

**STRATEGIC DETERMINANTS AND ORGANIZATIONAL PERFORMANCE
AMONG INSURANCES COMPANIES IN SOMALIA**

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Requirements for the Award of the Master's Degree in Business Administration to
Kenya Methodist University**

August, 2024

DECLARATION

I declare that this thesis is my original work and has not been presented in any other university

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DEDICATION

I dedicate this work to the memory of my late son, Munir, affectionately known as Baby.

His presence was a profound source of inspiration for me and my family.

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ABSTRACT

The insurance industry in Somalia operates within a unique economic and social context, facing challenges and opportunities distinct from those in other regions. Understanding the strategic factors that drive organizational performance within this sector is crucial for enhancing efficiency, profitability, and sustainability. The study aimed to identify the strategic determinants affecting organizational performance among insurance companies in Somalia. Specifically, it sought to achieve the following objectives: to investigate how technological factors impact the performance of insurance companies in Somalia; to explore the effect of external environmental factors on these companies' performance; to assess the influence of government regulations on organizational performance; and to examine how different leadership styles affect organizational performance within the insurance sector in Somalia. The research incorporated theoretical frameworks such as Diffusion of Innovation, Open System Theory, and Transformational Leadership Styles Theory. The study focused on five insurance firms: Takaful Insurance of Africa, Umma Insurance Brokers, Amana Insurance, Baraka Insurance, and Som-Takaful Insurance, employing a descriptive research approach. Data collection involved 73 participants, including department heads, CEOs, and their assistants. Due to the small sample size, a census approach was used, with standardized questionnaires distributed to the selected individuals. Quantitative data analysis was performed using the Statistical Package for Social Sciences (SPSS), employing descriptive statistical methods such as frequency distribution tables and percentages. The study also utilized correlation and multiple regression analyses to explore the relationships among variables and the impact of strategic factors on organizational performance. To determine the significance of the model, F-tests and Analysis of Variance (ANOVA) were conducted with a 95 percent confidence level. The research adhered to ethical standards and concluded that several factors have a significant impact on the organizational performance of insurance companies in Somalia. Technological factors ($\beta_1 = 0.309$, $P = 0.005$) positively impact effectiveness and efficiency. The external environment ($\beta_2 = 0.097$, $P = 0.003$) affects performance, showing that adaptability to market trends and economic factors enhances outcomes. Government policies ($\beta_3 = 0.278$, $P = 0.008$) are crucial, with favorable regulations improving operational effectiveness. Lastly, leadership styles ($\beta_4 = 0.210$, $P = .001$) are key drivers, with effective leadership practices enhancing performance. These findings highlight the importance of technology, adaptability, supportive policies, and leadership in driving success. Based on findings, the study therefore concluded that external environmental factors, government policies, and leadership styles significantly influence organizational performance in Somalia's insurance sector. The study hence recommended that insurance companies in Somalia should prioritize continuous technological adoption, enhance adaptability to external factors, strengthen compliance with government policies, and foster effective leadership practices to improve organizational performance.

TABLE OF CONTENTS

DECLARATION	ii
COPYRIGHT	iv
DEDICATION	iv
ACKNOWLEDGEMENT	v
ABSTRACT	vi
LIST OF TABLES.....	ix
LIST OF FIGURES.....	x
ABBREVIATIONS AND ACRONYMS	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the Problem.....	11
1.3 Objective of the Study	13
1.4 Hypothesis of the Study.....	13
1.5 Significance of the Study	14
1.6 Scope of the Study	14
1.7 Limitations of the Study	15
1.8 Definition of Key Terms.....	16
CHAPTER TWO.....	18
LITERATURE REVIEW	18
2.1 Introduction.....	18
2.2 Theoretical Review	18
2.3 Theoretical Framework.....	26
2.4 Empirical Literature Review.....	26
2.5 Research Gap	36
2.5 Conceptual Framework.....	37
2.6 Operational framework	37
2.7 Operationalization.....	38
CHAPTER THREE.....	40
RESEARCH METHODOLOGY	40
3.1 Introduction.....	40
3.2 Research Design	40
3.3 Target Population.....	40

3.4 Sample Size and Sampling Procedure	41
3.5 Data Collection Procedure	42
3.6 Piloting of the research instrument	42
3.8 Data Processing and Analysis.....	44
3.9 Ethical Considerations	46
CHAPTER FOUR	47
RESULTS AND DISCUSSION.....	47
4.1 Introduction.....	47
4.2. Response Rate.....	47
4.3 Reliability Analysis.....	47
4.4 General Information of the Respondents	48
4.5 Descriptive Results	50
4.6 Diagnostic Tests of Variables	62
4.7 Hypothesis Testing	66
CHAPTER FIVE	74
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	74
5.1 Introduction.....	74
5.2 Summary of the Findings.....	74
5.3 Conclusions of the Study	76
5.4 Recommendations.....	78
5.5 Suggestion for Further Studies	79
REFERENCES	80
APPENDICES.....	95
Appendix I: Letter of Introduction.....	95
Appendix II: Questionnaire	96
Appendix III: Data Collection Authorization Letter.....	101
Appendix IV: List of Insurance companies in Somalia....	Error! Bookmark not defined.

LIST OF TABLES

Table 4. 1: Reliability Analysis	48
Table 4.2: Gender	48
Table 4. 3: Education Level.....	49
Table 4. 4: Influence of Strategic Factors on Organizational Performance.....	50
Table 4. 5: Technological Factors and Organizational Performance	51
Table 4. 6: External Environment Factors and Organizational Performance.....	53
Table 4. 7: Influence of government policies on organizational performance	55
Table 4. 8: Influence Leadership Styles on Organizational Performance	57
Table 4. 9: Organization Performance of Insurance Companies in Somalia.....	60
Table 4. 10: Test of Normality - Shapiro-Wilk	62
Table 4. 11: Multicollinearity Test	65
Table 4. 12: Autocorrelation test results.....	65
Table 4. 13: Relationship between Independent Variables	67
Table 4. 14: Model Summary	68
Table 4. 15: Analysis of Variance	69
Table 4. 16: Model coefficients Table.....	69
Table 4.17: Hypotheses testing.....	71

LIST OF FIGURES

Figure 2. 1: Theoretical Framework.....	26
Figure 2. 2: Conceptual framework.....	37
Figure 2. 3: Operationalization Framework	38

LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
CBS	Central Bank of Somalia
CEO	Chief Executive Officer
ROA	Return on Assets
ROE	Return on Equity
SPSS	Statistical Package for Social Science

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic factors encompass a variety of internal and external elements that shape an organization's long-term direction and competitive advantage. They include market dynamics, technological advancements, regulatory environments, and internal capabilities. These factors are pivotal in determining an organization's strategic decisions, resource allocation, and overall performance trajectory (Abdow, 2019).

In the context of insurance companies, strategic factors play a paramount role in shaping their operational landscape and performance outcomes. Market dynamics, such as shifting consumer preferences, demographic trends, and economic conditions, profoundly impact insurers' product offerings, pricing strategies, and distribution channels (Bertelsmann, 2022). Technological advancements, such as the rise of artificial intelligence and data analytics, revolutionize underwriting processes, claims management, and customer engagement, thereby enhancing operational efficiency and service quality. Regulatory environments, including changes in insurance laws and compliance requirements, impose constraints and opportunities for insurers, influencing their strategic positioning and risk management practices (Bhatia, & Jakhar, 2021).

Moreover, internal factors like organizational culture, talent management, and financial capabilities significantly impact insurers' ability to adapt to external changes and execute their strategic initiatives effectively (Collins, 2021). A comprehensive understanding and proactive management of these strategic factors are imperative for insurance companies to

navigate the complexities of the industry landscape and achieve sustainable competitive advantage (Dastane, 2020).

Insurance maintains a major and expanding presence in the financial industry internationally, including both established and emerging nations. A powerful and well-regulated insurance business has the ability to greatly affect economic development and the effective allocation of resources (Gupta & Bose, 2022). This is achieved by permitting risk transfer and mobilizing savings. Additionally, it can boost the efficiency of the financial system by cutting transaction fees, increasing liquidity, and encouraging economies of scale in investment (Fatihudin, 2018).

In India, regulatory frameworks wield significant influence over insurance companies' strategic decisions and performance. The regulatory environment, particularly governed by the Insurance Regulatory and Development Authority of India (IRDAI), has undergone substantial reforms to promote market competitiveness and consumer protection (Khan et al., 2021). For instance, the introduction of the Insurance Laws (Amendment) Act, 2015, enabled higher foreign direct investment (FDI) limits, fostering strategic partnerships and enhancing capital inflow into the sector. Consequently, insurance companies in India have strategically focused on expanding their distribution networks, embracing digitalization, and diversifying product portfolios to capitalize on emerging market opportunities (Kumar, et al., 2018).

China's insurance industry is intricately intertwined with the country's broader economic policies and regulatory landscape. The strategic imperative for insurance companies in China is shaped by the government's emphasis on financial stability, innovation, and risk management (Kinnunen, 2020). The China Banking and Insurance Regulatory Commission

(CBIRC) oversees the sector, implementing policies to mitigate systemic risks and foster sustainable growth (Pang & Lu, 2018). Notably, China's Belt and Road Initiative (BRI) has spurred strategic collaborations between domestic insurers and international partners, facilitating cross-border risk management and expansion into emerging markets (Sparviero, 2019). Moreover, technological innovation, such as the integration of artificial intelligence (AI) and big data analytics, has empowered Chinese insurers to enhance operational efficiency and tailor products to evolving consumer preferences (Kim, 2020).

In Canada, the strategic landscape of insurance companies is shaped by a highly competitive market environment and stringent regulatory oversight (Hammond, 2019). The Office of the Superintendent of Financial Institutions (OSFI) regulates insurers, prioritizing financial stability and consumer protection Office of the Superintendent of Financial Institutions [OSFI], 2021). Strategic differentiation is crucial for Canadian insurers amidst intensifying competition, driving a focus on product innovation, customer experience, and risk management (Kobrin, 2020). Moreover, the evolving socio-demographic trends, such as an aging population and changing risk landscapes due to climate change, compel insurers to adapt their strategic priorities accordingly (Helmold, et al., 2019).

The insurance industry in Ghana grapples with strategic challenges stemming from a nascent regulatory framework, limited market penetration, and low insurance awareness. The National Insurance Commission (NIC) oversees the sector, striving to enhance regulatory compliance and market stability (Gupta & Bose, 2022). Strategic factors influencing organizational performance in Ghana include efforts to broaden insurance accessibility through microinsurance initiatives, strengthen distribution channels, and leverage technology to overcome infrastructural constraints (George, & Pandey, 2017).

Furthermore, partnerships with international reinsurers and capacity-building initiatives are instrumental in enhancing risk management capabilities and fostering sustainable growth (Essa, et al., 2021).

In South Africa, strategic imperatives for insurance companies are shaped by a complex regulatory environment, socio-economic disparities, and evolving consumer preferences. The Financial Sector Conduct Authority (FSCA) oversees insurers, emphasizing market conduct, financial soundness, and consumer protection (Clements, 2020). Insurers strategically navigate challenges such as rising claims costs, regulatory compliance costs, and increasing competition from non-traditional players. Moreover, the integration of environmental, social, and governance (ESG) factors into strategic decision-making reflects insurers' commitment to sustainable business practices and stakeholder engagement (Cimatti, 2016).

In Kenya, strategic factors influencing insurance companies' performance are shaped by a burgeoning middle class, technological innovation, and regulatory reforms. The Insurance Regulatory Authority (IRA) oversees the sector, promoting market stability, innovation, and consumer protection (Kinyanjui, 2019). Strategic priorities for insurers in Kenya include expanding market reach through agency networks, enhancing product affordability and accessibility, and leveraging mobile technology to drive insurance uptake among the unbanked population (Kogo, & Kimencu, 2018). Additionally, partnerships with mobile network operators and fintech startups enable insurers to capitalize on Kenya's thriving digital ecosystem and cater to evolving customer needs (Mailu, et al., 2018).

The inception of Islamic insurance companies has been widely regarded as a revitalization of the insurance industry in Somalia following the onset of the civil war in 1991. Prior to

1991, insurance companies in Somalia were state-owned entities under the governance of the Somali government. During this period, Somalia was governed by a communist regime that did not adhere to the Islamic principles governing insurance, as highlighted by Sheikh et al. (2016). The Republic of Sudan played a pioneering role in the development and implementation of the concept of Islamic insurance. This was evident when Faisal Islamic Bank was established in August 1977. However, the bank encountered challenges in effectively insuring its assets and operations. Based on the regulations set forth by the Bank, engaging with conventional insurance companies that were operational in Sudan during that period was deemed unacceptable. In 1978, the board of banks reached a consensus to establish a cooperative insurance firm that strictly adheres to Sharia principles. This pioneering initiative commenced its operations in January 1979, marking the inception of the world's first Islamic insurance entity (Fitriyanti, et al, 2023).

Banks are expected to establish an insurance company that adheres to the principles and provisions of Sharia, specifically cooperative insurance. According to Ibrahim et al (2024), the Islamic Insurance Company was established in 1978 by four Faisal Islamic Banks (Sudan) and commenced its operations in January 1979, making it the world's first Islamic Insurance Company (Glikson, & Woolley, 2020). In recent times, there has been a notable surge in the interest of Somali entrepreneurs towards Islamic insurance, resulting in the establishment of private Islamic insurance firms in Somalia (Elliott, 2016).

"Takaful" is an Arabic term that means "joint guarantee" and "shared cooperation," and it refers to a kind of insurance in which the risks are pooled and divided among the contributors in a free and equal manner (Morrison, 2019). According to the definitions provided by Kadirov (2020) and Alshammari et al. (2019), takaful is an agreement and

understanding between groups of persons who have shared interests that attempts to safeguard and guarantee each other against certain dangers, catastrophes, and losses, such as damage to property. This agreement and understanding is referred to as a takaful. According to Nugraha (2019), participants in an Islamic insurance contract make a pact to provide monetary assistance to one another in the event that a certain set of damages or losses occurs. The members of a takaful organization combine their resources and make consistent contributions to the group in order to make the organization financially viable.

It is essential for insurance firms to have a solid understanding of strategic management as well as the potential outcomes of strategic factors that might have an impact on their performance. Formulation of a strategic mission, formation of objectives, analysis of the present environment, formulation of a strategy, its implementation, and subsequent evaluation are the phases that make up the strategic management process (Haque, 2021). According to Padash and Ghatari (2020), strategic management is a continuous process in which an adjustment to the overall strategy may be required if there is a change in any one of the factors involved. When developing a strategy, it is important to take into consideration a variety of factors, including barriers to entry, competitive rivalry, the availability of alternatives, and the bargaining power of consumers and suppliers.

According to Njeru (2015), the term "managing strategy in action" refers to the process of "ensuring that selected strategies are actually implemented, and then structuring an organization to support successful performance, resourcing strategies in the distinct resource areas, and managing strategic change."

According to Elmi and Ngwenyama (2020), the insurance industry has always been seen as a rather stable component of the financial system. Because they have less liquid liabilities

on their balance sheets than banks do, insurance firms have been less vulnerable to the kind of infectious runs that have been observed in the banking industry, according to Richter and Wilson (2020). However, recent changes in the insurance sector point to a more vulnerable business, which raises questions about the possible systemic effects of insurance failures. The authors of a study by Szewieczek (n.d) highlight the risks that come with the growing interconnections between banks and insurance firms and the integration of banking activities into the operations of life insurance companies. These threats to the overall stability of the financial system are significant.

It is imperative for insurance managers to possess a comprehensive understanding of the potential ramifications of strategic factors on the insurance sector in order to enhance their organizational performance. Additionally, they should be well-versed in the various tools that can be utilized for monitoring insurers (Owuor, 2018). Simultaneously, the body of literature pertaining to these concerns is exceedingly restricted. The objective of this study is to address the existing knowledge gap by analyzing the possible factors that contribute to the vulnerability of the financial system within the insurance industry. This paper offers a concise synopsis of the insurance industry, evaluates the various risks encountered by insurers, and scrutinizes recent instances of insurance company failures that had widespread ramifications. Drawing upon previous experience, as well as the knowledge acquired through the Financial Sector Assessment Program (FSAP), this paper puts forth a set of essential indicators that ought to be compiled and employed for the purpose of monitoring the financial stability of the insurance sector (Kranke & Yarrow, 2019).

1.1.1 Organizational Performance of Insurance Companies

According to Taouab and Issor (2019), organizational performance is defined as the actualized results or accomplishments according to the planned goals of the organization. An insurance company's performance is determined by its financial contributions, which include premium income, investment returns, underwriting results, and overall operational accomplishments (Jaloudi & Bakir, 2019). There are two basic ways that insurance companies generate revenue. Underwriting is the first step in the process, which is choosing which risks to insure and determining the appropriate premiums to cover those risks (Jagoda, & Wojcik, 2019).

The second method involves investing the premiums collected from insured parties (Torbira, 2018). Richter and Wilson (2020) assert that the most difficult component of the insurance business is underwriting policies, and insurers' price goods based on the chance of a claim being lodged against their policy. To accomplish this, insurers employ actuarial science to estimate the level of risk they are willing to accept and the premium they will charge (Steinberg, 2021). Thus, the term "performance" is a contextual phrase referring to the investigated event (Williams & Jackson, 2019).

According to Anderloni et al. (2020), performance measurement in the insurance sector has expanded through time to embrace a broader range of criteria and concepts, such as the 1997 establishment of the Triple Bottom Line (TBL) as an organizational performance metric. The TBL recognizes superior sustainability reporting across all three pillars of economic, social, and environmental stewardship (Varga, 2018). The TBL supplements organizations' performance assessments by integrating social and environmental performance factors. As Musallam (2018) explains, historically, financial measures were

used to evaluate organizational success. That is, profitability, investment rate of return, asset rate of return, earnings per share, market share, revenue growth, and current ratio (Asraf & Desda, 2020).

However, the Esho and Verhoef (2020) notes that regardless of the financial framework used to describe Organizational Performance (OP), this phenomenon is complex and multidimensional, making quantification problematic. As a result, the considerable self-report literature accumulated thus far indicates that the strategic approach is the most effective method for determining organizational performance (George & Pandey, 2017; Spector, 2019).

Furthermore, Sabbekh (2018) observed that the cost of retaining a client is less than a tenth of the expense of acquiring a new one. As a result, insurance companies should stay in touch with newly acquired clients to encourage its growth. Customer requirements are constantly changing and evolving. This requires ongoing product enhancements and the development of new inventive items in order to keep a competitive advantage and satisfy clients. The cornerstone of insurance performance is clear understanding of strategic considerations or factors (Putra & Santoso, 2020).

When insurers obtain an understanding of these factors, they seek long-term profitability, expansion and growth, increased market share, and finally, overall performance (Azoury, 2022; Oh & Oetzel, 2022; Bhatia & Thakur, 2018). Notably, organizational performance is measured in insurance organizations in terms of premium and investment revenue, return on investment, operational efficiency, and the number of new branches opened (Abdulle, 2020). In this study, the dependent variable is organizational performance of insurance companies, which will be examined through the lens of strategic considerations such as

technology elements, the external environment, government regulatory policies, and leadership styles.

1.1.2 Performance of Insurance Companies in Somalia

The Somali insurance market is primarily controlled by five major companies: Takaful Insurance of Africa, Umma Insurance Brokers limited, Baraka Takaful Insurance, Amana Takaful Insurance Company, and Horn of Africa Insurance (Bertelsmann & Stiftung, 2022). These entities play a crucial role in shaping the country's insurance landscape and providing financial security to individuals and businesses.

Amana Insurance Company has emerged as the market leader, demonstrating remarkable growth in revenue and asset management. As of 2022, it commands a dominant 60% market share, solidifying its position as the primary competitor in Somalia's insurance sector. This substantial market presence underscores Amana's significant influence on the industry's direction and standards.

UMMA Insurance Brokers occupies a unique position as the sole registered insurance broker in Somalia. It holds a 50% share of the brokerage market, highlighting its importance in facilitating insurance transactions between providers and consumers (Ibrahim et al.,2024). This exclusive status emphasizes UMMA's critical role in the insurance distribution network, despite not being a direct insurance provider.

Takaful Insurance of Africa maintains a steady presence with a 10% market share (Takaful Insurance of Africa, 2022). While not as dominant as Amana, Takaful's consistent performance indicates its established position and contribution to the market's diversity.

In contrast, Baraka Takaful Insurance and Horn of Africa Insurance face challenges in expanding their market reach. These companies have not shown significant improvement in their market positions, suggesting difficulties in attracting new customers and increasing their revenue streams in Somalia's competitive insurance environment (Alshammari, et al 2019).

Collectively, these five insurance providers form the foundation of Somalia's insurance industry. They offer essential financial protection to both individuals and businesses, thereby contributing to the stability and growth of the national economy. Beyond their role in providing financial security, these organizations navigate unique challenges and opportunities within the sector, influencing its future trajectory (World Bank, 2021). The varied performance of these companies reflects the dynamic nature of Somalia's insurance market. It highlights the potential for growth and the need for strategic adaptation to meet the evolving needs of the Somali population and business community.

1.2 Statement of the Problem

Despite the expanding industries and the burgeoning private insurance sector in Somalia, insurance companies face significant hurdles in achieving optimal organizational performance. Regulatory ambiguity, limited infrastructure, and technological advancements, along with risk management complexities arising from security threats and natural disasters, pose substantial obstacles to operational efficiency and innovation (Ali, 2022). Moreover, the scarcity of skilled professionals further impedes growth and market penetration. Somalia's weak insurance culture, rooted in the absence of insurance legislation and traditional reliance on familial support rather than insurance, exacerbates these challenges. Somalis traditionally depend on extended family members for support

instead of insurance, perpetuating a low insurance culture. This cultural norm, exemplified by the traditional Somali attire known as 'Qaaran,' reinforces familial solidarity during crises in both urban and rural areas (Al-Imran et al., 2022). Consequently, minimal research has investigated the strategic determinants affecting organizational performance in Somali insurance companies.

Empirically, studies have found conflicting results on the various factors to be vital in ensuring that organizations perform well. To begin with in Kenya, Odhiambo and Njuguna (2019) investigated the influence of Market Competition and Performance of Insurance Firms in Kenya. Their study emphasized the role of competitive dynamics in driving organizational performance, yet it lacked exploration into the impact of regulatory frameworks and technological advancements. In Ghana, Osei-Bonsu et al. (2022) explored the influence of Innovation and Organizational Performance in the Ghanaian Insurance Industry. They found that innovative product offerings positively influence performance, but gaps persisted in understanding the effects of macroeconomic factors and cultural influences. In India, Satuluri (2021) conducted a study the influence of digital Transformation and Organizational Performance in the Indian Insurance Sector. His research highlighted the significance of digitalization in enhancing performance, but overlooked the influence of regulatory environments and demographic shifts. In the USA, Garg (2020) examined the influence of Customer Satisfaction and Organizational Performance in US Insurance Companies. He revealed the importance of customer satisfaction and efficient claims processing in driving performance, yet gaps remained in understanding the broader impacts of technological advancements and competitive dynamics. Therefore, this study seeks to investigate how technological factors, external

environmental factors, government regulation policy, and leadership styles influence the performance of insurers in Somalia

1.3 Objective of the Study

1.3.1 General Objective

The objective of this study was to investigate the strategic determinants and organizational performance among insurances companies in Somalia.

1.3.2 Specific Objectives

- i. To establish whether information technology influences performance of insurance companies in Somalia.
- ii. To establish weather external environment factors, influence performance of insurance companies in Somalia.
- iii. To determine the influence of government regulations on performance of insurance companies in Somalia.
- iv. To determine the influence of leadership styles on performance of insurance companies in Somalia.

1.4 Hypothesis of the Study

- i. **H₀₁**: There is no significant influence of technological factors on organization performance of insurance companies in Somalia.
- ii. **H₀₂**: There is no significant influence of external environment factors on organization performance of insurance companies in Somalia.
- iii. **H₀₃**: There is no significant influence of government regulation policies on performance of insurance companies in Somalia.

- iv. **H₀₄:** There is no significant influence of leadership styles on performance of insurance companies in Somalia.

1.5 Significance of the Study

This research carries substantial significance for different stakeholders. The findings are particularly pertinent to insurance firms, offering a profound understanding of how strategic elements affect their organizational performance. This knowledge is invaluable for enhancing their operations and decision-making. Moreover, it sheds light on industry trends, financial health, and market dynamics, offering crucial insights for insurance industry leadership. Additionally, this study holds immense value for policymakers. It can serve as a cornerstone for policy formulation and refinement in the insurance sector. The insights gained here can inform regulatory policies, incentivization strategies, and adaptations of the regulatory framework to foster greater inclusivity and effectiveness. For students aspiring to build careers within the insurance industry, this study provides a foundational understanding of the field. Furthermore, it serves as a valuable resource for academicians and researchers, offering a basis for further exploration into the multifaceted landscape of the insurance industry in Somalia. These findings can stimulate future research endeavors in this domain.

1.6 Scope of the Study

The research focuses on examining the impact of strategic factors on the overall performance of insurance companies operating in Somalia. Specifically, it investigates how information technology, external environmental factors, government regulations, and leadership styles influence the performance of these firms. The study targeted insurance

companies within Somalia, including Umma Insurance Brokers, Takaful Insurance of Africa, Amana Insurance, Baraka Insurance, and Amanah Insurance Company. Conducted between March 2022 and June 2023, this time frame provides a snapshot of the situation and allows for an analysis of how the identified factors influenced the organizational performance of the selected insurance companies during this specific period.

1.7 Limitations of the Study

Conducting research in Somalia, especially during the specified time frame, presented logistical challenges related to accessing reliable data and reaching respondents. Factors such as limited internet connectivity, political instability, and security concerns could have hindered the data collection process and potentially biased the results.

The study was conducted within a specific time frame (March to June 2022), providing only a snapshot of the organizational performance and factors influencing it during that period. This cross-sectional approach may not have captured the dynamic nature of organizational performance and the evolving influences of strategic factors over time.

The assessment of organizational performance and the influence of strategic factors may have been subjective and influenced by respondents' perceptions and biases. Different respondents may have had varied interpretations of the same factors, leading to potential inconsistencies in the data collected and analyzed.

The study may not have accounted for all external factors that could have influenced the organizational performance of the selected insurance companies during the specified time frame. Economic fluctuations, changes in regulatory policies, and other unforeseen events could have had significant impacts that were not captured or accounted for in the analysis.

1.8 Definition of Key Terms

External environmental factors:	Outside forces that have an impact on an organization but aren't directly under its control might be categorized as these (Essid & Berland, 2018).
Government regulations policies:	These are guidelines set forth by the state government that describe what constitutes permissible conduct in the world of business (Ndung'u, 2019).
Leadership styles:	Management's capacity for communicating and inspiring people to share in a company's strategic vision (Collins, 2021).
Insurance company:	Is an entity that provides an insurance services or insurance carrier (Esho & Verhoef, 2020).
Insurance:	According to Ndung'u (2018), insurance serves as a safeguard against financial losses, functioning as a method of risk management primarily employed to mitigate potential contingent or unpredictable losses.
Organization performance:	In reference to this study, it means the achievement of the overall strategic objectives of Insurance Companies (Arokodare & Asikhia, 2020).
Strategic factor:	The strategic factor is the component of any organization that must be flawless in order for it to operate efficiently (Tuin, 2020).
Technology:	Technology includes methods for communication and

approaches for the storage and processing of information
(Kiambi, 2018; Kinyanjui, 2019).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section offered a review of the literature while going into further detail on the theoretical and conceptual framework that was applied to improve this review. This evaluation will include an overview of all the literature, an analysis of relevant existing ideas, and a designation of research needs.

2.2 Theoretical Review

In the pursuit of a comprehensive understanding of any subject or field, a theoretical review serves as the intellectual cornerstone upon which research is built. This critical component of scholarly investigation involves the systematic examination and analysis of existing theoretical frameworks, concepts, and models that are relevant to the research topic.

2.2.1 The Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), developed by Fred Davis in 1989, is a theoretical framework designed to understand and forecast users' acceptance and adoption of new information technologies. According to TAM, two key factors influence a user's intention to use a technology: perceived usefulness (PU) and perceived ease of use (PEOU). The model suggests that if a technology is seen as both useful and easy to use, users are more likely to embrace it (Granić & Marangunić, 2019).

In the realm of insurance companies, TAM highlights that technological adoption—such as implementing digital platforms for customer service, claims processing, and data

analytics—can significantly improve operational efficiency, customer satisfaction, and overall organizational performance (Davis, et al., 2023).

In the context of studying the influence of technological factors on the organizational performance of insurance companies in Somalia, TAM can provide valuable insights. Somalia, like many developing countries, faces unique challenges in adopting and leveraging technology due to factors such as limited infrastructure, economic instability, and political unrest. Understanding how insurance companies in Somalia perceive and adopt technology can shed light on their organizational performance and competitiveness in the market (Cheng, 2019).

Perceived usefulness is crucial in this context as insurance companies need to assess how technology can improve their operations, enhance customer service, and increase efficiency. For example, implementing digital platforms for insurance claims processing and customer interactions can streamline operations and improve customer satisfaction (Kamal, et al., 2020).

Perceived ease of use is equally important, especially in a context like Somalia where technological literacy may vary among employees. Insurance companies may face resistance to adopting new technologies if they are perceived as difficult to use or require extensive training. Therefore, ensuring that technological solutions are user-friendly and accessible to employees can facilitate their adoption and integration into daily operations (Opoku & Enu-Kwesi, 2019). Furthermore, TAM can help identify specific technological factors that influence organizational performance in the insurance sector. This could include factors such as the availability of reliable internet connectivity, the affordability of

technology solutions, and the compatibility of existing IT infrastructure with new technologies.

2.2.2 The Resource Dependence Theory (RDT)

The Resource Dependence Theory (RDT), developed by Pfeffer and Salancik in 1978, provides a framework for understanding how organizations manage their external dependencies to obtain essential resources for their survival and success. According to RDT, organizations are affected by their external environments, including the availability of resources and their reliance on external entities such as suppliers, customers, competitors, and regulatory bodies (Kamal et al., 2020).

RDT posits that organizations rely on external resources and factors for their continued operation and growth. For insurance companies in Somalia, external factors such as economic conditions, regulatory changes, and socio-cultural trends can greatly influence their performance. Through strategically responding to these external influences through methods like product diversification, risk management, and market expansion, insurance companies can improve their overall performance (Celtekliligil, 2020).

Resource Dependence Theory posits that organizations rely on external resources for survival and success. In the context of insurance companies in Somalia, this theory supports the notion that effective management of external dependencies, such as capital, talent, and technology, is vital for organizational performance. By understanding and actively managing these dependencies, insurance companies can mitigate risks associated with resource scarcity or unreliability in the Somali context. Essentially, Resource Dependence Theory emphasizes the strategic importance of securing and optimizing

external resources to sustain operations and achieve competitive advantage amid challenging environments like Somalia.

In the context of studying the influence of external environmental factors on the organizational performance of insurance companies in Somalia, RDT provides valuable insights. Somalia's insurance sector operates within a complex and dynamic environment characterized by various external factors such as political instability, economic uncertainty, regulatory frameworks, and socio-cultural norms. These external factors significantly impact the availability and accessibility of resources that insurance companies rely on to operate effectively (Ozturk, & Coskun, 2014).

RDT highlights the importance of managing external dependencies to mitigate risks and enhance organizational performance. Insurance companies in Somalia need to strategically navigate their external environment to secure critical resources such as capital, talent, technology, and regulatory support (Kholmuminov et al., 2019). For example, political instability and regulatory uncertainty may pose challenges in obtaining necessary licenses and permits, accessing capital markets, and establishing partnerships with local and international stakeholders (Wang, et al., 2021).

Moreover, RDT emphasizes the role of inter-organizational relationships in resource acquisition and exchange. In the case of insurance companies in Somalia, forging strategic alliances with local businesses, government agencies, international organizations, and community groups can help mitigate resource constraints and enhance operational resilience. Collaborative partnerships can provide access to new markets, distribution channels, expertise, and financial resources that contribute to organizational growth and performance (Wang, & Liu, 2021).

Furthermore, RDT underscores the importance of organizational flexibility and adaptability in responding to changes in the external environment. Insurance companies in Somalia must continuously monitor and assess external threats and opportunities, adjust their strategies and operations accordingly, and build resilience to withstand environmental shocks and disruptions (Wang, & Liu, 2021).

2.2.3 Institutional Theory

Modern Institutional Theory, as introduced by Meyer and Rowan in 1977, suggests that organizations are shaped by pressures from societal norms, values, and regulatory frameworks. These pressures influence organizational behaviors, practices, and structures, leading to similarities or isomorphism among organizations operating within the same institutional context (Hillman, et al., 2009).

The theory argues that organizations adapt to institutional pressures, including regulatory requirements and societal norms, to achieve legitimacy and sustain their operations. For insurance companies in Somalia, adherence to government regulations—such as those concerning licensing, capital requirements, solvency ratios, and consumer protection—not only ensures legal compliance but also builds trust with stakeholders, thereby enhancing organizational performance (Risi, et al., 2023).

In the context of studying the influence of government regulation policies on the organizational performance of insurance companies in Somalia, the Institutional Theory provides valuable insights. Somalia's insurance sector operates within a unique institutional context characterized by a mix of formal regulations, informal norms, and cultural practices. Government regulations play a significant role in shaping the structure, operations, and performance of insurance companies in the country (Aksom, et al., 2019).

The government regulation policies directly impact the licensing, operation, and supervision of insurance companies in Somalia. Regulatory requirements related to capitalization, solvency ratios, reserve requirements, and consumer protection standards influence the entry barriers, market competitiveness, and financial stability of insurance firms. Compliance with regulatory mandates is essential for maintaining legitimacy and avoiding penalties or sanctions, thereby impacting organizational performance (Qiu, & Chen, 2023).

The government regulations indirectly influence organizational performance by shaping industry norms, practices, and standards. For instance, regulations governing product offerings, pricing structures, claims processing, and underwriting criteria influence the strategic choices and operational decisions of insurance companies. Adherence to regulatory norms and industry standards is crucial for gaining trust, credibility, and market acceptance, which in turn, affects organizational performance (Alvesson, & Spicer, 2019).

Moreover, government regulations may also influence organizational legitimacy and reputation in the eyes of stakeholders such as customers, investors, and business partners. Compliance with regulatory requirements signals a commitment to ethical conduct, transparency, and accountability, enhancing organizational legitimacy and trustworthiness. Conversely, non-compliance or regulatory violations can damage reputation, erode trust, and undermine organizational performance (Osinubi, 2020).

Furthermore, government regulations can shape the competitive dynamics of the insurance market by promoting or constraining innovation, market entry, and business expansion. Regulatory reforms aimed at fostering market competition, enhancing consumer choice, and promoting financial inclusion can stimulate industry growth and improve

organizational performance. Conversely, overly restrictive or inconsistent regulations may stifle innovation, limit market access, and hinder organizational performance (Wang, & Liu, 2021).

2.2.4 Transformational Leadership Theory

James MacGregor Burns introduced Transformational Leadership Theory in his 1978 book "Leadership." This theory posits that effective leaders inspire and motivate their followers to achieve exceptional results by appealing to higher values and ideals, encouraging innovation and creativity, and empowering individuals to realize their full potential (Kwan, 2020).

Transformational leaders drive motivation and inspiration through the development of a shared vision, empowerment of their team members, and the promotion of innovation and change. For insurance companies in Somalia, adopting transformational leadership styles—marked by vision, charisma, intellectual stimulation, and individualized attention—can enhance organizational performance by improving employee morale, fostering creativity, and increasing adaptability to market changes (Reza, 2019).

In the context of studying the influence of leadership styles on the organizational performance of insurance companies in Somalia, the Transformational Leadership Theory provides valuable insights into how leadership behaviors impact employee engagement, organizational culture, and strategic outcomes. Transformational leaders in insurance companies can inspire a shared vision of success and create a sense of purpose and direction among employees. In Somalia's insurance sector, which may face challenges related to talent retention and motivation, transformational leaders can articulate a

compelling vision for growth, innovation, and customer-centricity. This shared vision fosters a sense of belonging and commitment among employees, driving higher levels of performance and organizational alignment (Ladkin, & Patrick, 2022).

Transformational leaders encourage intellectual stimulation and creativity within their organizations. In a dynamic and rapidly evolving market like Somalia, insurance companies need to adapt to changing customer needs, technological advancements, and regulatory requirements. Transformational leaders stimulate innovation by encouraging employees to question the status quo, challenge conventional wisdom, and explore new ideas and solutions. This fosters a culture of continuous learning, adaptation, and experimentation, which is essential for driving organizational performance and competitiveness (Brown, et al., 2019).

Moreover, transformational leaders empower and develop their followers, enabling them to take ownership of their work, develop new skills, and contribute meaningfully to organizational success. In Somalia's insurance sector, where hierarchical structures and bureaucratic processes may prevail, transformational leaders empower employees to make decisions, take risks, and learn from failures. This autonomy and empowerment foster a sense of ownership and accountability, leading to higher levels of employee engagement, job satisfaction, and performance (Crede, et al., 2019).

Furthermore, transformational leaders exhibit exemplary ethical behavior and integrity, which is crucial for building trust, credibility, and reputation in the insurance sector. In Somalia, where corruption and ethical lapses may pose challenges, transformational leaders set high ethical standards, promote transparency, and hold themselves and others accountable for ethical conduct (Peng, et al., 2021). This fosters a culture of trust, integrity,

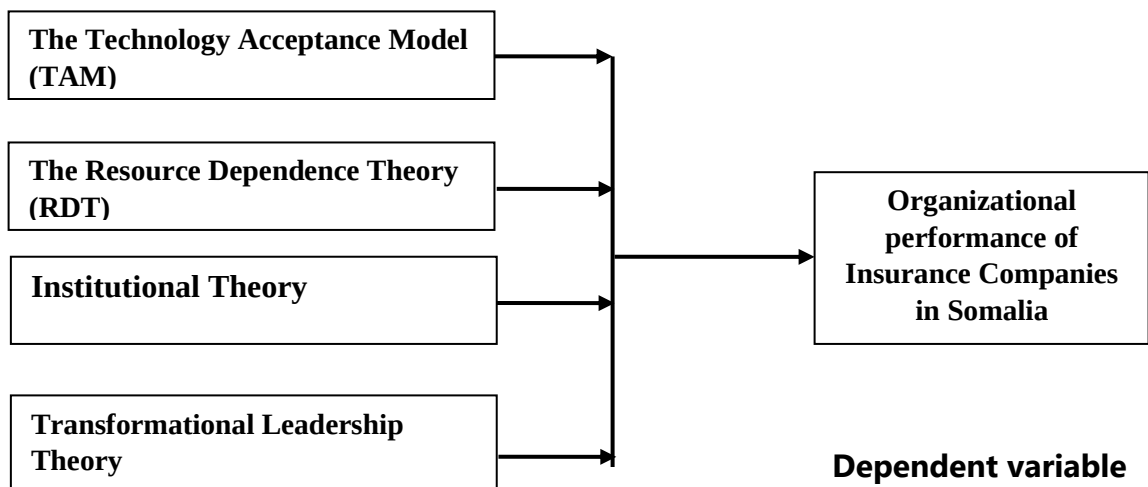
and professionalism, which enhances organizational performance and stakeholder confidence.

2.3 Theoretical Framework

A theoretical framework consists of a set of related concepts and ideas that form the foundation of a research study. It provides the conceptual structure that directs the research process, influencing the methods used and the results achieved. This framework includes a series of principles, assumptions, and theories that support the research goals. Establishing a theoretical framework before starting a research project is essential, as it lays the groundwork for analyzing and interpreting the study's data and findings.

Figure 2. 1:

Theoretical Framework



2.4 Empirical Literature Review

An empirical literature review involves a systematic analysis of existing literature and evidence related to a specific topic. This review process includes the careful gathering, assessment, and synthesis of data from published studies as well as other sources such as case studies, surveys, and interviews. The purpose of an empirical literature review is to

provide a thorough overview of current knowledge on the topic and to identify gaps or limitations in existing research. In this section, the review will focus on various studies related to the independent variables of the research.

2.4.1 Technological Factors and Organizational Performance

Technological factors have a profound impact on organizational performance, particularly in industries like insurance where innovation and efficiency are paramount. The integration of technological advancements can significantly enhance various aspects of organizational operations, ultimately leading to improved performance outcomes. According to Wakeham and Gilmer (2020) advancements in technology enable insurance companies to streamline processes, automate tasks, and improve operational efficiency. This can result in cost savings, faster service delivery, and increased productivity. For example, the implementation of digital platforms for claims processing and customer service can reduce manual workload and enhance customer satisfaction by providing quicker responses and resolutions (Zakariyah, & Ahmed, 2019).

Technological innovation drives the advancement of product development and creativity in the insurance industry. According to Torbira (2018), by utilizing technologies like data analytics, artificial intelligence, and machine learning, insurance firms can acquire crucial insights into customer preferences and risks. This enables the creation of customized and innovative insurance products, which boosts customer satisfaction and helps companies remain competitive in a rapidly changing market environment (Strange, 2020).

Furthermore, technology plays a crucial role in expanding market reach and improving customer engagement. The utilization of internet applications, social media platforms, and

mobile technologies allows insurance companies to reach a wider audience, target specific customer segments, and deliver personalized services. This not only enhances customer acquisition but also fosters stronger relationships with existing customers through proactive communication and targeted marketing strategies (Sodhi & Knuckles, 2021).

Technology is the use of computer procedures for information processing and administration, encompassing data storage, retrieval, encoding, and transmission (Sheikh et al., 2016). The purpose of information management, according to Shollo and Galliers (2016), is to meet user demands by selecting, creating, organizing, and managing data and information. Technology has evolved from a basic data storage tool to an essential tool for organizing the actions of several individuals, teams, and organizations (Muliro, 2017).

According to Pinto (2018), effective corporate operations also need the establishment of new standards and technological advancements. In today's technologically advanced business environment, information collecting, sharing, and storage are more crucial than ever for insurance businesses trying to boost automation and efficiency. Hastig and Sodhi (2020), technology plays a crucial role in contemporary enterprises. An organization's ability to effectively leverage the technological expertise of its workforce determines its financial performance (Bashir & Farooq, 2019). According to Kogo and Kimencu (2018), knowledge-based businesses have a significant competitive advantage since technological solutions provide effective means of managing knowledge and information.

Technology is critical to many organizational functions, including financial and human resource performance, work relationships, organizational responsiveness, innovation management, and service delivery (Khan, et al., 2021). Companies that provide their employees access to the newest technological training are more likely to succeed, claims

Mansaray (2019). When a corporation implements new technology, customer satisfaction and ease of use are crucial aspects that favorably affect the bottom line. According to Crawford (2021), a company's level of adoption of new information transmission technologies is positively connected with its vulnerability to data security issues.

2.4.2 External Environment and Organizational Performance

The external environment exerts a significant influence on organizational performance, particularly in the insurance industry where companies must navigate a complex landscape of factors beyond their control. Business competition, changing customer preferences, and political and economic stability are among the key external factors that impact organizational performance. The intense competition within the insurance sector necessitates companies to continually innovate, differentiate their offerings, and enhance operational efficiency to maintain market share and profitability. This competitive pressure can drive companies to adopt more customer-centric approaches, improve service quality, and explore new market opportunities (Bhatia & Jakhar, 2021).

The changing customer preferences and behaviors pose both challenges and opportunities for insurance companies. As customer expectations evolve, companies must adapt their products, services, and delivery channels to remain relevant and meet customer needs effectively. This may involve leveraging technology to enhance digital capabilities, offering personalized solutions, and providing superior customer experiences to differentiate themselves in the market (Tahir, et al., 2023).

Moreover, political and economic stability or instability can significantly impact organizational performance in the insurance industry. Political factors such as government

policies, regulations, and geopolitical tensions can create uncertainties and disrupt business operations. Economic factors such as inflation, interest rates, and unemployment rates can affect consumer purchasing power, investment decisions, and overall market conditions. Insurance companies must closely monitor and respond to these external dynamics to mitigate risks, capitalize on opportunities, and ensure long-term sustainability (Bhatia & Jakhar, 2021).

Furthermore, ecological conditions and societal trends, such as climate change awareness and demographic shifts, also influence organizational performance in the insurance sector. Insurers may face increased exposure to environmental risks, such as natural disasters, which necessitate proactive risk management strategies and product innovations. Additionally, demographic changes, such as aging populations or urbanization, may drive shifts in insurance demand and require companies to adapt their offerings accordingly (Tahir, et al., 2023).

Based on the findings of Kretschmer and Khashabi (2020), it can be inferred that the operational context of an organization exerts influence over its strategic decisions, daily functioning, and ultimately, its core structure and internal mechanisms. Gupta and Bose (2019) argue that the integration of these components establishes the foundation for competitive risks and opportunities within the industrial, remote, and operational domains. Based on the research conducted by Gupta and Bose (2019), it has been determined that economic integration holds the capacity to yield advantages for all participating entities, encompassing both economic and social dimensions. This phenomenon becomes evident when examining the operational outcomes of organizations in conjunction with the surrounding external environment.

The ease of cross-border trade has significantly increased following the reduction of international trade barriers (Kobrin, 2020; Strange, 2020). Globalization has proven to be advantageous for enterprises seeking to enhance their competitiveness by repositioning themselves (Vlados, 2019). Sreen (2017) assert that businesses operating in the insurance industry face significant challenges within the external competitive operating environment. Based on the research conducted by Sreen (2017), it has been determined that the recognition of obstacles posed by industry-related factors, including influential consumers, dominant suppliers, and intense competition from rivals, has a negative impact on the overall effectiveness of organizations.

The research conducted by Yu et al (2019) aimed to examine the utilization of environmental scanning in order to identify knowledge management practices within the transportation industry. This study emphasizes the significance of employing business and competitive intelligence strategies to advance and improve the field. The study was conducted by Bieber, and Moggia, (2021). Bieber and Moggia (2021) assert that insurance companies function within a regulatory framework that exhibits a comparatively lesser degree of stringency and freedom when compared to other entities operating in the private sector (Clements, 2020). The operational context within which insurance companies operate is shaped by the regulatory framework established by governmental authorities, encompassing legal statutes, societal conventions, and industry standards. The interrelationship between the strategic external environment and organizational performance in Somalia's competitive business environment has been emphasized (Phina 2020; Mohamed et al., 2022).

2.4.3 Government Regulation Policies and Organizational Performance.

Government regulation policies have a profound impact on organizational performance, especially in regulated industries like insurance. These policies encompass a wide range of regulations, mandates, and requirements imposed by governmental bodies that dictate how businesses operate within a particular jurisdiction. The effects of government regulation policies on organizational performance can be both direct and indirect, influencing various aspects of business operations, financial management, and strategic decision-making.

Firstly, government regulation policies directly impact organizational performance by imposing compliance requirements on insurance companies. These regulations often include licensing requirements, solvency standards, capital adequacy ratios, and consumer protection laws. Compliance with these regulations is essential for maintaining legal standing, avoiding penalties, and ensuring operational stability. However, regulatory compliance can also be resource-intensive, requiring companies to allocate significant time, effort, and financial resources to meet regulatory requirements (Kaburu, 2019).

Moreover, government regulation policies indirectly influence organizational performance by shaping the competitive landscape and market dynamics. Regulatory frameworks can affect market entry barriers, industry consolidation trends, and competitive behavior within the insurance sector. For example, regulatory changes may impact pricing strategies, product offerings, and distribution channels, thereby influencing market competitiveness and profitability. Additionally, government policies related to taxation, fiscal incentives, and trade agreements can influence investment decisions, business expansion plans, and overall financial performance (Turner, & Baker, 2019).

Furthermore, government regulation policies play a critical role in shaping consumer trust, confidence, and perception of insurance companies. Regulatory oversight and enforcement mechanisms provide assurance to consumers regarding the reliability, integrity, and ethical conduct of insurance providers. Conversely, regulatory breaches or compliance failures can damage the reputation, brand image, and trustworthiness of insurance companies, leading to adverse effects on customer retention, loyalty, and market share (Mabai, & Hove, 2020)

Organizational performance has evolved into a critical metric for comparing ultimate outcomes to desired outcomes, most notably in insurance agencies Mailu et al. (2018), and has been defined as the process or action of carrying out a task in order to achieve the desired outcome of operations (Pang & Lu, 2018). As can be observed, the success of insurance companies appears to be directly related to the implementation of government policies (Alshbili & Elamer, 2020). Numerous African governments are currently implementing a private entrepreneurship policy in order to boost innovative and competitive outcomes and, as a result, private organizational performance (Medase & Barasa, 2019).

Notably, institutions have developed a variety of new performance determinant approaches for assessing result achievement (Mbiti, 2021). One of the numerous assessment instruments recommended the use of a balanced scorecard, an organizational performance measurement system that gave a broad framework for insurance organizations to follow in order to attain the intended goal (Amos, & Musa, 2021; Habeeb, 2020). Organizational performance will ultimately be determined by the adherence to establishment of an innovative and proactive government regulation policy that enables the organization to

achieve desired organizational outcomes in response to the external environment's rapid change (Bhatia & Jakhar, 2021).

As demonstrated, government policies have a major impact on insurance businesses' organizational performance, including growth, development, and productivity (Anwar & Abdullah, 2021). As a result, this research will focus on the influence of government regulation policy on organizational performance of insurance companies in Somalia, examining both the direct and indirect influence of such interactions. To summarize, based on the literature reviews conducted on the variable of government regulation policy and organizational performance, discussed previously, it is clear that there are some relationships between the variables that should be explored and conceptualized further in the model of this research study.

2.4.4 Leadership Styles and Organizational Performance.

Kim (2020) asserts that in order for a leadership style to be efficacious in enhancing a company's competitiveness in a sustainable manner, it is imperative for the top management team to engage in strategic cognition and implementation, foster a shared vision and mission for the organization, and navigate through challenging decision-making processes. Leadership competencies, capabilities, and activities encompass various aspects such as establishing the firm's purpose or vision, leveraging its core competencies, nurturing its human capital comprising the knowledge, skills, and abilities of employees, as well as the firm's processes and controls, and upholding an efficient organizational culture characterized by a multifaceted amalgamation of ideologies, symbols, and values embraced by the firm's workforce (Mui, 2018).

Angira (2021) argues that a company's competitive advantage and performance are impacted by leadership styles that include traits like flexibility, agility, strategic thinking, and openness to change. However, visionary leadership, effective utilization and maintenance of core competencies, and personnel development all rank as essential determinants in an organization's performance (Latif, et al., 2020).

Leadership vision plays a crucial role in organizational growth by shaping behavior patterns and focusing efforts on achieving the organization's ultimate goals (Haque et al., 2016). Meng and Berger (2019) found that a well-defined vision and effective leadership styles have a positive impact on overall organizational performance.

It is essential for leadership styles to prioritize the strategic development and optimal utilization of human capital, which is considered the organization's most valuable asset (Mui et al., 2018). Miller (2021) highlighted that organizations with senior management lacking in leadership skills are likely to struggle in a dynamic business environment, irrespective of other performance factors. This underscores the importance of leadership styles that emphasize human capital development (Muriithi & Waithaka, 2019).

Leadership styles are crucial for creating and implementing human capital development strategies that enhance an organization's success, strength, and competitive position (Atiku & Lawal, 2022). Cho and Lee (2018) found a positive link between organizational performance and employee development. Therefore, the success of insurance companies relies heavily on the leader's dedication and strategic capability (Shin & Park, 2021). This is further supported by research indicating that effective leadership styles are vital for the success of insurance companies in Somalia (Mafuta, 2021). Insurance firms in Somalia

should adopt leadership styles that establish a clear vision, develop human capital, and focus on core competencies to gain a competitive advantage.

2.5 Research Gap

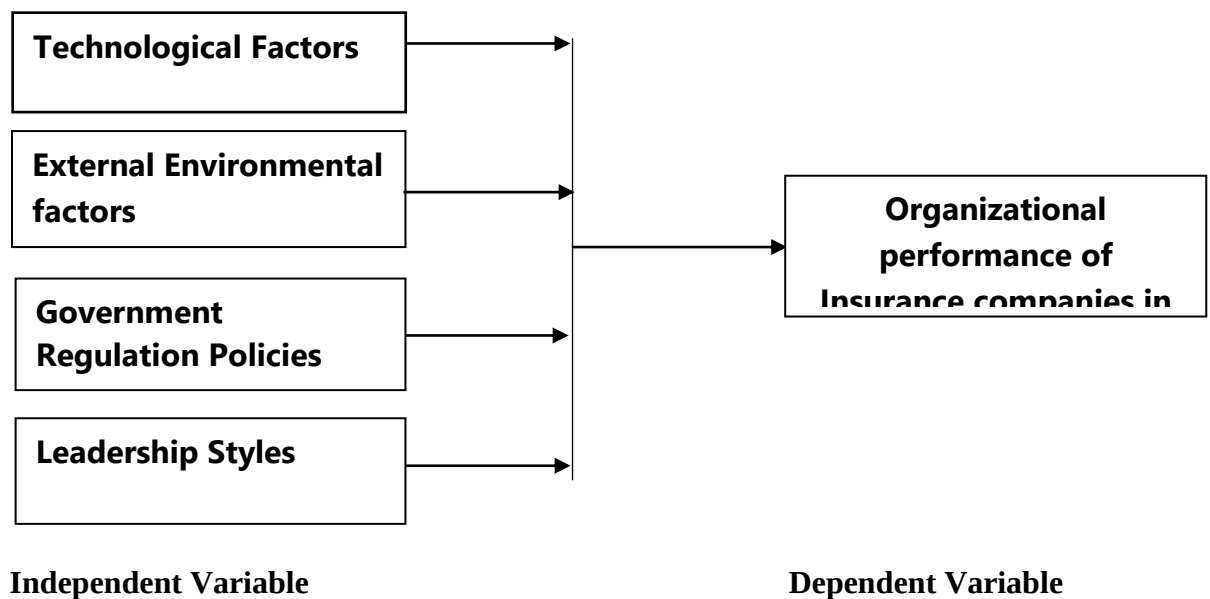
Research on insurance business organizational performance has been conducted in several countries. However, there are inconsistencies in the findings. Research by Khan et al. (2021), for example, demonstrates how important technology is for supporting operations including service delivery, innovation management, organizational responsiveness, financial and human resource performance, and workplace relationships. Still another study, this time from Nigeria, discovered that insurers who embraced technology improvements frequently lost out on income and customer information because of security flaws and anomalies in data, such as harking. The research concluded that technological advancements did not significantly affect insurance companies' bottom lines. Like the potential for data security issues, the higher a company's ability to exchange information through new technologies (Jnr, 2020; Broohm, 2021; Crawford, 2021). Similarly, studies on strategic factors influencing insurance company performance have been well done in industrialized countries rather than in developing countries such as Somalia, resulting in a scarcity of empirical knowledge. For example, Somalia lacks a well-established statistical agency to tabulate data relevant to insurance businesses; hence there is little literature available. Furthermore, few studies in Somalia have addressed the external environment and organizational performance of insurance companies, instead focusing on the internal environment.

2.5 Conceptual Framework

As per Lyle (2018), a conceptual framework is a graphical depiction that elucidates the cause-and-effect connection among various variables. In this study, the variables were categorized as independent variables (comprising technological factors, external environment, government regulation policy, and leadership styles), while the dependent variable was the organizational performance of insurance companies in Somalia, delineated by the criteria outlined in Figure 2.2 below.

Figure 2. 2:

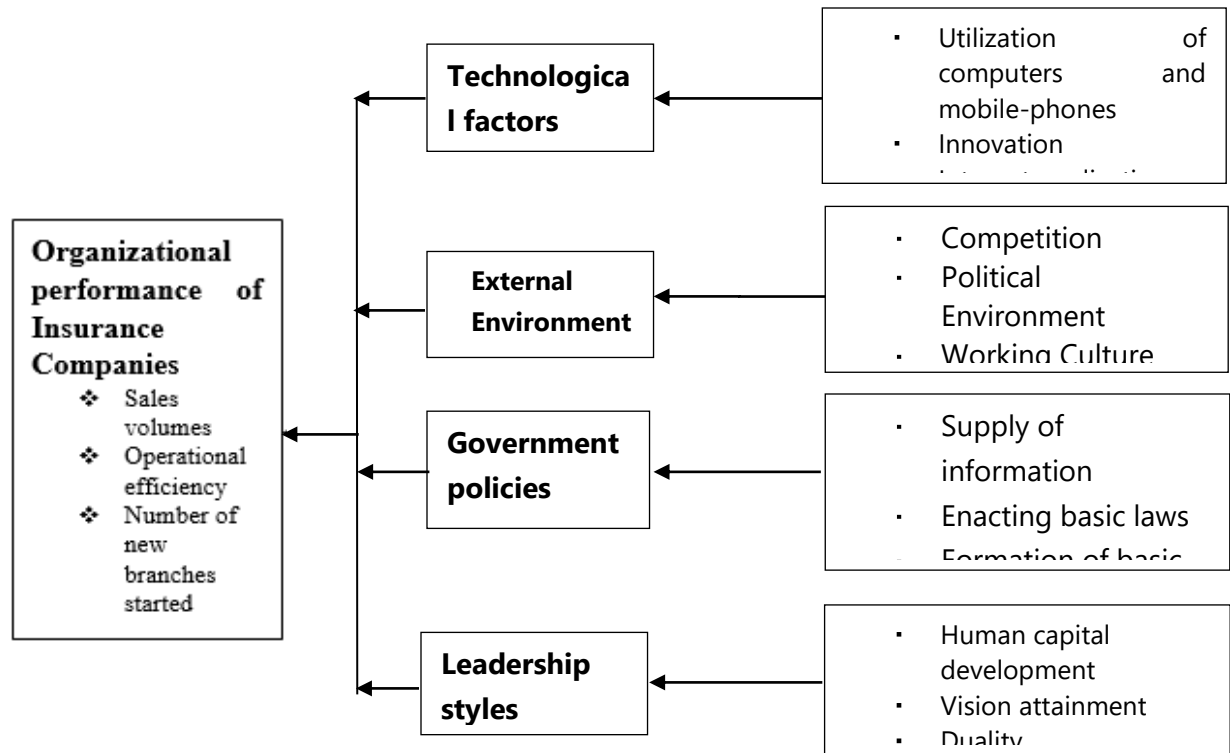
Conceptual framework



2.6 Operational framework

Figure 2. 3:

Operationalization Framework



Dependent Variable

Independent Variable

Indicators

2.7 Operationalization

For a study to be conducted in an unbiased manner, the researcher must first develop an operational framework, which is a set of variables that have been given concrete meaning (Edmonds & Kennedy, 2016). The independent variables in this study were technological factors, external environment, government regulatory policies and leadership styles whereas dependent variable was the organizational performance of insurance companies. Technological aspects were operationalized in terms of Innovation, Internet application and use of computers and cellphones. External environment was operationalized in relation to Competition, Political environment and working culture. Government regulation policy will be operationalized in regard to Supply of information, Enacting basic laws and

Formation of basic infrastructures. Lastly, leadership styles were operationalized in relation to Human capital development, Vision attainment and duality of top management as indicated in Figure 2.3 above.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section describes the research methodology, detailing the methods, tools, and procedures used. It includes information on the research design, target population, sampling framework, methods for determining sample size, and the sampling techniques applied. The chapter also discusses data collection methods, including any pre-testing conducted. Additionally, it covers the characteristics of the data collected, the processes for data processing and analysis, and the statistical models used in the analysis.

3.2 Research Design

The study used a descriptive research design, employing quantitative methods for data collection. This descriptive survey approach is well-suited for analyzing the strategic factors that affect the performance of insurance companies in Somalia. It allows for the collection of quantitative data, providing important insights into the current state of strategic factors within these organizations. Furthermore, adhering to quantitative techniques, as advocated by Ibrahim (2019), bolsters the study's rigor, especially when evaluating the influence of independent variables on firm performance. This ensures that the findings are grounded in empirical evidence, thereby enriching the existing understanding of organizational performance within the insurance sector.

3.3 Target Population

In this study, the target population consisted of 69 respondents selected from the five regulated insurance companies operating in Somalia between December 31, 2023, and

2023. These respondents were chosen among the heads of departments and their assistants, reflecting the interconnected nature of departments within these insurance firms. Specifically, participants were drawn from key departments including marketing, information technology, risk and compliance, finance, human resource management, and operations. Additionally, the study specifically targeted the chief executive officers of these five insurance companies. Consequently, the total target population comprised 69 participants, as detailed in Table 3.1 below.

Table 3. 1:

Target Population

Department	Target Population	Percent (%)
Marketing	19	27.54
IT	7	10.14
Risk and Compliance	10	14.49
Finance	8	11.59
Human Resource Management	7	10.14
Operations	14	20.29
Chief Executive Officers (CEOs)	4	5.80
Total	69	100

Source: Researcher (2024)

3.4 Sample Size and Sampling Procedure

The decision to utilize the entire population rather than sampling in the study of insurance companies in Somalia was driven by several factors. The insurance sector in Somalia consisted of only 69 participants, which made the population relatively small and homogeneous. Therefore, sampling would not have provided significant benefits in terms of efficiency or cost savings. Including the entire population ensured that all relevant perspectives were captured, thereby reducing the need for complex sampling techniques and resource-intensive procedures. Moreover, this approach was aligned with Leedy's (1997) argument that sampling populations smaller than 100 may not significantly enhance

study outcomes. Thus, the study included all insurance companies operating in Somalia between March 2022 and June 2023 to ensure comprehensive insights into the factors influencing organizational performance within this specific period.

3.5 Data Collection Procedure

The research utilized a survey tool for gathering data, chosen for its efficiency in swiftly and accurately collecting information. This method enables the retrieval of attitudes and perceptions from a broad spectrum of individuals with minimal influence. The researcher contacted designated individuals in various companies via email or phone calls to arrange data collection appointments with the targeted respondents. Subsequently, upon the agreed-upon appointments, the researcher, along with research assistants, visited the respondents to conduct the questionnaire.

3.6 Piloting of the research instrument

Research instruments, like questionnaires, are pretested through pilot studies. Newing (2011) emphasizes the importance of this procedure for spotting questions that might be construed in multiple ways by responders early on. Furthermore, pilot tests aid in determining which parts of the questionnaire may leave respondents unsure on what to do next. In addition, the reliability and validity of the questionnaire as a whole benefit from these analyses by revealing items that do not provide useful information or lack clarity.

The researcher chose individuals from Somali Takaful Insurance Company using a straightforward random selection technique. Thirteen persons were selected for the research, including the CEO, the leaders of each department, and their respective aides. The insurance company that participated in the pilot study was not included in the sample used for the final analysis, as noted by Sekaran and Bougie (2010). Participants were told

to assess each questionnaire component separately so order to minimize measurement mistakes that may arise from their misreading of the questions. A thorough testing procedure was carried out to guarantee the accuracy of the questionnaire with regard to its content, question sequence, phrasing, format and layout, degree of complexity, and instructions before it was given to the research participants.

Table 3. 2:

Pilot Study Sample

Department	Pilot Sample
Marketing	2
IT	2
Risk and Compliance	2
Finance	2
Human Resource Management	2
Operations	2
Chief Executive Officer (CEO)	1
Total	13

Source: Researcher (2024)

3.6.1 Validity Tests

According to Gregory et al (2018), validity in the context of an instrument is commonly understood to relate to the extent to which the instrument properly measures the intended construct or phenomena, hence evaluating its appropriateness for addressing the aims and research questions of a study. Instrument validity, as defined by Kothari, (2019) refers to an evaluation of the precision with which a research instrument assesses the targeted construct. According to Mugenda and Mugenda (2003), validity is concerned with the correctness and importance of conclusions drawn from studies. This study used both content and discriminant validity to satisfy the validity criterion, which requires that the average extracted variance of a construct, is greater than the correlations between the construct and other ones.

3.6.2 Reliability of Instruments

Increasing reliability promotes objectivity and trustworthiness by reducing the likelihood of bias and enhancing transparency. Gregory et al (2018) define reliability as "the degree to which test results remain consistent when administered on different occasions or under different conditions and when scored by different evaluators". Internal consistency refers to how well the items in a test align with each other, either across different sections of the test or within specific sections that assess a consistent topic or body of knowledge. This definition of internal consistency is provided by Hayes and Coutts (2020).

Thus, the assessment of reliability is not based on quantitative measurement but rather approximation. To determine the consistency and reliability of the Likert-scale responses, the researcher employed Cronbach's Coefficient Alpha. Cronbach's coefficient alpha is a statistical measure that assesses the internal consistency of a scale, ranging between -1 and +1 to indicate the reliability degree of the scale. To meet the required standard, Cronbach's alpha coefficient should be equal to or greater than 0.70. However, it is worth noting that a Cronbach's alpha (α) value of 0.5 or higher is deemed to demonstrate satisfactory internal consistency.

3.8 Data Processing and Analysis

The processes of editing, classifying, categorizing, and tabulating data to make analysis easier are together referred to as "data processing"(Kothari, 2019). The researcher will enter the information from the questionnaire into SPSS version 25 or another database program or spreadsheet, such Microsoft Excel. To achieve the objectives of the study, Ibrahim (2019) combined descriptive and inferential statistical approaches to evaluate the quantitative data. Cooper and Schindler (2011) outline the initial phase, which involved

tabulating the gathered data as well as data editing, filtering, and cleaning. The objective of this procedure was to locate and address any inaccuracies, shortcomings, incorrect categorizations, or gaps in the data that the participants had submitted.

Descriptive statistics were illustrated using frequency distribution tables and bar charts (Ibrahim, 2019). Inferential statistics were utilized to assist the researcher in making conclusions based on the analyzed data, aiding in the generalization of information.

Throughout the data analysis process, various conclusions were drawn from the dataset, as indicated by the works of Roberts (2020). Kothari (2019) emphasizes that data analysis involves systematically extracting significance from diverse forms of information, including textual and visual data. This process entails preparing the data for analysis initially, acquiring additional insights through analysis to enrich data interpretation, graphically presenting the data, and drawing conclusions regarding its significance and applicability.

Lakens (2022). suggest that data analysis involves a systematic procedure for condensing extensive data quantities into a more manageable scale, generating concise summaries, identifying recurring patterns, and employing statistical methodologies to make inferences and draw conclusions from the data. The study utilized a multiple regression model to explore the impact of strategic considerations on the overall performance of insurance companies in Somalia. The researcher adopted this model to facilitate the formulation of generalizations pertaining to the entire study group, as necessitated by the research objectives.

The empirical model was as follows;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

β_0 =The Regression constant term.

β_1 , β_2 , β_3 and β_4 represent the regression coefficients independent variables

X_1 = Information Technology

X_2 = External Environment Factors

X_3 = Government Regulations

X_4 = Leadership Styles

3.9 Ethical Considerations

Ethics, as described by Pritha (2021), applies to the established research standards that researchers must adhere to, especially in their dealings with study participants. Participants have the right to join in a research willingly and can withdraw at any stage. To respect these objectives, the researcher secured voluntary involvement, assured privacy, and maintained confidentiality. This precaution sought to process and preserve acquired data securely, preventing participant information from illegal access. Additionally, the researcher got clearance letters from both KeMU and NACOSTI to perform the data gathering process.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This section primarily centers on presenting the results and discussing their implications. It delves into the viewpoints of the study participants regarding the research topic, which involves assessing how strategic determinants influences organizational performance among insurances companies in Somalia. The findings, along with relevant data, are displayed in tables for clarity.

4.2. Response Rate

Of the entire sample group comprising 69 individuals, 65 individuals agreed to take part in the survey, indicating a response rate of 94.2%. According to Mugenda and Mugenda (2003) response rate exceeding 70% is considered representative of the population sampled and is thus deemed sufficient for the analysis of data.

4.3 Reliability Analysis

A reliability study was conducted to assess the accuracy and consistency of the data collection methods employed. To gauge the instrument's reliability, Cronbach's coefficient Alpha was utilized within SPSS version 25. The findings show that Cronbach's alpha had an internal consistency score of 0.923 in the data as shown in Table 4.1. This results are regarded credible and adequate because the Cronbach Alpha coefficient is above 0.7. This suggests that the study tools were appropriate for usage.

Table 4. 1:

Reliability Test

Study Construct	No of items	Cronbach Alpha	Verdict
Technological factors,	10	0.923	Reliable
External environment factors,	9	0.892	Reliable
Government regulation policies,	5	0.767	Reliable
Leadership styles and Organization Performance	12	0.788	Reliable
Organizational Performance	8	0.888	Reliable

Source: Researcher (2024)

4.4 General Information of the Respondents

This section aimed to ascertain the fundamental information of the participants within private Kenyan universities, including their gender, educational background, length of employment, and positions held.

4.4.1. Gender Distribution of the Respondents

The findings as outlined in Table 4.2 below depict the distribution of participant genders as determined.

Table 4.2:

Gender

Gender	Frequency	Percentage
The males	34	52
The females	31	48
Total	65	100

Source: Researcher (2024)

The results showed that 52% (N=34) of respondents were males, compared to 48% of females (N=31), indicating that there were more male staff in the insurance firms in

Somalia. However, the gender distribution was fairly equal representing balanced gender disparity in the firms and brings divergence in competence from all; gender. These results were at agreement with numerous other insurance company studies undertaken in the past, which discovered that males are dominate in insurance firms in Kenya (Ibrahim et al., 2024). Similarly, Muyeiya (2021) found that, male and female workers in insurance were evenly distributed which shown positive insurance company organizational performance.

4.4.2. Education Level

In this context, the participants of the study were asked to indicate their respective educational levels. The results are presented in Table 4.3 below.

Table 4. 3:

<i>Education Level</i>		
Response	Frequency	Percent
Additional training after secondary	4	6.4
College	19	28.5
Undergraduate	36	55.7
Postgraduate	6	9.4
Total	65	100.0

Source: Researcher (2024)

These findings suggest that a significant proportion of participants (55.7%, N=36) possessed a considerable level of educational attainment, enabling them to comprehend the subject matter and respond appropriately. The findings of the study support the conclusions drawn by Kaburu (2018) regarding the positive impact of educated employees in the insurance industry on their ability to effectively and professionally engage with potential customers.

4.4.3 Influence of strategic factors on organizational performance

The outcomes of this study indicate that the strategic factors examined significantly influence the performance of insurance companies in Somalia. Table 4.5 illustrates the conclusive results.

Table 4. 4:

Influence of Strategic Factors on Organizational Performance

Extent	Frequency	Percentage
Very great extent	33	50.9
Great extent	27	42.0
Moderate extent	4	5.8
Little extent	1	1.3
Total	65	100

Source: Researcher (2024)

This exemplifies the influence of strategic considerations on the performance of insurance businesses in Somalia. A significant proportion of the participants, comprising 50.9% (N=33), expressed agreement regarding the substantial influence exerted by technological factors, external environment, government regulations, and leadership styles on the performance of organizations. An additional 42.0% (N=27) of participants concurred that these factors exert a substantial influence, while 5.8% (N=4) acknowledged a moderate impact, and 1.3% (N=1) acknowledged a minor impact. Ali (2022) draws a conclusion from the aforementioned findings, asserting that the strategic determinants being examined exert a noteworthy influence on the performance of insurance within Somali enterprises.

4.5 Descriptive Results

The presentation covers the descriptive results of both the independent and dependent variables.

4.5.1 Technological Factors

The respondents were requested to indicate the extent to which technological factors influences the organizational performance of insurance companies in Somalia. The results are presented in Table 4.5.

Table 4. 5:

Technological Factors and Organizational Performance

Opinions	N	Mean	Std. Deviation
Our company is involved in product upgrading through new innovation	65	4.17	1.518
Internet application in my firm enables our firm to affect her operations	65	3.52	1.348
Process innovation is adopted to a very great extent in our company	65	4.15	1.383
Our company has intensive internet application	65	4.25	1.458
Our company continually upgrades all nonperforming products	65	4.14	1.629
My firm advertise new products through online platforms like Facebook, twitter and you tube streaming	65	3.89	1.187
We accept mobile phone transactions from customers	65	3.91	1.646
We are active in developing new products for existing customers	65	3.46	1.650
We have high product innovativeness	65	3.58	1.499
We have established links with the production facility to take more quality checks while keeping the cost low	65	4.10	.997

Source: Researcher (2024)

From the findings, the respondents were in agreement that our company is involved in product upgrading through new innovation, as supported by a mean score of 4.17 and a standard deviation of 1.518. This indicates a relatively high level of involvement in product innovation within the surveyed insurance companies in Somalia. The study also revealed

that Internet application in the firms enables them to affect their operations, with a mean score of 3.52 and a standard deviation of 1.348. While this score is slightly lower than product innovation, it still suggests a significant reliance on internet technologies to facilitate business processes. Process innovation is adopted to a very great extent in the companies, as evidenced by a mean score of 4.15 and a standard deviation of 1.383. This indicates a strong emphasis on improving operational efficiency and effectiveness through innovative processes. Moreover, the respondents indicated that their companies have intensive internet application, with a mean score of 4.25 and a standard deviation of 1.458. This highlights the importance of internet technologies in driving various aspects of their operations. Additionally, the study found that companies continually upgrade all nonperforming products, with a mean score of 4.14 and a standard deviation of 1.629. This suggests a commitment to maintaining competitiveness by regularly refining and improving their product offerings. Regarding marketing strategies, the respondents reported advertising new products through online platforms like Facebook, Twitter, and YouTube streaming, with a mean score of 3.89 and a standard deviation of 1.187. While this score is relatively high, it indicates a slightly lower emphasis on online marketing compared to other technological factors. Furthermore, companies accept mobile phone transactions from customers, with a mean score of 3.91 and a standard deviation of 1.646. This indicates a moderate level of adoption of mobile payment technologies, which are increasingly important in facilitating transactions in today's digital economy. However, the study found that companies are less active in developing new products for existing customers, with a mean score of 3.46 and a standard deviation of 1.650. This suggests a potential area for improvement in customer-centric innovation strategies. Similarly,

respondents reported relatively lower levels of product innovativeness, with a mean score of 3.58 and a standard deviation of 1.499. This indicates a need for companies to focus more on fostering a culture of innovation to stay competitive in the market. Finally, companies have established links with production facilities to take more quality checks while keeping costs low, as indicated by a mean score of 4.10 and a standard deviation of .997. This suggests a proactive approach to ensuring product quality and cost efficiency through collaboration with suppliers.

4.5.2 External environmental factors and organizational performance.

The respondents were requested to indicate the extent to which external environment factors influences organizational performance of insurance companies in Somalia. The findings are shown in table 4.6.

Table 4. 6:

External Environment Factors and Organizational Performance

Opinions	Std.		
	N	Mean	Deviation
Business competition	65	3.62	1.128
Change in customers' taste or behavior due to competition	65	3.49	1.174
Team working	65	3.72	1.281
Our working culture has enhanced organizational performance	65	3.51	1.348
Staff drive	65	4.22	.927
Politics trends	65	4.02	1.340
Economic trends	65	3.95	1.110
Ecological conditions	65	4.02	.992
Staff rewarding culture	65	4.03	.684

Source: Researcher (2024)

From the findings, the respondents indicated that business competition has a notable influence on organizational performance, with a mean score of 3.62 and a standard deviation of 1.128. This suggests that competition within the insurance industry in Somalia

is perceived as significant and impactful on companies' performance. Additionally, changes in customers' taste or behavior due to competition were reported to have an influence, with a mean score of 3.49 and a standard deviation of 1.174. This underscores the need for insurance companies to continuously adapt their products and services to meet evolving customer preferences in a competitive market. The respondents also emphasized the importance of team working in enhancing organizational performance, with a mean score of 3.72 and a standard deviation of 1.281. This highlights the value placed on collaboration and teamwork within these companies to achieve their strategic objectives. Furthermore, the working culture was perceived to have a positive impact on organizational performance, with a mean score of 3.51 and a standard deviation of 1.348. This suggests that fostering a supportive and conducive work environment is crucial for driving performance outcomes. Staff drive was identified as a significant factor influencing organizational performance, with a high mean score of 4.22 and a relatively low standard deviation of 0.927. This indicates a strong consensus among respondents regarding the importance of motivated and driven staff in achieving organizational goals. Political trends were also considered influential, with a mean score of 4.02 and a standard deviation of 1.340. This suggests that political stability and government policies can significantly impact the operating environment for insurance companies in Somalia. Similarly, economic trends were perceived to have a notable influence, with a mean score of 3.95 and a standard deviation of 1.110. This indicates that economic conditions, such as inflation, GDP growth, and unemployment rates, can shape the performance of insurance companies within the country. Additionally, ecological conditions were deemed to be influential, with a mean score of 4.02 and a standard deviation of 0.992. This highlights the recognition of

environmental factors, such as climate change and natural disasters, as potential risks and opportunities for insurance companies. Lastly, a staff rewarding culture was identified as a factor that enhances organizational performance, with a mean score of 4.03 and a remarkably low standard deviation of 0.684. This underscores the importance of recognizing and rewarding employee contributions to motivate performance and foster a positive organizational culture.

4.5.3 Influence of government policies on organizational performance

The respondents were requested to indicate the extent to government regulation policies influences organization performance of insurance companies in Somalia. The findings are shown in table 4.7 below.

Table 4. 7:

Influence of Government Policies on Organizational Performance

Opinions	Std.		
	N	Mean	Deviation
Basic infrastructures requirements by government affect organizational performance	65	3.77	1.057
Regular supply of information regarding our operation to the government affect organizational performance	65	4.32	.903
Enactment of some government basic laws affects our operations that eventually affect organizational performance	65	3.68	1.032
Some basic infrastructures are costly to attain hence affect organizational performance	65	3.46	.792
Responding to go government rules like tax compliance affect our organizational performance	65	4.45	.501

Source: Researcher (2024)

From the findings, the respondents indicated that basic infrastructure requirements mandated by the government affect organizational performance, with a mean score of 3.77 and a standard deviation of 1.057. This suggests that the availability and adequacy of

infrastructure, such as roads, telecommunications, and utilities, have a significant impact on the operations of insurance companies in Somalia. Furthermore, the regular supply of information regarding operations to the government was perceived to have a notable influence on organizational performance, with a high mean score of 4.32 and a relatively low standard deviation of 0.903. This underscores the importance of transparency and compliance with regulatory reporting requirements in maintaining a favorable relationship with government authorities. The enactment of some basic laws by the government was reported to affect operations, which in turn influences organizational performance, with a mean score of 3.68 and a standard deviation of 1.032. This suggests that regulatory frameworks and legal requirements imposed by the government can shape the operating environment for insurance companies and impact their performance outcomes. Moreover, the costliness of attaining certain basic infrastructures was identified as a factor affecting organizational performance, with a mean score of 3.46 and a remarkably low standard deviation of 0.792. This indicates that the financial burden associated with infrastructure investments can pose challenges to insurance companies in Somalia and hinder their performance. Responding to government rules such as tax compliance was perceived to have a significant impact on organizational performance, with a high mean score of 4.45 and an exceptionally low standard deviation of 0.501. This highlights the critical importance of adhering to regulatory requirements, particularly in areas such as taxation, to ensure compliance and maintain the financial stability and reputation of insurance companies.

4.5.4 Influence Leadership Styles on Organizational Performance

The respondents were requested to indicate the extent to which leadership styles on the organization performance of insurance companies in Somalia. The findings are shown in table 4.8 below.

Table 4. 8:

Influence Leadership Styles on Organizational Performance

Opinions	Std.		
	N	Mean	Deviation
There are motivational rewards to employees by the company	65	3.54	.731
My CEO involves other staff members in decision-making process	65	4.13	.499
Employees are given reward motivation to promote their wellness	65	3.88	.705
The organization's management organize in-service seminars and training to staff that aid to help organization performance	65	3.85	.587
The CEO in my institution ensures project decisions are made in timely manner	65	3.72	.503
The CEO in my institution undertakes and performs duties in timely manner	65	3.52	.664
The CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets	65	4.20	.553
The CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets	65	3.58	.556
Organization endures that everyone feels they are part of the process of firm's operation	65	3.75	.685
The organization vision is well defined	65	3.63	.782
There are regulations in my company introducing boundaries on what the CEO can change on the enacted budget of the institution	65	4.15	.501
There are motivational rewards to employees by the company	65	3.92	.503

Source: Researcher (2024)

From the findings, the respondents indicated that there are motivational rewards to employees by the company, with a mean score of 3.54 and a standard deviation of 0.731. This suggests that motivational incentives play a role in influencing employee performance

within insurance companies in Somalia, although the mean score indicates a moderate level of agreement among respondents. Moreover, the involvement of the CEO and other staff members in the decision-making process was perceived to have a significant impact on organizational performance, with a high mean score of 4.13 and a remarkably low standard deviation of 0.499. This underscores the importance of participatory decision-making in fostering a sense of ownership and commitment among employees. Additionally, providing reward motivation to promote employee wellness was identified as a factor influencing organizational performance, with a mean score of 3.88 and a standard deviation of 0.705. This suggests that initiatives aimed at enhancing employee well-being contribute to overall performance outcomes within insurance companies. The organization's management organizing in-service seminars and training for staff, which aid in improving organizational performance, received a mean score of 3.85 and a standard deviation of 0.587. This indicates that investing in employee development through training and skill enhancement programs is perceived as beneficial for organizational performance. Ensuring that project decisions are made in a timely manner by the CEO was reported to impact organizational performance, with a mean score of 3.72 and a standard deviation of 0.503. This underscores the importance of efficient decision-making processes in driving project execution and achieving performance objectives. Moreover, the CEO's sense of identity, which increases staff commitment to work and reduces delays in meeting targets, received a high mean score of 4.20 and a standard deviation of 0.553. This highlights the influence of leadership qualities, such as vision, accountability, and integrity, in shaping organizational culture and performance outcomes. Similarly, ensuring that everyone feels they are part of the process of the firm's operation was perceived to influence

organizational performance, with a mean score of 3.75 and a standard deviation of 0.685. This emphasizes the importance of fostering a sense of inclusivity and collaboration within the organization. Furthermore, having a well-defined organizational vision was reported to impact organizational performance, with a mean score of 3.63 and a standard deviation of 0.782. This suggests that a clear and compelling vision provides direction and motivation for employees to work towards common goals. Additionally, having regulations in place that introduce boundaries on what the CEO can change on the enacted budget of the institution was perceived to influence organizational performance, with a mean score of 4.15 and a standard deviation of 0.501. This indicates that financial governance mechanisms contribute to organizational stability and performance. Lastly, the provision of motivational rewards to employees by the company received another mention, with a mean score of 3.92 and a standard deviation of 0.503. This underscores the importance of recognizing and rewarding employee contributions to foster motivation and enhance performance outcomes.

4.5.5 Organization Performance of Insurance Companies in Somalia

The respondents were requested to indicate the extent of organizational performance of insurance companies in Somalia. The findings are shown in table 4.9 below.

Table 4. 9:

Organization Performance of Insurance Companies in Somalia

Opinions	N	Mean	Std. Deviation
Our volume of sales of the firm has increased with employment of modern technology	65	4.36	.834
Our customer service has increased with the use of technology	65	3.65	.648
Our customer's loyalty has improved due to better leadership in our company	65	4.16	.502
Our capacity to handle more customers has improved with digital marketing	65	3.85	.751
Our operations have significantly improved due to good external environment relations	65	3.90	.494
Our organization sales have increased	65	3.94	.812
Our conversion rate of sales has gone up through use of cell phone	65	4.29	.551
Our conversion rate of sales has gone up through use of online marketing	65	3.54	.709

Source: Researcher (2024)

From the findings, the respondents indicated that the volume of sales of the firm has increased with the employment of modern technology, with a high mean score of 4.36 and a standard deviation of 0.834. This suggests that the adoption of modern technology has had a significant positive impact on sales performance within these companies. Moreover, customer service was reported to have improved with the use of technology, as evidenced by a mean score of 3.65 and a standard deviation of 0.648. This indicates that technological advancements have contributed to enhancing the quality and efficiency of customer service delivery. Additionally, customer loyalty was perceived to have improved due to better

leadership in the company, with a mean score of 4.16 and a remarkably low standard deviation of 0.502. This highlights the influential role of leadership in fostering customer loyalty and satisfaction within insurance companies. The capacity to handle more customers was reported to have improved with digital marketing efforts, as indicated by a mean score of 3.85 and a standard deviation of 0.751. This suggests that digital marketing initiatives have been effective in expanding the customer base and increasing market reach. Furthermore, the operations of the organizations were reported to have significantly improved due to good external environment relations, with a mean score of 3.90 and a standard deviation of 0.494. This underscores the importance of maintaining positive relationships with external stakeholders, such as regulatory bodies, suppliers, and partners, in driving operational excellence. The respondents also reported an increase in organization sales, with a mean score of 3.94 and a standard deviation of 0.812. This suggests a positive trend in sales performance within the surveyed insurance companies. Moreover, the conversion rate of sales was reported to have gone up through the use of cell phones, with a high mean score of 4.29 and a standard deviation of 0.551. This highlights the effectiveness of mobile technology in facilitating sales conversions and improving overall business performance. However, the conversion rate of sales through the use of online marketing was perceived to be slightly lower, with a mean score of 3.54 and a standard deviation of 0.709. This suggests that while online marketing efforts may have contributed to sales performance, there may still be room for improvement in this area.

4.6 Diagnostic Tests of Variables

4.6.1 Test of Normality

Normality tests assess whether data sets follow a normal distribution. The null hypothesis posits that the population follows a normal distribution, while the alternative hypothesis suggests it does not. Normality was evaluated, and the results are presented in Table 4.10. For data sets with fewer than 2000 observations, the Shapiro-Wilk test is applied; for larger data sets, the Kolmogorov-Smirnov test is used. Given that this study included 96 observations, the Shapiro-Wilk test was employed.

The results revealed the following p-values for the variables: technological factors had a p-value of 0.121, indicating a normal distribution; external environmental factors had a p-value of 0.235, also indicating normal distribution; government regulation policies had a p-value of 0.216, showing normal distribution; and leadership styles had a p-value of 0.341, suggesting normal distribution. Based on these results, the study rejected the alternative hypothesis, confirming that the data for all variables were normally distributed and met the normality assumption required for further regression analysis.

Table 4. 10:

Test of Normality - Shapiro-Wilk

	Statistic	df	Sig.
Technological Factors	.862	84	.121
External Environmental factors	.854	84	.234
Government Regulation Policies	.876	84	.216
Leadership Styles	.898	84	.341

Source: Researcher (2024)

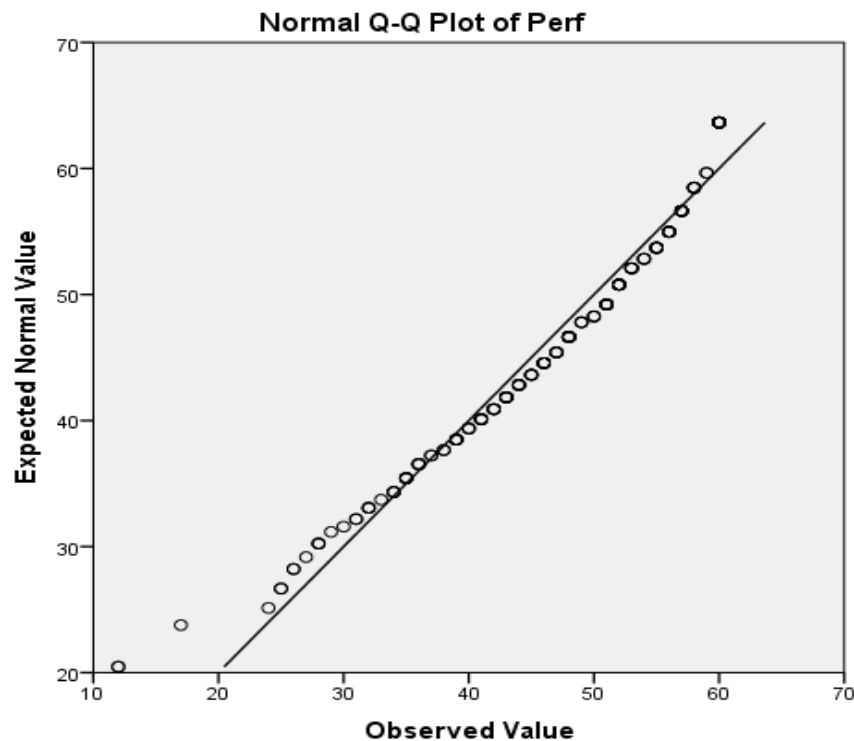
4.6.2 Homoscedasticity Test

Homoscedasticity refers to the condition where the dependent variable exhibits consistent variability across all values of the independent variables. To check for homoscedasticity, a test is conducted to evaluate the variance of residuals in the regression model. When variability is not consistent across values of the independent variables, it indicates heteroscedasticity.

A probability-probability plot (P-P Plot) is a graphical tool used to assess both normality and homoscedasticity of data distributions. It compares the empirical cumulative distribution function of a variable against a theoretical cumulative distribution function (Park, et al., 2008). If the distributions align, the plot will show a straight line passing through the origin with a slope of one. A more linear appearance of the P-P plot indicates a closer fit to normality and homoscedasticity. The normal P-P plot for customer satisfaction, depicted in Figure 4.1, demonstrates minimal deviation from the 45-degree line. This confirms that the data for the dependent variable (Organizational performance of insurance companies in Somalia) is both normally distributed and homoscedastic, validating the use of the multiple linear regression model for the study.

Figure 4. 1:

Homoscedastic Test performance



4.6.3 Multi-collinearity Test

Multicollinearity occurs when there are strong correlations among independent variables, which can increase the standard errors of the coefficients. To assess multicollinearity, collinearity statistics such as tolerance and the variance inflation factor (VIF) are used. Tolerance indicates the proportion of variance in an independent variable that is not accounted for by the other independent variables, while VIF shows how much the variance of the regression coefficient is inflated due to multicollinearity, potentially leading to misleadingly high standard errors. Ideally, if there is no correlation between variables, the VIF values will all be 1. A VIF value of 5 or higher indicates potential collinearity with that variable. The results of the multicollinearity tests for Technological Factors, External

Environmental Factors, Government Regulation Policies, and Leadership Styles are summarized in Table 4.11.

Table 4. 11:

Multicollinearity Test

	Collinearity statistics	
	Tolerance	VIF
Technological Factors	.576	1.480
External Environmental factors	.760	1.315
Government Regulation Policies	.859	1.143
Leadership Styles	.776	1.556

Source: Researcher (2024)

The results demonstrated that multicollinearity was not an issue. Generally, the minimum acceptable value for tolerance is 0.10. A tolerance value below 0.10 and a VIF value above 10 would suggest multicollinearity problems.

4.6.4 Autocorrelation

Autocorrelation was employed to examine the extent of correlation errors within the data. To assess the presence of serial correlation, the Wooldridge test was applied. The results of this test for the relevant hypotheses are presented in Table 4.12.

Table 4. 12:

Autocorrelation test results

Wooldridge test for autocorrelation in panel data

H₀: No first-order autocorrelation

F(1, 65) =0.437

Prob > F = 0.5326

Source: Researcher (2024)

The null hypothesis was rejected based on the F-test result of 0.437 and a p-value of 0.5326, which is greater than 0.05. Therefore, there is no evidence of serial correlation.

4.7 Hypothesis Testing

In this section, we will discuss the presentation of the applied regression analysis, analysis of variance, and coefficient of determination analyses in the study.

4.7.1 Relationship between Independent Variables

The presented table displays the results of a research inquiry examining the extent of correlation between two variables, one serving as an independent variable and the other as a dependent variable. The primary aim of this study was to examine the correlation between the strategic thinking of insurance companies in Somalia and their operational effectiveness. The assertion that parametric methods are most appropriate for conducting correlation analysis is supported by the results of a normality test. The study examined the independent variables of Technology (X1), the external environment (X2), government policies (X3), and leadership policies (X4) in relation to organizational performance (Y) through the utilization of a bivariate correlation coefficient. The Pearson product-moment correlation coefficient was employed in this study. The study employed multiple regression analysis to test the hypotheses. Organizational performance of Insurance firms was set as the dependent variable, with technological factors, external environment, government regulation policies, and leadership styles as independent variables. P-values for each variable's coefficient were examined against a 0.05 significance level. Null hypotheses were rejected for p-values below 0.05, indicating significant influence on organizational performance. Results for each hypothesis were reported based on this analysis. The acquired data is presented in table 4.13.

Table 4. 13:***Relationship between Independent Variables***

		Y	X1	X2	X3	X4
Y	Pearson Correlation	1				
	Sig. (2-tailed)					
X1	Pearson Correlation	.847**	1			
	Sig. (2-tailed)	.000				
X2	Pearson Correlation	.685**	.696**	1		
	Sig. (2-tailed)	.000	.000			
X3	Pearson Correlation	.789**	.766**	.728**	1	
	Sig. (2-tailed)	.000	.000	.000		
X4	Pearson Correlation	.785**	.772**	.698**	.901**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	65	65	65	65	65

****.** Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher (2024)

Table 4.13 shows that there is a strong and statistically significant positive correlation between the strategic parameters studied and the organizational performance of Somalian insurance firms. Technology, especially X1, was shown to have a strong positive association with the organizational performance of insurance firms in Somalia ($r = .847^{**}$, $P = .000$, $n = 65$). This provides statistical support for the hypothesis that technical progress correlates with enhanced organizational effectiveness.

Furthermore, a noteworthy and statistically significant correlation was observed between the performance of insurance firms in Somalia and the external environment X2 ($r = .685^{**}$, $P = .000$, $n = 65$). Considering the limited ability of insurers to exert influence on the external environment, it is logical to assert that their policies and procedures will be more successful if they can effectively adapt to it.

In addition, there was a substantial positive connection ($r = .789^{**}$, $P = .000$) found between X3 (representing government policies) and the organizational performance of insurance

firms in Somalia. Additionally, X4 was shown to have the highest positive connection with organizational performance (Y) among the leadership styles studied ($r = .785^{**}$, $P = .000$, $n=65$). This indicates that insurance firms in Somalia might benefit from enhanced leadership techniques in terms of their organizational performance.

4.6.2 Relationship between Dependent and Independent Variables

To determine how much each independent variable might be predicted by the dependent one, a multiple linear regression analysis was performed. Further, the prediction ability of each independent variable was evaluated and the findings showed in Table 4.14 below.

Table 4. 14:

Model Summary

Model	r	r Square	Adjusted r Square	Std. Error of the Estimate
1	.7250	0.6272	0.6313	0.1221

a. Comprising Technological Factors, External Environment, Government Regulation Policy, and Leadership Styles.

Source: Researcher (2024)

A multiple linear regression analysis was conducted to explore the relationship between the independent variables and the dependent variable. The adjusted R^2 , which is the coefficient of determination, measures how employee performance is influenced by Technological Factors, External Environment, Government Regulation Policy, and Leadership Styles. According to the model summary table, the four predictors account for 63.1% of the variation in employee performance, suggesting that the remaining 36.9% of the variance may be attributed to other factors not considered in this study.

Analysis of variance (ANOVA) was carried out to verify the reliability of the model and establish its statistical significance. Table 4.15 displays the results.

Table 4. 15:

Analysis of Variance

Model		Sum Squares	of df	Mean Square	F	Sig.
1	Regression	1.756	3	.439	3.223	.002 ^b
	Residual	2.996	61	.136		
	Total	4.752	64			

Source: Researcher (2024)

The probability value of the model was .002. Given that the P value of the proposed model is less than the commonly accepted significance level ($P < 0.5$), it can be concluded that the model is statistically significant in its ability to predict the dependent variable. Consequently, the statistical significance of the model's predictive capacity regarding the impacts of the four components on organizational performance was observed. In this particular model, the F statistic is calculated to be 3.223, surpassing the critical value of 2.31 required for a 95% confidence level and 5% significance level. Consequently, it can be reasonably inferred that the entire model exhibits statistical significance.

Table 4. 16:

Model coefficients Table

Model		Unstandardized Coefficients		Standardized Coefficients		
	B		Std. Error	Beta	t	Sig.
1	(Constant)	3.833	.337		5.404	.000
	X1	.309	.289	.240	1.222	.005
	X2	.097	.102	.183	.952	.003
	X3	.278	.151	.343	1.838	.008
	X4	.210	.129	.347	1.622	.001

a. Dependent Variable: Organization Performance

Source: Researcher (2024)

In order to construct a regression equation model, unstandardized B-coefficients were employed due to the fact that all predictor variables shared the same (Likert) scales, and the constant value in the model exhibited statistical significance ($p < 0.05$). "According to the data presented in Table 4.15 of the Model Coefficients, it can be observed that technological innovation (X_1 , $\beta_1 = 0.309$, $P = 0.005$), a favorable external environment (X_2 , $\beta_2 = 0.097$, $P = 0.003$), favorable government policies (X_3 , $\beta_3 = 0.278$, $P = 0.008$), and effective leadership (X_4 , $\beta_4 = 0.210$, $P = .001$) exhibit a positive influence on the performance of insurance firms in Somalia."

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

$$Y = 3.833 + 0.309 \text{ Technological factors} + .097 \text{ External environmental factors} + .278 \text{ Government policies} + 0.210 \text{ Leadership style} + \varepsilon$$

From the analysis, the organizational performance would be 3.833 when the four independent variables (Technological factors, External environmental factors Government policies, Leadership style) are constantly controlled at zero value. The findings of the study indicated that technological factors exerted the most significant impact on organizational performance, with a coefficient of 0.309. This finding implies that there is a positive relationship between the technical components variable and an organization's performance, with a coefficient of 0.309. The study revealed that government policies exerted a significant influence on the operational effectiveness of Insurance Companies in Somalia, resulting in a projected increase of 0.278, while controlling for other variables. Furthermore, it was determined that the external environment exhibited a statistically significant influence of 0.097 on organizational performance, even after controlling for all other independent variables. The study revealed that various aspects of leadership

demonstrated a significant predictive capacity, as evidenced by their median impact of 0.210 on organizational performance. The results suggest that there is a positive relationship between leadership characteristics and organizational performance, where a one-unit increase in leadership characteristics is associated with a 0.210 increase in organizational performance.

Table 4.17:

Hypotheses testing

Null hypotheses	Findings	Decision
There is no significant influence of technological factors on organization performance of insurance companies in Somalia.	Technological factors ($\beta_1 = 0.309$, $P = 0.005$); was found to significantly influence organizational performance of insurance companies in Somalia ($\text{Sig} < 0.05$)	Reject the null hypothesis and fail to reject the alternative hypothesis
There is no significant influence of external environment factors on organization performance of insurance companies in Somalia	External environment, ($\beta_2 = 0.097$, $P = 0.003$); significantly influence the organizational performance of insurance companies in Somalia	Reject the null hypothesis and fail to reject the alternative hypothesis
There is no significant influence of government regulation policies on organization performance of insurance companies in Somalia.	government policies, ($\beta_3 = 0.278$, $P = 0.008$); was found to significantly influence organizational performance of insurance companies in Somalia ($\text{Sig} < 0.05$)	Reject the null hypothesis and fail to reject the alternative hypothesis
There is no significant influence of leadership styles on organization performance of insurance companies in Somalia.	leadership, X4 ($\beta_4 = 0.210$, $P = .001$) significantly influence organizational performance of insurance companies in Somalia ($\text{Sig} < 0.05$)	Reject the null hypothesis and fail to reject the alternative hypothesis

Source: Researcher (2024)

Technological Factors

The study found that technological factors ($\beta_1 = 0.309$, $P = 0.005$) significantly influence the organizational performance of insurance companies in Somalia. This finding is consistent with previous research indicating that technology plays a critical role in enhancing efficiency, reducing operational costs, and improving service delivery in the insurance sector. For instance, a study by Alosani et al. (2020) highlighted that the adoption of advanced technologies such as artificial intelligence, big data analytics, and digital platforms significantly boosts the performance and competitiveness of insurance firms. This alignment underscores the importance of technological investments and innovation in driving organizational success in the insurance industry.

External Environment Factors

External environment factors ($\beta_2 = 0.097$, $P = 0.003$) were also found to significantly influence organizational performance. This finding supports the work of Bibri (2018), who emphasized the critical impact of external environmental forces such as economic conditions, regulatory changes, and competitive dynamics on organizational performance. Studies by Broohm (2021) further corroborate this, showing that external pressures, including market competition and economic instability, necessitate strategic adaptability and responsiveness to maintain and enhance organizational performance.

Government Regulation Policies

Government regulation policies ($\beta_3 = 0.278$, $P = 0.008$) were found to significantly influence the performance of insurance companies in Somalia. This is in line with findings from other studies which indicate that regulatory frameworks and government policies significantly impact the operational and financial performance of insurance companies. For

example, a study by Celtekliligil (2020) showed that regulatory policies related to solvency, capital requirements, and market conduct directly affect the stability and performance of insurance firms. This underscores the need for a supportive regulatory environment to foster the growth and performance of the insurance sector.

Leadership Styles

Leadership styles ($\beta_4 = 0.210$, $P = 0.001$) were also found to significantly influence organizational performance. This finding aligns with the extensive body of research indicating that effective leadership is crucial for organizational success. Studies by Garg (2020) highlight that transformational leadership, in particular, has a strong positive impact on organizational performance by fostering innovation, employee motivation, and a positive organizational culture. This supports the notion that leadership styles are pivotal in shaping organizational outcomes and performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The section provides an overview of the results, the conclusions derived from the investigation, suggestions stemming from the research findings, and ideas for future research paths.

5.2 Summary of the Findings

The core aim of the research was to investigate the strategic factors influencing organizational performance of insurance companies in Somalia. The results of the research are analyzed underneath.

5.2.1 Influence of Technological factors on Organizational Performance

The study revealed that insurance companies in Somalia are highly involved in product upgrading through innovation, indicating a strong commitment to staying competitive. Internet applications play a significant role in facilitating operations, while process innovation is adopted to a great extent, emphasizing the importance of operational efficiency. Companies also prioritize intensive internet application and continually upgrade nonperforming products. While online platforms are used for advertising, there's room for improvement in developing new products for existing customers and enhancing overall product innovativeness. However, companies proactively collaborate with production facilities to ensure quality checks and cost efficiency.

5.2.2 External Environmental Factors on Organizational Performance

The study found that business competition significantly impacts organizational performance, requiring companies to continuously adapt to changing customer preferences. Collaboration and teamwork are valued for enhancing performance, along with fostering a supportive working culture. Staff motivation and political stability were identified as crucial external factors influencing performance, along with economic and ecological conditions, which pose both risks and opportunities for insurance companies.

5.2.3 Influence of Government Policies on Organizational Performance

Basic infrastructure requirements mandated by the government affect organizational performance, highlighting the importance of adequate infrastructure for operations. Transparency and compliance with regulatory reporting requirements are crucial for maintaining a favorable relationship with government authorities. Legal requirements and the costliness of infrastructure investments also impact operations, alongside the critical importance of adhering to regulatory requirements such as tax compliance.

5.2.4 Influence of Leadership Styles on Organizational Performance

The study revealed that motivational rewards and participatory decision-making positively impact organizational performance. Initiatives aimed at promoting employee wellness, such as training and skill enhancement programs, contribute to overall performance outcomes. Efficient decision-making processes and a CEO's sense of identity, accountability, and integrity were identified as crucial leadership qualities influencing organizational culture and performance. Additionally, fostering inclusivity and collaboration, along with having a clear organizational vision and financial governance mechanisms, contribute to organizational stability and performance.

5.3 Conclusions of the Study

The analysis of the study's results was conducted in order to make inferences regarding the various research objectives. The results indicate that the extent of success achieved by insurance companies operating in Somalia is significantly influenced by strategic thinking. The operations of insurance companies in Somalia are significantly influenced by various factors including strategic considerations, technological advancements, the external environment, government legislation, and management philosophies, leading to notable consequences.

5.3.1 Technological Factors and Organization Performance

The study concluded that insurance companies in Somalia have embraced technological advancements, particularly in product innovation and process improvement. It was found that the high involvement in product upgrading through innovation reflects a proactive approach to maintaining competitiveness. The reliance on internet applications underscores the significance of technology in facilitating various business operations. However, areas for improvement were identified, such as developing new products for existing customers and enhancing overall product innovativeness.

5.3.2 External Environmental Factors and Organization Performance

The study concluded that external environmental factors, including business competition, changing customer preferences, and political and economic stability, have a considerable impact on organizational performance in the Somali insurance sector. Effective navigation of these external dynamics is crucial for sustaining growth and profitability. Collaboration and teamwork emerged as crucial strategies for addressing challenges and capitalizing on opportunities presented by the external environment. Additionally, fostering a supportive

working culture was highlighted as essential for enhancing organizational resilience and adaptability.

5.3.3 Influence of Government Policies and Organization Performance

The study concluded that government policies exert a significant influence on organizational performance in the Somali insurance industry. Basic infrastructure requirements and regulatory frameworks mandated by the government directly impact operational efficiency and cost management. Transparency and compliance with regulatory reporting requirements were deemed critical for maintaining positive relationships with government authorities and ensuring regulatory adherence. Furthermore, the study underscored the importance of financial governance mechanisms, such as regulations on budget changes, in ensuring organizational stability and performance.

5.3.4 Influence of Leadership Styles and Organization Performance

The study concluded that leadership styles play a pivotal role in shaping organizational performance in the Somali insurance sector. Participatory decision-making, staff motivation, and employee development emerged as key drivers of organizational success. The study emphasized that a CEO's sense of identity, accountability, and integrity significantly influence organizational culture and employee commitment. Moreover, fostering inclusivity and collaboration within the organization were identified as critical contributors to performance outcomes. A clear organizational vision was highlighted as providing direction and motivation for employees, while financial governance mechanisms ensure stability and compliance.

5.4 Recommendations

The study recommended that insurance companies in Somalia should prioritize the continuous adoption and integration of technological innovations. This includes investing in research and development to enhance product innovation and process improvement. Companies should allocate resources to develop new products tailored to meet the evolving needs of existing customers while focusing on enhancing overall product innovativeness. Additionally, they should leverage internet applications to streamline operations and improve efficiency across various business functions. Embracing technological advancements will enable insurance companies to stay competitive in the market and better serve their customers.

The study also recommended that insurance companies should enhance their adaptability to external environmental factors, such as business competition, changing customer preferences, and political and economic stability. To achieve this, companies should foster a culture of collaboration and teamwork to effectively address challenges and capitalize on opportunities presented by the external environment. Moreover, they should prioritize creating a supportive working culture that enhances organizational resilience and adaptability. By understanding and proactively responding to external environmental factors, insurance companies can sustain growth and profitability in the long term.

The study further recommended that insurance companies should strengthen their compliance with government policies to ensure regulatory adherence and maintain positive relationships with government authorities. This involves ensuring transparency and compliance with regulatory reporting requirements and adhering to basic infrastructure requirements mandated by the government. Additionally, companies should establish

robust financial governance mechanisms, such as regulations on budget changes, to ensure organizational stability and performance. By navigating government policies effectively, insurance companies can mitigate regulatory risks and thrive in the Somali market.

The study lastly recommended that insurance companies should foster effective leadership practices to enhance organizational performance. This includes promoting participatory decision-making, staff motivation, and employee development to drive organizational success. CEOs and top management should embody a sense of identity, accountability, and integrity to positively influence organizational culture and employee commitment. Furthermore, fostering inclusivity and collaboration within the organization is essential for achieving performance outcomes. Establishing a clear organizational vision provides direction and motivation for employees, while financial governance mechanisms ensure stability and compliance. By embracing effective leadership practices, insurance companies can create a conducive environment for growth and innovation.

5.5 Suggestion for Further Studies

Further studies could delve deeper into the nuanced interplay between leadership styles and organizational performance within Somalia's insurance industry. Exploring how specific leadership approaches correlate with different aspects of performance could offer valuable insights for optimizing managerial strategies and fostering continued growth and sustainability in the sector.

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

RE: ACADEMIC RESEARCH PROJECT

As part of the degree requirements, I would like to conduct research on "Strategic Determinants and organizational performance Among insurance companies in Somalia." To collect relevant information, a questionnaire has been designed in accordance with the study objectives. I am writing to request permission to collect relevant data from you. The study will be conducted solely for academic purposes, and all information provided will be kept strictly confidential. To ensure confidentiality, strict ethical principles will be followed. Individuals will not be mentioned in the study findings or reports.

Your participation is greatly appreciated.

Yours sincerely,

Ahmed M. Ibrahim

Masters' student

Appendix II: Questionnaire

The information provided will be only for academic purpose. Read carefully and give appropriate answers by ticking or filling the blank spaces. The information will be treated confident

PART I: GENERAL INFORMATION

1. Gender ☐ male ☐ female (*please tick whichever applies*)
2. What is your Highest Level Of Education Attained/completed? (*Please tick whichever applies*)

Primary level []

Some secondary []

Completed secondary []

Additional trainings/courses []

Completed college ☐

Completed undergraduate level []

Completed post-graduate level []

None []

How long have you been in operation at insurance company? _____ in years
(indicate in numbers)

Rate the extent which strategic factors such as; technological factors, external environment, government policies, leadership styles influence organizational performance of insurance companies in Somalia

Very great extent []

Great extent []

Moderate extent []

Little []

SECTION A: TECHNOLOGICAL FACTORS T

3. Please tick the correct one: Where: 1-‘Strongly Agree’; 2-‘Agree’; 3- ‘Moderate’; 4- ‘Disagree’; 5-‘Strongly Agree’.

Statement	1	2	3	4	5
Our company is involved in product upgrading through new innovation					
Internet application in my firm enables our firm to affect her operations					
Process innovation is adopted to a very great extent in our company					
Our company has intensive internet application					
Our company continually upgrades all nonperforming products					
My firm advertise new products through online platforms like Facebook, twitter and you tube streaming					
We accept mobile phone transactions from customers					
We are active in developing new products for existing customers					
We have high product innovativeness					
We have established links with the production facility to take more quality checks while keeping the cost low					

Answer the questions below.

6. Do you experience competition from business other insurance firms?

i. Yes []

ii. No []

7. To What extent do you agree that technological factors have positively influenced your organization's performance?

To a very great extent []

To a great extent []

To some extent []

To a very little extent []

No extent []

SECTIONB: EXTERNAL ENVIRONMENTAL FACTORS EEF

8. Please indicate extent at which the following measurement items relating to external environmental factors affect your insurance company's organizational performance (use the five-scaling point)

Statement	To a very great extent	To a great extent	To some extent	To a very little extent	No extent
Business competition					
Change in customers' taste or behavior due to competition					
Team working					
Our working culture has enhanced organizational performance					
Staff drive					
Politics trends					
Economic trends					
Ecological conditions					
Staff rewarding culture					

9. Are there requirements from the government that affect your organization's performance?

Yes []

No []

SECTION C: GOVERNMENT POLICIES GP

10. Policies in your organization. Rate how you agree to them by *ticking appropriately* (use the Likert scale of 5-points). Where; SA-Strongly Agree, 2- A-Agree, 3- M-Medium, 4- D-Disagree, 5-SD-Strongly Disagree

Statement	SA	A	M	D	SD
Basic infrastructures requirements by government affect organizational performance					

Regular supply of information regarding our operation to the government affect organizational performance					
Enactment of some government basic laws affects our operations that eventually affect organizational performance					
Some basic infrastructures are costly to attain hence affect organizational performance					
Responding to go government rules like tax compliance affect our organizational performance					

11. To what extent do you agree that government policies positively influence organizational performance of insurance companies?

To a very great extent []

To a great extent []

To some extent []

To a very little extent []

No extent []

SECTION D: LEADERSHIP STYLES LS

12. Rate how best you agree to the following statement by *ticking appropriately* (use the Likert scale of 5-points) where, SA-Strongly Agree, 2- A-Agree, 3- M-Medium, 4- D-Disagree, 5-SD-Strongly Disagree

Statement	SA	A	M	D	SD
There are motivational rewards to employees by the company					
My CEO involves other staff members in decision-making process					
Employees are given reward motivation to promote their wellness					
The organization's management organize in-service seminars and training to staff that aid to help organization performance					
The CEO in my institution ensures project decisions are made in timely manner					
The CEO in my institution undertakes and performs duties in timely manner					
The CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets					

The CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets					
Organization endures that everyone feels they are part of the process of firm's operation					
The organization vision is well defined					
There are regulations in my company introducing boundaries on what the CEO can change on the enacted budget of the institution					

SECTION E: ORGANIZATIONAL PERFORMANCE OP

13. Please use the point scale below to indicate the extent to which you agree to the following statements regarding organization performance of your company by ticking appropriately.

1		2	3	4	5				
Strongly Agree		Agree	Neutral	Disagree	Strongly Disagree				
Item					1	2	3	4	5
1	Our volume of sales of the firm has increased with employment of modern technology								
2	Our customer service has increased with the use of technology								
3	Our customer’s loyalty has improved due to better leadership in our company								
4	Our capacity to handle more customers has improved with digital marketing								
5	Our operations have significantly improved due to good external environment relations								
6	Our organization sales have increased								
7	Our conversion rate of sales has gone up through use of cell phone								
8	Our conversion rate of sales has gone up through use of online marketing								

Thank you for your participation

Appendix III: Data Collection Authorization Letter



KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171

Fax: 254-64-30162
Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

July 13, 2022

Commission Secretary,
National Commission for Science, Technology and Innovations,
P.O. Box 30623-00100,
NAIROBI.

Dear Sir/Madam,

RE: IBRAHIM MOHAMED AHMED (REG. NO. BUS-3-0267-1/2020)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking Masters' Degree in Business Administration. He is conducting research on: "**Strategic factors influencing organizational performance of Insurance Companies in Somalia**". We confirm that his research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a permit to enable him collect data for his research.

Any assistance accorded to him will be appreciated.

Thank you.

Prof. Evangeline Gichunge,
Associate Dean, Research Development & Postgraduate Studies



Appendix IV: Data Authorization Permit

JAMHUURIYADDA FEDERALKA SOOMAALIYA Wasaaradda Waxbarashada, Hiddaha iyo Tacliinta Sare		جمهورية الصومال الفيدرالية وزارة التربية والثقافة والتعليم العالي مدير قطاع التعليم العالي
Agaasimaha Tacliinta Sare Somali Federal Republic Ministry of Education, Culture & Higher Education Director of Higher Education & Culture		

Ref: WWITS/WHITS/06/0177/2023	Date: 24/06/2023
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TO WHOM IT MAY CONCERN,

SUBJECT: PERMISSION LETTER OF RESEARCH

Dear: **AHMED MOHAMED IBRAHIM**

Following your application dated Saturday 21 June 2023. Regarding the authority to carry research on: "Strategic factors influencing Organizational performance of Insurance Companies in Somalia".

The Ministry of Education Culture and Higher Education is very pleased to inform that you are fully authorized to carry out research in the location of Somalia, from the date signed this later you can go ahead to carry out all your topic research activation on ethical manner in the area mentioned above.

You're advised to report the above-mentioned direction communication and direct education officers before you start the work after you have done it. We really appreciate the good work that you have done during the course work.

Your sincerely




ISMAIL YUSUF OSMAN
DIRECTOR OF HIGHER EDUCATION, AND CULTURE

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Appendix VI: Schedule of Study's Activities

Activity	2021		2022		2022			
	Sept	Oct- Jan	Feb- May		June-	July	August	Sept- Oct.
Topic identification & moderation.								
Proposal writing.								
Working on corrections, proposal improvement, Proposal coordination, moderation and presentation								
Preparation of correction matrix after defense, editing approval of proposal and Data collection permits.								
Piloting the data collection instrument and discussion								
Data collection for actual study								
Data processing, analysis, discussion and defense of the report and corrections.								