ISO CERTIFICATION AND PERFORMANCE OF INSURANCE COMPANIES IN KENYA

AHMED MOHAMED ISMAIL

A RESEARCH PROJECT REPORT PRESENTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

2017
DECLARATION

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

Signature:__________________________  Date:______________________________

AHMED MOHAMED ISMAIL

D61/72769/2012

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

Signature:__________________________  Date:______________________________

DR XN IRAKI

School of Business, University of Nairobi
ACKNOWLEDGEMENT

I wish to extend my heartfelt gratitude to my supervisor Dr. X.N. Iraki for his invaluable contribution that enabled the success of this study and Mrs. Kiruthu my moderator who have guided me to make this work a success. University of Nairobi for offering me the opportunity to study and all my lecturers who contributed in the various disciplines.

Special thanks to my classmates as a source of inspiration throughout my study and for assisting me in sourcing for information and materials for this project. To you all, God bless.
TABLE OF CONTENTS

DECLARATION ......................................................................................................................... ii
ACKNOWLEDGEMENT ........................................................................................................ iii
LIST OF TABLES ......................................................................................................................... vii
LIST OF ABBREVIATION AND ACRONYMS .......................................................................... viii
ABSTRACT ................................................................................................................................. ix

CHAPTER ONE : INTRODUCTION ......................................................................................... 1
1.1 Background of the Study .................................................................................................... 1
   1.1.1 ISO Certification ........................................................................................................ 3
   1.1.2 Insurance Firms in Kenya .......................................................................................... 4
1.2 Research Problem ............................................................................................................. 5
1.3 Research Objective .......................................................................................................... 8
   1.3.1 Specific Objectives ..................................................................................................... 8
1.4 Value of the Study ............................................................................................................. 8

CHAPTER TWO : LITERATURE REVIEW ............................................................................... 10
2.1 Overview .......................................................................................................................... 10
2.2 Theoretical Foundation of the Study ............................................................................... 10
   2.2.1 Early Mover Theory ................................................................................................ 10
   2.2.2 Resource Based Theory .......................................................................................... 12
   2.2.3 Expectancy Theory ................................................................................................ 13
2.3 Principles of ISO Certification ........................................................................................ 14
   2.3.1 Customer Focus Principle ...................................................................................... 15
   2.3.2 Leadership Principle .............................................................................................. 16
   2.3.3 Engagement of People .......................................................................................... 16
   2.3.4 Process Approach .................................................................................................. 16
2.3.5 Improvement ........................................................................................................... 17
2.3.6 Evidence based Decision-making ........................................................................... 17
2.3.7 Relation Management .......................................................................................... 18
2.4 Effects of ISO 9001 Certifications on Organizational Performance .................... 18
   2.4.1 Quality of Product Improvement through ISO 9001 Certification ................. 18
   2.4.2 Increase of product volume through adoption of ISO 9001 Certification .......... 19
2.5 Empirical Studies .................................................................................................... 21
2.6 Conceptual Framework ............................................................................................ 24
2.7 Summary and Research Gaps ................................................................................... 24

CHAPTER THREE : RESEARCH METHODOLOGY ......................................................... 26
3.1 Introduction .............................................................................................................. 26
3.2 Research Design ..................................................................................................... 26
3.3 Population of the study .......................................................................................... 26
3.4 Data Collection ....................................................................................................... 26
3.5 Data Analysis ......................................................................................................... 27

CHAPTER FOUR : DATA ANALYSIS, RESULTS AND DISCUSSION .................... 28
4.1 Introduction ............................................................................................................. 28
4.2 Demographic Characteristics .................................................................................. 28
4.3 ISO Principles ........................................................................................................ 30
   4.3.1 Customer Focus Principle ................................................................................ 31
   4.3.2 Leadership Principle ...................................................................................... 32
   4.3.3 Involvement of People ................................................................................... 34
   4.3.4 Continual Improvement Principle .................................................................. 35
   4.3.5 Evidenced Based Principle ............................................................................ 37
   4.3.6 Relation Management Principle .................................................................... 38
4.4 Performance Measure ................................................................................................................. 40
  4.4.1 Descriptive Statistics on Net Profit....................................................................................... 40
  4.4.2 Descriptive Statistics on Total Assets.................................................................................... 40
  4.4.3 Descriptive Statistics on Return on Assets ........................................................................ 41
4.5 Regression analysis .................................................................................................................... 42
4.6 Discussion of the finding ............................................................................................................ 44

CHAPTER FIVE : SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS................................. 46
  5.1 Introduction .............................................................................................................................. 46
  5.2 Summary of Findings .............................................................................................................. 46
  5.3 Conclusion ............................................................................................................................... 47
  5.4 Limitations of the Study ......................................................................................................... 48
  5.5 Recommendations for Policy and Practice ........................................................................... 48
  5.6 Suggestions for Further Research ......................................................................................... 49

REFERENCES .................................................................................................................................. 50

APPENDIX I: QUESTIONNAIRE ....................................................................................................... 54
APPENDIX II: LIST OF INSURANCE FIRMS IN KENYA ................................................................ 58
LIST OF TABLES

Table 2.1: ISO 9001:2008 and ISO.................................................................15

Table 4.1: Demographic Characteristics.....................................................29

Table 4.2: Customer Focus Principle............................................................31

Table 4.3: Leadership Principle ..................................................................33

Table 4.4: Involvement of People .................................................................34

Table 4.5: Continual Improvement Principle..................................................36

Table 4.6: Evidenced Based Principles..........................................................37

Table 4.7: Relation Management Principle ...................................................39

Table 4.8: Net Profits measures .................................................................40

Table 4.9: Total Assets (000)......................................................................41

Table 4.10: Return on Assets (Financial performance) ...................................42

Table 4.11: Model Summary .....................................................................43

Table 4.12: Summary of ANOVA ...............................................................43

Table 4.13: Model Summary of simple regression for organization performance 44
### LIST OF ABBREVIATION AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMA</td>
<td>Early Mover Advantage</td>
</tr>
<tr>
<td>IRA</td>
<td>Insurance Regulatory Authority</td>
</tr>
<tr>
<td>ISO</td>
<td>International Standards Organization</td>
</tr>
<tr>
<td>KEBS</td>
<td>Kenya Bureau of Standards</td>
</tr>
<tr>
<td>QMS</td>
<td>Quality Management System</td>
</tr>
<tr>
<td>QS</td>
<td>Quality systems</td>
</tr>
<tr>
<td>TQM</td>
<td>Total quality Management</td>
</tr>
</tbody>
</table>
ABSTRACT

In today’s global environment, organizations are constantly looking for the ways to expand and improve their business in terms of performance. For firms to attain improved performance, they need to adopt standards laid down by International Standard Organizations (ISO). The insurance industry in Kenya is fast growing but is meeting serious challenges in performance, particularly for short term/general insurers who barely make reasonable profits. It is my concern with the foregoing that informed my decision to undertake a study on the relationship between ISO certification and performance of insurance companies.

This study was based on two objectives. One of the objectives was to establish the relationship between ISO certification and performance of insurance firms. The other was to identify specific ISO principles adopted by different insurance firms in Kenya.

The study was conducted through descriptive research design using survey. The survey sample size of 33 respondents was selected. The sampling method adopted was purposive. Data was collected using questionnaires. The collected data was analysed using descriptive analysis such as mean and standard deviation where by inferential statistics was done via regression analysis test.

The study established that there is a positive relationship between the adoption of ISO 9001 certification by insurance firms and the performance of such firms. The study also established that insurance firms value their customers and that the opinion of their customers matters most. From the regression analysis conducted during the research, it came out that effective implementation of ISO principles positively impact on the Return on Assets (ROA) of insurance firms.

This study recommends, therefore that given the positive relationship between ISO certification and performance of insurance firms, the Insurance Regulatory Authority (IRA) should make it mandatory for all insurance firms to adopt ISO certification as a means of improving performance.

The research established that many insurance firms experience difficulties in implementing ISO principles to the same degree. As a result, I suggest that further studies be undertaken to establish the challenges faced by insurance firms in implementing ISO principles.
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

The main concern of any firm, whether the service or production, is to get satisfaction through high quality goods and services, greater customer satisfaction and overall reduction of service delivery costs, which will eventually lead to better optimization of benefits (Arauz & Suzuki, 2014). To achieve the quality objective, a concerted effort by each individual in the organization is required. One of the ways in which organizations use to evaluate the quality of their services and products is through the search for the 9000 quality standard certification of the International Organization for Standardization (ISO). Looking for ISO certification has been driven by globalization and markets that have always demanded that service companies develop well-designed internal administrative systems for internationally accepted management policies, such as ISO 9001 (Karapetrović & Willborn, 2012).

The adoption of ISO quality standards lead to efficiency, higher employee satisfaction and better overall organizational performance. However, despite the associated positive benefits, others believe that the standards are too generic to bring positive changes, but can be seen as a good administrative technique. A research undertaken by Corbett et al. (2010), in the United States established that firms experience powerful significant improved performance three years after certification. Additionally, the 2001 International Quality Study of the American Quality Foundation study of over 500 organizations in the USA, Canada, Germany, and Japan inferred that some activities, specifically supplier certification and operation improvement, did have an important impact on performance. The same result were found by a 2004 Australian Manufacturing Council (AMC) study of 1,300 producing
environment show that more than 50% of the certified environments agreed that the certification procedures had been a useful aspect in enhancing business achievement. In the same vein, besides, the Australian Manufacturing Council (AMC) warned that a firm acquisition of certification should not be a complement for producing super quality products and services.

In the last decade, Kenya has established itself as a dominant centre with more firms that have received certification, as compared with other countries in the East African region. A 2014 survey of certifications (ISO, 2015), imply that Kenya has the biggest number of firms in East Africa that had attained ISO certification. There were 485 organizations in 2013 having ISO 9001 certification (quality); 38 organizations with ISO 14001 certification (fields) and 118 organizations with ISO 22000 certification (food safety). In regard to the above statistics ISO 9001 has highest degree of conversion from non-certified to certified organizations and also is the first one in the pack over the last 10 decade. The various standards in the 9001 package involves: ISO 9001:2008 that sets out the need of a quality administrative strategy, ISO 9000:2005 that comprise the vital concepts and language; ISO 9004:2009 that entails with a quality management strategy more effective and finally the ISO 19011:2011 that singles out blueprint on internal and external audits of quality administrative strategy (Moturi, 2014). Organizations in both manufacturing and services have been ISO certified.

Manufacturing organizations were early implementers of ISO 9001, but later, many service operators firms have also engaged its adoption though at a reduced pace than industrial firms (Heras et al., 2015). Many of these firms have sort certification because of the perceived benefits that is associated with the process. Calisir (2010) highlight that, implementation of a technique creates a competitive advantage to an organization. This is due to the ISO
standards enhance a specific level of harmony among organizations. In some situations, consumers may need their providers to get ISO 9001 certified to ascertain a specific level of quality performance. Further, ISO 9001 certification decreases the discrepancies among suppliers in regard of excellence performance.

1.1.1 ISO Certification

In an attempt to enhance and influence the quality matters worldwide, the International Organization for Standardization (ISO) first available in 1987 and the following years a set of ISO standards was concurrently revised in 1994, 2000 and 2008. Among the ISO family was ISO 9001 which defines a set of procedure on how to realize a quality strategy to administer the operations that influence its good or services. The International Organization for Standardization (ISO) functions not only to create standards of performance but, also, to categorize the operation by which the quality administrative levels may be achieved, and by which the effectiveness and efficiency of the quality management system (QMS) may be enhanced (Walker and Johnson, 2009). In regard to the ISO 9001 standard, “effectiveness” is described as the degree to which the set targets are achieved (ISO 9001:2000, 2000).

ISO by its own is not a body that certifies but rather gives the degree against which firms can monitor their operations and processes. This provides an objective evaluation means for firms and also a mode of benchmarking themselves to the rest worldwide and sees where they fall in comparison to equivalent firms. Standards are purposed to improve effectiveness in an organization thus enhance performance. According to ISO (2008) the following are the targets of a standard: continuous improvement and customer satisfaction focus prevention of nonconformities. These goals are particularly focused not only by the standard itself but also by many scholars and experts globally (Psomas et al. 2013) who gives empirical evidence to back up this consensus in respect to the underneath design of ISO 9001 effectiveness.
ISO 9000 family of standards were established to help firms, of various forms and sizes, to incorporate and exercise efficient quality administrative strategies. Presently the family of ISO 9000 standards involves four standards, namely: ISO 9000:2005; ISO 9001:2008; ISO 9004:2009 and ISO 19011: 2002: The need on the ISO 9001 series are established on the quality management policies which is made up of; process approach, customer focus, leadership, system advance to administration, involvement of people, continual improvement, factual strategy to decision making and equally relationship of a useful provider. The need of preparing International Standards is usually determined through ISO technical committees. Each member body desired in a focus for which an industrial team has been put in place has the right to be available on that committee. Presently, ISO has 163 stakeholders that have been certified globally. ISO also enables an organisation to institutionalize the correct attitude by supporting it with the right principles, events, accounts, technologies, funds and designs. ISO has spread worldwide is continuously becoming one of the significant quality levels.

1.1.2 Insurance Firms in Kenya

The insurance industry in Kenya includes insurance companies, insurance investigators, reinsurance business, insurance and reinsurance dealers, loss adjusters, motor assessors, assurance agents, medical insurance providers, claims settling agents and risk managers. In Kenya, as at the end of 2015, there were 50 insurance companies, 3 reinsurance companies, 198 insurance brokers, 4 reinsurance brokers and 5,155 insurance agents. Insurance penetration of Kenya stands at 3.0% in the Sub-Saharan Africa compared to its peer-countries (IRA, 2016). Therefore, the country is still under-tapped in insurance, specifically within the middle to low-income bracket, which is still informal.
Insurance Regulatory Authority (IRA) registered and licensed by these firms in respect with the provisions of the Insurance Act, Chapter 487 of the laws of Kenya. In summary, the sector has progressively post development. The balance was managed at shilling 455.5 billion in June 2015. The balance reached a year on year growth of 16.1% compared to June 2014. Improvement of the investment in the insurance sector, performed by means of a capital injection, mergers and acquisitions was the driving force for the budget. In June 2015, the total gross premium was Sh88 and total assets accounted for 66.4% of the total gross premium issued

The life segment recorded a very strong growth in the premium, recording a compound annual growth rate (CAGR) of 4 years, equal to 20.2%, compared to the 18.8% growth in activity in general. The much larger growth of the business is mainly due to the improvement in the acceptance of insurance. The sector retention rate is 92.1%, while the general activity is 73.7%. Gross premiums on the reinsured account represent 10.5% of the total printed premium of the industry.

Kenya’s Insurance Industry is characterized by low penetration, price competition, increasing insurance claim fraud, lack of technical capacity to handle oil and gas insurance as well as Terrorism and sabotage (IRA 2015). The number of insurance firms that have attained ISO 9001 and certification, however, has remained low. According to Moturi (2015), out of the total 50 insurance companies, only 18 firms had received the certification Why have the rest not sort certification? Are ISO certified firms better performers than the rest?

1.2 Research Problem

In a business environment that is characterized by fast improvement in technology and globalization, firms are struggling to increase their customer’s satisfaction through production and offerings of goods and services that are of high quality standards. In their
quest to achieve higher quality, business units have adopted various approaches, such as, through the incorporation of cross-functional quality management system, corporation with consumers and suppliers, techniques or internal or external institutional strategies (Keupp et al., 2011).

In achieving and maintenance of a quality operational system, a common and popular approach is through ISO 9001, for example, is required to improve client fulfilment and continuously offer goods that satisfies customer needs and applicable legislative and policy requirements. ISO survey shows that ISO 9001 certified firms should enhance the performance of an organization in cases of Quality, employee motivations, quantity of goods and firm competitiveness. However, in Kenya, while most of the firms have adopted ISO 9001 its possessions on the organizational efficiency are not known (ISO Survey, 2012).

Psomas et al., (2013), in cognizance of the fact that many firms are more interested with the ISO certification, warn that the major competitive power currently has shifted from simply implementing the ISO 9001 standard to effectively applying an efficient quality management strategy (QMS) upon obtaining the certification. This is because organizational efficiency does not end after the certification but rather, there is a need to always maintain quality production throughout the various departments and the entire supply chain. Therefore, if service companies, such as insurance firms, wish to attain business benefits and greater outcome, the achievement of a quality certificate to ISO 9001 must not be final, but the beginning of applying a successful QMS in the quest for quality improvement (Dick et al., 2011). Being a risk absorber, the insurance industry is vulnerable to manifold risks which can render any insurance firm insolvent. However, with the adoption of an appropriate internal management system that aims to realise improved quality, insurance firms will be able to minimise their risk exposure and in the process be able to meet customer satisfaction through
the delivery of quality services. The effect of certification on the organizational operational performance has been varying. Gotzamanietal. (2002) finds that ISO9000 certification improves bureaucracy and lowers innovation, and that the major cognizant advantage achieved from ISO9000 certification is enhancement of internal operations. On their part, Benner and Tushman (2003) posit that ISO9000 certification is more achieving in stable conditions where activity innovation is more relevant. Mansour-Nahra (2006) found that ISO9000 certification lead to improved financial performance in Turkey but mixed results were found on the effect of ISO certification on the various facets of operational performance. Singh (2009) investigated whether the quality of a organizations customer service, the figure of accidents and breaks, the documentation process and the service company value are advantages acquired from applying ISO 9001. The findings were supportive of the assertion.

Zu et al. (2011) suggest however, that few companies cannot incorporate quality administrative approaches at the same rate, nor can they all achieve the same level of QMS efficiency. This is because different firm features like company size, industry type or operations are significant elements that may influence whether or how well quality management systems are implemented in firms and their effect on the firm performance. There is need therefore to establish how certification influences a firm’s efficiency bearing in mind the mixed nature of insurance firms in Kenya. As Moturi (2015) point out, only around 35% of the insurance firms were ISO certified as at the end of 2015 while 32 of the insurance firms in Kenya are not certified. It is on the basis of this that the current study sought to establish the effect of ISO certification on the efficiency of insurance firms in Kenya.
1.3 Research Objective
To establish the effect of ISO certification on the achievement of Insurance companies in Kenya.

1.3.1 Specific Objectives
i. To determine the extent of ISO certifications among the Kenyan Insurance firms
ii. To establish the relationship between ISO certification and performance of Insurance firms in Kenya

1.4 Value of the Study
This research offers theoretical and practical perspective on selecting when to apply unique administrative levels, which potentially has managed effects for deploying other resulting standards like ISO 28001. Investigators will likely study the benefits of performance on implementation of these upcoming standards, however, we trust that the competitive benefit, although volatile, emerge from the timing of execution since these operations tend to lower organisation heterogeneity. The study makes an extended aid through the implementation of the strategies and technology used to establish the effect of ISO 9000 certification on chosen modernization performance variables citing how theories can be examined. In conclusion, the study expressive influence for accrediting bodies, managers and investigators.

This paper adds to the active body of information relating to the maintenance of quality operational practice in the insurance industry from the Kenyan perspective. Previous studies have tended to be bias towards the perspective of insurance companies in advanced economies and with the realisation that the effect of quality certification on the operational efficiency of firms depends on the firm characteristic. To what extent these studies are applicable to different countries have become increasingly important to verify. Unfortunately, the researcher is not aware, for a research about whether the impacts of ISO certification on
the functional efficiency are in Kenya. It is believed that this work will be important and timely because although many surveys have stated the benefits of adopting ISO, there has been little empirical evidence on how ISO certification affects the operational efficiency of insurance firms.
CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

The section consists of theoretical foundation of the study, the adoption of ISO 9001 certification, empirical review of existing literature on dimensions of quality management systems as outlined by the ISO 9001 certification and its impact on financial performance in the insurance firms and a summary of literature review and study gap.

2.2 Theoretical Foundation of the Study

The debates on organization ISO certification can be addressed in light of three perceptions in literature; Early Mover Theory, Resource Based Theory and the Economic Theory.

2.2.1 Early Mover Theory

Fawley and Fahy (2005) note that the knowledge of first mover benefit was brought to the industrial association economics in the 1950s but its application in administration took centre stage through the efforts of Lieberman and Montgomery in 1980s. They note that the important sources of early mover advantage (EMA) consist of the resultant entry obstacles established by economies of scale, pre-emption of important resources that are available in the locality, technological expertise and experience, and being able to influence customer behavioural by being the “prototype” against which all future entrants are looked into. In addition, the EMA theory found out internal firm-standard resources and abilities such as, technological capabilities, political resources and social identity that allow firms to make use of EMAs. In addition, EMA examined the nexus between fields and competitive advantage in respect to the entry of the market (Suarez & Lanzolla, 2007)
The EMA theory argues that the timing decision of when firms apply ISO standard has specific advantages because an early-mover benefit can result to achievement advantage. This argument is of the view that implementing new practices in an organization is like running a race with rival peers, in that, only organizations with greater pace than their competitors benefit a competitive advantage (D’Aveni, Dagnino, & Smith, 2010). This implies that when an insurance firm in Kenya, for example, introduces a new technology in its operations such as adopting new mechanism to fight fraud or ISO quality standard, it will be able to gain a temporary aggressive benefit from the timing of their implementation before competitor copy the technology.

Zahra and George (2012) opine that organizations that implement skills acquired from one level to another have an added advantage because a organisation combined inventory of linked skills from prior levels will affect the benefits of performance from the timing of ISO standard application. In addition, with implementation of different management standards growing, the choice of when to apply the subsequent pattern will suit increasingly vital in shaping firms competitiveness (Heras-Saizarbitoria, Molina-Azorín & Dick, 2011). Consequently and as early mover theory suggest, the decision of when to apply the next ISO management standard is significant in limiting the intensity of industry competition because consumers tend to be associated with a new product that will increase their status.

D’Aveni et al (2010) suggest that it is hard to achieve a sustainable aggressive benefit, in the long-term, using firm-specific resources and therefore instead of investigating how inert resources can assist in achieving a competitive advantage, an action-based perspective is being advanced as an alternative to competitive advantage. Basing on this understanding, a firm’s level of competitiveness is temporary in behaviour and originate from a firm’s competitive operations at a given point in time (Grimm, Lee and Smith, 2005). Recent study
on competitive changes emphasizes the features of the organization’s operations in its business endeavours (McKendrick, 2014; Miller and Chen, 2010). This implies that for the insurance firms in Kenya, for example, the timing of introducing new quality standards in its products, the frequency of adopting new ISO standard and the type of standard will influence its performance and therefore level of competitiveness in comparison to the other insurance firms. The knowledge of early-mover advantage implies that there are performance benefits to be derived by a firm from applying a competitive operation early so as new product introduction, early market entry, or the application of a unique operation. Consequently, insurance firms that outpace their competitors through introduction of ISO standard gain a short-term advantage and from the same reap additional performance benefits.

2.2.2 Resource Based Theory

Resource-based view (RBV) theory (Barney, 1991) posits that a firm is a collection of resources and the way these resources are aligned would affect the firm’s competitive advantage and performance. One of the internal resources that a firm can employ to increase its competitive advantage is the quality of service that is being offered. According to RBV, a resource can only give competitive advantage; if it is of value, uncommon, cannot be imitated, and cannot be substituted by rival products. The implementation of ISO 9001:2008 is based on internal organizational factors aimed at maximizing quality of processes and efficiency of production (Somsuk, 2010). This means that an organization has to continuously optimize the use of its resources in order to enhance its operating procedures thus improving the overall quality of the entire production process.

The ISO 9001: 2008 implementation has the advantage of performance, but these are the advantages over standards. Study of ISO 14001 provided identical results; some researchers found that the application of ISO 14001 had performance benefits (De Jong, 2014). As a
result, these conflicting results challenge how organizations can achieve competitive benefits through ISO standards. You can ask if there is a competitive advantage from the incorporation of ISO standards. In addition, conflicting data on the competitive advantages of ISO standards, organizations continue to exercise these standards. For example, the study implies that ISO standards are decreasing over time and can apply ISO standards regardless of their use advantage (Yeung, 2011). As a result, managerial demands must be incorporated into the norm, but when they need to be incorporated

Heras-Saizarbitoria et al., (2011) ISO standards have common characteristics, which make them significantly compatible in structures with one another. This enables firms to relate skills acquired from one standard to another. More so, an organization’s absorptive ability should affect the performance advantages from the timing of ISO standard application. Further, with the development of increasingly more strategic standards, the decision of when to apply the next standard will become more significant. Gathering these factors, deciding when to incorporate the next ISO management standard is tactically significant (Zahra & George, 2002).

2.2.3 Expectancy Theory

Victor Vroom developed the Expectancy theory in 1964 as an alternative to the content theories of a consumer desires. As a process theory, expectancy refers to any situation where people have expectations from what they do. Expectancy theory opines that the perceived attractiveness of various decisions is related to users’ beliefs about the consequences to which each option will lead, and their beliefs about the desirability of those consequences, such as the level of service quality (Chau 2006). Therefore, according to expectancy theory, users of a service or good will purposefully choose an alternative that maximises pleasure and minimise pain from a service. Indeed the reason behind a firm seeking to meet certification
operation in its operations is to standardise its operations and in the process improve its service quality delivery. This is in line with Vroom assertion that for a person to be motivated; effort, performance and motivation must be intertwined.

Essentially, the expectancy theory challenge that the ability of a person to pursue a decision will depend on the prospect that the act or service will generate be accompanied by a given result and on the charm of that result to the person (Robbins, 2004). Therefore, as a consequence, behavior could be oriented towards anticipated and individualized goals. Therefore, when a person knows the importance of insuring with a firm that is certified, then he/she can be assured that the upon a risk occurring, then the insurance firm will be able to make good the loss. The effort made by these insured will be of importance to their insurance cover and the outcome will be payment of compensation and economic improvement or maintenance of the status quo (Navarro, 2009).

2.3 Principles of ISO Certification

ISO 9001:2008 has 8 principles namely: customer focus, leadership, involvement of people, process approach, system approach, continual improvement, factual approach to decision making and mutual beneficial supplier relationship principles. In 2015, the world standards body introduced ISO 9001:2015 which is set to replace the ISO 9001:2008 (KEBS, 2016). The principles were reduced to 7 with the removal of the system approach principle, as shown in the Table 2.1 below.
Table 2.1: ISO 9001:2008 and ISO

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Customer focus</td>
<td>1. Customer focus</td>
</tr>
<tr>
<td>2. Leadership</td>
<td>2. Leadership</td>
</tr>
<tr>
<td>3. Involvement of people</td>
<td>3. Engagement of people</td>
</tr>
<tr>
<td>5. System Approach</td>
<td>(Removed)</td>
</tr>
<tr>
<td>6. Continual Improvement</td>
<td>5. Improvement</td>
</tr>
<tr>
<td>7. Factual Approach to decision making</td>
<td>6. Evidence based to decision making</td>
</tr>
<tr>
<td>8. Mutually beneficial supplier relationship</td>
<td>7. Relation management</td>
</tr>
</tbody>
</table>

Source: KEBS (2016)

2.3.1 Customer Focus Principle

The vital aim of quality management is to match customer needs and to struggle to surpass customer prospect. Sustainable success is attained when a firm entices and maintains the assurance of customers and other interested groups on whom it depends. Every element of customer engagement provides a chance to generate more value for the customers. Appreciating present and prospect demands of clients and other concerned parties lead to continued achievement of a firm. This principle focuses on the satisfaction of demands and expectations of the customers. An organization must ensure that it meets customer requirements while striving to exceed their expectations. It advocates for continuous analysis of customer requirements, outlining the entire process that leads to the achievement of an acceptable product or service to the customer, and efficiency in operations and processes. This ultimately leads to continuous improvement, more profitability and enhance satisfaction of all organizational stakeholders (Kungu, 2010).
2.3.2 Leadership Principle

Managers at every organizational rank initiate unity of reason and path and establish environment in which people are involved in accomplishing the firm’s quality goals. The establishment of direction, engagement and unity of purpose, empowers an organization to position its policies, strategies, procedures and assets to achieve its goals. Top management takes accountability of QMS effectiveness; ensure integration of QMS requirements in business processes, engages, directs and supports employees to achieve quality objectives. The management creates an atmosphere where staff members are fully involved in achieving organization’s objectives (Oluoch, 2010).

2.3.3 Engagement of People

This principle promotes proactive participation of all people in promoting the quality ethics in an organization. Human capital at every organizational level is the foundation of organizational success and its comprehensive involvement ensures its capabilities are harnessed for the benefit of the organization. Competent, skilful and informed people are vital to enhance the firm’s ability to generate and deliver assessment. It is therefore vital for the management to ascertain that all members of staff are competent, skilful and involved in decisions regarding delivery of value. To run an organization in an effective and efficient manner; it is essential to that everyone at each level is involved and made to feel an important player. Recognition and capacity building facilitate the involvement of people in attaining the organizational goals (Kiplagat, 2013).

2.3.4 Process Approach

The achievement of consistent and predictable results is possible when there is effectiveness and efficiency in operations and the organizational activities are easily understood and coordinated as interrelated procedures that operate as a coherent system. The QMS is
composed of inter-linked procedures. There is need to understand that favorable output is achieved by the entire system. This consists of: processes, assets, controls and relationships; that allow the organization to achieve optimum results. Process approach is therefore the logical sequencing of activities to efficiently achieve the expected output. The expected output is effectively achieved when the engaged resources and activities are managed as single process (Oluoch, 2010).

2.3.5 Improvement

Organizations that are successful have continuous attention on improvement. Improvement is very vital for a firm to sustain present performance, to position itself for any changes; within the internal or external environment as well being in a position to exploit every viable opportunity. Improvements can be effected in a number of ways such as: systematically using corrective actions; incrementally through continual improvement; step by step change to achieve a breakthrough; creatively through innovations; and by reorganizations that lead to transformations. Organizations can make long-term objectives their priority by constantly enhancing their processes. Management should endeavor to enhance the viability of QMS using quality policies and goals, auditing performance, analysis of data, management reviews, projecting future results by evaluating present performance and taking corrective actions (Okwiri, 2015).

2.3.6 Evidence based Decision-making

When an organization make decisions informed by analyzed and evaluated information, favorable performance is guaranteed. Decision-making has always been a complex process, since it involves some level of uncertainty. It can be very subjective, being that it involves numerous sources of inputs and interpretation can also be quite biased. It is therefore very essential to appreciate cause and effect relationships and the possibility of unintended
consequences arising. Decisions made from facts and tested information inspires confidence among decision makers. This principle therefore affirms that decision making should be based on information from sufficiently analyzed data (Gatimu, 2008).

2.3.7 Relation Management

Organization’s relationship with its stakeholders influences organizational performance. Continuous enhancement of performance can only be achieved if an organization sustains a positive relationship with all its stakeholders. The organizational goals should be aligned to the stakeholder values, principles and interests. Managing suppliers and customers networks is very important; since they create value for the both the organization and the other stakeholders. This relationship enables an organization to receive materials required from suppliers on time and therefore ensure that production is efficiently and timely done (Okwiri, 2015).

2.4 Effects of ISO 9001 Certifications on Organizational Performance

Implementation of ISO certification is expected to affect positive a firm performance. The associated benefits of certification include improved quality and increased product volume.

2.4.1 Quality of Product Improvement through ISO 9001 Certification

Various scholars have come up with varied conclusions on the important effect of ISO 9001 on the institutional achievement. However, Ilkay and Aslan (2012) note that there is evidence that is of the opinion that organizations can attain internal advancement from certification which can allow organizations restore or improve their market portion, or both. A study in the United States by Corbett (2004), established that three years upon certification, organizations presented major abnormal achievements in their internal activities. The 2010 International Quality Study of the American Quality Foundation studied over 350 firms in the USA,
Canada, Germany, and Japan and inferred that as a result of certification, the organizations supplier certification and internal process improvement was realised, and that it had a significant effect on performance. A similar conclusion was arrived among Australia firms by Psomas et al., (2013) which revealed that over 50% of the certified firms concurred that the certification operations had been an important feature in enhancing performance of a business.

Heras, et al. (2012) further support that ISO 9001 registers a positive impact on organizational performance in comparison with those firms that had not been certified. An earlier Kirsch and Corbett (2002) analyzed 7,598 publicly-traded firms registered in the New York Stock Exchange and found that the internal benefits from certification is manifested through a reduction in customer complaints, ability of products meeting both internal and international standards, and also ability to eliminate of potential causes of waste and rework jobs. Further, Kim, Kumar and Kumar (2012) point out that ISO certification helps in elimination of factors that lead to cause non-conforming services and products in an organization.

2.4.2 Increase of product volume through adoption of ISO 9001 Certification

Kang (2010) and Prakash (2012) highlight that ISO 14001; for example, recommend nomination of an external auditor to determine the state of affairs of the organization books and that the implementation of this requirement could boost an organisation’s performance due to the external pressure that arises from the independent professionals. According to Kang (2010) organizations adopt ISO 14001 certification to demonstrate how their activities are friendly to the environment or as a means of attaining a competitive edge thus improve on market share. This means that an insurance firm might enhance environmental sustainability by offering services to organizations whose actions are not harmful to the environment and
from this action; customers that are environmental conscience will seek to be associated with such an organization (Hillary, 2004). In addition, certification has been found to affect the quality of environmental information released by an organization, employees’ working conditions and safety, quality of training and also the level of legal compliance.

Pinar, et al. (2010) while investigating the 48-month average of the stock market sixty-seven (67) certified and thirty-seven (37) non-certified organizations, based on the Istanbul Stock Exchange (ISE) within a monthly performance interval of one year, two years, three years and four years. Due all the time for the duration of the minimum number of years for which the company was registered. Furthermore, it also seemed that ISO 9000 certification reduced uncertainty. A basis for better results in the integration of the ISO 9001 program resulting from the addition of revenue, as organizations with ISO 9001 certification can enter the original markets and maintain the volume of productivity (Colbert, 2005). Clearly, the certification of the ISO 9000 series can be important to ensure that the works become works (Brown, et al., 1998, Aarts & Vos, 2001). Casadesus and Jiménez, (2000) improvement of market relations, improvement of the possibility of acquiring new contracts. Another vital factor linked to ISO 9001 certification. The study by Helmi (1998) stipulates that the major significant aspects influencing performance is the product excellence and services comparative to those of the rivals and there is a direct connection between profitability and client fulfilment. One of the main important improvements recorded as an influential effect emanating from the ISO 9001 is related to the advanced goods/service quality. This outcome affirms that ISO 9001 enhance the development of the quality of products as well as the fulfilment of client’s need. Many other works support this aspect, i.e. the product enhancement and improved service quality and, more widely, advancement in business productivity. Thus, by standardizing the ISO 9001 program designed and entailed processes
gives a deeper knowledge of the operations included in the delivery of goods or service. Written procedures and instructions will give a better operation hence lowering the inconsistency of goods (Curkovic, 2009).

2.5 Empirical Studies

A number of researchers have investigated on the blow of ISO certification on institutional achievements. Psomasa and Antony (2015) ought to establish the efficiency of the ISO 9001 quality management system and its effectively vital feature in Greek manufacturing companies. By employing exploratory and confirmatory feature analysis to obtain and validate latent constructs, the findings were that the conceptual factorial structure of the ISO 9001 that relate to avoiding of non-conformities, subsequent enhancement and customer satisfaction focus are effective quality features that affect the efficiency of ISO 9001 goals. However, it only established that company features and company internal motivation, had a vital effect on the ISO 9001 quality administrative efficiency.

Psomas, Kafetzopoulos and Fotopoulos (2013) investigated on the effect of ISO 9001 influential on the achievement of service companies in Greece. While incorporating exploratory element analysis and linear regression technique to realize the outcome, it depicted that the dimensionality of the ISO 9001 efficiency that was established using its nature to overcome nonconformities, subsequent improvement and customer satisfaction realized a huge donation of ISO 9001 to the achievement of the service organizations. In addition, it found that the goods/service quality and functional performance of the service firms are directly and effectively affected by ISO 9001 efficiency.

Corbett, Montes, Kirsch, and Alvarez-Gil (2002) sought to establish whether ISO 9000 certification pay to the organization or not. While using linear regression and comparing the performance of the 76 firms sampled in US, the findings were that there seemed to be
insignificant relations between ISO certification and achievement of the firms before and after certification. Lakhal (2014) sought to determine the relationship between ISO 9000 certification, TQM operations, and institutional achievement among 176 certified organizations in different industrial areas in Tunisia. The research used the method of multivariate analytic for empirically investigating sets of relationships depicted in the form of linear causal models. The findings implied that, in the scenario of Tunisian companies, implementation of ISO 9000 prior to implementing TQM practices leads to better organizational achievement, although both ISO 9000 certification and TQM operations had a positive effect on organizational performance.

McAdam and Canning (2001) investigated the advantages gained by the ISO 9001 from small professional service organizations related to the internal administrative strategy and profit ratio, communication and service quality. The result was that with the adoption of ISO certification, there is an enhancement in company certainty of achieving customer needs with respect to products due to an advanced personal contact between customers and employees. Similarly, Terziovski –Luis Guerrero (2011) studied on ISO 9000 certification of quality system and how it influence product and operation innovation achievement. The results have been that ISO 9000 certification has a positive and important effect on the innovation process. ISO 9000 certified organizations are more likely to include restructuring and apply the internal customer concept as part of procedure innovation activities.

On the contrary, other results have shown a negative association between ISO certification and the performance of a firm. Wayhan, Kirche, and Khumawala (2002) found that ISO 9000 had no impact on financial performance and on the same note, Singels, Ruël, and Van de Water (2011) established no relationship between ISO 9000 and institutional performance among Australian and Dutch organizations, simultaneously. Similarly, Lima, Resende, and
Hasenclever (2008), and Martínez-Costa and Martínez- Lorente (2010) found statistical relationship does not exist between ISO certification and organizational achievement in Brazil and Spain, respectively.

In Kenya, Owino (2010) researched on the link between ISO 9001 certification and achievement in government agencies. The results were that certification help optimize operational performance when applied appropriately. Anyango and Wanjau (2011) sought to establish the ISO 9001:2008 certified manufacturing firms in Nairobi and found that there existed a valuable link between ISO certification and achievement of firms in Nairobi. The increased performance was attributed to higher quality that come from adoption of ISO certification, competitive advantage, improved corporate image and increased market share. Olouch (2010) noted that there was improved quality as a benefit of adopting ISO 9001 certification by Kenya Medical Training College (KMTC). Nyasani (2015) in his study of ISO 9001:2008 certification influences the performance of public universities in Kenya using surplus or deficit as a percentage of income, operating cost recovery and administrative efficiency as measures of performance; concluded that ISO 9001:2008 influences the performance of public universities in Kenya and it not a mere marketing tool that improves public image of the institutions; as had earlier been suggested by Gudo (2012).

Moturi, Ochieng and Njihia (2015) sought to examine impact of ISO 9001 Implementation on Organizational achievement of organizations listed on the Nairobi Securities Exchange. The study covered finance, automobiles, manufacturing, energy / petroleum and commercial services sectors in the bourse. Collection of data based on net profit, turnover and net assets in the bracket of four year period (2010- 2013). The finding was that ISO 9001 certification affected return on net assets of the firms which translate to improved performance. However,
other performance measures that include net profit and turnover showered no huge discrepancies between the ISO 9001 certified organizations and the other certified similarly.

2.6 Conceptual Framework

It is defined as a set of wide ideas and policies taken from significant environments of enquiry and used to design a continuous presentation (Enz, 2010). This study adopts a conceptual framework that links the impacts of ISO certification adoption on the performance of insurance firms in Kenya.

**Table 2.1: Conceptual Framework**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO Certification</td>
<td>Organizational Performance</td>
</tr>
<tr>
<td>Customer Focus</td>
<td>Quality service improvement</td>
</tr>
<tr>
<td>Leadership</td>
<td>Increased service volume</td>
</tr>
<tr>
<td>Engagement</td>
<td>Profit</td>
</tr>
<tr>
<td>Process Approach</td>
<td>Reduced operational risk</td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

**Figure 2.1: Conceptual Framework**

2.7 Summary and Research Gaps

From the literature review and the empirical studies covered, it is evident that there has been an increase in demand for firms to produce new products that have high quality. As a one way to improve on their service and product quality, and as Sharma et al. (2005) point out, a number of organizations in both developed and developing countries have adopted ISO certification. From the studies reviewed, it is evident that the methodology adopted by the studies has not adopted a cross-sectional and longitudinal study approach at the same time.
whereby the performance of those insurance firms that had adopted ISO certification and those that had not will be compared during a stated time period, in this case, between 2012 and 2016. In addition, a study that closely attempted to follow this format was carried out in Germany – a developed country, unlike Kenya whose firms are still in their nascent stages of growth. In the Kenyan study by Muturi et al (2015), the study was based on different firms listed at the NSE. However, the present study makes a comparison of firms within the same sector-Insurance industry. Therefore, the current study will contribute to the ISO certification in the sense that the performance of firms in the same sector is compared.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This sector talks about the research methodology to be adopted by the researcher in achieving the relevant objectives. It covers the proposed study design, population of the study, instruments for data collection and the technicalities for analysis of data.

3.2 Research Design
A mixed approach survey design was conducted to facilitate a broad consideration of the blow of certification on the achievement of insurance company in Kenya. This kind of design is preferred in order to get a collective summary of an experience incurred by the insurance firms and interaction with others (Grimes, 2012). A mixed approach design also enabled the researcher to guarantee that data collected is not just descriptions of a stable reality but descriptions of a physicality that is build by the participants themselves (Green & Thorogood, 2004).

3.3 Population of the study
The target population comprised all the insurance organization that have ISO 9001 certification and those that are not ISO certified in Kenya. At present, there are 62 insurance firms. All of them will participate; hence the study will be a census (Appendix I).

3.4 Data Collection
Primary data was collected through the use of a questionnaire. In addition, secondary data from the financial statements was collected using a data capture form. The questionnaire was be used and administered through drop and pick technique. The Principal Officer in the
insurance firms were the respondents. The questionnaire comprised both open and closed-ended questions. The questionnaire was made up of three sections. Section A sought to find the demographic particulars of the participants and the insurance firm. Part B sought to find out ISO certification practices among the insurance firms while section C covered the Insurance firm performance.

3.5 Data Analysis

The data collected in the questionnaires was crosschecked for completeness. The completed questionnaires were then coded. The analysis of data involved obtaining of descriptive statistics which include mean scores, percentages and ratios. These were then presented using tables for convenient interpretation. To analyse objective one which sought to establish the ISO certification practices among the insurance firms, the researcher used descriptive measures of mean and standard deviation to depict the concurrence of the responses among the respondents. To analyse objective two which was concerned with establishing the relationship between of ISO certification and performance of insurance firms, a regression analysis was adopted. The regression model took the following form;

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \]

Where:

\( Y = \) Insurance firm performance

\( \beta_0 = \) Regression Constant

\( X_1 = \) ISO Principles

\( X_2 = \) ISO certification

\( \varepsilon = \) Error term
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This section presents the analysis, the results and the discussion. The results are presented in percentages and distributions of frequency, mean and standard deviations. A total of 44 questionnaires were issued. The completed questionnaires have been modified to be complete and consistent. Of the 44 distributed questionnaires, 33 were returned. The returned questionnaires "represent a 75% response rate and this response was considered adequate in achieving the research objectives (Mugenda and Mugenda, 2003).

The purpose of the study was to establish the relationship between ISO and performance of insurance firms in Kenya. Specific ISO principles adopted by different insurance firms were investigated as well as the performance as measured by Return on Assets.

4.2 Demographic Characteristics

The demographic information considered in this study included the number of employees, duration of operation in Kenya, operation outside in Kenya and nature of ownership in insurance. The results are presented in Table 4.1.
The results in Table 4.1 indicates that the majority (63.6%) of the insurance firms had between 100 and 500 employees while only 15% of the firms had less than 100 members of staff. To determine the size of the insurance firms, the researcher sought to determine the
operational period of the insurance firms and the findings show that majority (75.8%) had been in operation for more than 25 years and cumulatively over 88% of the firms had been in operation for more than 11 years. Considering that the firms had also had more than 100 employees, it is evident that the firms can be considered as medium size firms and will have improved their operational activities over their existence period. The ownership structure of the firms was that majority of them (52%) were locally owned and close to 40% were had both local and foreign owners.

The majority of the firms (55%) were found to been ISO certified while 15 of the firms had not. The findings were that those insurance firms that had been in operation for over 25 years and had operations outside Kenya had achieved ISO certification. This could explain their better performance in respect of being customer focus and having a leadership that appreciates maintenance of ISO principles. The size of the insurance firms as measured by number of staff members shows that the firms that had foreign presence had over 500 employees had their operations certified and these implies that there exist a correlation between ISO certification and the firm size.

4.3 ISO Principles

The first objective of the study was to determine the ISO principles that had been adopted by the insurance firms in Kenya. This section of the questionnaire sought to determine the ISO practices that are employed by the insurance firms namely; customer focus, leadership, people involvement, continuous improvement, evidenced based operations and relation management.
4.3.1 Customer Focus Principle

This principle focuses on the satisfaction of demands and expectations of the customers. An organization must ensure that it meets customer requirements while striving to exceed their expectation if it aims at achieving improved level of competitiveness in the global environment. A satisfied customer is one which will determine whether an insurance firm closes its operations or competes favourable with both local and foreign insurance firm. The results on customer focus principle are presented in Table 4.2.

Table 4.2: Customer Focus Principle

<table>
<thead>
<tr>
<th>Customer Focus Principle</th>
<th>Yes</th>
<th>No</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm values its customers and their opinions matter across all departments</td>
<td>100.0</td>
<td>0.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Both corporate and individual customers are valued by the insurance firm</td>
<td>100.0</td>
<td>0.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Product and development in the firm is determined by customers’ demand</td>
<td>97.0</td>
<td>3.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Customer complaints are addressed promptly by the firm</td>
<td>97.0</td>
<td>3.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

The findings in Table 4.2 with regard to the ISO certification principle of customer focus indicates that the insurance firms value its customers and their opinions matter across all departments in making decisions that affect them. The respondents indicated that the insurance firms value both corporate and individual customers because they both constitute key stakeholders to the firm operations. The findings also was that one of the ways in which the customers views are valued in by the insurance firms is the fact that the insurance firms develop new products based on customer demands and their complaints on the service level are addressed promptly.
The findings align with the findings of Kungu (2010) who found that by a firm focusing on the customer demands, as an ISO requirement, it eventually leads to continuous improvement in its processes and products because customers demand continually evolve and this will make insurance firms to adapt to the dictates of the customer. For example, motor vehicle customers have been in need of a courtesy car upon loosing the only car they have through an accident. In recognition of the need, insurance firms have had to introduce a product that is aimed at meeting this demand by adding a premium on the comprehensive covers. Appreciating present and future demands of customers and other interested parties lead to continued success of a firm.

4.3.2 Leadership Principle

Managers in every organizational are tasked with the initiative of initiating unity of purpose and direction in the firm. In addition, the top leadership are involved in developing an environment in which all the staff members work towards accomplishing the organization’s quality objectives in the process and products production. In the case of insurance firm, the top leadership should endeavour to promote high quality services that are characterized by prompt claim settlement and honouring of the financial obligations from the insured customer. The findings on the leadership focus, as an ISO certification principle is presented in Table 4.3.
The finding in Table 4.3 shows that the Insurance firm top leadership, under the ISO certification is required to guide the organization towards improving its quality service. In order to facilitate improved implementation of decisions, the findings show that the insurance firms managers are decision making process is consultative, in that the implementers of the firm policies are consulted in making decisions that affect their work. Further, the finding indicated that 55.5% of the respondent believed that decision making process in the have has been decentralised to various regions which has enhanced faster decision making process while 45.5% didn’t support the ideal. The insurance firms have empowered the regional heads to make informed decision on a customer claim and make appropriate decision without referring to the head office for advice in all matters.

Attainment of ISO certification requires unity of purpose during certification process and maintenance of the standard throughout the operation period. In this regard, the top leadership of an organization play a crucial role in availing necessary resources to the ISO team and rallying together all the team members for a common purpose (Oluoch, 2010). This

<table>
<thead>
<tr>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>The management of the insurance firm is guiding the organization towards improving its quality service</td>
<td>100.0</td>
<td>0.0</td>
<td>100.0</td>
</tr>
<tr>
<td>The leadership decision making process is consultative</td>
<td>97.0</td>
<td>3.0</td>
<td>100.0</td>
</tr>
<tr>
<td>The top management of the firm are qualified and experienced</td>
<td>97.0</td>
<td>3.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Decision making process in the have has been decentralised to various regions which has enhanced faster decision making process</td>
<td>55.5</td>
<td>45.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)
explains why the insurance firm management are more concerned with guiding the organization towards the offering of quality services and products and observance of quality management system.

4.3.3 Involvement of People

People involvement is concerned with providing the opportunity to different groups of stakeholders to contribute towards the realisation of the organizations ISO certification expectations. This is because different groups of persons, both internal and external, will be involved in the firm processes and products development and delivery to the customers. Hence people involvement provides the opportunity for an individual to contribute towards the organizational goals. Indeed, the extent to which an organization will be able to achieve its desired objectives will depend on how it is able to organize and involve its people in using their abilities to contribute towards the organization’s objectives. The results on people involvement are presented in Table 4.4.

Table 4.4: Involvement of People

<table>
<thead>
<tr>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suggestions from the organizations staff is incorporated in the planning and implementation of the firms strategies</td>
<td>93.9</td>
<td>6.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Staff align themselves to the organization</td>
<td>93.9</td>
<td>6.1</td>
<td>100.0</td>
</tr>
<tr>
<td>The firm involves its staff in decision making process</td>
<td>90.9</td>
<td>9.1</td>
<td>100.0</td>
</tr>
<tr>
<td>The views of its members of staff are incorporated in the organization Mission and Vision</td>
<td>78.8</td>
<td>21.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)
The findings in Table 4.4 reveal that 93.9% of the respondent acknowledged that their insurance firm incorporate suggestions from staff members the overall organization strategies. This is out of the realisation that people involvement in organisation strategies contributes to better performance and quick realisation of goals. In addition, 90.9% of the respondent supported the view that the firm involves its staff in decision making process while 21.2% disagreed with the views that its members of staff are incorporated in the organization Mission and Vision.

According to the Resource Based View (RBV) (Barney, 1991), the competiveness of a firm, for example insurance firms in Kenya, is anchored on its internal capabilities that are rare and cannot be easily be imitated. Competent, skilful and informed people are essential to enhance the organization’s capability to create and deliver value. It is therefore important that the Insurance firms management establish a working environment with its staff that is characterized by staff being willing to share their independent views of a particular business decision that will improve the firm performance. This can best be achieved if the views of the staff members are aligned and incorporated in the organizations vision and mission.

4.3.4 Continual Improvement Principle

Organizations product and service improvements is realised through a systematically action of undertaking corrective actions and by incrementally improving through a step by step change to achieve a breakthrough; creatively through innovations; and by reorganizations that lead to transformations. As one of the ISO certification tenets, the findings on the need of organizations processes to continual improve is presented in Table 4.5.
The findings in Table 4.5 on continual improvement suggest that the respondent were fully in agreement that the organizations continually seek to improve their processes and systems and this was achieved through a process of continuous training and development programs on its employees. However, 6.1% of the respondent disagreed with the view that the insurance products have been extended to cover more clients while 72.7% were in agreement with the position that the insurance firm risk management process had been enhanced after ISO certification.

The capacity of a firm to continually improve its products and processes is a sure why of sustaining present performance and to position itself for any changes; within the internal or external environment as well being in a position to exploit every viable opportunity that presents itself. New industry regulations keep on being introduced and the evolving risk in the insurance sector will demand that a firm should be proactive in anticipating new risk out of the existing market. This requires that the firm systems and products should have the capacity to be modified quickly to be able to capture the opportunities that arise. (Okwiri, 2017)
2015). The insurance firm management should endeavour to enhance the viability of existing quality management system using quality policies and continuously audit its performance.

### 4.3.5 Evidenced Based Principle

The organizations evidenced based ISO certification principle involves complex and conscientious decision-making which is based not only on the available evidence but also on patient characteristics, situations, and preferences in making an operations decision. In applying the principles, Insurance firms are required that base their decision on the available industry and firm evidence to realise improved performance. The research findings on the application of the evidence based principle are presented in Table 4.6.

#### Table 4.6: Evidenced Based Principles

<table>
<thead>
<tr>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision making process in the insurance firm is guided by proper evaluation of existing condition</td>
<td>97.0</td>
<td>3.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Decision making in the firm is effective</td>
<td>81.8</td>
<td>28.2</td>
<td>100.0</td>
</tr>
<tr>
<td>The opinions of all the affected staff members by decision is sought before implementation</td>
<td>63.6</td>
<td>36.4</td>
<td>100.0</td>
</tr>
<tr>
<td>The firm employs services of research firm in determining how appealing a product is going to be in the market.</td>
<td>36.4</td>
<td>63.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source: Research Data (2017)**

The result on Table 4.6 shows that respondent conquered with the decision making process in the insurance firm is guided by proper evaluation of existing condition. Therefore, it shows that majority of the respondent conquered with the decision making process.
Decision making is one of the key functions that a firm management team undertakes on day to day basis and in making the same decision, there need to be an effective process of arriving at the correct decision that is guided by the correct facts and information. Improper decision making can be expensive because it might involve change of an organizations processes and investment of the firm’s funds. A proper evaluation backed by evidence and undertaking varied scenario analysis of what ifs need to be carried out before arriving at a final decision. A firm’s decision should also be based on market intelligence on what competing firms are planning or have already rolled out. For example the decision by Britam Insurance to roll out the Linda Jamii cover medical cover that did not last for one year in 2016 revealed the dangers of not backing a decision on the basis of the evidence available. The product turned out to be expensive to the insurance because the premium realised was way below the expectation of the company and this led to its termination.

4.3.6 Relation Management Principle

Relationship management is a strategy in which a continuous level of commitment is maintained between an organization and its audience. Relationship management can be between a company and its customers or between a company and another company. Relationship management focuses on finance and businesses as a way to identify possible cross-selling of products and services. The results are presented in Table 4.7.
The ISO principle of the need for a firm to develop a good relation is anchored on the stakeholder theory which posits that all stakeholders to a firm play an important role to the realisation of firms’ objectives. To an insurance firm, the various types of stakeholders include policyholders, government, employees, regulators and other insurance firms in the industry. Every one of these stakeholders play an important role to the realisation of a firms objective and it is incumbent upon an insurance firm’s management to develop a good working relations with each of the players. In lobbying for a favorable policy framework, for example interest rebates on premium payment, the insurance firms have to lobby together as an industry and their umbrella body in lobbying government institutions for the same policy decision to be introduced.
4.4 Performance Measure

This researcher also sought to find out the net profit and the total assets of the insurance firms before and after certification. The period under consideration was 2013 – 2016. The descriptive measures of the firms net profits, total assets and market share as represented by the share premium is presented in Table 4.7.

4.4.1 Descriptive Statistics on Net Profit

This section sought to determine the net profits of the ISO certified insurance firm between 2013 and 2016. The measure of the firm profits was determined by the absolute values presented in the balance sheet. The results are presented in Table 4.8.

Table 4.8: Net Profits measures

<table>
<thead>
<tr>
<th>Year</th>
<th>Median</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>734,378</td>
<td>-137,511</td>
<td>2,307213</td>
<td>1,084,851</td>
</tr>
<tr>
<td>2014</td>
<td>645,234</td>
<td>-84,571</td>
<td>1,659,593</td>
<td>787,511</td>
</tr>
<tr>
<td>2015</td>
<td>433,4876</td>
<td>-246,345</td>
<td>3,015841</td>
<td>1,384,748</td>
</tr>
<tr>
<td>2016</td>
<td>563,456</td>
<td>-433,377</td>
<td>2,876254</td>
<td>1,221438.5</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

From the findings, it can be noted that the year 2015 recorded the highest value in return on assets by a mean of value 1,384,748 while the year 2014 registered the lowest return on assets with a mean 787,511. This can be attributed to the low after elections results of the industry and this impacted on the general business environment in the country and also the claims made in the period was significantly higher than in the previous years.

4.4.2: Descriptive Statistics on Total Assets

The study also sought to investigate the trends in the total assets of the insurance firms from the year 2013 to 2016.
Table 4.9: Total Assets (000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Median</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>12,900,580</td>
<td>296,350</td>
<td>54,890,250</td>
<td>17,380,952</td>
</tr>
<tr>
<td>2014</td>
<td>15,675,250</td>
<td>379,002</td>
<td>55,693,400</td>
<td>21,650,352</td>
</tr>
<tr>
<td>2015</td>
<td>20,006,805</td>
<td>429,570</td>
<td>58,900,237</td>
<td>24,935,840</td>
</tr>
<tr>
<td>2016</td>
<td>22,602,590</td>
<td>477,712</td>
<td>61,058,854</td>
<td>27,902,552</td>
</tr>
</tbody>
</table>

*Source: Research Data (2017)*

Based on the findings the year 2016 recorded the highest value of firm total assets of Ksh 61,058,854 while the year 2013 recorded the lowest value of total assets of Ksh 51,890,250. Generally, Jubilee Insurance was the insurance firm with the highest asset base while Kenya Orient Life insurance company registered the lowest total asset base. Generally, the average asset base of the insurance firms increased by increased 17% which implies that the insurance industry growth improved over the period. Compared with the average economic growth registered of 6.5 % over the period, it implies that the insurance firm’s performance as measured by the asset base did remarkably well.

4.4.3: Descriptive Statistics on Return on Assets

Descriptive data analysis was performed on the return on assets and the results are presented in Table 4.10.
Table 4.10: Return on Assets (Financial performance)

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>-.073</td>
<td>.108</td>
<td>.0917</td>
<td>.024019</td>
</tr>
<tr>
<td>2014</td>
<td>-.059</td>
<td>.095</td>
<td>.0260</td>
<td>.023049</td>
</tr>
<tr>
<td>2015</td>
<td>-.034</td>
<td>.110</td>
<td>.0153</td>
<td>.019751</td>
</tr>
<tr>
<td>2016</td>
<td>-.054</td>
<td>.197</td>
<td>.1440</td>
<td>.022635</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

The findings as shown in Table 4.10 show the distribution of Return on Assets values over a period of four years. The finding shows an irregular pattern in ROA of the insurance firms over the four year period with the lowest value for ROA being .0153 in years 2015 while the highest was .144 in 2016. On the other hand, low scores of standard deviation indicate low variation in financial performance for the various insurance in Kenya statistically.

4.5 Regression analysis

For quantitative analysis, the study must be the same, the relationship between the general averages of the performance. The determination coefficient is a measure of how well a statistical model is able to predict future results. The coefficient of determination, r^2 is the square of the correlation coefficient of the sample between the results and the expected values. The variation of the independent variables or the percentage of the variable in the dependent variable (organizational performance) explained by the six independent variables (principle of attention to the client, principle of leadership, participation of people, principle of continuous improvement, principle based on evidence and relationship management principle).
Table 4.11: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.721(^a)</td>
<td>.521</td>
<td>.432</td>
<td>.13123</td>
</tr>
</tbody>
</table>

a. Dependent Variable: organisation performance

b. Predictor Variable: (constant); \( X_1 = \text{CFP}, X_2 = \text{LP}; X_3 = \text{IOP}, X_4 = \text{CIP}, X_5 = \text{EBP}, X_6 = \text{RMP} \)

The R\(^2\), also called the coefficient of multiple determinations, is the percentage of the variance in the dependent variable explained alone or jointly by the independent variables and is 52.1%. This means that 52.1% of changes in company performance are explained by changes in the independent variables in the model.

Table 4.12: Summary of ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>14.322</td>
<td>6</td>
<td>2.387</td>
<td>2.464</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>25.193</td>
<td>26</td>
<td>.969</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>39.515</td>
<td>32</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

The analysis of variance (ANOVA) in Table 4.12 shows the effect of the combined effect of insurance. This is shown with a value of 0.051 which is more than the critical acceptance value of 0.05. Explanatory variables for the performance of insurance companies \( (F = 2.464, P \text{ value} = 0.051) \).
Table 4.13: Model Summary of simple regression for organization performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.558</td>
<td>.237</td>
<td></td>
<td>2.355</td>
</tr>
<tr>
<td>X1</td>
<td>.479</td>
<td>.111</td>
<td>.667</td>
<td>4.324</td>
</tr>
<tr>
<td>X2</td>
<td>.029</td>
<td>.135</td>
<td>.029</td>
<td>.216</td>
</tr>
<tr>
<td>X3</td>
<td>-.070</td>
<td>.049</td>
<td>-.197</td>
<td>-1.427</td>
</tr>
<tr>
<td>X4</td>
<td>.015</td>
<td>.065</td>
<td>.036</td>
<td>.232</td>
</tr>
<tr>
<td>X5</td>
<td>.029</td>
<td>.135</td>
<td>.029</td>
<td>.216</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

What is X1 to X5? Where X1 – Customer focus, X2 – Leadership principle; X3 – Involvement of people, X4 – Continual Improvement, X5 – Evidence Based Principle

As per the SPSS generated Table 4.13, the equation $Y=\alpha+B_1X_1+B_2X_2+B_3X_3+B_4X_4+B_5X_5+e$ becomes:

$Y=0.558 +0.479X_1+0.029X_2-0.07X_3 + 0.015X_4+ 0.029X_5 + e$

The result show that the customer focus principle was significant while the other four principles ($X_2 – X_5$) were not significant since their respective values were more than 0.05. The test was carried out was $\alpha = 5\%$.

4.6 Discussion of the finding

The relationship between ISO certification and performance has become an important practice that shapes the operations of insurance companies. The finding revealed that the firm values its customers and their opinions matter across all departments as well as both corporate and individual customers are valued by the insurance firm.
According to Oluoch, (2010) argued that the management creates an atmosphere where staff members are fully involved in achieving organization’s objectives. Therefore, the finding of the study shows that the management of the insurance firm is guiding the organization towards improving its quality service. The finding indicated that suggestions from the organizations staff are incorporated in the planning and implementation of the firm’s strategies with is supported by Kiplagat, (2013). He noted that recognition and capacity building facilitate the involvement of people in attaining the organizational goals. In addition, Okwiri, (2015) suggested that management should endeavour to enhance the viability of QMS using quality policies and goals, auditing performance, analysis of data, management reviews, projecting future results by evaluating present performance and taking corrective actions. The study revealed that the organizations processes and systems are continually being improved as well as continual training and development of its staff.

The study found that decision making process in the insurance firm is guided by proper evaluation of existing condition which was supported by Gatimu (2008), who noted that decision making should be based on information from sufficiently analyzed data. Moreover, the study found that there exist cordial relationships between the insurance firm and its partners as well as its stakeholders, for example government, regulatory authorities. This relationship enables an organization to receive materials required from suppliers on time and therefore ensure that production is efficiently and timely done (Okwiri, 2015).
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This section covers the summary of findings, conclusion, limitations and recommendations in line with the topic of study which is to establish the relationship of ISO certification and performance.

5.2 Summary of Findings
The results show that the insurance companies have been in operation in Kenya for a long time and therefore they understand the dynamics of the market and thus the need to adopt ISO certification in order to improve the organisational performance. The study found that the majority of the respondent believed that the insurance firm’s values its corporate and individual customers and their opinions matter across all departments. The study finding indicated that the management of the insurance firm guide the organizations towards improving their quality service. It also found out that the suggestions from the organizations staffs are incorporated in the planning and implementation of the firm’s strategies.

The study revealed that the organizations processes and systems are continually being improved as well as continual training and development of its staff. The finding also indicated that decision making process in the insurance firm is guided by proper evaluation of existing condition. In addition, the study found that there exist cordial relationships between the insurance firm and its partners as well as its stakeholders, for example government, regulatory authorities.
5.3 Conclusion

The findings indicate that the performance of the insurance companies is influenced by the level of ISO certificate principles. The tenets of ISO certification principles investigated were customer focus, leadership, involvement of people continual improvement, evidenced based principle and relation management principle. After the analysis of the five variables and firm performance, there was a positive co-efficient between insurance firm performance and ISO certification principles. From the findings, it can be concluded that insurance firm’s value both their corporate and individual customers and their opinions matter across all departments. Therefore, the insurance companies should continue to improve their decision making process to ensure that the decision making process is inclusive and therefore implementation of the decision will face less resistance.

The management of the insurance firm aim at guiding the organization towards improving its quality service. Therefore, the insurance companies need to establish an appropriate leadership principle which aims in improving the quality service. In need, organizations staffs are incorporated in the planning and implementation of the firm’s strategies. Thus, they should be involved in all activities of the organisation. The study concluded that decision making process in the insurance firm is guided by proper evaluation of existing condition and the continuous improvement on organizations processes, systems, training and development of its staff. The cordial relationships between the insurance firm and its partners as well as its stakeholders, for example government, a regulatory authority have contributed to the improvement of the performance of the insurance companies.
5.4 Limitations of the Study

The limitation of the study was that as with other research that uses questionnaire as the instrument to collect data, there may be a problem of social desirability. Some respondents may have the tendency to exaggerate or provide responses deemed to be desirable by others, instead of giving honest responses. The results and implications drawn from this study should be viewed in light of the research method employed. Some of the inconsistencies observed could have arisen from the nature of the sample. The sample came from a single industry and hence the generalizability of the results is limited.

Secondly, the results represent a cross-sectional position in time and do not capture the ability of some of the participants to be motivated by individual interests as is possible with qualitative methods. Further, it is possible that the common methods bias might have arisen since a single respondent answered all questions per bank though the same was not captured but at the same time it cannot be completely ruled out. Further, many of the insurance firms have operated for more than 15 years and their strategies could be similar.

5.5 Recommendations for Policy and Practice

Given that this study established positive relationship between ISO certification and performance of insurance firms, I recommend that the Insurance Regulatory Authority (IRA) makes it mandatory for all insurance companies to pursue ISO certification as a means of improving performance. In order to achieve this, IRA needs to conduct further research in the area in order to establish the basis of implementing the policy.

Since the study established that the insurance firm’s values its corporate and individual customers and their opinions matter across all departments, it is appropriate that insurance firms should use the customer focus principle in order to enhance performance. The study
further established that insurance firms have decision making processes guided by proper evaluation of existing condition. This implies more decision making processes in the insurance firms for effective performance of the business.

There is a strong cordial relationship between the insurance firm and its partners as well as its stakeholders. It is therefore recommended that the insurance firms should build more relationship in order to improve performance and achieve organisational objectives.

5.6 Suggestions for Further Research

The study used five key ISO principles to determine their effect on the insurance firms’ return on investment. This might lead to multicollinearity whereby several variables could be related thus leading to lower significance level of the independent variable. As a result, the study recommends that a study be undertaken using fewer variables, say four key ISO variables.

The study used data from 33 insurance firms due to the limited time available to collect data. In this case, only one respondent was identified per firm pointing to the possibility that the findings may not be conclusive enough. Consequently, I therefore suggest that further studies be undertaken involving more respondents per insurance firm to increase the study results validity.

The research findings also found that the insurance firms faced several challenges in implementing all the ISO principles to the same degree. As a result, I suggest that further studies be undertaken to establish the challenges faced by insurance firms in implementing ISO principles. The study did not establish how compliance with ISO certification by insurance firms is audited. It is not clear whether it is only KEBS or other certification bodies are allowed to audit compliance with ISO principles. I therefore recommend that further studies in this area consider audit of compliance with ISO principles.
REFERENCES


APPENDIX I: QUESTIONNAIRE

Please give answers in the spaces provided that matches your response to the questions.

Section A: Demographic Characteristics

1. Name of the insurance company………………………………………………………………………………………………..

2. How many employees are there in your company?
   a) Less than 100 (     )  b) 100 – 499 (     )
   c) 500 5– 999 (     )  d) Above 1000 (     )

3. For how long has your company been in operation in Kenya?
   a) Under 5 years (     )  b) 6 – 10 years (     )
   c) 11 – 15 years (     )  d) 16 – 20 years (     )
   e) Over 25 years (     )

4. Do you have operations outside Kenya?
   a) Yes (     )  b) No (     )

5. What is the nature of ownership of your insurance firm?
   a) Locally Owned (     )  b) Foreign Owned (     )
   b) Mixed Owned (     )
### Section B: ISO Principles

6. Which of the following ISO principles apply to your insurance firm?

<table>
<thead>
<tr>
<th>Principle</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Focus Principle</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product and development in the firm is determined by customers’ demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm values its customers and their opinions matter across all departments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both corporate and individual customers are valued by the insurance firm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer complaints are addressed promptly by the firm</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Leadership Principle</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The management of the insurance firm is guiding the organization towards improving its quality service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The leadership decision making process is consultative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decision making process in the have has been decentralised to various regions which has enhanced faster decision making process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The top management of the firm are qualified and experienced</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Involvement of People</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm involves its staff in decision making process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suggestions from the organizations staff is</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
incorporated in the planning and implementation of the firms strategies

Staff align themselves to the organization

The views of its members of staff are incorporated in the organization Mission and Vision

**Continual Improvement Principle**

The organizations processes and systems are continually being improved

The insurance products being offered has been extended to cover more clients

The risk management process has been enhanced after ISO certification.

The insurance firm encourages continual training and development of its staff

**Evidenced Based Principle**

Decision making process in the insurance firm is guided by proper evaluation of existing condition

The opinions of all the affected staff members by decision is sought before implementation

Decision making in the firm is effective

The firm employs services of research firm in determining how appealing a product is going to be in the market
<table>
<thead>
<tr>
<th>Relation Management Principle</th>
</tr>
</thead>
<tbody>
<tr>
<td>There exist a cordial relationship between the insurance firm and its customers</td>
</tr>
<tr>
<td>There exist a cordial relationship between the insurance firm and its partners in the industry.</td>
</tr>
<tr>
<td>The management and staff work harmoniously towards meeting customer needs</td>
</tr>
<tr>
<td>The firm has a cordial relationship with its stakeholders, for example government, regulatory authorities</td>
</tr>
</tbody>
</table>

7. Indicate in terms of average percentage the extent to which the following performance measures have improved positively in your organization over the last four years.

Where, 1 = (0% – 5%); 2 = (6% – 10%); 3 = (11% – 15%); 4 = (16% - 20%); 5 = (Over 21%)

<table>
<thead>
<tr>
<th>Performance measure</th>
<th>Two years before ISO certification</th>
<th>Two years after ISO certification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 2</td>
<td>Year 1</td>
</tr>
<tr>
<td>Total operating cost as percentage of turnover</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Share</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU SO MUCH FOR YOUR TIME
### APPENDIX II: LIST OF INSURANCE FIRMS IN KENYA

<table>
<thead>
<tr>
<th>No</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AAR Insurance Kenya Ltd</td>
</tr>
<tr>
<td>2</td>
<td>African Merchant Assurance Co. Ltd</td>
</tr>
<tr>
<td>3</td>
<td>AIG Kenya Company Ltd</td>
</tr>
<tr>
<td>4</td>
<td>Allianz Insurance Company Ltd</td>
</tr>
<tr>
<td>5</td>
<td>APA Insurance Company Ltd</td>
</tr>
<tr>
<td>6</td>
<td>Apollo Life Assurance Company Ltd</td>
</tr>
<tr>
<td>7</td>
<td>Barclays Life Assurance Co. Ltd</td>
</tr>
<tr>
<td>8</td>
<td>Blueshield Insurance Company Ltd</td>
</tr>
<tr>
<td>9</td>
<td>Britam General Insurance Company Ltd</td>
</tr>
<tr>
<td>10</td>
<td>Britam Life Insurance Company Ltd</td>
</tr>
<tr>
<td>11</td>
<td>Cannon General Ins. Co. Ltd</td>
</tr>
<tr>
<td>12</td>
<td>Capex Life Assurance Company Ltd</td>
</tr>
<tr>
<td>13</td>
<td>CFC Life Assurance Company Ltd</td>
</tr>
<tr>
<td>14</td>
<td>CIC General Insurance Company Ltd</td>
</tr>
<tr>
<td>15</td>
<td>CIC Life Assurance Company Ltd</td>
</tr>
<tr>
<td>16</td>
<td>Concord Insurance Company Ltd</td>
</tr>
<tr>
<td>17</td>
<td>Corporate Insurance Company Ltd</td>
</tr>
<tr>
<td>18</td>
<td>Directline Insurance Company Ltd</td>
</tr>
<tr>
<td>19</td>
<td>Fidelity Shield Insurance Company Ltd</td>
</tr>
<tr>
<td>20</td>
<td>First Assurance Company Ltd</td>
</tr>
<tr>
<td>21</td>
<td>Geminia Insurance Company Ltd</td>
</tr>
<tr>
<td>22</td>
<td>GA Life Insurance Company Ltd</td>
</tr>
<tr>
<td>23</td>
<td>General Accident Insurance Company Ltd</td>
</tr>
<tr>
<td>24</td>
<td>ICEA Lion General Insurance Company Ltd</td>
</tr>
<tr>
<td>25</td>
<td>ICEA Lion Life Assurance Co. Ltd</td>
</tr>
<tr>
<td>26</td>
<td>Intra-Africa Assurance Company Ltd</td>
</tr>
<tr>
<td>27</td>
<td>Invesco Assurance Company Limited</td>
</tr>
<tr>
<td>28</td>
<td>Jubilee Insurance Company Limited</td>
</tr>
<tr>
<td>29</td>
<td>Kenindia Assurance Company Limited</td>
</tr>
</tbody>
</table>

58
<table>
<thead>
<tr>
<th></th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>Kenya Alliance Insurance Company Limited</td>
</tr>
<tr>
<td>31</td>
<td>Kenya Orient Insurance Company Limited</td>
</tr>
<tr>
<td>32</td>
<td>Kenya Orient Life Insurance Company Ltd</td>
</tr>
<tr>
<td>33</td>
<td>Madison Insurance Company Limited</td>
</tr>
<tr>
<td>34</td>
<td>Mayfair Insurance Company Limited</td>
</tr>
<tr>
<td>35</td>
<td>Saham Insurance Co. Ltd</td>
</tr>
<tr>
<td>36</td>
<td>Metropolitan Cannon Life Ins. Co. Ltd</td>
</tr>
<tr>
<td>37</td>
<td>Monarch Insurance Company Limited</td>
</tr>
<tr>
<td>38</td>
<td>Occidental Insurance Company Limited</td>
</tr>
<tr>
<td>39</td>
<td>Old Mutual Assurance Company Limited</td>
</tr>
<tr>
<td>40</td>
<td>Pacis General Insurance Company Limited</td>
</tr>
<tr>
<td>41</td>
<td>Sanlam Life Insurance Co. Ltd</td>
</tr>
<tr>
<td>42</td>
<td>Phoenix of E.A Insurance Company Limited</td>
</tr>
<tr>
<td>43</td>
<td>Pioneer Assurance Company Limited</td>
</tr>
<tr>
<td>44</td>
<td>Pioneer General Co. Ltd</td>
</tr>
<tr>
<td>45</td>
<td>Resolution Insurance Company Ltd</td>
</tr>
<tr>
<td>46</td>
<td>Sanlam Insurance Company Ltd</td>
</tr>
<tr>
<td>48</td>
<td>Prudential Life Insurance Co. Ltd</td>
</tr>
<tr>
<td>49</td>
<td>Takaful Insurance of Africa Limited</td>
</tr>
<tr>
<td>50</td>
<td>The Heritage Insurance Company Ltd</td>
</tr>
<tr>
<td>51</td>
<td>Trident Insurance Company Limited</td>
</tr>
<tr>
<td>52</td>
<td>UAP Life Assurance Company Limited</td>
</tr>
</tbody>
</table>

Source: Insurance Regulatory Authority (2017)