

ORGANIZATIONAL CAPABILITIES AND PERFORMANCE OF INSURANCE COMPANIES IN NAIROBI CITY COUNTY, KENYA

Kogo Philemon Kipkoech

Master of Business Administration in Strategic Management, Kenyatta University,
Kenya

Dr. Linda Kimencu

Department of Business Administration, School of Business, Kenyatta University, Kenya

©2018

**International Academic Journal of Human Resource and Business Administration
(IAJHRBA) | ISSN 2518-2374**

Received: 26th February 2018

Accepted: 7th March 2018

Full Length Research

Available Online at:

http://www.iajournals.org/articles/iajhrba_v3_i1_126_149.pdf

Citation: Kogo, P. K. & Kimencu, L. (2018). Organizational capabilities and performance of insurance companies in Nairobi city county, Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(1), 126-149

ABSTRACT

Insurance sector in the country is thriving because of its competitiveness; as a result firms tend to build robust capabilities to ensure they achieve superior performance which creates greater performance than its competitors in the industry. Low penetration and uptake of insurance is one major setback the insurance industry development is encountering in particular market share, diversification of products among other measures. The growth of insurance uptake in Kenya has been at slow pace. The general objective of the study was to establish the organizational capabilities on the performance of the insurance firms in Nairobi County and is guided by four specific objectives that will seek; to examine the effect of marketing capabilities, product capabilities, human resource capabilities and technological capabilities on performance of insurance firms. The study was anchored on the following theories; capability based view, resource based view theory, knowledge based view, market based view and industrial organizational theory. The study adopted a descriptive research design. To achieve this, the study focused on a target population of 1300 employees of the 51 insurance firms in Nairobi city. Sampling was done using stratified random sampling and simple random sampling technique to come up with a size of 375 respondents. The researcher used primary data by administering questionnaires. Data was collected using questionnaires. Data was then analyzed using the descriptive techniques. Quantitative data was analyzed using descriptive. Qualitative data was analyzed using thematic techniques. The study concluded that Marketing capabilities in insurance companies

encompass better use of marketing tools that help the insurance companies in the application of new and creative marketing plans and ideas which ultimately enhance their performance. Product capabilities in insurance companies can help insurance firms' organizations to develop both radical new products or employ existing products with new features and attributes to satisfy both the needs of current customers and new customers to ensure the stability, survivability, and avoidance of shocks from new waves of competition based on new technologies and new value proposition. Proper linkage between human resources and organizational performance will enable the human resource managers to design programmes that will bring forth better operational results to attain higher organizational performance. Technological capability is the ability to manage three resources namely; Information Technology (IT) infrastructure, human skills in working with IT, and organization's ability to manipulate IT. The study recommends that Insurance companies should put adequate efforts and resources to market research in order to tap into a set of processes needed to discover information about customer needs and broad market information, and design marketing programs to meet and exceed these needs and foreign market conditions. Insurance companies should reflect their product capabilities by focusing on product quality, strict quality control, meeting customer needs and addressing their product requirements. Insurance companies should invest in people through the introduction and encouragement of learning processes designed to increase capability and align skills to organizational needs. Technological capabilities go a long way

in influencing the performance of organizations. Thus, insurance companies should take into cognizant the cost of production in which they should try to produce their products at the lowest cost possible.

Key Words: *organizational capabilities, performance, insurance companies, Nairobi city county, Kenya*

INTRODUCTION

The impact of insurance industry in a country's economic activity is usually a matter of greatly discussion and analysis. Primarily, economists were in view of insurance mainly as a system to curtail and handle risk. Lately, they have been linked to financial steadiness, security to government programs, enhancement of trade and commerce, and overall growth to an economy of a country (Skipper, 2011). In support of this rising influence of insurance services on our daily life and the economy, Arena (2008) states that advancement of insurance sector can influence the development of an economic through: marshalling domestic savings, enabling diverse risks to be managed in a robust way, thus paving way for the accrual of new capital; improving monetary stability and lessening anxiety in businesses; making possible trade and commerce to progress; ensuring it works towards lessening or mitigating losses; and nurturing a more resourceful apportionment of domestic capital.

The premise that insurance companies play a key impact in the economy is an old one. The initiative to an establishment of a general insurance market is crucial in the development of an economy economic was initiated in 1964, in the first conference of UNCTAD (Kugler, Ofoghi, 2015). Kugler and Ofoghi (2015) pointed out an optimistic connection among the expansion of insurance industry and the economic improvement of a country. Nonetheless, Ward and Zurbruegg made a divergent determination in their study done in 2000, which they established no substantiation of this relationship in the long-term in some OECD countries. In concluding this, the researchers employed the entire sum of insurance premiums as a pointer of insurance activities.

The continued existence and achievement of a firm happens when the organization builds and sustains a robust equivalent among the environment it operates from and the strategies in place and furthermore the relationship of operational strategy and the capabilities which are available internally (Grant, 2002). Insurance companies are currently tied to extreme turbulence in the existing aggressive environment due to the changes in market set up and new products which brings a base of marketing and for firms to tackle this challenges, they have started to drift particularly to marketing innovativeness and creativity by introducing new products, new mode of delivery of services to customers and promoting those services and serving customers timely so as to obtain a strong competitiveness over rivals and offer total satisfaction to customer and gain loyalty (Business Monitor International, 2012).

The tell-tale signs that insurance sector hasn't matured in growth and performance in Kenya and elsewhere is the gruesome statistics on its penetration rate especially in Africa. Slow insurance penetration in the market is one of the setbacks many insurance firms faces in its growth. The growth of insurance uptake in Kenya was 2.84% in 2009 compared to 2.63% in

previous year compared to South Africa which posted a growth of 12.9% having almost the same total population of above 40 million (AKI 2009). According to survey done by National financial access in the year 2009 out of total population of Kenya only 6.8% had opportunity of purchasing insurance services with a huge 91% of Kenyans not embracing insurance cover either in life or property. In this regard insurance industry has to diverse a robust competitive strategy for it to acquire, expand and obtain a credible market share. It is in light of this truism that the study sought to assess the role of organizational capabilities on the performance of insurance companies in Kenya.

Kenya has a vibrant and well regulated insurance industry. Kenya Insurance industry operates under an Association of Kenya Insurers (AKI), established in 1987. It is open to any registered insurance company in the country to be a member. Its overall mandate is to promote sensible business practices, create awareness among the public and accelerate the growth of insurance business in Kenya. The country has about 51 companies offering insurance services. This is attributed to a sound economic acceleration and increasing growth of the middle class with a substantial disposable income which attract the services of insurance firms' right from life insurance to general insurance policy (IRA 2014). Kenyan insurance industry is rapidly venturing into Eastern Africa markets and its diversification into other available potential market opportunities is a clear indicator of a blooming sector.

The insurance industry in Kenya is dominated by few large companies, few of them multinationals. According to Insurance Regulatory Authority's industry report for 2014 shows that Jubilee, APA, UAP, CIC, ICEA, Heritage, AAR, GA, AIG and Britam insurance companies controls the market share of 67.1 %. Other 41 players in the industry compete for 32.9%. The market leaders control a big share of premium income due to their heavy muscle in deploying its resources in the market, thus effectively able to sustain the competition. They control the market due to heavy investment on robust human capital, technology, well-coordinated marketing and research on market products tailored to customers.

The insurance companies in Kenya play a significant role in development of the economy though they operate in a highly competitive environment. To cope with the increasingly complex business environment, insurance firms have continued to enhance their performance management performance through incorporation of extra refined technologies with more enhanced data-analysis tools and to better support underwriting, pricing, and claims management, as well as to advancing marketing capacities (Deloitte Center for Financial Services 2015).The insurance industry contributes to the growth of the Kenyan economy as it builds the confidence of entrepreneurs in venturing to risky business as they are protected in case of any perils. Profit centered concept dominates the investment of the insurance industry in the country, the battle is controlling the market through intense marketing, venturing in untapped areas, getting online to maximize the market share (Kenya Insurance Survey, 2014).

Some recent economic developments in Kenya have offered opportunities and incentives for the growth of the insurance industry. According to Deloitte (2015) report on financial services Kenya's development in venturing on minerals, the infrastructure advancement from roads to standard gauge railway (SGR), the booming real estate industry and the increasing

number of middle class, these necessitate insurance services, therefore imperative for insurance firms to enhance its performance by taking critically the capabilities that drive itself to acquire a sustainable performance.

STATEMENT OF THE PROBLEM

During the last few years, the insurance industry has undergone a series of changes through financial reforms, advancement of communication and information technologies, globalization of financial services and economic development. Those changes have had a considerable effect on efficiency, productivity change, market structure and performance in the insurance industry. The increasingly competitive environment in the financial services market has resulted in pressure to develop and utilize alternative delivery channels (Pearce & Robinson, 2010). The survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy (Grant, 2012). Insurance companies are now facing extreme challenges in the current competitive environment because the changes and new services became the base of marketing. The performance of the entire categories of products offered by insurance sector in Kenya is beset with some common challenges and bottlenecks. Low penetration and uptake of insurance is one major setback the insurance industry development is encountering in particular market share, diversification of products among other measures. The growth of insurance uptake in year 2009 in Kenya has been at slow pace which was estimated to be at 2.84% as in contrast to 2.63% in 2008, this in comparison with South Africa which registered a growth of 12.9% in the same year and both countries boasts of above 40 million population (AKI 2009). The survey conducted by National financial access in the country (2009) indicated that 6.8% of population in Kenya made a purchase of insurance services with a huge 91% of Kenyans not embracing insurance services both in life or property. In view of this concept insurance sector has to devise robust competitive strategies to enable credible market share. There is shortage of information and empirical findings on the causes of low insurance penetration, the drivers of performance of insurance companies and the competitive strategies the insurance companies employ. A review of literature show that there have been several studies done on the insurance industry, notably those of Kaguma (2011) which focused on Customer Perception on Service Quality offered by Life Insurance Companies in Kenya, Govind (2009) established extensive customer dissatisfaction in the insurance industry, deriving from substandard service provision and delivery. Nderitu (2006) researched on the cause of high motor vehicle claims in the insurance industry, Muthoni (2003) researched on factors that determine perceived quality of services in the insurance industry while Karua (2008) studied on the differentiation strategy in the insurance companies in Kenya. None of these studies elaborated on the role of key strengths and capabilities on the performance of insurance companies. Sani (2012) did a study on how strategic human resource management influences organizational performance in the Nigerian insurance industry focusing on strategic HRM alignment, line management training, career planning system and job definition. Kiragu (2014) study assessed of challenges facing insurance companies in building competitive advantage in Kenya focusing on government regulation, distribution channels, insurance products and employee

competence. Mwangi and Murigu (2015) study looked at factors that determine of financial performance in general insurance companies in Kenya and recommended further study on macroeconomic determinants of financial performance of insurance firms in Kenya. Based on these studies, there was need to investigate how organizational capabilities affects the performance of insurance companies in Kenya.

GENERAL OBJECTIVE

The general objective of the study was to determine the effects of organizational capabilities on the performance of insurance companies in Nairobi City County, Kenya.

SPECIFIC OBJECTIVES

1. To examine the effect of marketing capabilities on performance of insurance companies in Nairobi City County, Kenya.
2. To analyse the influence of Product capabilities on performance of insurance companies in Nairobi City County, Kenya.
3. To establish the effects of Human resource capabilities on performance of the insurance companies in Nairobi City County, Kenya.
4. To determine the effect of technological capabilities on performance of the insurance companies in Nairobi City County, Kenya.

RESEARCH HYPOTHESES

H₀₁: There is no significant relationship between marketing capabilities on performance of insurance companies.

H₀₂: There is no significant relationship between Product capabilities on performance of insurance companies

H₀₃: There is no significant relationship between Human resource capabilities on performance of the insurance companies

H₀₄: There is no significant relationship between technological capabilities on performance of the insurance companies

THEORETICAL REVIEW

Capability Based Theory

The capability theory was proposed by Grant (1991) who asserted that capabilities are primary foundation of competitive edge whereas resources available are source of capabilities. Amit and Shoemaker (1993) took related standas well as recommended that resources do not put in to continuous competitiveness to an organization, except own capacities can perform. Haas and Hansen (2005), also Long and Vickers-Koch (1995), endorsed the significance of capabilities and propose that an organization can achieve a robust competitiveness over rivals from own capacity in the systematic application of own capabilities in executing essential actions in the organization.

Amit and Shoemaker (1993) clearly elaborated capabilities in distinction to resources, as ‘an organization’s ability to set out assets, typically in amalgamation by employing the available processes within the organization, and cause a profitable outcome. Teece et al. (1997) described vibrant capabilities in an organization as, a capacity to incorporate, assemble, and reconfigure competencies both internally and externally so as to deal with speedily evolving environments’. A firm’s capacity to carry out continuous and a fruitful assignment which relates more over to the firm’s competence in adding importance to its operations by implementing the change of its production.

Sirmon et al. (2003) emphasized the significance of learning in the organization. They proposed that organizational learning and organizational capabilities completely and openly are a part and parcel of entire strategy in an organization. It was elaborated (Zack 1999) that learning and creating advance new knowledge is crucial for obtaining competitive advantage. Lee et al. (2001) argued the effect of capabilities within the firm and external networks on firm performance.

The theory was relevant to the study in determining the totality of resources that drive the insurance industry in Kenya. Each of the insurance company investigated will be evaluated on the basis of key capabilities that drive performance from human resources, technology, product diversification and strength of marketing teams to enable understanding of the source of competitive advantage.

Resource Based Theory

The origins of Resource based view (RBV) go back to Penrose (1959), who recommended that the resources possessed, deployed and used by the organization are really of great importance than industry composition. The term ‘resource-based view’ was brought up way before by Wernerfelt (1984), whom he made conclusion that the firm is a package of resources which are attached semi-permanently to the firm (Wernerfelt 1984). Prahalad and Hamel (1990) recognized the concept of core competencies, which attentively placed on a significant class of resource. Barney (1991) too opined that the assets of an organization are own core basis of competitiveness over rivals. The resource-based view (RBV) has been stated as a management tool of the business vital in determining the strategic resources of an organization that are readily available for deployment for it to achieve a competitive advantage.

The application by the firm on the valuable resources under its disposal is a critical principle of the resource based view as a form of foundation for a competitive edge over rivals in the market (Wernerfelt, 1984). In actual fact, this translates to important assets which are neither perfectly imitable nor substitutable with ease (Hoopes, 2003; Barney, 1991). If these circumstances hold, firm’s package of resources can aid an organization in obtaining a very good performance on returns. The resource-based view (RBV) highlighted the resources of an organization as the prime source of the actual competitive advantage and enhanced performance an organization actualizes in its operations (Peteraf and Barney, 2003). This shows that while resources not often leading to different performance on its own, resources

which are capabilities, application brings difference in performance of the firm. According to Day, (1994), defined capabilities as composite bundles of relevant skills and all accumulated knowledge which enables organizations to manage its activities effectively and make use of their assets properly.

Resource-based view (RBV) of an organization depicts how firms obtain and utilize its resources. Therefore, the firm that allocate their scarce resources effectively and exploit competitive capabilities by ensuring proper use, and invests in capacities that harmonize existing structures will lead to a distinct performance (Song and Benedetto, 2007). Barney (1991) elaborated that resources in an organization has to be the one which are; valuable, rare, inimitable, and non-substitutable for it to be a source of competitiveness in the market. Therefore, an organization has to nurture its fundamental resources so as to obtain a competitive advantage in its performance over the rivals. Organization has to possess formidable capabilities for superior performance. A company can reach an optimal performance in its outcome through the resources it holds which are unique, and neither be transferred easily nor bought, copied and simultaneously they be valuable when is rare. Difference in performance of firms is attributable to resources having inherently different forms of efficiency thus enabling firms to deliver optimal benefits to its customers at a given cost (Peteraf & Barney, 2003).

Organizational resources controlled and owned by the organization are well thought-out to be drivers to a greater performance in the firm. The scholars of Strategic management (Barney, 1991; Marino, 1996) view firm resources as a multi-faceted of assets, knowledge, capabilities and its vital processes which see to it that the firm plan and actualize its strategic decisions. These characteristics of intangible resources makes the firm's to obtain superior performance. The resource based theory is critical in determining the management of the available resources so as to effectively perform and become competitive in the market. This will be useful in developing marketing capabilities, product development capabilities, human resource management, and technological capabilities in the conceptual framework.

Resource based view is adopted in the present study to explain the contest of a highly dynamic and competitive industry, there must be an effective organizational capabilities, with a view to optimize the organizational performance and flourish in the market, the study will assume that insurance firms have to mobilize their pertinent resources for effective performance. RBV is employed to aid in comprehending on how well firms ought to mobilize its resources to enhance the capabilities in order to achieve successful performance in their operations.

In guiding this study, the resource based view helped in understanding of the drivers of performance of insurance industry taking each of the variables as a resource. This enabled the study evaluate the best practices among insurance companies in leveraging and organizing their capabilities and competences in use of such resources as marketers and product differentiation to aid growth.

Market Based View

The Market-Based View (MBV) of strategy points out on those factors within the industry and external orientations in the market are the key drivers to greater performance of a firm (Bain 1968; Caves & Porter 1977; Peteraf & Bergen 2003; Porter 1980, 1985, 1996). The key source of value for an organization is entrenched in the aggressive position characterized in its end-product strategic position. The firm's unique bundle of operations which give it competitive edge over rivals derives a strong strategic position in the market. Otherwise, a firm strategic point is well outlined on the basis of performance achieved compared to same activities of other similar firms based on different avenues. In this outlook, an organization's productivity or performances are established exclusively by the competitive nurture and the structure of the industry as a whole (Schendel, 1994).

The Market-Based View (MBV) comprises of the stand taken by school of theories on strategy as well as the development Hoskisson's account of the development of strategic thinking on the economics phase of the industrial organization (Hoskisson et al. 1999; Mintzberg et al. 1998; Porter 1980). In this stage, spotlight was the internal environment of the firm and factors affecting it externally. Researchers made it clear on the performance of a firm as extensively reliant on market sector it operates from. The strategy was considered on pretext of whole sector and the firm's position in the market as compared to their rivals. Bain (1968) on his contribution to the industry configuration commonly called Structure Conduct-Performance (SCP) paradigm which he described as the fundamental relationship in which an industry structure affects the organizational conduct in respect to its performance.

The SCP paradigm got further elaboration from researchers (Caves & Porter 1977; Caves 1980; Porter 1980) whom they clarified further on reasons organizations require to build up strategy in reaction to the composition of the sector which enables the firm to compete and outsmart its rivals in the market. In formulating strategy, organizations normally undertakes largely evaluation of its own competitiveness through a measurement and thorough scanning of the external environment based on the five forces model (Porter 1979; 1985). The five forces in deliberation comprises of the following: bargaining power of suppliers, barriers to entry, threat of substitutes, bargaining power of buyers and the competition among rivals in the market (Porter 1985). From this point of view, the source of market power of an organization which clearly gives details in its comparative performance. This theory is employed to evaluate how marketing aids insurance firms improve performance in the marketing especially the strength of the marketing team, experience, training and team work.

EMPIRICAL STUDY

Marketing Capabilities and Organizational Performance

Marketing has many definitions. According to Drucker (2003) marketing comprise those activities which a manufacturer does in order to satisfy what customers want or require; being able to meet customers' needs and requests for the price that they are ready to pay. Other scholars such as (Etzel 2010) define marketing as consisting of actions planned to produce and aid exchanges that are anticipated to satisfy customers and even the firm's needs. The

value creation from the marketing capability leads to a higher performance which brings sustainable outcome in the market. As a result, the marketing capability poses a remarkable positive effect on business performance of an organization.

Muathe, Karanja and Kuria (2014) in the study examined how marketing capability and the performance of mobile service provider intermediary organizations in Nairobi County, Kenya. The study collected primary data from 219 respondents drawn from a target population of 397 selected using stratified and simple random sampling. It established that marketing capabilities contributed significantly to the Mobile Service Providers (MSP Intermediary organisations' performance. The study recommended that the management of MSP Intermediary organisations should improve their marketing capabilities through training in areas of marketing research, effective pricing, new product and range extension, channel relationship management and promotions to boost MSP Intermediary Organisation performance.

Day (1994) noted that marketing capability is among the critical element of the organizational capabilities due to the significant relevance in value creation for the organization and more importantly the customer which the firm exists for. In a more challenging and dynamic environment, organizations like in insurance industry have to bump more resources on the marketing of organization's products not only to outsmart the competitors but to ensure the efficiency and effectiveness in serving the customers and the output of the organization will rise significantly.

Most of the studies on marketing capabilities were conducted in markets outside Kenya. A study by Afzal (2009) on Marketing Capabilities and Distribution choices in the Pakistan market indicated an important correlation among the management of distribution channels and the available marketing capabilities on the performance of the firm. The findings were in conformity with the study done by (Blesa & Ripolle, 2008); they found out that marketing capabilities are organizational particular assets and can present finer market competitive edge, proper linkage with customers, and solid attachment on delivery channel capabilities in the world global market and can bring great success in the long run.

Al-aali et al (2013) asserted that marketing capabilities permit companies to execute new strategies on marketing so as to mirror varying world market environment via converting and coalescing accessible assets in innovative and different ways (Al-aali et al., 2013). Slater and Narver, (2000) discussed that marketing element of a firm has to give a close focus on how its products are offered to the customers in the market by giving the highest non-price value to loyal and new customers and the channel agents to enhance satisfaction so as to advance the performance of production in the market.

Researchers agree that organizations spend considerable funds on creating, sustaining, and leveling marketing capabilities, which has majorly improved knowledge regarding the connection between marketing capabilities and the performance of the firm in which growth is evidently a main concern to all managers (Day, Reibstein, & Shankar, 2009). At present marketing of Insurance firms has to control the high scale of globalization so as to compete

effectively and able to expand their market share. The uptake of insurance products in Kenya is still low and seen by majority as a luxury and a preserve for the rich class. This notion and fixed minds has to be unlocked by the marketing department in bringing awareness to all cadre of life and articulate clearly the benefits to expand the market.

There is a big reason to link with organization's in come in addition to margin increase rates to marketing capability. From an income expansion outlook, higher marketing capabilities permit a company to recognize underutilized sections along with those which the competitors are offering may deficit in meeting customers and delivery channel necessities (Slater & Narver, 2000). Millward Brown Vermeer, (2010) noted that lead marketers are the one who effectively and efficiently operate by aggressively connecting with customers, inspiring them, very focused, and organize their activities with a lot of agility. This activity has to be accomplished, or sustained, by having a committed management with the ability to continually building on vibrant marketing capabilities which turns performance of a firm unmatched.

Product Development Capabilities and Organizational Performance

Most of the studies on product development invariably focus on differentiation and new product development. Akroush (2012) carried out a study on organizational capabilities and new products performance. The project specifically looked at key areas of capability development such as technology, marketing mix and customer relations. Using a sample of 473 manufacturing organizations in Jordan, the findings revealed that out of the 3 capabilities of technology, marketing mix and customer relations, the marketing mix gave a significant impact on both new product quality and speed to the market. The research concludes that managers should be more focused in developing marketing activities in a competitive manner.

Muhura (2012) carried out study on organizational capabilities, product differentiation and innovations as a source of competitive edge at Airtel Kenya. The study found out that the strategic capabilities of the company which give them competitiveness in the market, especially human resources, available infrastructure and distribution channels, vibrant brand, technological advancement, robust research on market, creativity and talent management. The study concludes that there is a direct association between capability development and competitive advantage.

Other studies have focused on the strategies of product development and how they affect performance. Kiiru (2015) carried out study on dynamic capability, strategic direction and competitive edge of both small and medium-retail enterprises in Kenya. The study focused on impact of dynamic capabilities on competitive advantage among the SMES. The findings of the study from multiple regression analysis indicated a positive relationship between the two variables. Customer oriented strategies coupled with reconfiguration capabilities were the most critical in enhancing on SMES capability advantage. The research further recommends that organization need to go beyond the level of acquiring resources and more to the level of

transforming the resources to capability in order to remain competitive in a changing environment.

Ismail, Rose Uli and Abdullah (2012) conducted study on the relationship between organizational resources, capabilities, systems and competitive advantage. The study critically scrutinized the significance of resources in an organization and emphasizes placed on them. The results out of this research played a major contribution to the relationship between organizational resources, capabilities systems and competitive advantage and enhance critical understanding by pointing out vital information managers and other stakeholders. The findings provided an important impact the resources available in an organization can cause, well established capacities and the entire systems can give competitive edge over rivals.

Human Resource Capabilities and Organizational Performance

According to Thompson et al (2007), effective realization of organization objectives relies on proficient human capital and efficient internal systems in an organization. An organization cannot expect to execute the activities obligated for flourishing realizations of its objectives in absence of pulling, proper motivation and maintaining talented workforce who exhibits appropriate skills and intellectual capital. This was emphasized by Cummings and Worley (2005), on the assignment of executing demanding strategic proposals has to be allocated to top management who possess the right skills and talent to perform the task and can be relied on to deliver certain decisions and actions to competitive outcome to get the set targets.

Recent studies have enforced the assumption of a direct influence of organizational capabilities on firm performance such as Dilnutt (2013), the outcome from such studies are not that the higher the level of organizational capabilities, the better the performance, but that organizational capabilities have to be pertinent and relevant in order to have positive effects. Wright et al (2010) discuss further this assumption and their findings show that certain knowledge based resources such as human resource and structure directly influence organizational performance, while other resources as culture and technology do not.

Kaehler, Busatto, Bechker, Hansen and Santors (2014) carried a study on correlation between adaptive capability and strategic orientation of a company in Brazil. The main objective was to determine relationship between adaptive capability and strategic orientation context in an organization. Using a survey of 160 employees, the findings of study indicated that the firm's strategic orientations affect its adaptive capability. The observed further that a firm that has higher dynamic capability will always demonstrate a higher level of adaptive capability in its market of operations.

Nigam, Nongmaithem, Sharma and Tripathi (2011) did a study on how Strategic Human Resource Management (SHRM) affects the performance of firms in India focusing on service sector firms. Data were collected from 25 organizations, using two sets of questionnaires and key informant approach was used to collect the data. Performance was measured in terms of organizational effectiveness. Regression analysis was carried out at two levels: industry level and overall level. Results indicated that there is positive relationship between SHRM and

effectiveness, business strategy has an impact on the relationship between SHRM and effectiveness and universalistic theory of SHRM does not work in the Indian service sector.

Chuang, Liu and Chen (2015) study examined the relationship between human resource capability and internal customer satisfaction on organizational effectiveness. This study adopted employees of Company-A as the population; convenient sampling was used to distribute 400 questionnaires via mail to employees of Company-A in Taichung branch. This study proposed an integrated model that comprehensively considers crucial constructs relevant to HR capability and organizational effectiveness. The theory of service-profit chain posits that internal customer satisfaction and loyalty influences customer satisfaction and loyalty before affecting a company's profitability and growth.

Karami (2014) study focused on the effects of Human Resource Capabilities on Organisations' performance. The study was based on Electronic Industry in The UK. The findings are based on an empirical survey of Chief Executive Officers' (CEOs) and their perception of the HR involvement in strategy development in high tech SMEs. The important conclusion reached is that increasing the core competencies of the firm, in particular HR, is the key element to the success of the firm. Moreover, it is posed that the growing involvement of the HR in the development and implementation of business strategy will lead to the increased effectiveness of the organisation and the industry as a whole.

Pourkiani, Salajeghe and Ranjbar (2011) carried out a study on how strategic human resource management influences organizational knowledge creation capability. Specifically focus is on how strategic human resource management in Iranian public organizations can be used to build and support organizational knowledge capability and how this capability is related to organizational innovation. The results showed that four configurations of SHRM were significantly related to three workforce characteristics (human capital, employee motivation and employee turnover). Also the workforce characteristics were significantly related to organizational knowledge creation capability.

Technological Capabilities and Performance

Reichert and Zawislak (2014) study looked at how technological capability influences firm performance. Through key indicators, 133 Brazilian firms have been analyzed. Given the economic circumstances of an emerging economy, which the majority of businesses are primarily based on low and medium-low-technology industries, it is not possible to affirm the existence of a positive relation between technological capability and firm performance. There are other elements that allow firms to achieve such results. Firms of lower technological intensity industries performed above average in the economic performance indicators, adversely, they invested below average in technological capability.

A study by Druid (2007) expounds on the concept of dynamic capabilities and its impact on firm performance. The study enumerated the rational links amid vibrant capabilities, well-designed competences and the performance of the firm. It suggests and confirms a model which presumes the evolution of technology influence on the performance of the firm which is operational through enabling capabilities. In this representation vibrant capability has to be

instituted as superior processes that are very strategic in nature and capable of incorporating, recombining as well as creating innovative technology capacity that can effectively shape positively the firm's performance. In this regard the research attempted to institute a robust technological capabilities as a complex, united assembly explained by three interconnection, even though distinctive, proportions: harmonization capability.

In the studies of Moffett, McAdam and Parkinson (2003), technological advancement in KM is discussed to have developed through three collective and interrelated stages, being mainframe computers on to personal computers and finally networking. Networking has been emphasized as the prevalent process in Information technology most useful to KM. This is because; information systems within firms are used to store and convey definitive knowledge. In addition, due to globalization, technology assists to tear down barriers of geographical and time differences which influence knowledge sharing between employees through teamwork, information integration and information synthesis.

Irene and Chow (2007) established that the scope of vertical integration enhances the connection between technological capability and firm's innovative strategies. Parnell (2011) found that the preference of a diversified strategy can methodically affect Research & Development concentration and that differentiation strategy is a predictor of process and product innovation. In a study on innovative capability-strategy linkage. Egbetokun et. al., (2007) came up with the capacity of technological capability moderates the association among vertical integration and the performance on the innovation of the firm, therefore, the vertical integration decision per se may not influence the performance of the innovativeness of the firm directly.

Sirmon, (2007) examined that technology development in most organizations is a downstream activity and aims to offer a fresh innovation of products and answers which can precipitate the customer expectations and this strategy becomes a major source competitiveness in the market. This means that technology development which is well rolled out to staff influences development of strategic capabilities which is only unique to a firm and hence becoming a source of competitive advantage. Technological development is a product of structural capital which by and large is the organizational infrastructure. This is a strong factor that leads to the development of strategic capabilities.

RESEARCH METHODOLOGY

Research Design

This study used descriptive research design. A descriptive study will be adopted so as to determine and equivocally illustrate the distinctiveness of variables of significance in a given condition. The aim was to develop an improved perceptive of the organizational capabilities and its relation to organizational performance from the managers and other employees' point of view. According to Kothari (2004) states that the main reason of descriptive research is to portray the current situation as it portends. Best and Kahn (1993) stated that descriptive research concerns about: conditions or associations which exist, prevailing practices, beliefs, opinions, or attitudes which people holds, ongoing processes, felt effects, or developing

trends. This therefore, enabled the researcher to collect information from field and analyse it according to the respondents view and gave a clear picture of the study objectives.

Target Population

The definition of population is the entire set of elements which the researcher intends to carry a deduction from (Cooper and Schindler, 2000). According to Fraenkel and Wallen, (1993) target population is the entire group in which an individual intends to generalize or apply his findings. The target population comprised of 1300 employees of the 51 insurance firms in Nairobi city (see appendix B). The target population included senior management, middle level, and operational level employees.

Sampling Design

Out of the 51 insurance firms, a sample of 15 insurance firms operating within the central business district (CBD) and Upperhill area with at least 120 managers were selected using random sampling technique in order to achieve the target population and suit the purpose of the study. Eight firms which operated within the CBD were picked because many firms are stationed there, while seven firms from the Upperhill area were sampled. Out of the 15 insurance firms a sample size of 375 respondents was selected using a stratified random non-proportionate sampling. The stratum included the following departments; management, marketing, finance, ICT and legal. Respondents were selected according to Kothari (2005) who opine that a representative sample can be between 20-30% of target population.

Data Collection Instruments

The researcher used primary data by administering questionnaires to collect the data from the group sampled. The questions were able to provide insight information from the respondents. The questionnaire comprised of open and close ended questions. This research revolved around concept of organizational capabilities and performance of insurances. Performance of insurances is the dependent variable while organizational capabilities are the independent variable.

Data Collection Procedure

The researcher used questionnaires to collect data from the respondents, both closed ended and open ended questionnaires were administered. Open ended questions were used to encourage the respondents to express their views while the closed ended gave the researcher a chance to get specific answers towards the research. The researcher obtained the letter from the university which gave authority to perform the research. The letter was offered to relevant authority of the sampled insurance firms for authorization to carry out the research. The researcher made appointment in advance with sampled group on when to administer question and were delivered in person so as to ensure all the questionnaires are collected back and the respondents also sought clarifications in case of any related problems. One day was given to respondents to fill them.

Data Analysis and Presentation

The data collected was checked for accuracy and completeness of the response. Data from open ended questions was manually analyzed to delineate trends and the dominant factors affecting performance of insurance companies to inform findings and recommendations. On the close ended questions, quantitative data was analyzed using Statistical Package for Social Science (SPSS) which was used to generate descriptive statistics such as frequency distribution and percentages was presented using pie charts, percentages graphs and histograms in summarizing data. Qualitative data was analyzed using observational methods and projective techniques. Qualitative methods were more effective in data which provides greater insights and new perspectives. The analysis also incorporated some inferential statistics. In this regard, the study employed multiple linear regression analysis on the data to make estimation and conclusions on the relationship between the variables. Finer analysis was conducted on the multiple linear regression model to establish, in percentage form, the exact influence of each of the independent variables on the dependent variable. The model below used was in the following form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y = performance of insurance; X₁ = marketing capabilities; X₂ = product capabilities; X₃ = human resource capabilities; X₄ = technological capabilities; β₁, β₂, β₃, β₄ and β₅ are coefficients of determination; ε = Error term

RESEARCH RESULTS

Marketing Capabilities

The study revealed that marketing capabilities had a positive and significant effect on the performance of insurance companies in Kenya. The study revealed that marketing capabilities affects the performance of insurance companies to a greater extent. The respondents strongly agreed that the insurance company has efficient sales team. A large number of respondents also agreed that the company has effective sales promotion strategies and that the company has efficient distribution channels.

Product Capabilities

The study established that product capabilities had a positive and significant effect on the performance of insurance companies in Kenya. The study also established that product capabilities greatly affect the performance of insurance companies. Majority of the respondents indicated that insurance companies had adequate resource allocation on new product development. Also most of the respondents showed that insurance companies have variety of products to give customers adequate choice to make from and a large number of respondents disagreed that companies has highly and well publicized new product launch.

Human Resource Capabilities

The study examined that human resource capabilities had a positive and significant effect on the performance of insurance companies in Kenya. The study also examined that human resource capabilities highly affects the performance of insurance companies. Most of the insurance companies were building the skills of human capital. This implies that insurance companies in Nairobi were investing in skills for their human resource in order to equip them with necessary abilities and skills for the emerging markets. Most of the employees in the insurance companies are not motivated majority being senior managers who enjoyed good wages and other privileges hence being motivated.

Technological Capabilities

The study found that technological capabilities had a positive and significant effect on the performance of insurance companies in Kenya. The study also found that technological capabilities to a great extend affects the performance of insurance companies. Insurance firms in Nairobi city have effective networking. Majority of the respondents indicated insurance firms have robust database. This can be attributed to the guidelines by Insurance Regulatory Authority which requires all insurance firms to have database for their clients. Internet connectivity among insurance and other insurance branches firms in Nairobi is moderate. Online transaction among insurance firms is gaining momentum.

REGRESSION ANALYSIS

Table 1: Model Summary

Model	R	Adjusted R Square	Std. Error Change Statistics			Sig. Change			
			of the Estimate	R Square Change	F Change				
1	.646 ^a	.720	.891	1.131	.120	4.150	4	122	.003

a. Predictors: (Constant), Marketing capabilities, Product capabilities, Human resource capabilities, Technological capabilities

Adjusted R square is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in Table 1 the value of adjusted r squared was 0.891 (89.1%) an indication that there was variation of 89.1% on the performance of insurance companies in Kenya was due to changes in Marketing capabilities, Product capabilities, Human resource capabilities, Technological capabilities at 95% confidence interval. Additionally, this therefore means that factors not studied in this research contribute 10.9% of the performance of insurance companies in Kenya and a further research should be conducted to investigate the other factors that contribute to 10.9% of the performance of insurance companies in Kenya.

Table 2: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.228	4	5.307	14.150	.003 ^a
	Residual	156.031	122	1.279		
	Total	177.260	126	6.586		

a. Predictors: (Constant), Marketing capabilities, Product capabilities, Human resource capabilities, Technological capabilities

b. Dependent Variable: Organizational Performance

The significance value is 0.003^a which is less than 0.05 thus the model is statistically significant in predicting how various factors affect growth of EABL in Kenya. The F critical at 5% level of significance was 6.586. Since F calculated is greater than the F critical (value = 14.150), this shows that the overall model was significant. The relationship (p < 0.05) indicated a linear relationship among the variables under the study meaning there was 95% chance that the relationship among the variables was not due to chance.

Table 3: Determination of Coefficients

Model		Unstandardized Coefficients		Standardized Coefficient	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error				Beta	Lower Bound
1	(Constant)	.532	1.010		6.160	.000	4.215	8.228
	Marketing capabilities	.694	.152	3.562	1.502	.001	.550	.055
	Product capabilities	.712	.116	5.035	2.241	.003	.383	.078
	Human resource capabilities	.693	.112	1.945	3.961	.000	.184	.259
	Technological capabilities	.601	.109	2.678	4.006	.004	.476	.043

a. Dependent Variable: Organizational Performance

As per the SPSS generated table above, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes:

$$Y = 0.532 + 0.694 X_1 + 0.712 X_2 + 0.693 X_3 + 0.601 X_4$$

Where: Y= Organizational Performance; X₁= Marketing Capabilities; X₂= Product Capabilities; X₃= Human Resource Capabilities; X₄= Technological Capabilities

According to the regression equation established, taking all the independent variables into constant at zero, performance of insurance companies in Kenya will be 53.2%. The data findings analyzed also showed that all the independent variables had a positive and

significant effect on the performance of insurance companies in Kenya as indicated by beta values. The relationships ($p < 0.05$) are all significant with marketing capabilities (3.562, $p < 0.05$), product capabilities (5.035, $p < 0.05$), human resource capabilities (1.945, $p < 0.05$) and technological capabilities ($t = 2.678$, $p < 0.05$). Product capabilities was found to be the most (71.2%) significant among the other variables studied.

Further the study carried out the hypothesis testing between organizational capabilities and performance of insurance companies in Kenya.

H₀₁: There is no significant relationship between marketing capabilities on performance of insurance companies.

The null hypothesis was thus rejected because t statistics 1.502 has a p value of 0.00 less than 0.05.

H₀₂: There is no significant relationship between Product capabilities on performance of insurance companies

The null hypothesis was thus rejected because t statistics 2.241 has a p value of 0.00 less than 0.05.

H₀₃: There is no significant relationship between Human resource capabilities on performance of the insurance companies

The null hypothesis was thus rejected because t statistics 3.961 has a p value of 0.00 less than 0.05.

H₀₄: There is no significant relationship between technological capabilities on performance of the insurance companies

The null hypothesis was thus rejected because t statistics 4.006 has a p value of 0.00 less than 0.05.

CONCLUSIONS

Marketing capabilities in insurance companies encompass better use of marketing tools that help the insurance companies in the application of new and creative marketing plans and ideas which ultimately enhance their performance. Marketing capabilities stress on the integration of human resources capabilities with the organisational resources to understand the market-related needs to earn superior performance benefits. Marketing capability can help insurance companies sense and respond to market changes such as competitors' moves, technological evolution and revolution, enable firm organizations to leverage the capabilities and resources of partners for value creation, facilitate firms to foretell and anticipate customer explicit and latent needs.

Product capabilities in insurance companies can help insurance firms' organizations to develop both radical new products or employ existing products with new features and attributes to satisfy both the needs of current customers and new customers to ensure the stability, survivability, and avoidance of shocks from new waves of competition based on new technologies and new value proposition. Product development capability is important,

that is to have the capability to design products in reaction to customer needs, meet internal company goals and overcome hurdles along the way, and outperform competitors.

Proper linkage between human resources and organizational performance will enable the human resource managers to design programmes that will bring forth better operational results to attain higher organizational performance. Human resource management aims to ensure that the organization obtains and retains the skilled, committed and well motivated workforce it needs. This means taking steps to assess and satisfy future people needs and to enhance and develop the inherent capacities of people with their contributions, potential and employability by providing learning and continuous development opportunities.

Technological capability is the ability to manage three resources namely; Information Technology (IT) infrastructure, human skills in working with IT, and organization's ability to manipulate IT. The combination of these resources is a better resource to compete, hence better organizational performance. Technology capability is required for synergistic operation of IT resources.

RECOMMENDATIONS

Insurance companies should put adequate efforts and resources to market research in order to tap into a set of processes needed to discover information about customer needs and broad market information, and design marketing programs to meet and exceed these needs and foreign market conditions. In addition, insurance companies should have strong marketing capabilities to focus on customer acquisition, the effective management of marketing programs, and the ability to coordinate action oriented among the diverse elements in the firm needed in order to implement a marketing program.

Insurance companies should reflect their product capabilities by focusing on product quality, strict quality control, meeting customer needs and addressing their product requirements. Successful product capability can lead not just to products that satisfy the existing needs of customers but it can also lead to market expanding breakthrough products that satisfy needs that customers never knew they had. Developing an innovative product that's unique and superior to what the competition offers can lead to profit growth.

Insurance companies should invest in people through the introduction and encouragement of learning processes designed to increase capability and align skills to organizational needs. Ensure that the organization identifies the knowledge required to meet its goals and satisfy its customers and takes steps to acquire and develop its intellectual capital. Define the behaviours required for organizational success and ensure that these behaviours are encouraged, valued and rewarded and gain the commitment of people to the organization's mission and values.

Technological capabilities go a long way in influencing the performance of organizations. Thus, insurance companies should take into cognizant the cost of production in which they should try to produce their products at the lowest cost possible, while still producing the required quality desired by their consumers, and further engaging in high technological

changes and improvement so as to ensure that they remain competitive and also gain a competitive advantage over others. By doing this, they can achieve high performance, which include profit making, efficiency and effectiveness in the industry.

REFERENCES

- Akroush, J. (2012). An empirical model of marketing strategy and shareholder value: A value-based marketing perspective. *Competitiveness Review: An International Business Journal*, 22(1), 48-89,
- Aminu, M.I., & Mahmood, R. (2015). Mediating role of dynamic capabilities on the relationship between intellectual capital performances: A Hierarchical component model perspective in PLS-SEM path modelling. *Research Journal of Business Management*, 9, 443-456.
- Arena, M. (2008), Does insurance market promote Economic Growth?, A cross-country Study for Industrialized and developing countries. *Journal of Risk Insurance*, 75(4), 921–946.
- Association of Kenya Insurers (AKI) website Accessed on 20th October, 2012
- Association of Kenya Insurers, (2010). The Kenya Insurer, *Journal of the Association of Kenya Insurers June 2010*
- Chuang, H. M., Liu, M. J., & Chen, Y. S. (2015). The effects of human resource capability and internal customer satisfaction on organizational effectiveness. *International Journal of Distributed Sensor Networks*, 11(7), 835194.
- Cristea, M., Marcu, N., & Cârstina, S. (2014). The relationship between insurance and economic growth in Romania compared to the main results in Europe – a theoretical and empirical analysis. *Procedia Economics and Finance*, 8(14), 226–235. [https://doi.org/10.1016/S2212-5671\(14\)00085-9](https://doi.org/10.1016/S2212-5671(14)00085-9)
- Deborah, A. (2016). Knowledge Management Capabilities And Performance Of International Humanitarian Organizations In Kenya By A Research Project Submitted In Partial Fulfillment Of The Requirements For The Award Of The Degree Of Master Of Business
- Druid T. (2007), *Dynamic Capabilities and their indirect impact on a firm performance*. Published MBA Thesis, University of Anglia UK
- Edwin, W. (2015). The Relationship Between Dynamic Capability And Performance In Shipping Industry In Kenya By Edwin Were Mukhobe A Research Project Submitted In Partial Fulfillment Of The Requirements For The Award Of The Degree Of Master Of Business Administration, School Of Business University Of Nairobi.
- Faizal, M., Zaidi, A., & Norezam, S. (2015). Organizational capabilities, environmental turbulence, and NPD performance: a study on Malaysian manufacturing firms. *Procedia - Social and Behavioral Sciences*, 172, 286–293. <https://doi.org/10.1016/j.sbspro.2015.01.366>
- Gekonde, T. (2014). A Study on the Influence of Strategic Human Resource, 2(2), 1–8.

- George, K., & Iravo, M. (2014). Factors Affecting the Performance of Distribution Logistics among Production Firms in Kenya: A Case Study of Bata Shoe Company (K) Limited, 4(10), 279–287.
- Grant, R. M. (2012). *Contemporary Strategy Analysis: Concepts, Techniques, Applications*, Blackwell, Oxford.
- Iraya, C. (2014). Determinants of Financial Performance of General Insurance Underwriters in Kenya, 5(13), 210–215.
- Ismail, A. I., Rose, R. C., & Uli, J. (2012). The Relationship between Organizational Resources, Capabilities, Systems 17(1), 151–173.
- Karami, A. (2014). How Human Resource Capabilities Affect the Organisations' performance? The Case of Electronic Industry in The UK.
- Karen, W. (2016). Strategic Capabilities For Sustainable Competitive Advantage Of Insurance Firms In Kenya Gitau Karen Wanjiku A Research Project Submitted In Partial Fulfilment Of The Requirements For The Award Of The Degree Of Master Of Business Administration, School Of Business, University Of Nairobi.
- Kiragu, S. M. (2014). Assessment of challenges facing insurance companies in building competitive advantage in Kenya: A survey of insurance firms. *International journal of social sciences and entrepreneurship*, 1(11), 467-490.
- Kugler, M., Ofoghi, R. (2015), *Does Insurance Promote Economic Growth?, Evidence from the UK*, Money Macro and Finance Research Group Conference, 13 September, University of Crete, Rethymno, Greece.
- Mbithi, B., Muturi, W., & Rambo, P. C. (2015). Effect of Product Development Strategy on Performance in Sugar Industry in Kenya, 5(12), 326–341. <https://doi.org/10.6007/IJARBSS/v5-i12/1961>
- MLópez-cabarcos, M. Á., Göttling-oliveira-monteiro, S., & Vázquez-rodríguez, P. (2015). Organizational Capabilities and Profitability: The Mediating Role of Business Strategy. <https://doi.org/10.1177/2158244015616852>
- Muathe, S. M. A., Karanja, S. C., & Kuria Thuo, J. Marketing Capability and the Performance of Mobile Service Provider Intermediary Organizations in Nairobi County, Kenya. *International Journal of Education and Research*, 2(5), 499-512
- Muhura, S.W. (2012). *Organizational Capabilities as a Source of Competitive Advantage at Airtel Kenya*. (Unpublished MBA Project). Nairobi, University of Nairobi.
- Mwamuye, M. K., Nyamu, H. M., Mrope, N. P., & Ndamungu, A. K. (2012). Factors Influencing Performance of Agricultural Companies in Kenya: A Case of Coast Province, 2(4), 25–38.
- Mwangi, M., & Murigu, J. W. (2015). The determinants of financial performance in general insurance companies in Kenya. *European Scientific Journal, ESJ*, 11(1).
- Ndungu, E. N. (2016). The Effects Of Corporate Entrepreneurship And Strategic Management On Performance Of Insurance Companies In Nairobi , Kenya By Evalyne Njeri Ndungu A Research Project Submitted In Partial Fulfillment Of The Requirements For The Award Of The Degree Of

Master Of Business Administration (Mba), School Of Business ,
University Of Nairobi Supervisor ' S Approval.

- Nigam, A. K., Nongmaithem, S., Sharma, S., & Tripathi, N. (2011). The impact of strategic human resource management on the performance of firms in India: A study of service sector firms. *Journal of Indian business research*, 3(3), 148-167.
- Ombaka, B.E. (2014). *Organizational resources, external environment, innovation and performance of insurance companies in Kenya*. (Unpublished Ph.D. Thesis). School of Business, University of Nairobi, Kenya.
- Ombayo, J. A., Egessa, R., & Shiamwama, S. M. (2014). The Relationship between Career Training and Employee Productivity in Sugar Firms in Kakamega County , Kenya Jomo Kenyatta University of Agriculture and Technology, 4(2), 71–81.
- Ongeti, W.J. (2014). *Organizational resources, corporate governance structures and performance of Kenyan State corporations*. (Unpublished Ph.D. Thesis). School of Business, University of Nairobi, Kenya.
- Paul, M. (2014). External Environment, Firm Capabilities, Strategic Responses and Performance Of Large Scale Manufacturing Firms In Kenya.
- Pearce, J. A. & Robinson, R. B. (2010). *Strategic Management: Strategy Formulation and Implementation*. Third Edition, Richard D. Irwin Inc
- Pourkiani, M., Salajeghe, S., & Ranjbar, M. (2011). Strategic human resource management and organizational knowledge creation capability. *International Journal of e-Education, e-Business, e-Management and e-Learning*, 1(5), 416.
- Sani, A. D. (2012). Strategic human resource management and organizational performance in the Nigerian insurance industry: The impact of organizational climate. *Business intelligence journal*, 5(1), 8-20.
- Shaligram, B. J. (2014). Organisational Capability and their strategic impact on firms Market Share, 4(12), 1–4.
- Skipper, H. D. (2011), *Insurance in the general agreement on trade in services*, American Enterprise Institute, http://www.aei.org/docLib/20040218_book140.pdf
- Teece, D. J. (2007). Economic analysis and strategic management. *California Management Review*, 26(3), 87-110.
- Thompson J.L (2007), *Strategic Management: Awareness and Change*, Thompson Business Publishers, 3rd Edition.
- Tuan, N. P., & Yoshi, T. (2010). Organisational Capabilities, Competitive Advantage and Performance in Supporting, 15(1), 1–21.
- Wachira, C. M. (2013). *Key Success Factors In Kenya ' S Insurance Industry A Research Project Submitted In Partial Fulfilment Of The Requirement For The Award Of The Degree Of Master Of Business Administration (MBA)*, School Of Business , University Of Nairobi Dess, G. G., &

- Robinson, R. B. (2014). Measuring organizational performance in the absence of objective measures: the case of the privately-held firm and conglomerate business unit. *Strategic management journal*, 5(3), 265-273.
- Wafula, S. O. (2016). Capability Development And Competitive Advantage Of Private Primary Schools In Mombasa County By Silas Opicho Wafula A Research Project Report Presentend In Partial Fulfilment Of The Requirements For The Award Of Master Of Business Administration Degree At The October 2016, (October).
- Wanjugu, M. J. (2014). The Determinants Of Financial Performance In General Insurance Companies In Kenya, (October).
- Wright, P. M., McMahan, G. C., & McWilliams, A. (2010). Human resources and sustained competitive advantage: A resource-based perspective. *International Journal of Human Resource Management*, 5(2), 301-326