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# Role of Organizational Culture on Performance in the Insurance Industry in Kenya

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ABSTRACT

The purpose of the study was to establish the role of organizational culture on performance in the insurance industry in Kenya. The study adopted a descriptive research design. The target population for this study was the senior and middle level management staff of the 49 insurance companies registered with the Association of Kenya insurers (AKI) by December 2014. The study selected the respondents using stratified proportionate random sampling technique. Primary data was obtained using self-administered questionnaires administered using a drop and pick later method. Descriptive statistics such as frequencies, percentages, mean score and standard deviation was estimated for all the quantitative variables and information presented inform of tables and graphs. Inferential data analysis was done using Pearson correlation coefficient and regression analysis to establish the relations between the independent and dependent variables. Hypothesis testing was done using p-value in a Chi-square test. F-statistic was also be computed at 95% confidence level to test whether there is any significant relationship between organizational culture and performance of insurance companies in Kenya. The correlation results revealed that organizational culture promoted performance in the insurance industry in Kenya. The study recommends that standard employee compensation packages should be implemented to poster motivation for better employee productivity. Insurance companies in Kenya should develop strategic marketing plans that differentiate each organization from the market rivals. Continuous market innovation and product development is also advocated. Strong focus on customer retention and building of loyalty is recommended. Insurance firms in Kenya should implement knowledge management systems as this was associated to be a key driver towards Performance of Insurance Companies. Periodically, insurance firms in Kenya should carry out SWOT analysis, business reengineering process is also encouraged to keep operations on tack. Internal flow of activities are effective as the quality of coordination was found to be a crucial factor posting positive performance of organization and that management should work to ensure that strategic policies actively promote organizational effectiveness, reputation, values and ethics. This study contributes to the existing body of knowledge concerning strategic management which has become popular among companies. The study results promote clear understanding on organizational culture especially on leadership.



## Introduction

Well justified decisions and clearly defined strategies are vital if the firm is to achieve its goals and objectives while optimizing the use of its resources. The business environment has known various changes that have compelled managers to develop and adopt responsive strategies in order to remain relevant (Peng, 2013). Organizations that have ignored the severity of these changes and not made good strategic choices have shut down.Iravo *et al* (2013) state that one of the important questions in business has been why some organizations succeed and why others fail and this has influenced a study on the strategic management determinants of organizational performance. Strategic management determinants of performance involve the translation of business strategies into deliverable results. It combines financial, strategic and operating principles to gauge how a company is able to meet its targets (Mshenga & Owuor, 2009). Strategic determinants of performance are closely linked to specific strategies and value drivers in order to maximize organizational performance and may include aspects such as an organization inherent strategic orientation and core competences including its capabilities construed in its culture and intellectual capital.

Today management is needed in all types of organizations regardless of their size, at all organizations levels and in all work areas. Because management is universally needed, improving the way an organization is managed is one of the keys to success, and the importance of strategic management to achieve this goal is recognized around the world. Strategic management is one of the best practices that can promote performance in an organization if strategic leadership, ethics and strategy, strategic communication, strategic change, strategic organization culture, strategic systems analysis, managing strategic failure, globalization and environment, strategic skills and knowledge, strategic diversification and strategic information systems analysis are keenly utilized efficiently and effectively. The insight of this study is that in contemporary business environment there is variation in performance among firms. This is further manifested through collapse and insolvency of many organizations (Churchill & Frankiewicz, 2012).

Agiobenebo and Ezirim (2012) observe that the link between strategic management and performance is supported by studies conducted in America which found that deliberate and systematic formulation and implementation of strategies produces significantly better performance than unplanned opportunistic adaptive approach insurance companies just like other organizations needs to adopt strategic management, in order for them to meet their organizational goals and enable the poor to break the cycle of poverty.

In order to succeed in building a sustainable competitive advantage, insurance companies must try to change their strategic orientation to provide what buyers will, perceive as superior value. This entails either a good quality product at a low price, or a better quality product that is worth paying more for (Greene, 2010). Therefore enterprises should depend on both developments of physical product and on good service delivery to remain invincible in the market competition. Management must make the measurement of service quality and feedback from the customer a basic part of everyone's work experience. This information must be available and understood by everyone, no matter what their level. The entire organization must become obsessed with what the customer wants (Hartarska, 2013).

In addition, the culture of an organization is something that can have an enormous impact on the way in which an organization operates, and its effectiveness. Nowadays, no organization can go on its mission and last in the world of competition without maintaining a strong advantageous culture. Meldrum (2012) indicated that encouraging an environment of organizational culture empowers the employees to deliver their best and that the economic growth of a company is derived not only from the management efforts, but also from the bottom line employees who give their best to support the organization. However, according to Korir (2014), although the Kenya insurance companies have tried harness and align their organizational culture to their strategies in order to improve their performance, the insurance sector is not effectively implementing its strategies because employees have a culture that they do not want strategy to change.

Insurance companies provide unique financial services to the growth and development of every economy. Such specialized financial services range from the underwriting of risks inherent in economic entities and the mobilization of large amount of funds through premiums for long term investments. The risk absorption role of insurers promotes financial stability in the financial markets and provides a sense of peace to economic entities. The insurance companies' ability to cover risk in the economy hinges on their capacity to create profit or value for their shareholders. A well developed and evolved insurance industry is a boon for economic development as it provides long- term funds for development (Charumathi, 2012; Agiobenebo & Ezirim, 2012). The individual insurance company capacity to effectively match its strategies and capabilities to the changing environment will determine its competitive positioning in the micro finance industry.

Insurance industry has become an important tool for poverty reduction in many parts of the world (Lascelles et al., 2011).

The past decade has seen a dramatic rise in the number of insolvent insurers in many African countries. The perceive causes of these insolvencies were myriad. Some of the insolvencies were precipitated by rapidly rising or declining interest rates, mispricing of insurance policies, natural catastrophes, and changes in legal interpretations of liability and the filing of false claims, poor credit policies among others. The churning of polices by unscrupulous sales agents, insolvencies among the re-insurers backing the policies issued, noncompliance with insurance regulation, and malfeasance on the part of officers and directors of insurance companies affected as well (Baldoni, 2008). As a result of globalization, deregulation and terrorist attacks, the insurance industry has gone through a tremendous transformation over the past decade (Sanchez, 2012). There are many factors to examine when looking at insurance companies. More than anything, both consumers and investors should concern themselves with the insurer's financial strength and ability to meet ongoing obligations to policyholders. Poor fundamentals not only indicate a poor investment opportunity, but also hinder growth. Nothing is worse than insurance customers discovering that their insurance company might not have the financial stability to pay out if it is faced with a large proportion of claims (Babbel & Klock, 2010).

While insurance companies hold billions of shillings belonging to the general public, including buyers of their products, retirement benefit schemes and funds managers, information on these companies is scanty. For large consumers of insurance products, this group usually relies on the expertise of qualified risk management consultants to offer advice on where to place their insurance covers (Kumba, 2011). But it is the retail consumer of insurance who is left to grope in the dark, constantly dazzled by overzealous insurance agents, all trying to outdo each other in selling one product or the other. With a shortage of qualified insurance sales people to sell products, the general public is left without any basis on which to make an informed expenditure or investment decision on which company to place their cover with (Kumba, 2011).

Empirical evidence establishes that less than 15 percent of the population in developing countries has access to the mainstream financial services (Aryeetey, 2012). The insurance sector, apart from being a critical component of the financial system, is also regarded as a poverty reduction strategy for developing countries (Kyereboah-Coleman, 2007). It is in this regard that insurance industry is very crucial. East Africa is the least developed region. Interventions through the delivery of insurance services are considered as one of the policy instruments of their government to eradicate poverty (Jelinek, Smircich & Hirsch, 2008).

**Insurance Industry in Kenya**

The genesis of Kenya's insurance industry can be traced back to colonial rule at the beginning of the 20th century. The industry operated in a stable environment until the introduction of the Insurance Act Cap 487 of the laws of Kenya in 1987 that heightened government supervision. The volatile socio-political and economic conditions prevailing in the 1990s shook the industry leading to major loss of market share, drastic increase in the cost of doing business, or a ground floor entry into a new business (Karua, 2008).

First to wind up was the Kenya National Assurance Company limited, ironically a monopoly at the time, going under with government investments and policyholders' funds (Owuoth, 2010). The second was Access insurance, then Stallion Assurance and Lakestar that was put under liquidation. Even when the companies have not gone under, a majority are forced to lay off large numbers of employees (Kogi, 2009).

Insurance business in Kenya is governed by the Insurance Act 1 of 1985 which provides the registration of Insurance companies, Intermediaries, Risk managers, Loss adjusters, Insurance surveyors and Claim settling agents. All persons and companies carrying out insurance business in Kenya must be registered (Christian, 2012). After independence transformation has taken over Kenya's insurance industry. In reference to Association of Kenyan Insurers, in the end of 2009 there were 44 licensed insurance companies, 20 companies engaged in nonlife insurance while 9 wrote life insurance and 15 companies were composite engaging in both life and non life insurance. The industry had 137 licensed insurance brokers, 21 Medical Insurance Providers (MIPs) and 3,076insurance agents. Other licensed players included 106 investigators, 57 motor assessors, 18 loss adjusters, 2claims settling agents, 5 risk managers and 26 insurance surveyors (AKI, 2009).

Kenya's insurance industry leads within the East Africa Community (a trading block of Kenya, Uganda and Tanzania), and is a key player in the COMESA region (Common Market for Eastern and Southern Africa). The industry employs over 10,000 people, underwrites well over €300m premiums, and pays over €120m per annum in claims. The largest 10 insurers handle over 70% of the motor business with a similar number handling well over 90% of the property business in the market. According to Olotch (2010), the number of players in the Insurance industry is relatively large. According to the Business Monitor International (2012), on the study on Kenya's insurance sector remains dynamic and resilient. Due to stiff competition in the insurance sector, there are transformational changes on the horizon that are putting existing insurance business models at risk, this is due to unsuitable strategic management practices. The insurers that adapt will hone their risk management capabilities, focus keenly on the customer, build their analytical capability, and have a superior capacity for innovation and reinvention, while at the same time maintaining their focus on all relevant financial reporting and compliance related developments (Pwc Insurance Report, 2013).

The main players in the Kenyan insurance industry are insurance companies, reinsurance companies, intermediaries such as insurance brokers and insurance agents, risk managers, loss adjusters and other service providers (Insurance Regulatory Authority, 2010). There were 49 insurance companies operating in Kenya as at the end of 2019. 25 companies wrote non-life insurance business only, 10 wrote life insurance business only, while 14 were composite (both life and non-life). There are 141 licensed insurance brokers, 14 medical insurance providers (MIPs) and 3,668 insurance agents. Other licensed players included 105 investigators, 75 motor assessors, and 21 loss adjusters, 2 claims settling agents, 8 risk managers and 23 insurance surveyors. The insurance companies in Kenya have an umbrella body known as the Association of Kenya Insurers (AKI), which lobbies on behalf of the insurance industry.

The achievements that have been realized in the Kenyan insurance industry include: business growth, development of products, the management of claims, marketing and good management among others (Mose & Kuloba, 2013). The insurance industry is important in an economy. In Kenya, the contribution of the life insurance sector to the GDP grew by 11.7% to 1.05% in 2010 compared to 0.94% in 2009 (AKI report, 2011).

The insurance industry in Kenya plays the financial intermediary role that contributes significantly to the realization of the Kenya Vision 2030. Kenya Vision 2030 aims to achieve an average Gross Domestic Product (GDP) growth rate of 10 percent per annum (Kenya Vision 2030 Report, 2007). The insurance industry falls in the financial services sector, which is among the priority sectors that are expected to spur the country's economic growth. This study focused on insurance companies because their performance will impact on the achievement of the Kenya Vision 2030. The Kenyan insurance industry has been known to be conservative as innovation has not been fully embraced by these firms. For this reason, the Insurance Regulatory Authority has continuously advocated for innovation activities to enhance performance (AKI, 2011). This is evidenced by the fact that insurance penetration remains low at 3.3 percent. The 49 insurance firms shared a net profit of Sh7.7 billion, which is less than the Sh10.5 billion Barclays Bank profit after tax posted in the year 2012 (Barclays Bank, 2012). This has reignited the debate on need for consolidation with analysts arguing that the crowded field has paved way for unprofitable rate wars with the smaller players emerging key losers.

Considering the competitive climate in the insurance industry, good management is proving an important element in keeping afloat an organization thus functional board of directors, strategic management, landmark internal control systems and corporate governance are proving worthwhile for the industry players (Mose & Kuloba, 2013). Among the challenges that are facing the insurance industry in Kenya include: the difficulty that is faced in terms of the volumes of claims and the pressure that comes from claimants and also fraud which leads to increased loss ratio. In a nutshell, the Association of Kenya Insurers 2011-2015 Strategic Plan pinpoint the challenges facing the industry to include issues such as new, more financially powerful international entrants, increased regulation in the industry, traditional modes of operation (no integration of IT processes), difficulty in premium collection, fraud, losses especially in the area of the transport, meeting demands of sophisticated consumers, too many players and Lack of trained manpower (AKI, 2011).

The insurance industry in Kenya has witnessed increased aggressive competition in the recent past and this has forced insurance firms to go back to the drawing board to seek new ways of expanding their businesses and reach new markets more exhaustively. A review of the insurance industry in Kenya portrays a slow surge in growth which has been attributed to various factors among them the low morale of employees, high turnover and also staff poaching. Afi (2014) indicated that the insurance industry has become complex and at the same time the dynamic mutation witnessed with regards to regulatory changes and increasing competition have rendered strategic thinking unavoidable. The Kenya Insurance Outlook (2013) also on the other hand indicate that there are emerging market in the insurance industry thus a well formulated and accounted for strategy is needed for any success to be witnessed among industry players.

Availability of core competencies in many insurance firms remains as a major challenge as most staff are not professionally trained in insurance matters (AKI Robert, 2009). This leads to new product innovation problems that greatly affect development of products with higher demand in the insurance market (Michael, 2010). During strategy implementation, designing actions plans for guiding strategy implementation process is key problem facing many insurance firms in Kenya (Anderson, 2010).

The average growth rate of General Insurance Business (GIB) was 15.9% in year 2011. However, 22% recorded negative growth, 35% recorded below average growth, 32% had 16% - 50% growth while 11% recorded growth of over 50% during the same year (AKI, 2012). This shows that some companies have continued to perform poorly while others have been successful. Some factors leading to poor performance are inability to deal with intensive cut-throat competition, lack of innovative products and poor customer services. The differential performance could also be attributed to management utilization of company's value creation potential, inherent dynamic and functional capabilities and unique core competencies (Hansen, 2011). Majority of insurance companies in Kenya may have developed concrete strategic plans but their performances have not improved. This may probably be due to strategy implementation. Some companies however might not be having strategic plans and decisions are based more on adhoc basis.

AKI (2009) reported that low insurance penetration through strategy is one of the challenges facing the insurance industry development in terms of market share, product diversification among other measures. In Kenya, insurance growth was 2.84% in year 2009 compared to 2.63% in previous year while South Africa whose growth was 12.9% with a population of 44 million. The penetration of 3.02% in 2011 is compared to 3.1% in 2010. Life insurance recorded a penetration ratio of 1.02% while that of non-life insurance was 2.00%. The penetration of Insurance among the Kenyan population is also low compared to other countries outside Africa. A good example is Malaysia which has an estimated 41% of the population covered by some form of life insurance in comparison to Kenya that has less than 1% of the population insured.

The insurance industry in Kenya is experiencing various challenges key among them being negative market sentiment following closure of at least five insurance providers over the past five years due to insolvency arising from high claims (average 61%), (Ndung'u, 2013). Due to this poor image, those customers who can afford insurance do not willingly buy insurance. Thus, except the case of compulsory insurance, many will not voluntarily buy insurance cover. Consequently, despite the importance of insurance as a risk transfer mechanism, insurance continues to be the last in the priority of needs for bulk of the population in Kenya. Wahome (2013) observed that insurers have turned to under pricing for survival and underwriting profits for the industry average 3% over the past 4 years and have however remained low due to weak pricing and increased fraudulent claims. Rate cutting below economically justifiable levels is not uncommon coupled with unconventional competition practices such as unsustainable incentives for employees and others in order to win new business relationships (Wahome, 2013). With such thin premiums, some insurance companies have been unable to make good their promises to customers thus lowering public trust.

Proper strategies in management of resources and planning can solve many problems faced by insurance companies today (Chamberlin, 2009). A study conducted by Micro Strategy Business Intelligence in the year 2010 discovered that change has become inevitable and that insurance companies are facing challenging market conditions thus their need to change the manner in which they do business; strategies have to be revisited and policy has to be altered in a manner that its effectiveness can be measured which in the long run will ensure optimal use of resources to maximize on profits.

There are many issues that need to be addressed for the insurance industry to deliver appropriate insurance products on a large scale to the uninsured population in Kenya including the much distrust of the insurance sector among the low income earners, mostly out of ignorance, thus there is need for proper strategic management practices in order to tap the vastly un-served market of low income households in need of insurance services. The challenges that are facing the insurance industry in Kenya can be attributed to the industry's lack of understanding of its key strategic management determinants. This study reflects my deepening belief that the poor performance of the insurance industry in Kenya stems from the industry's in ability to understand the strategic management determinants of performance which would enable it achieve sustainable competitive advantage. This study therefore sought to answer the question, what are the strategic management determinants of organizational performance in the insurance companies in Kenya?

**Research Hypotheses**

1. There is significant relationship between organizational culture and performance in the insurance industry in Kenya.
2. There is no significant relationship between organizational culture and performance in the insurance industry in Kenya.

**Related Literature**

**Theoretical Framework**

a. Theory of Strategic Balancing

Strategic balancing is founded on the premise that the strategy of an organization is partly comparable to the strategy of an individual. Certainly, the performance of organizations is influenced by the actors' behavior, such as the system of leaders' values (Collins et al., 2009). An organization wavers between many antagonistic poles that signify cooperation and competition. This allows for existence of various configurations of alliances that disappear only if the alliance swings in the direction of a mainstream of poles of confrontation.

Strategic balancing is comprised of three models which include: relational, symbiotic and deployment models. Competition attests to be part of the relational model and the model of deployment. It can be liable to undulation between the two aggressive strategies, one being primarily cooperative as depicted by the relational model and the other being predominantly competing as exemplified by the model of deployment. The organization can then take turns in adopting the two strategies so as to keep their relationship balanced. This argument is very close to that of Morduch (2010). According to Morduch (2010), there are three types of competitive relationships: competition-dominated, cooperation-dominated, and equal relationships. The latter is also comparable to the fluctuation between the relational model and the model of deployment as described by Barney (2004).

Competitive strategies, should concentrate on the management-needs recognition process. A number of African insurances have achieved this. Lönnqvist and Kujansivu (2012) used the key intelligence topics (KIT) process to identify and prioritize the major intelligence needs of senior management and the organization itself. This made sure that intelligence operations were successful and suitable intelligence was produced. Their approach is valuable since it allows corporate intelligence staff to recognize strategic issues and as a result senior management can guarantee that action is taken regarding the results given. The additional advantages are that an early warning system can be created and this will allow possible threats to the organization and major players in the industry are identified and monitored.

The strategic balancing gathers three models, namely the relational, symbiotic and deployment models. Competition proves to be part of the relational model and the model of deployment. It can be subject to alternation between the two antagonistic strategies, the one being predominantly cooperative as described by the relational model and the other being predominantly competing as characterized by the model of deployment. The company can then take turns at adopting the two strategies in order to keep their alliance balanced. This idea is very close to that of Bengtsson and Kock (2009), according to whom there are three types of competitive relationships: competition-dominated, cooperation-dominated, and equal relationships. The latter is similar to the alternation between the relational model and the model of deployment described by Aliouat (2012). This theory depicts that the organizational success depends on achieving a good fit between strategy, structure and culture. Performance improvement is linked to deliberate efforts by management towards developing a suitable organizational culture which is is manifest in leadership, decision making process and in the way through which formal structure and business procedures are transposed into routine activities.

**b. Resource Based Theory**

The resources based view theory argues that collections of resources within firm enables it to have unique attributes and hence better performance (Barney, 2004; Penrose, 1994). Influenced by Porter's studies in the 1980s, strategic management explains a firm's success regarding industrial sector features. From this point of view, firms in the same industrial sector having the same opportunities with few, if any, differences between them, remain that way only for a short period of time. Nevertheless, it is observed that an enterprise from the same industrial sector can be profitably different for a long time. Not only do external factors determine the firm's success and profitability but internal factors also play an important role (Brockhaus, 2013). This idea is the origin of the resource-based theory. This new perspective considers that each enterprise is heterogeneous, having different established resources which arise from its own past history. Heterogeneous character can be maintained for a long time, thereby, having long-term income. The origin of the resource-based theory can be found in Penrose (1994). This author defined the enterprise as joint productive resources lending various services which determine the growing possibilities of the enterprise.

A firm's distinctive competence is what it is that an enterprise does especially well. For this reason, Andrews considers that a competitive advantage depends on the relationship between environmental opportunities and a firm's distinctive competencies.

The resource-based theory considers that internal aspects of an enterprise are very important. The firm is viewed as a nexus of resources and capabilities that are not freely bought and sold in the spot market. To the extent that these firm-specific resources and capabilities yield economic benefits that cannot be perfectly duplicated through competitors' actions, they may be potent sources of sustained competitive advantage (Vijay & Ramola, 2013).

Along general lines of this theory, two key concepts are resource and capability. By a resource is meant anything which could be thought of as strength or a weakness of a given firm. More formally, a firm's resources at a given time could be defined as those (tangible and intangible) assets which are tied semi permanently to the firm. Examples of resources are: brand names, in-house knowledge of technology, employment of skilled personnel, trade contracts, machinery, efficient procedures and capital (Rosenberg & Richard, 2010). Resources are the inputs into the production process. Resources can also be defined as all input factors--tangible and intangible, human and nonhuman--that are owned or controlled by the firm and that enter into the production of goods and services to satisfy human wants. The two categories of resources are tangible and intangible. The tangible resources are the easiest to identify and evaluate. They are reflected on balance sheets of the firm and are valued with accounting criteria. Intangible resources are more difficult to identify and value. No property rights are clearly defined as they are based on no codified information.

Capabilities must be defined apart from resources. A capability is joint resources to produce any work or activity. Grant established a hierarchy of resources and capabilities. Resources (first level) are combined to create capabilities (second level) which are the basis for a competitive advantage (third level). Therefore, this point of view allows evaluation of the firm's capacity to create a competitive advantage from resources or capabilities and the possibility of maintaining that competitive advantage over time (Marguerite, 2013).

Building on the RBV, Hoopes, Madsen and Walker (2010) suggest a more expansive discussion of sustained differences among firms and develop a broad theory of competitive heterogeneity. The RBV seems to assume what it seeks to explain. This dilutes its explanatory power. For example, one might argue that the RBV defines, rather than hypothesizes, that sustained performance differences are the result of variation in resources and capabilities across firms. The difference is subtle, but it frustrates understanding the Resource Based View's possible contributions (Hoopes et al., 2010). The Resource Based View's lack of clarity regarding its core premise and its lack of any clear boundary impedes fruitful debate. Given the theory's lack of specificity, one can invoke the definition-based or hypothesis-based logic any time. Again, we argue that resources are but one potential source of competitive heterogeneity. Competitive heterogeneity can obtain for reasons other than sticky resources (or capabilities) (Hoopes et al., 2010). Competitive heterogeneity refers to enduring and systematic performance differences among close competitors.

The RBV uses firms' internal characteristics to explain firms' heterogeneity in strategy and performance. A firm is an organized, unique set of factors known as resources and capabilities, and RBV theory cites two related sources of advantages: resources and capabilities. Resources are a firm's accumulated assets, including anything the firm can use to create, produce, and/or offer its products to a market.

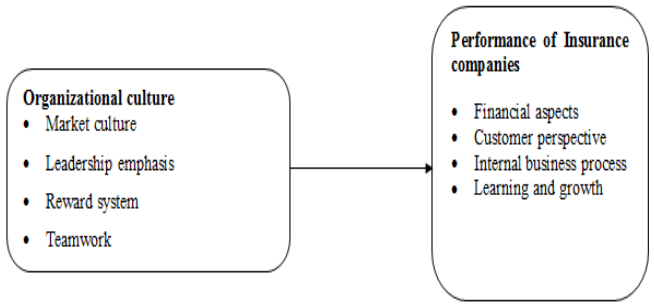
Resources are eligible for legal protection, as such, firms can exercise property rights over them (Amit & Schoemaker, 2003); can operate independently of firm members (Camisón, 2013); and intervene as factors in the production process to convert input into output that satisfies needs (Grant, 2011).

Traditionally organizations have been measuring their performance through financial measures like profitability and return on investment. These measures have been overtaken by events since they are out of steps with skills and competences organizations are trying to master today. Kaplan and Norton (1992) devised the Balanced Scorecard (BSC), a set of measures that give the managers fast and comprehensive view of their business. BSC includes the financial measures and operational measures on customer satisfaction, internal processes and the organization's innovation and improvement activities. This enables companies to track financial performance while simultaneously monitoring progress in building the capabilities and acquiring the resources needed for future growth.

The resource-based view (RBV) offers critical and fundamental insights into why insurance companies with valuable, rare, inimitable, and well organized resources in terms of intellectual capital and core competences may enjoy superior performance. In essence, the resource-based view is based on the idea that the effective and efficient application of all useful resources such as risks management competence, computerization, delinquency management and decentralized organizational structure that the insurance company can muster helps determine its performance.

**Conceptual Framework**

The study looks at the relationship between independent variable and dependent variable In this study, the independent variable is organizational culture while the dependent variable is organizational performance




**Independent variable** **dependent variable**

**Figure 1.0 . Conceptual Framework.**

**Discussion of Variables**

**Organizational Culture**

Organizational culture is an internal binding factor that influences how the firm interacts with employees and external stakeholders. Organizational culture has been defined in different perspectives that view it as a metaphor, external or internal organizational variable. The contingency management definitional perspective has been adopted in this study. Within the contingency perspective, organizational culture is recognized as the persistent underlying structure of meaning that constrains perception and behavior of organizational members (Jelinek, Smircich & Hirsch, 2008). A more comprehensive definition is offered by Tustall (2008) who views organizational culture as a general constellation of beliefs, mores, customs, value systems, behavioral norms and ways of doing business that are unique to each corporation.

The culture of an organization is manifest in leadership, decision making process and in the way through which formal structure and business procedures are transposed into routine activities (Onserio, 2013). Even though culture cannot be imposed on organizational members, leadership plays an important role in influencing adoption by employees. Emphasis on certain values and reward management by leaders provide learning opportunity for organizational members, thereby enabling entrenchment and diffusion of cultural values throughout the organization. According to Meldrum (2012), cultural features affect the degree of market orientation. Ndulu (2009) contends that a market oriented culture is characterized by low levels of conflict and politics, highly developed information generation, and human resource management systems geared towards the market. In addition, a high level of marketing input into strategic management and advanced response to marketing intelligence as well as implementation of customer value enhancing strategies depict a market oriented culture.

The culture of an organization is reflected through dominant leadership styles, language, symbols, organizational procedures and routines as well as unique definition of success in the views of particular organizations. Values and beliefs determine structures and systems that are created within an organization and how people behave towards each other. On the other hand, structures and systems affect attitude of organizational members. According to Meldrum (2012), culture exists simultaneously in three layers which consist of artifacts, values and basic assumptions in that order. Assumptions are expectations about behaviour or results that are at least partially shared by organizational members.

Values are social principles, philosophies, goals and standards considered to have intrinsic worth. Sathe (2008) views values as attitudes of organizational members concerning how the world ought to be. Artifacts are the visible, tangible, and audible results of activity and they include stories, arrangements, rituals and language that are created by an organization and they have strong symbolic meaning. Harris (2012) asserts that artifacts are reflected through verbal pronouncements, behavioral expressions by organizational members or physical factors within the organization.

An equally significant component of organizational culture is addressed by Hatch (2003) who proposes symbols as the fourth element of culture. Certainly, there is no shortage of disagreement within organizational culture literature. In his submission, Hatch (2013) explains that Schein's view focuses on what artifacts and values reveal about basic assumptions. He further clarifies that the cultural dynamics perspective does not undermine Schein's interests; it reaches beyond them toward a more complex, process based understanding of organizational culture. Under cultural dynamics perspective, elements of culture are constituted through the processes of manifestation, realization, symbolization and interpretation. While Foss (2013) identifies assumptions as the essence of culture, Hatch (2013) argues that Schein (2013) fails to address the active role of assumptions in constitution and reconstitution of culture. Consequently, Hatch (2013) explains that manifestation contributes to the constitution of organizational culture by translating intangible assumptions into recognizable values.

Organizational culture plays an important role in shaping behavior and performance of organizational members. According to Deal and Kenedy (2010), performance improvement is linked to deliberate efforts by management towards developing organizational culture.

In connection to this point, Bennett et al (2011) argue that organizational success depends on achieving a good fit between strategy, structure and culture. Further evidence in support of organizational culture and performance relationship is found in Cooper, Cartwright and Earley (2013) who argue that culture acts as a stabilizer of individual behavior. In addition, Giberson et al (2009) emphasize that culture is an integrating mechanism that guides organizational behavior. Once established, culture tends to become self-reinforcing.

From a functional perspective, culture is viewed as a means of social control by which behavior and beliefs are shaped and determined (O'Reilly & Chatman, 2012). Despite the important role played by organizational culture in driving the behavior of employees, several studies have reported inconsistent findings on the relationship between organizational culture and performance. A positive association between organizational culture and firm performance has been reported by Deal and Kennedy (2010), Peters and Waterman (2010), and Denison and Mishra (2012). Scholars in support of a positive relationship between the two variables argue that strong cultures are necessary for superior performance because they enhance consistency in organizational performance efforts.

Ott (2009) on the other hand argues that culture is not universally relevant to all organizations. He argues that not all organizations possess a culture developed to a point that it could have significant influence on performance. In support of this view, Byles and Keating (2009) observe that underdeveloped organizational culture may have little or no effect on performance. According to Byles, Aupperle and Arogyaswamy (2011), strong culture may not necessarily translate to improved performance especially where culture is inconsistent with critical success factors. Culture is considered strong where majority of organizational members share common values and believes promoted by leaders of the organization (Deal & Kennedy, 2010). On the other hand, a weak culture occurs where majority of organizational members fail to adopt values and behaviors transmitted by top management. All things considered, critics of positive relationship between organizational culture and performance lack compelling empirical evidence to support their argument.

**Organizational Performance**

Organizational performance comprises the actual output or results of an organization as measured against its intended output. Insurance company's profitability is measured by measuring premium and investment income, underwriting results and overall operating performance (Kearney, 2010). The business model for insurance companies can be reduced to a simple equation. Profit is equal to earned premium plus investment income, plus commission receivable minus incurred loss, minus underwriting expenses. Insurers make money in two ways; first, through underwriting the process through which insurers select the risks to insure and decide how much in premiums to charge for accepting those risks and secondly, by investing the premiums they collect from insured parties (Kearney, 2010). The most complicated aspect of the insurance business is the underwriting of policies. Using a wide assortment of data, insurers predict the likelihood that a claim will be made against their policies and price products accordingly. To this end, insurers use actuarial science to quantify the risk they are willing to assume and the premium they will charge to undertake the risk. However AKI sets the minimum rate below which insurers are not allowed to charge as premium (Kipkurui, 2011).

Firm performance has been central in strategy research for decades and the central tenet has been why firms differ in performance (Foss, 2013). Wong et al (2007) contends that performance is a contextual concept associated with the phenomenon being studied. Over the years, performance has evolved to encompass wider definitions and philosophies such as Profit Impact of Marketing Strategy (PIMS). This is grounded on the premise that firms are responsible for more than just creating economic value. In 1997, the Triple Bottom Line (TBL) was developed as a tool for measuring organizational performance. The TBL considers excellence along all the three lines of sustainable reporting (economic, social and environmental) (Hubbard, 2009). The TBL adds social and environmental measures of performance to the economic measures used in organizations.

Historically, financial measures have been used to measure firm performance. These include profit, return on investment, return on assets, and earnings per share, market share, revenue growth and current ratio. World Bank (2009) propose that regardless of the framework chosen to conceptualize Organizational Performance (OP), they argue that OP is a complex and multidimensional phenomenon difficult to measure. The constituency approach views the organization as existing to benefit numerous constituents both internal and external to the organization. Its focus is to fulfill constituents needs (Akhavan & Jafari, 2012).

Critics have expressed dissatisfaction with exclusive use of financial data to measure performance. They argue that use of financial data encourages short term and local optimization thus overlooking the long term improvement strategy and ignoring competitor information (Sathe, 2008). Due to the inefficiencies of financial measures of performance, the Balanced Scorecard (BSC) which has a more stakeholder-based view was developed. The BSC evaluates corporate performance from four perspectives namely financial, internal business processes, customers and learning and growth. The firm is seen as having responsibilities to a wider set of groups than simply shareholders (Pulic, 2012).

Another determinant of insurance performance is premium growth and market share. However premium growth is not always a positive indicator of the insurer's success. Premium growth should be achieved by underwriting new policies rather than depending on insurance rate increases (Kearney, 2010). Market share is measured as a percentage of the individual company's contribution towards Gross Written Premium (GWP) for a particular market. In year 2011, 30% of LIB companies (7 out of 23) controlled more than 80% of Life business while 30% of GIB underwriters (11 out of 37) controlled more than 65% of GIB (AKI, 2012).

Customer satisfaction is another measure of insurance performance. Insurance companies should undertake periodic surveys to determine the satisfaction levels of their customers. Satisfied customers usually return to renew their policies, share their experience with other people and are willing to pay a premium for the privilege of insuring with a particular insurer (Hague & Hague, 2009). They further suggested that the cost of keeping a customer is only one tenth of winning a new one. Therefore, when a customer is won companies should hang on them. Customer needs are evolving and dynamic. This calls for continuous improvement of the current products and coming up with other innovative products to remain competitive and satisfy their customers.

The most basic measures of performance are economic viability and sustainability.

This is the stage at which insurance companies if they attain are able to have long run profitability, expansion and growth, increased market share and finally diversification. It is to be noted that each state requires strategy (Muogbo, 2013). Financial performance in insurance companies is expressed in the net premium earned, profitability from underwriting work, annual turnover and return on both equity and investment thus the general classification of profit performance measures and investment performance measures. Profit performance is performance in form of monetary terms. The difference brought about between revenues and expenses while investment performance is in two forms with the first being the assets employed in the organization apart from cash and secondly the return on investment operations of the surplus of cash at various levels earned on operations (Ledgerwood, 2009).

Non-financial performance can also be measured among insurance companies and they include both internal and external indicators. Internal indicators include: speed in processing policies, dealing with dropouts, market research, employee morale and also employee and agent training. External non-performance indicators include: growth in the number of policies, market share, and customer satisfaction and also growth in the number of branches (Schimmer, 2012). The dependent variable for this study is firm performance and this study will use both financial and non-financial indicators to examine firm performance. Non-financial performance indicators were based on the BSC approach that captures both qualitative and quantitative performance indicators. The study also included social and environmental aspects in line with Hubbards' (2009) proposition of the Sustainability Balanced Scorecard (SBSC). Financial performance measures for this study were three-year data from the AKI's industry report (AKI, 2012) and included profit before tax and premium. On-financial performance indicators consisted of 21 statements on customer perspective, learning and growth, internal business processes, CSR and environmental aspect.

**Research Methodology**

The study adopted a mixed research design aimed at collecting large number of qualitative and quantitative data at a point in time so as to establish relationship between organization culture and organizational performance. This approach was suitable for this study, since the study collected comprehensive information through descriptions which was helpful for identifying variables. The cross-section research design was also selected because the study is a survey involving collection of data at one point in time. In addition, the cross sectional survey was preferred because it enabled assessing relationships between variables and it provides opportunity to identify moderators between variables (Tashakkori & Teddlie, 2012).

Tthe target population for this study was senior and middle level management staff of the 49 insurance companies registered with the Association of Kenya insurers (AKI) by December 2014. A population of 677 senior management staff was drawn from the following departments: finance, marketing, operations, human resources, risk and compliance and ICT since all their functions are centralized. This included the departmental heads and their assistants at the headquarters. The population also included the CEOs of each of the company. This adds up to a target population of 726 respondents from the insurance companies.

A sample population of 251 was arrived at by calculating the target population of 726 with a 95% confidence level and an error of 0.05 using the below formula taken from Kothari (2004).

$$n = \frac{z^2.N.\partial_p^2}{(N-1)e^2 + z^2\partial_p^2}$$

Where; $n$ = Size of the sample,
$N$ = Size of the population and given as 726,
e = Acceptable error and given as 0.05,
$\partial p$ = The standard deviation of the population and given as 0.5 where not known,
Z = Standard variate at a confidence level given as 1.96 at 95% confidence level.

The study selected the respondents using stratified proportionate random sampling technique.

. The goal of stratified random sampling was to achieve the desired representation from various sub-groups in the population
(Kothari, 2004)

Both primary and secondary data was used in this study. A pilot study was conducted toi establish validity and reliability of the research instruments. A regression model generally assumed the following equation;

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \varepsilon}$$

Where:-
Y= Insurance compagnies performance
$\beta_0$=constant
$\beta_1$ = Beta coefficients,
$X_2$= organisation culture
ε = Error term

**Research Findings**

The study targeted a sample size of respondents from which 225 filled in and returned the questionnaires making a response rate of 89.6%. This response rate was satisfactory to make conclusions for the study based on Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent

**Organizational Culture and Performance**

The study also sought to determine how organizational culture affects performance in the insurance industry in Kenya. The findings are depicted below.

**Table 1. Extent to which organizational culture affects the performance of the insurance company.**

| Extent | Frequency | Percent |
|---|---|---|
| Little extent | 13 | 5.8 |
| Moderate extent | 21 | 9.3 |
| Great extent | 117 | 52.0 |
| Very great extent | 74 | 32.9 |
| Total | 225 | 100.0 |

Table shows the extent to which organizational culture affect performance in the Kenyan insurance industry. From the findings, majority of the respondents a shown by 52.0% were of the opinion that organizational culture affect performance insurance firms to a great extent, 32.9% of the respondents indicated to very great extent, 9.3% of the respondents indicated to moderate extent whereas 5.8% of the respondents indicated to little extent. This implies that organizational culture affects performance insurance in Kenya firms to a Great extent.

From the research findings, the study noted that the average weighted mean for market culture was 4.436 which translate to great extent as per the measurement scale; in more refined words this implies that market culture affects the

**Table 2. Extent that aspects of organizational culture affect forms performance.**

| Aspects of organizational culture | Very low extent | Low extent | Moderate extent | Great extent | Very great extent | Mean | Std deviation |
|---|---|---|---|---|---|---|---|
| Market culture | 0% | 2.2% | 6.2% | 37.3% | 54.2% | 4.436 | 0.711 |
| Leadership emphasis | 0% | 1.3% | 2.7% | 57.8% | 38.2% | 4.329 | 0.596 |
| Reward system | 1.3% | 0% | 2.7% | 51.6% | 44.4% | 4.378 | 0.671 |
| Teamwork | 6.7% | 0% | 1.8% | 40.4% | 51.1% | 4.293 | 1.023 |
| Structure | 0% | 3.1% | 8.9% | 47.6 | 40.4% | 4.253 | 0.746 |
| Employee driven | 0% | 10.7% | 0. 4% | 35.6% | 53.3% | 4.316 | 0.932 |

performance of the organization to a very great extent. Further the study revealed that instilling a strong market culture in an organization. makes intuitive sense thus promoting competitive edge in market, promoted credibility and ease of purchase, customer loyalty and shared values, The findings are in support of the Manguru (2011) strong organizational market culture enhanced.

From the research findings, the average weighted mean for leadership emphasis was 4.329 which translates to great extent as per the measurement scale; in more refined words this implies that leadership emphasis affects the performance of the organization to a very great extent Further the study revealed that the employees need leadership to show them direction, motivate and inspire them to perform at their best and control or discourage any actions which may be damaging to the business as a whole. The findings are in support of the research by Askarany and Yazdifar (2012) that strong leadership ensured smooth running of the organization as a whole

From the research findings, the study noted that the average weighted mean for reward system was 4.378 which translates to great extent as per the measurement scale; in more refined words this implies that reward system affects the performance of the organization to a very great extent. Further the study revealed that the findings are in support of the strong reward system promoted employee retention, employee motivation, and employee productivity. The findings are in support of the research by Gichunge (2007) strong reward programs provide the advantage of centralized administration in all employee-related concerns, including benefits, pay and training

It was deduced that the average weighted mean for teamwork was 4.293 which translate to great extent as per the measurement scale; in more refined words this implies that teamwork affects the performance of the organization to a very great extent. Further the study revealed that teamwork fosters creativity and learning, blends complementary strengths, helped to build trust, promoted conflict resolution skills among the managers, promoted a wider sense of ownership and encouraged healthy risk-taking. The findings are in support of the research by Bontis et al (2009) that teamwork allows employees to take greater responsibility for decision making and also allows team members to control more of the work process.

From the research findings, the study revealed that the average weighted mean for Structure was 4.253 which translates to great extent as per the measurement scale; in more refined words this implies that Structure affects the performance of the organization to a very great extent the study revealed that strong organizational structure enable the business to develop deeper and more trusting relationships with its clients. A key benefit of a strong culture is that there is less need for detailed policies and procedures because the "way things are done around here" is well understood and accepted the findings are in support of the research by Bounties (2009). With a strong culture, employees and management understand what is required of them and they will try to act in accordance with the core values.

The findings show that the average weighted mean for Employee driven was 4.316 which translate to great extent as per the measurement scale; in more refined words this implies that Employee driven affects the performance of the organization to a very great extent. The research also noted that employee driven culture creates enthusiasm in an organization through times of challenge or difficult change. The findings are in support of the research by Manguru (2011) that employee driven culture improves collaboration between team members and colleagues and ultimately achieve greater success.

**Correlation Results**

**Table 3. Relationship between organizational culture and Performance of Insurance Companies**

| Variable | | Performance of Insurance Companies | Organizational culture |
|---|---|---|---|
| Performance of Insurance Companies | Pearson Correlation | 1 | |
| | Sig. (2-tailed) | | |
| | N | 225 | |
| organizational culture | Pearson Correlation | .773 | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 225 | 225 |

The table above displays the results of correlation test analysis between the dependent variable (Performance of Insurance Companies) and the independent variable (organizational culture). the study found a strong correlation coefficient between Performance of Insurance Companies and organizational culture as shown by correlation factor of 0.773, this strong relationship was found to be statistically significant as the significant value was 0.000 which is less than 0.05, and this reveals that any positive change in organizational culture tactics/practices would enhance Performance of Insurance Companies.

**Hypothesis test**

The focus of hypothesis three was to determine the relationship between organizational culture and strategy Performance of Insurance Companies. To test the hypothesis, the index of Performance of Insurance Companies as index of dependent variable was regressed upon organizational culture as a composite of independent variable.

**Table 4. Model Summary for organizational culture and Performance.**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.891[a] | 0.794 | 0.754 | 1.58202 |
| a. predictors: (constant) Organizational culture | | | | |
| b. Dependent: Variable : Performance of insurance companies | | | | |

From the findings as shown on table above, the adjusted R square for the regression of performance of insurance companies on organizational culture is 0.694 which mean that organizational culture explains 69.4% of variation on performance of insurance companies

**Table 5. ANOVA for organizational culture and Performance.**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 36.445 | 1 | 36.445 | 15.675 | .000[b] |
| | Residual | 518.475 | 223 | 2.325 | | |
| | Total | 554.92 | 224 | | | |
| a. Dependent Variable : Performance of insurance companies | | | | | | |

From the ANOVA results the F-ration F-ratio (1, 224) = 36.445) for this relationship is significant at p <0.000, which indicates that the model significantly predicts the outcome of the relationship between organizational culture and performance of insurance companies

**Table 6. Coefficient for organizational culture and Performance.**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | | B | Std. Error | Beta | | |
| | Constant | -9.602 | .926 | | -10.369 | .000 |
| | Organizational culture | .737 | .141 | .756 | 5.227 | .000 |
| b. Dependent: variable : Performance of insurance companies | | | | | | |

The regression equation obtained from this output was:-

Performance = -9.602, + 0.737 Organizational culture + e…………………..equation (4)

The beta un-standardized coefficient for organizational culture is 0.737 is also significant at p < 0.000, which means that when organizational culture changes by one unit in the measurement scale, Performance of insurance companies changes by 0.737 units. The constant term value is -9.602, implying that when organizational culture is at zero; Performance of insurance companies would have a default value of -9.602. Therefore the fourth null hypothesis, which stated that there is no relationship between organizational culture and Performance of insurance companies, is not accepted. The implication is that there exists a significant positive relationship between organizational culture and performance of insurance companies

**Research Summary**

**Organizational Culture**

Among the main objectives of the study was to assessed the effect of organizational culture on performance in the insurance industry in Kenya, the results obtained from the correlation model showed a strong positive correlation between organizational culture and performance in the insurance industry in Kenya (Person correlation value = 0.783 significant value =0.000. The study prediction results obtained from the regression model also revealed that a unit increase in organizational culture practices would enhance performance in the insurance industry in Kenya by a factor of 0.672 units.

The research also found that organizational culture affects performance insurance in Kenya firms to a great extent, extent. instilling a strong market culture in an organization makes intuitive sense thus promoting competitive edge in market, promoted credibility and ease of purchase, customer loyalty and shared values, The findings are in support of the Manguru (2011) strong organizational market culture enhanced.

The research also revealed that Leadership emphasis affects the performance of the organization to a very great extent the employees need leadership to show them direction, motivate and inspire them to perform at their best and control or discourage any actions which may be damaging to the business as a whole. The findings are in support of the research by Askarany and Yazdifar (2012) that strong leadership ensured smooth running of the organization as a whole

The study also noted that reward system affects the performance of the organization to a very great extent strong reward system promoted employee retention, employee motivation, and employee productivity. The findings are in support of the research by Gichunge (2007) strong reward programs provide the advantage of centralized administration in all employee-related concerns, including benefits, pay and training

The study also noted that that teamwork affects the performance of the organization to a very great extent. Teamwork fosters creativity and learning, blends complementary strengths, helped to build trust, promoted conflict resolution skills among the managers, promoted a wider sense of ownership and encouraged healthy risk-taking. The findings are in support of the research by Bontis et al., (2009), that teamwork allows employees to take greater responsibility for decision making and also allow team members to control more of the work process.

The study also revealed that strong organizational structure enables the business to develop deeper and more trusting relationships with its clients, a key benefit of a strong culture is that there is less need for detailed policies and procedures because the "way things are done around here" is well understood and accepted the findings are in support of the research by Bounties (2009), With a strong culture, employees and management understand what is required of them and they will try to act in accordance with the core values.

The study noted that employee driven culture affects the performance of the organization to a very great extent, employee driven culture creates enthusiasm in an organization through times of challenge or difficult change. The findings are in support of the research by Manguru (2011) that employee driven culture improves collaboration between team members and colleagues and ultimately achieve greater success

**Conclusions**

The research found a strong positive correlation between organizational culture and performance in the insurance industry in Kenya. Results affirmed that organizational culture affects performance insurance in Kenya firms to a great extent, extent. instilling a strong market culture in an organization makes intuitive sense thus promoting competitive edge in market, promoted credibility and ease of purchase, customer loyalty and shared values, the findings are in support of the Manguru (2011) that strong organizational market culture enhanced. That strong leadership ensured smooth running of the organization as a whole, strong reward system promoted employee retention, employee motivation, and employee productivity. Teamwork fosters creativity and learning, blends complementary strengths, helped to build trust, promoted conflict resolution skills among the managers, promoted a wider sense of ownership and encouraged healthy risk-taking employee and that driven culture creates enthusiasm in an organization through times of challenge or difficult change. Thus the study concludes that capitalization on strong organizational culture promoted the performance insurance firms in Kenya.

**Recommendations**

The study recommends strategic management should work to ensure that strategic policies actively promote organizational effectiveness, reputation, values and ethics. Development of clear strategic goals is also important. The management of insurance companies in Kenya needs to establish an open-book management policy. This will promote transparency about how the organization is faring thus letting lets employees feel like trusted members of the team and have as much certainty as possible about the company's future prospects

Insurance companies in Kenya should clearly communicate their mission, vision and goals to employees. This will not only help to understand how the business is performing but also where it's headed. All employees should understand the goals of the company and how their individual jobs support them. This is essential for employee engagement. Also, by asking for regular feedback about how employees are tracking toward meeting their goals, leadership can get a good idea of the organization's progress

Insurance companies in Kenya should give employees some control over their work environments. Employees should be granted autonomy at work, combined with policies such as flexible work hours and unlimited vacation (within reason), employees begin to feel some control over how they engage at work for better performance and that that insurance companies in Kenya should develop objective pay policies

Insurance companies in Kenya should create a organizational culture to capture the wisdom of employees and embed it in the organization. This can be achieved via creating employee commitment through a professional practice environment, establishing the culture of a learning organization, generating social networks for sharing of information, and encouraging employee participation in decision making.

**Areas For Further Research**

Overall, the findings of the study provide substantial support for the conceptual framework. Specifically, the results demonstrate that organizational culture is a powerful tool that can directly lead to competitive advantage and indirectly achieve superior performance of insurance companies in Kenya. A study should be undertaken in the area of bank insurance and its implication on the growth on insurance business in Kenya. A further study should be considered on the future role of micro insurance business in both benefiting the low-income citizens and increasing on the growth of the industry

Future studies should focus on the legal redress mechanisms available for the claimants or the insured and this can mitigate growth gaps in the industry. Other studies should be undertaken where the distributors of the insurance products, that is, the brokers and Agents are interviewed, as well as the general public. This will ensure that all Stakeholders contributions are taken into consideration in the attempt to alleviate the problem of low Insurance penetration in Kenya

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