is a reputation for provision of quality products.	4.0	0.8	0.20
Known for timely Introduction of newly developed products.	3.6	0.9	0.25
Known for having qualified, experienced and trained personnel.	4.0	0.7	0.18
Forecasts on market growth through modifying products.	3.7	0.8	0.22
Engages in rigorous advertising of its products.	2.9	0.9	0.31
Has a high reputation within the industry.	3.8	0.9	0.24
Caters for a range of products to serve different interests.	3.9	0.6	0.15
Regularly develops/refines existing products.	3.7	1.1	0.30
Is Innovative in marketing techniques?	3.5	0.9	0.26
Provides excellent customer service.	3.9	0.8	0.21
Engages in brand identification.	3.6	1.0	0.28
Overall mean	**3.7**	**0.9**	**0.24**
Market focus strategy			
Firm segregates the market to serve interests of a niche.	3.9	0.9	0.23
Forecasts on market growth through selection of a niche.	3.7	0.9	0.24
Maintains sufficient staff to serve the needs of a specific category of customer.	3.7	0.8	0.22
Offers the lowest pricing for its products in the industry.	3.2	1.1	0.34
Has direct control of channels of distribution of its products.	3.3	0.8	0.24
Focuses its products in high price market segments.	3.1	0.9	0.29
Overall mean	**3.5**	**0.9**	**0.26**
Grand mean	**3.7**	**0.9**	**0.24**

Source: Survey Data 2015

For the Low Cost Leadership subscale, under Competitive Strategies respondents indicated that to a great extent their respective organizations minimize use of outside financing (mean = 4.40, standard deviation = .80); process high quality products at lower costs (mean = 4.00, standard deviation = .80); forecasts on market growth while seeking for saving on costs (mean = 3.90, standard deviation = .60); innovative in continuous review of processes to eliminate unnecessary costs (mean = 3.70, standard deviation = .80) and has the virtue of maintaining low cost in operating efficiency (mean = 3.70, standard deviation = .90).

Under the differentiation subscale the analysis in table 4.13 shows that to a great extent the firms are known for having qualified, experienced, trained personnel (mean = 4.00, standard deviation = .70); caters for a range of products to serve different interests (mean = 3.90, standard deviation = .60).; there is a reputation for provision of quality products (mean = 4.00, standard deviation = .80); provides excellent customer service (mean = 3.90, standard deviation = .80); has a high reputation within the industry (mean = 3.80, standard deviation = .90); forecasts on market growth through modifying products (mean = 3.70, standard deviation = .80) and regularly develop/refine existing products (mean = 3.70, standard deviation = 1.10), in brand identification (mean = 3.60, standard deviation = 0.92); are known for timely Introduction of newly developed products (mean = 3.60, standard deviation = 0.90); are innovative in marketing techniques (mean = 3.50, standard deviation = 0.90) and moderately engages in rigorous advertising of their products (mean = 2.90, standard deviation = 0.90).

Table 4.13 also shows that the market focus subscale, on average, is applied as a competitive strategy to a great extent. Under this subscale the respondents indicated that to a large extent the firms segregate the market to serve interests of a niche (mean = 3.90, standard deviation = .90); forecasts on market growth through selection of a niche to serve best (mean = 3.70, standard deviation = .90) and maintain sufficient staff to immediately serve the needs of specific categories of customers (mean = 3.70, standard deviation = 0.80). However only to a moderate extent the firms have direct control of

channels of distribution of their products in its market niche (mean = 3.30, standard deviation = .80), offer lowest pricing for their products in the industry in its particular markets (mean = 3.32, standard deviation = 1.10 and focus their products in high price market segments (mean = 3.31, standard deviation = .90).

With a grand mean of 3.70, it can be noted that insurance firms in the country conform to key generic competitive strategies which firms employ including cost leadership, differentiation, and market focus. It is further observed that most insurance firms conform to specifications that greatly influence the reliable performance of their respective insurance products, ensure quality systems from the coherence of process capabilities, sales and market share, customer retention, internal marketing among employees, profitability and product development/innovation.

4.7 Statistical Assumptions

Linear regression makes assumptions about the data used including that it is normally distributed, there is linearity, there is no multicollinearity, and no heteroscedasticity. If these assumptions are not met by the data used statistical results may yield inappropriate results. Use of data which does not conform to these assumptions may lead to type I or type II errors or may lead to over or underestimation of statistical significance (Osborne and Waters, 2002).The results of the tests for normality, linearity, heteroscedasticity and multicollinearity are presented below.

4.7.1 Test for Normality

Parametric tests such as correlation and multiple regression analysis require normal data. When data is not normally distributed it may can distort the results of any further analysis. Preliminary analysis to assess if the data fits a normal distribution was performed. To assess the normality of the distribution of scores, Shapiro-Wilk test was used. When non-significant results (> 0.05) are obtained for a score it shows the data fits a normal distribution (Tabachnik & Fidell, 2007). The data in table 4.14 below shows the results of the Shapiro-Wilk test.

Table 4.14: Results of Shapiro-Wilk Test for Normality

Scale	Shapiro-Wilk		
	Statistic	df	Sig.
Organizational Learning	.951	40	.158
Employee Competencies	.967	40	.427
Quality Decisions	.981	40	.825
Competitive Strategies	.988	40	.967
Return on Assets	.862	40	.092
Growth of Market Share	.961	40	.487

Source: Primary Data (2015)

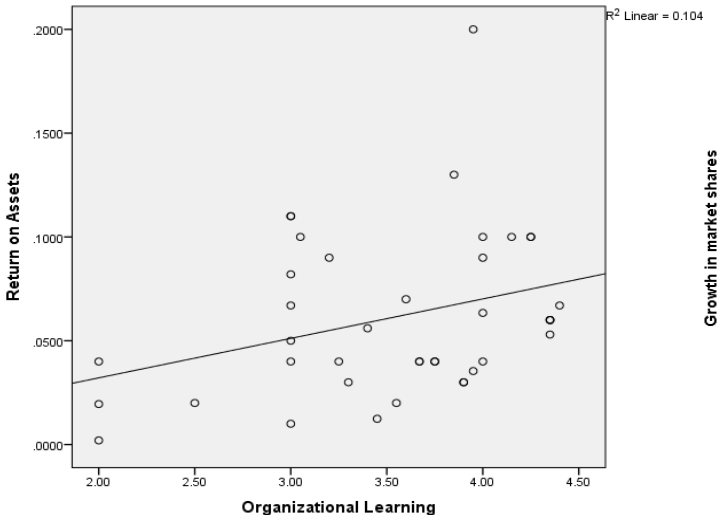
The results obtained as shown in Table 4.14indicate that the data in relation to each variable is normally distributed as the significance value in all cases is greater than 0.05. This implies the data is suitable for analysis using correlation and regression analysis

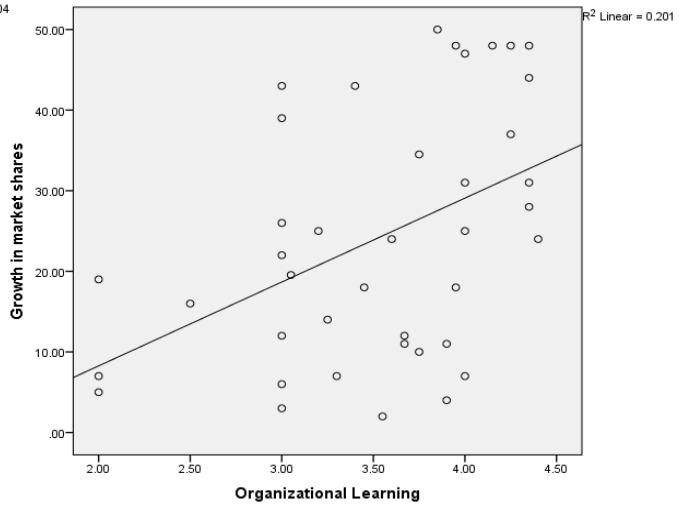
4.7.2 Tests of Linearity

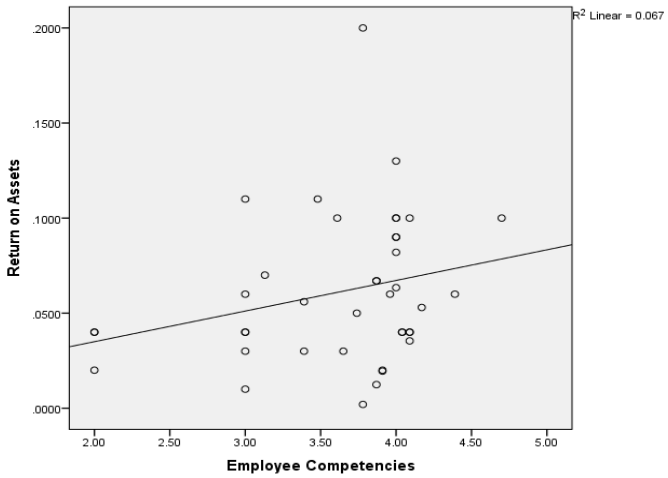
Scatter plots were used to test for linearity and to visually show whether there was a linear or curvilinear relationship between two continuous variables before carrying out regression analysis. Regression models can only accurately estimate the relationship between dependent and independent variables if the relationship is linear (Osborne and Waters, 2002).The scatter plot of the relationship between the dependent and independent variables is shown below in Figure 4.1.

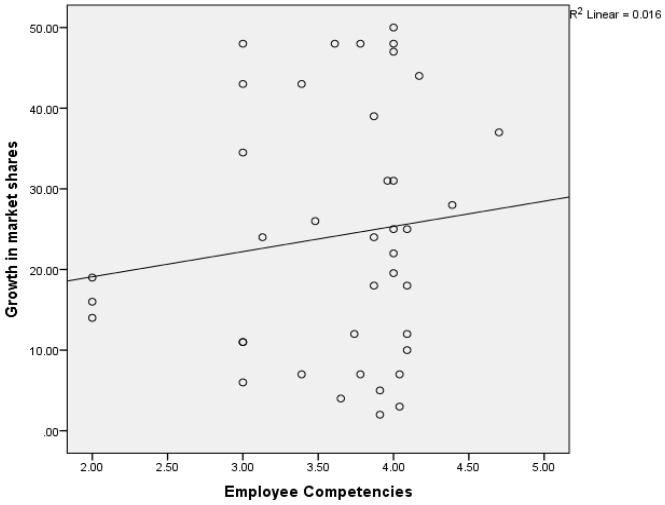
Figure 4.1: Scatter Plots for the Relationship between the Independent and the Dependent Variables

Return on Assets **Growth in Market Share**

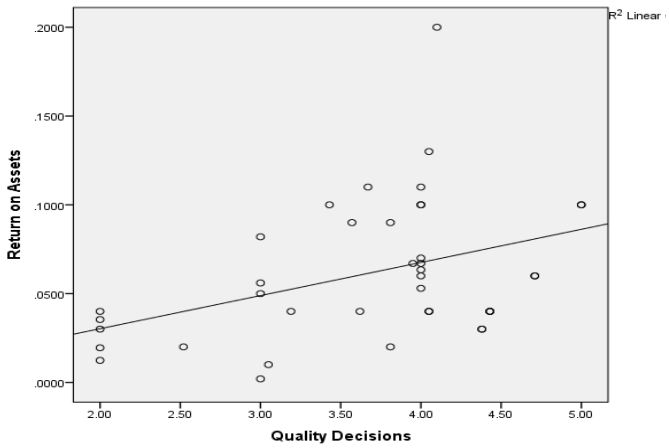


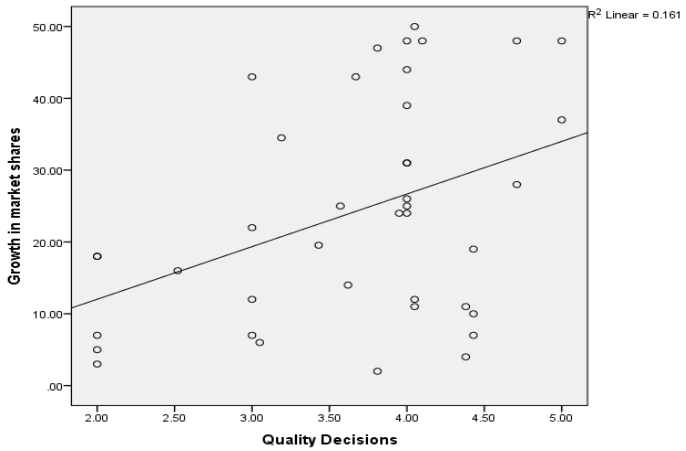


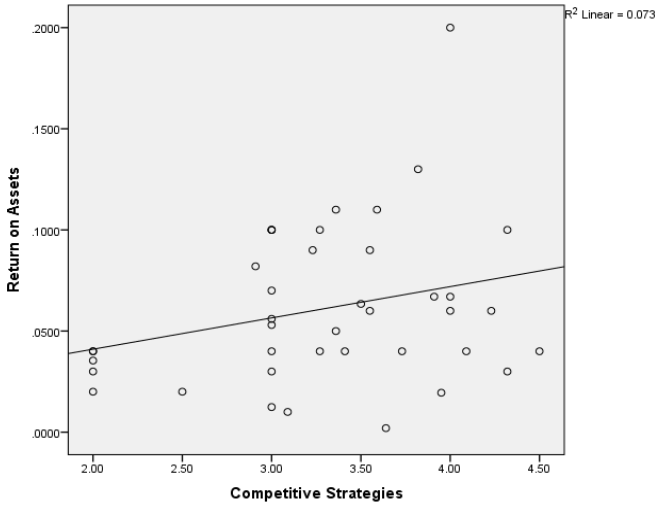


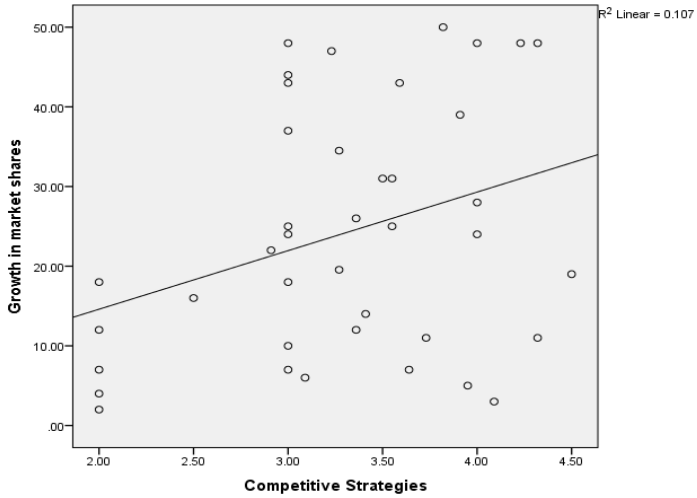


Return on Assets **Growth of Market Share**









As shown in the scatter plots in figure 4.1, there was a moderate and positive relationship between organizational learning and return on assets as well as between organizational learning and growth of market share. There was also a moderate and positive relationship between employee competencies and return on assets, while the relationship between employee competencies and growth of market share was relatively weaker and positive.

The relationship between quality decisions and return on assets was moderate and positive while that between quality decisions and growth of market share was relatively weaker and positive. The relationship between competitive strategies and return on assets was moderate and positive while that between competitive strategies and growth of market share was relatively weaker and positive. The tests of linearity showed that there was linearity on all cases hence the data relating to the variables of this study was found appropriate to use for regression analysis.

4.7.3 Heteroscedasticity Test

Since the data for this research is obtained from a cross-section of firms, it could raise concerns about the existence of heteroscedasticity. The Breuch-Pagan/Cook-Weisberg test was carried out to confirm if the error variance was not constant in which case there could have been heteroscedasticity in the data. Running a regression model without accounting for heteroscedasticity may lead to biased parameter estimates. To test for heteroscedasticity it was necessary to make a hypothesis in respect to the error variance and test the error variances to confirm or reject the hypothesis. For the purposes of applying the Breusch-Pagan/Cook-Weisberg test, a null hypothesis (H_0) of this was formulated that the error variance is not heteroscedastic while the alternative hypothesis (H_a) was that the error variance is heteroscedastic. The Breusch-Pagan/Cook-Weisbergtest models the error variance as $\sigma^2_i=\sigma^2 h(z'_i\alpha)$ where z_i is a vector of the independent variables. It tests $H_0:\alpha=0$versus $H_a:\alpha\neq0$. Table 4.15 shows the results obtained when the Breusch-Pagan/Cook-Weisbergtest was run.

Table 4.15: Results of Breusch-Pagan / Cook-Weisberg Test for Heteroscedasticity

H_o: Constant variance
chi2(1) = 83.66
Prob> chi2 = 0.0710

Source: Primary Data (2015)

The results in Table 4.15 indicate that the p value is greater than 0.05 (0.0710) and so the null hypothesis set up for this test is supported. It was found that the variables under this study did not suffer from heteroscedasticity and so the required regression analysis for this study could be carried out the results being distorted.

4.7.4 Test for Multicollinearity

Tests for multicollinearity were carried out because in severe cases of perfect correlations between predictor variables, multicollinearity can imply that a unique least squares solution to a regression analysis cannot be computed Field, (2009). Multicollinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors. Multicollinearity was assessed in this study using the Variance Inflation Factor and tolerance. The results of the tests of multicollinearity are presented in Table 4.16 below.

Table 4.16: Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.112	.051		-2.194	.035		
Organizational Learning	.007	.011	.117	.613	.544	.562	1.778
Employee Competencies	.014	.010	.230	1.432	.161	.800	1.250
Quality Decisions	.012	.008	.265	1.481	.148	.644	1.553
Competitive Strategies	.016	.009	.273	1.792	.082	.890	1.123

Source: Survey Data 2015

Collinearity statistics (Table 4.16) indicated a Variance Inflation Factor (VIF) <5 and Tolerance>0.2, an indication that the variables were not highly correlated, hence no existence of Multicollinearity. This is an indication of the suitability of the variables for multiple regression.

4.8 Correlation Analysis

Preliminary analysis was carried out to determine whether there were significant associations between firm performance (both in terms of return on assets and growth of market share), organizational learning, employee competencies, quality decisions and competitive strategies. In this study, Pearson's product-moment correlation coefficient (r) was used to explore relationships between the variables, specifically to assess both the direction and strength. This was crucial to assess the nature of relationships existing between the variables before carrying out further analysis.

Pearson's product-moment correlation coefficient (r) was used to examine the extent of the correlation between the variables of study and to show the strength of the linear relationships between the variables in the regression. r ranges between ±1. Where r= +0.7 and above it indicates a very strong relationship; r=+0.5 to below 0.7 is a strong relationship; r=0.3-0.49 is a moderate relationship while r=0.29 and below indicates a weak relationship. Where r=0 it indicates that there is no relationship (Esther- Smith, Thorge and Love, 1999).The results of correlation analysis are presented in table 4.17 below.

Table 4.17: Correlation Coefficients Matrix

		Return on Assets (Old)	Growth of Market Share	Organizational Learning	Employee Competencies	Quality Decisions	Competitive Strategies
Return on Assets	Pearson Correlation	1.000					
	Sig. (2-tailed)						
Growth of Market Shares	Pearson Correlation	.510**	1.000				
	Sig. (2-tailed)	0.000					
Organizational learning	Pearson Correlation	.323*	.449**	1.000			
	Sig. (2-tailed)	0.042	0.004				
Employee Competencies	Pearson Correlation	0.259	0.128	.416**	1.000		
	Sig. (2-tailed)	0.107	0.433	0.008			
Quality Decisions	Pearson Correlation	.403**	.402*	.531**	0.101	1.000	
	Sig. (2-tailed)	0.01	0.010	0.000	0.534		
Competitive Strategies	Pearson Correlation	0.271	.327*	-0.114	-0.171	0.191	1.000
	Sig. (2-tailed)	0.091	0.04	0.483	0.291	0.237	

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

* Correlation is significant at the 0.05 level (2-tailed)

Source: Survey Data 2015

Correlation results in table 4.17 show that the relationship between return on assets and organizational learning was positive and statistically significant ($r=.323$, $p<0.05$). Employee competencies and return on asset was positive and insignificant($r=0.259$, $p>0.05$), quality decisions and return on asset was positive and significant($r= 0.403$, $p<0.05$) and competitive strategies was positive and insignificant ($r= 0.271$, $p>0.05$). There was a positive and significant correlation between growth of market share and organizational learning, which was statistically significant ($r =.449$, $p<0.05$). The relationship between employee competencies and growth of market share was positive and insignificant($r=0.128$, $p>0.05$), quality decisions and growth of market share was positive and significant($r= 0.402$, $p<0.05$) and competitive strategies was positive and significant ($r= 0.327$, $p<0.05$).

All the correlation coefficients presented in the table above fall below 0.7. Since the correlations between the predictor variables organizational learning, employee competencies, quality decisions and competitive strategies as well as between the predictor variables and firm performance were not very high ($r<0.07$), the variables are suitable for further analysis using multiple regression.

4.9 Test of Hypotheses

This section presents the findings of tests of hypotheses of the study. The hypotheses describe the relationship between variables of the study as conceptualized and presented in the conceptual model. The study focused on five objectives and five corresponding hypotheses. The hypotheses which were tested related to the influence of organizational learning (independent variable) on firm performance (dependent variable); moderating effect of employee competencies on the relationship between organizational learning and firm performance; the moderating effect of competitive strategies on the relationship between organizational learning and firm performance; the effect of organizational learning on firm performance being mediated by quality decisions and establishing the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance and the effect of organizational learning on firm performance of firms in the insurance industry in Kenya.

A composite index for each of the study variables was computed as the sum of responses divided by the total number of measurement items. Organizational learning was measured as a composite index of intuiting, interpreting, integrating and institutionalization. Employee competencies were measured as a composite index of knowledge, skills, ability, and experience. Quality decisions were measured as a composite index of a collection of information, analysis, evaluation, and implementation. Competitive Strategies was computed as composite index of cost leadership strategy, differentiation strategy, and market focus strategy.

In the case of firm performance, which is the dependent variable, the measures of firm performance used were return on assets and growth of market share. Hypothesis tests were also carried out using overall firm performance, which consisted of a composite of return on assets and growth of market share, as dependent variable. As observed in the AKI annual reports, in the insurance industry return on assets and growth of market share are measures that are regarded as significant in assessing a firm's performance. Return on assets was computed as profit before tax as a percentage of total assets while market share per year was computed as sales per annum for a firm as a percentage of total industry sales in the same year. The researcher divided the hypotheses tests into three categories, first usingreturn on assets as the dependent variable for each hypothesis, secondly using growth of market share as the dependent variable for each hypotheses and thirdly each hypothesis was once again tested using the overall firm performance as the dependent variable. The first series of tests of hypotheses, with dependent variable being return on assets as the measure of firm performance, are presented below from 4.6.1 to 4.6.5.

4.9.1 Relationship between Organizational Learning and Return on Assets

This section presents the results of the tests of hypotheses as guided by the first objective of the study and using return on assets, as a measure of firm performance. The first objective was to establish the relationship between organizational learning and firm performance. The following hypothesis was formulated for testing:

H_{1a}: Organizational learning is related to return on Asset

This hypothesis was tested using simple linear regression analysis. Return on assetswas regressed on organizational learning. Before testing the hypothesis a composite index for the four dimensions of organizational learning was computed independent variable (organizational learning) while return on assets constituted the measure of the dependent variable. The results of the regression analysis are presented in table 4.18.

Table 4.18: Regression Results for the Effect of Organizational Learning on Return on Assets

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
Organizational Learning	.323	.104	.081	.0374771		
ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
Organizational Learning	Regression	.006	1	.006	4.418	.042
	Residual	.053	38	.001		
	Total	.060	39			
Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	-.006	.032		-.182	.857	
Organizational Learning	.019	.009	.323	2.102	.042	
Dependent Variable: Return on Assets Predictors (Constant),Organizational Learning						

Source: Survey Data 2015

The regression results in Table 4.18indicate that 10.4 percent of the variance in return on assetswas explained by organizational learning (R^2=0.104, F=4.418, P<0.05). 89.6 percent of the variation in return on assets was not explained by organizational learning. This variation is due to other factors not included in the study. This also implies that organizational learning considered alone is a weak predictor of return on assets.

The overall model was statistically significant (F=4.418, P<0.05). The influence of organizational learning on return on assetswas statistically significant (β= 0.019, t= 2.102, p<0.05). This suggests that one unit change in organizational learning is associated with 1.9% change in performance. The results thus provide evidence that organizational learning influences firm performance, although in a minimal way. It further means that there are other factors that affect return on assets.

4.9.2 Moderating Effect of Employee Competencies on the Relationship between Organizational Learning and Return on Assets

The second objective was to determine the effect of employee competencies on the relationship between organizational learning and firm performance. This involved assessing how the effect of independent variable on dependent variable changes when a moderator is introduced. To establish the moderating effect, the following hypothesis was formulated for testing.

H_{2a}: Employee competencies moderates the influence of organizational learning on return on asset.

This hypothesis was tested using stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of organizational learning on return on assets. The second step involved testing the effect of predictor variables (organization learning and employee competencies) on criterion variable (return on assets). In the third step, an interaction term (computed as the product of standardized values for organization learning and employee competencies) was introduced and tested for its significance on return on assets. Moderation is established if the effect of interaction on return on assets in the third step is significant. The regression results are presented in Table 4.19.

Table 4.19: Regression Results for Moderating Effect of Employee Competencies on the Relationship between Organizational Learning and Return on Assets

Model summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Organizational Learning	.323	.104	.081	.0374771
2	Organization Learning Employee Competencies	.351	.123	.076	.0375788
3	Organization Learning, Employee Competencies, Interaction term	.358	.128	.055	.0379914

ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	.006	1	.006	4.418	.042
		Residual	.053	38	.001		
		Total	.060	39			
2	Organization Learning Employee Competencies	Regression	.007	2	.004	2.594	.088
		Residual	.052	37	.001		
		Total	.060	39			
3	Organization Learning, Employee Competencies, Interaction term	Regression	.008	3	.003	1.759	.172
		Residual	.052	36	.001		
		Total	.060	39			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.006	.032		-.182	.857
	Organizational Learning	.019	.009	.323	2.102	.042
2	(Constant)	-.027	.040		-.669	.507
	Organization learning	.015	.010	.260	1.536	.133
	Employee Competencies	.009	.011	.151	.891	.379
3	(Constant)	.038	.151		.254	.801
	Organizational Learning	-.006	.048	-.094	-.117	.908
	Employee Competencies	-.009	.042	-.144	-.212	.833
	Interaction term	.006	.013	.552	.448	.657

Model 1 Predictors (Constant) Organization Learning
Model 2 Predictors: (Constant) Organization Learning and Employee Competencies
Model 3 Predictors: (Constant) Organization Learning, Employee Competencies and Interaction term.
Dependent Variable: Return On Assets

Source: Survey Data 2015

In step one return on assetswas regressed on organizational learning. The results in Table 4.19 indicate that organizational learning accounts for 10.4 percent of the variance in return on assets (R^2 =0.104, P<0.05). The overall model was significant (F= 4.418, P< 0.05). Further, the beta coefficient was statistically significant (β= 0.019, t= 2.102, P<0.05). This implies that one unit change in organization learning is associated with 1.9% change in return on assets. The results in the first step were significant.

In step two when the moderator, employee competencies, was introduced the influence of organizational learning on return on assets improved. Organizational learning and employee competencies explain 12.3 percent of the variance in return on assets. The overall model was not statistically significant (F= 2.594, P>0.05). The change in F value (F change = 2.594) was not significant. Similarly, the beta coefficients were not statistically significant (β=0.015 t=1.536, P>0.05). The results in the second step were not significant.

In step three, the interaction term was introduced in the regression model. All the variables, organization learning, employee competencies and the interaction term were entered into the regression model. The results revealed that R^2 improved from 0.123 in step 2 to 0.128 in step 3. The R^2 change was 0.003 indicating that the interaction of organization learning and employee competencies did not have a significant influence on return on assets. The beta coefficients revealed a negligible improvement (β=0.006, t=0.448, P>0.05) when the interaction term was included in the regression model. The overall model in step 3 indicates that the interaction was not statistically significant (F=1.759, P>0.05). The results therefore did not provide evidence to support the hypothesis that employee competencies moderate the relationship between organizational learning and return on assets as a measure of performance.

4.9.3 Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Return on Assets

The third objective was set to establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance. The moderating effect was tested in terms of how the effect of independent variable on dependent variable changes when a moderator is introduced. To establish the moderating effect, the following hypothesis was formulated for testing.

H_{3a}: The influence of organizational learning on return on asset is moderated by competitive strategies.

The moderating effect was tested using the stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of organizational learning on return on assets. The second step tested the effect of predictor variables (organizational learning and competitive strategies) on criterion variable (return on assets). In the third step, an interaction term (computed as the product of standardized values for organizational learning and competitive strategies) was introduced and tested for its effect on return on assets. Moderation is established if the effect of interaction in the third step is significant. Regression results are presented in Table 4.20.

Table 4.20: Regression Results for Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Return on Assets

Model Summary

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Organizational Learning	.323	.104	.081	.0374771
2	Organization learning Competitive Strategies	.447	.200	.157	.0358930
3	Organizational Learning, Competitive Strategies, Interaction Term	.448	.201	.134	.0363709

ANOVA

Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	.006	1	.006	4.418	.042
		Residual	.053	38	.001		
		Total	.060	39			
2	Organizational Learning Organization learning Competitive Strategies	Regression	.012	2	.006	4.622	.016
		Residual	.048	37	.001		
		Total	.060	39			
3	Organization Learning, Competitive strategies and the interaction term	Regression	.012	3	.004	3.012	.043
		Residual	.048	36	.001		
		Total	.060	39			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.006	.032		-.182	.857
	Organizational Learning	.019	.009	.323	2.102	.042
2	(Constant)	-.072	.044		-1.630	.112
	Organization learning	.021	.009	.358	2.421	.021
	Competitive Strategies	.018	.008	.311	2.104	.042
3	(Constant)	-.037	.196		-.188	.852
	Organizational Learning	.011	.053	.194	.215	.831
	Competitive Strategies	.008	.053	.143	.155	.877
	Interaction between Organization learning and competitive strategies	.003	.014	.223	.185	.854

Model 1 Predictors (Constant) Organization Learning
Model 2 Predictors: (Constant) Organization Learning, Competitive Strategies
Model 3 Predictors: (Constant) Organization Learning, Competitive Strategies, Interaction term.
Dependent Variable: Return on Assets

Source: Survey Data 2015

The regression results in table 4.20 are explained in this section. In step one, return on assets was regressed on organizational learning. The results indicate that organization learning accounts for 10.4 percent of the variance in return on assets (R^2=0.104, P<0.05). The overall model was significant (F= 4.418, P< 0.05). Further, the beta coefficients were statistically significant (β= 0.019, t= 2.102, P<0.05). This implies that one unit change in organizational learning is associated with 1.9 percent change in return on assets. The results in the first step were significant.

In step two the introduction of the moderator, competitive strategies, significantly improves the influence of organizational learning on return on assets. Organization Learning and competitive strategies explain 20.0 percent of the variance in return on assets. The overall model was statistically significant (F= 4.622, P<0.05). Similarly, the beta coefficients were statistically significant (β=0.021 t=2.421, P<0.05). The results in the second step were significant.

In step 3, the interaction term was introduced in the regression model. All the variables, organization learning, competitive strategies and the interaction term were entered in the regression model. The results reveal that R^2 improved from 0.20 in step two to 0.201 in step three. The change in R^2 was 0.001 indicating that the interaction of organizational learning and competitive strategies did not have a significant influence on return on assets. The overall model in step 3 yielded results that indicate that the interaction was statistically significant (F=3.012, P<0.05). The beta coefficients revealed a negligible improvement (β=0.003, t=0.185, P>0.05) when the interaction term was included in the regression model. The results therefore did not provide evidence to support the moderation of competitive strategies on the relationship between organizational learning and performance using Return on Assets as a measure of performance.

4.9.4 Mediation by Quality Decisions in the Relationship between Organizational Learning and Return on Assets

The fourth objective of the study was set to establish whether the effect of organizational learning on firm performance is mediated by quality decisions. To establish the mediation effect, the following hypothesis was formulated for testing.

H_{4a}: Quality decisions mediate the relationship between organizational learning and return on asset.

The Baron and Kenny approach was again applied for the purpose of testing this hypothesis. Mediation is confirmed when the following four conditions are fulfilled:

1. The independent variable must be significantly related to the dependent variable in the absence of the mediating variable;
2. The independent variable must be significantly related to the mediator variable;
3. The mediator variable must be significantly related to the dependent variable;
4. When the effect of the mediating variable on the dependent variable is controlled, the effect of the independent variable on the dependent variable should not be significant. The outcome of the regression analyses yielded results that are presented in table 4.21.

Table 4.21: Regression Results for the Mediation of Quality Decisions in the Relationship between Organizational Learning and Return on Assets

Model Summary

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Organizational Learning	.323	.104	.081	.0374771
2	Organization learning	.531	.282	.263	.72446
3	Quality Decisions	.403	.162	.140	.0362395
4	Organization Learning and Quality Decisions	.423	.179	.134	.0363638

ANOVA

Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	.006	1	.006	4.418	.042
		Residual	.053	38	.001		
		Total	.060	39			
2	Organization learning	Regression	7.847	1	7.847	14.951	.000
		Residual	19.944	38	.525		
		Total	27.791	39			
3	Quality Decisions	Regression	.010	1	.010	7.364	.010
		Residual	.050	38	.001		
		Total	.060	39			
4	Organization Learning and Quality Decisions	Regression	.011	2	.005	4.027	.026
		Residual	.049	37	.001		
		Total	.060	39			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.006	.032		-.182	.857
	Organizational Learning	.019	.009	.323	2.102	.042
2	(Constant)	1.273	.628		2.028	.050
	Organization learning	.676	.175	.531	3.867	.000
3	(Constant)	-.007	.026		-.274	.786
	Quality decisions	.019	.007	.403	2.714	.010
4	(Constant)	-.025	.033		-.751	.458
	Organizational Learning	.009	.010	.151	.861	.395
	Quality Decisions	.015	.008	.322	1.834	.075

Model 1 Predictors (Constant) Organization Learning: Criterion variable Return on Asset
Model 2 Predictors: (Constant) Organization Learning: Criterion variable Quality Decisions
Model 2 Predictors: (Constant) Quality Decisions: Criterion variable Return on Asset
Model 3 Predictors: (Constant) Organization Learning and Quality Decisions: Criterion variable Return on Asset

Source: Survey Data 2015

The results in Table 4.21 show that in step one the influence of organizational learning on firm performance is significant (R^2=0.104, F=4.418,p<0.05;β=0.019, t=2.104,p<0.05), implying that 1.9% of the change in return on assets is attributable to one unit change in organizational learning. 10.4% of the variation in return on assets is accounted for by organizational learning. The first mediation condition which states that the independent variable should be significantly related to the dependent variable in the absence of the mediating variable is thus satisfied.

The second step as presented in Table 4.21 indicates that the influence of organizational learning on quality decisions is significant (R^2=0.284, F=14.951, p<0.05;β=0.676, t=3.867,p<0.05), thus satisfying the second condition which states that the independent variable should be significantly related to the mediator variable.

The third step as presented in table 4.21 revealed that the influence of quality decisions on firm performance was significant (R^2=0.162, F=7.364, p<0.05; β=0.019, t=2.714, p<0.05), thus satisfying the third condition which states that the mediator variable should be significantly related to the dependent variable.

The fourth step as presented in table 4.21 revealed that the influence of the independent variable (organizational learning) on the dependent variable (return on assets) was insignificant in the presence of the mediating variable, quality decisions (R^2=0.179, F=4.027, p<0.05; β=0.009, t=0.861, p>0.05), and thus satisfying the fourth condition which states that the effect of the independent variable on the dependent variable should be insignificant in the presence of the mediating variable.

The regression results thus satisfied all the four conditions that should be met for a mediation to be confirmed and therefore it can be concluded that the influence of organizational learning on performance of insurance firms in Kenya is indirect (through quality decisions). In other words, organizational learning generates quality decisions which in turn increase performance of the insurance firms. This was full mediation. Thus the hypothesis that quality decision mediates the relationship between organizational learning and return on assets was supported.

4.9.5 The Joint Effect of Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions on Return on Assets

The fifth and the last objective was to establish whether the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance was different from the effect of organizational learning on firm performance. The following hypothesis was formulated and tested.

H_{5a}: The joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance (return on assets) is greater than the effect of organizational learning on firm performance (return on assets).

The hypothesis was tested using simple linear regression analysis (for individual independent effect) and multiple regression analysis (for joint effect). In the regression model, firm performance (return on assets) was the dependent variable; organizational learning, employee competencies, competitive strategies and quality decisions were predictor variables. To determine the joint effect organizational learning, employee competencies, competitive strategies and quality decisions were regressed on return on assets. The results are presented in Table 4.22.

Table 4.22: Regression Results for the Individual Effect of Organizational Learning and Joint Effect of Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions on Return on Assets

Model Summary							
Model		**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
1	Organizational Learning	.323	0.104	0.081	0.037477		
2	Joint-Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions	.527	0.278	0.196	0.035056		
ANOVA							
Model			**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Organizational learning	Regression	0.006	1	0.006	4.418	**.042**
		Residual	0.053	38	0.001		
		Total	0.06	39			
2	Joint-Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions	Regression	0.017	4	0.004	3.37	**.020**
		Residual	0.043	35	0.001		
		Total	0.06	39			
Coefficients							
Model		**Unstandardized Coefficients**		**standardized Coefficients**			
		B	**Std. Error**	**Beta**	**t**	**sig**	
1	Constant	-0.006	0.032		-0.182	0.857	
	Organizational learning	0.019	0.009	.323	2.102	0.042	
2	Constant	-0.112	0.051	.117	-2.194	0.035	
	Organizational learning	0.007	0.011	.230	0.613	0.544	
	Employee competencies	0.214	0.01	.265	2.432	0.016	
	Quality decisions	0.012	0.008	.273	1.481	0.148	
	Competitive strategies	0.116	0.009	.117	2.792	0.018	

Predictor: (Constant), Individual variable –Organizational learning
Predictors: (Constant), Joint Variables – organizational learning, employee competencies, competitive strategies and quality decisions.
Dependent Variable: Return on Assets

Source: Survey Data 2015

The regression results presented in Table 4.22 show that the influence of organizational learning on firm performance was significant (R^2 = 0.104, F=4.418, $p < 0.05$). This means that organizational learning explains 10.4% of variation in return on assets. The F ratio shows that the regression of organizational learning on return on assets is significant with $p < 0.05$. β is also significant ($\beta = 0.019$, $t = 2.102$, $p < 0.05$). One percentage change in organizational learning leads to 1.9% change in return on assets.

A separate test was done for the joint influence of organizational learning, employee competencies, competitive strategies and quality decisions on organizational learning. The regression results in Table 4.22 show that the joint influence of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance was significant (R^2 =0.278, F= 3.37, $p < 0.05$). This means that jointly, organizational learning, employee competencies, competitive strategies and quality decisions explain 27.8% of variation in return on assets. The F ratio shows that the regression of organizational learning, employee competencies, competitive strategies and quality decisions on organizational learning, employee competencies, competitive strategies, and quality is statistically significant at $p < 0.05$. The joint effect was higher and significant (R^2=0.278, F=3.37, $p < 0.05$) compared to the individual effect of organizational learning on firm performance ((R^2 = 0.104, F=4.418, $p < 0.05$). These results imply that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions when regressed on firm performance was greater than the individual effect of organizational learning when regressed on return on assets.The hypothesis that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on organizational learning, employee competencies, competitive strategies and quality is significantly greater than the individual predictor variable (organization learning) on the organizational learning, employee competencies, competitive strategies and quality was supported. The second series of tests of each hypothesis with the dependent variable being growth of market share, as a measure of firm performance, are presented in section 4.9.6 to 4.9.10.

4.9.6 Relationship between Organizational Learning and Growth of Market Share

The first objective was to establish the influence of organizational learning on the performance of insurance firms in Kenya. The following hypothesis was formulated for testing.

H_{1b}: Organizational Learning is related to Growth of market share

This hypothesis was tested using simple linear regression analysis. This was done by regressing growth of market share on organizational learning. Before testing this hypothesis a composite index for the four dimensions of organizational learning was computed for the independent variable (organizational learning). Growth of market share constituted the measure of the independent variable. The regression analysis results are presented in Table 4.23.

Table 4.23: Regression Results for the Effect of Organizational Learning on Growth of Market Share

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
Organizational Learning	.295	.087	.063	15.09528		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Organizational Learning	Regression	827.010	1	827.010	3.629	.006
	Residual	8658.97	38	227.867		
	Total	9485.98	39			
Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	-.217	13.08		-.017	.987	
Organizational Learning	6.941	3.643	.295	2.905	.006	
Dependent Variable: Growth of market share Predictors (Constant): Organizational Learning						

Source: Survey Data 2015

The regression results in Table 4.23 indicate that 8.7 percent of the variance in growth of market share was explained by organizational learning (R^2=0.087, F=3.629, P<0.05). 91.3 percent of the variation in growth of market share was not explained by organizational learning. This implies that organizational learning alone is a weak predictor of growth of market share.

The overall model was statistically significant (F=3.629, P<0.05). The beta coefficient indicates that the influence of organizational learning on growth of market share was statistically significant (β= 6.941, t= 2.905, p<0.05). This suggests that one unit change in organizational learning is associated with 6.941 change in growth of market share. The results thus provide evidence that organizational learning influences growth of market share, although in a minimal way. It also means that there are other factors, besides organizational learning, that affect return on assets. Based on these findings hypothesis 1 was confirmed.

4.9.7 Moderating Effect of Employee Competencies on the Relationship between Organizational Learning and Growth of Market Share

The second objective was set to determine the moderating effect of employee competencies on the relationship between organizational learning and firm performance. This involved assessing how the effect of independent variable on dependent variable changes when a moderator is introduced. To establish the moderating effect, the following hypothesis was formulated for testing.

H_{2b}: Employee competencies moderates the influence of organizational learning on firm performance.

This hypothesis was tested using stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of organizational learning on growth of market share. The second step involved testing the effect of predictor variables (organizational learning and employee competencies) on criterion variable (growth of market share). In the third step, an interaction term (computed as the product of standardized values for organizational learning and employee competencies) was introduced and tested for its significance on growth of market share. Moderation is established if the effect of interaction in the third step is significant. Moderation is established if the effect of interaction on the growth of market share is significant. Regression results are presented in Table 4.24.

Table 4.24: Regression Results for Moderating Effect of Employee Competencies on the Relationship between Organizational Learning and Growth of Market Share

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Organizational Learning	.295	.087	.063	15.09528
2	Organization Learning Employee Competencies	.385	.148	.102	14.77802
3	Organization Learning, Employee Competencies, Interaction term	.408	.166	.097	14.82044

ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	827.010	1	827.010	3.629	.006
		Residual	8658.965	38	227.867		
		Total	9485.975	39			
2	Organization Learning Employee Competencies	Regression	1405.548	2	702.774	3.218	.051
		Residual	8080.427	37	218.390		
		Total	9485.975	39			
3	Organization Learning, Employee Competencies, Interaction term	Regression	1578.739	3	526.246	2.396	.084
		Residual	7907.236	36	219.645		
		Total	9485.975	39			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.217	13.076		-.017	.987
	Organizational Learning	6.941	3.643	.295	2.905	.006
2	(Constant)	-15.299	15.803		-.968	.339
	Organization learning	4.288	3.922	.182	1.094	.281
	Employee Competencies	6.741	4.142	.272	1.628	.112
3	(Constant)	35.250	59.090		.597	.555
	Organizational Learning	-11.856	18.601	-.504	-.637	.528
	Employee Competencies	-7.455	16.517	-.300	-.451	.654
	Interaction term	4.466	5.029	1.069	.888	.380

Model 1 Predictors (Constant) Organization Learning
Model 2 Predictors: (Constant) Organization Learning and Employee Competencies
Model 3 Predictors: (Constant) Organization Learning, Employee Competencies and Interaction term.
Dependent Variable: Growth of Market Share

Source: Survey Data 2015

In step one, growth of market share was regressed on organizational learning. The results in table 4.24 indicate that organizational learning accounts for 8.7% of variance in growth of market share (R^2=0.087, P<0.05). The overall model was significant (F= 3.629, P< 0.05). Further, the beta coefficients were statistically significant (β= 6.941, t= 2.905, P<0.05). This implies that that one unit change in organizational learning is associated with 6.941 unit change in growth of market share performance. The results in the first step were significant.

When the moderator (employee competencies) was introduced in step two the influence of organizational learning on growth of market share improved. Organizational learning and employee competencies explain 14.8 percent of variance in growth of market share. The overall model was not statistically significant (F=3.218, P>0.05). Similarly, the beta coefficients were not statistically significant (β=4.288 t=1.094, P>0.05). The results in the second step were not significant.

In step 3, the interaction term was introduced in the regression model. All the variables, organization learning, employee competencies and the interaction term were entered in the regression model. The results revealed that R^2 improved from 0.148 in step 2 to 0.166 in step 3. The interaction of organization learning and employee competencies did not have a significant influence on growth of market share. The overall model indicates that the interaction was not statistically significant (R^2=.166, F=2.396, P>0.05). The beta coefficients revealed a negligible improvement (β=4.466, t=0.888, P>0.05) when the interaction term was included in the regression model. The results did not provide evidence to support the moderation of employee competence on the relationship between organization learning and performance using growth of market share as a measure of performance.

4.9.8 Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Growth of Market Share

The third objective set to establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance. The moderating effect was tested in terms of how the effect of independent variable on dependent variable changes when a moderator is introduced. To establish the moderating effect, the following hypothesis was formulated for testing.

H_{3b}: Competitive strategies moderate the influence of organizational learning on the performance of insurance firms.

The moderating effect, in this case, was tested using stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of organizational learning on growth of market share. The second step tested the effect of predictor variables (organization learning and competitive strategies) on criterion variable (growth of market share). In the third step, an interaction term, computed as the product of standardized values for organizational learning and competitive strategies) was introduced and tested for its effect on growth of market share. Moderation is established if the effect of interaction in the third step is significant. Regression results are presented in Table 4.25.

Table 4.25: Regression Results for Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Growth of Market Share

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Organizational Learning	.295	.087	.063	15.09528
2	Organization learning Competitive Strategies	.477	.228	.186	14.07072
3	Organizational Learning, Competitive Strategies, Interaction Term	.501	.251	.189	14.04776

ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	827.010	1	827.010	3.629	.006
		Residual	8658.965	38	227.867		
		Total	9485.975	39			
2	Organizational Learning Competitive Strategies	Regression	2160.520	2	1080.260	5.456	.008
		Residual	7325.455	37	197.985		
		Total	9485.975	39			
3	Organization Learning, Competitive strategies and the interaction term	Regression	2381.751	3	793.917	4.023	.014
		Residual	7104.224	36	197.340		
		Total	9485.975	39			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.217	13.076		-.017	.987
	Organizational Learning	6.941	3.643	.295	2.905	.006
2	(Constant)	-32.234	17.342		-1.859	.071
	Organization learning	7.954	3.419	.338	2.327	.026
	Competitive Strategies	8.612	3.318	.377	2.595	.013
3	(Constant)	45.761	75.670		.605	.549
	Organizational Learning	-13.448	20.499	-.572	-.656	.516
	Competitive Strategies	-12.660	20.362	-.555	-.622	.538
	Interaction between Organization learning and competitive strategies	5.841	5.517	1.236	1.059	.297

Model 1 Predictors (Constant) Organization Learning
Model 2 Predictors: (Constant) Organization Learning, Competitive Strategies
Model 3 Predictors: (Constant) Organization Learning, Competitive Strategies, Interaction term.
Dependent Variable: Growth of Market Share

Source: Survey Data 2015

The regression results in table 4.25 are explained in this section.In step one growth of market share was regressed on organizational learning. The results indicate that organizational learning accounts for 8.7 percent of the variance in growth of market share (R^2=0.087, P<0.05). The overall model was significant (F= 3.629, P< 0.05). Further, the beta coefficients were statistically significant (β= 6.941, t= 2.905, P<0.05). This implies that one unit change in organizational learning is associated with 6.941 unit change in growth of market share. The results in the first step were significant.

The introduction of the moderator (competitive strategies), in step two, significantly improves the influence of organizational learning on growth of market share. Organization learning and competitive strategies explain 22.8 percent of the variance in growth of market share. The overall model was not statistically significant (F= 5.456, P<0.05). Similarly, the beta coefficients were statistically significant (β=7.964 t=2.327, P<0.05). The results in the second step were therefore significant.

In step 3, the interaction term was introduced in the model. All the variables, organizational learning, competitive strategies and the interaction term were entered in the regression model. The results reveal that R^2 improved from 0.228 in step 2 to 0.251 in step 3. The interaction of organizational learning and competitive strategies did not have a significant influence on Growth of market share. The overall model in step 3 indicates that the interaction was statistically significant (F=4.023, P<0.05).The beta coefficients revealed a negligible improvement (β=5.841, t=1.059, P>0.05) when the interaction term was included in the regression model. The results did not provide evidence to support the moderation of competitive strategies on the relationship between organization learning and performance using growth of market share as a measure of performance.

4.9.9 Mediation by Quality Decisions in the Relationship between Organizational Learning and Growth of Market Share

The fourth objective of the study was intended to establish whether the effect of organizational learning on firm performance is mediated by quality decisions. To establish the mediation effect, the following hypothesis was formulated for testing.

H_{4b}: The relationship between organizational learning and firm performance is mediated by quality decisions

The Baron and Kenny's path analysis was used to test this hypothesis. For mediation to be confirmed, four conditions should be fulfilled:

1. The independent variable is significantly related to the dependent variable in the absence of the mediating variable;
2. The independent variable is significantly related to the mediator variable;
3. The mediator variable is significantly related to the dependent variable;
4. When the effect of the mediating variable on the dependent variable is controlled, the effect of the independent variable on the dependent variable should not be significant. The outcome of the regression analyses yielded results that are presented in table 4.26.

Table 4.26: Regression Results for the Mediation of Quality Decisions in the Relationship between Organizational Learning and Growth of Market Share

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Organizational Learning	.295	.087	.063	15.09528
2	Organizational learning	.531	.282	.263	.72446
3	Quality Decisions	.344	.118	.095	14.83645
4	Organizational Learning and Quality Decisions	.369	.136	.089	14.88431

ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	827.010	1	827.010	3.629	.006
		Residual	8658.965	38	227.867		
		Total	9485.975	39			
2	Organizational Learning	Regression	7.847	1	7.847	14.951	.000
		Residual	19.944	38	.525		
		Total	27.791	39			
3	Quality Decisions	Regression	1121.407	1	1121.407	5.095	.030
		Residual	8364.568	38	220.120		
		Total	9485.975	39			
4	Organizational Learning and Quality Decisions	Regression	1288.899	2	644.450	2.909	.067
		Residual	8197.076	37	221.543		
		Total	9485.975	39			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.217	13.076		-.017	.987
	Organizational Learning	6.941	3.643	.295	2.905	.006
2	(Constant)	1.273	.628		2.028	.050
	Organizational learning	.676	.175	.531	3.867	.000
3	(Constant)	1.035	10.560		.098	.922
	Quality decisions	6.352	2.814	.344	2.257	.030
4	(Constant)	-6.342	13.573		-.467	.643
	Organizational Learning	3.687	4.241	.157	.869	.390
	Quality Decisions	4.812	3.333	.260	1.444	.157

Model 1 Predictors (Constant) Organizational Learning: Criterion variable Growth of Market Share
Model 2 Predictors: (Constant) Organizational Learning: Criterion variable Quality Decisions
Model 2 Predictors: (Constant) Quality Decisions: Criterion variable Growth of Market Share
Model 3 Predictors: (Constant) Organization Learning and Quality Decisions: Criterion variable Growth of Market Share

Source: Survey Data 2015

The results in Table 4.26 show, in step one, that the influence of organizational learning on growth of market share is significant (R^2=0.87, F=3.629, p<0.05; β=6.941, t=2.905, p<0.05), implying that 6.941 of a unit change in growth of market share is attributable to one unit change in organizational learning. The first mediation condition which states that the independent variable should be significantly related to the dependent variable in the absence of the mediating variable is thus satisfied.

The second step as presented in Table 4.26 indicates that the influence of organizational learning on quality decisions is significant (R^2=0.282, F=14.951,p<0.05;β=0.676, t=3.867, p<0.05), thus satisfying the second condition which states that the independent variable should be significantly related to the mediator variable. The results indicate that organizational learning accounts for 28.2% variation in quality decisions.

The third step as presented in table 4.26 revealed that the influence of quality decisions on growth of market share as a measure of firm performance was significant (R^2=0.118, F=5.095,p<0.05;β=6.352, t=2.257,p<0.05), thus satisfying the third condition which states that the mediator variable should be significantly related to the dependent variable. The results imply that quality decisions explain 11.8%of the variance in growth of market share.

The fourth step as presented in table 4.26 revealed that the influence of the independent variable (organizational learning) on the dependent variable (growth of market share) was insignificant in the presence of the mediating variable, quality decisions (R^2=0.136, F=2.909, p>0.05; β=3.687, t=0.869, p>0.05), and thus satisfying the fourth condition which states that the effect of the independent variable on the dependent variable should be insignificant in the presence of the mediating variable.

The regression results thus satisfied all the four conditions that should be met for a mediation to be confirmed. Therefore it can be concluded that the influence of organizational learning on growth of market share, as a measure of firm performance of insurance firms in Kenya is indirect (through quality decisions). Hence the hypothesis that quality decisions affect the relationship between organizational learning and growth of market share was supported.

4.9.10 The Joint Effect of Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions on Growth of Market Share

The fifth and the last objective was to establish whether the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance was different from the effect of organisational learning on firm performance. In this case growth of market share was used as a measure of firm performance. The following hypothesis was formulated and tested.

H_{5b}: The joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance is greater than the effect of organizational learning on growth of market share

The hypothesis was tested using simple linear regression analysis (for individual independent effect) and multiple regression analysis (for joint effect). In the regression model, growth of market share was the dependent variable; organizational learning, employee competencies, competitive strategies and quality decisions were predictor variables. To determine the joint effect organizational learning, employee competencies, competitive strategies and quality decisions were regressed on growth of market share. The results are presented in Table 4.27

Table 4.27: Regression Results for the Individual Effect of Organizational Learning and Joint Effect of Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions on Growth of Market Share

Model Summary							
Model		**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
1	Organizational Learning	.295	.087	.063	15.09528		
2	Joint-Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions	.584	.341	.266	13.36124		

ANOVA							
Model			**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Organizational learning	Regression	827.010	1	827.010	3.629	.006
		Residual	8658.965	38	227.867		
		Total	9485.975	39			
2	Joint-Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions	Regression	3237.675	4	809.419	4.534	.005
		Residual	6248.300	35	178.523		
		Total	9485.975	39			

Coefficients							
Model		**Unstandardized Coefficients**		**standardized Coefficients**			
		B	**Std. Error**	**Beta**	**t**	**sig**	
1	Constant	-.217	13.076		-.017	.987	
	Organizational learning	6.941	3.643	.295	2.905	.006	
2	Constant	-56.063	19.369		-2.895	.006	
	Organizational learning	2.127	4.300	.090	.495	.624	
	Employee competencies	8.805	3.808	.355	2.312	.027	
	Quality decisions	3.479	3.159	.188	1.102	.278	
	Competitive strategies	8.531	3.318	.374	2.571	.015	

Predictor: (Constant), Individual variable –Organizational learning
Predictors: (Constant), Joint Variables – organizational learning, employee competencies, competitive strategies and quality decisions.
Dependent Variable: Growth of Market Share

Source: Survey Data 2015

The regression results presented in Table 4.27 show that the influence of organizational learning on the growth of market share was significant (R^2 = 0.087, F=3.629, $p < 0.05$). Organizational learning therefore explains 8.7% of the variation in growth of market share. The F statistic show that the regression of organizational learning on growth of market share is significant, $p < 0.05$ and β is also significant (β = 6.941, t = 2.905, $p < 0.05$). This means that one unit change in organizational learning leads to 6.941 change in growth of market share.

The regression results in Table 4.27 also show that the joint influence of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance was significant (R^2=0.341, F= 4.534, $p < 0.05$). This means that jointly organizational learning, employee competencies, competitive strategies and quality decisions explain 34.1% of the variation in growth of market share. The F statistics show that the regression of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance is statistically significant at $p < 0.05$. The joint effect was higher and significant (R^2= 0.341, F= 4.534, $p<0.05$) compared to the individual effect of organizational learning on firm performance (R Square = 0.087, F=3.629, $p<0.05$). These results imply that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on growth of market share as a measure of firm performance was greater than the individual effect of organizational learning on growth of market share. The hypothesis that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on growth of market is significantly greater than the individual effect of organizational learning on the growth of market share was therefore supported.

The third series of tests of each hypothesis with the dependent variable being growth of market share, as a measure of firm performance, are presented in section 4.9.11 to 4.9.15.

4.9.11 Relationship between Organizational Learning and Overall Firm Performance

This section presents the results of the tests of hypotheses as guided by the first objective of the study and using a composite of Return of Assets and growth of market share, as a measure of firm performance. The first objective was to establish the relationship between organizational learning and firm performance. The following hypothesis was formulated for testing:

H_{1c}: Organizational learning is related to overall firm performance

This hypothesis was tested using simple linear regression analysis. Overall firm performance was regressed on organizational learning. Before testing the hypothesis a composite index for the four dimensions of organizational learning was computed to get the independent variable (organizational learning) while overall firm performance (composite of return on assets and growth of market share) constituted the measure of the dependent variable. The results of the regression analysis are presented in table 4.28.

Table 4.28: Regression Results for the Effect of Organizational Learning on Overall firm performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
Organizational Learning	.296	0.087	0.063	7.5606		
ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
Organizational Learning	Regression	207.887	1	207.887	3.637	.0064
	Residual	2172.182	38	57.163		
	Total	2380.069	39			
Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	-0.111	6.549		-0.017	0.987	
Organizational Learning	3.48	1.825	0.296	2.907	0.0064	
Dependent Variable: Overall firm performance Predictors (Constant),Organizational Learning						

Source: Survey Data 2015

The regression results in Table 4.28 indicate that 8.7 percent of the variance in overall firm performance was explained by organizational learning (R^2=0.087, F=3.637, P<0.05). 91.3 percent of the variation in overall firm performance was not explained by organizational learning. This variation is due to other factors not included in the study. This also implies that organizational learning considered alone is a weak predictor of overall firm performance.

The overall model was statistically significant (F=3.637, P<0.05). The influence of organizational learning on overall firm performance was statistically significant (β= 3.48, t= 2.907, p<0.05). This suggests that one unit change in organizational learning is associated with 1.9% change in overall firm performance. The results thus provide evidence that organizational learning influences firm performance, although in a minimal way. It further means that there are other factors that affect overall firm performance.

4.9.12 Moderating Effect of Employee Competencies on the Relationship between Organizational Learning and Overall Firm Performance

The second objective was to determine the effect of employee competencies on the relationship between organizational learning and firm performance. This involved assessing how the effect of independent variable on dependent variable changes when a moderator is introduced. To establish the moderating effect, the following hypothesis was formulated for testing.

H_{2c}: Employee competencies moderates the influence of organizational learning on overall firm performance.

This hypothesis was tested using stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of organizational learning on overall firm performance. The second step involved testing the effect of predictor variables (organization learning and employee competencies) on criterion variable (overall firm performance). In the third step, an interaction term (computed as the product of standardized values for organization learning and employee competencies) was introduced and tested for its significance on overall firm performance. Moderation is established if the effect of interaction on overall firm performance in the third step is significant. The regression results are presented in Table 4.29.

Table 4.29: Regression Results for Moderating Effect of Employee Competencies on the Relationship between Organizational Learning and Overall Firm Performance

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Organizational Learning	.296	0.087	0.063	7.5606
2	Organization Learning Employee Competencies	.385	0.148	0.102	7.40187
3	Organization Learning, Employee Competencies, Interaction term	.589	0.347	0.293	6.5682

ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	207.887	1	207.887	3.637	.0064
		Residual	2172.182	38	57.163		
		Total	2380.069	39			
2	Organization Learning Employee Competencies	Regression	352.924	2	176.462	3.221	.051
		Residual	2027.144	37	54.788		
		Total	2380.069	39			
3	Organization Learning, Employee Competencies, Interaction term	Regression	826.982	3	275.661	2.39	.061
		Residual	1553.087	36	43.141		
		Total	2380.069	39			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.111	6.549		-0.017	0.987
	Organizational Learning	3.48	1.825	0.296	2.907	0.0064
2	(Constant)	-7.663	7.915		-0.968	0.339
	Organization learning	2.152	1.964	0.183	1.096	0.28
	Employee Competencies	3.375	2.074	0.271	1.627	0.112
3	(Constant)	-7.855	7.024		-1.118	0.271
	Organizational Learning	0.148	1.845	0.013	0.08	0.936
	Employee Competencies	2.515	1.859	0.202	1.353	0.185
	Interaction term	1.007	0.304	0.493	1.315	0.202

Model 1 Predictors (Constant) Organization Learning
Model 2 Predictors: (Constant) Organization Learning and Employee Competencies
Model 3 Predictors: (Constant) Organization Learning, Employee Competencies and Interaction term.
Dependent Variable: Overall firm performance

Source: Survey Data 2015

In step one, overall firm performance was regressed on organizational learning. The results in Table 4.29 indicate that organizational learning accounts for 8.7 percent of the variance in return on assets (R^2 =0.87, P<0.05). The overall model was significant (F= 3.637, P< 0.05). Further, the beta coefficient was statistically significant (β= 3.48, t= 2.102, P<0.05). This implies that one unit change in organization learning is associated with 3.48 unit change in overall firm performance. The results in the first step were significant.

In step two, when the moderator, employee competencies, was introduced, the influence of organizational learning on overall firm performance improved. Organizational learning and employee competencies explain 14.8 percent of the variance in overall firm performance. The overall model was not statistically significant (F= 3.221, P<0.05). Similarly, the beta coefficients were not statistically significant (β=3.375, t=1.627, P>0.05). The results in the second step were not significant.

In step three, the interaction term was introduced in the regression model. All the variables, organization learning, employee competencies and the interaction term were entered into the regression model. The results revealed that R^2 improved from 0.148 in step 2 to 0.347 in step 3. The beta coefficients revealed a negligible improvement (β=1.007, t=1.315, P>0.05) when the interaction term was included in the regression model. The overall model in step 3 indicates that the interaction was not statistically significant (F=2.39, P>0.05). The results therefore did not provide evidence to support the hypothesis that employee competencies moderate the relationship between organizational learning and overall firm performance.

4.9.13 Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Overall Firm Performance

The third objective was set to establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance. The moderating effect was tested in terms of how the effect of independent variable on dependent variable changes when a moderator is introduced. To establish the moderating effect, the following hypothesis was formulated for testing.

H_{3C}: The influence of organizational learning on overall firm performance is moderated by competitive strategies.

The moderating effect was tested using stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of organizational learning on return on assets. The second step tested the effect of predictor variables (organizational learning and competitive strategies) on criterion variable (overall firm performance). In the third step, an interaction term (computed as the product of standardized values for organizational learning and competitive strategies) was introduced and tested for its effect on overall firm performance .Moderation is established if the effect of interaction in the third step is significant. Regression results are presented in Table 4.30.

Table 4.30: Regression Results for Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Overall Firm Performance

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Organizational Learning	.296	0.087	0.063	7.5606
2	Organization learning Competitive Strategies	.445a	0.198	0.154	7.18349
3	Organizational Learning, Competitive Strategies, Interaction Term	.548a	0.301	0.242	6.79948

ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	207.887	1	207.887	3.637	.0064
		Residual	2172.182	38	57.163		
		Total	2380.069	39			
2	Organizational Learning Organization learning Competitive Strategies	Regression	470.775	2	235.387	4.562	.017
		Residual	1909.294	37	51.603		
		Total	2380.069	39			
3	Organization Learning, Competitive strategies and the interaction term	Regression	715.684	3	238.561	5.16	.005
		Residual	1664.384	36	46.233		
		Total	2380.069	39			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.111	6.549		-0.017	0.987
	Organizational Learning	3.48	1.825	0.296	2.907	0.0064
2	(Constant)	-4.031	6.46		-0.624	0.536
	Organization learning	2.294	1.812	0.195	1.266	0.213
	Competitive Strategies	0.693	0.307	0.347	2.257	0.03
3	(Constant)	-14.833	7.708		-1.924	0.062
	Organizational Learning	0.295	1.922	0.025	0.154	0.879
	Competitive Strategies	4.479	1.946	0.36	2.302	0.027
	Interaction between Organization learning and competitive strategies	0.832	0.297	0.417	1.801	0.108

Model 1 Predictors (Constant) Organization Learning
Model 2 Predictors: (Constant) Organization Learning, Competitive Strategies
Model 3 Predictors: (Constant) Organization Learning, Competitive Strategies, Interaction term.
Dependent Variable: Overall firm performance

Source: Survey Data 2015

The regression results in table 4.30 are explained in this section. In step one, overall firm performance was regressed on organizational learning. The results indicate that organization learning accounts for 8.7 percent of the variance in overall firm performance (R^2=0.87, P<0.05). The overall model was significant (F= 3.637, P< 0.05). Further, the beta coefficients were statistically significant (β= 3.48, t= 2.907, P<0.05). This implies that one unit change in organizational learning is associated with 3.48 unit change in overall firm performance .The results in the first step were significant.

In step two the introduction of the moderator, competitive strategies, significantly improves the influence of organizational learning on overall firm performance .Organization Learning and competitive strategies explain 19.8 percent of the variance in overall firm performance .The overall model was statistically significant (F= 4.562, P<0.05). Similarly, the beta coefficients were statistically significant (β=0.693 t=2.257, P<0.05). The results in the second step were significant.

In step 3, the interaction term was introduced in the regression model. All the variables, organization learning, competitive strategies and the interaction term were entered in the regression model. The results reveal that R^2 improved from 0.198 in step two to 0.301 in step three. The overall model in step 3 yielded results that indicate that the interaction was statistically significant (F=5.16, P<0.05). The beta coefficients revealed a negligible improvement (β=0.832, t=0.1801, P>0.05) when the interaction term was included in the regression model. The results therefore did not provide evidence to support the moderation of competitive strategies on the relationship between organizational learning and overall firm performance.

4.9.13 Mediation by Quality Decisions in the Relationship between Organizational Learning and Overall Firm Performance

The fourth objective of the study was set to establish whether the effect of organizational learning on firm performance is mediated by quality decisions. To establish the mediation effect, the following hypothesis was formulated for testing.

H_{4c}: Quality decisions mediate the relationship between organizational learning and overall firm performance

The Baron and Kenny approach was again applied for the purpose of testing this hypothesis. Mediation is confirmed when the following four conditions are fulfilled:

1. The independent variable must be significantly related to the dependent variable in the absence of the mediating variable;
2. The independent variable must be significantly related to the mediator variable;
3. The mediator variable must be significantly related to the dependent variable;
4. When the effect of the mediating variable on the dependent variable is controlled, the effect of the independent variable on the dependent variable should not be significant. The outcome of the regression analyses yielded results that are presented in table 4.31.

Table 4.31: Regression Results for the Mediation of Quality Decisions in the Relationship between Organizational Learning and Overall Firm Performance

Model Summary

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Organizational Learning	.296	0.087	0.063	7.5606
2	Organization learning	.531	.282	.263	.72446
3	Quality Decisions	.344	0.118	0.095	7.4305
4	Organization Learning and Quality Decisions	.369	0.136	0.089	7.45435

ANOVA

Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	207.887	1	207.887	3.637	.0064
		Residual	2172.182	38	57.163		
		Total	2380.069	39			
2	Organization learning	Regression	7.847	1	7.847	14.951	.000
		Residual	19.944	38	.525		
		Total	27.791	39			
3	Quality Decisions	Regression	282.001	1	282.001	5.108	.030
		Residual	2098.068	38	55.212		
		Total	2380.069	39			
4	Organization Learning and Quality Decisions	Regression	324.077	2	162.038	3.916	.006
		Residual	2055.992	37	55.567		
		Total	2380.069	39			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.111	6.549		-0.017	0.987
	Organizational Learning	3.48	1.825	0.296	2.907	0.0064
2	(Constant)	1.273	.628		2.028	.050
	Organization learning	.676	.175	.531	3.867	.000
3	(Constant)	0.514	5.289		0.097	0.923
	Quality decisions	3.185	1.409	0.344	2.26	0.03
4	(Constant)	-3.183	6.798		-0.468	0.642
	Organizational Learning	1.848	2.124	0.157	0.87	0.39
	Quality Decisions	2.414	1.669	0.261	1.446	0.157

Model 1 Predictors (Constant) Organization Learning: Criterion variable Overall firm performance
Model 2 Predictors: (Constant) Organization Learning: Criterion variable Quality Decisions
Model 2 Predictors: (Constant) Quality Decisions: Criterion variable Overall firm performance
Model 3 Predictors: (Constant) Organization Learning and Quality Decisions: Criterion variable Overall firm performance

Source: Survey Data 2015

The results in Table 4.31show that in step one the influence of organizational learning on overall firm performance is significant (R^2=0.87, F=3.637, p<0.05; β=3.48, t=2.907, p<0.05), implying that 3.637 of the change in overall firm performance is attributable to one unit change in organizational learning. 8.7% of the variation in overall firm performance is accounted for by organizational learning. The first mediation condition which states that the independent variable should be significantly related to the dependent variable in the absence of the mediating variable is thus satisfied.

The second step as presented in Table 4.31 indicates that the influence of organizational learning on quality decisions is significant (R^2=0.284, F=14.951, p<0.05; β=0.676, t=3.867, p<0.05), thus satisfying the second condition which states that the independent variable should be significantly related to the mediator variable.

The third step as presented in table 4.31 revealed that the influence of quality decisions on overall firm performance was significant (R^2=0.118, F=5.108, p<0.05; β=3.185, t=2.26, p<0.05), thus satisfying the third condition which states that the mediator variable should be significantly related to the dependent variable.

The fourth step as presented in table 4.31 revealed that the influence of the independent variable (organizational learning) on the dependent variable (overall firm performance) was insignificant in the presence of the mediating variable, quality decisions (R^2=0.136, F=3.916, p<0.05; β=1.848, t=0.87, p>0.05), and thus satisfying the fourth condition which states that the effect of the independent variable on the dependent variable should be insignificant in the presence of the mediating variable.

The regression results thus satisfied all the four conditions that should be met for a mediation to be confirmed and therefore it can be concluded that the influence of organizational learning on performance of insurance firms in Kenya is indirect (through quality decisions). In other words, organizational learning generates quality decisions which in turn increase performance of the insurance firms. This was full mediation. Thus the hypothesis that quality decision mediates the relationship between organizational learning and overall firm performance was supported.

4.9.15 The Joint Effect of Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions on Overall Firm Performance

The fifth and the last objective was to establish whether the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance was different from the effect of organizational learning on firm performance. The following hypothesis was formulated and tested.

H_{5c}: The joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance (overall firm performance) is greater than the effect of organizational learning on firm performance (overall firm performance).

The hypothesis was tested using simple linear regression analysis (for individual independent effect) and multiple regression analysis (for joint effect). In the regression model the overall firm performance was the dependent variable; organizational learning, employee competencies, competitive strategies and quality decisions were predictor variables. To determine the joint effect organizational learning, employee competencies, competitive strategies and quality decisions were regressed on overall firm performance. The results are presented in Table 4.32.

Table 4.32: Regression Results for the Individual Effect of Organizational Learning and Joint Effect of Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions on Overall Firm Performance

Model Summary							
Model		**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
1	Organizational Learning	.296	0.087	0.063	7.5606		
2	Joint-Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions	.584	0.342	0.266	6.69136		
ANOVA							
Model			**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Organizational learning	Regression	207.887	1	207.88	3.637	.006
		Residual	2172.182	38	57.163		
		Total	2380.069	39			
2	Joint-Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions	Regression	812.966	4	203.24	4.539	.005
		Residual	1567.103	35	44.774		
		Total	2380.069	39			
Coefficients							
Model		**Unstandardized Coefficients**		**standardized Coefficients**			
		B	**Std. Error**	**Beta**	**t**	**sig**	
1	Constant	-0.111	6.549		-0.017	0.987	-0.111
	Organizational learning	3.48	1.825	0.296	2.907	0.006	3.48
2	Constant	-28.087	9.7		-2.896	0.006	
	Organizational learning	1.067	2.154	0.091	0.495	0.623	
	Employee competencies	4.41	1.907	0.355	2.312	0.027	
	Quality decisions	1.746	1.582	0.189	1.104	0.277	
	Competitive strategies	4.274	1.662	0.374	2.572	0.015	

Predictor: (Constant), Individual variable – Organizational learning
Predictors: (Constant), Joint Variables – organizational learning, employee competencies, competitive strategies and quality decisions.
Dependent Variable: Overall firm performance

Source: Survey Data 2015

The regression results presented in Table 4.32 show that the influence of organizational learning on overall firm performance was significant (R^2=0.87, F=3.637,p<0.05;β=3.48, t=2.907,p<0.05), implying that 3.637 of the change in overall firm performance is attributable to one unit change in organizational learning. 8.7% of the variation in overall firm performance is accounted for by organizational learning.

A separate test was done for the joint influence of organizational learning, employee competencies, competitive strategies and quality decisions on overall firm performance. The regression results in Table 4.31 show that the joint influence of organizational learning, employee competencies, competitive strategies and quality decisions on overall firm performance was significant (R^2 =0.342, F= 4.539, p < 0.05). This means that jointly organizational learning, employee competencies, competitive strategies and quality decisions explain 34.2% of variation in overall firm performance. The F ratio shows that the regression of organizational learning, employee competencies, competitive strategies and quality decisions on organizational learning, employee competencies, competitive strategies, and quality is statistically significant at p < 0.05. The joint effect was higher and significant (R^2=0.342, F=4.539, p < 0.05) compared to the individual effect of organizational learning on firm performance (R^2=0.87, F=3.637, p<0.05). These results imply that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions when regressed on overall firm performance was greater than the individual effect of organizational learning when regressed on overall firm performance .The hypothesis that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on organizational learning, employee competencies, competitive strategies and quality is significantly greater than the individual predictor variable (organizational learning) on the organizational learning, employee competencies, competitive strategies and quality was supported.

4.10 Discussion of the Research Findings

This section discusses the results obtained from the data analysis. The results are discussed in line with the objectives and the conceptual hypotheses of the study. From a review of the existing literature on the variables in the study as well as the relationship between variables, a conceptual framework was developed. The relationship between the variables was outlined by the conceptual model which described how the variables are linked in the various hypotheses. In this section, results of the study are discussed in comparison with theory and with other empirical results from previous studies. Confirmatory patterns with theory and previous empirical results, inconsistencies or emerging archetypes from the findings are also discussed.

4.10.1 The Relationship between Organizational Learning and Firm Performance

The first objective of the study was to establish the relationship between organizational learning and performance of firms in the insurance industry in Kenya. The study indicated that organizational learning is positively related to firm's performance. The study, also, indicated that to a great extent insurance firms adopt practices showing that firms recognize that organizational learning is a strategy to help improve performance by being able to cope with changes in the environment. The majority of the respondents indicated that to a great extent the insurance firms in which they are employed adopted practices related to intuiting, interpreting, integrating and to a moderate extent institutionalization. The four main processes through which organizational learning occurs namely intuiting, interpreting, integrating and institutionalizing were identified by Crossan, Lane and White (1999). These processes can be said to exist to a great extent in insurance firms in Kenya as revealed by the study. The study used return on assets, growth of market share and overall firm performance (combination of both return on assets and growth of market share) as measures of firm performance. It was possible to obtain return on assets and market share of each firm from the respondents and from Association of Kenya Insurers. These are common measures of performance in the industry hence were found to be suitable measures to use. These are acceptable measures of performance and are included in the measures of performance specified by Kaplan and Norton (1992).

The study hypothesised that organizational learning is positively related to firm performance ($H_{1a,b,c}$). The study found that there is a positive relationship between organizational learning and firm performance in all the cases of return on assets, growth of market share and overall firm performance .Findings indicate that 10.4 percent of variance in return on assets was explained by organizational learning, 8.7 percent of variance in growth of market share was explained by organizational learning and 8.7 percent of variance in overall firm performance was explained by organizational learning.The results revealed a positive and statistically significant relationship between organizational learning and firm performance using either measure applied in this study as well as the composite of the two. The hypothesis was therefore adopted. Organizational learning was thus found to be a significant predictor of both returns on assets and growth of market share. The results imply that 89.6 percent of the variation in return on assets and 91.3 percent of the variation in growth of market share are explained by other factors that are also important in determining performance. The findings of this study are in line with the resource based view that pointed out the importance of building internal capability as a key source of sustained superior performance (Barney, 1991).

Firms in the insurance industry operate in a volatile environment with intense competition and have to constantly seek to learn and maintain superior knowledge to ensure they can serve their market in a way that assures them of increasing and satisfied market share. To a great extent, the firms in the insurance industry in Kenya recognize that organization learning is a strategy they need to apply (3.74 grand mean). The firms seek to continuously increase their competence and also ensure they are ready to adapt to changes in their dynamic environment in good time to stay ahead of competition. The finding of this study, that organizational learning exists in insurance firms in Kenya and influences firm performance, is in line with the resource-based view which pointed out the importance of building internal capability as a key source of sustained superior performance (Barney, 1991). Wernerfelt (1984) specified that the resource-based view is a basis for building superior capability by applying valuable intangible and tangible resources including among others capabilities, organizational processes, information and

knowledge that the firm applies to improve its performance by becoming more efficient and effective. According to Barney (1991), majority of these are resources that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness.

The findings agree with the knowledge-based view which emphasises the need to build unique knowledge inventories as a way to ensure competitive advantage and enhanced performance. According to the knowledge-based view firms seeking to gain competitive advantage should seek to be ahead of others in obtaining unique knowledge (Hoskisson, 1999). Nonaka and Toyama (2003) in their study on knowledge creation referred to learning as a way of firms creating new and unique boundaries that position the organization at an advantageous level. Their finding supports the positioning school. This study confirms the application by insurance firms in Kenya of learning as a tool to position the firms at a competitive position. The findings also agree with the dynamic capability theory which specifies that it is necessary to build capability through continuous learning to enable firms to quickly respond to changes in the environment (Teece et al., 1997).

The findings of the study are also consistent with the study by Njuguna (2009) who also found that organizational learning has a positive effect on organizational performance. Njuguna (2009) studied the effect of interactive relationship between organization learning, intellectual capital and the performance of small and medium enterprises in Kenya. Ambula (2015) in studying learning organizations, knowledge management, employee outcomes and performance of large manufacturing firms also found, like in this study, that firms viewed firm performance both in terms of financial and non-financial performance and that learning was applied by large manufacturing firms in Kenya to build a competitive edge and maintain superior performance. The study established, like in this study, that the aspect of learning in organizations led to positive change in both financial and non-financial measures of firm performance. The study, however, aggregated a number of measures used to measure performance in the large manufacturing firms to arrive at the figure of financial performance as well as separately the figure of non-financial performance.

The results of the study are also in line with findings by Ellinger et al. (2002) that indicated a positive relationship between organizational learning and financial performance of US manufacturing firms. The study by Ellinger et al. (2002) focused on the relationship between organizational learning and both perceptual and objective measures of financial performance. Similarly, the current study assessed the relationship between organizational learning and a measure of financial performance, return on assets, of insurance firms in Kenya as well as market share.This study, however, considered return on assets as a measure of financial performance while market share was used as a measure of non-financial performance, these being the more recognized measures as observed in the AKI annual reports on the performance of insurance firms. Odoyo (2014) who carried out a study on organizational learning in insurance firms in Kenya as well as Nzioka (2011) who carried out his study on organizational learning in commercial banks in Kenya established, like in this study, that organizational learning is a predictor of firm performance. They both established the existence of practices aimed at timely response to the environmental changes with a view to maintaining superior performance.The most important finding of a study on Croatian firms by Hernaus, Skelravaj, and Dimovski (2008), which agrees with the findings of this study, is the empirical evidence about existence of strong, statistically significant, positive relationship between organizational learning and organizational performance.

4.10.2 The Moderating Effect of Employee Competencies on the Relationships between Organizational Learning and Firm Performance

The second objective of the study was to establish the moderating effect of employee competencies on the relationship between organizational learning and firm performance. A majority of the respondents indicated that to a great extent the firms in which they work in the insurance industry adopt practices that develop or enhance employee competencies. This is evident from the grand mean obtained in this study of 3.85 for the employee competencies subscale. Firms are aware that employees are the ones who work to enable the firm to get the results. Good performance requires strong competencies in the employees. To get the desired level of performance, firms seek employees that have the necessary competencies required in their positions. The findings are in agreement

with the statement by Hitt et al. (2001) who wrote that a firm's employees are a source of sustained competitive advantage and need to have their competencies developed to maintain superior performance. When employees competencies are well developed, their performance is expected to improve and desired results may be achieved (Green, 1999). The findings in this study that majority of the firms in the insurance industry recognize that employee competencies are critical in ensuring superior performance are in line with the statement by Green (1999).

It was hypothesized ($H_{2a,b,c}$) that the relationship between organizational learning and firm performance is moderated by employee competencies. The study showed that the introduction of the employee competencies significantly improves the influence of organizational learning on firm performance when using return on assets, growth of market and overall firm performance. However, the results did not provide evidence to support the moderation of employee competencies on the relationship between organization learning and firm performance when using return on assets, growth of market share and overall firm performance. The findings of this study agree with the writings of Sanchez (1995) that the dynamic environment in which firms operate today makes it inevitable that they ensure continuous learning and employee competencies to be able to cope and ignoring the importance of organizational learning can only be at the peril of a firm. In an industry with stiff competition, the employees, therefore, need to continuously and quickly learn to be able to act in a way that will positively influence performance (Teece et al., 1997). Although this study highlights the importance firms in the insurance industry give to employee competencies, it does not, however, confirm employee competencies as a moderating variable in the relationship between organizational learning and firm performance. Further post hoc tests carried out confirmed that employee competencies have a direct and positive relationship with firm performance in each case when using return on assets, growth of market share and the overall firm performance.

The resource-based view specifies that it is necessary to select appropriate resources including capable of adapting to the dynamic environment in good time. The resources based view, therefore, agrees on the need for employees to have critical competencies and this can be enhanced by learning. Employees should have the capability to take quick and accurate decisions for timely response to environmental changes. The findings agree with the dynamic capability theory and the resource-based view on the importance of employee competencies, as internal resources, in enhancing firm performance. Employees should be receptive to learning that builds the capability to help the overall achievement of better performance by a firm. The study indicates that the insurance industry seeks to engage employees who have minimum competencies to enable them to perform their tasks and also engage employees who have the ability to learn. To a large extent, staff are encouraged by being given freedom to learn and acquire knowledge regarding the tasks they perform. These are evident from the measures of central tendency which for all the subscales of employee competency are above 3.8. The findings support the dynamic capability theory, which emphasises resource development and renewal to facilitate timely decisions to act appropriately to ensure superior performance is achieved and maintained (Teece et al., 1997). Firms take step to ensure employee competencies are well developed since they know that this is a key resource in enhancing firm performance and outpacing competitors both in terms of return on assets and growth of market share. The firms in the insurance industry in Kenya are owned as businesses and are privately owned. Such firms have a motive of increasing their returns and in the face of stiff competition will seek to engage resources including superior employee competencies to do better than competitors and to meet the standard expected by regulators.

Ollila (1994) and Goh (2003) in their studies found that firms, with a view to achieving strategic business objectives, take steps for employees to learn new skills, continually be innovative and build their competencies. These findings are in line with the findings in this study that firms in the insurance industry in Kenya take steps to ensure employee competencies with a view to influencing firm performance. Carley and Behrens (1999) in their study found that organizational learning is related to employee competencies.

However he also found that as to whether organizational learning leads to decisions that may be of a quality that is beneficial to a firm depends on whether employees have the competencies that facilitate them to accept and utilise new information, have it diffuse among them so that they take decisions and act in a manner that is well informed. Where individuals have a culture that does not allow continuous learning and diffusion of information then employee competencies may not influence firm performance. Carley and Behren (1999) therefore help to explain the circumstance where employee competencies may not moderate the relationship between organizational learning and performance. This suggests the possible existence of other factors which when absent employee competencies may not have a moderating effect on the relationship between organizational learning and firm performance, for example, the culture that does not allow diffusion of information. Like in this study, Lai and Kapstad (2009) in their study established the existence of a direct relationship between employee competencies and firm performance. In a bid to minimize learning costs firms may seek to engage employees who already possess certain predetermined competencies that may lead to enhanced firm performance.

4.10.3 The Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Firm Performance

The third objective was to establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance. The response by majority of the respondents indicated that insurance firms in the industry conform to key generic strategies and apply cost leadership, differentiation and market focus. The findings of this study confirm what was revealed by a number of authors, including Pearce, Robinson and Mital (2007); Porters (1980); Ansoff (1987); Treacy and Wiersema (1995); and Grant (1987), who previously also referred to cost leadership, differentiation and market focus as key competitive strategies that a firm should adopt. The common aspect of the strategies suggested by the authors is the importance of cost leadership, differentiation and market focus as strategies that may be applied to acquire and maintain superior performance. This study shows that to a large extent firms in the insurance industry in Kenya apply cost leadership (mean 3.9), differentiation (mean 3.7) and market

focus (mean 3.5) as competitive strategies. These are key strategies that can help a firm to remain competitive and outpace competition in an industry marred with competition and where the product is imitable. Firms continuously seek for ways to make their products appear better by differentiation and convincing potential clients that their products are the best. The majority of insurance firms in Kenya operate at a national level (18 out of 40) while a significant number also operate at regional level within East Africa (16 out of 40). This implies that majority of the firms are still at a level where their scope only allows them to compete in the Kenyan market and this means that the level of competition is high requiring a careful and well-informed choice of strategies. The firms, therefore, have to continuously learn to outpace the competition.

Firms seek to minimise costs since this is an aspect that is within their control and they can find innovative ways of getting better output at a less cost. It is important for firms in the insurance industry to look for markets they can serve best, that they can convince they are the best and also that can be loyal given the imitability of their products. Whatever steps one takes can easily be adapted by another. The study confirms that firms in the insurance industry in Kenya to a large extent apply all the competitive strategies. This implies that the firms are open to applying all or any of the strategies, cost leadership, differentiation and market focus. They thus conform to the advice provided by Kaplan and Norton (1996) who suggested that for firms to maintain superior performance in a dynamic environment depends on how well they respond to the changes in the environment by adopting the appropriate competitive strategy. The firms in the insurance industry in Kenya have to continuously seek to learn what is in the environment and choose appropriate strategies.

The study hypothesized ($H_{3a,b,c}$) that there is a moderating effect of competitive strategies on the relationship between organizational learning and firm performance, The study showed that the introduction of the competitive strategies, significantly improved the influence of organizational learning on firm performance when using return on assets, growth of market share and overall firm performance . Although this study highlights the importance firms in the insurance industry give to competitive strategies and that they

apply cost leadership, differentiation and market focus, it does not however confirm competitive strategies as a moderating variable in the relationship between organizational learning and firm performance when return on assets growth of market share and overall firm performance.

The findings of this study are in line with the resource-based theory which emphasizes the critical importance of internal resources for sustainable superior performance. A firm has to build the internal capacity to continuously cope with any changes to ensure it maintains superior performance. Competitive strategy is one of the internal resources that a firm must apply in a set up with intense competition to outpace competitors. Being in a dynamic industry with competition among firms dealing with imitable products, a firm needs to be very well informed about the environment in which they operate and the steps to take. There is, therefore, need for continuous learning. The knowledge-based view also agrees with the finding of this study. It specifies that a firm's unique knowledge about routines, processes and required materials, demand of the market are critical to superior performance (Grant, 1991).

The findings are in line with those of Mintzberg (1987) who in his study established a positive and direct relationship between competitive strategy and organisational performance. Bavarsad, Rahimi, and Seyfi (2014) confirmed in their study that organizational learning is positively related to firm performance. However like in this study, their study did not support the moderating effect of competitive strategy in the relationship between organizational learning and firm performance. In their study, however, the rejection was only in the case of using differentiation strategy as the competitive strategy. A study by Sagwa and Kembu (2015), as in this study, found that generic strategies have a positive effect on performance. Their study also established that it is also possible to choose different generic strategies depending on which one is appropriate at various times to maintain superior performance.

4.10.4 The Mediating Effect of Quality Decisions on the Relationship between Organizational Learning and Firm Performance

The fourth objective of the study was to establish whether the relationship between organizational learning and firm performance is mediated by quality decisions. The study indicated that to a great extent firms in the insurance industry value quality decisions and take steps to ensure decisions are taken after careful analysis of possible alternatives, considering all factors that should inform the decisions taken and involving persons who are competent to make the decisions. The insurance industry in Kenya is influenced by many forces that will determine how well a firm will perform. These include a market that is affected by tendencies for inflation; a large part of the population having low incomes which influence their perception about insurance; intense competition in a market where products are imitable, regulation from the government, AKI, and IRA.

The product the insurance firms offer is one where a good part of the population still needs to be convinced to set aside funds to take insurance cover unless it is mandatory as in the case of insurance for vehicles. The insurance firms, therefore, deal with the need to be innovative and convincing. Organizational learning is, therefore, inevitable. Timely and good decisions are also important in this market, where the product is homogenous and continuous effort to differentiate is imperative. However, the dynamic environmental set up in which the factors both within and external to the firm may affect performance means that there is continuous need to examine all factors that need to be known before decisions are taken so that the decisions made are optimal and can yield good results. The respondents indicated that steps are taken to gather all the information required to be considered in order to make the best decisions and choose the best alternative course of action. Rogers and Blenko (2006) contend that making good decisions means being clear about which decisions really matter at any given time.

The study hypothesized that the relationship between organizational learning and firm performance is moderated by quality decision ($H_{4a,b,c}$). The Baron and Kenny approach in testing for mediation was used and the hypothesis was confirmed. All the conditions that were to be met for a mediation relationship to be considered as existing were satisfied when using return on assets, growth of market share and overall firm

performance as dependent variables and therefore it was concluded that quality decisions have a mediating effect on the relationship between organizational learning and firm performance. It is important that as organizational learning takes place quality decisions are also made that may lead to enhanced performance. Even if organizational learning takes place, if suboptimal decisions are made it may not lead to good performance levels.

Very fast changes and complexity in the unpredictable environment may introduce many variables not planned for and time may be required to learn them and how to respond to them. The findings of this study agree with the resource-based perspective which according to Barley (1991) argues that firm performance is a function of how well managers make well-informed decisions around resources that are value adding. With the dynamic environment in which firms in the insurance industry in Kenya operate it is important that continuous learning and empowerment to make quality decisions is prioritized to sustain superior performance. While the resources based view encourages building internal capability, the knowledge-based view agrees that what is learnt has to be continuously differentiated based on changes in order to lead to sustained performance and decisions that lead to improved performance. The findings in this study are in agreement with these views. Making good decisions requires getting the right people in terms of skills and competencies focused on those decisions at the right time (Rogers & Blenko 2006).

Ollila (1994) and Munjuri (2013) in their studies each established that superior performance is a factor of good quality decisions. Their findings agree with the findings of this study. Munjuri (2013) found that quality decision had an intervening role in the relationship between human capital and firm performance. However, organisational learning was only one aspect of building human capital and Munjuri (2013) findings, therefore, differ from the findings of this study. The existence of strong, statistically significant and positive relationship was also found in Croatian companies in a study by Hernaus, Skerlavaj, and Dimovski (2008). While the findings in that study are similar to those of this study on the relationship between organizational learning and firm performance, they did not establish the role of any intervening variables. This could

account for the difference in the two studies. The context in which the two studies were carried out also differs. Hernaus, Skerlavaj, and Dimovski (2008) carried out the study on 202 firms across various sectors in Croatia while this study focused on the firms in the insurance industry in Kenya.

4.10.5 The Difference between the Joint Effect of Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions on Firm Performance and the Effect of each Organizational Learning on Firm Performance

The fifth objective sought to establish the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance and the effect of organizational learning on firm performance. It is important to look at all variables requiring attention and how each of the variables impact on firm performance. Porter (1980) indicated that strategy is about the firm creating a market position whereby it can defend itself from competitive forces and that it can then influence the forces in a way that places it at an advantage position compared to its competitors. The results showed that all the insurance firms in Kenya are privately owned. These are run as businesses and seek to make a return for the stakeholders and to satisfy the required performance levels acceptable to the regulatory authorities. The firms face competition as they seek to garner a sufficient market share to that may make them get the desired returns. The firms in the insurance industry were found to a great extent to take steps to practice organizational learning; take steps to ensure employee competencies and to apply competitive strategies including cost leadership, differentiation and market focus. These firms have to make sure they manage well these resources which as internal resources are within their control to manage as appropriate to enable them to cope with the ever-changing complex and unpredictable environment in which they operate. The findings confirm the assertion by Grant (1991) that firms' resources and capabilities take on greater importance when the external environment dynamic and unpredictable.

The study hypothesized ($H_{5a,b,c}$) that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance is greater than the individual effect of organizational learning on firm performance.The results of the tests carried out supported the hypothesis. These results showed that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions when regressed on firm performance was greater than the individual effect of organizational learning when regressed on firm performance, in all the cases of using return on assets, market share and overall firm performance . Not only one variable is referred to as predictors of good performance, meaning a firm has to consider multiple internal resources that need to be given attention within the ability of the firm to institute to enhance performance. This perspective specifies that firm performance is a function of how well managers build their organizations around resources that are valuable, rare, inimitable, and lack substitutes (Barney, 1991).

Insurance firms deal in products that are imitable and they, therefore, have to seek ways in which they can differentiate themselves from competitors to remain competitive and maintain superior performance. They need to outperform competitors by continuous learning and all levels of the organization, ensure employees competencies and timely decisions to take advantage of arising opportunities and timely respond to edge against threats. The firms have to take on the most appropriate strategies that they can apply to have an edge of over competitors and other effects of the external environment. A combination of these resources that are internal to the firms and within their power to apply can put the firms at superior levels of performance. The findings of this study agree with Hatch and Dyer (2004) and Hitt et al., (2001) who specified that internal resources produce competitive advantage because they can be made unique and enable firms to take steps to differentiate their product.

The dynamic capability theory recognizes that there may exist circumstances with multiple unexpected factors in the environment that may affect the relationships previously found to exist and firms need to continuously build their capability to predict and deal with issues, applying a combination of appropriate resources that may help to

positively affect performance, the ultimate goal (Helfat et al., 2007). This theory supports the findings of this study which shows the better effect on performance when a number of variables are applied than when a single variable is applied on its own.

The findings of this study are in line with the resource-based theory which emphasizes the critical importance of internal resources for sustainable competitive advantage and hence superior performance. Firms have more control over internal resources and would best use these resources at their disposal to ensure superior performance. Teece et al (1997) wrote on the dynamic capability theory and defines dynamic capability as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments." He introduced the need to develop the capability to respond quickly to the changes in both the internal and external environment and recognized the multiplicity of variables that come together to influence superior performance.

The Organizational Development Theory (ODT) focuses on the need for aligning organizations with their rapidly changing and complex environments through organizational learning, knowledge management and transformation of organizational norms and values (Cummings, 2004). Like in this study, the theory concurs that multiple factors have to be considered together besides organizational learning for a good performance to be achieved. Game Theory advises that for each decision alternative possible options are generated and the best alternative is selected (Myerson, 1991). Game Theory gives a systematically structured view and specifies that successful players cannot restrict the variables they consider to perform well and have to continuously seek which other variables come to play jointly with others for the best next results to be obtained (McMillan, 1992).

Organizational learning is concerned with developing new organizational knowledge with the purpose of enhancing organizational performance. Organizational learning is a shared collection of principles, facts, skills and rules which inform organizational decision making, behavior and actions are developed from the knowledge of individuals

in the organizations (Stonehouse & Pemberton, 2000). Superior knowledge, if appropriately managed, should create superior performance within a context where all other factors that come to play for the knowledge to create superior performance are well managed (Stonehouse & Pemberton 1999).

4.11 Overall Summary

Table 4.33 outlines the objectives, corresponding hypotheses that guided the study, the results and remarks on hypotheses. Linear and multiple regression analyses statistical tools were used to analyze the data as appropriate.

Table 4.33: Summary of the Objectives, Hypotheses, Hypotheses Testing and Findings

Objective	Hypotheses	Performance Measure	Results	Remarks on hypotheses
To establish the relationship between organizational learning and firm performance	Organizational learning is positively related to firm performance	Return on Assets	R^2=0.104, p<0.05; F=4.418; β=0.007; t=2.102, p<0.05	Supported
		Growth of Market Share	R^2=0.087, P<0.05, β= 6.941, t= 2.905, p<0.05,F=3.629, P<0.05	Supported
		Overall Firm Performance	R^2=0.087, F=3.637, P<0.05, β= 3.48, t= 2.907, p<0.05	Supported
To determine the moderating effect of employee competencies on the relationship between organizational learning and firm performance,	There is a moderating effect of employee competencies on the relationship between organizational learning and firm performance	Return on Assets	R^2=0.128 F=1.759, P>0.05 β=0.006, t=0.448, P>0.05	Not supported
		Growth of Market share	R^2=0.168 F=2.396, P>0. β=4.466, t=0.888, P>0.05	Not supported
		Overall firm performance	R^2=0.347; P>0.05 β=1.007, t=1.315 (F=2.39, P>0.05	Not supported.

Objective	Hypotheses	Performance Measure	Results	Remarks on hypotheses
To establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance,	There is a moderating effect of competitive strategies on the relationship between organizational learning and firm performance	Return on Assets	R^2=0.201 F=3.012, P<0.05 β=0.003, t=0.185, P>0.05	Not Supported
		Growth of Market Share	R^2=0.251 F=4.023, P<0.05 β=5.841, t=1.059, P>0.05	Not supported
		Overall firm performance	R^2=0.301, F=5.16, P<0.05, β=0.832, t=0.1801, P>0.05	Not supported
To establish whether the effect of organizational learning on firm performance is mediated by quality decisions and	The relationship between organizational learning and firm performance is mediated by quality decisions.	Return on Assets	R^2=179 F=4.418 β=0.009, p>0.05	Supported
		Growth of Market Share	R^2=.136 F=2.909 β=3.687, p>0.05	Supported
To Establish the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance and the effect of organizational learning on firm performance.	The joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance is greater than the effect of organizational learning on firm performance	Return on Assets	Combined effects: R^2=.278, F=3.37, p<0.05.	Supported
		Growth of Market Share	R^2=0.341, F= 4.534, p<0.05	Supported
		Overall firm performance	(R^2=0.342, F=4.539, p < 0.05	Supported

Source: Author, 2016

4.12 Further Analysis

After the tests failed to support the hypotheses that competitive strategies and employee competencies are moderators in the relationship between organizational learning and firm performance, the study further tested for the direct relationship between competitive strategies and employee competencies and firm performance. The further tests were first done using return on assets, growth of market share and overall firm performance as a measure of firm performance.

4.12.1 Influence of Employee Competencies on Return on Assets

The direct effect of employee competencies on return on assets was tested using simple linear regression analysis. Employee Competencies were regressed against return on asset and the results are presented in table 4.34.

Table 4.34: Results for Employee Competencies Regressed on Return on Assets

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
Employee Competencies	.687	.471	.457	.0287900		
Model		Sum of Squares	df	Mean Square	F	Sig.
Employee Competencies	Regression	.028	1	.028	33.878	.000
	Residual	.031	38	.001		
	Total	.060	39			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		-.011	.013		-.845	.403
Employee Competencies		.007	.001	.687	5.820	.000
Independent variable: Employee Competencies Dependent Variable: Return on Assets						

Source: Survey Data 2015

The regression results in Table 4.34 indicate that 47.1 percent of the variance in return on assetswas explained by employee competencies (R^2=0.471, F=33.878 P<0.05). The overall model was statistically significant (F=33.878, P<0.05). Suggesting model fit indicates that the influence of employee competencies on return on assetswas statistically significant (β= 0.007, t= 5.820, p<0.05). This suggests that one unit change in employee competencies is associated with 0.7% change in return on assets. Therefore employee competencies has a significant influence on return on assets, has a direct relationship with return on assets as a measure of firm performance and is an independent variable.

4.12.2 Influence of Competitive Strategies on Return on Asset

The direct effect of competitive strategies on return on assetswas tested using simple linear regression analysis. Competitive strategies were regressed against return on asset and the results presented in table 4.35.

Table 4.35: Results for Competitive Strategies Regressed on Return on Assets

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
Competitive strategies		.585	.342	.325	.0321217	
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Competitive strategies	Regression	.020	1	.020	19.741	.000
	Residual	.039	38	.001		
	Total	.060	39			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		-.007	.016		-.437	.664
Competitive strategies		.006	.001	.585	4.443	.000
Independent variable: Competitive strategies Dependent Variable: Return on Assets						

Source: Survey Data 2015

The regression results in Table 4.35 indicate that 34.2 percent of the variance in return on assetswas explained by competitive strategies (R^2=0.342, F=19.741 P<0.05). The overall model was statistically significant (F=19.741, P<0.05). Suggesting model fit indicates that the influence of competitive strategies on return on assetswas statistically significant (β= 0.006, t= 4.443, p<0.05). This suggests that one unit change in competitive strategies is associated with 0.6% change in return on assets. Therefore competitive strategies has a significant influence on return on assets, has a direct relationship with return on assets as a measure of firm performance and is an independent variable.

4.12.3 Influence of Employee Competencies on Growth of Market Share

The direct effect of employee competencieson growth of market share was tested using simple linear regression analysis. Employee competencies were regressed against growth of market share and the results presented in table 4.36.

Table 4.36: Results for Employee Competencies Regressed on Growth of Market Share

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
Employee Competencies		.554	.307	.289	13.14898	
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Employee Competencies	Regression	2915.935	1	2915.935	16.865	.000
	Residual	6570.040	38	172.896		
	Total	9485.975	39			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		.951	6.048		.157	.876
Employee Competencies		2.263	.551	.554	4.107	.000
Independent variable: Employee Competencies Dependent Variable: Market share						

Source: Survey Data 2015

The regression results in Table 4.36 indicate that 30.7 percent of the variance in growth of market share was explained by employee competencies (R^2=0.307, F=16.865 P<0.05). The overall model was statistically significant (F=16.865, P<0.05). Suggesting model fit indicates that the influence of employee competencieson growth of market share was statistically significant (β= 2.263, t= 4.107, p<0.05). This suggests that one unit change in employee competenciesis associated with 22.63% change in growth of market share. Therefore employee competencieshas a significant influence on growth of market share, has a direct relationship with growth of market share as a measure of firm performance and is an independent variable.

4.12.4 Influence of Competitive Strategies on Growth of Market share

The direct effect of competitive strategieson growth of market share was tested using simple linear regression analysis. Competitive strategieswere regressed against growth of market share and the results presented in table 4.37.

Table 4.37: Results for Competitive Strategies Regressed on Growth of Market Share

Model Summary						
Model		R		R Square	Adjusted R Square	Std. Error of the Estimate
Competitive strategies		.403		.162	.140	14.45966
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Organizatio n strategies	Regression	1540.868	1	1540.868	7.370	.010
	Residual	7945.107	38	209.082		
	Total	9485.975	39			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		5.498	7.285		.755	.455
Competitive strategies		1.606	.592	.403	2.715	.010
Independent variable: Competitive strategies Dependent Variable: Market share						

Source: Survey Data 2015

The regression results in Table 4.37 indicate that 16.2 percent of the variance in market share was explained by competitive strategies (R^2=0.162, F=7.370 P<0.05). The overall model was statistically significant (F=7.370, P<0.05). Suggesting model fit indicates that the influence of competitive strategieson growth ofmarket share was statistically significant (β= 1.606, t= 2.715, p<0.05). This suggests that one unit change in competitive strategiesis associated with 16.06% change in growth of market share. Therefore competitive strategieshas a significant influence on growth of market share, has a direct relationship with growth of market share as a measure of firm performance and is an independent variable.

4.12.5 Influence of Employee Competencies on Overall Firm Performance

The direct effect of employee competencies on return on assets was tested using simple linear regression analysis. Employee Competencies were regressed against overall firm performance and the results are presented in table 4.38.

Table 4.38: Results for Employee Competencies Regressed on Composite Firm Performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
Employee Competencies	.347a	0.121	0.098	7.42134		
Model		Sum of Squares	df	Mean Square	F	Sig.
Employee Competencies	Regression	287.171	1	287.171	5.214	.028
	Residual	2092.898	38	55.076		
	Total	2380.069	39			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		-3.495	6.959		-0.502	0.618
Employee Competencies		4.32	1.892	0.347	2.283	0.028
Independent variable: Employee Competencies Dependent Variable: Return on Assets						

Source: Survey Data 2015

The regression results in Table 4.38 indicate that 12.1 percent of the variance in overall firm performance was explained by employee competencies (R^2=0.121, F=5.214, P<0.05). The overall model was statistically significant (F=5.214, P<0.05). Suggesting model fit indicates that the influence of employee competencies overall firm performance was statistically significant (β=4.32, t= 2.283, p<0.028). This suggests that one unit change in employee competencies is associated with 4.32 units change overall firm performance. Therefore employee competencies has a significant influence on overall firm performance, has a direct relationship with the overall firm performance and is an independent variable.

4.12.6 Influence of Competitive Strategies on Overall firm performance

The direct effect of competitive strategies on return on assetswas tested using simple linear regression analysis. Competitive strategies were regressed against return on asset and the results presented in table 4.39.

Table 4.39: Results for Competitive Strategies Regressed on Overall Firm Performance

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
Competitive strategies		.339	0.115	0.092	7.44598	
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Competitive strategies	Regression	273.25	1	273.25	4.929	.032
	Residual	2106.819	38	55.443		
	Total	2380.069	39			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		-0.623	5.881		-0.106	0.916
Competitive strategies		3.873	1.745	0.339	2.22	0.032
Independent variable: Competitive strategies Dependent Variable: Return on Assets						

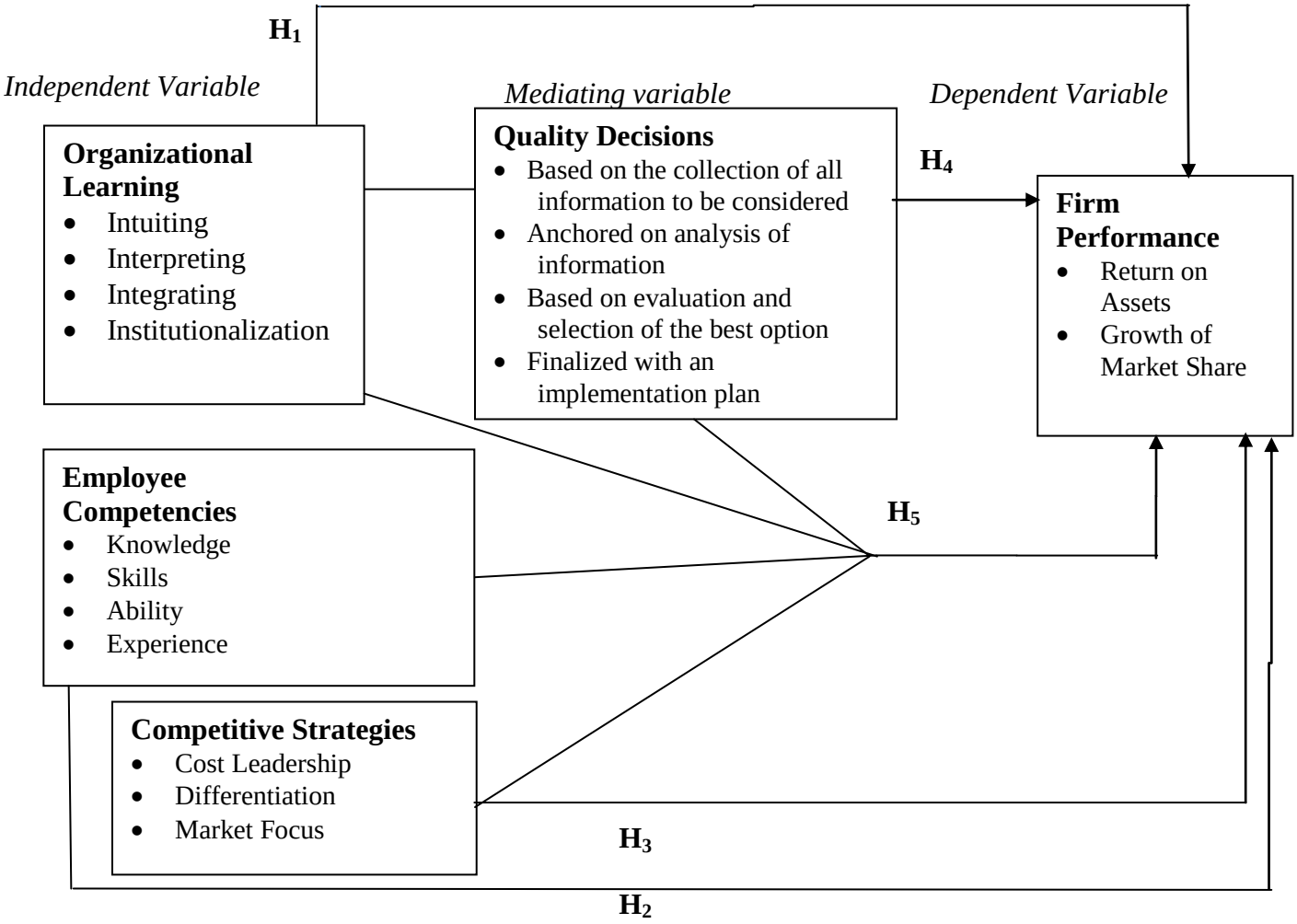
Source: Survey Data 2015

The regression results in Table 4.40 indicate that 11.5 percent of the variance in overall firm performance was explained by competitive strategies (R^2=0.115, F=4.929 P<0.05). The overall model was statistically significant (F=4.929, P<0.05). Suggesting model fit indicates that the influence of competitive strategies on overall firm performance was statistically significant (β=3.873, t= 2.22, p<0.05). This suggests that one unit change in competitive strategies is associated with 3.473 unit change in overall firm performance. Therefore competitive strategies has a significant influence on overall firm performance, has a direct relationship with growth of market share as a measure of firm performance and is an independent variable.

4.13 Revised Conceptual Framework

Based on the findings in all the analyses above a new conceptual frame work was developed as seen below in Figure 4.3.

Figure 4.2: Revised Conceptual Model



Source: Author 2016: Developed from this Research

Having a competent workforce with the right level of decision-making ability may enhance firm performance when employees are willing to share the knowledge and skills that they possess with other co-workers and managers as a culture. This may contribute to high-quality decisions. The study found that the influence of quality decisions on both return on assets and growth of market share, the measures of firm performance used, was

statistically significant. Therefore it can be inferred that as organizational learning increases, quality decisions are made and firm performance increases too. A firm's ability to learn in a timely way and take appropriate decisions is an important source of sustained competitive advantage (Hitt et al., 2001). Investments in organizational learning may increase employee's ability to make appropriate and timely quality decisions in response to the changes in the environment and this may help in sustaining superior results (Black & Lynch, 1996; Pfeffer, 1998). There is a positive and moderate relationship between human capital and quality of decisions. Organizations make better decisions when those involved in decision-making have the right knowledge, skills and competencies and are able to study the industry and the environment in which it operates thus contributing to high-quality decisions. Existing literature also links quality of decisions to competencies possessed by the decision makers. Rogers and Blenko (2006) contend that making good decisions requires getting the right people.

The study found that quality decisions significantly influences firm performance both in the case of return on assets and market share. Rogers and Blenko (2006) found that high-performing organizations are those that are decision-driven organizations, built for effective decision-making and execution. Employee competencies and competitive strategies, when included into the model, resulted in an increased positive effect on the relationship between organizational learning and firm performance although they were not confirmed as moderators in the relationship. The test results confirmed a mediation effect of quality decisions. The conclusion was that the influence of organizational learning on firm performance is mediated by quality decisions.

Contributions by appropriate employee competencies and competitive strategies are believed to have a significant impact on the firm performance although not as moderators to the relationship between organizational learning and firm performance. Employee competencies and competitive strategies have a direct effect on firm performance as revealed by further tests carried out. Employees with the relevant knowledge, skills and other competencies are encouraged to learn and share information through both formal and informal systems that can increase the potential for better performance (Knack &

Keefer, 1997). The study also found that the joint effect of organizational learning, quality decisions, employee competencies and quality of decisions on firm performance was greater than the individual effects of organizational learning on firm performance. These suggest the importance of all the variables in the study in the relationship they have with firm performance both in the case of return on assets, growth of market share and overall firm performance which are important measures in the insurance industry in Kenya.

4.14 Chapter Summary

This chapter presented findings regarding statistical assumptions and demographic characteristics of respondents and firms that participated in the study. It also presented descriptive statistics of study variables based on frequencies, percentages, mean scores and standard deviation. The overall results for organizational learning was 3.74, employee competencies 4.11, Quality decisions 3.82 and competitive strategies. This implies that the respondents were in agreement concerning the implementation of study variables in their organizations. The results of tests of hypotheses and discussion of findings are also presented. Results indicate that organization learning has a significant influence on both return on assets and growth of market share.

The moderating effect of employee competencies and competitive strategies on the relationship between organization learning and return on assets, growth of market share and overall firm performance were not supported. However further tests revealed that both employee competencies and competitive strategies have a direct and significant effect on firm performance. The study provided sufficient evidence to support the mediating effect of quality decisions on the relationship between organization learning and return on assets, growth of market share and overall firm performance. The study also confirmed the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on return on assets, growth of the market and overall firm performance is significantly greater than the individual predictor variable (organization learning).

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter is a summary of major findings of the study, conclusions and recommendations. The structure of the chapter is guided by the research objectives and hypotheses. An attempt is made to relate the results to the objectives of the study and hypotheses. This is followed by the main limitations of the study and recommendations for further research as well as policy and practice.

5.2 Summary of the Findings

The main purpose of this study was to empirically establish the role of employee competencies, quality decisions and competitive strategies in the relationship between organizational learning and performance of insurance firms in Kenya. The data for the study was collected from 45 insurance firms in Kenya using a structured self-administered questionnaire. Majority of the respondents who took part in the study, on behalf of their firms, were business development managers. The other respondents included marketing executives, senior underwriters and finance managers. These managers' positions in their respective firms were at the strategic and policy making levels, hence their suitability for this study.

All the firms that participated in this study are privately owned. 47.5% are wholly owned by Kenyan investors, 10% are fully foreign owned while 42.5% are jointly owned by Kenyan and foreign investors.45% of the firms operate only in Kenya, 40% have presence in East Africa, 12.5% are in all regions of Africa, while only 2.5% operate globally. This implies the existence of intense competition among the firms, given that the insurance industry products are imitable. 67.5% of the firms have 100 to 400 employees, 25% have less than 100 while the rest have over 400 employees. This means that of all the firm's 75% have more than 100 employees.

95% of the insurance firms in Kenya offer general insurance. 47.5% of the firms offer general insurance alone while another 47.5% offer general insurance along with other forms of insurance cover in various combinations (27.5% offer general insurance, life insurance and medical insurance; 15% offer general insurance and life insurance while 5% offer general insurance and medical insurance). 5% of the insurance firms offer only life insurance cover. This pattern where most of the firms prefer to deal in general insurance could be accounted for by the fact that some of the services offered under this such as motor insurance are compulsory and may therefore have a larger market for insurance firms. It is mandatory in Kenya that all motor vehicle owners have to take at least third party insurance cover. It is, therefore, easier to expand the market share for general insurance where there are more potential customers than for life insurance cover. The East African market is one where people still need to be convinced about the necessity of insurance cover when they have limited incomes and operate in a dynamic environment where inflation rates also tend to be high and unpredictable. This could account for the low percentage of firms (5%) that offer life insurance cover, which is not compulsory and for which the market may be limited. The rest of the summary below is anchored on the research objectives.

5.2.1 Relationship between Organizational Learning and Firm Performance

The first objective of the study was to establish the relationship between organizational learning and firm performance.From this first objective it was hypothesized that organizational learning is positively related to firm performance. Simple linear regression analysis was used to test this hypothesis. Organizational learning was separately regressed on return on assets and on growth of market share as measures of firm performance. The results revealed a positive relationship with 10.7 percent variation in return on assets being explained by organizational learning (R^2=0.107) while 8.7 percent variation in growth of market share was accounted for by organizational learning (R^2=0.087). Organizational learning also accounted for 8.7 percent variation in the overall firm performance. There was a notable distinction between the financial measure (return on assets) and non-financial performance measure (growth of market share) used in this study. Organizational learning was a better predictor ofreturn on assets than both

growth of market share and the overall firm performance. The findings showed that organizational learning has a positive and statistically significant effect on firm performance. The study supported the first hypothesis, ($H_{1a,b,,c}$), of the study that states that organizational learning is related to firm performance.

5.2.2 Moderating Effect of Employee Competencies on the Relationship between Organizational Learning and Firm Performance

The second objective of the study aimed at determining the moderating effect of employee competencies on the relationship between organizational learning and firm performance.Hypothesis two ($H_{2a,b,c}$) was generated from this objective. It stated that "the relationship between organizational learning and firm performance is moderated by employee competencies."

The Baron and Kenny's path analysis (stepwise regression) for testing for moderation was employed to confirm whether the relationship between organizational learning and firm performance is moderated by employee competencies. While it was found that organizational learning accounts for 10.4 percent of the variation in return on assets, the introduction of the moderator, employee competencies, significantly improved the influence of organizational learning onreturn on assets. Organizational learning and employee competencies explained 12.3 percent of the variance in return on assets. However, when the interaction term was introduced to the regression along with organizational learning and employee competencies, the interaction between organizational learning and employee competencies did not have a significant influence on return on assets. The hypothesis, on the moderating effect of employee competencies on the relationship between organizational learning and firm performance, was therefore not confirmed with return on assets as the dependent variable. Further tests however revealed that there is a positive and direct relationship between employee competencies and return on assets.

The findings of the study further revealed that 8.7 percent of the variance in growth of market share is explained by organizational learning. The introduction of the moderator, employee competencies, significantly improved the influence of organizational learning on growth of market share. Organizational learning and employee competencies explained 14.8 percent of the variance in growth of market share. It was observed that the interaction of organization learning and employee competencies did not have a significant influence on growth of market share, since it was not statistically significant. The results did not provide evidence to support the moderation of employee competencies on the relationship between organizational learning and firm performance using growth of market share as a measure of firm performance. The hypothesis that the relationship between organizational learning and firm performance is moderated by employee competencies was therefore not supported. Further tests revealed that there is a positive and direct relationship between employee competencies and growth of market share.

When the overall firm performance was used as the independent variable the study revealed that 8.7 percent of the variance in the overall firm performance is explained by organizational learning. The introduction of the moderator, employee competencies, significantly improved the influence of organizational learning on the overall firm performance. Organizational learning and employee competencies explained 14.8 percent of the variance in the overall firm performance. It was observed that the interaction of organization learning and employee competencies did not have a significant influence on the overall firm performance, since it was not statistically significant. The results did not provide evidence to support the moderation of employee competencies on the relationship between organizational learning and firm performance using the overall firm performance as the independent variable. The hypothesis that the relationship between organizational learning and firm performance is moderated by employee competencies was therefore not supported. Post hoc tests revealed that there is a positive and direct relationship between employee competencies and overall firm performance.

5.2.3 Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Firm Performance

The third objective was intended to establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance.This objective gave rise to hypothesis three ($H_{3a,b,c}$) which predicted that the relationship between organizational learning and firm performance is moderated by competitive strategies. Stepwise regression analysis was used to test his hypothesis. First the tests were applied using return on assets, secondly using growth of market share and thirdly the overall firm performance (combining return on assets and growth of market share) as independent variables.

The study found that while organizational learning individually accounted for 10.4 percent of the variation in return on assets, the introduction of the moderator, competitive strategies, significantly improvedthe variance in return on assets explained from 10.4% to 20%. Further to this, interaction term was introduced in the regression equation along with organizational learning and competitive strategies. However, interaction between organizational learning and competitive strategies did not have a significant influence on return on assets. The hypothesized moderating effect of competitive strategies on the relationship between organizational learning and return on assets as a measure of firm performance was thus not confirmed. Further tests revealed that there is a positive and direct relationship between competitive strategies and return on assets.

It was also found that while 8.7 percent of the variance in growth of market share as a measure of firm performance was explained by organizational learning, the introduction of the moderator, competitive strategies, significantly improved the influence of organizational learning on growth of market share. Organizational learning and competitive strategies explained 22.8 percent of the variance in growth of market share. The interaction between organization learning and competitive strategies did not have a significant influence on growth of market share. The results did not provide evidence to support the moderating effect of competitive strategies on the relationship between organization learning and firm performance using growth of market share as a measure of

performance. The hypothesis ($H_{3a,b,c}$) that the relationship between organizational learning and firm performance is moderated by competitive strategies was therefore not confirmed. When further tests were conducted it was found that there is a positive and direct relationship between competitive strategies and growth of market share.

When the overall firm performance was used as the independent variable the study revealed that 8.7 percent of the variance in the overall firm performance is explained by organizational learning. The introduction of the moderator, competitive strategies, significantly improved the influence of organizational learning on the overall firm performance. Organizational learning and competitive strategies explained 14.8 percent of the variance in the overall firm performance. It was observed that the interaction of organization learning and competitive strategies did not have a significant influence on the overall firm performance, since it was not statistically significant. The results did not provide evidence to support the moderation of competitive strategies on the relationship between organizational learning and firm performance using the overall firm performance as the independent variable. The hypothesis that the relationship between organizational learning and firm performance is moderated by competitive strategies was therefore not supported. Post hoc tests revealed that there is a positive and direct relationship between employee competencies and overall firm performance.

5.2.4 Mediation of Quality Decisions in the Relationship between Organizational Learning and FirmPerformance

The fourth objective aimed at establishing whether the effect of organizational learning on firm performance is mediated by quality decisions.Based on this objective, hypothesis four ($H_{4a,b,c}$) was formulated which predicted that the relationship between organizational learning and firm performance is mediated by quality decisions.

The Baron and Kenny's path analysis for testing mediation was employed in this analysis, first using return on assets and second using growth of market share as measures of firm performance. The influence of organizational learning on return on assets was significant. Organizational learning explained 10.4% change in return on assets. The influence of organizational learning on quality decisions was also significant and

organizational learning explained 28.2% change in quality decisions. The effect of quality decisions on return on assets was equally significant as shown by 16.2% of the change in return on assets attributable to quality decisions. Organizational learning and quality decisions together account for 17.9% of the change in return on assets. The effect of the organizational learning (independent variable) on return on assets was insignificant in the presence of quality decisions (a mediator) as required for mediation to be confirmed. Hence the fourth hypothesis which states that the relationship between organizational learning and firm performance is mediated by quality decisions was supported when using return on assets as the measure of firm performance.

The influence of organizational learning on growth of market share as a measure of firm performance was significant. Organizational learning explained 8.7% of change in growth of market share as a measure of firm performance. The influence of organizational learning on quality decisions was likewise significant with organizational learning explaining 28.2% change in quality decisions. The influence of quality decisions on growth of market share was also significant. Quality decisions explained 11.8% change of growth of market share. Organizational learning and quality decisions together account for 13.6% of the change of growth of market share.

The effect of the organizational learning on the growth of market share was insignificant in the presence of quality decisions as is required for mediation to be confirmed. All the four conditions required for a mediation to exist were met. The hypothesis which states that the rrelationship between organizational learning and firm performance is mediated by quality decisions was supported when using the measures of firm performance applied in this study, return on assets and growth of market share and the overall firm performance .It is clear from the foregoing that the influence of organizational learning on firm performance of insurance firms in Kenya is significant and is mediated by quality decisions.

The influence of organizational learning on the overall firm performance was significant. Organizational learning explained 8.7% of change in growth of market share as a measure of firm performance. The influence of organizational learning on quality decisions was likewise significant with organizational learning explaining 28.4% change

in quality decisions. The influence of quality decisions on the overall firm performance was also significant. Quality decisions explained 11.8% change of growth of market share. Organizational learning and quality decisions together accounted for 13.6% of the change of overall firm performance.

The effect of the organizational learning on the overall firm performance was insignificant in the presence of quality decisions as is required for mediation to be confirmed. All the four conditions required for a mediation to exist were met. The hypothesis which states that therelationship between organizational learning and firm performance is mediated by quality decisions was supported when using the overall firm performance as the dependent variable.

The fourth hypothesis ($H_{4a,b,c}$) which states that therelationship between organizational learning and firm performance is mediated by quality decisions was supported when using the measures of firm performance applied in this study, return on assets and growth of market share and the overall firm performance . It is clear from the foregoing that the influence of organizational learning on firm performance of insurance firms in Kenya is not direct but is mediated but quality decisions.

5.2.5 The Joint Effect of Organizational Learning, Employee Competencies, Competitive Strategies and Quality Decisions on the Performance of Insurance Firms in Kenya

The fifth and the last objective was to establish the difference between the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance and the individual effect of organizational learning on firm performance. From this objective, it was hypothesized that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance is greater than the effect of organizational learning on firm performance. Simple linear regression analysis was used for an individual independent effect of organizational learning on firm performance, while multiple regression analysis was performed to test the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance.

Results of the tests showed that organizational learning explained 10.4% of the change in return on assets, which is significant. Organizational learning, employee competencies, competitive strategies and quality decisions explain 27.8% of the change in return on assets, which was also significant. Further analysis using growth of market share as the dependent variable revealed that organizational learning explained 8.7% of the change in growth of market share and the relationship was significant. Organizational learning, employee competencies, competitive strategies and quality decisions jointly explain 34.1% of the change in growth of market share and the relationship was significant. The findings of the current study indicate that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance is greater than the individual effect of organizational learning on return on assets, growth of market share and when the overall firm performance (composite of return on assets and growth of market share) is used as a measure of firm performance.

5.3 Conclusion

The main purpose of this study was to empirically establish the role of employee competencies, quality decisions and competitive strategies in the relationship between organizational learning and performance of insurance firms in Kenya. The results showed that organizational learning has a positive and statistically significant effect on both return on assets and growth of the market share. From the forgoing, it can be concluded that the higher the level of acquisition and sharing of relevant information by employees the higher the firm's performance. A firm's improvement in performance is related to the amount of relevant information it is able to acquire and utilize to inform actions that lead to superior performance. A grand mean of 3.74 was obtained implying that the insurance firms to a great extent recognize that organizational learning as a strategy for adaptation is key in order to maintain adaptability and flexibility, and hence superior performance in the volatile sector in which the insurance industry operates.

It was found that the relationship between organizational learning and firm performance is not moderated by employee competencies. The results did not provide sufficient statistically significant evidence to signify a moderation relationship both when using return on assets and in market share as measures of firm performance. When the results

did not confirm employee competencies to be a moderator in the relationship between organizational learning and firm performance further tests were carried out which showed that employee competencies has a positive and statistically significant direct effect on firm performance both when using return on assets and growth of market share as a dependent variable. It can be concluded that firms attach much value to employee competencies since these contribute directly to how well a firm will perform. To a great extent firms value employee competencies (mean 3.83) and seek to ensure employees have the right competencies to enable them to perform to the desired standards. Firms therefore have to ensure employee's capacity is built and opportunity is provided for then to learn and develop competencies that can lead to superior performance. It is indeed employees who facilitate the culture of learning and sharing of information so that the capacity of the organization to have sustained superior performance is maintained.

The results did not provide sufficient statistically significant evidence to signify a moderating effect of competitive strategies in the relationship between organizational learning and firm performance (when using separately return on assets, growth of the market share and the overall firm performance as dependent variables). When the results did not confirm competitive strategies to be a moderator in the relationship between organizational learning and firm performance further tests were carried out which showed that competitive strategies has a positive and statistically significant direct effect on firm performance when using return on assets, growth of market share and when using the overall firm performance as the dependent variable.

In light of the above, it is concluded that the firms in the insurance industry adopt competitive strategies with a view to ensuring they lead to enhanced performance and are keen to determine the best strategy to apply to sustain superior performance. With a grand mean of 3.82, it is noted that insurance firms in the country conform to key generic competitive strategies which firms can employ including cost leadership, differentiation and market focus. Firms in the insurance industry to a great extent apply all these three generic strategies and this is expected because it is a market where there is stiff

competition. Firm adopt cost leadership, differentiation and market focus according to which combination of the strategies is the most appropriate at any one time in this volatile market where it is easy to lose market share to competitors and regulators require given minimum levels of performance for the firms to be allowed to continue operating.

The results showed that the effect of organizational learning on firm performance is mediated by quality decisions, both when using return on assets and growth of the market share as measures of firm performance. The results of tests provided sufficient statistical evidence in support of a mediation model. It is the quality of decisions a firm takes that may lead to sustained superior performance. Even when organizational learning takes place performance can only be enhanced in a sustained manner if quality decision are taken and actions are based on them. If organizational learning took place and timely decisions or suboptimal decisions are made it would be difficult to have sustained superior performance.

In the intense competition in the insurance industry and the dynamic environment in which insurance firms operate it is important that appropriate and timely decisions are taken to respond to the prevailing conditions. A grand mean of 3.82 indicates that firms in the insurance industry in Kenya engage in practices that lead to quality decisions. It is evident that firms take all steps possible to facilitate quality decisions including collecting all facts, using the right people with the right competence and building the capacity of employees to for the appropriate and relevant decisions to be made. The firms invest in organizational learning so that decision makers across all levels of the organization eliminate mistakes in decisions taken as they have to ensure they consistently maintain a standard of performance agreeable to stake holders such as the customers, shareholders, regulatory authorities and the government.

The results revealed that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions on firm performance is greater than the individual effect of organizational learning on firm performance. From the foregoing it can be concluded that there is clear synergy that can lead to better and

sustained superior performance if firms adequately adopt practices that ensure organizational learning, quality decisions, adequate employee competencies and appropriate competitive strategies are all in place. Firms have to continuously seek to learn and be well informed on the critical factors in the dynamic environment in which they operate to facilitate their correct engagement of the variables revealed by this study as failure to be well informed may make the firm perform at a lower than the optimum possible level. With the coming in of all the variables in the study the impact on firm performance is higher both when the independent variable, firm performance is return on assets or growth of market share. Firms that manage to integrate and uphold the model for organizational learning, quality decisions, employee competencies and competitive strategies to the highest level stand to have positive impact on performance in comparison to the industry average.

5.4 Contribution to Knowledge

This study contributes to understanding the relationship between organizational learning and firm performance and the variables that come into play to influence the relationship. It establishes the role of employee competencies, competitive strategies and quality decisions in the relationship between organizational learning and firm performance where firm performance in the study is regarded as return on assets and growth of market share. The findings of the study confirm the findings of the previous studies that have found significant relationship between organizational learning and firm performance. The study confirms the theoretical claims by De Geus (1988) that organizational learning leads to improved performance. Argyris and Scon (1996) found in their study that organizational learning is an essential element in the survival of firms in the volatile business environment while this study provides empirical evidence of the same, in a developing country context in the insurance industry which is operates in a volatile and dynamic environment. Njuguna (2008), who carried out his study in the small and medium enterprises in the manufacturing sector in Kenya, established that organizational learning enhances firm performance. The study confirms that in the insurance industry in Kenya organizational learning is practiced and has a positive effect on firm performance.

Previous studies focused on examining factors affecting the relationship between organization between organizational learning and firm performance. Kaplan (2014) found that innovating has a moderating role in the relationship between organizational learning and firm performance while Tuan (2013) determined that individual learning and competitor link have a positive effect on firm performance. However the current study adds to existing knowledge by confirming quality decisions as a mediator in the relationship between organizational learning and firm performance and the study is based in the insurance industry in Kenya. It also established employee competencies and competitive strategies as not having a moderating role in the relationship between organizational learning and firm performance, but rather as having a direct relationship with firm performance. This study brings out these interrelationships not explored before.

This study brings out an increased understanding that the joint effect of the study variables is greater than the individual effects. This study has contributed to existing knowledge by empirically establishing that the joint effect of organizational learning, employee competencies, competitive strategies and quality decisions in the relationship between organizational learning and firm performance is greater than the individual effect of organizational learning on firm performance. No other study known to the researcher has attempted to do this. Most of the previous studies related to the variables in this study have been done in the developed country context, hence the findings of these studies may not be applicable to organizations in developing countries in which this study is done.

5.5 Implications of the Findings and Recommendations

Empirical research on the relationship between organizational learning and firm performance and the role of quality decisions, employee competencies and competitive strategies in the relationship had not been done prior to the present study. Literature suggests a possible existence of relationships between these variables. This study was therefore set to address this gap by determining whether or not the effect of organizational learning on firm performance is not direct but rather is through quality

decisions, and further whether employee competencies and competitive strategies have moderating effect on the relationship between organizational learning and firm performance. The findings of this study have a number of implications for theory, practice and policy.

5.5.1 Theoretical Implications

This study makes a contribution by confirming organizational learning, an internal resource, as positively related to firm performance and further adds the finding that quality decisions mediate that relationship. It adds to provisions of the resource based theory which provides the setting within which the value-adding internal resources can be manipulated and relationships that are established can be analyzed so that they are managed in a manner that leads to superior performance, the ultimate goal of firms (Barney, 1991). This study also identifies the joint effect of organizational learning, quality decisions, employee competencies and competitive strategies, which are internal resources, as accounting for a higher percentage of firm performance than the individual effect of organizational learning.

The findings agree with Wright et al. (2001) who specified that synergistic effect rather than a set of independent practices leads to competitive advantage. The resource based theory advises on the need for firms to engage in identify internal resources that when well managed will lead to superior performance. The combination of resources on which such superior performance are based are valuable, rare, inimitable, and non-substitutable (Barney, 1991).This study concurs with the resource-based theory when it establishes that firms in the insurance industry to a great extent engage in organizational learning, practices that lead to quality decisions, ensuring employee competencies and take steps to adopt competitive strategies. The study confirms that there is value in adopting jointly the resources namely organizational learning, quality decisions, employee competencies and competitive strategies to lead to superior performance better than the effect or only organizational learning on firm performance.

The Knowledge-Based View (KBV), on which this study is also anchored, advises on the need for a continuous gathering of knowledge and managing the knowledge to inform actions and decisions that can give rise to a superior performance (Grant, 1991). The study agrees with the KBV when it establishes that organizational learning exists in insurance firms in Kenya and that it has a positive and significant relationship with firm performance. The study supports the knowledge-based view as it establishes that quality decisions is a mediating variable in the relationship between organizational learning and firm performance. In the stepwise regression when quality decisions was brought into the relationship where organizational learning was present the effect of the two on form performance was much higher.

The dynamic capability theory emphasizes the need for an organization to build the potential of internal resources in order to cope with and adapt to the complex, ever changing environment. This study suggests that to a great extent firms in the insurance industry, which is known to exhibit a complex and ever changing environment, adopt organizational learning, quality decisions, employee competencies and competitive strategies. This study demonstrates that when all these variables are jointly applied the impact on firm performance is better. This study thus identifies these internal resources which firms need to seek to apply to respond appropriately to have the capability to respond to the dynamic environment. This is indeed the first study in Kenya that examines the joint roles of employee competencies, quality decisions and competitive strategies that come into play in the relationship between organizational learning and firm performance.

The study is also anchored on Game theory which advises that for each decision, alternative possible options are generated and the best alternative is selected (Myerson, 1991). The study has revealed the relative importance firms in the insurance industry place upon the aspect of making good well-informed decisions based on well-informed analysis of possible options. Game Theory specifies that successful players cannot restrict the variables they consider to perform well but have to continuously seek which other variables come to play jointly with others for the best next results to be obtained (McMillan, 1992). This study makes a contribution by demonstrating the synergy created

to positively impact of firm performance when the best decisions are taken in the presence where organizational learning exist along with employee competencies and appropriate competitive strategies. It would be imperative for firms to embrace organizational learning as a way of building the capacity of employees to make optimal decisions that can lead to superior performance both in terms of return on assets and growth of market share.

5.5.2 Implications on Practice

The study revealed that organizational learning has a significant influence on firm performance both when using return on assets and growth of market share as the dependent variable. Managers in the insurance industry sector can apply the findings of this study to develop internal capacity to work towards superior firm performance. Firms must embrace organizational learning as a key resources and this study can be used to demonstrate that it would be worth spending resources to engage in organizational learning. The study further demonstrates that quality decisions mediate the relationship between organizational learning and firm performance. Managers in the insurance industry also need to adopt practices that can ensure that as organizational learning takes place decisions are made that can have positive effect on performance. The insurance industry in Kenya is one where there is stiff competition and due care must be taken to ensure the firms are as informed as possible and decisions made are those that are timely and good can lead to superior performance.

The study noted that employee competencies have positive and significant relationship with firm performance. Employee competencies are an internal resource and it is when employees have the right competencies that they can work in a manner that can lead to superior firm performance. The findings of this study indicate to managers that a firm can operate at a level superior to competitors by investing in enhancing the competencies of employees to be able to work at much higher standards and respond more effectively changes in the environment. In the current era of competition insurance firms should hold unique employee competencies as a basis for competitive edge as these are underlying characteristics of a person that have causal relationship with superior performance.

The study identified that competitive strategies have a positive and significant relationship with firm performance. The study showed that insurance firms in Kenya to a great extent adopt cost leadership, differentiation and market focus strategy. Managers have to study the environment to know the best combination of strategies to adopt at any time as failure to manage competitive strategies appropriately may have a negative impact on firm performance. There is need for firms to focus on cost leadership by a continuous examination of processes to determine how more and better products can be supplied at lower costs since with the lowering of costs a firm's return on assets can be higher. Firms need continuously seek for ways of differentiating their products and showing that they are superior to those of competitors with a view to getting more sales and better returns. A firm needs to use market focus strategy to enjoy a high degree of customer loyalty, and this entrenched loyalty may help sustain the sales levels and hence firm performance.

The study concluded that when the variables organizational learning, quality decisions, employee competencies and competitive strategies are jointly applied the effect on firm performance is higher than the individual effect of organizational learning on the same. While from the means it is evident that to a great extent these variables exist in insurance firms in Kenya, managers of insurance firms have to seek to continuously learn how best to apply a combination of these variables in a manner that responds best to environmental changes and ensures performance levels are not affected. To reap higher performance levels these study shows that managers have to apply and manage well these value adding variables at the same time.

The stiff competition in the industry in which insurance firms operate as well as the dynamic environment in which firms have to strive to survive while seeking to maintain superior performance. There is a need to continuously learn and embrace organizational learning. It is inevitable, however, to examine the factors including employee competency, quality decisions and appropriate competitive strategies that have to be well managed and the role they play to lead to superior firm performance. The insurance

industry has expanded quickly over the years. As more firms come into this industry, each firm will need to guard itself against being the one that losses to the new firms coming in. This study acts as a guide to variables that the firms should start by giving due attention to ensure they are well managed.

By integrating an individual's knowledge with a shared organizational memory, the synergistic effect of this accumulated knowledge can build exponentially rather than linearly. This cumulative knowledge and improved ability to spot new, and relevant knowledge can help a firm spot emerging consumer, competitor, supplier, and technology trends among other important environmental factors. In addition, within the organization, as individuals learn and share what they have learned, they must use the collected knowledge synergistically, along with quality decisions, while at the same time ensuring that employees have the right competencies to deliver on expectations and that the most appropriate competitive strategies are applied. This study shows stakeholders that they have to be willing to invest in these value adding internal resources if they are to get optimal levels of returns.

This study reveals relationships between key variables that firms in the insurance industry would find interesting and may want to explore further. Firm performance is keyin this sector where firms may not be tolerated by stakeholders, including regulatory authorities if they are not performing to the required standards. As a matter of practice they should continuously engage in exploring the best way as well as what aspects to manage in the value adding resources identified by this study in order to enhance performance

5.5.3 Policy Implications

This study established that organizational learning has a positive relationship with firm performance and it is therefore important that firms establish clear policy on how organizational learning is to be managed to ensure it can makes sustained contribution to firm performance. To ensure organizational learning positively impacts on performance in a sustained way it would be important for insurance firms to set up policies that define what is learnt, when, at what cost, using what modalities, how what is learned is passed on among staff in the organization.

Employee competency also has a positive relationship with firm performance. The firms in the insurance therefore need to focus on policies that will facilitate organizational learning and hence improve performance. Managers have to ensure they have policies defining the right employee competencies that should be found in a candidate as well as the process to be followed before employment, since it has been found that employee competencies impact on firm performance. Managers should also make policies to guide setting aside resources, including time, for development of competencies that are identified as required in employees which can lead to superior performance.

Managers need to adopt policies that ensure the right competitive strategies are applied and that guide on flexibility required to ensure change in the combination of strategies when necessary to ensure sustained superior performance. Competitive strategies was identified in the study as having a direct positive relationship with firm performance. To a great extent insurance firms in Kenya adopt competitive strategies and apply cost leadership, differentiation as well as market focus. The firms also need to have a clear policy to guide on how cost leadership, differentiation and market focus are to be applied to ensure they yield optimum effect on firm performance.

To ensure the best decisions alternatives are selected managers need to make policies that guide how decisions are made and who is involved to ensure consistently quality decisions are made that can lead to sustained superior performance. This study indicates that quality decisions mediates the relationship between organizational learning and firm performance. Policies should be made that ensure that as organizational learning takes place the quality of decisions is enhanced. As shown in the study quality decisions have a positive effect on firm performance. The effect is even higher when quality decisions is present as a mediator in the relationship between organizational learning and firm performance.

The study seeks to show policy makers the synergistic effect on firm performance of jointly applying organizational learning, quality decisions, employee competencies and competitive strategies. This enables managers to know which variables they need to

formulate clear policy guidelines about. Regulators such as IRA and AKI can know from the findings of this study these variables that add most value to firms in the insurance industry and their relationships. They can focus their guidance towards building the capacity of firms to manage these variables well. They can also make regulations that are informed by the findings of this study.

The Government of Kenya views the insurance industry as a source of savings that would help provide investment that facilitate achievement of development plans as specified in The Kenya Vision 2030 Plan. Hence the findings of this study would be of interest to the government which is keen on the returns in the insurance industry growing. The government, informed by the results of this study should adopt policies should be adopted that facilitate more return on assets, for example, an enabling tax environment to leave firms with resources to carry out more organizational learning, apply competitive strategies and build employee competencies. The government needs to be concerned about enabling the firms in the insurance industry to exploit and utilize all factors indicated in this study that would facilitate good performance and survival of insurance firms.

5.6 Limitations of the Study

The study had some limitations. The study did not attain 100% response rate. One of the reasons for this is that the insurance industry, which falls in the financial services sector and in which there is intense competition, considers some information secret and have to be strategically guarded. They were therefore not willing to divulge some information requested in the questionnaire. There were also cases where some firms indicated that it was not within their policy to share information from their firms and even attempts to appeal to the Chief Executive Officers to contribute to learning and the promise to share the results of the study did not yield their response to the questionnaires. The firms felt that if they divulged their strategy it would leak to other firms in the insurance industry which is ridden with intense competition. There were also cases where clearly other work was prioritized over the filling of the questionnaires and so despite several visits and failed appointments the researcher got to a point where it was no longer viable to

pursue the remaining questionnaires as those obtained so far were sufficient to proceed. All these contributed to less than 100 % response rate. A good number of the organizations (88.89%) responded to the questionnaire in full and the study was able to proceed. Should the firms have all provided their responses it is possible that there could have been other useful information that the limited number of questionnaires may not have revealed.

The questions that asked the respondents to rate a statement based on a Likert scale required the opinion of respondents on behalf of their firms. There was one respondent per firm who was considered the most appropriate to respond to the questionnaire but this could introduce the possibility of subjectivity and personal opinion. If a number of respondents were considered across various ranks for each responding firm, probably new dimensions would have been realized in the results. In the study, the possibility of bias was contained by having the CEO assign the person whose portfolio allowed him or her to give the most representative responses.

The fact that the study was cross-sectional meant that the findings relate to a specific time period. This could lead to the possibility that the results could be different during different time periods in the dynamic environmental set up in the insurance firms operate. The context in which the insurance industry in Kenya operated at the time of the study may not necessarily be generalized for different contexts affected by varying conditions, for example, varying cultural orientations or economic conditions.

Despite the above limitations, the quality of the study was not compromised. The study has immensely contributed to additional knowledge, especially in the area of moderating and intervening variables in the relationship between organizational learning and firm performance.

5.7 Suggestions for Future Research

In this section, suggestions for further research in areas related to this study are given. In future, it is recommended that research be done to address the limitations of the current study. This study only considered the firms in the insurance industry. Future researchers could consider carrying out a similar study in a different sector or sectors to assess any variation in responses. It would be interesting to explore how the results obtained when the methods applied in this study are applied in other contexts for example in other countries at higher or lower stages of development. It would be worthwhile establishing the extent to which the findings of this study are generalizable to other industries, sectors or settings.

Future researchers could also introduce different variables other than organizational learning, employee competencies, quality of decisions and competitive strategies and test for moderation or mediating effect of such variables on the relationship between organizational learning and firm performance. Studies using other additional variables, such as organizational structure, as moderators or mediators can be carried out to gain further insights into the relationship between organizational learning and firm performance.

Longitudinal studies should be carried out. The current study is cross-sectional. Since it is recommended to have continuous learning, a longitudinal study will show whether the findings vary over time. It could also reveal how organizational learning affects performance as environmental changes take place over time. It could also reveal how organizational learning affects performance as environmental changes take place over time and firms have to adjust to the changes in the business environment that could include increased competition, an increasing regulatory framework, varying economic set ups, or changing income levels.

This study defined performance in terms of return on assets and growth of market share. It would be interesting for further research to be carried out to find out how other measures of performance relate to the variables in this study for example return on investment could have possibly revealed other factors in the findings. While return on assets shows returns on currently existing assets, return on investments may be useful in showing how quickly and by what magnitude benefits accrue to offset initial start-up costs. Further research could be done using such performance measures to see whether there could be a difference in the results.

Further research could also do in-depth studies on specific companies or groups of companies to analyze the reasons for certain results specific to them. Besides, future research could also study how organizational learning influences other performance measures other than return on assets and market share.

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APPENDICES

Appendix I: Researcher's Letter of Introduction

UNIVERSITY OF NAIROBI

P.O. BOX 30197

NAIROBI.

Dear Respondent,

RE: RESEARCH DATA COLLECTION

I am a PhD student at the University of Nairobi, School of Business. In order to fulfill one of the requirements for the award of the degree I am undertaking an academic research onthe role of employee competencies, quality decisions and competitive strategies on the relationship between organizational learning and competitive advantage. A survey is being done on the of insurance firms in Kenya

You have been selected to be part of this study. I would be grateful if you could spare some of your time to fill the attached questionnaire and answer the questions as honestly as possible. The information that you will give will be treated with utmost confidentiality and will be solely used for this academic research.

Your participation is highly appreciated.

Yours Faithfully

Sella Ouma

Appendix II: Introduction Letter from University of Nairobi

UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES AND SOCIAL SCIENCES
SCHOOL OF BUSINESS
DOCTORAL STUDIES PROGRAMME

Telephone: 4184160/1-5 Ext. 225
Email: dsp@uonbi.ac.ke

P.O. Box 30197
Nairobi, Kenya

23rd December, 2014

TO WHOM IT MAY CONCERN

RE: SELLA OUMA OGALLO: D80/7658/2002

This is to certify that, **SELLA OUMA OGALLO: D80/7658/2002** is a Ph.D candidate in the School of Business, University of Nairobi. The title of her study is: **"The Role of Employee Competencies, Quality Decisions and Competitive Strategies in the Relationship between Organizational Learning and Performance of Insurance Firms in Kenya".**

The purpose of this letter therefore, is to kindly request you to assist and facilitate in carrying out the research/study in your organization. A questionnaire is herewith attached for your kind consideration and necessary action.

Data and information obtained through this exercise will be used for academic purposes only. Hence, the respondents are requested not to indicate their names anywhere on the questionnaire.

We look forward to your cooperation.

Thank you

Graduate Studies Coordinator
P. O. Box 30197
NAIROBI

PROF. MARTIN OGUTU
FOR: ASSOCIATE DEAN
GRADUATE BUSINESS STUDIES
SCHOOL OF BUSINESS

MO/mwk

Appendix III: Research Permit from National Council for Science, Technology and Innovation

THIS IS TO CERTIFY THAT:
MS. SELLA OGALO OUMA
of UNIVERSITY OF NAIROBI, 62485-200
Nairobi,has been permitted to conduct
research in *All Counties*

on the topic: *THE ROLE OF EMPLOYEE COMPETENCIES, QUALITY DECISIONS AND COMPETITIVE STRATEGIES IN THE RELATIONSHIP BETWEEN ORGANISATIONAL LEARNING AND PERFORMANCE OF INSURANCE FIRMS IN KENYA.*

for the period ending:
28th April,2018

Permit No : NACOSTI/P/17/17353/16815
Date Of Issue : 28th April,2017
Fee Recieved :Ksh 2000

Sella Ogala
.....
Applicant's Signature

.....
Director General
National Commission for Science, Technology & Innovation

CONDITIONS

1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit.
2. Government Officer will not be interviewed without prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2) hard copies and one (1) soft copy of your final report.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice

REPUBLIC OF KENYA

NACOSTI

National Commission for Science, Technology and Innovation

RESEACH CLEARANCE PERMIT

Serial No.A 13863

CONDITIONS: see back page

Appendix IV: Questionnaire

Role of Employee Competencies, Quality Decisions and Competitive Strategies on the Relationship between Organizational Learning and Competitive Advantage

My name is Sella Ogalo Ouma. I am a Doctoral Student at the University of Nairobi, School of Business. I am conducting a study on the role of employee competencies, quality decisions and competitive strategies on the relationship between organizational learning and competitive advantage. I am kindly requesting you to support me in carrying out the study by filling out the questionnaire below. I assure you that your responses will be kept confidential and will be used for academic purposes only. Your participation will be highly appreciated.

SECTION A: PROFILE OF THE RESPONDENTS

1. Name of Organization:.....
2. Job title of the person filling out the questionnaire:.....
3. Year of establishment of your organization:.....
4. Ownership Structure (tick as appropriate):
    i. Privately and locally owned ☐
    ii. Privately and foreign owned ☐
    iii. Partly private and both locally and foreign-owned ☐
    iv. State-owned ☐
    v. State and partly private owned ☐
    vi. Public and partly private owned ☐
5. Scope of Operation (tick as appropriate):
    i. National (within Kenya) ☐
    ii. Regional (within East Africa) ☐
    iii. Continental (within Africa) ☐
    iv. Global (within Africa and beyond) ☐

6. Size of the organization in terms of number of employees(tick as appropriate):

   i. Below 100 ☐
   ii. 100 to 400 ☐
   iii. 401 to 600 ☐
   iv. Above 600 ☐

7. Your firm offers the following types of insurance cover (tick as appropriate):

   i. General Insurance ☐
   ii. Life Insurance ☐
   iii. Medical Insurance ☐

SECTION B: ORGANIZATIONAL LEARNING

8. Please rate the extent to which each of the following statements is true concerning your organization. The numbers on the scales are interpreted as follows: 1 To a very limited extent; 2 To a limited extent; 3 To a moderate extent; 4 To a great extent; 5 To a very great extent

No.	Description	1 Very Limited extent	2 Limited extent	3 Moderate extent	4 Great Extent	5 Very great extent
7.1	**Intuiting**					
7.1.1	New ways of making work better and achieving results in a better way are continuously sought					
7.1.2	Knowledge is acquired from external sources					
7.1.3	Knowledge is acquired from internal sources					
7.1.4	The organization encourages joining of formal or informal networks within and outside					
7.1.5	The organization is in regular touch with regulatory authorities, relevant Ministries, Associations of firms in the industry,					

	professional organizations and information from them is accessible to employees					
7.2	**Interpreting**					
7.2.1	The organization has clear communication networks accessible to all staff through which information can be passed on					
7.2.2	To ensure movement in a common direction all employees are regularly informed about the expectations of the organization					
7.2.3	Regular training is conducted within and outside the organization					
7.2.4	Steps are regularly taken to ensure that employees have the necessary competence to do their work					
7.2.5	Steps are regularly taken to inform staff of external and internal factors that may affect their work					
7.2.6	Regular meetings are held at which ideas are shared					
7.2.7	Employees are encouraged to regularly share knowledge and experience					
7.2.8	There are formal mechanisms for sharing information between various sections					
7.3	**Integrating**					
7.3.1	Teamwork is encouraged as a way of ensuring common understanding of work procedures and methods					
7.3.2	Supervisors work closely with staff to ensure clear understanding of work procedures and methods					

7.3.3	Mechanisms are in place to ensure staff knows how their work relates to the work of their colleagues and other sections.					
7.4	**Institutionalization**					
7.4.1	There are clear policies and procedures on learning					
7.4.2	Mentoring is valued and each staff has to demonstrate how he/she has mentored others					
7.4.3	Reports are prepared regularly at organizational level on learning that has taken place					
7.4.4	The organization sets aside resources for learning					

SECTION C: EMPLOYEE COMPETENCIES

9. Please rate the extent to which each of the following statements is true concerning your organization. The numbers on the scales are interpreted as follows: 1 To a very limited extent; 2 To a limited extent; 3 To a moderate extent; 4 To a great extent; 5 To a very great extent

No.	Description	1 Very Limited extent	2 Limited extent	3 Moderate extent	4 Great Extent	5 Very great extent
8.1	**Knowledge**					
8.1.1	Employees are knowledgeable of the broad subject area of the industry					
8.1.2	Employees continuously seek information to enhance their knowledge about the industry and about their specific area of work					
8.1.3	Employees utilize knowledge acquired in doing their work					
8.1.4	Employees use internet facilities to access information relevant their work					

8.1.5	The communication to employees of the organizational goals and strategies is documented					
8.1.6	Knowledge is freely passed from employee to employee to ensure knowledge that should be utilized in work processes is passed on					
8.2	**Skills**					
8.2.1	Employees have acquired the skills required to do their work					
8.2.2	Employees are only assigned tasks for which they have necessary skills					
8.2.3	Employees often meet work quality standards required to perform					
8.2.4	For each job minimum qualifications are specified and for one to be employed he/she must have these qualifications					
8.3	**Ability**					
8.3.1	Employees are assigned work only if there is evidence they can deliver the required output					
8.3.2	Staff has the capacity to learn in their area of work					
8.3.3	Staff has the ability to interact with colleagues and seniors effectively					
8.3.4	Staff plan and organize their work					
8.3.5	Staff takes initiative to ensure work is done					
8.3.6	Staff has suitable education to fulfil their job satisfactorily					
8.3.7	Employees freely ask questions regarding tasks they perform					
8.3.8	Each employee has a supervisor who confirms that work is done to acceptable standards					

8.4	**Experience**					
8.4.1	The period of experience one has in his area of work and within the industry is a critical factor considered in recruitment					
8.4.2	The number of times one has performed a similar task is considered in future assignments					
8.4.3	Staff is required to multitask					
8.4.4	Staff is willing to take and seek for new and challenging tasks					
8.4.5	The staff shares any experience they gain freely with their colleagues					

SECTION D: QUALITY DECISIONS

10. Please rate the extent to which each of the following statements is true concerning your organization. The numbers on the scales are interpreted as follows: 1 To a very limited extent; 2 To a limited extent; 3 To a moderate extent; 4 To a great extent; 5 To a very great extent

No.	Description	1 Very Limited extent	2 Limited extent	3 Moderate extent	4 Great Extent	5 Very great extent
9.1	**Based on collection of all information necessary to inform decisions**					
9.1.1	Before any decision is made all the relevant information is made available					
9.1.2	Staff participates in decisions that concern their unit					
9.1.3	Where necessary external experts are consulted before a decision is made					
9.1.4	Steps are taken to consider all possible causes of problems					
9.1.5	Adequate resources are allocated in problem identification					
9.1.6	Objective and adequate analysis are done to determine the cause of a problem					

9.2	**Anchored on analysis of information**					
9.2.1	Brainstorming takes place to get views on possible alternative solutions					
9.2.2	A number of options are considered before a decision is taken					
9.2.3	Relevant and reliable data about each alternative option is collected					
9.2.4	A number of possible alternatives are ranked and the best selected					
9.2.5	Historical data is given importance and referred to					
9.2.6	Experts are engaged in identifying best alternatives					
9.3	**Based on evaluation and selection of the best option**					
9.3.1	Use of experienced experts from outside and selected employees in taking final decision					
9.3.2	All opinions and competing alternatives are analysed and thoroughly discussed before the best is agreed on					
9.3.3	Final decision making is guided by clear set standards					
9.3.4	Contingency plans are made to hedge against the risks of decisions taken					
9.3.5	Final decision makers are knowledgeable in the area					
9.3.6	Decision makers are committed to the success of the decision taken					
9.3.7	Final decision making is geared towards creation of efficiency					
9.3.8	Final decision making is geared towards creation of effectiveness					
9.4	**An implementation plan is made for each decision**					
9.4.1	Implementation mechanism is spelt out for each final decision					

SECTION E: COMPETITIVE STRATEGIES

11. Please rate the extent to which each of the following statements is true concerning your organization. The numbers on the scales are interpreted as follows: 1 To a very limited extent; 2 To a limited extent; 3 To a moderate extent; 4 To a great extent; 5 To a very great extent

No.	Description	1 Very Limited extent	2 Limited extent	3 Moderate extent	4 Great Extent	5 Very great extent
10.1	**Low-Cost Leadership**					
10.1.1	Has the virtue of maintaining low cost in operating efficiency					
10.1.2	Forecasts on market growth while seeking for saving on costs					
10.1.3	Minimizes use of outside financing					
10.1.4	Innovative in continuous review of processes to eliminate unnecessary costs					
10.1.5	Processes high-quality products at lower prices					
10.2	**Differentiation**					
10.2.1	There is a reputation for provision of unique, high quality and well-designed products					
10.2.2	Known for timely introduction of newly developed products					
10.2.3	Known for having qualified, experienced, trained personnel					
10.2.4	Forecasts on market growth through modifying products to take care of varying interests					
10.2.5	Engages in rigorous advertising of its products					

10.2.6	Has a high reputation within the industry					
10.2.7	Caters for a broad range of products to serve different interests					
10.2.8	Regularly develops/refines existing products to respond to interests of various parties					
10.2.9	Is innovative in marketing techniques					
10.2.10	Provides excellent/ unique customer service					
10.2.11	Engages in brand identification					
10.3	**Market Focus**					
10.3.1	The firm segregates the market to serve interests of a niche.					
10.3.2	Forecasts on market growth through selection of a niche to serve best					
10.3.3	Maintains sufficient staff to immediately serve the needs of specific categories of customers					
10.3.4	Offers lowest pricing for its products in the industry in its particular markets					
10.3.5	Has direct control of channels of distribution of its products in its market niche					
10.3.6	Focuses its products in high price market segments					

SECTION F: FIRM PERFORMANCE

11. Please fill in the table below with respect to profitability, cost levels, sales levels, quality of service delivery and level of costs incurred on new product development.

	Item	**2011**	**2012**	**2013**	**2014**	**2015**	**Average**
11.1	**Profit Margin**						
11.1.1	Return on assets (%)						
11.3	**Growth of Market Share**						
11.3.1	Total sales per annum (KSh.)						
11.3.2	Annual growth of sales as a percentage of industry sales						

Appendix V: List of Insurance Companies

(Extracted from Association of Kenya Insurers (AKI) Report (2015))

No.	COMPANY	TYPE OF BUSINESS		
		General	Life	Medical
1.	African Merchant Assurance Company (AMACO)	√		
2.	AIG Kenya Insurance Co. Ltd	√		
3.	APA Insurance Company	√		
4.	Apollo Life Assurance Company		√	
5.	Blue Shield Insurance Company	√	√	
6.	British American Insurance Company	√	√	√
7.	Cannon Assurance Company	√	√	
8.	Capex Life Assurance Company Limited	√	√	
9.	CFC Life Assurance Company	√	√	
10.	Chartis Kenya insurance Company	√		
11.	Concord Insurance Company	√	√	
12.	Co-operative Insurance Company	√		
13.	Corporate Insurance Company	√	√	
14.	Direct line Assurance Company Ltd	√		
15.	Fidelity Shield Insurance Company	√		
16.	First Assurance Company	√	√	√
17.	Gateway	√		
18.	Geminia Insurance Company	√		
19.	General Accident Insurance Company	√	√	
20.	Heritage Insurance Company	√	√	√
21.	Insurance Company of East Africa (ICEA)	√	√	√
22.	Intra-Africa Assurance Company	√		
23.	Jubilee Insurance Company	√	√	√
24.	Kenindia Assurance Company	√	√	√
25.	Kenyan Alliance Insurance Company	√	√	
26.	Kenya Orient Insurance Company	√		
27.	Lion of Kenya Insurance Company	√	√	
28.	Madison Insurance Company	√		√

29.	Mayfair Insurance Company	√		
30.	Mercantile Insurance Company	√	√	
31.	Metropolitan Life Insurance Kenya Ltd.		√	
32.	Monarch Insurance Company Limited	√		
33.	Occidental Insurance Company	√		
34.	Old Mutual Life Assurance Company		√	
35.	Pan Africa Life Assurance Company	√	√	
36.	Pacis Insurance Company Ltd	√		
37.	Phoenix of East Africa Assurance Company	√		
38.	Pioneer Life Assurance Company	√	√	
39.	Real Insurance Company	√		
40.	Shield Assurance Company	√		
41.	Takaful Insurance of Africa	√		
42.	Tausi Assurance Company	√		
43.	Trident Insurance Company	√		
44.	UAP Insurance Company	√	√	√
45.	Xplico Insurance Company Limited	√		

Source: Association of Kenya Insurers, 2015 Report