

The Role of Competitive Strategies in the Relationship Between Organizational Learning And Performance of Insurance Firms in Kenya

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Abstract

Purpose: The objective of the study was to establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance.

Methodology: The study used cross sectional descriptive research design. A descriptive cross-sectional design facilitated determination of relationship between or among organizational learning, competitive strategies, and performance of firms in the insurance industry in Kenya. The population of interest in this study consisted of all the 45 insurance firms offering insurance cover in Kenya. This was a census study since the population was small. Both primary and secondary data were collected and used in the study. The data analysis was done using quantitative techniques. The data collected was first summarized, categorized and coded. Descriptive statistics were used. They consisted of frequency distributions, measures of central tendency (arithmetic mean, median, and mode). Regression models were used to test the hypotheses.

Results: Although the introduction of competitive strategies significantly improved the influence of organizational learning on firm performance in the case of return on assets, growth of market share and overall firm performance, in each case results did not provide sufficient evidence to support the moderation effect of competitive strategies on the relationship between organizational learning and firm performance. Further tests carried out confirmed that there is a direct and positive relationship between competitive strategies and firm performance.

Unique contribution to theory, practice and policy: The study established competitive strategies as not having a moderating role in the relationship between organizational learning and firm performance, but rather as having a direct relationship with firm performance. This study brings out these interrelationships not explored before.

Keywords: *Competitive Strategies, Organizational Learning, Firm Performance.*

1. INTRODUCTION

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

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

cost-based strategy, a firm can improve its competitive stance by lowering its production and marketing costs and thereby improve profitability and market share. A firm can pursue a strategic advantage by differentiating its products from those offered by competitors. By providing unique and innovative products and services with creative marketing, a firm can create and nurture strong brand recognition and customer loyalty. Also, a firm may obtain a strategic advantage by choosing to become specialized and focus on a market niche instead of competing broadly in the market (Pearce, Robinson, and Mital, 2007).

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

Currently, there are 45 licensed insurance firms that offer insurance cover in Kenya and contribute to a sustained economic development of Kenya. The contribution of insurance sector was at 2.63% of the Gross Domestic Product in Kenya in 2012 (Mudaki et al, 2012) and in 2016 was 2.93%. Insurance Regulatory Authority (IRA), established in 2006, is improving the regulatory environment and enforcing the adoption of international best standards by the insurance industry in Kenya. IRA ensures the industry players observe the rules governing the insurance industry. The Government of Kenya recognizes that accelerating economic growth to 10% (The Kenya Vision 2030 target) requires an efficient financial sector capable of providing the requisite national savings for financing the needed higher investment levels (<http://www.treasury.go.ke>). The insurance industry being a key player in the financial sector is being depended on to come up with innovations to provide efficiency and expanded insurance coverage in order to mobilize the requisite savings, in addition to covering risks to support and encourage businesses (<http://www.treasury.go.ke>). The Kenyan Insurance market collected gross premiums of approximately Ksh100 billion in the year 2014, while the penetration ratio continues to grow by well above 2.5 percent, which is the average for emerging markets (Association of Kenya Insurers (AKI) Report, 2015).

The total gross premium income (GPI) in the insurance industry has continued to grow by an average of 16 percent over the last five years (Association of Kenya Insurers (AKI) Report, 2016). Competition is stiff and products are imitable in the insurance industry while the firms have to deal with negative perceptions about the priority that should be given to insurance products in an environment where more than half of the population live below the poverty line (Association of Kenya Insurers (AKI) Report, 2014). The industry has a problem of limited skills and faces a high rate of staff turnover (Association of Kenya Insurers (AKI) Report, 2016). It was interesting to study the moderating effect of competitive strategies on the relationship between organizational learning and firm performance in the insurance industry in Kenya.

1.1 Problem Statement

The context of the study was the 45 firms offering insurance cover in Kenya and which face stiff competition. Given the easily imitable nature of the products and the rapidly changing environment, insurance firms have to continually search for ways of differentiating their products and continuously learn the environment. One major challenge facing the insurance firms in Kenya is the low insurance penetration rate coupled with the negative perception towards insurance products by members of the public, many of whom still believe that where there are competing priorities for their limited incomes, insurance can be set aside (AKI Insurance Industry Annual Report, 2013). Insurance firms are facing mounting skills shortage

and high labour turnover is also one of the problems they face. All these make it necessary for learning to be embraced to avoid losing competencies that give rise to improved performance (<http://www.treasury.go.ke>). The industry operates in a strict regulatory environment under the IRA. Firms, therefore, face pressure to seek for ways to acquire and retain good performance and hence this made it necessary to carry out this study.

While Crossan, Lane, and White (1999) identified four main processes through which learning occurs as intuiting, interpreting, integrating and institutionalizing, Hyttinen (2005) investigated the conversion of individual knowledge creation into organizational knowledge creation and found that intuiting, interpreting and integrating were a better fit for the processes that convert individual knowledge to organizational knowledge. The above-cited studies were only theory based. Ollila (1994) in his study encouraged employees to learn new skills continuously so as to be innovative and to try new processes and work methods in order to achieve the strategic business objectives of the organization. He did not examine what firms need to put in place and what influences the process through which organizational learning impacts performance.

Previous studies had not examined competitive strategies as moderating variables in the relationship between organizational learning and organizational performance. This study, therefore, set to answer the question: What is the moderating effect of competitive strategies on the relationship between organizational learning and firm performance?

1.2 Research Objective

The objective of the study was to establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance.

2. LITERATURE REVIEW

2.1 Theoretical Foundations

This study is anchored on resource based view, knowledge base view, and game theory. These theories are reviewed below.

2.1.1 Resource-Based View (RBV)

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

A firm's capabilities or competencies and management ability to marshal the resources and their deployment patterns to produce superior performance determine its competitive advantage (Grant, 1991). Barney (1991) also noted that by nurturing a firm's resources and internal competencies and applying them to an appropriate external environment in a timely way, a firm can develop a viable and sustainable strategy. In 2002 McEvily and Charkravathy carried out a study and verified that if a firm was able to continually and quickly learn, adapt and provide unique requirements of stakeholders in a manner that could not be immediately imitated then they could outperform competitors. The ability to quickly learn the environment and the appropriate strategies to adopt to respond to the changes in a timely manner is an important internal resource that can enable a firm to stay ahead of competition and apply appropriate actions that can ensure sustained superior performance.

2.1.2 Knowledge-Based View (KBV)

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

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

2.1.3 Dynamic Capability Theory (DCT)

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

The literature on dynamic capabilities grew out of the resource based view of the firm. It thus provides a bridge between the economics-based strategy literature and evolutionary approaches to organizations. This perspective grew out of RBV literature, but while the RBV emphasizes selection of appropriate resources, dynamic capabilities emphasize resource development and renewal. Given the fast changing environment in which firms operate today it is important that a firm be able to quickly study the environment, review its strategy and change immediately where it is necessary to do so.

2.2 Organizational Learning and Firm Performance

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

According to Alderson (1965) firms should strive for unique characteristics in order to distinguish themselves from competitors, in the eyes of the consumer, for a long period of time to ensure sustainable superior performance. A firm should ensure competitors are unable to easily imitate its capacity for value creation by continuously being ahead (Collis and Montgomery, 1995). The resources should be valuable, rare, inimitable and appropriate. Acquiring and preserving sustainable competitive advantage and superior performance are a function of the resources and capabilities brought to the competition (Barney, 1995). These knowledge resources and capabilities, resulting from learning processes implies an improvement in response capacity through a broader understanding of the environment (Dodgson, 1993; Sinkula, 1994).

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

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

The organizational learning process helps people discover why problems may arise, question the current systems and challenge paradoxes as they occur (Murray and Donegan, 2003). Change in behaviour that gives rise to improved performance can, therefore, take place in good time. Hitt, Hoskisson and Ireland (1990) conclude in their empirical study that the source of distinctive competencies are internal rather than external and are derived from the way an enterprise uses its resources relative to its competition. Firms that continuously devote their internal forces to learn and exploit the opportunities in the environment and to neutralize threats while avoiding weak points are likely to perform better than those that do not do the same (Barney, 1995). Learning also increases information sharing, communication, understanding, and the quality of decisions made in organizations. In their research on organizational learning, Nevis et al., (1995) reported that all the firms they observed were learning systems. The study described how learning has changed organizations such as Motorola, Mutual Investment Corporation, Electricite de France and Fiat Auto Company. All these firms had both formal and informal structures and processes for the acquisition, sharing and utilization of knowledge and skills. Organizational learning is valued in enhancing the quality of decisions. Federal Express invests heavily in team learning for its quality improvement and better firm performance (Nevis et al., 1995).

2.3 Competitive Strategies, Organizational Learning and Firm Performance

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

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

Beal (2000) studied small and micro-enterprises from various sectors and found that competitive strategies which lead to superior organizational performance. The study established that learning continuously about the environment is a prerequisite for formulating effective competitive strategies that can respond to changes in a manner that can lead to superior organizational performance. Chen (2012) researched the role of competitive strategies on the relationship between organizational learning and export performance. The study was on firms in New Zealand. The study noted that organizational learning acts as an antecedent to selection of suitable competitive strategies. The study confirmed that competitive strategies is a mediator in the relationship between organizational learning and firm performance. The study defined competitive strategies in terms of low cost and differentiation and defined performance in terms of the value of exports. Studies to date have not related competitive strategies to the relationship between organizational learning and firm performance. The foregoing leads to the hypothesis H₃.

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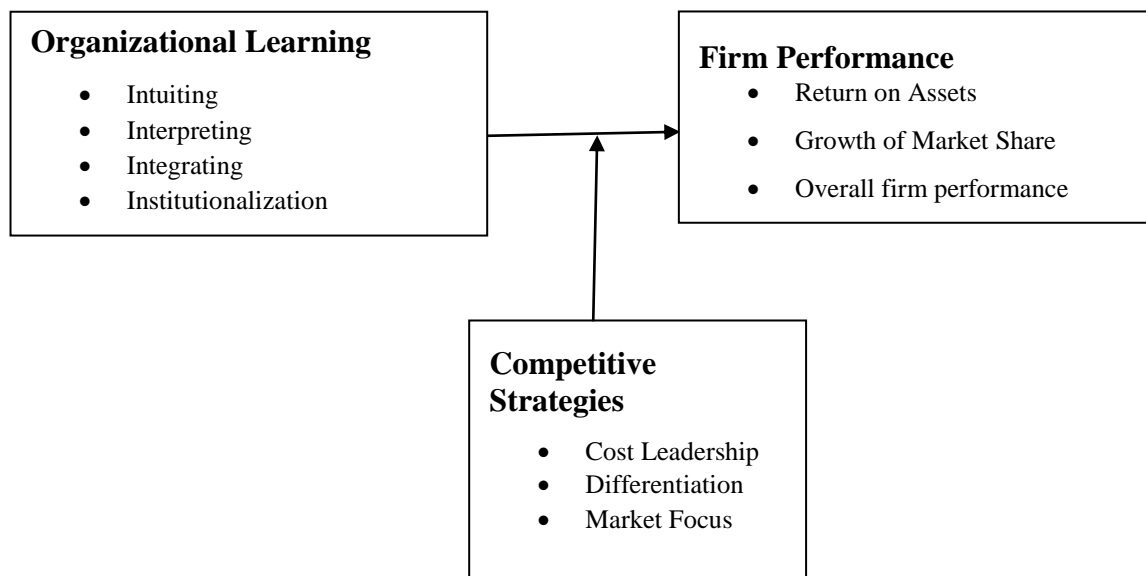


Figure 1: Conceptual Frame work

H_{1a}: Competitive strategies have a moderating effect on the relationship between organizational learning and Return on Asset.

H_{1b}: Competitive strategies have a moderating effect on the relationship between organizational learning and growth of market share.

H_{1c}: Competitive strategies have a moderating effect on the relationship between organizational learning and overall firm performance.

3. RESEARCH METHODOLOGY

The philosophical orientation of this study was positivist paradigm. This orientation was informed by its theoretical foundation and hypotheses. Descriptive cross sectional design was used and so collection of data was done at one point in time across all firms licensed in Kenya to offer insurance cover. The population of interest in this study consisted of all the 45 insurance firms offering insurance cover in Kenya. The census approach was used due to the relatively small number of firms. Both primary and secondary data were used in the study. The data was collected on organizational learning and quality decisions while secondary data was obtained for return on assets, growth or market share and overall firm performance based on computed composite index of return on assets and growth of market share. The data was analyzed using descriptive and inferential statistics. The latter were used to test hypotheses as summarized in table 1.

Table 1: Summary of Research Objectives, Hypotheses and Analytical Techniques

<p>To establish the effect of competitive strategies on the relationship between organizational learning and firm Performance</p>	<p>H₁: Competitive strategies moderate the relationship between organizational learning and firm performance,</p>	<p>Hypothesis three was tested using stepwise regression analysis consisting of three steps as specified below</p> <p>FP= $\alpha + \beta_1 OL$.....step 1</p> <p>FP= $\alpha + \beta_1 OL + \beta_2 CS$.....step 2</p> <p>FP= $\alpha + \beta_1 OL + \beta_2 CS + \beta_3 (OL * CS) + \epsilon$.....step 3</p> <p>Where FP=Firm Performance, OL=Organizational Learning, CS=Competitive Strategies, (OL*EC)=Interaction Term and ϵ is error term</p>	<p>Determine the statistical significance of the interaction term (product of centered independent variable and centered moderator). Moderating effect occurs if the interacting term is significant (F statistic, $R^2, p < 0.05$).</p> <p>R^2 to assess how much of dependent variable variation is due to influence of independent variable</p> <p>F test to assess the overall significance of the model</p> <p>Beta (β) to determine the contribution of each predictor variable to the significance of the model</p> <p>t to determine the significance of individual variables</p> <p>P value < 0.05 to check on statistical significance</p>
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4. RESULTS AND DISCUSSION

4.1 Response Rate

The number of questionnaires administered was 45. A total of 40 questionnaires were properly filled and returned. This represents an overall success response rate of 88.89% as shown in Table 2. According to Mugenda and Mugenda (2003) and also Kothari (2004), a response rate of above 50% is adequate for a descriptive study. Return rates of 80% is excellent (Babbie, 2004). Based on these assertions from fore mentioned scholars, 88.89% response rate that was obtained in this study is excellent for the study.

Table 2: Survey Response Rate

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

Source: Survey Data 2015

4.2 Test of Reliability of the Data Collection Instrument

Reliability of this instrument was evaluated using Cronbach Alpha which measures the internal consistency. Cronbach Alpha value is widely used to verify the reliability of a construct. A Cronbach Alpha of 0.7 and above indicates the presence of internal consistency and that the instrument is reliable for use in the study (Babbie & Mouton, 2009). Internal consistency means that the questions or item measures included for a construct actually belong to that construct (Babbie & Mouton, 2009). Tables 3 below indicates the Cronbach Alpha for each variable. All the measurement items for each variable were consistent with each other. This means they were all contributing to the same construct. Internal consistency reliability was therefore achieved for each variable. All the variables were quite reliable with a Cronbach's alpha reliability coefficient greater than 0.7 Competitive Strategies had ($\alpha=0.870$) with 22 items, while Organizational

Learning had ($\alpha=0.865$) with 20 items. The study thus found that the instrument used was reliable and could be used for further analysis.

Table 3: Internal Consistency Reliability Results

Variable	Items	Cronbach's Alpha (α)
Organizational Learning	20	0.865
Competitive Strategies	22	0.870

Source: Survey Data 2015

4.3 Measures of Organizational Learning

The sub-constructs that were used to measure organizational learning were Intuiting, Interpreting, Integrating, and Institutionalization. Twenty (20) items were used to measure organizational learning. Respondents were asked to respond to pertinent statements posed by indicating the extent to which the same applied in their respective firms. Responses were given on a five-point Likert scale ranging from 1 being "Very Limited Extent" to 5 being "Very Great Extent" (where 5 = To a very great extent; 4 = To a great extent; 3 = To a moderate extent; 2 = To a limited extent; 1 = To a very limited extent). The scores of 'To a very limited extent and 'To a limited extent' have been taken to represent a statement affirmed to, as to a limited extent, equivalent to mean score of 0 to 2.5. The score of 'To a moderate extent' has been taken to represent a statement affirmed to, as to a moderate extent, equivalent to a mean score of 2.6 to 3.4. The score of 'To a great extent' and 'To a very great extent' have been taken to represent a statement affirmed to as equivalent to a mean score of 3.5 to 5.0.

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

Table 4: Mean and Standard Deviation for Measures of Organizational Learning

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

Source: Survey Data 2015

As presented in table 4 above, under intuiting subscale the analysis indicated that to a great extent the respective organizations are in regular touch with regulatory authorities, relevant ministries, associations of firms in the industry, professional organizations, and information from them are accessible to employees (mean = 4.37, standard deviation = 0.74); new ways of making work better and achieving results in a better way are continuously sought (mean = 3.87, standard deviation = 0.65) and knowledge is acquired from internal sources (mean = 3.92, standard deviation = 0.82). To a moderate extent knowledge is acquired from

external sources (mean = 3.55, standard deviation = 0.96) and the organization encourages joining of formal or informal networks within and outside (mean = 3.38, standard deviation = 1.31).

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

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

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

4.4 Measure of Competitive Strategies

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

The low-cost leadership subscale consisted of 5 items, the Differentiation subscale consisted of 11 items while the market focus subscale consisted of 6 items. Table 5 below shows how the subscales of Competitive Strategies were rated by respondents.

Table 5: Means and Standard Deviations for Measures of Competitive Strategies

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

Source: Survey Data 2015

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

Under the differentiation subscale the analysis in table 5 shows that to a great extent the firms are known for having qualified, experienced, trained personnel (mean = 4.00, standard deviation = .70); caters for a range

of products to serve different interests (mean = 3.90, standard deviation = .60); there is a reputation for provision of quality products (mean = 4.00, standard deviation = .80); provides excellent customer service (mean = 3.90, standard deviation = .80); has a high reputation within the industry (mean = 3.80, standard deviation = .90); forecasts on market growth through modifying products (mean = 3.70, standard deviation = .80) and regularly develop/refine existing products (mean = 3.70, standard deviation = 1.10), in brand identification (mean = 3.60, standard deviation = 0.92); are known for timely Introduction of newly developed products (mean = 3.60, standard deviation = 0.90); are innovative in marketing techniques (mean = 3.50, standard deviation = 0.90) and moderately engages in rigorous advertising of their products (mean = 2.90, standard deviation = 0.90).

Table 5 also shows that the market focus subscale, on average, is applied as a competitive strategy to a great extent. Under this subscale the respondents indicated that to a large extent the firms segregate the market to serve interests of a niche (mean = 3.90, standard deviation = .90); forecasts on market growth through selection of a niche to serve best (mean = 3.70, standard deviation = .90) and maintain sufficient staff to immediately serve the needs of specific categories of customers (mean = 3.70, standard deviation = 0.80). However only to a moderate extent the firms have direct control of channels of distribution of their products in its market niche (mean = 3.30, standard deviation = .80), offer lowest pricing for their products in the industry in its particular markets (mean = 3.32, standard deviation = 1.10 and focus their products in high price market segments (mean = 3.31, standard deviation = .90).

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

4.5 Test of Hypothesis

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

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

H_{1a}: The influence of organizational learning on return on asset is moderated by competitive strategies. The moderating effect was tested using stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of organizational learning on return on assets. The second step tested the effect of predictor variables (organizational learning and competitive strategies) on criterion variable (return on assets). In the third step, an interaction term (computed as the product of standardized values for organizational learning and competitive strategies) was introduced and tested for its effect on return on assets. Moderation is established if the effect of interaction in the third step is significant. Regression results are presented in Table 6.

Table 6: Regression Results for Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Return on Assets

Model Summary							
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	Organizational Learning	.323	.104	.081	.0374771		
2	Organization learning Competitive Strategies	.447	.200	.157	.0358930		
3	Organizational Learning, Competitive Strategies, Interaction Term	.448	.201	.134	.0363709		
ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	.006	1	.006	4.418	.042
		Residual	.053	38	.001		
		Total	.060	39			
2	Organizational Learning Organization learning Competitive Strategies	Regression	.012	2	.006	4.622	.016
		Residual	.048	37	.001		
		Total	.060	39			
3	Organization Learning, Competitive strategies and the interaction term	Regression	.012	3	.004	3.012	.043
		Residual	.048	36	.001		
		Total	.060	39			
Coefficients							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta			
1	(Constant)	-.006	.032		-.182	.857	
	Organizational Learning	.019	.009	.323	2.102	.042	
2	(Constant)	-.072	.044		-1.630	.112	
	Organization learning	.021	.009	.358	2.421	.021	
	Competitive Strategies	.018	.008	.311	2.104	.042	
3	(Constant)	-.037	.196		-.188	.852	
	Organizational Learning	.011	.053	.194	.215	.831	
	Competitive Strategies	.008	.053	.143	.155	.877	
	Interaction between Organization learning and competitive strategies	.003	.014	.223	.185	.854	
Model 1 Predictors (Constant) Organization Learning							
Model 2 Predictors: (Constant) Organization Learning, Competitive Strategies							
Model 3 Predictors: (Constant) Organization Learning, Competitive Strategies, Interaction term.							
Dependent Variable: Return on Assets							

Source: Survey Data 2015

The regression results in table 6 are explained in this section. In step one, return on assets was regressed on organizational learning. The results indicate that organization learning accounts for 10.4 percent of the variance in return on assets ($R^2 = 0.104$, $P < 0.05$). The overall model was significant ($F = 4.418$, $P < 0.05$). Further, the beta coefficients were statistically significant ($\beta = 0.019$, $t = 2.102$, $P < 0.05$). This implies that one unit change in organizational learning is associated with 1.9 percent change in return on assets. The results in the first step were significant.

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

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

4.5.2 Moderating Effect of Competitive Strategies in the Relationship between Organizational Learning and Growth of Market Share

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

H_{1b}: Competitive strategies moderate the influence of organizational learning on the performance of insurance firms.

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

Table 7: Regression Results for Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Growth of Market Share

Model Summary							
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	Organizational Learning	.295	.087	.063	15.09528		
2	Organization learning Competitive Strategies	.477	.228	.186	14.07072		
3	Organizational Learning, Competitive Strategies, Interaction Term	.501	.251	.189	14.04776		
ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Organizational Learning	Regression	827.010	1	827.010	3.629	.006
		Residual	8658.965	38	227.867		
		Total	9485.975	39			

2	Organizational Learning Competitive Strategies	Regression	2160.520	2	1080.260	5.456	.008
		Residual	7325.455	37	197.985		
		Total	9485.975	39			
3	Organization Learning, Competitive strategies and the interaction term	Regression	2381.751	3	793.917	4.023	.014
		Residual	7104.224	36	197.340		
		Total	9485.975	39			
Coefficients							
Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	-.217	13.076			-.017	.987
	Organizational Learning	6.941	3.643	.295		2.905	.006
2	(Constant)	-32.234	17.342			-1.859	.071
	Organization learning	7.954	3.419	.338		2.327	.026
	Competitive Strategies	8.612	3.318	.377		2.595	.013
3	(Constant)	45.761	75.670			.605	.549
	Organizational Learning	-13.448	20.499	-.572		-.656	.516
	Competitive Strategies	-12.660	20.362	-.555		-.622	.538
	Interaction between Organization learning and competitive strategies	5.841	5.517	1.236		1.059	.297
Model 1 Predictors (Constant) Organization Learning							
Model 2 Predictors: (Constant) Organization Learning, Competitive Strategies							
Model 3 Predictors: (Constant) Organization Learning, Competitive Strategies, Interaction term.							
Dependent Variable: Growth of Market Share							

Source: Survey Data 2015

The regression results in table 7 are explained in this section. In step one growth of market share was regressed on organizational learning. The results indicate that organizational learning accounts for 8.7 percent of the variance in growth of market share ($R^2=0.087$, $P<0.05$). The overall model was significant ($F= 3.629$, $P< 0.05$). Further, the beta coefficients were statistically significant ($\beta= 6.941$, $t= 2.905$, $P<0.05$). This implies that one unit change in organizational learning is associated with 6.941 unit change in growth of market share. The results in the first step were significant.

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

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

4.5.3 Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Overall firm performance

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

H_c: The influence of organizational learning on overall firm performance is moderated by competitive strategies.

The moderating effect was tested using stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of organizational learning on return on assets. The second step tested the effect of predictor variables (organizational learning and competitive strategies) on criterion variable (overall firm performance). In the third step, an interaction term (computed as the product of standardized values for organizational learning and competitive strategies) was introduced and tested for its effect on overall firm performance. Moderation is established if the effect of interaction in the third step is significant. Regression results are presented in Table 8.

Table 8: Regression Results for Moderating Effect of Competitive Strategies on the Relationship between Organizational Learning and Overall firm performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1 Organizational Learning	.296	0.087	0.063	7.5606		
2 Organization learning Competitive Strategies	.445a	0.198	0.154	7.18349		
3 Organizational Learning, Competitive Strategies, Interaction Term	.548a	0.301	0.242	6.79948		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1 Organizational Learning	Regression	207.887	1	207.887	3.637	.0064
	Residual	2172.182	38	57.163		
	Total	2380.069	39			
2 Organizational Learning Organization learning Competitive Strategies	Regression	470.775	2	235.387	4.562	.017
	Residual	1909.294	37	51.603		
	Total	2380.069	39			
3 Organization Learning, Competitive strategies and the interaction term	Regression	715.684	3	238.561	5.16	.005
	Residual	1664.384	36	46.233		
	Total	2380.069	39			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1 (Constant)		-0.111	6.549		-0.017	0.987
	Organizational Learning	3.48	1.825	0.296	2.907	0.0064
2 (Constant)		-4.031	6.46		-0.624	0.536
	Organization learning	2.294	1.812	0.195	1.266	0.213
	Competitive Strategies	0.693	0.307	0.347	2.257	0.03
3 (Constant)		-14.833	7.708		-1.924	0.062
	Organizational Learning	0.295	1.922	0.025	0.154	0.879
	Competitive Strategies	4.479	1.946	0.36	2.302	0.027
	Interaction between Organization learning and competitive strategies	0.832	0.297	0.417	1.801	0.108

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

Source: Survey Data 2015

The regression results in table 8 are explained in this section. In step one, overall firm performance was regressed on organizational learning. The results indicate that organization learning accounts for 8.7 percent of the variance in overall firm performance ($R^2 = 0.087, P < 0.05$). The overall model was significant ($F = 3.637, P < 0.05$). Further, the beta coefficients were statistically significant ($\beta = 3.48, t = 2.907, P < 0.05$). This implies that one unit change in organizational learning is associated with 3.48 unit change in overall firm performance. The results in the first step were significant.

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

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

4.6 Further Analysis

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

4.6.1 Influence of Competitive Strategies on Return on Asset

The direct effect of competitive strategies on return on assets was tested using simple linear regression analysis. Competitive strategies were regressed against return on asset and the results presented in table 9.

Table 9: Results for Competitive Strategies Regressed on Return on Assets

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
Competitive strategies		.585	.342	.325	.0321217	
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Competitive strategies	Regression	.020	1	.020	19.741	.000
	Residual	.039	38	.001		
	Total	.060	39			

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.007	.016		-.437	.664
Competitive strategies	.006	.001	.585	4.443	.000
Independent variable: Competitive strategies					
Dependent Variable: Return on Assets					

Source: Survey Data 2015

The regression results in Table 9 indicate that 34.2 percent of the variance in return on assets was explained by competitive strategies ($R^2=0.342$, $F=19.741$, $P<0.05$). The overall model was statistically significant ($F=19.741$, $P<0.05$). Suggesting model fit indicates that the influence of competitive strategies on return on assets was statistically significant ($\beta= 0.006$, $t= 4.443$, $p<0.05$). This suggests that one unit change in competitive strategies is associated with 0.6% change in return on assets. Therefore competitive strategies has a significant influence on return on assets and would be an independent variable.

4.7.1 Influence of Competitive Strategies on Growth of Market share

The direct effect of competitive strategies on growth of market share was tested using simple linear regression analysis. Competitive strategies were regressed against growth of market share and the results presented in table 10.

Table 10: Results for Competitive Strategies Regressed on Growth of Market Share

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

Source: Survey Data 2015

The regression results in Table 10 indicate that 16.2 percent of the variance in market share was explained by competitive strategies ($R^2=0.162$, $F=7.370$, $P<0.05$). The overall model was statistically significant

($F=7.370$, $P<0.05$). Suggesting model fit indicates that the influence of competitive strategies on growth of market share was statistically significant ($\beta= 1.606$, $t= 2.715$, $p<0.05$). This suggests that one unit change in competitive strategies is associated with 16.06% change in growth of market share. Therefore competitive strategies have a significant influence on growth of market share and would be considered as an independent variable.

4.6.3 Influence of Competitive Strategies on Overall firm performance

The direct effect of competitive strategies on return on assets was tested using simple linear regression analysis. Competitive strategies were regressed against return on asset and the results presented in table 11.

Table 11: Results for Competitive Strategies Regressed on Overall firm performance

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

Source: Survey Data 2015

The regression results in Table 11 indicate that 11.5 percent of the variance in overall firm performance was explained by competitive strategies ($R^2=0.115$, $F=4.929$ $P<0.05$). The overall model was statistically significant ($F=4.929$, $P<0.05$). Suggesting model fit indicates that the influence of competitive strategies on overall firm performance was statistically significant ($\beta=3.873$, $t= 2.22$, $p<0.05$). This suggests that one unit change in competitive strategies is associated with 3.473 unit change in overall firm performance. Therefore competitive strategies has a significant influence on overall firm performance and would be an independent variable.

4.7 Revised Conceptual Framework

Based on the findings in all the further analyses above a new conceptual frame work was developed as seen below in Figure 2

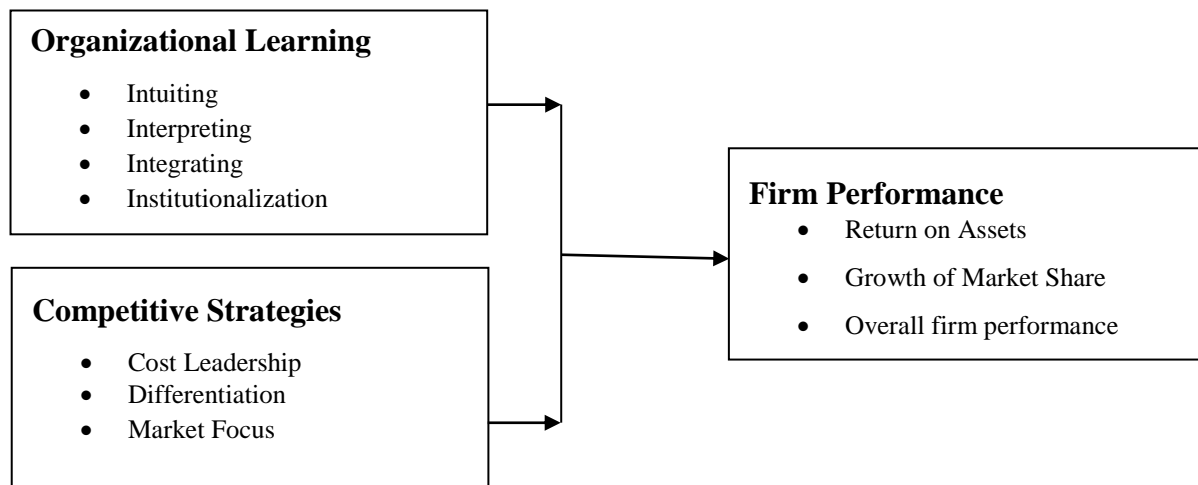


Figure 2: Revised Conceptual Model

5. DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Discussion of Findings

The study intended to establish the moderating effect of competitive strategies on the relationship between organizational learning and firm performance. This objective gave rise to hypothesis which predicted that the relationship between organizational learning and firm performance is moderated by competitive strategies. Stepwise regression analysis was used to test this hypothesis. First the test was applied using return on assets and thereafter using growth of market share as a measure of firm performance.

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

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

It was also found, when further tests were carried out, that 11.5 percent of the variance in the overall firm performance (return on assets and growth of market share) as a measure of firm performance was explained by competitive strategies. The overall model was statistically significant and the results showed that the

influence of competitive strategies on overall firm performance was statistically significant. This suggests that one unit change in competitive strategies is associated with 3.473 unit change in overall firm performance. Therefore competitive strategies has a direct influence on overall firm performance and was found to be an independent variable. Although the results did not confirm competitive strategies as a moderating variable in the relationship between organizational learning and firm performance in the insurance industry in Kenya, it was confirmed to have a direct impact, as an independent variable, on firm performance.

5.2 Conclusions

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

In light of the above, it is concluded that the firms in the insurance industry adopt competitive strategies with a view to ensuring they lead to enhanced performance and are keen to determine the best strategy to apply to sustain superior performance. With a grand mean of 3.82, it is noted that insurance firms in the country conform to key generic competitive strategies which firms can employ including cost leadership, differentiation and market focus. Firms in the insurance industry to a great extent apply all these three generic strategies and this is expected because it is a market where there is stiff competition. Firms adopt cost leadership, differentiation and market focus according to which combination of the strategies is the most appropriate at any one time in this volatile market where it is easy to lose market share to competitors and regulators require given minimum levels of performance for the firms to be allowed to continue operating.

5.3 Recommendations

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

Acknowledgement

Completion of the study studies could not have been possible without the support of many individuals and institutions. I would like to express my sincere gratitude to the co-authors Prof. Peter K'Obonyo and Dr. John Yabs for their insights, guidance, patience, corrections and many hours of consultations that gave me the direction to complete the study. I would also like to thank all the Insurance Firms in Kenya that allowed me to collect data from their institutions. The findings would not have been credible without the participation of each insurance firm that took part in filling the questionnaire and sincerely providing information. It could not be possible to mention every person who assisted in one way or another but I am appreciative to them all.

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