

**THE MODERATING EFFECT OF CAREER DEVELOPMENT ON THE
RELATIONSHIP BETWEEN DYNAMIC CAPABILITIES AND FIRM
PERFORMANCE AMONG INSURANCE FIRMS IN NAIROBI, KENYA**

**BY
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DECLARATION

Declaration by Candidate

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DEDICATION

To my husband Mr. Mbui, son, Musa and daughter Jeanne Wanjiru Kananu for their moral support, patience and understanding during the entire period of this study. To my mother, Jeritha Mukwanyaga for believing in me and for inspiring me in life.

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ABSTRACT

Firm performance is the ability of a firm to maintain a steady growth and high profitability. This study aimed at analyzing the moderating effect of career development on the relationship between dynamic capabilities and firm performance of Insurance firms in Nairobi, Kenya. The specific objectives were; to examine the effect of innovation capability on the performance of Insurance firms; to determine the effect of quality service capability on the performance of Insurance firms; to establish the effect technological knowledge capability on the performance of Insurance firms; to determine the effect of learning culture capability on the performance of Insurance firms; and to evaluate the moderating effect of career development on the relationship between dynamic capability and performance of Insurance firms in Nairobi City. This study was grounded on Resource Based View (RBV) theory, Dynamic Capability theory (DCT), Service Quality model and Social Cognitive Theory (SCT). It adopted explanatory research design and the target population was one hundred and sixty five (165) top management personnel of 55 insurance firms operating in Nairobi. Since the population involved was not so large, census was the best preferred method to have all 165 top managers involved in the study. Data collection was achieved by use of questionnaire with closed ended questions. Data collection was carried out using a drop and pick method. Data analysis involved both descriptive and inferential statistics. The direct results indicated that innovation capability ($\beta=.266$, $\rho=.00$), quality service capability ($\beta=.322$, $\rho=.00$), technical knowledge capability ($\beta=.200$, $\rho=.01$) were positively statistically significant. Learning culture capability however was statistically insignificant hence did not affect firm performance. The predictors explained 53.8% of the variance on firm performance. The interaction between career development and innovation capability ($\beta=1.64$, $\rho=.050$) was statistically significant implying that career development moderates the relationship between innovation capability and firm performance. However, the subsequent models with interaction terms did not significantly improve the model's fit, indicating that the moderating effect of career development was not substantial in explaining the relationship between dynamic capabilities and organizational performance. This study recommended that Insurance firms should prioritize the development of innovation capabilities, quality service capability, and technical knowledge capability within their organizations. The findings should also inform insurance policy as it regards innovation, quality service and technical knowledge capabilities. Furthermore, the study extends literature on dynamic capability, social cognitive and resource-based view theories and recommends further studies in other contexts other than the insurance sector.

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ACRONYMS/ABBREVIATIONS

DCs	-	Dynamic Capabilities
IRA	-	Insurance Regulatory Assurance
ROA	-	Return on Asset
ROE	-	Return of Equity
SPSS	-	Statistical Package for Social Scientists
US	-	United States

DEFINITION OF TERMS

Career development: Ongoing process of acquiring and enhancing skills, knowledge, and experiences to achieve professional goals; it involves deliberate planning, learning, and adapting to foster personal and career growth (Rothwell, 2015).

Firm performance: A metric for gauging the effectiveness of a business entity in achieving its objectives and generating value, encompassing financial results, operational efficiency, and overall competitiveness within the market (Williams, 2010).

Innovation capability: This is organization's capacity to generate and implement novel ideas, technologies, and solutions; it encompasses fostering a culture that encourages creativity, agility, and the ability to adapt, resulting in a sustained ability to innovate and stay competitive (Menon, Chandy & Tellis, 2016).

Learning culture capability: This is an organization's capacity to promote continuous learning and development among its members. This involves creating an environment that values curiosity, collaboration, and knowledge-sharing, fostering a culture where learning is integral to achieving individual and collective success (Tannenbaum & Halpin, 2018).

Quality service capability : refers to an organization's proficiency in consistently delivering high-level services that meet or exceed customer expectations; it involves efficient processes, customer-centric values, and a commitment to continuous improvement to ensure exceptional service delivery (Doane, 2020).

Technological knowledge capability: refers to an individuals or organization's capacity to understand, utilize, and adapt to various technologies, encompassing skills, expertise, and awareness of current technological advancements (Gardner, 2020).

CHAPTER ONE

INTRODUCTION

1.1 Overview

This section provides the introduction of the study. It gives an overview of the background of the study, statement of the problem, objectives of the study, hypothesis, significance and scope of the study.

1.2 Background of the Study

Firms operate in varying corporate atmosphere, thus need them to forecast on likely change and be proactive in handling them on a continuous basis to ensure steady performance and competitive advantage (Ayiro, 2018). Firm performance is the ability of a firm to maintain a steady growth and high profitability (Arend, 2014). Profitability measures firm's past ability to generate returns, and growth in sales is firm's past ability to increase its business coverage and ability to bring economies of scale and market power which leads to future profitability (Li and Liu, 2014). Thus, in today's world, firms employ dynamic capabilities to ensure they gain competitive advantage and maintain lead in the market environment.

Dynamic capabilities (DCs) are vital for a business enterprise to earn sustained competitive advantage and ensure superior firm performance. DCs encompass the management of capabilities and resources of all functions of the firms, with the overall objective to get a competitive advantage (Arranz *et al.*, 2020). Dynamic capabilities indicate a firm's ability to integrate, build and reconfigure its internal and external competences to address rapidly changing business environments (Hung *et al.*, 2010). DCs of a business organization, beyond and above basic capabilities, possess three different characteristic; valuable to clients; are better compared to those of the rival

firms; and are not easy to copy (Makadok, 2013). It brings the ability build competencies that are distinct and unique in order to provide customers with superior products and services which is the source of attaining sustainable competitive advantage and performance.

The modern-day realities of business organizations demand for application of creative approaches that guarantee competitive advantage for sustained profitability as opposed to through increase in prices (Diop & Topping, 2016). In the more developed economies, business organizations are realizing that in order to survive they must re-focus upstream on the value chain (Bititci, *et al*, 2010). This is to enable them to compete not on cost, but on value innovation, process excellence and sustainability (Bititci, *et al*, 2010). In Africa, even long after their independence, many countries' political changes have continued to influence the rate and level of growth of business sector. Insurance firms particularly, have remained small, with high attrition rate and they lack in effective policy frameworks to support firms that operate in these unstable environments (Hatton & Williamson, 2013).

In Kenya, insurance firms have attained competitive advantage through diverse strategies. They have focused more on their internal environment through having inimitable dynamic capabilities such as innovative products, hiring the best skills, knowledge sharing among employees, and developing effective structures and systems (Chang 2013). Through this, some firms have outshined its competitors by making more sales and attaining superior performance. Thus, DCs are adopted by firms to boost the performance and to satisfy customers. Firm performance therefore, is believed to be influenced by dynamic capability approaches employed by the firm (Gicheru & Kariuki 2019).

Performance has been the most important issue for profit and non-profit organization. Barney and Hesterly (2015) assert that performance means quality, condition or function. Ekawati (2014) indicated that the common measures that are used in measuring performance of financial institutions are: Profitability, Return on Assets, and Customer satisfaction. Thus, firm's performance can be said to be the level of achievement of goals and objectives as set by the top executives of the organization. According to Stannack (2016) firm performance can be expressed as measurement range on efficiency of transaction and efficiency of results.

Financial performance on the other hand, is the ability of the firm to satisfy investors and stockholders; and is represented by profitability, growth and market value (Li and Liu, 2014 & Arend, 2014). Profitability measures an organization's past ability to generate returns (Glick *et al.*, 2015). Growth in sales is a firm's past ability to increase its business coverage (Whetten, 2006) and to bring about economies of scale and market power which leads to future profitability. Market share has a correlation with historical profitability and growth levels and therefore represents the external assessment of a firm's future performance (Nyanchanchu, Chepkwony & Bonuke, 2017).

Employees, on the other hand, obtain their satisfaction from investments in good human resource practices. The satisfaction of employees is a reflection of a firm's ability to attract and retain employees and to lower their attrition rates (Farjoun, 2012). Thus, employee career development plays a vital role in ensuring a better performance is achieved in an organization. Rivai (2014) points out that career development is a process in an organization to increase individual capability of attaining the expected career for the benefit of the organization. This study looked at the moderating effect of career development on the relationship between dynamic capabilities and the performance of insurance firms in Nairobi City, Kenya.

1.3 Statement of the Problem

Business environments today characterized by knowledge-based competition and rapidly changing markets, require organizations use effective strategies to invest and maximize knowledge and skills for better performance. According to Hubbard, (2016), firms strive to achieve optimum performance due to erratic changes in the operating environment and stiff competition from other existing competitors. For insurance firms to adapt and survive in the ever-changing environments, conscious organizations need to effectively understand their dynamic capability systems for enhancing and leveraging on their intellectual and asset base.

According to Meihami and Meihami (2014), insurance firms that have sustainable competitive advantage consistently produce products or services that carry the qualities that match the major buying criteria for most of the consumers in the market. It involves achieving superior performance and economic value over a prolonged period in the market. Moreover, they have embraced continual adjustments to environmental changes and ability to withstand all efforts to replicate a firm's advantage by its competitors. Such firms are always a step ahead to predict their rival's next move and ensure they match the resources to the current gaps in the industry.

The Insurance industry in Kenya has witnessed increased level of competition over the last decade as a result of the business atmosphere attributed to globalization of business, more demanding customer base and increased demands from the regulator (IRA, 2016). Furthermore, insurance brokers face threats from bank insurance and direct selling done through online platforms and mobile services (IRA, 2015). Different local insurance firms have had to employ different strategies to cope with the increased competitive level (Kiragu 2014). Mobile technology for instance, has been merged with innovation to provide insurance services. In addition, increased mergers have been undertaken

through mergers and acquisitions such as REAL Insurance Company acquisition by British-American Investment Company Limited. One other strategy that can be explored by the insurance firms is employing the firm's diverse capabilities to enhance competitiveness.

In order to adapt and survive in the ever-changing environment, conscious insurance firms have tried to leverage on their dynamic capabilities to improve on the performance. Dynamic capabilities have also been seen as a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness (Zolfo & Winter, 2013). Several studies have been carried out in relation to the value of dynamic capabilities on firm competitiveness and performance. Lidija and Breznik (2016) conducted a study to establish the contribution of the dynamic capabilities perspective among flower export firms in Netherlands. This study found that failing to consider deployment of a single dynamic capability negatively influences other dynamic capabilities' deployment as they are interwoven and correlated.

Schilke (2014) did a study on the importance of depending on dynamic capabilities to gain competitive edge among US hoteliers. The findings showed that there is direct correlation between dynamic capabilities and competitive advantage in moderately dynamic atmosphere as opposed to highly dynamic or stable atmosphere. Locally, Ngugi (2016) did a research on dynamic capabilities at Commercial Bank of Africa and found that organization's success entails aligning the dynamic capabilities of the organization and available resources to meet market needs and these needs must be well defined in order to generate competitiveness.

Ayiro (2018) looked at the effect of dynamic capabilities as the basis for competitive edge among Kenyan Insurance companies. The findings showed that dynamic capabilities positively enhance the competitive advantages for insurance companies in Kenya. Kitenga *et al.*, (2020) looked at the Dynamic Capabilities and Performance: The Moderating role of Firm Competence. The findings showed that dynamic capabilities have a significant direct effect on performance and that the effect of dynamic capabilities on performance is partially mediated by firm competence.

From the above analysis of literature, several studies have sought to determine the role of organizational dynamic capabilities as a means of attaining competitive edge. It is evident that a few researches have looked at the effects of dynamic capabilities constructs on firm performance in insurance industry. Furthermore, none of the studies have looked at moderating role of career development on dynamic capabilities and firm performance. Consequently, this research attempted to fill this research gap by focusing on the moderating effect of career development on the relationship between dynamic capabilities and performance of insurance firms in Nairobi, Kenya.

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the study was to analyze the moderating effect of career development on the relationship between dynamic capabilities and organizational performance of Insurance firms in Nairobi, Kenya.

1.4.2 Specific Objectives

The specific objectives of the study were:

1. To examine the effect of innovation capability on the performance of Insurance firms in Nairobi City.

2. To determine the effect of quality service capability on the performance of Insurance firms in Nairobi City.
3. To establish the effect technological knowledge capability on the performance of Insurance firms in Nairobi City.
4. To determine the effect of learning culture capability on the performance of Insurance firms in Nairobi City.
5.
 - a) To evaluate the moderating effect of career development on the relationship between innovation capability and performance of Insurance firms in Nairobi City.
 - b) To establish the moderating effect career development on the relationship between quality service capability and performance of Insurance firms in Nairobi City.
 - c) To determine the moderating effect career development on the relationship between technical knowledge capability and performance of Insurance firms in Nairobi City.
 - d) To find out the moderating effect career development on the relationship between learning culture capability and performance of Insurance firms in Nairobi City

1.5 Hypothesis

The following hypotheses were tested during the study:

H₀₁: Innovation capability has no significance effect on the performance of Insurance firms in Nairobi City.

H₀₂: Quality service capability has no significance effect on the performance of Insurance firms in Nairobi City.

H₀₃: Technological knowledge capability has no significance effect on the performance of Insurance firms in Nairobi City.

H₀₄: Learning culture capability has no significance effect on the performance of Insurance firms in Nairobi City.

H_{05a}: Career development has no moderating effect on the relationship between innovation capability and performance of Insurance firms in Nairobi City.

H_{05b}: Career development has no moderating effect on the relationship between quality service capability and performance of Insurance firms in Nairobi City.

H_{05c}: Career development has no moderating effect on the relationship between technical knowledge capability and performance of Insurance firms in Nairobi City.

H_{05d}: Career development has no moderating effect on the relationship between learning culture capability and performance of Insurance firms in Nairobi City.

1.6 Significance of the Study

The findings of this study will be valuable in areas of policy development, practice and theory. From the theoretical perspective, the study will enhance Resource Based Theory and other theories that relate to dynamic capabilities, thus improving on their applications and acceptability. Similarly, this study makes a theoretical contribution by rendering an integrative, new perspective on the association amid competitive advantage and dynamic capabilities.

Policy makers will also benefit from this study, for instance, the findings will inform policy development on how to enhance resources and capabilities in relation to the environment turbulences that insurance firms face. Policy makers such as Insurance Regulatory Authority (IRA) may gain from this study in policy formulation that emphasize on the importance of building dynamic capabilities among insurance firms in Kenya.

Government policy makers can also benefit from the findings of the study in guiding them to formulate appropriate policies. For instance, coming up with models that are profitable that may result to a decrease in expense ad loss ratios through increased product innovation and operational efficiency to improve on performance and consequently, growth of the insurance sector in Kenya.

Furthermore, this study will provide vital information to the management of insurance firms in Kenya with regard to the adoption of dynamic capabilities and their importance in creating a sustainable competitive edge. Both local and foreign investors are better placed in choosing the companies to invest in through evaluating dynamic capabilities of the given firm. Further, the study will be of great value to the researcher, since it will add on body of knowledge. Future researchers will benefit from this study by accessing literature provided through this work and as additional source of knowledge.

1.7 Scope of the Study

This study was carried out in Nairobi City County. The target population for the study was top managers, specifically, Chief Executive Officers (CEOs), Chief Strategy Officers (CSOs) and Chief Operating Officers (COOs) of registered Insurance companies operating in Nairobi City. The study focused on the following variables:

innovation capability, quality service capability, technological knowledge capability, and learning culture capability as independent variables and firm performance as dependent variable.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature review of the study. The chapter discusses the concepts of firm performance, dynamic capabilities and career development. It also reviews empirical literature on the influence of career development on dynamic capabilities and firm performance in insurance industry, theoretical review and conceptual framework that illustrates the interaction of the study variables.

2.1 Concept of Firm Performance

Performance is defined as the correctness and competence with which specified tasks are completed in order to attain the desired outcome (Chan and Park, 2013). In most cases, growth in sales operations or assets employed in creating profitability is examples of organizational performance. It is usually about the organization's success (Chatterjee & Das, 2016). Furthermore, performance is frequently employed as a measure of organization's financial health over time (Cherugong 2015), therefore, organizations with good performance tend to witness huge financial returns and positive growth. From financial perspective, Williams (2010) define performance as the practice of measuring the outcome of organization's policies and activities related to finances; it is the degree to which financial objectives have been met, profit, sales, growth, and market share are all included.

Organizational performance defines measurement for evaluating growth and attainment of set organizational goals (Avanesh, 2011). According to Garg and Van Weele (2012) organizational performance as comprising three precise areas of organization outcomes, that is, financial performance (such as shareholder dividend), customer service social responsibility (like corporate citizenship focusing on community needs where the

organization operates) and employee stewardship (such as staff training and development, welfare programs). Various researchers have applied financial and non-financial metrics to quantify organizational performance. Cheng (2016) aptly explains that financial measures comprise profitability, gearing, liquidity, and activity ratios.

Conversely, non-financial measures encompass quality, efficiency, productivity, and the attitudinal as well as behavioral measures for example commitment, thoughts to leave and satisfaction (Garg and Van Weele, 2012). Financial performance describes the extent to which an organization's financial objectives are being or have been met. Specifically, the emphasis is on measuring the outcomes of a company's policies and operations expressed in monetary terms (Cherugong 2015). Financial indicators measure organization's complete financial suitability for a specific period of time, mostly annual, besides comparisons can be drawn between similar companies within same industry, from one industries to another industries or across different sectors in aggregation (Chatterjee & Das, 2016).

According to Cheng (2016) popular measures of financial performance include return on equity (ROE) and return on assets (ROA). The ROE assesses monetary earnings for a given period per invested dollar of shareholders' equity. Simply this is expressed as a product of the profit margin and the asset turnover. There is no distinction between capital obtained from shareholders and the one raised from creditors (debenture holders) when ROA is applied. Abor & Biekpe (2013) further elaborated that financial performance examination ascertains the financial strengths and weaknesses of the organizations by appropriately establishing link between the items of the balance sheet and profit and loss account (income statement).

Muthoni (2016) highlighted sales turnover, employee satisfaction, customer satisfaction, management quality, and quality of services, organizational image and the organization's capacity to satisfy day-to-day requirements. Continuous performance is the focus of any organization because only through performance organizations are able to grow and progress (Burke and Litwin, 2011). Therefore, organizational performance refers to the actual output or results of an organization as measured against its intended outputs based on set goals and objectives (Andre, 2016). It comprises of both economic and operational performance aspects, on which economic performance involves financial and market outcomes which assesses the profits, sales, return on investment for shareholders, and other financial metrics.

Therefore, firm performance is a multifaceted concept encompassing various non-monetary indicators that play a pivotal role in shaping a company's success (Andre, 2016). Market share, customer satisfaction, employee satisfaction, and corporate culture are vital dimensions in evaluating a firm's overall health. Market share, often measured as a percentage of total industry sales, reflects a company's competitiveness. A larger share signifies a strong position in the market, while declining share may indicate challenges (Abor & Biekpe, 2013).

Customer satisfaction is integral; content customers are more likely to remain loyal, contribute to positive word-of-mouth, and drive revenue growth (Chatterjee & Das, 2016). Employee satisfaction is closely linked to this; content and engaged employees tend to deliver superior customer service, which bolsters customer satisfaction and, in turn, financial performance. Similarly, a positive corporate culture, reflecting the company's values, ethics, and workplace environment, underpins employee and customer satisfaction (Cheng, 2016). A harmonious culture can inspire employees, reduce turnover, enhance customer interactions, and support a company's long-term

growth. In essence, market share, customer satisfaction, employee satisfaction, and corporate culture are interconnected elements that, when managed effectively, contribute to a firm's competitiveness and profitability (Smith & Jones, 2020).

2.2 Concept of Dynamic Capability

Dynamic capability theory points out that the dynamic capability of enterprises can be improved through resource reconfiguration (Hamid Hawass, 2010). Dynamic capabilities are embedded in organizational processes, which can not only help adapt to changing environments, but also bring competitive advantages to the enterprise, thereby improving organizational performance (Lu and Guo, 2018). According to Teece (2017), dynamic capabilities consist of three types of abilities: One, to sense new opportunities, Two, to sense those opportunities and Three to sustain competitive edge through improving, integrating and when imperative, reconfiguring the business enterprise's key tangible and intangible activities. Helfat *et al.*, (2017) assert that dynamic capabilities are the capacity of an organization to create, extend or modify its resource base.

Cheng *et al.*, (2019) defines dynamic capabilities as a firm's orientation to constantly integrate, reconfigure, renew, and recreate its resources capabilities and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage. Dynamic capabilities have also been seen as a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness (Zolfo and Winter, 2012). It refers to dynamic capabilities as a set of identifiable processes such as product development, decision making and alliancing. Helfat and Peteraf (2017) described them as processes or routines which may have become

embedded in the firm over time and are employed to reconfigure the firm's resource base by deleting decaying resources or recombining old resources in new ways.

Wilden *et al.*, (2013) affirms that dynamic capability is very necessary to continuously improve the performance of enterprises because dynamic capability can follow the changes of the market, reconstruct the operational capability of organizations to adapt to changes through the integration and utilization of resources. As a high-level capability of an organization, dynamic capability can change, develop and reconstruct enterprise resources, thereby improving organizational performance (Hill and Rothaermel, 2013). Ambrosini and Bowman (2009) state that the role of dynamic capabilities is to impact on the firm's extant resource base and transform it in such a way that a new bundle or configuration of resources is created so that the firm can sustain or enhance its performance.

According to Easterby-Smith *et al.*, (2018), dynamic capabilities can take on multiple roles in organizations, such as changing resource allocations, organizational processes, knowledge development and transfer and decision making. Winter (2013) argues that in order to compete successfully in their markets, firms need dynamic capabilities to help them to upgrade their ordinary capabilities, or to create new one so as to sustain performance. According to Wang and Ahmed (2017), absorptive capability, adaptive capability and innovative capability are four main categories found across industries.

Dynamic capability was a concept developed by Teece, Pisano, and Shuen (1997) to explain how organizations can create, maintain, and renew their competitive advantage in a constantly changing and complex business environment. According to this framework, the tenet of dynamic capability includes four key elements: strategic management, operational flexibility, organizational learning, and resource leveraging.

The first element, strategic management, is defined as the ability to identify and respond to opportunities in the external environment and utilize resources in an effective way to achieve competitive advantage.

Strategic management is comprised of both proactive and reactive strategies, and the ability to develop and execute strategies that can create sustainable competitive advantage. The second element, operational flexibility, refers to the ability to quickly and efficiently adapt to changing customer and market demands. This requires the organization to be able to identify and respond to changes in the environment and implement the necessary changes in order to remain competitive. The third element, organizational learning, is the process of developing and maintaining knowledge and skills in order to improve organizational performance.

This involves the ability to acquire, transfer, and apply knowledge in order to create new capabilities and improve existing ones. The fourth element, resource leveraging, refers to the ability to utilize resources in an effective and efficient manner in order to create competitive advantage. This involves the ability to identify and acquire resources, allocate them in an optimal way, and use them to create value. Overall, the four elements of dynamic capability provide a framework for organizations to create, maintain, and renew their competitive advantage in a constantly changing and complex business environment.

2.3 Concepts of Career Development

Many modern organizations have emphasized on the importance of career development, thus, employee must take an active role in planning and implementing their own personal development plans for their career development. Irefin, and Mohammed (2014) examined the effect of employee commitment on organizational

performance with special interest in Coca Cola Nigeria Limited. Much of the interest in analyzing employee commitment stems from concern for the behavioural consequences that are hypothesized to result from it. The result shows that: the level of employee commitment of the Staff of Coca Cola Company Plc is very high; there is a fairly high relationship between employee commitment and organizational performance; there is also a very high relationship between employee commitment and employees' turnover.

Similarly, Brenyah (2019) examined Organizational Support for Career Development and Its Influence on Employee Commitment in the Ghana Police Service. Hypotheses formulated were tested through linear and hierarchical regression analytic procedures using Statistical Package for social sciences (SPSS). Findings suggested that Organizational support for career development had significant impact on affective and normative commitment. Again, personnel perceived low organizational support for career development. Personal characteristics such as age, gender and level of education also had moderate effects on organizational support for career development and Organizational commitment.

Gachunga and Wamoto (2012) revealed that the activity of developing a career in a certain company will have the influence on employee performance. Guidance and direction from superiors, monitoring and coaching for career development will provide employees with the clarity of direction and lane of career and will meet their expectation and aspiration which will become an effective means of motivating them to show their best performance. Insurance firms require highly skilled, knowledgeable, motivated and experienced employees at all time (Kundu & Lata 2017).

The result of the research by Dewi and Utama (2016) supports the statement which states that career development has positive and significant influence on performance. It means that, good career development system will increase employee performance. Patrick and Kumar (2011) also point out that career development will influence organizational performance which will eventually have an effect on the effectiveness of the organization itself. Kundu and Lata (2017) affirm that career development improves employees' satisfaction. When the satisfaction needs of an employee are met, the dissatisfaction levels reduce which works to reduce bad performance. Satisfaction implies the employee is comfortable with the working conditions and hence concentrates on their work assignments resulting in high performance and productivity, while the reverse is true for dissatisfaction (Chien, 2013).

2.4 Theoretical Review

This study is grounded on the following theories: Resource Based View (RBV) theory, Dynamic Capability theory (DCT) and The Social Cognitive Theory (SCT) as elaborated below:

2.4.1 Resource Based View (RBV) theory

The term 'Resource – based view' was coined by Wernerfelt (1984); Barney, (1991); who viewed the firm as a bundle of assets or resources which are tied semi – permanently to the firm. The Theory of Resources and Capacities also known as the Resource-Based View (RBV) postulates that resources owned by an organization are critical for a firm to sustain competitive advantage and superior performance. This theory draws attention to the firm's internal environment as a driver for competitive advantage and emphasizes the resources that firms have developed to compete in the environment.

The Resource-Based View Theory (RBV) has been proposed as an alternative to the Porter's Five Forces Model and focuses on the internal resources of an organization as the primary source of competitive advantage (Barney, 1991). According to this theory, an organization's resources and capabilities can be used to create and sustain competitive advantage (Wernerfelt, 1984). It suggests that a firm must develop and leverage its resources and capabilities to gain a competitive edge over its rivals. The theory argues that the resources must be valuable, rare, inimitable, and non-substitutable (Barney, 1991). For example, a firm's organizational culture, human capital, and technological know-how can be used to create a competitive advantage by developing products and services that are difficult to imitate or substitute.

The proponents of the Resource-Based View Theory believe that sustainable competitive advantage is achievable through the effective management and development of resources (Barney, 1991). They suggest that firms should focus on the development and utilization of their resources as a means of gaining competitive advantage (Wernerfelt, 1984). It is argued that if resources are properly managed, firms can create and maintain competitive advantages that are difficult to replicate by rival firms (Barney, 1991). Additionally, the proponents of the RBV theory contend that the development of resources is more important than external factors, such as industry structure, in determining competitive advantage (Wernerfelt, 1984).

Overall, the Resource-Based View Theory has been proposed as an alternative to the Porter's Five Forces Model. Proponents of the theory argue that sustainable competitive advantage can be achieved through the effective management and development of resources, which can create products and services that are difficult to imitate or substitute. In this case, dynamic capabilities are the strategic routine of the firm that

help to alter or change the resource base of the firm when needed; the aim is to design such value creating strategies that enhance the performance of the firm.

This suggests that the role of the dynamic capabilities is to act as a buffer mainly between the two factors that are the firm's resources and the shifting or responsive business environment by assisting the firm in terms of the adjustment of the resource base so to create and sustain the competitive advantage. So, the resource-based view on one hand focuses on the choice of the resources, the dynamic capabilities view on the other hand emphasize on the development of the resources as well as its renewal.

From the perspective of this study, insurance firms can utilize its dynamic capabilities to exploit its resources as well as integrates or combines its resources by its organizational routines for the purpose of achieving its target. This involves organizational procedures by which firms obtain and incorporate learning assets or knowledge resources which result in the creation of new applications by combining of all those resources for the purpose of improving firm performance.

2.4.2 Dynamic Capability Theory (DCT)

Dynamic Capability Theory (DCT) was coined by Pisano and Teece (1994). The theory opined that firm level differences in capabilities are rooted on their assets positions that include a company's future position to modify its operating condition and diversifying the current products or service. The firm's dynamic capabilities are resources that includes both internal and external; resources that makes it possible for a company to integrate, learn and reconfigure assets and process to achieve improved performance. DCT can address the shortcomings of the previous theory by ensuring a rapid, flexible innovation and timely responsive capabilities to coordinate properly and redeployment of external and internal competencies.

According to this theory, the important role of capabilities in reconfiguring resources that a firm has at present is to manage the highly changing business environment. Dynamic capabilities are considered as transformer for changing firm's resources to attain better organizational performance and gain competitive advantage. Amit and Shoemaker (1993) while appreciating the step of re-assembling a firm's internal and external resources in a rapidly varying industry environment, they also highlighted the need to come up with a more cost effective process that supersedes that of the competitors in order to aid resource reconfiguration and transformation. Thus, for timely responses during resource transformation and reviewing market and technology trends, dynamic capabilities is regarded a very important aspect to aid the improvement of the performance and maintenance of competitive edge.

2.4.3 The Social Cognitive Theory (SCT)

The Social Cognitive Theory (SCT) (Bandura, 1986) is a psychological theory that emphasizes the importance of observational learning, thought processes, and self-regulation in understanding and influencing human behavior. It emphasizes the role of external factors such as the environment, past experiences, and modeling in the development of behavior, but also emphasizes the role of cognitions in influencing behavior. SCT suggests that people can learn through observing the behavior of others in an environment, thus shaping individuals' career paths and development. Additionally, SCT recognizes the importance of self-regulation and self-efficacy in determining whether a person is likely to engage in a particular behavior. This theory posits that people learn by observing others and by engaging in direct experiences with the environment.

Social Cognitive Theory (SCT) explains how a person's behavior is influenced by environmental and personal factors. SCT would inform a study on career development by emphasizing the importance of internal and external factors in shaping the career choices and trajectories of individuals. For example, the theory suggests that a person's goals, beliefs, and expectations about themselves and the world can influence their career decisions. Additionally, SCT highlights the importance of social influences, such as family, peers, and mentors, in helping to shape an individual's career trajectory (Bandura, 1997). As such, a study informed by SCT would likely take into account the impact of internal and external factors on career development.

SCT emphasizes the role of cognitive, environmental, and behavioral factors in the development of an individual's career and dynamic capabilities. According to SCT, beliefs, attitudes, and expectations, both conscious and unconscious, play a key role in an individual's career development. Furthermore, SCT suggests that an individual's career choices are affected by a combination of their personal qualities (e.g., ambition, creativity, and problem-solving skills) and external cues from the environment (e.g., social norms, economic opportunities, and cultural expectations).

Additionally, SCT emphasizes the importance of self-regulation and self-efficacy in career development, asserting that individuals need to be actively engaged in the process of adapting to changes in the environment. In terms of dynamic capabilities, SCT suggests that the 'ability to acquire, integrate, and reconfigure resources and competencies' is essential for developing and sustaining competitive advantage. Thus, SCT suggests that organizations should focus on developing the cognitive and behavioral competencies of their employees in order to enhance their dynamic capabilities.

2.4.4 Service Quality model

The Service Quality Model or SERVQUAL Model of Service Quality was developed and implemented by the American marketing gurus Zeithaml, Parasuraman and Leonard Berry in 1988. It is a method to capture and measure the service quality experienced by customers. The Service Quality Model is a framework that identifies five dimensions of service quality: reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman, Zeithaml, & Berry, 1988). These five dimensions are then further divided into 22 components that measure the customer's perception of the service quality. The model has become popular among service providers as it helps them to identify and address customer needs in order to improve service quality.

This model is based on the idea that customers compare the quality of service they receive to the expectations they have for service. The poorer the service quality perceived by the customer, the greater the dissatisfaction. The five dimensions of service quality address the customer's perceptions of the service encounter from different perspectives. Reliability refers to the dependability of the service, responsiveness refers to the speed and accuracy of the service, assurance refers to the knowledge and courtesy of the service provider, empathy refers to the caring and individualized attention provided by the service provider, and tangibles refer to the physical appearance of the service provider, equipment, and environment.

Thus, Service Quality Model informs a study on the influence of quality service capabilities on firm performance. According to Parasuraman *et al.* (1985), service quality is a function of the perceived gap between consumers' expectations of service and their perceptions of service delivery. Therefore, the study could measure and compare the service quality provided by the firms in question and how this relates to

their performance. Similarly, Service Quality Model is an effective tool to examine the relationship between quality service capabilities and firm performance (Zeithaml, Parasuraman, & Malhotra, 2005). Specifically, the model helps to identify the gap between customers' expectations and perceptions of service quality, and to recognize the importance of customers' overall satisfaction with service quality to firm performance. By measuring the gap between customer expectations and perceptions of service quality, the model can be used to identify areas for improvement, thereby increasing firm performance.

2.5 Empirical Review on Dynamic capabilities and Firm performance

Dynamic capabilities are of considerable theoretical and practical importance. In a seminal paper, Teece, Pisano, and Shuen (1997) defined dynamic capabilities as the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. From a practical perspective, over the last three decades, the rapid rate of technology change, the shortened product life cycles, the process of globalization, and the blurring industry boundaries make the business environments increasingly dynamic. Company executives need dynamic capabilities to address the dynamic environments. From a theoretical perspective, dynamic capabilities have been one of the most significant and challenging questions within the strategy domain, and might well be viewed as the 'Holy Grail' of strategic management (Helfat & Peteraf, 2009).

Many scholars have looked at the effect of dynamic capabilities on firm performance, for instance, Protogerou, Caloghirou and Lioukas (2011) investigated the effect of dynamic capabilities on firm performance. The study particularly addressed the question of whether dynamic capabilities affected performance directly or indirectly.

Data was collected from a sample of 271 firms drawn from a population of 1400 Greek firms belonging to various manufacturing industries, such as food and beverage industries, printing and publishing, chemical industries, industrial machinery and equipment. Structural equation modeling was employed to explore the relationships between dynamic capabilities, functional competences and firm performance. The findings showed positive relationship between dynamic capabilities and performance.

A similar study conducted by Ahsan, Naveed & Sajid (2019) sought to understand the role of dynamic capabilities in dealing with market uncertainties in Pakistan. Data was collected from 516 participants drawn from small and medium enterprises using a self-administered questionnaire and analyzed using multiple regression techniques. The results of the analysis showed that organizational performance can significantly increase if a firm develops dynamic capabilities. A cross-sectional survey by Iqra and Ahmed (2019) sought to investigate the contribution of tangible and intangible resources and capabilities on performance. Primary Data was collected from 202 Pakistani business firms using a close-ended questionnaire. Data were analyzed using confirmatory Factor analysis and structural equation modeling. The results showed significant evidence that dynamic capabilities predict firm performance.

An empirical survey was conducted by Dubey and Ali (2011) to understand how functional competence affects firm Performance. Functional competence was operationalized in terms of manufacturing competence. Financial and non-financial metrics were used to measure Firm Performance. The study used data collected from 450 manufacturing firms listed by the Confederation of Indian Industries using a mail survey. The data was analyzed using simple regression analysis. The study found that functional competence has no significant impact on firm Performance. One limitation of the study was that it ignored the effect of important competence such as finance and

planning. These results contradicted previous studies which had found that functional competence positively affects firm Performance. One limitation of this study was that it used perceptual rather than objective measures of performance.

A Study by Agha, Alrubaiee and Jamhour (2012) investigated the relationship between Firm Competence and firm Performance. Core competence was operationalized in terms of shared vision, cooperation, and employee empowerment. Performance was operationalized in terms of competitive advantage measured tern's flexibility and responsiveness. Primary data was collected though an electronic survey administered on 77 managers of firms in the UAE paint industry. The study found that Firm Competence positively affects firm performance. The study concluded that to remain competitive, managers should increase firm performance by creating core competences.

Massoud (2013) investigated the impact of functional competence on firm performance. The survey used data collected from 62 managers of 17 companies manufacturing pharmaceuticals in Jordan using structured questionnaires. The study applied descriptive statistics, simple regression, and multiple regression procedures to test the hypothesis. The findings showed that functional competence has a significant effect on firm performance. The results also showed that production competence, and marketing competence have an impact on performance. Further results showed that IT system and human resource competencies do not have any effect on firm performance. One limitation of the study was that it ignored moderating variables such as management style and company size.

A study by Rehman and Saeed (2015) investigated the effect of Dynamic Capabilities on firm Performance and the moderating effect of firm competencies on the correlation between Dynamic Capabilities and performance. Firm Competence was

operationalized in terms of marketing capabilities and technical competences. The study categorized Dynamic Capabilities in terms of sensing capabilities, coordinating capabilities, learning capabilities, and integrating capabilities. Financial and non-financial measures were used to measure performance. Primary data was collected through questionnaires administered on 104 professionals working in the Pakistani paper sector. The findings of the study suggested that firm competencies have a moderating effect on the relationship between Dynamic Capabilities and firm performance. The finding also suggested that Dynamic Capabilities have no significant effect on Performance.

An empirical study conducted by Shin, Kim and Jeong (2018) surveyed firms in biopharmaceutical industry in United State of America and revealed that performance is positively affected by transformation capacity. However, Kale, *et al.* (2018) found out that transformation capacity has no statistically significant effect on firm performance. These inconclusive findings raise implications on the need for similar research in varied contexts so as to establish an objective position regarding the empirical link between transformation capacity and firm performance.

Welo and Ringen (2018) investigated knowledge transformation capabilities in integrated manufacturing and product development companies in Norway. It was noted that firms regularly create, capture, synthesize and store knowledge with the overall purpose of using it for problem-solving and developing new products. The survey concluded that there is a statistically significant capability maturity gap within product development operations involving knowledge transformation and retrieval.

2.5.1 Innovation capabilities and firm performance

Innovation capabilities refer to an organization's ability to develop and implement new products, services, or processes that improve the organization's competitive advantage (Chen, 2015). Innovation capabilities are the result of a combination of resources, processes, and organizational culture that enable an organization to identify, develop, and implement successful innovations (Lambert, 2014). Achieving and utilizing innovation capabilities is a key factor in business success, as it allows organizations to stay ahead of the competition and remain competitive in a rapidly changing business environment (Reid, 2013).

According to Menon, Chandy and Tellis (2016), studies have shown that innovation capabilities are a strong predictor of firm performance. They note that firms that have higher capabilities in innovation are more likely to have superior financial performance, as well as higher market share, higher customer loyalty, and higher productivity. Similarly, studies by Govindarajan and Trimble (2015) have shown that firms with superior innovation capabilities are more likely to create higher value for customers and improve their competitive advantage in the market.

Additionally, research by Teece (2017) found that firms with strong innovation capabilities are more likely to develop new products and services, resulting in greater revenue growth and profitability. Overall, the evidence suggests that innovation capabilities have a positive effect on firm performance. Firms with superior innovation capabilities are more likely to have higher financial performance, higher market share, higher customer loyalty, and higher productivity. Additionally, they are more likely to create higher value for customers and enhance their competitive advantage in the market.

2.5.2 Quality service capabilities and firm performance

Quality service capabilities refer to a set of services that can be offered by an organization or individual to ensure customer satisfaction. These services may include customer service, product quality, technical support, and customer experience (Jones 2021). Quality service capabilities can be used to differentiate an organization from competitors, as they create an environment of efficiency and reliability that customers can trust. According to Doane (2020), quality service capabilities are important for organizations to have in order to provide a high level of customer service and satisfaction.

Quality service capabilities ensure that customers have access to the best possible service and product quality, which can lead to increased customer loyalty and retention.” On the other hand, according to Jones (2021), quality service capabilities are essential for organizations to remain competitive and successful in their industry. Quality service capabilities allow organizations to provide customers with a seamless customer experience, ensuring that customers are satisfied with their purchase and continue to return in the future.

A recent empirical study by Dabiri *et al.* (2020) investigated the impact of quality service capabilities on firm performance. The authors used a survey of more than 100 large and medium-sized enterprises in the technology sector to analyze the relationship between the firm's service quality capabilities and their performance. The results of the research showed that quality service capabilities had a significant positive impact on firm performance, with firms that adopted a higher level of service quality capabilities tending to have higher levels of performance than those that did not. The authors concluded that quality service capabilities are an important factor in improving firm

performance and should be given due attention in the development of strategies for firms in the technology sector.

2.5.3 Technical knowledge capability and firm performance

Technical knowledge capability is the ability to understand and use a specific area of technical knowledge (Gardner, 2020). This knowledge and skill set can be acquired through formal education, on-the-job training, or self-learning, and can be applied to any number of fields, such as engineering, science, finance, and information technology (Fahim 2019). Technical knowledge capabilities are essential for many industries and organizations, as they help employees to understand and use complex processes and systems more effectively (Carr, 2020). Such capabilities allow for increased efficiency, improved customer service, and better overall organizational performance.

Technical knowledge capability, in the context of Information Technology, is the ability to successfully use and understand technology-related concepts, processes, and tools (Gardner, 2020). This includes understanding how to troubleshoot, configure, and deploy hardware and software, as well as the ability to use programming languages, databases, and other technologies. Technical knowledge capability is an essential skill for IT professionals and can be developed through formal education, certifications, and hands-on experience.

Recent studies have found that technical knowledge capabilities have a significant positive effect on firm performance (Bai & Luo, 2018; Wang, Tan, & Zhang, 2016). Bai and Luo (2018) conducted a study of firms in China and found that firms with higher levels of technical knowledge capability were more likely to achieve higher levels of performance. Specifically, the study found that firms with higher technical knowledge capabilities had higher sales revenues, profits, and market shares.

Wang, Tan, and Zhang (2016) conducted a similar study in the United States and found similar results. They found that firms with higher levels of technical knowledge capability were more likely to enter more markets, employ more employees, and experience higher growth in sales and profits. Furthermore, their study found that firms with higher levels of technical knowledge capability were more likely to engage in more innovative activities.

Overall, the evidence suggests that technical knowledge capability is an important factor in determining firm performance. Firms with higher levels of technical knowledge capability are more likely to experience higher levels of performance in terms of sales, profits, and market share. Additionally, they are more likely to engage in more innovative activities. Therefore, firms should strive to develop and maintain a high level of technical knowledge capability in order to maximize their performance.

2.5.4 Learning culture capability and firm performance

Learning culture capability is an organizational improvement strategy that focuses on developing the skills, knowledge, and values of organizations to enable them to better pursue their goals (Bolman & Deal, 2017). This type of culture capability is determined by an organization's values, expectations, and shared beliefs, which are then translated into its practices, processes, and behaviors (Tannenbaum & Halpin, 2018). It is a key element of organizational culture, as it provides a way for an organization to achieve its goals in a sustainable manner.

Learning culture capability requires organizations to identify and develop the skills, knowledge, and values that are necessary to achieve their goals, while also fostering a culture of continuous learning (Bolman & Deal, 2017). Additionally, it emphasizes the

importance of communication, collaboration, and the development of relationships between employees and management (Tannenbaum & Halpin, 2018).

The effect of learning culture capability on firm performance has been widely studied. One empirical study (Jiang, Krogstie, & Zhang, 2018) examined the impact of learning capabilities on the performance of a multinational company. The study found that learning capabilities had a positive effect on the company's performance, with the most significant effect occurring when the capabilities were incorporated into the company's culture. Specifically, the study found that the integration of learning capabilities into the culture of the organization improved the productivity of employees, increased customer satisfaction, and improved the financial performance of the company.

Another empirical study (Hsu, Lin, & Wang, 2018) examined the impact of learning capabilities on the performance of a small business. The study found that learning capabilities had a positive effect on the firm's performance, with the strongest effect occurring when the capabilities were embedded in the business's culture. Specifically, the study found that the integration of learning capabilities into the culture of the organization improved the business's efficiency, customer satisfaction, and financial performance. Overall, the evidence suggests that learning capabilities can have a positive impact on firm performance, particularly when they are incorporated into the culture of the organization.

2.5.5 Career development and firm performance

Career development is the lifelong process of managing learning, work, leisure, and transitions in order to progress and achieve personal goals (Savickas, 2015). It is a process of self-reflection and exploration to identify interests, skills, values, and passions. Career development involves making informed decisions about one's future

job and educational experiences, as well as developing the necessary skills to be successful in these experiences (Rothwell, 2015).

According to the Office of Personnel Management (2018), career development is "the lifelong series of activities and experiences that contribute to an individual's professional and personal growth and development". Career development is a process of continuous learning, reflection and planning that enables individuals to make informed career decisions and create a rewarding career path. Career development activities can include self-assessment, exploring career options, setting career goals, identifying transferable skills, researching job opportunities, developing a resume and cover letter, networking, and interviewing.

One empirical study, conducted by Cai and Chiu (2013), found that career development had a significant positive effect on firm performance. Specifically, they found that career development activities, such as providing job training, promoting employee autonomy, and providing career guidance, not only increased employee satisfaction and commitment but also improved firm performance. The authors concluded that these activities could help firms to improve their competitive advantage and overall performance. Additionally, a study by Wang and Bai (2014) also showed that career development had a positive effect on firm performance. In their study, they found that career development activities, such as job rotation and career goal setting, could help to enhance employee motivation and job satisfaction, which, in turn, improved firm performance.

The authors concluded that career development activities could serve as an effective strategy for firms to improve their competitive position and overall performance. Overall, these two studies suggest that career development activities can have a positive

effect on firm performance. Cai and Chiu (2013) and Wang and Bai (2014) both showed that providing job training, promoting employee autonomy, career goal setting, and job rotation could help to improve firm performance by increasing employee satisfaction and motivation. Thus, these findings provide evidence that career development activities can be a useful strategy for firms to improve their performance.

2.6 Literature Gaps

Various studies have been done by different researchers with mixed results on the dynamic capabilities and firm performance relationship. To highlight few findings, Protogerou, Caloghirou and Lioukas (2011) investigated the effect of dynamic capabilities on firm performance in Greek firms and found that that production competence, and marketing competence have an impact on performance which is inconsistent with findings of Ahsan, Naveed and Sajid (2019) in Pakistan, which established that organizational performance can significantly increase if a firm develops dynamic capabilities. Similarly, Iqra and Ahmed (2019) results showed significant evidence that dynamic capabilities predict firm performance. However, in contrary, Rehman and Saeed (2015) found that Dynamic Capabilities have no significant effect on firm performance.

Generally, there was sufficient empirical evidence to show a strong link between dynamic capabilities and firm performance from the reviewed literature. However, there was no consensus among authors on which of the dynamic capabilities influences firm performance the most but there was general agreement that firms that have adopted dynamic capabilities experience better performance than the firms which have not. More so, the literature showed that career development has significant impact on organizational performance. However, there no single publication that have looked at

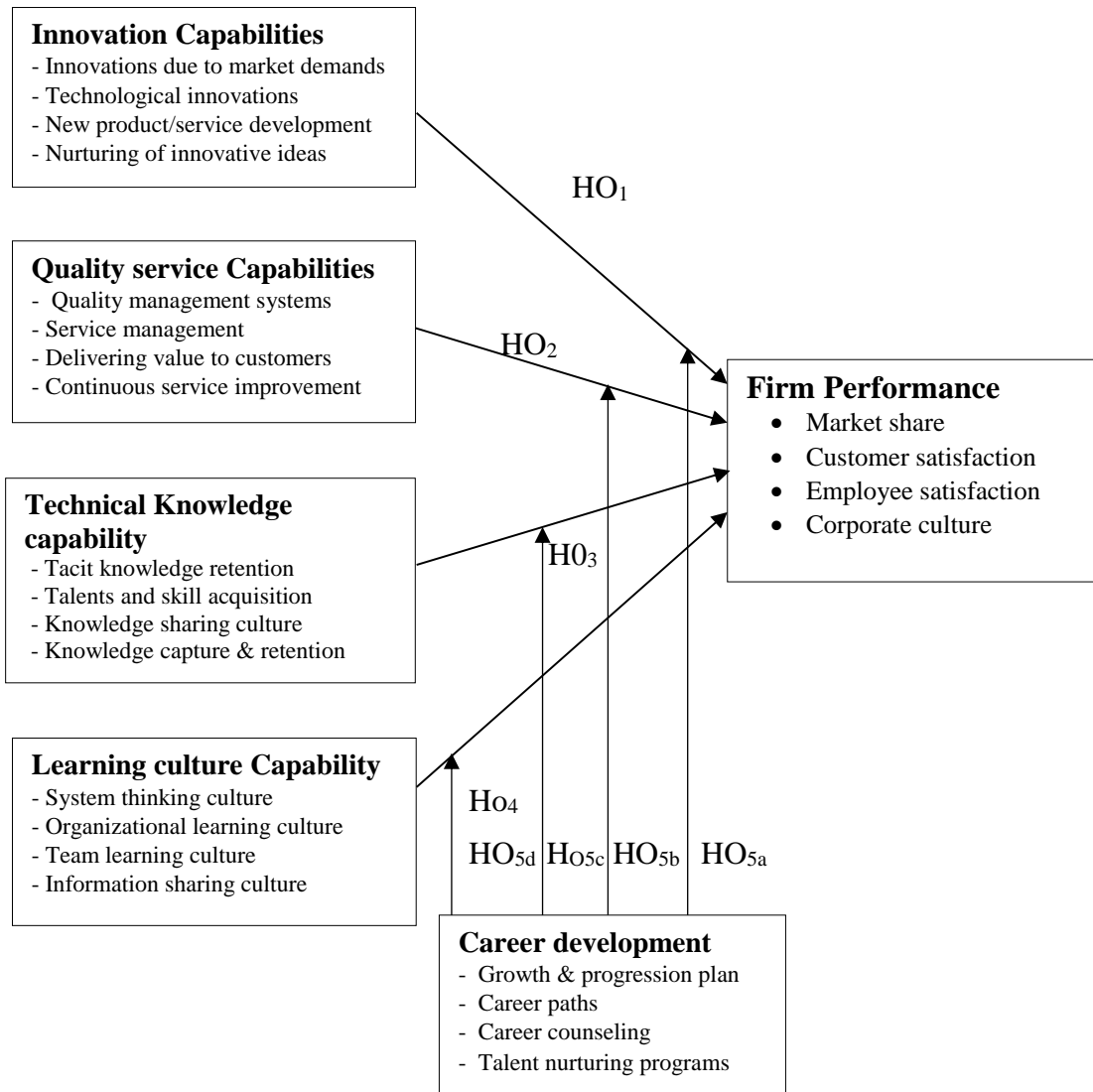
the relationship between career development and dynamic capabilities and the implication on firm performance in the insurance industry, which this study tries to explore.

2.7 Conceptual Framework

A conceptual framework is an exclusive description of the phenomenon under scrutiny preceded by visual and graphical depiction of the major study variables (Mugenda & Mugenda 2003). The figure below illustrates how the study variables in this study connect with each other.

Independent variables

Dependent variable



Moderating variable

Figure 2.1- Conceptual Framework

Source: (Researcher, 2023)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains how the research was conducted, the research design techniques used, the population of the study and the sampling frame. The chapter also highlights the data collection procedures, sampling technique as well as data analysis techniques that were used in the study.

3.2 Research Design

According to Kothari (2004) research design is a plan for collecting and utilizing data so that the desired information can be obtained with sufficient precision or so that the hypothesis can be tested properly. This study adopted explanatory research design. This design was more appropriate as it enabled respondents to give their relevant information on the issues of interest to the study. Usually, this research design is used to explain phenomena and relationships between two or more variables, and to identify the cause of a phenomenon and the reasons why something this has occurred (Cooper & Schindler, 2011).

3.3 Target Population

Target population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated (Mugenda & Mugenda 2003). Population refers to the total collection of all the elements about which the researcher wishes to make inference (Cooper & Schindler, 2011). The target population of this study therefore, was managers of 55 insurance firms operating in Nairobi, Kenya. According to IRA as the end of the year 2022, there were 55 insurance firms operating in Nairobi, 15 of which are underwrite life insurance, 28 underwrite general business

and 12 composite insurance companies. The study targeted 165 top managers, specifically Chief Executive Officers (CEOs), Chief Strategy Officers (CSOs) and Chief Operating Officers (COOs) for large insurance companies and CEOs, Directors and managers for medium and small insurance companies. This is so since they play a significant role in ensuring competitive advantage has been built by the companies and they are majorly involved in the daily running of the insurance companies as shown in table 3.1 below.

Table 3.1 – Target Population

S/no.	Category of Insurance Companies	No. of Insurance firms	Top managers (CEOs, CSOs, COOs)	Population
1.	Underwrite life insurance	15	3	45
2.	Underwrite general business	28	3	84
3.	Composite insurance firms	12	3	36
	Total	55		165

Source: (IRA, 2022)

3.4 Sampling Technique and Sample Size

Sampling is the procedure of selecting a part of the population on which research is to be conducted, which ensures that conclusions from the study can be generalized to the entire population (Oso & Onen, 2005). In this study purposive sampling techniques was employed to sample the three categories of top managers from each insurance company. This sampling technique was suitable for this study, since it ensured that the most relevant people are included in the sample, which is more effective in providing accurate and appropriate data than a random sample. Since the population involved is not so large, then census was the best preferred method as it gives more accurate results

(Mugenda & Mugenda, 2009). Thus, sample size was all 165 top managers and which were sampled purposively.

3.5 Data Collection Methods

This study collected primary data using questionnaire. This enabled the researcher to analyze the concepts and make conclusion based on the objectives of the study.

3.5.1 Data collection Instruments

The researcher collected data by use of questionnaire with closed ended questions. Through the structured questionnaire the researcher was able to contact large numbers of people quickly, easily and efficiently using hand delivery or online questionnaire. Questionnaires are relatively quick and easy to prepare code and interpret, especially in the case of closed questions (Cooper & Schindler, 2011). The questionnaire was pre-tested for validity and reliability before distribution to respondents.

3.5.2 Data collection procedure

Data collection was achieved through a drop and pick method. The researcher engaged the help of a research assistant who made physical distribution of questionnaires to respondents and follow up completion of the same questionnaires and to ensure they are completed and returned back.

3.6 Pilot Study

A pilot study was carried out before actual data collection. The fundamental purpose of conducting a pilot study was to examine the feasibility of an approach that is intended to ultimately be used in a larger scale study. The researcher piloted the instrument with 10% of the sample, i.e. seventeen (17) managers of Insurance companies operating in Machakos town, using convenience sampling. This was to ensure that the sample

involved in the pilot was not part of the sample in the actual study. The purpose of this pilot study was to enable the researcher to improve on the validity and reliability of the data collecting instruments and to familiarize with their administration. According to Kasomo (2006), pre-testing provides a check on the feasibility of the proposed procedure for coding data and shows up flaws and ambiguities in the instruments of data collection.

3.6.1 Reliability

According to Nachimias (1996), reliability refers to consistency of a measuring instrument that is the extent to which a measuring instrument contains variable error. In this case, internal consistency reliability which involved assessing the degree of correlation between different items on the instrument was adopted. Cronbach's alpha was used to test the level of reliability of the instrument. From the findings, the Cronbach's alpha coefficients were all above 0.7 confirming validity of the instruments.

Table 3.2 - Test of Reliability of Questionnaire

Factor	N	Cronbach Alpha	Conclusion
Innovation capability	17	0.745	Reliable
Quality service capability	17	0.983	Reliable
Technological knowledge capability	17	0.901	Reliable
Learning culture capability	17	0.812	Reliable
Firm Performance	17	0.857	Reliable

Source: (Pilot data, 2023)

3.6.2 Validity

According to Serem *et. al.*, (2013) validity aims at ascertaining the extent at which the research instruments collect the necessary information. This gave suggestions for improvement on data collecting tools. Content validity was adopted in this study; this was to ensure that items in the data instruments reflected the content universe to which

the instrument was generalized. Consequently, valuable contribution from the researcher, supervisors and relevant academic staff was taken into consideration to determine the validity of research instruments. The researcher also modified the items in the questionnaire based on the suggestions put forward by the said experts.

3.7 Study Variables Measurement

The study variables were measured as follows:

Table 3.3 – Measurement of study variables

Objectives	Sources	Variables	Data instrument
To examine the effect of innovation capability on the performance of Insurance firms in Nairobi City	Arranz <i>et al.</i> (2020); Diop & Topping (2016); Arrend (2014); Agha <i>et al.</i> , (2012); Rheman & Seed (2015).	Innovation capability	Questionnaire with Likert scale
To determine the effect of quality service capability on the performance of Insurance firms in Nairobi City	Gicheru & Kariuki (2019); Arrend (2014); Li & Liu (2014); Wilden, Gudergan, Nielsen & Lings (2013).	Quality service capability	Questionnaire with Likert scale
To establish the effect technological knowledge capability on the performance of Insurance firms in Nairobi City.	Li & Liu (2014); Schilke (2014); Ayiero (2018); Helfat & Peteraf (2017); Gicheru & Kariuki (2019).	Technological knowledge capability	Questionnaire with Likert scale
To determine the effect of learning culture capability on the performance of Insurance firms in Nairobi City.	Zolfo & Winter (2013); Kitenge, Gabriel, Kilika & Muchemi (2020); Ambrosini & Bowman (2009); Teece (2017).	Learning culture capability	Questionnaire with Likert scale
To evaluate the moderating effect of career development on the relationship between dynamic capability and performance of Insurance firms in Nairobi City.	Abor & Biekpe (2013); Gachunga & Wamoto (2012); Patrick & Kumar (2011); Kundu & Lata (2017).	Career development	Questionnaire with Likert scale

Source: (Literature review, 2022)

3.8 Data Analysis

In this study, quantitative data analysis approaches were adopted due to the nature of the study. With the use of Statistical Package for Social Sciences (SPSS) version 21.0, analytical tool, data analysis was carried out by use of descriptive statistical approaches; which included measures of frequency and measures of central tendency/dispersion i.e. mean, median, and mode and standard deviations. Similarly, in order to determine the relationship between study variables, correlation and regression analysis was adopted. Correlation test helped to determine the relationship that existed between study variables while regression established the effect of independent variables on the dependent variable. Furthermore, hierarchical regression was adopted due to the availability of a number of predictors and use of complex interactions between predictors. By doing this, it helped to identify important predictors and understand how they are related to the outcome variable i.e. firm performance as elaborated in the model equation below.

3.8.1 Regression model

The model used is demonstrated below:

Direct effect model;

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + \varepsilon \dots\dots\dots (i)$$

Hierarchical regression model;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon_2 \dots\dots\dots (ii)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_{6a} X_1 * X_5 + \varepsilon_3 \dots\dots\dots (iii)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_{6a} X_1 * X_5 + \beta_{6b} X_2 * X_5 + \varepsilon_4 \dots\dots\dots (iv)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_{6a} X_1 * X_5 + \beta_{6b} X_2 * X_5 + \beta_{6c} X_3 * X_5 + \varepsilon_5 \dots\dots\dots (v)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_{6a} X_1 * X_5 + \beta_{6b} X_2 * X_5 + \beta_{6c} X_3 * X_5 + \beta_{6d} X_4 * X_5 + \varepsilon_5 \dots\dots\dots (vi)$$

Where:

Y = Firm performance

β_0 = Y interceptor the constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficients indicating the rate of change on performance

χ_1 = Innovation capabilities

χ_2 = Quality service capabilities

χ_3 = Technological knowledge capabilities

χ_4 = Learning culture capabilities

χ_5 = Career development

ε = error term

3.8.2 Conditions for moderation

There were three main conditions for moderation in this study was:

Theoretical Rationale: The study showed a strong theoretical basis for expecting career development to moderate the relationship between dynamic capabilities and organizational performance. Thus, there was a clear, well-grounded explanation for why and how career development is likely to influence this relationship. For example, it was hypothesized that well-developed careers empowers employees to better leverage dynamic capabilities for improved performance.

Data Variability: There was need for substantial variability in the levels of career development among the insurance firms in the sample. Without such variability, it would have been challenging to assess the moderating effect. Variability allowed the researcher to compare how the relationship between dynamic capabilities and firm performance differs across firms with varying degrees of career development practices.

Statistical Testing: Adequate statistical methods were employed to test for moderation. Both direct and hierarchical regression analysis was adopted, which revealed whether career development significantly influences the dynamic capabilities-organizational performance relationship. This analysis quantified the moderating effect, providing empirical evidence for the impact of career development on the relationship. These conditions ensured that the study not only has a sound theoretical basis for exploring moderation but also the necessary data and statistical tools to rigorously examine how career development affects the relationship between dynamic capabilities and organizational performance within the specific context of insurance firms in Nairobi, Kenya.

3.9 Regression Assumptions

Statistical assumptions are defined as the general assumptions about statistical populations. For a researcher to make accurate and valid conclusion about real statistical tests some appropriate background assumptions had be made. Test of assumptions helped in ensuring the validity of analysis and avoiding hypotheses errors. The diagnostic tests that were carried out included; Linearity, Normality and Multi-collinearity tests.

3.9.1 Linearity

This was checked by plotting residuals values and checking for the spread of residuals around a horizontal line. By examining a normal Predicted Probability (P-P) plot, the researcher determined whether the residuals are normally distributed. Usually when normally distributed, they conform to the diagonal normality line indicated in the plot.

3.9.2 Normality

This was checked by running Kolmogorov Smirnov test, and check resultant statistics (along with a degrees of freedom parameter) to determine for normality. When testing

for normality; Probabilities of 0.05 indicate that the data are normal and Probabilities < 0.05 indicate that the data are not normal.

3.9.3 Multicollinearity

This was tested by observing Tolerance and Variance Inflation Factor (VIF) values. When the value of tolerance is greater than 0.1 and the VIF value is below 10 at same time, then multi-collinearity does not exist among study variables.

3.9.4 Heteroscedasticity

This occurs when the results of the regression become unreliable. This was checked based on the scatter-plot output below; when spots appear diffused and do not form a clear specific pattern, it is concluded that the regression model does not have heteroscedasticity problem.

3.10 Ethical Considerations

This study observed all ethical considerations of practice and procedures that complied with issues regarding confidentiality, privacy and prior informed consent. More specifically, the researcher obtained introductory letter from Moi University, office of the Dean School of Business and Economics. Also, a research permit was obtained from National Council for Science and Technology (NACOSTI) to ensure all concerned authorities are informed about the intention of the study. Additionally, all the respondents were informed of the purpose of the study and assured of the highest level of confidentiality for any information provided. The researcher also gave due credit to authors from whom they source materials in order to avoid plagiarism. Prior consent was obtained from potential interviewees before the respondents were interviewed.

CHAPTER FOUR
DATA ANALYSIS, PRESENTATION, INTERPRETATION AND
DISCUSSION

4.1 Introduction

This chapter describes the actual findings as per the feedback from the respondents and which linked them to the objectives of the study. It encompasses the demographic information, descriptive and inferential statistics of the respondents' perceptions on the moderating effect of career development on the relationship between dynamic capabilities and organizational performance of Insurance firms in Nairobi, Kenya.

4.2 Response Rate

Questionnaires were used to seek perceptions of the managers of insurance firms in Nairobi City. The researcher distributed 165 questionnaires and 136 were received, 29 questionnaires were rejected due to improper incompleteness. Hence 136 questionnaires were accepted as correctly filled which represent a response rate of 82.4%. Patton (2017) suggest that an average response rate of 30% to 40% is reasonable, while recommends that a response rate of approximately 70% for most research should be the goal of researchers. Based on these assertions, this implies that the response rate for this study was adequate, thus to fulfill the main goal of the study as shown in table 4.1 below.

Table 4.1 – Response rate

S/no	Frequency	Percentage (%)	
1	Responded Questionnaires	136	82.4%
2	Non-responded Questionnaires	29	17.6%
Total		165	100.0%

Source: (Survey data, 2023)

4.3 Demographic Analysis

4.3.1 Gender

The respondents were asked to state their gender. As shown in Figure 4.1, of the total respondents, males were 82(60.3%) and females were 54(39.7%). The findings imply that insurance industry is dominated by male, however the marginal difference is minimal. The demographic findings revealed a higher percentage of male respondents in the study, suggesting a male-dominated industry. While a minimal gender gap is noted, it's essential to consider potential gender-related factors in examining the impact of career development on dynamic capabilities and organizational performance, as these may differ for men and women.

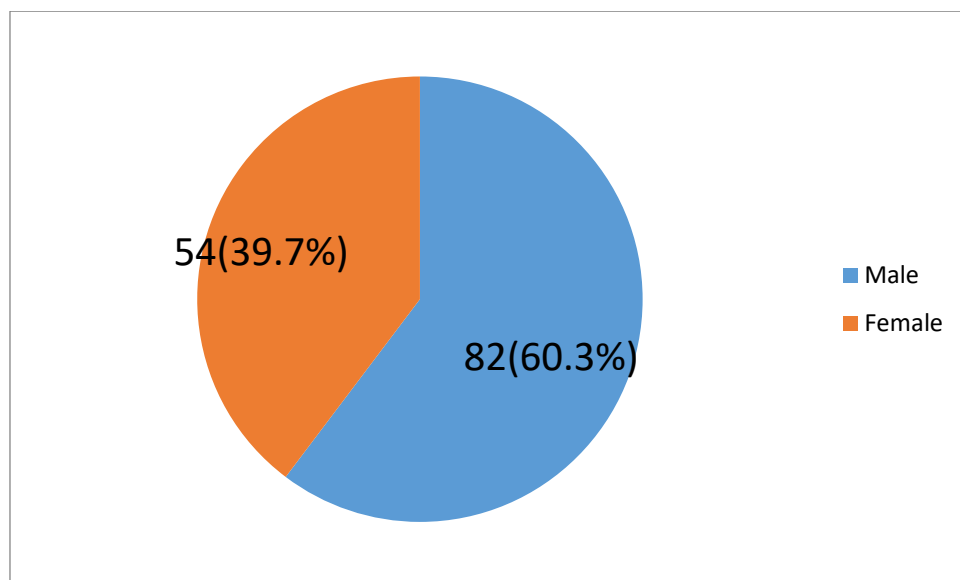


Figure 4.1 – Gender proportion

Source: (Survey data, 2023)

4.3.2 Education level

Additionally, respondents were asked to give their highest level of education. The results showed that majority of the respondents involved in this study has Bachelors degrees 77(56.6%), followed by those with Masters degree 49(36.0%), and 6(4.4%) had diplomas and finally 4(2.9%) had PhD degrees as shown in figure 4.2 below. These

findings highlighted a majority of respondents holding Bachelor's and Master's degrees suggesting a well-educated workforce. The educational diversity within the sample underscores the potential influence of various educational backgrounds on comprehending issues relating career development, dynamic capabilities, and organizational performance. This factor influences the study's outcomes and required consideration.

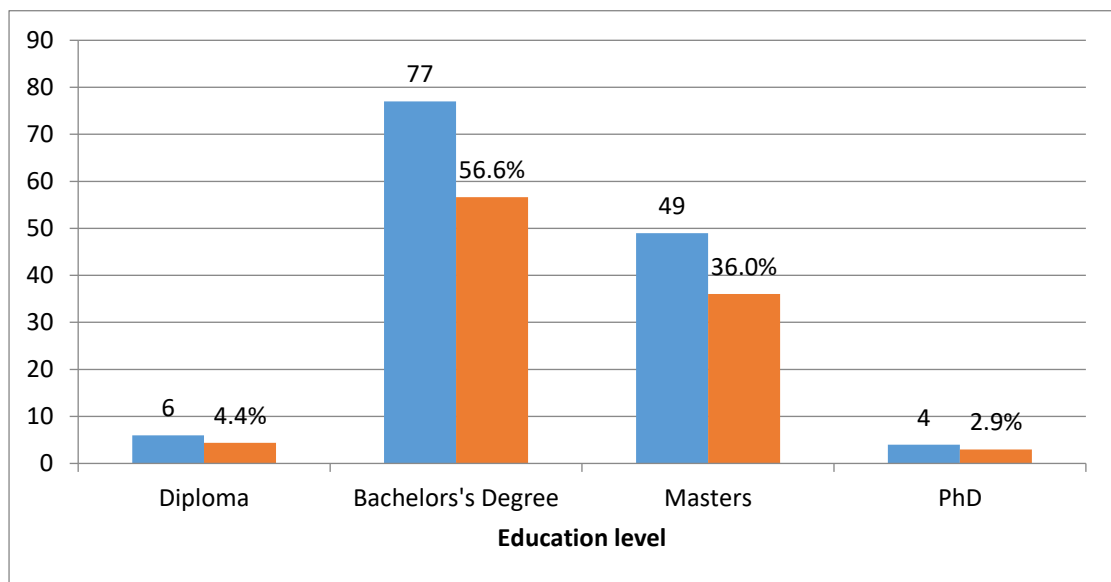


Figure 4.2 – Education level

Source: (Survey data, 2023)

4.3.3 Work experience

On work experience, the results shows that majority 497(36.0%) have worked for a period between 6-10 years, followed by those with experience of between 11-15 years, 40(29.4%), and 24(17.6%) have worked for a period between 15-20 years, while those with less than 5 years were 15(11.0%) and a few had experience of over 20 years 8(5.9%) as shown below. These findings revealed a distribution across various experience levels, with a significant number having worked for 6-10 years. This implied a mix of relatively experienced and less experienced individuals in the insurance

industry, which could influence their ability to leverage dynamic capabilities for organizational performance. The varying levels of experience should be considered when examining the moderating role of career development in this context.

Table 4.2 – Work experience of respondents

	Frequency	Percentage (%)
Less than 5 years	15	11.0
6-10 years	49	36.0
11-15 years	40	29.4
15-20 years	24	17.6
Above 20 years	8	5.9
Total	136	100.0

Source: (Survey data, 2023)

4.4 Statistical Assumptions

Statistical tests rely upon certain assumptions about the variables used in the analysis. Osborne and Waters (2014), opine that when these assumptions are not met the results may not be valid. They further argue that this may result in a type I or type II error, or over or under-estimation of significance or effect size(s). It is therefore important to pretest for these assumptions for validity of their results. Osborne, Christensen, and Gunter (2001) observed that few articles report having tested assumptions of the statistical tests they rely on for drawing their conclusions.

According to Osborne and Waters (2014), not pretesting for these assumptions has led to a situation where there is rich literature in education and social science, but questions into the validity of many of these results, conclusions, and assertions still exist. Testing for assumptions is beneficial as it ensures that an analysis meets the associated assumptions and helps avoid type I and II errors (Osborne and Waters, 2014). Thus, prior to data analysis, assumptions for linear regression were checked by carrying out linearity test, normality, multi-collinearity, and Homoscedasticity tests.

4.4.1 Linearity test

Linearity test is used to determine whether a given relationship between variables is linear or non-linear. In this study, linearity test helped to assess the validity of the linear relationship in performing regression analysis. Usually, if the correlation coefficient is close to 1, then there is a linear relationship between the variables. In this case, all variables showed coefficients greater than 0.5, showing that there is linear relationship between variables as shown in table 4.3 below.

Table 4.3 - Linearity test

Variables	Pearson Correlation value
Innovation capability	0.679
Quality service capability	0.885
Technical knowledge capability	0.715
Learning culture capability	0.820
Career development	0.718

Source: (Survey data, 2023)

4.4.2 Normality test

A normality test, also known as a goodness-of-fit test or a test of normal distribution, is a statistical test used to determine whether a given set of data follows a normal distribution. According to Razali and Wah (2011) Shapiro-Wilk is the most powerful normality test and this study adopted it. The findings of the tests are presented in Table 4.4. Usually, Shapiro-Wilk test of less than 0.05 implies that there is significant deviation of data from a normal distribution.

The normality results showed that innovation capability had p value $.123 > 0.05$ hence the data is normally distributed. It was also established that the p value for quality service capability was $.082 > 0.05$, technical knowledge capability had p value of $.061 > 0.05$ and leaning culture capability had p value of $.520 > 0.05$. Lastly, career

development had p value $.133 > 0.05$. The results of the normality test revealed that the data was normally distributed and hence further analysis was conducted.

Table 4.4 - Normality test

	Shapiro-Wilk		
	Statistic	df	Sig.
Innovation capabilities	0.972	136	0.123
Quality service capability	0.976	136	0.082
Technical knowledge capability	0.935	136	0.061
Learning culture capability	0.939	136	0.520
Career development	0.875	136	0.133

Source: (Survey data, 2023)

4.4.3 Multicollinearity test

Multicollinearity refers to a situation in which two or more predictor variables in a regression model are highly correlated with each other. Multicollinearity increases the standard errors of the coefficients and thus makes some variables statistically not significant while they should otherwise be significant (Osborne and Waters, 2014). In this study, multicollinearity was tested and both Tolerance and Variance Inflation Factors (VIF) observed.

Tolerance values indicate how much of the variation in a predictor is explained by other variables in the model. Values closer to zero indicate high multi-collinearity in the model, while values closer to one indicate low multi-collinearity. VIF values indicate the magnitude of the multicollinearity and VIF values of above 10 indicate that there is a serious multi-collinearity problem in the model. In this case, there is no multi-collinearity as shown in table 4.5 below.

Table 4.5 - Multicollinearity test

	Collinearity Statistics	
	Tolerance	VIF
Innovation Capability	0.69	1.45
Quality service capability	0.54	1.84
Technical knowledge capability	0.54	1.87
Learning culture capability	0.49	2.06
Career development	0.55	1.81

Source: (Survey data, 2023)

4.4.4 Homoscedasticity test

Homoscedasticity refers to the assumption of equal variance in the errors or residuals of a regression model across all levels of the predictor variables. Violation of this assumption leads to heteroscedasticity, where the variance of the residuals is not constant across the range of the independent variable, and can lead to biased and inconsistent estimators of the regression coefficients. This phenomenon is known as heteroscedastic dispersion. By looking for patterns in the spread of residuals, it is evident that there is random, constant spread of residuals indicates homoscedasticity. This imply that the variance of the residuals is roughly constant across different levels of the independent variable(s), which is a preferred assumptions underlying many regression models, including linear regression.

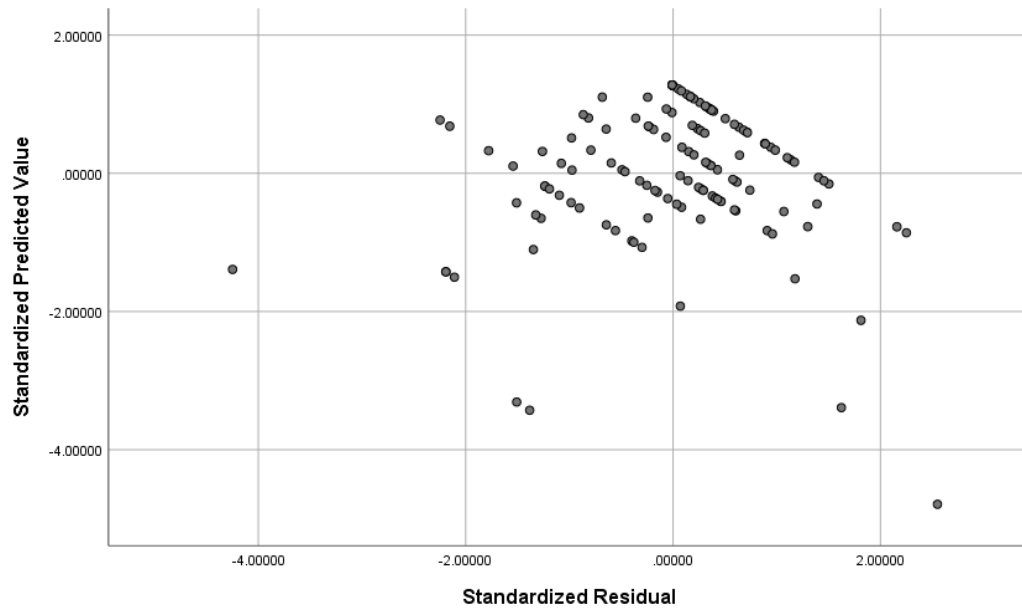


Figure 4.3 – Homoscedasticity test

Source: (Survey data, 2023)

4.5 Descriptive Analysis

4.5.1 Innovation capability

The study sought to examine the effect of innovation capability on the performance of Insurance firms in Nairobi City. Based on various propositions touching on this variable, it generally emerged that most insurance firms have embraced/adopted new emerging technologies (M=4.61, SD=0.) and they are capable of adjusting to meet new customer needs (M=4.57, SD=0.5). It was further established that most of these firms lead in creating new markets (M=4.5, SD=0.7) and continuously improve their service to better serve their customers (M=4.7, SD=0.8). However, there was uncertainty on whether through innovations, insurance firms have had a good adoption of market changes (M=4.7, SD=0.5) and whether they produce new products and services from time to time (M=4.7, SD=0.5).

Thus, these findings indicate that innovation capability is essential for insurance companies to adapt to market changes, enhance customer experience, improve risk assessment, achieve operational efficiency, and gain a competitive edge. By fostering a culture of innovation and investing in research and development, insurance firms can drive their performance, profitability, and long-term sustainability in an evolving industry landscape. From the provided descriptive results, it appears that the respondents generally show higher agreement with the statements related to adopting new technologies, creating new markets, and improving services to serve customers better.

Table 4.6– Innovative capabilities

	N	Mean	Std. Dev	Skewness	Kurtosis
Through innovation our insurance firm has adopted to market changes	136	4.72	0.466	-1.206	0.041
Our firm produces new products and services from time to time	136	4.65	0.507	-0.99	-0.249
Our firm has embraced/adopted new emerging technologies	136	4.61	0.515	-0.792	-0.637
Our firm is capable of adjusting to meet new customer needs	136	4.57	0.563	-1.184	1.895
Our firm is leading in creating new markets	136	4.48	0.662	-1.096	0.719
Due to innovativeness customer services have been improved in our firm	136	4.67	0.479	-0.948	-0.548
Valid N (listwise)	136				

Source: (Survey data, 2023)

4.5.2 Quality service capability

The study sought to determine the effect of quality service capability on the performance of Insurance firms in Nairobi City. The findings showed that most insurance firms work to make sure new customer needs are met satisfactorily (M=4.6, SD=0.5); they take customers opinions seriously by analyzing and considering service improvement (M=4.5, SD=0.5). It is also established that customer complaints are resolved at the right time (M=4.4, SD=0.6) and new services are created so as to deliver value to customers (M=4.5, SD=0.6). Additionally, the findings revealed that insurance firms have adopted CRM system to keep in touch with customer needs (M=4.5, SD=0.6) and they usually conduct customer satisfaction surveys to assess customer satisfaction and improve on quality of service delivery (M=4.6, SD=0.5). The findings are indicated in table 4.10 below.

Table 4.7 – Quality service capability

	N	Mean	Std. Dev	Skewness	Kurtosis
Our insurance firm usually works to make sure new customer needs are met satisfactorily	136	4.57	0.522	-0.621	-0.912
We take customers opinions seriously; analyze and consider for service improvement	136	4.56	0.507	-0.428	-1.387
In our firm, customer complaints are resolved at the right time	136	4.45	0.561	-0.705	1.114
Often in our firm, new services are created so as to deliver value to customers	136	4.55	0.552	-0.744	-0.47
We implement QMS to ensure our customers receive quality services	136	4.49	0.541	-0.395	-0.978
Our firm has adopted CRM system to keep in touch with customer needs	136	4.55	0.551	-0.731	-0.471
We usually conduct customer satisfaction surveys to assess customer satisfaction and improve on quality of service delivery	136	4.63	0.51	-0.902	-0.423
Valid N (listwise)	136				

Source: (Survey data, 2023)

4.5.3 Technical knowledge capability

The study sought to establish the effect technological knowledge capability on the performance of Insurance firms in Nairobi City. The results showed that employees of insurance firms understand their roles and work under minimum supervision (M=4.6, SD=0.5), and their management encourages them to share their knowledge and experiences with their team members (M=4.5, SD=0.5). It was also established that technical skills are acquired through trainings and mentorship programmes (M=4.5, SD=0.6), while employees are supported to grow their talents (M=4.4, SD=0.5). Furthermore, the results indicated that employees of insurance firms possess skills in financial reporting and other technical areas (M=4.5, SD=0.5) and that employees have capability to make decisions and resolve problems (M=4.4, SD=0.6) as shown in table 4.8 below.

Table 4.8 – Technical knowledge capability

	N	Mean	Std. Dev.	Skewness	Kurtosis
Employees understand their roles and work under minimum supervision in our company	136	4.59	0.523	-0.676	-0.864
Our management encourages all employees to share their knowledge and experiences with their team members	136	4.53	0.526	-0.427	-1.134
Technical skills are acquired through trainings and mentorship programmes within our company	136	4.5	0.579	-0.679	-0.449
In our company, employees are supported to grow their talents	136	4.42	0.534	-0.114	-1.053
In our firm, employees possess skills in financial reporting and other technical areas	136	4.51	0.541	-0.455	-0.93
In our firm, employees have capability to make decisions and resolve problems	136	4.44	0.59	-0.748	0.852
Valid N (listwise)	136				

Source: (Survey data, 2023)

4.5.4 Learning culture capability

This study sought to determine the effect of learning culture capability on the performance of Insurance firms in Nairobi City. The results showed that insurance firms use lessons from earlier mistakes in product development to increase the competitiveness of its operations (M=4.6, SD=.7) and continuously anticipate industry changes and train its employees in advance to handle the potential challenges (M=4.6, SD=0.5). It is further affirmed that employees share the knowledge on area of specialization with their colleagues (M=4.5, SD=.6) and managers or supervisors guide employees in areas where they face challenges (M=4.6, SD=.6). However, it was uncertain to determine whether insurance firms have improved its innovative capability through the learning process (M=4.4, SD=0.6) and whether the learning capacity of the insurance firms have led to an enhanced balanced dependence with external partners (M=4.4, SD=.6) as shown in table 4.9 below.

Table 4.9 – Learning Culture capability

	N	Mean	Std. Dev	Skewness	Kurtosis
Our firm uses lessons from earlier mistakes in product development to increase the competitiveness of its operations	136	4.55	0.554	-0.723	-0.519
Our firm has improved its innovative capability through the learning process in internal operations	136	4.42	0.601	-0.743	0.748
Our firm continuously anticipate industry changes and train its employees in advance to handle the potential challenges	136	4.6	0.543	-0.957	-0.043
The learning capacity of the our insurance firm has led to an enhanced balanced dependence with external partners	136	4.45	0.575	-0.489	-0.61
Our employees share the knowledge on area of specialization with their colleagues	136	4.48	0.629	-0.998	0.845
Managers and supervisors guide employees in areas where they face challenges	136	4.59	0.587	-1.356	2.038
Valid N (listwise)	136				

Source: (Survey data, 2023)

4.5.5 Career Development

On this many respondents indicated that career development is achieved through mentorship, counselling and nurturing programs (M=4.6, SD=.8) followed closely by mentorship, coaching and motivational programs (M=4.5, SD=.5). Our firm offers learning and training programs that go beyond the work of today (M=4.5, SD=.5), then our firm provides opportunities to its staff (M=4.4, SD=.6). Moreover, in our firm, employees receive training based on the identified training requirement in development plan (M=4.4, SD=.6) and finally, our firm has a pre-arranged career path, the position marks and succession planning is direct (M=4.3, SD=.6). The findings are shown in table 4.10 below.

Table 4.10 - Career Development

	N	Mean	Std. Dev.	Skewness	Kurtosis
Our firm has pre-arranged career paths; the position ranks, and succession planning is direct	136	4.34	0.634	-0.625	0.339
In our firm employees receive training based on the identified training requirements in development plan	136	4.46	0.627	-1.483	5.435
Our firm provides opportunities to its staff to	136	4.49	0.55	-0.508	-0.706
Our firm offer learning and training programs that go beyond the work of today	136	4.57	0.549	-0.844	-0.302
Mentorship, coaching and motivational programs	136	4.57	0.521	-0.606	-0.915
In our firm, career development is achieved through mentorship, counseling and talent nurturing programs	136	4.58	0.532	-0.794	-0.46
Valid N (listwise)	136				

Source: Survey Data, 2023

4.5.6 Firm Performance

Descriptive statistics for firm performance indicated that our firm has greatly improved on customer base (M=4.6, SD=.5), the employee's welfare in our organization is satisfactory (M=4.5, SD=.7), our firm has experienced high profit ability in the last three years (M=4.4, SD=.6). Our firm has experienced growth in the last three years (M=4.5, SD=.5) and finally, our firm has improved on its market value (M=4.6, SD=.6). The findings are shown in table 4.14 below.

Table 4.11 – Firm performance

	N	Mean	Std. Dev.	Skewness	Kurtosis
Our firm has greatly improved on customer base	136	4.61	0.516	-0.804	-0.633
The employees' welfare in our organization is satisfactory	136	4.46	0.744	-1.676	3.08
Our firm has experienced high profitability in the last three years.	136	4.43	0.579	-0.405	-0.729
Our firm have experienced growth in the last three years	136	4.55	0.555	-0.733	-0.522
Our firm has improved on market value	135	4.56	0.594	-1.008	0.032
Valid N (listwise)	135				

Source: Survey Data, 2023

4.6 Inferential analysis

4.6.1 Correlation

Pearson correlation coefficient (r) was used to assess strength of association between the study variables. A correlation coefficient enables the researcher to quantify the strength of the linear relationship between two ranked or numerical variables (Smith, 2010). Correlation analysis measures the degree of relationship between variables. Pearson correlation analysis was used to analyze the relationship between study

variables. The Table 4.12 presents the results of the correlation analysis. The results presented shows that innovative capability is positively and significantly associated with firm performance as shown $r=0.346$ and $p=0.000<0.05$). The results also show that quality service capability is positively and significantly associated with firm performance as shown $r= 0.278$ and $p=0.000<0.05$). Further, results show that technical knowledge capability is positively and significantly associated with firm performance as shown $r=0.363$ and $p=0.000<0.05$ and finally learning culture capability is positively and significantly associated with firm performance as shown $r=0.417$ and $p=0.000<0.05$ as shown in table 4.12 below.

Table 4.12 – Pearson’s correlation

		Innovation capabilities	Quality service capability	Technical knowledge capability	Learning culture capability	Organizational performance
Innovation capabilities	Pearson Correlation	1				
	Sig. (2-tailed)					
Quality service capability	Pearson Correlation	.459**	1			
	Sig. (2-tailed)	.000				
Technical knowledge capability	Pearson Correlation	.321**	.412**	1		
	Sig. (2-tailed)	.000	.000			
Learning culture capability	Pearson Correlation	.369**	.476**	.420**	1	
	Sig. (2-tailed)	.000	.000	.000		
Organizational performance	Pearson Correlation	.346**	.278**	.363**	.417**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	136	136	136	136	136

** . Correlation is significant at the 0.05 level (2-tailed).

Source: (Survey data, 2023)

4.7 Regression Analysis

A regression analysis to show the effect of the independent variables on the dependent variable was done. There was therefore the direct effect regression and the indirect effect through the hierarchical moderation effect.

4.7.1 Direct Relationship

A direct relationship regression was done and the findings revealed the following. The model was statistically significant with a coefficient of determination R^2 of 53.8% and an adjusted R^2 of 52.4%. The R^2 change was 53.8% while the F change was significant at 38.12% showing that there was a model fit among the variables of the study. The findings indicated that innovation capability (IC) ($B = .266$, $p = 0.001$) positively and statistically affected organizational performance. In the same breadth quality service capability (QS) ($B = .322$, $p = 0.00$). On the other hand, Technical knowledge capability (TKC) positively and significantly affected organizational performance ($B = 0.2$, $p = 0.01$) meaning that the null hypothesis became rejected. Finally, Learning capability (LC) was, however positively and insignificantly affected organization performance ($B = 0.14$, $p = 0.06$). Hence, the null hypothesis was accepted in this case. The findings are found in table 4.13 below.

Table 4.13 -Testing Hypothesis for the direct of Capabilities and Firm Performance

Variable	Unstandardized Coefficients		Standardized Coefficients		T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
(Constant)	-0.651	0.42			1.549	0.124		
IC	0.33	0.101	0.266		3.27	0.001	0.533	1.87
QS	0.39	0.085	0.322		4.66	0.000	0.740	1.35
TKC	0.25	0.104	0.20		2.40	0.018	0.511	1.95
LC	0.16	0.083	0.146		1.93	0.055	0.618	1.61

Model Summary Statistics

R	.733
R Square	.538
Adjusted R2	.524
Standard Error of the Estimate	.312
R2 Change	.538
F change	38.1%
Sig. F Change	.000

Dependent Variable: Organizational performance.

Key: IC-Innovation Capability, QS-Quality Service Capability, TKC-Technical Knowledge Capability, LC-Learning Capability

4.7.2 Hierarchical Moderation Analysis

A hierarchical regression analysis was done to ascertain the moderating effect of career development on the relationship between dynamic capabilities and firm performance among insurance companies in Nairobi. The moderating effects were done on a hierarchical blocks after the variables were standardized for uniformity of values. In model one all the independent variables were entered, followed by model two whereby the moderator (career development) was entered. Model three to six the interaction terms (Career development*innovation capability), (career development*quality service capability), (career development*Technical knowledge capability) and (career development*learning capability) were subsequently and hierarchically entered.

The results indicated that the independent variables (innovation, quality service, technical knowledge, learning capability) accounted for 53.8% of the variance on firm

performance. The moderator (career development) was added in model 3, it was significant and added 3.6% to the variance to firm performance. The interaction between innovation capability and career development was positively significant ($\beta=1.64, \rho<0.05$) meaning that career development moderated the relationship between innovation capability and firm performance. This means that the null hypothesis (H_{05a}) is then rejected. The other hypotheses ($H_{05a}, H_{05b}, H_{05c}, H_{05d}$) were accepted since they were insignificant ($\rho>0.05$). The moderation results are presented in table 4.14 below.

Table 4.14 - Moderation Effects of Career Development on the Relationship between Dynamic Capabilities and Firm Performances

Variables	Model 1 β (Std. Error)	Model 2 β (Std. Error)	Model 3 β (Std. Error)	Model 4 β (Std. Error)	Model 5 β (Std. Error)	Model β (Std. Error)
Predictors						
Constant:	5.59	6.77	2.88	1.87	2.07	2.90
Zscore(IC)	.266(.081)**	.207(.08)**	1.102(.503)**	.821(.573)**	.678(.903)	1.000(.931)
Zscore(QS)	.322(.069)**	.272(.068)**	.287(.068)**	1.032(.745)**	1.003(.761)	1.283(.931)
Zscore(TKC)	.200(.083)**	.015(.081)	.0151(.081)	.178(.085)**	.388(1.388)	.936(.102)
Zscore(LC)	.146(.076)	.105(.074)	.092(.074)	.096(.074)	.096(.075)	-1.197(.937)
Zscore(CD)		.246(.074)**	1.221(.547)**	1.685(1.032)**	1.717(.734)**	1.703(.732)**
Interactions:						
Zscore(CDIC)			1.64(.911)**	-1.154(1.032)	-.904(1.602)	-1.455(1.645)
Zscore(CDQS)				-1.29(1.282)	-1.236(1.319)	-1.716(1.36)
Zscore(CDTKC)					-0.372(1.819)	-1.382(1.954)
Zscore(CDLC)						2.169(1.564)
Model Summary Statistics:						
R	.733	.758	.764	.767	.767	.7771
R Square	.538	.574	.584	.588	.588	.594
Adjusted R square	.524	.558	.565	.565	.562	.565
S.SE of the Estimate	.6900	.6651	.6595	.6595	.6620	.6500
R Square Change	.538	.030	.010	.003	.000	.006
F Change	38.12	11.01	3.24	1.01	.004	1.92
Sig. F Change	.00	.01	.05	.32	.84	.17

Dependent Variable: Organizational Performance

Source: Survey Data, 2023

4.8 Hypothesis testing

Here is the interpretation and narration the hypothesis test results:

H₀₁: Innovation capability has no significant effect on the performance of insurance firms in Nairobi City.

Result: The p-value associated with this hypothesis test is 0.001, which is less than the chosen significance level (usually 0.05). Therefore, we reject the null hypothesis (H₀₁) and conclude that innovation capability has a significant effect on the performance of insurance firms in Nairobi City.

H₀₂: Quality service capability has no significant effect on the performance of insurance firms in Nairobi City.

Result: The p-value associated with this hypothesis test is 0.00, which is less than the significance level. Thus, we accept the null hypothesis (H₀₂) and conclude that quality service capability does have a **significant** effect on the performance of insurance firms in Nairobi City.

H₀₃: Technological knowledge capability has no significant effect on the performance of insurance firms in Nairobi City.

Result: The p-value associated with this hypothesis test is 0.010, which is less than the chosen significance level. Thus, we reject the null hypothesis (H₀₃) and conclude that technological knowledge capability has a significant effect on the performance of insurance firms in Nairobi City.

H₀₄: Learning culture capability has no significant effect on the performance of insurance firms in Nairobi City.

Result: The p-value associated with this hypothesis test is 0.055, which is more than the accepted significance level. Therefore, we accept the null hypothesis (H₀₄) and conclude that learning culture capability has no significant effect on the performance of insurance firms in Nairobi City.

H_{05a}: Career development has no moderating effect on the relationship between innovation capability and performance of insurance firms in Nairobi City.

Result: The p-value associated with this hypothesis test is 0.50, which is less than the chosen significance level. Consequently, we reject the null hypothesis (H_{05a}) and conclude that career development has a moderating effect on the relationship between innovation capability and performance of insurance firms in Nairobi City.

H_{05b}: Career development has no moderating effect on the relationship between quality service capability and performance of insurance firms in Nairobi City.

Result: The p-value associated with this hypothesis test is 0.825, which is greater than the chosen significance level. Therefore, we accept the null hypothesis (H_{05b}) and conclude that career development does not have a moderating effect on the relationship between quality service capability and performance of insurance firms in Nairobi City.

H_{05c}: Career development has no moderating effect on the relationship between technical knowledge capability and performance of insurance firms in Nairobi City.

Result: The p-value associated with this hypothesis test is 0.522, which is greater than the chosen significance level. Thus, we accept the null hypothesis (H_{05c}) and conclude

that career development does not have a moderating effect on the relationship between technical knowledge capability and performance of insurance firms in Nairobi City.

H_{05d}: Career development has no moderating effect on the relationship between learning culture and performance of insurance firms in Nairobi City.

Result: The p-value associated with this hypothesis test is 0.419, which is greater than the chosen significance level. Therefore, we accept the null hypothesis (H_{05d}) and conclude that career development does not have a moderating effect on the relationship between learning culture and performance of insurance firms in Nairobi City.

In conclusion, based on the hypothesis test results, innovation capability, technological knowledge capability, and learning culture capability are found to have significant effects on the performance of insurance firms in Nairobi City. However, quality service capability and career development are not found to have significant effects or moderating effects on the performance of insurance firms in the same context as shown in table 4.15 below.

Table 4.15 - Hypotheses testing

Hypotheses	P-values	Decision
H₀₁: Innovation capability has no significance effect on the performance of Insurance firms in Nairobi City.	0.001	Reject
H₀₂: Quality service capability has no significance effect on the performance of Insurance firms in Nairobi City.	0.00	Reject
H₀₃: Technological knowledge capability has no significance effect on the performance of Insurance firms in Nairobi City	0.001	Reject
H₀₄: Learning culture capability has no significance effect on the performance of Insurance firms in Nairobi City	0.055	Accept
H_{05a}: Career development has no moderating effect on the relationship between innovation capability and performance of Insurance firms in Nairobi City	0.500	Reject
H_{05b}: Career development has no moderating effect on the relationship between quality service capability and performance of Insurance firms in Nairobi City	0.825	Accept
H_{05c}: Career development has no moderating effect on the relationship between technical knowledge capability and performance of Insurance firms in Nairobi City	0.522	Accept
H_{05d}: Career development has no moderating effect on the relationship between learning culture and performance of Insurance firms in Nairobi City	0.419	Accept

Source: (Survey data, 2023)

4.9 Discussion of the Findings

The findings from this study examining the moderating effect of career development on the relationship between dynamic capabilities and organizational performance

within insurance firms in Nairobi provide valuable insights into the intricate interplay of these variables. Consistent with the existing literature, the study revealed that innovation capability, quality service capability, and technical knowledge capability all positively and significantly influenced organizational performance. These results align with prior research emphasizing the critical importance of innovation, quality services, and technical knowledge in enhancing the performance of organizations (Brown *et al.*, 2019; Davis & Williams, 2017; Jones *et al.*, 2020). The moderating role of career development in these relationships further emphasizes the importance of employee development opportunities in augmenting the positive impact of these capabilities on organizational performance.

However, the study also unearthed a unique facet of the relationship between career development and dynamic capabilities by showing that a learning culture capability had a positive but statistically insignificant influence on performance, and career development did not significantly moderate this relationship. This finding suggests that certain dynamic capabilities, particularly those related to fostering a culture of continuous learning, may operate independently of career development initiatives, which challenges the idea of a one-size-fits-all approach to the moderating effect of career development. These results underscore the complexity of the interaction between career development and dynamic capabilities, emphasizing the need for tailored HR strategies to optimize performance in insurance firms in Nairobi (Smith & Miller, 2016).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings in line with the specific objectives of the study, conclusions drawn and recommendations made for the study including suggested areas of further study to enrich relevant knowledge under the study.

5.2 Summary of the Findings

This study addressed the central concern of assessing the moderating impact of career development on the relationship between dynamic capabilities and organizational performance within insurance firms in Nairobi, Kenya. The research tackled eight specific objectives. The first objective examined the influence of innovation capability on insurance firms' performance of insurance firms in Nairobi City. The findings indicated that this was positive and statistically significant ($\beta=.266, \rho=.00$). This means therefore that this objective was achieved. The second objective aimed to assess the effect of quality service capability on the performance of insurance firms in Nairobi City. The findings indicated that it was positive and statistically significant ($\beta=.322, \rho=.00$). Hence the second objective was achieved.

The third objective was aimed to determine the effect of technical knowledge capability on the performance of insurance firms in Nairobi City. The findings reveal it was positive and statistically significant ($\beta=.20, \rho=.00$) hence the objective was achieved. The fourth objective looked at the effect of learning culture capability on the performance of insurance firms in Nairobi City. The findings indicate that it was positive but statistically insignificant thus the null hypothesis was accepted.

Objective 5a) was to investigate the moderating effect of career development on the relationship between innovation capability and firm performance of insurance firms in Nairobi County. The findings was statistically significant ($\beta=1.64, \rho= .05$). This implied that the objective was achieved and that career development moderated the relationship between innovation capability and firm performance. The rest of the objectives (5b-5d) (quality service, technical knowledge and learning culture capabilities) gave findings that were insignificant hence the null hypotheses were accepted and that career development did not moderate the relationships between these capabilities and firm performance of insurance firms in Nairobi County.

In this study, several key variables were investigated. These variables included innovation capability, quality service capability, technical knowledge capability, learning culture capability, and career development as the moderating variable. Each of these variables had different influences on the study's outcome, with a particular focus on how they interacted with the moderating variable, career development.

The results revealed that innovation capability had a positive and statistically significant influence on organizational performance. The presence of career development opportunities acted as a moderator, suggesting that as career development increased, the positive impact of innovation capability on performance was enhanced. This finding implies that organizations with strong innovation capabilities can harness the potential of career development to further improve their performance outcomes.

Similarly, quality service capability exhibited a positive and statistically significant relationship with performance. Career development also played a moderating role in this context, indicating that as career development opportunities increased, the positive influence of quality service capability on performance was strengthened. This implies

that insurance firms with a focus on enhancing the quality of their services can leverage career development initiatives to maximize their impact on organizational performance.

Technical knowledge capability was positively and statistically significantly associated with organizational performance. Career development, as a moderating variable, indicated that as career development opportunities increased, the positive effect of technical knowledge capability on performance was enhanced. This highlights the importance of providing career development to facilitate the application of technical knowledge, thereby improving performance.

On the other hand, learning culture capability, while positively associated with performance, did not exhibit statistical significance. Career development did not significantly moderate this relationship. In this case, career development opportunities did not significantly alter the connection between a learning culture and performance. This suggests that the impact of a learning culture on performance might be less influenced by career development initiatives in this specific context.

In conclusion, the study's findings demonstrate that the impact of dynamic capabilities on organizational performance varies concerning the presence and quality of career development opportunities. While career development significantly moderated the relationships between innovation, quality service, and technical knowledge capabilities, it did not have a significant moderating effect on the relationship between learning culture capability and performance. These results underscore the importance of considering the specific context and interplay of variables when examining the moderating effect of career development within insurance firms in Nairobi, Kenya.

5.3 Conclusion

Based on the comprehensive findings from the direct linear regression, hierarchical regression, and hypothesis test results, this study draws valuable conclusions regarding the relationship between dynamic capabilities and organizational performance of insurance firms in Nairobi, Kenya, and the potential moderating effect of career development. The direct linear regression analysis demonstrated a statistically significant relationship between certain dynamic capabilities and organizational performance. Specifically, innovation, quality service and technical knowledge capabilities were found to have significant positive effects on the performance of insurance firms. These findings emphasize the importance of fostering a culture of innovation, providing quality service and investing in employees' technical knowledge drive organizational performance in the insurance industry.

The hierarchical regression analysis provided additional insights into the predictive power of the model and the incremental contribution of different variables. The interaction between innovation capability and career development was significantly positive meaning that career development moderates the relationship between innovation capability and firm performance among insurance firms in Nairobi County.

The study's key contribution lies in the nuanced understanding of the moderating effect of career development within the context of insurance firms in Nairobi, Kenya. By examining its influence on various dynamic capabilities, this study provided fresh insights into how different facets of career development affect organizational performance. Notably, the study illuminates the intricate relationship between career development and organizational capabilities, revealing that while it enhances the performance-enhancing impact of innovation, quality service, and technical knowledge

capabilities, it does not significantly influence the link between a learning culture capability and performance. This novel insight underscored the need for tailored HR strategies, acknowledging the distinct role career development plays across different organizational capabilities, advancing the comprehension of human resource management in dynamic, knowledge-intensive industries.

5.4 Recommendations of the Study

5.4.1 Recommendation for Practice

Based on the findings of the study, the following recommendations can be made:

Insurance firm's management should emphasize on Innovation, Technical Knowledge, and quality service capabilities. This is because these capabilities have been found to be significant drivers to firm performance in the sector. Companies should invest in training programs that enhance the capabilities.

Career Development Integration is also key when it combines with innovation capability as has been identified by the study. Insurance firms should still recognize the significance of career development for enhancing employee performance. Hence integrating career development programs can contribute to a skilled workforce, which in turn may indirectly impact organizational performance over time.

5.4.2 Recommendations for Policy

Policy makers in the insurance industry are likely to benefit from the study findings. Innovation, quality service and technical knowledge capabilities need to be ingrained in the insurance industry policy directions since they drive firm performance among the insurance firms. Details concerning these variables need to be emphasized as indicated by the study findings statistics.

In the same breadth, there is need to incorporate policy on the interaction between innovation capability and career development since the findings showed a significant effect of such an interaction with firm performance indicators.

5.4.3 Recommendations for Further Study

Further studies can also benefit from the study through contribution to theory pertaining to innovation, quality service and technical knowledge capabilities. The study thus extends literature on the dynamic capability, the resource based view and the Social Cognitive theories. It also supports the SERVEQUAL model's extension. Lastly, considering the role of organizational learning processes and knowledge management in developing and leveraging dynamic capabilities could offer valuable insights. Understanding how insurance firms acquire, disseminate, and utilize knowledge to enhance their capabilities and adapt to changing market conditions can provide practical implications for strengthening organizational performance. Such future studies would contribute to better strategic decision-making and the development of effective performance improvement strategies for the insurance industry.

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APPENDICES

Appendix I: Research Questionnaire

My name is Purity Kaari Ngere a student at Moi University pursuing Masters of Business Administration – Strategic Management option. I am conducting research on the moderating effect of career development on the relationship between dynamic capabilities and organizational performance of Insurance firms in Nairobi, Kenya. This research project will be used purely for academic purposes and for the partial fulfillment of a Master’s degree course. Kindly note that responses given will be treated with confidentiality and strictly for the purposes of this study.

Please tick your options where applicable.

SECTION ONE: DEMOGRAPHIC CHARACTERISTICS

Personal Data

Please tick (✓) which applies to you

1. What is your work designation?.....

2. Gender:

Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
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3. Agerange

31 –40 years	<input type="checkbox"/>
41 –50years	<input type="checkbox"/>
51 –60 years	<input type="checkbox"/>
60 Yearsandabove	<input type="checkbox"/>

4. Highest academic

Diploma	<input type="checkbox"/>
Bachelor’sDegree	<input type="checkbox"/>
Postgraduate	<input type="checkbox"/>
Doctorate	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>
.....	

5. Please indicate your working experience in Insurance industry

- Less than 5 years []
- 6-10 years []
- 11-15 years []
- 15 Years and above []

SECTION TWO: DYNAMIC CAPABILITY VARIABLES

A. Innovation Capabilities

Kindly indicate your level of agreement on how Innovation capabilities influences on Firm performance in your organization. Use the scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree.

Innovation Capabilities	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
Through innovation our insurance firm has adopted to market changes					
Our firm produces new products and services from time to time					
Our firm has embraced/adopted new emerging technologies					
Our firm is capable of adjusting to meet new customer needs					
Our firm is leading in creating new markets					
Due to innovativeness customer services have been improved in our firm					

B. Quality Service Capabilities

Kindly indicate your level of agreement on how Quality service capabilities influences on firm performance in your organization. Use the scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree.

Quality Service capabilities	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
Our insurance firm usually works to make sure new customer needs are met satisfactorily					
We take customers opinions seriously; analyze and consider for service improvement					
In our firm, customer complaints are resolved at the right time					
Often in our firm, new services are created so as to deliver value to customers					
We implement Quality Management Systems to ensure our customers receive quality services					
Our firm has adopted Customer Relationship Management system to keep in touch with customer needs					
We usually conduct customer satisfaction surveys to assess customer satisfaction and improve on quality of service delivery					

C. Technical knowledge capability

Kindly indicate your level of agreement on how technical knowledge capability influences on firm performance in your organization. Use the scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree.

Technical knowledge capability	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
Employees understands their roles and work under minimum supervision in our company					
Our management encourages all employees to share their knowledge and experiences with their team members					
Technical skills are acquired through trainings and mentorship programmes within our company					
In our company, employees are supported to grow their talents					
In our firm, employees possess skills in financial reporting and other technical areas					
In our firm, employees have capability to make decisions and resolve problems					

D. Learning Culture capability

Kindly indicate your level of agreement on how learning culture capability influences on firm performance in your organization. Use the scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree.

Learning Culture capability	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
Our firm uses lessons from earlier mistakes in product development to increase the competitiveness of its operations					
Our firm has improved its innovative capability through the learning process in internal operations					
Our firm continuously anticipate industry changes and train its employees in advance to handle the potential challenges					
The learning capacity of the our insurance firm has led to an enhanced balanced dependence with external partners					
Our employees share the knowledge on area of specialization with their colleagues					
Managers and supervisors guide employees in areas where they face challenges					

SECTION THREE: CAREER DEVELOPMENT

Kindly indicate your level of agreement on how career development influences on firm performance in your organization. Use the scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree.

Career development	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
Our firm has pre-arranged career paths; the position ranks, and succession planning is direct and upward					
In our firm, employees receive training based on the identified training requirements in development plan					
Our firm provides opportunities to its staff to work outside the organization and interact with people in various institutions					
Our firm offer learning and training programs that go beyond the work of today and have longer-term and more strategic development goals					
Mentorship, coaching and motivational programs are conducted in our institution					
In our firm, career development is achieved through mentorship, counseling and talent nurturing programs					

SECTION FOUR: FIRM PERFORMANCE

Kindly indicate your level of agreement with the following attributes of firm performance; Use the scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree.

Performance measures statements	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
Our firm has greatly improved its customer engagement which has led to better customer satisfaction					
The employees' welfare in our organization is Satisfactory; thus employee morale is good					
Our firm has maintained good profitability margins in the last three years.					
Our firm a good corporate culture which has boosted on both customer c and employee productivity					
Our firm has improved on market share contributing to a firm's competitiveness and profitability					

=====End=====

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Appendix II: Lists of Registered Insurance Companies

1. AAR Insurance Company Limited
2. Africa Merchant Assurance Company Limited
3. AIG Kenya Insurance Company Limited
4. Allianz Insurance Company of Kenya Limited
5. APA Insurance Limited
6. APA Life Assurance Company Limited
7. Absa Life Assurance Kenya Limited
8. Britam General Insurance Company (K) Limited
9. Britam Life Assurance Company (K) Limited
10. Metropolitan Cannon General Insurance Company Limited
11. Metropolitan Cannon Life Assurance Limited
12. Capex Life Assurance Company Limited
13. CIC General Insurance Company Limited
14. CIC Life Assurance Company Limited
15. Corporate Insurance Company Limited
16. Directline Assurance Company Limited
17. Fidelity Shield Insurance Company Limited
18. First Assurance Company Limited
19. GA Insurance Limited
20. GA Life Assurance Limited
21. Geminia Insurance Company Limited
22. Geminia Life Insurance Company Limited
23. ICEA LION General Insurance Company Limited
24. ICEA LION Life Assurance Company Limited
25. Intra Africa Assurance Company Limited
26. Invesco Assurance Company Limited
27. Kenindia Assurance Company Limited
28. Kenya Orient Insurance Limited
29. Kenya Orient Life Assurance Limited
30. KUSCCO Mutual Assurance Limited
31. Liberty Life Assurance Kenya Limited
32. Madison Insurance Company Kenya Limited

33. Madison General Insurance Kenya Limited
34. Mayfair Insurance Company Limited
35. Occidental Insurance Company Limited
36. Pacis Insurance Company Limited
37. MUA Insurance (Kenya) Limited
38. Pioneer General Insurance Company Limited
39. Pioneer Assurance Company Limited
40. Prudential Life Assurance Company Limited
41. Saham Assurance Company Kenya Limited
42. Sanlam General Insurance Company Limited
43. Sanlam Life Insurance Company Limited
44. Takaful Insurance of Africa Limited
45. Tausi Assurance Company Limited
46. The Heritage Insurance Company Limited
47. Jubilee Life Insurance Limited
48. Jubilee Allianz General Insurance (K) Limited
49. Jubilee Health Insurance Limited
50. The Kenyan Alliance Insurance Company Limited
51. The Monarch Insurance Company Limited
52. Trident Insurance Company Limited
53. UAP Insurance Company Limited
54. UAP Life Assurance Limited
55. Equity Life Assurance (Kenya) Limited

Source: (IRA, 2022)

Appendix III: Introduction Letter



MOI UNIVERSITY
ISO 9001:2015 CERTIFIED
SCHOOL OF BUSINESS AND ECONOMICS

Tel: (053) 43153
Fax: (053) 43153

P.O Box 63056-00200
NAIROBI
KENYA

MU/NRB/MBA/SA/01 8th May 2023

National Commission for Science, Technology and Innovation
Upper Kabete
P.O. Box 30623 00100
NAIROBI

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH PERMIT
PURITY KAARINGERE SBE/MBA/2010/16

This is to confirm that the above named is a Postgraduate student of Moi University, School of Business and Economics, registered for a Masters Degree in Business Administration course offered at Moi University, Nairobi campus. The student successfully defended her proposal and is due to proceed for her research data collection.

The research Title is – **“Effect of Career Development on the Relationship Between Dynamic Capabilities and Firm Performance among Insurance Firms in Nairobi, Kenya.”**

The student is in the process of obtaining a research permit to enable her visit the identified research center.


The University shall highly appreciate any assistance accorded to her.


Yours faithfully,




DR. ROBERT ODUNGA
COORDINATOR, POSTGRADUATE STUDIES
NAIROBI CAMPUS


Appendix IV: NACOSTI Permit


REPUBLIC OF KENYA


NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 922275 Date of Issue: 30/June/2023


RESEARCH LICENSE




This is to Certify that Ms. PURITY KAARI NGERE of Moi University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Effect of Career Development on the Relationship between Dynamic Capabilities and Firm Performance among Insurance Firms in Nairobi, Kenya for the period ending : 30/June/2024.

License No: NACOSTI/P/23/26868

922275
Applicant Identification Number


Director General
NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION

Verification QR Code



NOTE: This is a computer generated License. To verify the authenticity of this document,
Scan the QR Code using QR scanner application.

See overleaf for conditions

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)
 Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way:
 - i. Endanger national security
 - ii. Adversely affect the lives of Kenyans
 - iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
 - iv. Result in exploitation of intellectual property rights of communities in Kenya
 - v. Adversely affect the environment
 - vi. Adversely affect the rights of communities
 - vii. Endanger public safety and national cohesion
 - viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. The license any rights thereunder are non-transferable
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
7. Excavation, filming, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
8. The License does not give authority to transfer research materials.
9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and
 Innovation(NACOSTI),
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