

ORGANIZATIONAL LEARNING AND PERFORMANCE OF
INSURANCE FIRMS IN KENYA

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DECLARATION

This research project is my original work and has not been submitted for the award of an academic credit in any other University.

Signed.....

Date.....

WALTER SAMWEL ODOYO

This research project has been presented for examination with my approval as the University supervisor.

Signed.....

Date.....

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DEDICATION

To my parent, to whom is demonstrated that all is possible and to all on whose platforms
I have stepped and grown.

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DEFINITION OF TERMS

IRA	-	Insurance Regulatory Authority
AKI	-	Association of Kenya Insurers
SPSS	-	Statistical Package for Social Science
MBA	-	Master of Business Administration
CEO	-	Chief Executive Officer
CAPEX-		Capital Express
ICEA	-	Insurance Company of East Africa
EAC	-	East Africa Community
COMESA-		Common Market for Eastern and Southern Africa

ABSTRACT

Organizational learning is increasingly becoming a key source of competitive advantage for many firms, allowing them to cope with increasing organizational and technological complexities that have emerged in the global market environment. This lies against a backdrop of increasing desire for process and technological innovations, superior human resource practices, team learning besides higher organizational and leadership styles toward realizing increased organizational performance. The focus of this study is on establishing the extent of organizational learning in insurance firms in Kenya and how this impacts performance of the firms. A cross-sectional survey was used to obtain primary data in this study. The research used population data gathered by means of self-administered questionnaires to the top management members of all the 47 insurance firms in Kenya. A total of 25 questionnaires were responded to by various companies. This data was analyzed using descriptive statistics which involved the use of standard deviations, means, frequencies and percentages. The findings of the study demonstrated empirical evidence of statistically significant, positive relationship between organizational learning and organizational performance. Organizational learning existed in the insurance firms in Kenya to a great extent with a mean of 3.63 contributing to an above average performance of the firms with a grand mean of 3.52. This illustrates the significance of learning to organizations since its outcomes are embedded on the organization's systems and cultures, and it contributes the attainment of the organization's goals and purposes.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizational Learning is a concept that is increasingly becoming a widespread philosophy in modern companies. On the other hand, business environment is dynamic and rapidly changing calling for an approach that integrates an organization's goals, perspectives, systems and processes into a cohesive whole. Thus, in the unpredictable business environment, commitment to learning in organizations will enhance their capability to acquire and develop new knowledge which will enable the organization's strategic renewal and growth (Cummings & Worley, 2008). Organizational Learning will thus become the bottom line for firms in the current era; it is the ability to achieve sustained improvement in performance over a long period of time.

This study is supported by two theories: Resource-Based Theory and Dynamic Capabilities Theory. Resource-Based Theory postulates that the basis for a firm's sustainable competitive advantage is found fundamentally in the firm's acquisition and application of the firm's bundle of valuable and heterogeneous, tangible and in tangible resources. Such resources include among others, all assets, capabilities, knowledge base and information possessed by a firm. They are the major determinants of an organization's performance (Wenerfelt, 1984). Learning will help a firm generate fresh knowledge, utilize existing knowledge, skills and other tangible assets, and thus be able to adapt to the changing market conditions. Alternatively, Dynamic Capabilities Theory

examines how firms integrate, build and reconfigure their internal and external firm-specific competencies into new competencies that match their turbulent environment (Teece, Pisano & Shuen, 1997). Capabilities here relate to high-level, learned, patterned, repetitious behaviours that an organization can perform better relative to its competition (Nelson & Winter, 1982; Winter, 2003). The theory assumes that firms with greater dynamic capabilities will outperform those with smaller dynamic capabilities.

The focus of this study will be on the Insurance Industry in Kenya. Insurance companies have endeavored to being providers of superb insurance security and service products, to increase gross premiums from new and existing markets, to improve returns on assets, to provide international customer service standards, or to promote professionalism and ethics in the insurance industry. The insurance industry in Kenya is governed by the Insurance Act and regulated by the Insurance Regulatory Authority. In the current climate of rapid technological and ideological change it is becoming compelling for the industry's knowledge capital to be in continuous learning mode if they are to survive and prosper.

1.1.1 Organizational performance

Performance is a multidimensional and dynamic concept which refers to an individual's proficiency with which he/she executes activities which contribute to the attainment of an organization's goals and objectives. It is not static but varies over time as a result of learning. Continuous learning is thus an important tool to an organization's workforce if they are to succeed in the face of the ever increasing environmental volatility. Sonnentag

& Frese (2001) believe that organizations will constantly rely on highly performing individuals and systems in order to excel in their product and/or service offers, satisfy the needs of their customers and stay ahead of competition.

At the individual level, speed and accuracy of work performance increases productivity. Synergy, quality, and quantity of teams are equally crucial at the group level. Additionally, organizational effectiveness will be assessed with the degree to which a company sustainably meets its business and organizational strategies (Sonnentag & Frese, 2001).

The objective of performance is to optimize worker productivity. 'Performance' as a concept is environment dependent and environment serving. Products or services arising out of good or poor performance will be channeled to the environment for utilization. Positive or negative feedback arising out of the environment as a result is relayed back to the performing system to inform the requisite changes and/or improvement measures necessary for better outcomes. It shall therefore be very important to link workers' skills and capabilities with the environmental design in order to improve their performances at the individual, group or organizational level.

1.1.2 Organizational learning

Continuous and wholesome learning is predicted by some scholars to become the foundation for achieving sustained competitive edge for firms in current times. It is the very potent tool for an organization's continuous improvement since innovations will thrive when something new is learnt and put to test. Learning can be referred as being a

relatively permanent change in an individual's worldview, attitudes and behavior that occurs as a result of experience or reinforcement (Luthans, 2011). It is a lifelong process that may help in analysis and problem solutions, satisfying curiosity, passing assessment tests, or assist in career progression.

Senge (1990) perceives Organizational Learning as the process whereby shared understanding and strategies change, as a key to flexibility and competitive advantage. These understandings are an organization's mental models relating to the company, their markets or competitors. Hayes, Wheelwright & Clark (1998) concluded that learning is the bottom-line for the manufacturing industry. They stated that one of the common denominator in high performance plants is the ability to learn and achieve sustained performance over the long term.

According to Cummings & Worley (2008), Organizational learning enhances an organization's capability to acquire and develop new knowledge and how that knowledge can be organized and used to improve performances. In their view, when knowledge is translated into new products and services, it can become a key source of wealth creation for organizations. Consequently, such organizations that value organizational learning shall be able to adapt to the realm of uncertainty while rising to positions of sustained growth ahead of competition. Such firms are also able to survive and excel through the challenges of economic crisis, severe competition, changing customer preferences or advances in technology.

1.1.3 Insurance firms in Kenya

The concept of insurance has been in Kenya, just as in all other African countries, for a long time. This dates back to the colonial period when the settlers needed protection against risk exposures to their investments. According to the Association of Kenya Insurers (2012), the Kenyan insurance industry had grown to a population of 47 insurance companies incorporated to operate in Kenya by the close of 2012: 23 transacting non-life business, 12 life insurance and 12 composite insurers. The industry is however characterized by a low insurance penetration averaging about 3%.

Kenya's insurance industry is the leading one within the East Africa Community (EAC) and a key player in the Common Market for Eastern and Southern Africa (COMESA) region (AKI, 2012). Overtime, the industry has shown impressive growth in premium value. As at December 2012, it had grown its gross written premium valued to Ksh. 108.54 billion and a gross earned premium of Ksh. 84.38 billion compared to gross written and earned premiums of Ksh. 91.60 billion and Ksh. 70.92 billion respectively for the year 2011. This also shows tremendous growth from the industry's lower gross written premium of Ksh. 27.90 billion in 2003. The growth has been mainly attributed to non-life segment which accounted for 65.84% of total Kenya's insurance premiums in 2012. Over 20,000 people were employed by the industry as at December 2011 (AKI report, 2011).

Over the years, insurance firms in Kenya have grown in number and strength. According to AKI report (December, 2012), all the insurance firms registered positive net premium earnings and net incomes for the year 2012. Nonetheless, a few registered losses after taxation; these included Apollo Life (Ksh. 70,554,000), Metropolitan Life (Ksh. 102,946,000), Old Mutual Life (Ksh. 618,518,000), and Takaful (Ksh. 64,023,000), with Old Mutual suffering the largest losses. Some of the dominant players in this industry included AIG, APA, Britam, CIC General, Heritage, ICEA Lion Group, Kenindia, UAP General, and Jubilee insurance companies. All these firms have to their portfolio, sizeable proportion of shareholders' capital, a higher total and net asset value, and higher net profits. These firms alone controlled over 60% of the total market share in 2012.

However, Insurance firms in Kenya face a number of challenges. There is the issue of poor attitudes of Kenyans towards personal insurance cover. This lends heavily to low insurance penetration in the country. Others include: increased volatility in asset prices and commodity markets that could cause fluctuations in cost and premium price structures, emergence of new technologies rendering the existing ones obsolete, huge skills shortage, or rising competition from numerous banking, micro-finance and mobile banking institutions who largely diminish peoples' propensity to save. Continuous commitment to organizational learning will thus allow firms in the industry to keep a pool of intellectually rejuvenated, proactive and competent work force with up-to-date skills and sharpened talents. These will be capable of allaying fears of uncertainty using carefully structured strategic plans and responses towards assuring greater performance and growth of the insurance firms.

1.2 Research Problem

The insurance firms has experienced unprecedented volatility due to the environmental influences such as changing demographic structure, legislations, court decisions besides increasing crime rates and frauds. Poor attitudes of Kenyans toward personal insurance cover, rapid technological evolution, skills shortage and fierce competition from banking, micro-finance and mobile banking institutions have largely contributed to low insurance penetration and the consequent lower profitability of firms in the industry. Diligent application of organizational learning principles will thus equip many such organizations with dynamic and competent resources –including material, human and technological resources- capable of steering the firms to high levels of performance and growth.

There is no conclusive evidence of the impact of organization learning in improving organizational performance. Kirimi (2006) in her study among private recruitment agencies in Nairobi established that for organizational learning to be effective within the firms, market surveys and benchmarking of ideas with other firms, conducive learning environment, team work and efficient communication is critical. She recommended further studies to be conducted different industries for purposes of validating or improving on the findings of her study. Wandera (2008) in his study found out that though teamwork, discussion and exchange of ideas among staff was important in promoting learning in organizations; wholesome learning culture was still lacking in insurance companies. This is because most organizations greatly rely on Chief and Senior executive for idea generation and decision making. On the other hand, Amulyoto (2002) in his study on organizational learning process in donor agencies in Nairobi found that

organizational learning was more instrumental in an environment of uncertainty. In his analysis, information acquisition and distribution, experimentation, innovation, and organizational memory formed the foundation of organizational learning. In this way, he lays heavy focus on Communication and employees' years of experience alone in arriving at his conclusions.

Shoaib et al. (2008), Hernaus et al. (2008), and Skerlavaj & Dimovski (2006) separately established the existence of statistically significant and positive relationship between organizational learning and organizational performance. Shoaib et al. mainly based their study on inquiry and dialogue, and systems connections while ignoring the other five dimensions (continuous learning, team work, embedded systems, empowerment and leadership) of organizational learning as proposed by Watkins & Marsik. All the three studies demonstrated the limitations of sample size context, thus being less representative of the entire industry. The former focused on Pakistan while the latter two focused on South Eastern Europe. The studies therefore lacked cross-cultural dimension which would be important for cross-validating results in different settings. Garvin, Edmondson & Gino (2008), argues that no organization specific framework of organizational learning and its application had been developed thus making measurement of the extent of success difficult. This study therefore intends to fill the research gap by answering the questions; what is the extent of organizational learning in insurance firms in Kenya? And, does the extent of organizational learning influence performance of insurance firms in Kenya?

1.3 Research Objective

This research addresses the following objectives:

- i) To determine the extent of organizational learning in insurance firms in Kenya.
- ii) To determine the influence of organizational learning on performance of insurance firms in Kenya.

1.4 Value of the Study

This study will explore the perception of managers of the extent of organizational learning as a foundation for improving performance of the insurance firms in Kenya. It will examine the possible shortcoming and problems associated with management's commitment to the use of organizational learning as an approach for improving performance within the insurance industry. It will also attempt to find out the factors that may elevate insurance firms' competitiveness in the insurance industry. This study will consequently help the managers to appreciate the extent to which organizational learning will impact performance of insurance firms in Kenya thereby informing managerial policy and strategy formulation of the firms. With this information they will be better positioned to steer the firms toward higher goals.

The study shall also be of particular significance in providing grounds for further research by other scholars who may want to broaden their understanding on the extent to which organizational learning will influence performance of firms in the insurance industry. This will open the path for further research in order to validate previous findings. By proving further information on the extent to which organizational learning could lead to a rise in the firms' competitive advantage, the study will help strengthen the insurance industry.

This study will be instrumental in raising the awareness of managers on the advantages and challenges of embracing organizational learning as a measure for influencing the competitiveness of insurance firms in Kenya. This knowledge will significantly assist the managers in establishing robust, ethical and best practice principles of insurance firms toward improving operating efficiency, productivity, service delivery and profitability of firms in the industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Organizational Learning is increasingly gaining prominence with many stakeholders in organizations. This is because it strives to understand the different and changing needs of various players such as customers or employees, and process these demands unto effectively and efficiently satisfying such expressed or latent needs through superior product and service offers. This chapter will thus carry out an in-depth review of literature from previous studies in respect of the key variables of the study.

2.2 Theoretical Foundation

This study is based on two theories: Resource-Based Theory and Dynamic Capabilities Theory. Resource-Based Theory points to the management's approach to accessing the available amount of a business' strategic and useful tangible and intangible inputs, and utilizing such critical resources effectively and efficiently toward enhancing a firm's competitiveness in the unpredictable and volatile business environment. The goal of this theory is to derive competitive advantage through a firm's unique resource application (Barney, 1991). Firms therefore need to analyze and identify their strategic advantages by keenly scrutinizing their distinct combination of assets, capabilities and intangibles in order to recreate and execute innovative options for gaining a higher competitive edge above rivals (Piece II et al., 2010).

Proponents of Resource-Based theory argue that simultaneously valuable, rare, inimitable and non-substitutable resources can be a source of superior performance, and may enable the firm to achieve sustainable competitive advantage (Barney, 1991). In this respect, intangible resources which include information, knowledge and dynamic capabilities gains more prominence; intangible assets cannot be touched or seen but often very critical in creating competitive advantage (Bridoux, 2004; Piece II et al., 2010). Kaplan & Norton (2007), sees the resolve by firms to exploit intangible assets toward competition based on information as far more critical than investing in managing physical assets since the former holds the key to greater business transformation. This theory asserts that firms are not endowed equally in terms of strategic resources owned and controlled by them (Barney, 1991). The inequality could be as a result of imperfections in the resource-markets and resource immobility. This point to the need of continuous learning by firms in order to sharpen and leverage on their strategic competences gained through unique resource endowment and deployment.

Dynamic Capabilities Theory, on the other hand, illustrates a strategic approach by firms to integrate, build and reconfigure internal and external competences, skills and resources of an organization to address the needs of the rapidly changing environment (Teece et al., 1997). Teece, Pisano and Shuen argue that a firm would be said to be 'dynamic' when it demonstrates the capacity to renew its competences as to achieve congruence with the changing business environment. Capabilities of a firm are the skills that a company uses to transform its inputs into outputs; they emphasize the key role of strategic management in appropriately adapting, integrating and reconfiguring internal and external tangible and

intangible resources and functional competencies to match the requirements of a changing environment (Piece II et al., 2010; Teece et al., 1997). According to Eisenhardt & Martin (2000), Dynamic Capabilities Theory depicts a firm's ability to alter its resource base by creating, integrating, recombining and releasing resources.

Teece et al. (1997) agree that there is need for exploitation of existing internal and external firm-specific capabilities, and developing new ones. The Dynamic capabilities approach focuses attention on firm's ability to align resources to changes in their environment (Poulis et al., 2013). This concurs with the assertion of Porter (1996) that Dynamic capabilities approach has its central focus on the degree of 'fit' over time, between an organization's changing external environment and its changing portfolio of activities and capabilities. In the end, sustaining organizational capabilities involves incessant sharpening of workers' skills through continuous learning, acquiring new technology, and facing new competition while serving the evolving needs of customers and the larger market (Piece II et al., 2010).

2.3 Organizational Learning

Organizational learning is the process through which managers try to increase organizational members' capabilities in order to understand better and manage an organization and its environment into accepting decision that increase organizational performance on a continuous basis; it is the process of improving actions through better knowledge and understanding (Jones, 2000; Fiol & Lyles, 1985). Probst & Buchel (1997), on the other hand, defines organizational learning as the process by which the

organization's knowledge and value base changes, leading to improved problem-solving ability and capacity; while Senge (1990), perceives Organizational Learning as a process of continuous testing of experience and its transformation into knowledge available to the whole organization and relevant to their mission. Organizational Learning involves creating systems to capture knowledge and support knowledge creation, as well as empowering continuous organizational transformation (Watkins & Golembiewski, 1995).

Different scholars do not seem to agree on a standard and uniform definition of Organizational Learning and most definitions are partial (Hernaus et al., 2008). However, most of their thoughts tend to illustrate the idea of a holistic approach that aims at integrating information (new and those in memory) with the various parts of an organization's processes and structures toward raising and sustaining an organization's competitiveness in the hyper turbulent business environment. Kaplan & Norton (2001, p.93) finds learning and growth/innovation perspective to be "the foundation of all strategy".

Garvin (1993) argued that failed programs in organizations far outnumbered successes, and improvement rates remained distressingly low because most companies had failed to grasp the basic truth that required commitment to learning. In his opinion, in the absence of learning, change remains elusive to companies and improvements are either fortuitous or short-lived. He thus believes that there is need for the creation of systems and processes that support and integrates the activities of systematic problem solving, experimentation, learning from experience and best practices of others, and transferring

knowledge hitherto gained quickly and efficiently throughout the organization, into the fabric of daily operations.

Protopogerou et al. (2011) perceives learning as the principal means of attaining strategic renewal. Renewal requires that organizations explore and learn new ways while at the same time exploit what they have already learnt (March, 1991). Cummings & Worley (2008) depicts transformational change as requiring much learning and innovation. According to them, members must learn how to enact the new behaviors required for implementing new strategic directions. This involves trying new behaviors, assessing their consequences and modifying them if necessary. Because members must learn qualitatively different ways of perceiving, thinking and behaving, the learning process is likely to be substantial and may also involve much unlearning of old habits. It is directed by vision of the desired future state of an organization and by the values and norms needed to support it.

The feedback and learning process of the Balanced-score card concept fosters an ability to reflect on inferences and adjust theories about cause-and-effect relationship (Kaplan & Norton, 2007). The scholars argue that this will enable organizations achieve consistency of vision and action as they strive to change direction and introduce new strategies and processes. Garvin (1993) believes that solving a problem, introducing a product, and reengineering a process all require an objective view of the world and acting accordingly in light of the changing dimensions of the new order. It therefore follows that learning –

both organizational and individual- is indispensable if such important transformations are to be realized. Cummings & Worley (2008) contend that transformational change rarely has a delimited time frame but is likely to persist as long as the firm needs to adapt to change. They believe that learning how to manage change continuously can help firms keep pace with a dynamic environment. It can provide a built in capacity to match the organization continually to its environment.

2.4 Organizational Performance

Performance is a complex, multi-dimensional concept (Sonnentag & Frese, 2001; Kaplan & Norton, 2007). This is because individual performance varies over time as a result of learning or organizational structural changes; besides, different studies have embraced varied scales for measuring 'performance'. Short-term variability may also be observed as a result of fatigue, boredom or disturbances. Campbell et al. (1993) bluntly conveys 'Performance' as being the excellent execution of the tasks which an organization hires one to do. According to them, only activities which can be measured were considered to constitute performance. Such description however did not take into account the very vital aspect of intangible resources which is at the heart of differentiating company successes and competitiveness. In a different light, Albrecht (2011) defines 'Performance' as being the extent to which an organization achieves a set of targets that are unique to its mission. His description had a more holistic focus since the targets were defined to include both numerical and judgmental measures.

Companies need to integrate the measurement of both tangible and intangible assets if they are to improve their management systems (Kaplan & Norton, 2001). The scholars are of the opinion that financial activities ought not to be the only basis for measuring an organization's success. In their study, the balanced-scorecard system gives prominence to the feedback and learning process as being more crucial for monitoring results and evaluating strategy in the light of some given performance measures (such as level of customer satisfaction, firm's profitability or size of market share).

The main goal of performance is to ensure a firm's success and survival (Piece II et al., 2010). In this respect, the needs of an organization's stakeholder's will be satisfied. Towards realizing these goals, standards have to be set; this could be the expected level of performance with respect to quantity, quality, time and cost (Batman & Zeithaml, 1993). This implies that greater efficiency will be based on realizing the highest amounts of products and/or services of superior quality at the least cost and time possible

In a changing business world, certain measures need to be taken into account in order to keep an organization at pace with the transformations. These may include continuous learning, proactivity in action, increased teamwork, globalization, and technology (Sonntag & Frese, 2001). All these reveal that Organizational Learning is at the centre of achieving such elevated and enduring performance in the face of rapid technological and informational innovations, changes in organizational structures and changing work requirements. Learning presents current orientations but also has a futuristic eye. It is the more pragmatic path to facing business uncertainties (Garvin, 2008).

2.5 Organizational Learning and Performance

Findings of the research by Skerlavaj & Dimovski (2006) on 'Influence of Organizational Learning on Organizational Performance from the Employee Perspective: The Case of Slovenia', demonstrated the statistically significant, strong and positive impact of organizational learning on performance. In testing the hypothesis that higher-level organizational learning leads to improved organizational performance from the employee perspective, the researchers relied on a sample of 197 Slovenian companies with more than 100 employees, gathering data using a self-administered questionnaire from top management members. In their conclusion they noted that companies which invest more efforts into the systematic approach to organizational learning succeeds in achieving higher-level organizational profit in terms of increased level of employee trust in the leadership, improved efficiency of work organization, a more committed workforce, decreased cost of work per employee (compared to the industry's average), increased employee flexibility, and increased employee satisfaction.

On a different account, Hernaus, Skerlavaj & Dimovski (2008) in a study involving 202 Croatian companies employing more than 50 people carried a research on the 'Relationship between Organizational Learning and Organizational Performance: The Case of Croatia'. The researchers found empirical evidence about existence of strong, statistically significant and positive relationship between organizational learning and organizational performance. Besides they confirmed earlier findings that financial measures alone are not good predictors of organizational performance, and that 'behavioral and cognitive changes' is the organizational learning construct variable which

is the most important for enhancing organizational performance. Further, they determined that employees' measures are the most strongly related with organizational learning process.

The studies however demonstrated some limitations. First, sample size and contexts used are not fully representative of the entire insurance industry. The two studies focused on Slovenia and Croatia which leaves the question of finding out how the model would perform in other contexts and countries of different cultural origins. Again, there is the measurement challenge since the concept is dynamic and subtle. Organizational learning is relatively a new concept in the field of strategic management. Few studies have been conducted in this area and there are hardly any journal publication relating the extent of organizational learning and performance of the insurance firms in Kenya. Thus there is need to explore the extent of organizational learning in insurance firms in Kenya and how it influences performance of the insurance firms.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This Chapter discusses how the research will be conducted in order to meet the objectives of this study and find answers to the research questions. Included in this chapter are: the research design, the population of study, data collection method, and data analysis method.

3.2 Research Design

A cross-sectional survey was used in this research. A survey research seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitudes, behaviours or values; it is a systematic gathering of information from a group of respondents for the purpose of understanding and predicting some aspects of behavior of the population of interest (Mugenda & Mugenda, 2003). Cross-sectional studies are carried out at a specific point in time by measuring same variable across all respondents. It therefore provides a 'snap-shot' of the outcome.

The survey design attempted to establish the extent of organizational learning in insurance firms in Kenya and how it impacts performance of the insurance firms. The survey was deemed appropriate because same variables were measured across all the insurance firms in Kenya. These variables were descriptive and quantitative thereby allowing for the use of descriptive statistics in analysis. The cross-sectional survey allowed for the collection of data for making inferences about the entire population of

interest. It can thus be of vital use for exploring or explaining the present status of two or more variables at a given point in time. According to Mugenda & Mugenda (1999), the survey research is probably the best method available to social scientists and other scholars who are interested in collecting data for the purpose of describing a population which is too large to be observed directly.

Examples of studies which have used cross-sectional survey design include a study by Hernalis et al. (2008) on the Relationship between Organizational Learning and Organizational Performance: The Case of Croatia. They established a positive relationship between Organizational Learning and Organizational Performance. Again, Skerlavaj & Dimovski (2006) employed the use of cross-sectional survey in their study on the Influence of Organizational Learning on Organizational Performance from the Employee Perspective: The Case of Slovenia. The study realized a strong and positive relationship between Organizational Learning and Organizational Performance.

3.3 Population of Study

Borg & Gall (1996) perceived a population as all members of a real set of people, events or objects to which a researcher wishes to generalize the results of a study. It is the entire group to which the results of the research apply (Stringer, 2007). This study employed a census method, where the population of study constituted all the 47 insurance firms in Kenya.

3.4 Data Collection

Primary data was used in this study. Data was collected through self-administered questionnaires comprising closed-ended questions administered to the top management staff of all the insurance firms in Kenya. The questionnaires sought answers regarding the extent to which organizational learning impacts performance of insurance firms in Kenya. The respondents of this study were all the insurance firms in Kenya.

This study resorted to collecting primary data in order to come up with a more authentic conclusion about the how the extent of organizational learning in insurance firms in Kenya influences performance of these firms. Primary research was desirable because it allowed the research work to be based on facts. First person account of events was obtained from the respondents, making the data more real and relevant to work with.

Self-administered questionnaires are preferred as the means for obtaining information for this study since it has greater accessibility to a larger number of respondents at minimal cost. There is perceived anonymity thereby giving incentive for higher response rates while allowing for reduced interviewer bias. Besides, it allows the respondents adequate reflection time thus improving accuracy of the responses.

3.5 Data Analysis

The data collected was edited for accuracy, uniformity, consistency and completeness, and was organized to enable coding and tabulation for statistical analysis. This data was analyzed using descriptive statistics which involves the use of standard deviations, means, frequencies and percentages. Statistical Package for Social Science (SPSS) was the tool used in analyzing the descriptive and other statistical measures of the study.

Presentation of findings was in tables and percentages with a narrative after each table for ease of interpretation and reporting. This will also enable the reader to compare and see trends and distribution of variables more vividly than by simply looking at numbers in a frequency distribution table. Correlation analysis was used to establish the relationship between organizational learning and performance of the insurance firms in Kenya.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents analysis, results and discussions of the study. The main objective of this study was to determine the extent of organizational learning in insurance firms in Kenya and how it influences performance of the firms. Data was collected through self-administered questionnaires comprising closed-ended questions administered to a target group of 47 insurance companies in Kenya. A total of 25 questionnaires were received. This is a response rate of 53%. A response rate of more than 50% is adequate for analysis and publishing, (Mugenda & Mugenda, 2003; Babbie, 2004). The data was presented in descriptive form followed by discussion on the results. The chapter concludes with critical analysis of the findings.

4.2 Demographic Information

This section displayed the results of the demographic characteristics. The study sought to establish the scope of operation of the respondents whether national, regional or international. This is important in demonstrating the relative competitiveness and range of growth of the respective firms within the industry.

Table 4.1 Scope of organizations' operation

Scope of operation	Frequency	Percentage
National	11	44
Regional	13	52
International	1	4
Total	25	100

Source: Author (2014)

Findings on Table 4.1 shows that 44% of the firms had their operations within the national boundaries, 52% of the firms operated regionally within Africa, while only 4% had their operations within the larger international sphere. This shows that there exists larger room for growth and expansion of insurance firms in Kenya. Insurance firms in Kenya thus need to customize quality and standard of their products to appeal to the potential expansive market as they open to competition in the larger global market.

4.3 Extent of Organizational Learning

The study sought to establish the extent of organizational learning in insurance industries in Kenya. Respondents were asked to rate their responses on a scale of 1-5, where 1 = not at all, and 5 = to a very great extent. Descriptive statistics were then computed as shown in Table 4.2, 4.3, 4.4 and 4.5. The results would help in answering the first research objective.

4.3.1 Information and telecommunication advancement

Table 4.2 Information and telecommunication advancement

	Information and technological advancement	Mean	SD
1	Members of our organization try new business methods even if they prove risky.	3.00	1.00
2	The organization benchmarks with other companies to establish most effective strategies and quality standards.	3.56	1.26
3	Our organization values reports prepared by the external experts as an important source of information.	3.88	1.01
4	Employees are an important source of information.	3.72	1.02
5	Employees freely share knowledge (such as plans or ideas) with each other.	4.16	0.85
6	Our competitors are an important source for learning new methods and services.	3.56	1.08
7	Employees are encouraged to think together.	4.00	0.82
8	Our organization regards previous decisions and judgments as useful source of information.	4.00	0.87
9	Our firm invests on research activities.	2.88	1.05
10	As a hiring criterion, our organization esteems persons with expertise on the industry, products and services.	3.92	1.15
11	Employees can access organizational database.	3.64	0.99
12	Joint tasks and mergers contribute to knowledge about the industry and economic environment.	3.52	1.12
13	Joint tasks and mergers lead to the conception of new methods services/products.	3.52	1.16
14	We use seminars, workshops and conferences as important avenues for building employees' knowledge and competences.	4.12	1.05
15	Employees acquire crucial information through internal trainings.	3.76	1.09
16	We highly value efficiency of information systems in our firm.	4.20	1.12
17	The company has detailed information in store for guiding operations.	3.56	1.29
18	To which extent does your company react to technological change?	3.84	0.99
19	Employees are aware of sources of specific information within the company.	3.72	0.94
	Grand Mean	3.71	

Source: Author (2014)

The result on Table 4.2 reveals the existence of organizational learning to a great extent as demonstrated by the level of organizational information and technological advancement with a mean of 3.71. This was emphasized more by a higher level of information sharing, team work, and previous reports and experiences with mean scores of between 4.0 and 4.16. Most firms also enjoyed greater informational and technical skills possessed by their professionally hired employees. Again, it was noted from Table 4.2 that knowledge and competences were further developed and nurtured to a great extent by the firms through seminars workshops and conferences. However, the results also indicated that most firms did not promote experimentation with risky ideas with a mean of 3.00, and most firms had not invested in research activities at a mean of 2.88. The overall finding implies that most insurance firms in Kenya enjoyed higher levels of information and technological strength as a result of learning.

4.3.2 Innovativeness

The findings on Table 4.3 indicates, to a moderate extent, the existence of organizational leaning as demonstrated by the measure of the organizations' level of innovation with a grand mean of 3.48. Shown on the higher ratings is that organizations encourage generation of more ideas but there is little implementation, building on, or improving old products and ideas with means of between 3.76 and 3.92. On the down side, results on Table 4.3 reveals that firms ventured less on the marketing frontier, were less proactive in initiating new products/services to the market, and were more cautious to trying different ways of doing things at means of between 3.0 and 3.28. Also implied here is insufficient creativity and originality. The overall result showed that insurance companies in Kenya showed lower organizational learning as a result of their innovation initiatives.

Table 4.3 Innovativeness

	Innovativeness	Mean	SD
1	Customers always perceive our new products and services as novel.	3.36	1.08
2	Our firm's marketing innovations is ahead of our competitors.	3.28	1.24
3	Our company has introduced more innovative products and services within the past 5 years in comparison to competitors.	3.40	1.22
4	Our products/services are always the first to be introduced in the market.	3.00	1.32
5	Innovation proposals and ideas are welcome in the organization.	3.92	1.12
6	Our organization continuously improve old products/services and keen on improving quality of new ones.	3.76	1.01
7	We continuously modify our product design.	3.48	1.00
8	More ideas are encouraged even when some do not work.	3.56	1.08
9	We customize our products to meet the changing customer demands and suggestions.	3.76	1.13
10	Our organization develops new products quickly to cope with market demand.	3.28	0.98
11	Our organization encourages employees to experiment and try different ways of doing things.	3.32	1.18
12	Our management appreciates feedback from employees' experiments.	3.60	1.08
	Grand Mean	3.48	

4.3.3 Communication and organizational synergy

Result on Table 4.4 reveals existence of organizational learning to a great extent, with a mean of 3.57 by the organizations' level of communication and synergy. It was revealed a great extent that communication in most firms is by electronic at a mean of 3.92, thus highlighting the rise in technical knowhow and soft information in companies. Firms also demonstrated appreciation of feedback from clients besides encouraging communication between subordinates and top management thereby flattening the organizational

structures toward enhancing efficiency of operations. However, most firms indicate that they did not involve junior employees in key decision making about the organizations' processes or products at a flat mean of 3.24. Overall results show that the insurance firms are putting great effort at encouraging communication and synergy of functions within the organization.

Table 4.4 Communication and organizational synergy

	Communication and organizational synergy	Mean	SD
1	Personal communication between employees and top managers are deemed important in our organization.	3.76	1.05
2	Employees are involved in key decision making about the organization's processes.	3.24	0.83
3	Employees are involved in key decision making about the organization's products.	3.24	1.13
4	Learning scope and objectives are clearly defined and communicated in our organization.	3.76	0.83
5	There is synergy of functions and processes between departments in our organization.	3.64	0.91
6	Our organization allows employees to challenge the way things are done and even suggest new ideas.	3.52	0.96
7	Employees are free to give meaning to the information and situations in our organization.	3.32	1.14
8	We regularly receive feedback about our performances on work projects.	3.52	1.00
9	Our organization continually seek feedback from its clients.	3.80	0.87
10	Communication in our organization is by electronic means.	3.92	0.95
	Grand Mean	3.57	

4.3.4 Training and development

Evidence on Table 4.5 again establishes the existence of organizational learning to a great extent as demonstrated by the level of training and development within the insurance firms in Kenya, at a mean of 3.77. Findings here revealed that, to a great extent, that

Table 4.5 Training and development

	Training and development	Mean	SD
1	Employees in our organization are continually expanding their abilities through formal and informal learning activities.	4.12	0.73
2	Employees in our organization frequently engage in team playing and team learning.	3.80	1.08
3	Our firm has developed measures for evaluating organizational learning.	3.44	0.87
4	There exists the management's commitment and involvement to training and development of employees in our company.	4.04	0.89
5	We have adequate personnel who are qualified to instill learning among employees.	3.68	0.95
6	Our company develops its own competences from within.	3.56	1.00
7	Our organization offers employees opportunities for utilizing newly acquired skills or techniques.	3.64	1.11
8	The environment in our organization is conducive for learning.	3.84	0.90
9	Our organization has provisions for motivating employees to undertake learning activities.	4.04	0.98
10	Our management continuously assign employees other roles, jobs or to other departments of the organization for cross training.	3.48	1.12
11	Continuous learning contributes to promotion in our company.	3.88	1.05
	Grand Mean	3.77	

Source: Author (2014)

employees continually engages in formal and informal learning activities to expand their abilities and competences, and these abilities are utilized in the organizations by means of efficient deployment to relevant departments and functions besides effective job rotation. At means of between 3.88 and 4.12, the study show that the management of the companies are adequately committed and involved in supporting training and development programs in these firms and have further put incentive measures such as promotions and other provisions to encourage the endeavor.

Overall analyses demonstrate that most insurance companies rely on training and development as a tool for promoting organizational learning in the organizations. From all the four aspects of organizational learning, the result signifies the existence of organizational learning in insurance firms in Kenya to a great extent with an overall mean of 3.63.

4.4 Organizational Learning and Performance

Results on Table 4.6 reveals the existence of organizational learning in insurance firms in Kenya to a great extent with an overall mean of 3.63 contributing to an above average performance of the firms with a grand mean of 3.52. This demonstrates a statistically significant, positive relationship between organizational learning and performance in insurance firms in Kenya. The study found out that organizational learning impacted the firms' profitability, growth in market share, and return on capital investment to a moderate extent and averagely improved average cost per employee. On the other hand, the firms' efficiency in dealing customer complaints, efficiency in settling claims incurred, overall team efficiency, employee level of skill and knowledge development, and level of talent growth and retention were boosted to a great extent.

Table 4.6 Organizational learning and performance

	Organizational performance	Mean	SD
1	What is your assessment of the firm's profitability?	3.28	1.02
2	How do you describe your firm's revenue growth rate?	3.56	1.04
3	What is the firm's growth in market share?	2.88	1.27
4	What is the level of your organization's capital investment?	3.56	0.71
5	What is the company's annual premium growth?	3.64	0.95
6	What is the company's return on assets?	3.16	0.99
7	How do you rate the value added per employee in the firm?	3.24	0.66
8	What is the extent of customer satisfaction with the company's product/services?	3.44	1.08
9	What is the firm's efficiency in dealing with customer complaints?	3.72	1.17
10	What is the efficiency with which the company collects data with a view to boosting the firm's performance?	3.40	0.82
11	What is the company's efficiency of work organization?	3.56	1.08
12	What is the status of the employees' motivation to go an extra mile?	3.64	0.91
13	What is the efficiency of your organization in settling claims incurred?	4.00	0.91
14	What is the level of your firm's operation cost per employee?	3.24	0.93
15	What is the organization's team efficiency?	3.80	0.76
16	What is the firm's efficiency of product/service delivery?	3.56	0.96
17	How do you rate the level of customer loyalty to the company's products/services?	3.52	0.96
18	What is the level of efficiency of the company's information system?	3.60	0.91
19	What is the level of employee knowledge and skills development in your organization?	3.88	0.93
20	What is the level of employee talent growth and retention in your organization?	3.72	0.74
	Grand Mean	3.52	

Source: Author (2014)

4.5 Discussion

The main aim of this study was to establish the extent of organizational learning in insurance firms in Kenya and how this influences the organization's performance. Relying on the data collected from the top management of 25 insurance companies, the study found that there existed a relatively strong proportionate and positive relationship between organizational learning and performance of the insurance firms. This is consistent with the findings of Skerlavaj & Dimovski (2006) and that of Hernaus et al. (2008) whose studies demonstrated strong, statistically significant and positive relationship between organizational learning and performance among companies in Slovenia and Croatia. The finding also agreed with that of Shoaib et al (2011) who found that there was significant positive impact of organizational learning on organizational performance among institutions of higher education in Pakistan. According to this study, a 73% level of organizational learning contributed to a 70 % level of performance among insurance firms in Kenya. The finding further confirms the perception of Cumming & Worley (2008) that organizational learning can be organized and used to improve performance in organizations.

Kaplan & Norton (2001; 2007) revealed in their studies that financial measures alone were not sufficient predictors of organizational performance. This perspective was confirmed by the finding of Hernaus et al. (2008) who demonstrated that financial measures were the weakest link to organizational performance. From their study, they determined that non-financial measures represented the most important and predictable variable for organizational learning and therefore organizational performance. My study

similarly arrives at the same conclusion as the above findings. From this study, it was established that financial measures contributed a paltry 42.86% while the non-financial measures contributed an impressive 57.12% of the overall performance results. This complements conclusion by Hernaus et al. (2008) that organizational performance is far much a wider concept than just profit or financial performance measures.

A study conducted by Hernaus et al. (2008) showed that behavioral and cognitive changes are the most strongly related with organizational performance. The researchers contended that the two attributes would contribute to improved performance when an organization is implementing change conditioned by turbulence in the business environment. Differently, this research brings out training and development as the strongest predictor of performance. Training and development is directly linked to increases in the levels of knowledge, skills and dynamic abilities which in turn translate to higher performance; it is however not clearly demonstrated how training and development leads to transformation in attitudes and norms of an organization's workforce. There is therefore lack of consensus among the studies in arriving at a dimension of organizational learning which is the strongest and most reliable predictor of organizational performance.

Results revealed that level of communication and organizational synergy was just average at grand mean of 3.48. This was almost proportional to the overall industry performance level. It was observed that level of employee involvement and participation in key decision making about an organization's processes and operations was low. This

would imply a less motivated workforce which leads to the lowering of the overall performance index of a firm. This view has been shared by Hernaus et al. (2008) who observed that possible lack of communication and employee empowerment led to lower level of understanding of major problems in the company and the company's strategic orientation, which in turn translated to moderate improvement in the quality of the company's products and services. The finding were further supported by the studies of Slater & Narver (1995) and Lukas et al. (1996) who established that organizational learning was valuable to a company's customers through understanding and effectively satisfying their expressed and latent needs by means of new and unique products, services and business processes. The overall implication is that improving learning in organizations using effective communication and more organized work and well coordinated work processes will result in gross improvement of an organization's performance.

The study also found that firms invested more in training and development aspect which contributed most to the organizational learning of companies. However there was little evidence of integration and optimal utilization of the accrued knowledge, skills and competences in the higher levels of organizational strategic planning and action. This view was supported by Fiol & Lyles (1985), Senge (1990) and Garvin (1993) to the extent that learning, through better knowledge and understanding, facilitates behavior change that leads to improved performance. According to Hernaus, Skerlavaj & Dimovski (2008), innovation and improvement of products, services and processes will be generated by a team of re-skilled employees, superior information technology and

aligned organizational procedures. These can be realized through continuous efforts on training and development of an organization's workforce. Kontoghiorghes & Bryant (2004) in a survey of health care industry also demonstrated that learning was an important action lever for building a committed, innovative and competitive workforce. They determined that learning was crucial in the development of highly trained, knowledgeable and competent workforce. Ultimately, integration into an organization's systems and implementation is key without which, the concept of organizational learning remains just as Kaplan & Norton (2001) puts it, "...the foundation of strategy."

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations for further research on the study. It also captures the limitations of the study and recommendation for policy and practice.

5.2 Summary

The objective of this study was to establish the extent of organizational learning in insurance firms in Kenya and how it influences performance of the insurance firms. For the purpose of collecting primary data, the researcher designed and distributed questionnaires to all the insurance firms in Kenya. A population of 47 insurance firms was approached. 25 firms completed the questionnaires and this represented 53% response rate. The data obtained was analyzed using descriptive statistics involving use of frequencies, percentages, means and standard deviations. SPSS was used in the analysis of the data. The results demonstrated a relatively strong, proportionate and positive relationship between organizational learning and organizational performance.

The study findings showed that majority of the respondents (52%), operated Regionally within Africa, 44% were firms with National presence only, while only 4% operated internationally. However the respondents in the international domain had lower ratings for the extent of organizational learning than their counterparts in the National and

Regional domain. This could partly imply inefficiency in their channels of communication owed to bureaucracy in decision making. The top management of these companies are based in the head offices overseas. Their plans and decisions have to be channeled through the representative manager in charge of African regions and to directors in Kenya before reaching the operating staff. Alternatively, this could imply their having different strategic focus dominated by mergers and acquisition of investment and banking institutions as opposed to insurance business. Old Mutual, for instance, has its priorities focused at being the leading and most trusted financial services group and being financial champion in retail investment both in Africa and the United Kingdom. Some of its notable events include acquisition of Old Mutual & Federal, Nedbank, UK stock brokers (Meyer & Sharpe), and strategic partnership alliance with Faulu Kenya micro finance institution.

The study determined that most of the company respondents consisted Human Resource Managers, reason being they are the major custodians of company records. This could portend inadequate representation of information relating to areas like marketing, finance or operations since the Human Resource Managers have lesser hands on engagements with the functions.

Flatter organizational structures were depicted from the responses. 64% of the respondents indicated having between 4 and 6 levels of hierarchy in the organizations. This would imply speed and ease with which information flow leading to faster decisions and actions. This may have led to better organizational performance. The findings also

signify that most companies are focusing on leaner and more efficient channels of communication to improve knowledge and information flow. This could have enable synchronization of work across functions while improving understanding among all stakeholders. Besides, the study revealed that a lot of effort has been put to training and developing employees. However the knowledge, skills and competences accrued are not utilized optimally in the firms.

5.3 Conclusion

Results indicated that the concept of organizational learning in companies contribute significantly and positively to the performance of the organizations. According to Cummings & Worley (2008), organizational learning emphasize organizational structures, social and operational processes that enable employees and teams to learn and share knowledge and competences which in turn positively impact organizational goals and objectives. Supporting learning, inclusivity and empowerment of employees are a major concern for the leadership of modern businesses. Companies that manage to integrate and uphold the model for organizational learning to the highest level stand to gain in efficient alignment of work processes, increased information and technological efficiency, higher rates of skill and talent attraction and retention, increased levels of innovation higher employee commitment and the subsequent reduction in operation cost per employee in comparison to the industry average.

Learning in organizations is the more pragmatic path to facing business uncertainties, (Garvin, 2008). Organizational learning therefore equips the management of organizations' with efficient and reliable strategic planning tool for overcoming the unpredictable business challenges and surely attaining the overall business goals and objectives. Since the concept of organizational learning is still evolving in companies within Kenya, the study leaves an optimistic perspective that if other dimensions of organizational learning would be effectively enhanced, greater results would be achieved. These include employee inclusion and empowerment, efficient communication and innovation as suggested in the studies of Kirimi (2006), Shoaib et al. (2008), or Amulyoto (2002). Never the less, determining the most and least predictable performance measurement variables which gives the best quality and highly effective organizational learning model for practice in modern organizations still remains a challenge to many scholars.

5.4 Recommendations of the Study

Results showed very little employee involvement and participation in key decision making about the firms' processes and operations. The study thus recommends that management of insurance companies involve staff at all levels in the organization hierarchy. This way they will be able to appreciate new and novel viewpoints held by the pool of skilled, talented and knowledgeable staff. They will also feel part and ownership of such processes.

The research also noted that firms responded dismally to employing research activities for the advancement of companies' level of learning. The study therefore recommends that the management of the companies allocates significant budgets and therefore invest in research and benchmarking exercises. This will give the firms new dimensions and approaches for attaining greater growth and therefore higher competitive edge above rivals. It will also ensure that firms are always forward looking and able to anticipate confidently the challenges of the volatile business environment.

The study further recommends provision of learning incentive measures. Differentiated motivational efforts for improving learning levels through training, development and behavioral modification should be attempted by the management of organizations. These may include partial to full educational scholarships and sponsorships, which could be open to reputable centers both locally and abroad. Exchange programs between employees of a firm and other high flier organizations or highly developing economies are important. Other measures such as increased pay , empowerment, enriched jobs, or recognitions that accrue to employees from the acquisition of desired knowledge skills or competences could also be adopted. Also noted was that numerous ideas and suggestions collected were not put into use. The study thus recommends pragmatism in testing, experimentation and implementation of feasible ideas this will place the firms ahead of competing organizations.

5.5 Limitations of the Study

First, as is the case with many studies, sample size and context posed an important limitation. Results obtained were the views of top management staff of 25 insurance firms in Kenya. This may not be a strong enough measure for making generalization to all other global enterprises in different industries, contexts and with different cultural orientations. Some firms required that only directors or CEOs provide permission for administration of questionnaires such as those used in this study, some of the directors were completely unavailable to give the go ahead before the deadline date. Others were hesitant to give such permission.

Confidentiality challenges. There was unwillingness of some respondents to supply the researcher with information citing confidentiality policy by the firms. The caution was against leaking the companies' strategic ideas to possible rivals. The interviewees were mostly suspicious that the answers they would give could expose their competitive dimensions to their competitors.

The top management levels targeted by the study have very busy schedules that involve many conferences or seminars and a lot of travel. Some were therefore completely unavailable to fill the questionnaires, while others declined citing very busy and committed schedules. Some kept the questionnaires but never filled them due to lack of time. Besides, there was the problem of inadequate research time. The researcher is in full time employment and therefore did not have adequate time for making frequent follow up to the sparsely distribute insurance firms in ensuring all the questionnaires are responded to.

5.6 Suggestions for Further Research

A major limitation in this research was with the sample size and context of study. Responses were collected from the top management staff of the insurance firms in Kenya. The extent to which these findings are generalized to other industries, sectors or settings should be tested in future studies. It would be of great interest finding out the extent to which this model would apply and perform in other economies of higher or lower development level, cutting across different cultural dimensions and therefore to cross-validate the findings across different settings and circumstances. Special focus should be in Africa where the model has received least attention.

Longitudinal studies should be carried out since the concept emphasizes continuous learning to deliver better results. Longitudinal studies will be able to make close follow ups over a period of time in order to validate findings of the study. Such studies could provide additional insights into the issues of performance from different perspectives of organizational learning. This could also go a long way to determine the extent to which organizational learning contributes to organization's survival amidst economic shocks in the business environment. This will help in devising models for application in the event of numerous uncertainties over time. In depth studies on individual company and groups within the firm should be considered. This would help demonstrate the operationalization and practicality of the model within modern companies.

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APPENDICES

APPENDIX I COVER LETTER

Dear Respondent,

RE: Research as a Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA)

I am a post graduate student at the University of Nairobi. As part of my course requirements for the award of the degree of Master of Business Administration (MBA), the university requires me to conduct a research in my area of interest. My study aims at determining the extent of Organizational learning in insurance companies and how that extent influences performances of the respective companies.

I am therefore kindly requesting your cooperation and dedication in filling in the questionnaires and providing me with any other information that may be crucial in this study.

Your responses will be treated with utmost confidentiality and will only be used for the purpose of this research.

Please Do Not indicate your name anywhere in this questionnaire.

Yours faithfully

Walter Samwel Oduyo

APPENDIX II QUESTIONNAIRE

Organizational learning and performance of insurance firms in Kenya

PART I: GENERAL INFORMATION

1. Name of the organization

.....
.....

2. Scope of your Organization's operations

- a) National
- b) Regional (Eastern Africa)
- c) International

3. Year of establishment of your organization

.....

4. How many levels of hierarchy are there in your organization?

.....

5. Your designation

PART II

A. Organizational Learning

The following questions pertain to the extent of organizational learning in your company.

Please place a tick in the box that corresponds to your choice of response in line with the scale below.

1. Not at all
2. To a little extent
3. To a moderate extent
4. To a great extent
5. To a very great extent

a) Information and technological advancement

	ITEM	RESPONSE				
		RATINGS				
		1	2	3	4	5
1	Members of our organization try new business methods even if they prove risky.					
2	The organization benchmarks with other companies to establish most effective strategies and quality standards.					
3	Our organization values reports prepared by the external experts as an important source of information.					
4	Employees are an important source of information.					
5	Employees freely share knowledge (such as plans or ideas) with each other.					
6	Our competitors are an important source for learning new methods and services.					

7	Employees are encouraged to think together.					
8	Our organization regards previous decisions and judgments as useful source of information.					
9	Our firm invests on research activities.					
10	As a hiring criterion, our organization esteems persons with expertise on the industry, products and services.					
11	Employees can access organizational database.					
12	Joint tasks and mergers contribute to knowledge about the industry and economic environment.					
13	Joint tasks and mergers lead to the conception of new methods services/products.					
14	We use seminars, workshops and conferences as important avenues for building employees' knowledge and competences.					
15	Employees acquire crucial information through internal trainings.					
16	We highly value efficiency of information systems in our firm.					
17	The company has detailed information in store for guiding operations.					
18	To which extent does your company react to technological change?					
19	Employees are aware of sources of specific information within the company.					

b) Innovativeness

	ITEM	RESPONSE RATINGS				
		1	2	3	4	5
1	Customers always perceive our new products and services as novel.					
2	Our firm's marketing innovations is ahead of our competitors.					
3	Our company has introduced more innovative products and services within the past 5 years in comparison to competitors.					
4	Our products/services are always the first to be introduced in the market.					
5	Innovation proposals and ideas are welcome in the organization.					
6	Our organization continuously improve old products/services and keen on improving quality of new ones.					
7	We continuously modify our product design.					
8	More ideas are encouraged even when some do not work.					
9	We customize our products to meet the changing customer demands and suggestions.					

10	Our organization develops new products quickly to cope with market demand.					
11	Our organization encourages employees to experiment and try different ways of doing things.					
12	Our management appreciates feedback from employees' experiments.					

c) Communication and organizational synergy

	ITEM	RESPONSE RATINGS				
		1	2	3	4	5
1	Personal communication between employees and top managers are deemed important in our organization.					
2	Employees are involved in key decision making about the organization's processes.					
3	Employees are involved in key decision making about the organization's products.					
4	Learning scope and objectives are clearly defined and communicated in our organization.					
5	There is synergy of functions and processes between departments in our organization.					
6	Our organization allows employees to challenge the way things are done and even suggest new ideas.					

7	Employees are free to give meaning to the information and situations in our organization.					
8	We regularly receive feedback about our performances on work projects.					
9	Our organization continually seek feedback from its clients.					
10	Communication in our organization is by electronic means.					

d) Training and development

	ITEM	RESPONSE RATINGS				
		1	2	3	4	5
1	Employees in our organization are continually expanding their abilities through formal and informal learning activities.					
2	Employees in our organization frequently engage in team playing and team learning.					
3	Our firm has developed measures for evaluating organizational learning.					
4	There exists the management's commitment and involvement to training and development of employees in our company.					
5	We have adequate personnel who are qualified to instill learning among employees.					

6	Our company develops its own competences from within.					
7	Our organization offers employees opportunities for utilizing newly acquired skills or techniques.					
8	The environment in our organization is conducive for learning.					
9	Our organization has provisions for motivating employees to undertake learning activities.					
10	Our management continuously assign employees other roles, jobs or to other departments of the organization for cross training.					
11	Continuous learning contributes to promotion in our company.					

B. Organizational Performance

a) The following questions pertain to the performance of your organization. Please answer appropriately.

i). What is the organization's after tax profits for the following financial periods?

2012

2011

2010

ii). What is the firm's net earned premium for the following financial periods?

2012

2011

2010

iii). What is the organization's investment income(s) for the following financial years?

2012

2011

2010

iv). What are the net incurred claims by your firm for the following financial years?

2012

2011

2010

v). What is the company's return on capital employed for the following financial years?

2012

2011

2010

vi). What is your organization's percentage market share for the following financial years?

2012.....

2011.....

2010.....

b). Please evaluate the organization's performance over the past five years, against the industry's average, by placing a tick (√) as appropriate using the scale below.

1. Poor
2. Below average
3. Average
4. Above average
5. Excellent

	ITEM	RESPONSE RATINGS				
		1	2	3	4	5
1	What is your assessment of the firm's profitability?					
2	How do you describe your firm's revenue growth rate?					
3	What is the firm's growth in market share?					
4	What is the level of your organization's capital investment?					
5	What is the company's annual premium growth?					
6	What is the company's return on assets?					
7	How do you rate the value added per employee in the firm?					
8	What is the extent of customer satisfaction with the company's product/services?					

9	What is the firm's efficiency in dealing with customer complaints?					
10	What is the efficiency with which the company collects data with a view to boosting the firm's performance?					
11	What is the company's efficiency of work organization?					
12	What is the status of the employees' motivation to go an extra mile?					
13	What is the efficiency of your organization in settling claims incurred?					
14	What is the level of your firm's operation cost per employee?					
15	What is the organization's team efficiency?					
16	What is the firm's efficiency of product/service delivery?					
17	How do you rate the level of customer loyalty to the company's products/services?					
18	What is the level of efficiency of the company's information system?					
19	What is the level of employee knowledge and skills development in your organization?					
20	What is the level of employee talent growth and retention in your organization?					

APPENDIX III LIST OF INSURANCE FIRMS IN KENYA**Table 4.7 List of insurance firms in Kenya**

S/NO.	NAME OF COMPANY
1.	AAR Insurance Kenya Limited
2.	Africa Merchant Assurance Ltd
3.	APA Insurance Company
4.	Apollo Life Insurance
5.	British American Insurance Company Ltd
6.	Cannon Assurance Company Ltd
7.	Capex Life Assurance Company Ltd
8.	CFC Life Assurance Ltd
9.	Chartis Kenya Insurance Company Ltd
10.	Concord Insurance Company Ltd
11.	CIC General Insurance Company Ltd
12.	CIC Life Insurance Company Ltd
13.	Corporate Insurance Company Ltd
14.	Directline Assurance Company Ltd
15.	Fidelity Shield Insurance Company Ltd
16.	First Assurance Company Ltd
17.	GA Insurance Company Ltd
18.	Gateway Insurance Company Ltd
19.	Geminia Insurance Company Ltd
20.	Heritage Insurance Company Ltd
21.	ICEA Lion General Insurance Co Ltd
22.	ICEA Lion Assurance Co Ltd
23.	Intra Africa Assurance Company Ltd

S/NO.	NAME OF COMPANY
24.	Invesco Assurance Company Ltd
25.	Jubilee Insurance Company Ltd
26.	Kenindia Assurance Company Ltd
27.	Kenya Orient Insurance Company Ltd
28.	Kenya Alliance Insurance Company Ltd
29.	Madison Insurance Company Ltd
30.	Mayfair Insurance Company Ltd
31.	Mercantile Insurance Company Ltd
32.	Metropolitan Life Assurance Company Ltd
33.	Monarch Insurance Company Ltd
34.	Occidental Insurance Company Ltd
35.	Old Mutual Life Assurance Company Ltd
36.	Pacis Insurance Company Ltd
37.	Pan Africa Life Assurance Company Ltd
38.	Phoenix of E.A. Assurance Company Ltd
39.	Pioneer Life Assurance Company Ltd
40.	Real Insurance Company Ltd
41.	Shield Assurance Company Ltd
42.	Takaful Insurance of Africa Ltd
43.	Tausi Assurance Company Ltd
44.	Trident Insurance Company Ltd
45.	UAP Insurance Company Ltd
46.	UAP Life Assurance Company Ltd
47.	Xplico Insurance Company Ltd

Source: Association of Kenya Insurers Report (2012)