

**ORGANIZATIONAL CULTURE AND OPERATIONAL  
PERFORMANCE IN INSURANCE FIRMS IN KENYA**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT  
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE  
OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF  
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## DECLARATION

I hereby declare that this research project is my original work and has never been submitted in any institution or college for any academic purposes.

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**D61/77746/2015**

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

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## **DEDICATION**

I dedicate this research project to my loving wife Ruth who has been a great source of inspiration and joy throughout my daily endeavours to attain my full potential, My Mum and to the rest of my family members for their unconditional love, patience and support throughout the course of this project.

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## **LIST OF ABBREVIATIONS**

<b>IRA</b>	Insurance Regulatory Authority
<b>IT</b>	Information Technology
<b>KCB</b>	Kenya Commercial Bank
<b>NSE</b>	Nairobi Securities Exchange
<b>OPC</b>	Operating Profit of Company
<b>ROI</b>	Return on Investment
<b>TQM</b>	Total Quality Management

## **ABSTRACT**

In current era, the major issue within insurance companies is acquiring the most effective operations management performance that will be responsible for measuring the overall organization's performance. The main objective of the study is to examine the association that exists between organizational culture and operations performance in insurance Firms in Kenya. The study was guided by specific objectives which were; to determine the organizational cultures in Kenyan insurance firms and to determine how the culture of an organization influences operational performance. The study adopted a cross-sectional design. The population of this study comprised of the 55 insurance firms registered in Kenya. The study used a well-structured questionnaire to collect primary data. The questionnaires were administered through a drop and pick later method to reduce disturbances in the respondents' schedules. The collected questionnaires were inspected for completeness and coded in a Statistical Package for analysis. Descriptive statistics were used to analyse. Data was analysed using mean, standard deviation, central tendency and regression was used. The study concludes that observing organizational culture is of great importance for operating of a company. Organisational culture importance is reflected in the attitude that success and more efficiency and effectiveness of company operations reflects real organisational culture. The study recommends that all organizations should put more efforts on the adoption of good organizational culture since culture has today become an important tool for operational performance in terms of cost, flexibility, productivity and quality.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Research on culture, regardless of organizational, regional or national, continues to attract consideration from different management practitioners as well as scholars. The constant progress in the international nature of business functions as a major catalyst for the new concern in the research on organizational culture which has found that culture influences the performance as well as the success of individuals, teams, operations systems in place and organizations as a whole (Brown, 2013). In the current competitive global market, a number of organizations have directed much of their attention to matters related to organizational culture and operational performance. This is from that these two field seem to greatly influence the overall performance of organizations in any given industry.

The achievement of any business operations is connected to the culture of the corresponding firm. Clearly, in business, organizational culture and operational performance have great connection and seem to influence each other in different ways. (Byles, 2009). Therefore, this research study aims at analysing the relationship that exists between organizational culture and operational performance in the insurance in Firms in Kenya.

This study was conceptualised on the foundation of three theories focusing on the organizational culture. The theories are; 1) Deal and Kennedy's Framework (1982), which defines organizational culture as the manner in which things get done in an organization, 2) Schein's Organizational Culture Theory (1992), which proposes that organization

culture is a learning result of group's encounters, and in this way it is generally an oblivious procedure and 3) Durkheim's Theory of Culture (1890), which delineates culture to be as a developing way of representing history by bringing together set values, beliefs and symbol system of pure socialism., that include tribal societies which he gave close attention.

### **1.1.1 Organizational Culture**

Kwantes and Boglarsky, (2007) defined organizational culture as the summation of the main beliefs, ideas, perceptions, principles and behaviours which characterize an organization. As defined by McCarthy and Perreault (1993) culture, is contains set of beliefs, attitudes and ways of doing things by similar set of people. As indicated by Zheng and McLean (2010), culture is framed by the pioneers of an association for the most part the individuals who have molded it before.

Compared to functional structure, organizational structure's major advantages include reduced cycle time, economical business processes design, increased customer gratification and increased firm flexibility (Brown, 2013). Enhancing hand-offs amidst functions is a major source of process benefit. Process coordination results to decrease in cycle time through undertaking a perfect job of managing work across functions. Moreover, with process organization, some costs are reduced. Faster cycle time translates to faster cash receipt and reduced inventories. Condensed working capital results to condensed carrying inventory cost as well as cash. Eventually, due to the fact that work repetition across functions is removed other costs are also reduced (Byles, 2009).

External adaptation and survival involve finding a niche to enable the organization to cope with the changing environment. A major trait of organizational culture is process coordination which brings along with it several benefits. A number of firms that have tried to shift towards process management approve the fact that it actually offers several benefits including saving of costs via better integration across the firm, enhanced customer care, and a more effective work execution.

Although the culture of any organization is invisible, it represents a very powerful force that that often influences how individual behave within an organization. Byles (2009) defines organizational culture a system of mutual beliefs, values, and assumption that guide how individuals within an organization behave and perform their work.

### **1.1.2 Operational Performance**

Narasimham et al. (2001) define operational performance as “the strategic dimension by which a company chooses to compete”. According to Qureshi et al., (2007) it’s the technique of determining the advancement in attaining set objectives, including information on efficient utilization of resources that are converted into products both goods and services. Delivery of products and level of customer satisfaction indicate the quality of the operation. Zhu et al. (2008) outlines operational performance indicators as, amount of goods delivered on time, reduced scrap rate, product quality, and faster response in delivery, reduced costs and capacity utilization. Operational performance therefore takes into consideration the company’s performance in achieving its basic objectives (Russell & Taylor, 2008). “Improved operational performance is anticipated to promote an organization’s competitive edge, through price/cost, quality, reliability, marketing time, and output



### **1.1.3 Insurance Firms in Kenya**

In Kenya the insurance firms are part of the players within the insurance industry which comprises of Assessors, garages, Brokers, Agents etc. Based on the research study by (Budros, 2000) there are fifty-Five insurance firms. More than 90% of the premium that was accounted for in Africa by the Republic of South Africa, half the total number of insurers was listed in Kenya. As result, it is necessary for Kenya local insurance firms to amalgamate and form bigger but less units (Börzel & Hamann, 2013). Insurance industry in Kenya is overseen by the Insurance Act which offers the registration of the loss adjusters, insurance firms, insurance surveyors, risk managers, claim settling agents, and intermediaries.

Currently, 55 insurance firms are licensed to conduct business in Nairobi, and because of the existence of many players within the market, competition is unluckily concentrated on pricing. Consequently, this sector is extremely competitive making the insurance firms to constantly follow a particular distinct culture in order to remain competitive and relevant in this dynamic market. Even if a number of insurance firms have been following a certain culture in their operations, 70% of these firms have failed due to lack of effective operational performance management systems (Wambui,2009).

It is therefore clear that the main challenge for insurance organizations today is adopting effective operational performance management systems that will correspond with the organization's culture to attain the intended objectives. Pearce & Robinson (2013) indicate that operational performance is influenced by a number of factors including the system in place for control and co-ordination (organizational culture). In spite of this issue, a number of the recent research studies have focused on operations management performance with

regard to strategy implementation. For example, a research study which was investigating implementation of strategy in Kenya Commercial Bank (KCB) found out that for a successful execution of strategy at KCB (Gakenia, 2008).

Amollo (2012) conducted a research on strategy implementation challenges at parliamentary Service Commission of Kenya and the findings showed that, because of bureaucracy in administration, the organization faced slow procurement procedures. Moreover, findings from Chege (2012), who conducted a research on implementation strategy in organizations within the petroleum industry indicated that challenges of strategy implementation in the industry in Kenya is connected to global oil industry factors. Nevertheless, several research studies have not concentrated on operations management performance with regard to organizational culture in the insurance industry. This represents a gap in insurance knowledge and as such, this research study analyses the relationship of organizational culture and operational performance in the insurance Firms in Kenya.

#### **1.1.4 Organizational Culture and Operational Performance**

The aim behind this research is to highlight the association between organizational culture and managerial undertakings. Culture and operational performance relate in such a way that culture affects the work done by operations. Chege (2012) indicate in his study that the beliefs of people influence indirectly the present operations and thus overall organization's execution. When developing quality operations management systems, it is essential to consider organizational culture and the operational; performance of the systems. Organizational Culture evaluation is significant when determining the areas that need further development with regard to operational performance improvement.

## **1.2 Research Problem**

In current era, the major issue within insurance companies is acquiring the most effective operations management performance that will be responsible for measuring the overall organization's performance. Moreover, every firm comprehends that an effective operations management is necessary in attaining business success, however, the role of organization culture in connection with the operational performance, is often not acknowledged. Any business is likely to fail if the operations management team do not understand the role of organizational culture and the firm's operational performance. It is very important for the team to comprehend the present cultural valence of the institute and the operational performance before any alterations in quality practices is possible (Pearce & Robinson, 2013).

By international standards, regardless of a wealth of insurance agents and packages, the penetration of insurance in Kenya remains drearily low. This situation results to both financial and health issues for those who are not insured in the occurrence of an accident. Although there are 55 insurance firms and about 5000 registered insurance agents, only 2.73% of Kenyans have taken an insurance cover (IRA, 2016). As a result, it is important study more on the issues of organizational culture and the operational performance in the insurance industry in Kenya in order to identify better approaches to be followed by the insurance firms so as to encourage more individuals to take insurance cover.

Numerous studies have shown that better organizational culture guarantees the benefits to clients and limits the investment risk. Gray & Liguori (2016), who were investigating the aspect of culture and how it influences the marketing strategies in the hotel industry, indicates in their study that organizational structure is a vital antecedent to operations

performance hence overall organization financial performance. The relationship amid firm profitability and the quality of organizational structure is a major focus in many governance studies, however, much cannot be predicted on the direction given that there are so many contrasting opinions on the outcomes. Clearly, many studies have focused on the relationship amid organization culture and firm performance in other sectors, nevertheless, there is limited literature concerning the direct association between organizational culture and operational performance within the insurance Firms in Kenya.

This study therefore seeks to provide answers to the research questions: What are the impacts of organizational culture on the operational performance in insurance firms in Kenya?

### **1.3 Research Questions**

In relation to the background of the study and the problem statement, this examination aims at answering the following question:

- i) What cultures are prevalent in insurance firms in Kenya?
- ii) What are the impacts of organizational culture on operational performance in insurance firms in Kenya?

### **1.4 Research Objective**

The major objective of this research was to analyse the association between organizational culture and operations performance in insurance Firms in Kenya. The specific objectives of the study were:

- i) To determine the organizational cultures prevalent in Kenyan insurance firms

- ii) To determine how the cultures of an organization affects operational performance

### **1.5 Significance of the study**

Insurance firms which have already shifted to process management, which is a key trait of organizational culture, have experienced many benefits including reduced cycle time, economical business processes design, increased customer gratification and increased firm flexibility.

Operations performance practice, especially in-service industries like insurance companies will help the firms realize numerous benefits related to operational efficiency and business innovation. Operational efficiency in organizations enhances employee productivity; speeds-up processes; increases partner responsiveness; and enhances better management of inventory. On the other hand, business innovation in business enhances product capabilities; increases new business; and raises customer's service level. Since the insurance industry in Kenya is very competitive, insurance firms need to implement very effective operations performance management systems and more importantly, take the initiative of first understanding the role of the existing organizational culture. By doing so, these respective insurance firms are guaranteed of survival within the industry.

# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.1 Introduction**

This chapter highlights organizational culture dimensions and their relation to operational performance management in Kenya. Section two of this chapter exclusively analyses various research studies on organizational culture and operational performance; and organizational culture and how it influences operations performance management in the insurance Firms.

### **2.2 Theoretical Framework**

Organizational culture is a to some degree vague idea that catches diverse portrayals and structures. Harmony in its precise meaning, content and measurement is undermined by worldview contrasts. These differences and concurrence are therefore discussed under the theories below.

#### **2.2.1 Schein's Organizational Culture Theory**

Schein's Organizational Culture Theory proposes that organization culture is a learning result of group's encounters, and in this way it is generally an oblivious procedure (Schein, 1992). Organization culture epitomizes the strategies made by an association to face or handle the requests posed by its key endeavors (Reiman and Oedewald, 2002). Culture is something that propels and creates after some time and in that limit can't be adequately constrained on a structure. Trying to force on a specific kind of culture may truly result in negative outcomes (Kunda, 1992). This basically makes culture an innovation of a group, instead of a current occurrence that can be found, recognized or discovered.

This innovation comprises of three related segments: ideological – the thoughts, convictions, values and a meaning of what is correct or wrong, alluring or undesirable; technological – the abilities, expressions, specialties, relics and procedures that authoritative individuals use in creating products and ventures; and, consumer – the frameworks, for example, the family, religious, social, proficient and different groupings that bolster human presence and cooperation between individuals (Makwana, 2011). This set of cultural of social segments constitutes a framework inside which individuals get to be impacted through their socialization specifically gatherings and settings (Luna and Gupta, 2001). Hofstede (1997) reinforces this contention by suggesting that culture impacts behaviour through its sign in the qualities, customs, legends and images that are found in an association. Besides consisting of three components, culture is also categorized by three discernible stratum (Schein, 1992). The main layer comprises of the: visible organizational processes – clothing regulations, propensities and other behavioural signs, for example, non-appearance, mischance rate and congruity.

The embraced qualities are the instruments a firm depends upon to give answers for its exceptional needs. These components ought to hence shape an organization's basic leadership and administrative actions. In any case, organization individuals' actions may be sometimes at change or in absolute inconsistency with the espoused values. Naturally, an organization's actual culture may not generally be deduced from them. Surely, organization's individuals' activities are affected by the espoused values, as well as by circumstance particular, individual and other non-association related elements. The third layer of organizational culture is comprised of the hidden presumptions of the firm.

This theory will bring out the cultures of an organisation culture and social segments constitutes a framework which individuals get to be impacted through their socialization. Culture shapes values and the values shape practices and behaviour, which is the visible part of culture.

### **2.2.2 Deal and Kennedy's Framework**

According to Deal and Kennedy (1982)'s framework, organizational culture is the way in which things go from one way to another in an organization. They argued that common values affect organizational performance and go about as a casual control framework that notify people what is anticipated of them (Deal and Kennedy 2010).

The first type of organizational culture is 'buckle down, play-hard culture'. This culture dissected the fast info or reward and okay. It contemplated that the stretch begins from measure of work instead of flimsiness or the abnormal state of stimulation. Handle culture watches the wellsprings of low push are trudging work, solace and security as stretch originates from inward governmental issues and the framework. At last, 'wager the organization culture' watches the high hazard stretch which for the most part starts from long haul arranging.

### **2.2.3 Durkheim's Theory of Culture**

This concept was advanced by Durkheim in 1890. It explains culture as a developing net of illustrations, made up of values, symbolic systems and beliefs in human societies. The proposition claims that it is through the culture that a company is able to achieve its tasks and objectives (Wuthnow and Witten, 1998). Traditional beliefs are likely to occur on professional, position, or regional lines. Indication for the presence of cultures is evident



in diverse broad practices in establishments: Zheng and McLean (2010), suggested that cultures influences how employees behave while conducting their tasks. This in turn also impacts on the general organizational performance

### **2.3 Types of organizational Culture**

Several types of organization culture exist, seven have been identified by Hofstede (2001) and have been discussed below:

#### **2.3.1 Universalism Versus Particularism.**

In universalism, human beings placed a excessive importance on laws, ideas, characteristics, and responsibilities (Hofstede, 2001). They try to deal appropriately with human beings concern to these pointers, yet oversees cross before associations. This allows humans in perceiving how their potential coordinates with their traits and feelings, supply clean headings, structures and techniques, keep guarantees and be stable, supply humans time to pick out, use an goal approach to pick out, and illuminate dealers' wondering if others are locked in with the outcome (Radua, Kmar, Halinda and Lig, 2008).

In particularism, human beings trust that their conditions within the organisation lead to their staying in the company. Their reaction to a situation may also exchange, in mild of what is happening at the time and who is incorporated (Omeg, 2012). Agents in such social orders give people self-administration, respect others' desires when they pick, are flexible by using the way they choose, placed aside chance to make institutions and grow to be acquainted with human beings to be able to fathom their prerequisites higher and highlight essential policies and strategies that others have to searching for after (Schein, 2011).

### **2.3.2. Individualism Versus Communitarianism.**

On individualism, people are in control of their possibility and fulfillment. They accept as true with that they ought to settle without anyone else's choices, and they ought to manipulate themselves (Yilmaz and Ergun, 2008). This is typically practiced via recognition and reward of man or woman execution; professionals' independence to settle on my own choices (Raduan et al., 2008).

In communitarianism, laborers agree with that the social occasion ought to virtually contrast with the person, and that it gives help and prosperity as a quit-end result of reliability. The marketers put the get-collectively reliably earlier than the character. Administrators gain this through reward and reward accumulate execution; no commemorating individuals unreservedly, empowering delegates to contain others in essential administration 15 and no longer displaying predisposition whilst overseeing other body of workers in the affiliation (Zheng and Mclean, 2010).

### **2.3.3 Specific Versus Diffuse**

Beneath specific, humans preserve work and individual lives discrete. They consider that associations do not have a considerable amount of an effect on paintings goals, and they consider that human beings can coordinate without getting along eventually. They essentially separate paintings and open motion of retailers. The socialization of dealers and groupings within the affiliation are brushed off for development of conducting legitimate errands (Schein, 2011).

On the diffuse, humans see cowl among their work and individual existence. They accept as true with that remarkable associations are significant to meeting business objectives and thusly, they make a contribution power outdoor work hours with partners and clients. Those are practiced thru attention on constructing a pleasant courting with people before you revolve around commercial enterprise goals (yilmaz and ergun, 2008).

#### **2.3.4 Neutral Versus Emotional**

In neutral, specialists try to manipulate their feelings. Thusly, purpose impacts their sporting activities without a doubt greater than their emotions. They do not screen what they are considering or how they're feeling (Zheng and McLean, 2010). This practiced through supervising expert sentiments sufficiently, watching marketers' non-verbal correspondence, sticking to the factor in get-togethers and participations and looking delegates' reactions intentionally, as they may be reluctant to show off their actual emotions (Schein, 2011).

#### **2.3.5 Achievement Versus Ascription**

Under achievement, human beings consider that an character is what (s)he does to outline a person's esteem. These social orders regard execution paying little regard to who the man or woman is. In such affiliations, praise and affirmation of true execution is fitting. There is utilization of name precisely whilst pertinent and people attempt to be tremendous brilliant models to different people.

Under attribution, people consider that an individual must be appeared for his or her person. Moreover, strength, identify and role depend in those social orders and these occupations portray people's direct (Raduan et al., 2008). Revolutionary time as opposed to

synchronous time is the manner by which people regulate time. Beneath progressive time, people like occasions to appear in actual demand. They put an excessive motivator on speediness, organizing and keeping speedy in your plans, and staying on timetable. On this kind of way of life, "time is cash," and people do not welcome it while their schedule is pressured (Yilmaz and Ergun, 2008).

## **2.4 Functions of Organizational Culture**

Within organizations, culture may not be visible or physical but its impact in the day to day running of the company cannot be overemphasized (Greenberg & Baron, 2009). The role culture in organization is as follows:

Culture defines standards of behaviour. This means that organizational culture provides clarification of what ought to be and what ought not to be in the organization. It offers stability as regards what individuals might do at different periods and what individuals might do at the same time. Moreover, culture helps define the interrelationships in the company, for instance the culture of a company can promote egalitarianism a situation where by all workers are seen and treated equal.

Culture generates employees' commitment to a Company's Mission. By nature, human beings are selfish and already struggle to strive to ensure that their unlimited needs are met. The availability of a strong culture reduces the selfish nature of individuals and makes them members of the organization, thereby making them feel they are part of the well-defined whole and are engaged in the entire work of the organization. Culture tends to remind individuals what the organizations is all about.

Culture provides a Sense of Identity. The culture of a company is like its personality. The more its members can identify with this personality the more strongly they associate themselves with the company goals, objectives and its mission, and feel a vital part of it. To a large extent, this will reduce the cases of losing high performing employees to competing organizations in the same industry.

The cultures of an organisation perform different function in order to enhance organisational performance. No one culture is the same as the other and they have different impacts on the organisation. No culture can be said to be superior to the other as different organisations use a combination of different cultures.

## **2.5 Measures of Operations Performance**

Operational performance determines organizational performance. The operations in an organization should be efficient and effective in order to achieve organizational goals. Effectiveness is the expanse to which customers' needs are fulfilled whereas efficiency is a measure of economical the organizations resources are utilized. In order to enable the accurate assessment and evaluation operational performance, the correct measurement approaches must be designed, implemented and well maintained by the users of the particular process. They may identify necessity of measuring the processes" effectiveness, its efficiency, its quality impact and overall productivity (Oakland, 2000). A systematic performance measurement system should be in place in order to achieve operational excellence in the organisation.

**Figure 2.1: Measures of operational performance**



Source: (Researcher, 2018)

All of the above elements are essential, and all are co-dependent. The client service offer and the aim of the business unit are equally basic features that must be considered in determining team composition as well as members' role. Procedures are initially allied with the expectations of the clients and on the level of operational effectiveness required. The tool/technology should support the business unit's service offer, and business processes. In spite of the problem, to allow optimization, it is necessary to embrace an international

perception that concentrates on each of the elements that are part of operations performance management practices. This brings out an inclined whole with everything working on the same gage, instead of concentrating on particular elements, which could bring about discontinuity and deviation, thus potentially prevents the achievement of the whole. This makes sure that new procedures are flexible and effective and that they create value-add for clients.

## **2.6 Empirical Study**

The empirical study targets at issuing the reader with an understanding of the present state at the unit of study in conjunction with the topic under research. Together with the theoretical framework, it serves as a base for the analysis. As a result, the empirical literature in this study tries to identify the existing academic works addressing the relationship amid organizational culture and operational performance.

After going through several research studies in relations to organizational culture and operational performance, a majority of them stipulate the impact of organizational culture as a major aspect for success or failure in business operations administration initiatives, in contrary to a few of them don't clarify this impact in details. This variance in the research studies is significant as it might contribution to comprehending the mechanisms of the impact amid both of the concepts, and might increase more implications to handle the presumed impact in practice.

Sidorova and Isik (2010), offers a description of cultural features as a significant component within the scale of operational performance. The findings indicated that all the interviewees append great significance to various organizational-cultural factors like

interactions and engagement of shareholders, in addition to high employee opposition to introduction of new operations performance management structures within the organization. Nevertheless, Sidorova and Isik (2010) research study failed to provide facts and essentials or the dispute over success-critical effects of cultural factors.

In another research by Sentanin *et al* (2008), the authors identify four additional regions of commercial operations study: management, design, application and technologies. Organizational culture is deemed as a principal problem in the region of application, and as such it arises as an essential prosperous aspect for operations initiatives in this study. Further, the authors present three methods for business operations performance management maturity degree model, as well as classified their individual case studies within these maturity degree model. Based on their model, the utmost scale of maturity in relation to organization directed towards business operations performance management is described by horizontal, client-oriented, and cooperative organizational culture.

In a research study by Da Silva *el at.* (2012), managers in four Brazilian insurance companies were interviewed, in regard to identifying the significance attached to business operational performance management responsibilities and the hindrances met in the transformation from functional administration to procedure-oriented administration. From all the four insurance companies, the major barrier is associated to organizational culture and individuals due to their part mental thinking.

Based on the research by Saga (2009), alteration in working approaches and culture amid staffs is an involved after-effect of operational performance in firms. Substantially, increased coordination and suitable methods of performance measurements at a team level,



is essential in managing and motivating staffs to alter their conduct and performance in a way that relates to the fresh course of the firm. Some culture have are stronger in some organisations and weaker in other organisations. They each bring their own impact in the organisation.

## **2.7 Summary**

Clearly from the research, organizational culture is an important pillar when implementing operational performance initiatives in business organizations. Regardless of an awareness of its significant, there is barely enough literature on this kind of relationship. As a result, this research study examined and identified the current situation of academic literature from both organizational culture and operational performance perspective.

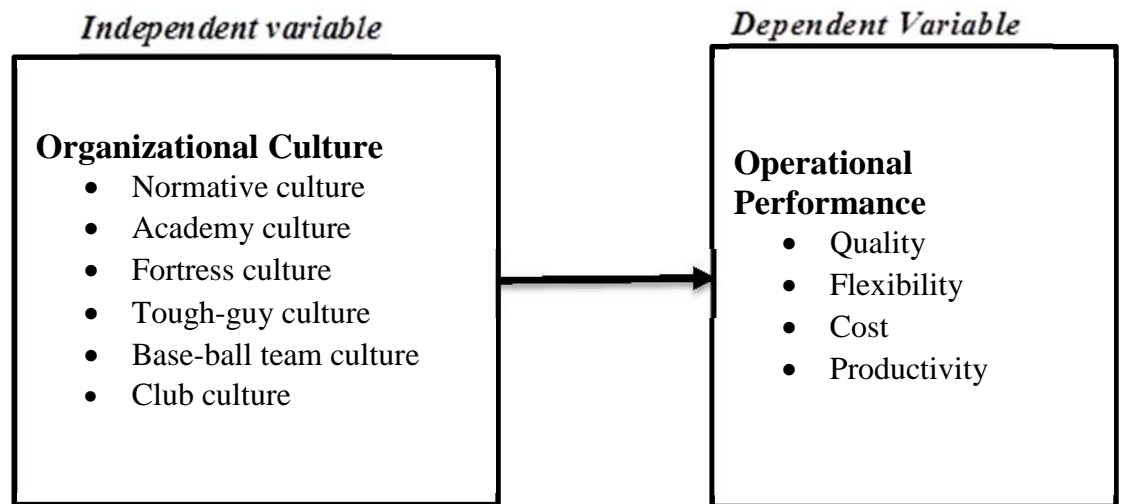
Moreover, findings from literature review prove that both organization culture and operational performance influence each other. Furthermore, a number of research studies are focused on finding the interrelations between the two areas within the insurance industry in other countries such United States, but a few have talked about the interrelations between organizational cultures in the insurance industry in Kenya.

The lack of adequate literature indicates the existence of a research gap regarding to the relationship between organizational culture and operational performance in insurance industry in Kenya. This research topic will have a closer view given that there is high significance of the interrelationship between organization culture and operational performance; and the overall performance of the insurance companies in Kenya.

## 2.8 Conceptual Framework

The independent variable is the organization cultures which comprises of the normative, academy, fortress, tough-guy, base-ball team and club cultures

**Figure 2.2: Conceptual Framework**



**Source; Author, 2017**

Normative Systems approach you can pick what standards will exist and utilize Norms to reinforce the association and enhance performance. Baseball group culture thinks about the representatives as the most prized owners of the association. In tough guy culture, the performance of the representatives is audited every now and then and their work is altogether checked. Club culture finds the officials are extraordinarily explicit about the delegates they enroll. Fortress culture the contracts are terminated if the association isn't performing great. In Academy culture, the occupations and obligations are allotted by the back ground, informational ability and work comprehension of the agents.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter gives an outline of the methodology that was used to guide the whole study. It encompasses the research design, population, sample size and sampling procedures. In addition, this chapter highlights the instrument of data collection and describes the procedure of data analysis.

#### **3.2 Research Design**

This study used a cross-sectional design. The cross-sectional design is suitable to collect data on human behaviour, thoughts, attitudes and characteristics. Cross-sectional study is well suited where data is simultaneously collected across all the companies.

#### **3.3 Population of the Study**

The population of this study comprised of the 55 insurance firms registered in Kenya as at 31<sup>st</sup> December 2016 (Appendix II). From the fact that the size of the study population is small, and accessible since they are all located in Nairobi city, the study was a census.

#### **3.4 Data Collection**

A questionnaire that was well structure and composed of both open ended and closed questions was used. The questionnaire had 4 parts A, B, C and D. Part A required the demographic information, part B is the general company information, part C focused on the organizational culture and part D on the operational performance. In each firm, four questionnaires were dropped addressed to the operations manager, human

resource/administration manager and two staff members. Reliability and validity of the questionnaire was done through pre-testing with selected insurance firms by the researcher.

### **3.5 Data Analysis**

An inspection was done to check on completeness from the collected questionnaires and then coding was done. The mean, central tendency standard deviation and regression was used through descriptive statistics. The analysis used tables to present data collected and give meaning to the data. The objectives were analysed using means and standard deviation and regression analysis was used establish the relationship with the main variable.

## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSIONS

#### 4.1 Introduction

The study objective was to analyse the relationship between organizational culture and operations performance in insurance Firms in Kenya. In this regard, this chapter presents data analysis and findings of the study. The chapter covers respondents' general information and findings based on the two research questions/objectives which are; to determine the organizational cultures in Kenyan insurance firms and to determine how the culture of an organization influences operational performance. The section concludes with a section discussion of the findings

#### 4.2 Response Rate

A total of 220 questionnaires were distributed and the response rate is presented in table 4.1

**Table 4.1: Response Rate**

Category	Percentage	Frequency
Responded	86.4	190
Did not respond	13.6	30
<b>Total</b>	<b>100</b>	<b>220</b>

Source (Researcher, 2018)

The table shows that the returned fully filled which represents 86.4%. Mugenda and Mugenda (2003) stipulates an analysis that has 50% response rate is adequate for reporting, 60% response is good and 70% response and more is excellent. The good response rate obtained in this study was due to extra efforts made by making call back and thorough probing of the respondents.

### 4.3 Demographic Information

#### 4.3.1 Gender of the Respondents

In this section the researcher sought to establish the gender representation. Their responses are shown in table 4.2

**Table 4.2: Gender of the Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	117	61.6
Female	73	38.4
<b>Total</b>	<b>190</b>	<b>100.0</b>

Source (Researcher, 2018)

This result implies that there were more male respondents than females and there was a good representation of all genders in the study therefore no biasness. Though throughout the years there has been campaigns for equal gender opportunities in organisations, there stills exists a gender imbalance in many organisations. Therefore, the results show that culture has a gender factor in any organisation.

### 4.3.2 Position of Respondents in the Firm

The study sought to find out the respondent's position the firm. Table 4.3 shows the findings

**Table 4.3: Position of Respondents in the Firm**

<b>Position in the firm</b>	<b>Frequency</b>	<b>Percentage</b>
Operations manager	44	23.2
Human resource/administration manager	41	21.6
Staff members	105	55.3
<b>Total</b>	<b>190</b>	<b>100.0</b>

Source (Researcher, 2018)

The table shows that majority of the respondents were staff members. This indicates that the companies were represented well by managers and staffs at all levels and hence the diversity of responses.

### 4.3.3 Level of Education

Education level of the respondents was sought by the study in this section.

**Table 4.4: Level of Education**

Level of education	Frequency	Percentage	Cumulative
			Frequency
Post graduate level	37	19.5	19.5
Undergraduate	107	56.3	75.8
Tertiary College	38	20.0	95.8
Secondary	8	4.2	100
<b>Total</b>	<b>190</b>	<b>100.0</b>	

Source (Researcher, 2018)

Majority of the respondents had attained education up to undergraduate level. This implies that the respondents were highly educated and hence conversant with the culture of their organisation

#### 4.3.4 Length of Continuous Service

The respondent's continuous level of service was sought in this section. Table 4.5 shows the results

**Table 4.5: Length of Continuous Service**

Length of continuous service	Frequency	Percentage	Cumulative
			Frequency
Below five years	60	31.6	31.6
5-10 years	83	43.7	75.3
Over 10 years	47	24.7	100
<b>Total</b>	<b>190</b>	<b>100.0</b>	

Source (Researcher, 2018)



The table shows that majority had served for 5-10 years. Having worked for a good length of time their experience and culture adaptability shows that the respondents were conversant with the culture of their organisation and therefore were appropriate to answer the research questions effectively.

#### 4.4 General Company Information

##### 4.4.1 Ownership of Insurance Company

The study sought to know whether the company was locally or globally owned. Table 4.6 shows the findings

**Table 4.6: Ownership of Insurance Company**

<b>Ownership</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>
Local	156	70.9	70.9
Global	64	29.1	100
<b>Total</b>	<b>220</b>	<b>100.0</b>	

Source (Researcher, 2018)

Even though the Insurance penetration in Kenya has remained almost constant since 2016, the industry's gross written premium has been increasing steadily attracting foreigners' investors to the industry. Example, Old Mutual which is South African, acquired a majority stake in UAP insurance, also the Heritage Insurance Kenya Limited merged.

#### 4.4.2 Number of employees within Kenya

Number of employees was sought by the study in the insurance firms. Table 4.7 shows the findings.

**Table 4.7: Number of Employees within Kenya**

<b>Number of employees within Kenya</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>
50- 100 employees	68	30.9	30.9
101-300 employees	80	36.4	67.3
301-600 employees	28	12.7	80
601-1000 employees	32	14.5	94.5
over 1000 employees	12	5.5	100
<b>Total</b>	<b>220</b>	<b>100.0</b>	

Source (Researcher, 2018)

Most companies have 101-300 employees. This indicates that the insurance industry is characterized by many small firms since majority of the firms had less than 300 employees as indicated by the respondents. The fact that the penetration rate still remains low their chance of significant growth is minimal.

#### 4.4.3 Number of branches in Kenya

The study sought to find out the number of branches in each insurance company. Table 4.8 shows the study findings.

**Table 4.8: Number of branches in Kenya**

<b>Number of branches</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>
1-10 branches	14	7.4	7.4
20-30 branches	71	37.4	44.8
30-40 branches	47	24.7	69.5
40-50 branches	38	20.0	89.5
Over 50 branches	20	10.5	100
<b>Total</b>	<b>190</b>	<b>100.0</b>	

Source (Researcher, 2018)

Most of the insurance firms have many branches so that they can reach all the markets in the country. The introduction of counties in Kenya has forced every firm to open a branch in those counties unlike when they used to have branches in major towns.. Also insurance firms have not leveraged in Information and Technology which could be used to reach the Untapped lower end of the market.

#### **4.5 Organizational Culture**

This section shows the findings on the rated statements provided on various cultures adopted by the organization.

**Table 4.9: Normative Culture**

<b>Normative Culture</b>	<b>Mean</b>	<b>Standard deviation</b>
Great importance is placed on insurance rules, values, obligations and regulations at our company	4.0342	0.3471
Fairly dealing within employees based on the rules, regulations and values	3.9342	0.6482
The insurance instructions are clear, also procedures for all employees	4.6722	0.3034
Managers involve employees in decision making in this company	3.7316	0.2379
<b>Average Mean</b>	<b>4.09305</b>	<b>0.38415</b>

Source (Researcher, 2018)

The findings show that normative culture was highly applied in the insurance firms. Normative culture was evident where the insurance companies provide rules and clear instructions, processes and procedures for the employees. Employees were found to dealing fairly with each other on the rules, regulations, values, obligations of the company. In normative a strict regulations and guidelines is followed that supports the policies of the organization. Employees stick to their specific job role and do not break rules. They only do what they have been asked to do.

**Table 4.10: Baseball culture**

<b>Baseball culture</b>	<b>Mean</b>	<b>Standard deviation</b>
Employees have respect for needs of others in decision making.	3.6003	0.4532
Managers work on building great relations with employees	4.0844	0.4356
Needs of the employees and company are linked	3.7309	0.6034
The company promotes creativity among employees	3.9091	0.3093
<b>Average Mean</b>	<b>3.83117</b>	<b>0.45037</b>

Source (Researcher, 2018)

The findings indicate that baseball culture was used in the insurance industry. This appeared by the reaction that the workers manage each other decently depending on the principles, controls and values and the administrators set aside. In baseball culture, representatives should be esteemed. For whatever length of time that the workers are happy, agreeable and feel regarded, they will work efficiently and can stay with the organisation for long.

**Table 4.11: Tough Guy Culture**

<b>Tough guy culture</b>	<b>Mean</b>	<b>Standard deviation</b>
Managers are flexible when making decisions	3.8306	0.6348
Personal freed for employees is regarded as important in the company	3.6907	0.3032
Supervisors study employees body language	3.9217	0.5431
<b>Average Mean</b>	<b>3.8143</b>	<b>0.4937</b>

Source (Researcher, 2018)

The findings indicate that the insurance companies used tough guy culture where the Managers are flexible when making decisions and employees believe in personal freedom and achievement in this company.

**Table 4.12: Club Culture**

<b>Club culture</b>	<b>Mean</b>	<b>Standard deviation</b>
Employees value team work to individualism	4.2398	0.2398
This company rewards team performance	4.1918	0.4623
Titles are overemphasized in this company	3.0317	0.4048
Managers have their own parking designated	3.9024	0.5438
Each employees participates in determining their performance	4.0157	0.4456
<b>Average Mean</b>	<b>3.8762</b>	<b>0.4192</b>

Source (Researcher, 2018)

Club culture was shown since respondents indicated that employees value team work to individualism and the companies' rewards individual performance. Club culture representatives are required to extremely talented and skilful in their specialty of work. Instructive capabilities, earlier work understanding and even close to home interests are thought about before a representative is hired.

**Table 4.13: Fortress Culture**

<b>Fortress culture</b>	<b>Mean</b>	<b>Standard deviation</b>
This company rewards individual performance	4.2902	0.2098
All instruction are given to staff in regards to their tasks and roles	4.4029	0.3253
Employees have no chance to air their feelings	3.2098	0.4488
Punctuality is essential in all company meetings	4.2451	0.3171
<b>Average Mean</b>	<b>4.037</b>	<b>0.3252</b>

Source (Researcher, 2018)

On fortress culture, the insurance firms reward individual performance and the companies ensures clear instructions are availed to staff concerning their tasks and duties. If the organisation is doing admirably because of the worker's profitability, at that point the representatives keep on having an occupation.

**Table 4.14: Academy Culture**

<b>Academy culture</b>	<b>Mean</b>	<b>Standard deviation</b>
I keep work and personal lives separate	4.3289	0.42228
The company acknowledges individual employees strengths and credentials	4.0278	0.331
My individual character is based on my work	3.5154	0.3247
<b>Average Mean</b>	<b>3.95736</b>	<b>0.3593</b>

Source (Researcher, 2018)

Findings indicate that insurance firms apply academy culture. The companies acknowledge individual employees' strengths and credentials and each individual character was based on their work.

## **4.6 Operations Performance**

### **4.6.1 Settlement of claims**

The study sought to find out how long it takes to settle claims. Table 4.15 shows the findings.

**Table 4.15: Settlement of claims**

<b>Type</b>	<b>Mean Days</b>
General Business	14 days
Medical	30 days
Life	30 days

Source (Researcher, 2018)



Claim settlements varies depending on the type of claim. The general standard of the claims changing industry is that 30 days is the typical and standard time confine in which to ask for an insurance agency to react to a settlement request. This is on the grounds that the cases business is set up on a 30-day journal framework.

#### **4.6.2 ISO certification**

The study sought to find out if the companies were ISO certified. Table 4.16 shows the findings.

**Table 4.16: ISO certification**

<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	60	31.6
No	130	68.4
<b>Total</b>	<b>190</b>	<b>100</b>

Source (Researcher, 2018)

Most companies are not ISO certified. ISO Certification is suitable for all organisations since an organisation benefits from adopting efficient Systems that saves time and cost, improve efficiency and eventually improve client relations. However, despite the associated gains, others believe the standards are too generic to bring positive changes hence low adoption by companies in insurance industry.

#### **Customers Satisfaction**

The respondents were asked to indicate the level of customer satisfaction. Table 4.17 shows the study findings.

**Table 4.17: Customers Satisfaction**

<b>Customers Satisfaction</b>	<b>Frequency</b>	<b>Percentage</b>
Extremely satisfied	56	29.5
Very satisfied	98	51.6
Satisfied	36	18.9
<b>Total</b>	<b>190</b>	<b>100.0</b>

Source (Researcher, 2018)

As indicated by the employees, most customers in insurance companies were satisfied. This is because the companies work hard to ensure the customer is served efficiently since customer is key in any organisation. However this could be biased because it came from employees.

### **4.6.3 Flexibility**

The respondents were asked to indicate the level of flexibility on types of insurance.

Table 4.18 shows the study findings.

**Table 4. 18 Flexibility**

<b>Type /Duration</b>	<b>Before</b>	<b>:1</b>	<b>3 months</b>	<b>6 Months</b>	<b>6 Months</b>
	<b>month</b>				<b>Plus</b>
General Business	yes		yes	yes	no
Medical	No		No	No	No
Life	No		No	No	No

Source (Researcher, 2018)

#### 4.6.4 Cost

##### Deviation from budgeted Operations cost

The respondents were asked to indicate how often they deviated from their budgeted Operations cost. Table 4.19 shows the study findings.

**Table 4.19: Deviation from your budgeted Operations cost**

Deviation from budget	Frequency	Percentage
Regularly	92	48.4
Rarely	32	16.8
Occasionally	66	34.7
<b>Total</b>	<b>190</b>	<b>100.0</b>

Source (Researcher, 2018)

It was found that most companies regularly deviate from the budgeted operations cost. However the insurance companies are drawing budgets that are making sure they satisfy their customers and are putting in stringent budgetary controls measures to ensure any deviation from the budgets are rectified with immediate effect so as to ensure its financial performance is getting better and better each financial year. The deviations are caused by the rise of the number of cases and claims especially in the health sector.

#### 4.6.5 Employee Productivity

The respondents were asked to indicate the level of organization employees' performance in terms effectiveness /efficiency. Table 4.20 shows the study findings.

**Table 4.20: Employee Productivity**

<b>Employee Productivity</b>	<b>Frequency</b>	<b>Percentage</b>
20%	0	0.0
50%	33	17.4
80%	157	82.6
<b>Total</b>	<b>190</b>	<b>100.0</b>

Source (Researcher, 2018)

In most of the company's employees productivity is at high. Productivity helps to understand the employee's performance in terms of effectiveness /efficiency.

#### **4.7 Organisational Culture and Operational Performance**

The study used regression analysis model. Table 4.21 shows the regression model

**Table 4.21: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.687 <sup>a</sup>	.643	.625	.72011

a. Predictors: (Constant), Academy Culture, Fortress Culture, Normative Culture ,  
Baseball culture, Tough Guy Culture, Club Culture

Source: Reseacher (2018)

Analysis in table 4.21 shows that the coefficient of determination (the percentage variation in the dependent variable being explained by the variation in the independent variables) R squared is 68.7%) leaving only 31.3% unexplained variation.

**Table 4.22: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	75.504	6	12.584	24.267	.000 <sup>b</sup>
Residual	94.896	183	.519		
Total	170.400	189			

a. Dependent Variable: Operational performance

b. Predictors: (Constant), Academy Culture, Fortress Culture, Normative Culture ,  
Baseball culture, Tough Guy Culture, Club Culture

ANOVA findings (P- value of 0.00) in table 4.22 show that there is correlation between the predictor's variables (Normative culture, Academy culture, Fortress culture, Tough-guy culture, Base-ball team culture and Club culture) and response variable (operational performance). The P value is 0.000 which is less than 0.005 significance level.

**Table 4.23: Significance of the Coefficients of the Regression Model**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.335	.466		5.234	.000
Normative Culture	.344	.053	.445	3.876	.002
Baseball culture	.289	.050	.698	4.409	.000
Tough Guy Culture	.097	.061	.738	4.032	.004
Club Culture	.331	.054	.448	3.786	.006
Fortress Culture	.054	.053	.376	2.109	.000
Academy Culture	.126	.048	.490	4.254	.001

a. Dependent Variable: Operational Performance

All the variables were significance at 0.5 level.

Source (Researcher, 2018)

## 4.8 Factor analysis

**Table 4.24 Correlation Matrix**

	Normative Culture	Baseball culture	Tough Guy Culture	Club Culture	Fortress Culture	Academy Culture
Normative Culture	1.000	.082	.282	-.083	-.004	-.043
Baseball culture	.082	1.000	-.019	-.097	.099	-.026
Tough Guy Culture	.282	-.019	1.000	.006	-.099	.008
Club Culture	-.083	-.097	.006	1.000	.387	.005
Fortress Culture	-.004	.099	-.099	.387	1.000	.003
Academy Culture	-.043	-.026	.008	.005	.003	1.000

Source (Researcher, 2018)

The values on the model are close to zero and therefore the model is good fit

**Table 4.25: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.755
	Approx. Chi-Square	57.510
Bartlett's Test of Sphericity	df	15
	Sig.	.000

Source (Researcher, 2018)

The KMO test indicates a figure of more than 0.5 which indicates that the sufficient items for each factor.

**Table 4.26: Communalities**

	Initial	Extraction
Normative Culture	1.000	.662
Baseball culture	1.000	.756
Tough Guy Culture	1.000	.701
Club Culture	1.000	.745
Fortress Culture	1.000	.742
Academy Culture	1.000	.648

Extraction Method: Principal Component Analysis.

Source (Researcher, 2018)

The table shows that all the variables are accounted for since they have values above 0.5 (50%).



**Table 4.27: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.440	24.002	24.002	1.440	24.002	24.002
2	1.240	20.659	44.661	1.240	20.659	44.661
3	1.075	17.920	62.582	1.075	17.920	62.582
4	.988	16.474	79.056			
5	.717	11.942	90.998			
6	.540	9.002	100.000			

Extraction Method: Principal Component Analysis.

Source (Researcher, 2018)

The table shows that factor one accounts for 24% of the variance, second factor accounts for 20.6% and the third factor accounts for 17.9%. The remaining three factors are not significant.

**Table 4.28: Component Matrix**

	Component		
	1	2	3
Normative Culture	-.434	.687	
Baseball culture		.221	.839
Tough Guy Culture	-.427	.620	-.365
Club Culture	.730	.375	-.269
Fortress Culture	.728	.426	.177
Academy Culture		-.112	-.365

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

Source (Researcher, 2018)

Three factors of the six variables were extracted. The higher the absolute value of the loading, the more the factor contributes to the variable.

The study found that there is a significant relationship between normative culture and operational performance. This is in accordance with Raduan, Kumar, Haslinda and Ling, (2008) who demonstrated that standards exist in each association and by actualizing a Normative Systems approach you can pick what standards will exist and utilize Norms to reinforce the association and enhance execution.

The investigation discovered that there is a noteworthy connection between Baseball culture and operational execution. As indicated by Zheng and McLean, (2010), baseball group culture thinks about the representatives as the most prized owners of the association.

The examination discovered that there is a low noteworthy connection between Tough Guy Culture and operational execution. As per Schein, (2011) in this kind of culture, the execution of the representatives is audited every now and then and their work is altogether checked.

The examination discovered that there is a noteworthy connection between Club Culture and operational execution. As per Zheng and McLean, (2010) affiliations following a club culture are extraordinarily explicit about the delegates they enroll.

The investigation discovered that there is a low huge connection between Fortress Culture and operational execution. This sort of culture isn't found in numerous associations since in this culture, the representatives are ended if the association isn't performing great. People endure the most when the association is at a misfortune.

The investigation discovered that there is a noteworthy connection between Academy Culture and operational execution. As indicated by Yilmaz and Ergun, (2008) affiliations following establishment culture enroll capable individuals. The occupations and obligations are allotted by the back ground, informational ability and work comprehension of the agents. Affiliations following establishment culture are to a great degree explicit about setting up the present agents. They ensure that distinctive getting ready projects are being guided at the workplace to hone the capacities of the agents. The organization tries real undertakings to refresh the learning of the delegates to improve their master expertise. The delegates in an establishment culture hold fast to the relationship for a more drawn out term and besides create inside it.

#### **4.9 Discussion of Findings**

The study found that culture and operational performance are positively related as shown with high coefficient of 2.335. Thomas Peter and Robert Waterman (1982) told managers that an organization success depends on having a strong culture and laying down a formula for such culture. They express that no matter what, the predominance and cognizance of culture ended up being a basic nature of the fantastic organizations.

The examination built up that authoritative culture enormously influenced operational execution as far as quality, adaptability, cost and profitability. These discoveries are in concurrence with Kotter (2012) that culture can overhaul definitive execution, delegate work satisfaction, and the sentiment of sureness about basic reasoning. Solid associations societies will persuade representatives to completely take care of their undertakings in this manner enhance execution of the association as entirety. This is because of the way that they will be fulfilled because of the solace, great workplace and cooperation with each other. The exploration discoveries that hierarchical culture influences execution, as it were, agree with Daft (2010) who demanded that a positive culture supports modification and redesigns delegates' occupation execution by convincing, forming their practices towards the accomplishment of corporate targets.

The findings on the cultural aspect of involvement was that employees in insurance industry are highly involved in their work, value team work to individualism, cooperate and work as a team, participate in their performance levels and that information is widely shared to them whenever it is needed. This is in line with Dension (1990) perspective that involvement and participation, at all levels, creates a sense of ownership and commitment among the employees and will have a positive impact on the operational performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of the findings of the study on the association that exists between organizational culture and operations performance in insurance Firms in Kenya. The conclusion is also presented; the recommendations as well as the suggestions on areas where further research may be required in order to provide more knowledge that can bridge the research gaps that may have been left by this study.

#### **5.2 Summary of Findings**

The study found that there is a positive association between organizational culture and operations performance. The existence of organization culture led to reported improved operational performance in the insurance. Coefficient of determination (the percentage variation in the dependent variable being explained by the variation in the independent variables) R squared is 66.5%) leaving only 33.5% unexplained variation

The findings show that normative culture was applied in the insurance firms. Normative culture was evident where the insurance companies provide rules provide clear instructions, processes and procedures for the employees. Likewise workers were found to manage each other decently depending on the standards, directions and values and there was high significance put on protection rules, qualities, commitments and controls at our organization. The discoveries show that baseball culture was utilized in the protection business. This was appeared by the reaction that the workers manage each other decently

depending on the principles, directions and values and the administrators set aside opportunity to fabricate associations with different representatives.

The findings indicate that the insurance companies used tough guy culture where the Managers are flexible when making decisions and employees believe in personal freedom and achievement in this company. It can be a tough environment for some to work in especially if one is independent and have a creative mind. The findings show that club culture was used in insurance companies that employees value team work to individualism and the companies' rewards individual performance. On fortress culture, the insurance firms rewards individual performance and the companies ensures clear instructions are availed to staff concerning their tasks and duties. Findings indicate that insurance firms apply academy culture. The companies acknowledges individual employees strengths and credentials and each individual character was based on their work.

### **5.3 Conclusion**

The study concludes that organisational culture is of incredible significance for working of an organization. The significance of hierarchical culture is reflected in the by and large acknowledged state of mind that a genuine authoritative culture prompts achievement, and more noteworthy productivity and adequacy of organization's tasks and to its development and improvement.

The examination presumes that organizations ought to induce positive societies that improve execution as well as societies that help the general prosperity of the workers. This is because of the way that representatives additionally have objectives to accomplish as far as profession development other than attempting to guarantee the associations achieves wanted targets.

#### **5.4 Recommendations**

The study recommends that all organizations should put more efforts on the adoption of good organizational culture since culture has today become an important tool for operational performance in terms of cost, flexibility, productivity and quality.

The study uncovered that organisational culture affects operational performance of insurance firms. Along these lines, the investigation prescribes that management should characterize authoritative societies that are down to earth and self-continuing, supposing that there is a contention between hierarchical culture and individual plans, at that point the planned framework will neglect to achieve the coveted achievement. Top administration should regulate the fruitful development of reasonable and practical organisational culture.

Management should progress in the direction of developing a positive, expert and propelling workplace that isn't threatening to anybody so everybody can accomplish their objectives without crashes.

#### **5.5 Limitations of Study**

The researcher relied heavily on personal views of the targeted employees in the insurance industry. Therefore, it is difficult to entirely validate the legitimacy of the responses made by the respondents regarding the organization's operational performance.

The findings of the study would only be applicable to companies in the insurance industry. Generalization of the study would only be applicable if the study were to be carried out in other industries.

## **5.6 Suggestions for Further Research**

In Kenya, cultural studies dealing with organizational performance remain largely an unexplored course. There are not many studies showing the association between organizational culture and operational performance in different locations. Most of the studies are concentrated in Nairobi, this study therefore suggests the same study be done in other organizations in other counties other than Nairobi County.

The study looked at the association between organizational cultures on operational performance majorly focusing on the six cultural traits. However, there are other aspects of organizational culture such as leadership; organizational structure; innovation & development that can have impact on operational performance and hence the need for studies to establish the extent of their effect on operational performance.



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# APPENDICES

## Appendix I: Questionnaire

This questionnaire seeks information in regard to various cultures in your organization and the relationship between organizational culture and operations performance in the insurance industry in Kenya. The questionnaire has part **A, B, C** and **D**. You are kindly requested to complete this questionnaire with your most appropriate answer.

Kindly assist in the completion of this study by responding to the attached questionnaire.

To ensure anonymity, please do not write your name anywhere.

Kindly answer all questions.

### **PART A: DEMOGRAPHIC INFORMATION**

1. Please indicate your gender

- a) Male
- b) Female

2. Name of the Insurance Company (Optional).....

3. What is your highest level of education qualification completed?

- a) Post graduate level
- b) Undergraduate
- c) Tertiary College
- d) Secondary

4. Length of continuous service with the firm?

- a) Below five years
- b) 5-10 years
- c) Over 10 years

5. Using the categories below kindly indicate how long you have worked with the company.

- a) Below 5 Years
- b) 6-10 Years
- d) More than 10 years

**PART B: GENERAL COMPANY INFORMATION**

6. Is your Insurance firm local or global?

- a) Local
- b) Global

7. How many employees do you have within Kenya? \_\_\_\_\_

8. How many branches do you have in Kenya? \_\_\_\_\_

**PART C: ORGANIZATIONAL CULTURE**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Great importance is placed on insurance rules, values, obligations and regulations at our company					
Fairly dealing within employees based on on the rules, regulations and values					
The insurance instructions are clear, also procedures for all employees					
Managers involve employees in decision making in this company					

Employees have respect for needs of others in decision making.					
Managers work on building great relations with employees					
Needs of the employees and company are linked					
The company promotes creativity among employees					
Managers are flexible when making decisions					
Personal freed for employees is regarded as important in the company					
Supervisors study employees body language					
Employees value team work to individualism					
This company rewards team performance					
Titles are overemphasized in this company					
Managers have their own parking designated					
Each employees participates in determining their performance					
This company rewards individual performance					
All instruction are given to staff in regards to their tasks and roles					
Employees have no chance to air their feelings					
Punctuality is essential in all company meetings					

I keep work and personal lives separate					
The company acknowledges individual employees strengths and credentials					
My individual character is based on my work					

**PART D: OPERATIONS PERFORMANCE**

**(A) Please answer the below questions in regard to Operations performance indicators**

**10. How long does it take for you to settle a claim? In days**

Type	Days
General Business	
Medical	
Life	

**Quality**

**11. Is your company ISO Certified?**

Yes

No

If no briefly explain how you ensure quality \_\_\_\_\_

**12. How can you rate your Customers Satisfaction?**

Extremely satisfied

Very satisfied

Satisfied

**Flexibility**

13. Do you prorate premium if one was to cancel cover within the below timelines?

Type /Duration	Before :1 month	3 months	6 Months	6 Months Plus
General Business	yes			
Medical				
Life				

**Cost**

15. How often do you deviate from your budgeted Operations cost?

Regularly

Rarely

Occasionally

**Productivity**

17. On average how will you rate your organization employees’

performance terms effectiveness /efficiency

20%

50%

80%

Above 80%



## Appendix II: Licensed Insurance Companies in Kenya – 2016

1.	AAR Insurance Kenya Limited	PO Box 41766 - 00100, Nairobi
2.	AIG Kenya Insurance Co Ltd	PO Box 49460 - 00100, Nairobi
3.	Africa Merchant Assurance Co. Ltd	PO Box 61599 - 00100, Nairobi
4.	Allianz Insurance Co of Kenya Ltd	PO Box 66257- 00800, Nairobi
5.	APA Insurance Limited	PO Box 30065 - 00100, Nairobi
6.	APA Life Assurance Limited	PO Box 30389 - 00100, Nairobi
7.	Barclays Life Assurance K Ltd	PO Box 1140 - 00100, Nairobi
8.	Britam General Ins. Co. (K) Ltd.	PO Box 40001 – 00100, Nairobi
9.	British-American Insurance Co. Ltd.	PO Box 30375 – 00100, Nairobi
10.	Cannon Assurance Ltd	PO Box 30216 - 00100, Nairobi
11.	Capex Life Assurance Limited	PO Box 12043 - 00400, Nairobi
12.	CIC General Insurance Limited	PO Box 59485 - 00100, Nairobi
13.	CIC Life Assurance Ltd	PO Box 59485 - 00100, Nairobi
14.	Continental Reinsurance Ltd	PO Box 76326 - 00508, Nairobi
15.	Corporate Insurance Co. Ltd	PO Box 34172 – 00100, Nairobi
16.	Directline Assurance Co Ltd	PO Box 40863 - 00100, Nairobi
17.	EA Reinsurance Company Ltd	PO Box 20196 - 00200, Nairobi
18.	Fidelity Shield Insurance Co Ltd	PO Box 47435 - 00100, Nairobi
19.	First Assurance Company Ltd	PO Box 30064 - 00100, Nairobi
20.	GA Insurance Limited	PO Box 42166 - 00100, Nairobi
21.	GA Life Assurance Ltd	PO Box 42166 - 00100, Nairobi
22.	Geminia Insurance Company Ltd	PO Box 61316 - 00200, Nairobi
23.	ICEA LION General Insurance Co Ltd	PO Box 30190 - 00100, Nairobi
24.	ICEA LION Life Assurance Co Ltd	PO Box 46143 - 00100, Nairobi
25.	Intra Africa Assurance Co Ltd	PO Box 43241 - 00100, Nairobi
26.	Invesco Assurance Company Ltd	PO Box 52964 - 00200, Nairobi
27.	Kenindia Assurance Co Ltd	PO Box 44372 - 00100, Nairobi
28.	Kenya Orient Insurance Ltd	PO Box 34530 - 00100, Nairobi
29.	Kenya Orient Life Assurance Ltd	PO Box 34540 - 00100, Nairobi
30.	Kenya Reinsurance Corp Ltd	PO Box 30271 - 00100, Nairobi
31.	Liberty Life Assurance Kenya Ltd	PO Box 30364 - 00100, Nairobi
32.	Madison Insurance Company Ltd	PO Box 47382—00100, Nairobi
33.	Mayfair Insurance Company Ltd	PO Box 45161 - 00100, Nairobi
34.	Metropolitan Cannon Life Ass Ltd	PO Box 46783 - 00100, Nairobi

35.	Occidental Insurance Co Ltd	PO Box 39459 - 00623, Nairobi
36.	Old Mutual Life Assurance Co Ltd	PO Box 30059 - 00100, Nairobi
37.	Pacis Insurance Company Ltd	PO Box 1870 - 00200, Nairobi
38.	Pioneer Life Assurance Company Ltd	PO Box 20333 - 00200, Nairobi
39.	Pioneer General Insurance Ltd	PO Box 20333 - 00200, Nairobi
40.	Phoenix of EA Assurance Co Ltd	PO Box 30129 - 00100, Nairobi
41.	Prudential Life Assurance K Ltd	PO Box 25093 - 00100, Nairobi
42.	Saham Assurance Company K Ltd	PO Box 20680 - 00200, Nairobi
43.	Sanlam General Insurance Ltd	PO Box 60656 -00200, Nairobi
44.	Sanlam Life Assurance Ltd	PO Box 44041 – 00100, Nairobi
45.	Tausi Assurance Company Ltd	PO Box 28889 - 00200, Nairobi
46.	The Heritage Insurance Company Ltd	PO Box 30390 - 00100, Nairobi
47.	Trident Insurance Company Ltd	PO Box 55651 - 00200, Nairobi
48.	Resolution Insurance Company Ltd	PO Box 4469 - 00100, Nairobi
49.	UAP Life Assurance Limited	PO Box 23842 - 00100, Nairobi
50.	UAP Insurance Company Limited	PO Box 43013 - 00100, Nairobi
51.	Takaful Insurance of Africa Limited	PO Box 1811- 00100, Nairobi
52.	The Jubilee Insurance Co. Ltd	PO Box 30376 – 00100, Nairobi
53.	The Monarch Insurance Co. Ltd.	PO Box 44003 - 00100, Nairobi
54.	The Kenyan Alliance Insurance Co Ltd	PO Box 30170 - 00100, Nairobi
55.	Xplico Insurance Limited	PO Box 38106 - 00623, Nairobi

**Source: Insurance Regulatory Authority, (2016)**

**Appendix III: Research Authorization Letter**



**UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
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P.O. Box 30197  
Nairobi, Kenya

DATE... 6/9/2018

**TO WHOM IT MAY CONCERN**

The bearer of this letter ... OMBETA ANSOMU ERUK

Registration No. ... D61/77746/2015

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

**PROF. JAMES M. NJIHIA**  
**DEAN, SCHOOL OF BUSINESS**

