

**ASSESSMENT OF THE FACTORS AFFECTING THE PERFORMANCE OF  
INSURANCE COMPANIES IN UGANDA**

**A CASE STUDY OF NATIONAL INSURANCE CORPORATION**

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The logo of Martyrs University is a shield-shaped emblem. It features a central figure of a martyr holding a book, with a flame above. The Latin motto "VIRTUTE ET SAPIENTIA" is inscribed at the top. The bottom of the shield contains the text "MARTYRS UNIVERSITY" in a circular arrangement.

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## **Dedication**

Dear sister Ruthie Nakalema, you have been always the inspiration behind my education, you once said to me 'please work hard for your future'. I always had these words when I was for any academic activity. To you, I dedicate this work, my scholarly achievement

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### **List of abbreviations**

1. NIC : National Insurance Corporation
2. NAICOM : National Insurance Commission
3. OCAP : Operant Competency Analysis Profiling
4. OCB : Organizational Citizenship Behaviour
5. HRM : Human Resource Management

## **Abstract**

The study topic was assessment of factors affecting the performance of the insurance sector in Uganda with a case study of National Insurance Corporation. The study objectives were; to investigate the impact operant competency on insurance performance in NIC, to assess the impact of staff commitment on insurance performance and to determine the impact of staff empowerment on the performance of the insurance sector.

The primary data was collected using closed ended and open ended questionnaires and oral interviews administered to key staff of National Insurance Corporation Secondary data was obtained from annual financial performance statements available in National Insurance Corporation. Study population was 80 and sample size 55. Out of these 55, only 45 returned fully filled questionnaires. Correlation analysis showed a signified and a positive relationship between the factors that affect the performance of the insurance sector in Uganda. The strong relationship shown in the correlation table comes as a result of comparing the independent variable and the dependent variable which coordinated and brought about positivity in the findings. The researcher therefore recommends that, National Insurance Corporation should continue to engage itself in empowering employees with the aim of creating conducive environment with each employee being able to take correct decisions for the company. Secondly; the company should also derive appraisal tactics that can attract the attention of the employees to think of the company as their own, through job decentralization, reward systems, performance appraisals, and salary increments among others.

# **CHAPTER ONE**

## **GENERAL INTRODUCTION**

### **1.0 Introduction**

This chapter highlights the background to the study, leading to the statement of the problem upon which this research was based, the purpose; objectives; research questions; significance; scope of study; and ends with the conceptual framework.

### **1.2 Background of the study**

Organizational performance is a fundamental concern in today's hyper-competitive nature of the world's economic environment, in which the work place is changing dramatically (Joynt and Morton 1999).

In 2014, the global insurance industry is finally emerging from the combination of financial turmoil and economic uncertainty that has challenged international property-casualty and life-annuity insurance companies for the last several years. Although it remains premature to indisputably state that the difficult times are behind the industry, many signs point to significant pockets of opportunity. In Asia-Pacific, for example, rising individual wealth and aging populations are enticing areas of product expansion and revenue growth through the recognition of the insurance services. Latin America continues to offer substantial growth potential to insurers that cleverly pursue specific niches. And in the United States, Europe and Canada, many insurers have rebuilt their capital positions in the wake of the financial crisis and are poised to wisely allocate it to competitive advantage and strength. All in all, the industry appears at the threshold of much better times ahead. (Shaun, 2014)

Despite a lot of potential, the insurance industries in countries like Nigeria and Angola are still under- developed. Both these countries have large populations and very strong economic growth Prospects which promise well for the development of the insurance industry. The oil

industries themselves also provide big opportunities for insurers. The head of industry regulator National Insurance Commission (NAICOM), Fola Daniel, said in late 2012 that the Nigerian insurance market could potentially become the biggest in Africa and one of the largest globally. However, for this to happen, one key constraint that needs to be overcome is the lack of trust in insurance products by Nigerians due to past failures. (KPMG, 2014)

National Insurance Corporation Limited (NIC) is a leading provider of insurance and risk management services in Uganda. Established by an Act of Parliament in 1964, NIC has a rich history of servicing the needs of Ugandan Government and private sector clients. NIC, a highly capitalized insurance company licensed to underwrite all classes of insurance, has been a major provider of first class cover against the major risks in the Ugandan economy for the past 40 years. The objective of NIC is to be the leading and most-trusted insurance company in Uganda and East African sub-region. (Annual report, 2012).

Despite slight growth in the net written premiums from Shs6.1b to Shs6.6b, according to the 2012 annual audited financial report, the insurer posted a deep fall in its net profits to Shs3.7b as at December 31, 2012, down from Shs12.9b posted in the previous year. The company has also posted a deceleration in net earned premiums for the third year in a row, falling to Shs6.4b from Shs6.7b the previous year, and Shs8b in 2010.

Among other performance challenges noted by Magezi (Trade and Finance Magazine, 2001), the most critical ones were inadequate knowledge and commitment of many employees to clearly articulate details of the insurance business in Uganda; and the inability to recruit sufficient core staff to carry out supervision work country wide. In his recommendations, he noted that it is important to empower and retain whatever core staff that could be acquired in the industry, to enable it to perform better. Therefore, although other factors may be advanced to explain this low performance of the insurance industry in Uganda, the critical aspects of individual competencies, empowerment and commitment remain fundamental in

many organizations. They are key element in achieving outstanding performance (Peel en, 1999).

Despite the thriving economy, majority of Ugandans have never heard about insurance or have continued to completely ignore it (Ssebana, Trade and Finance Magazine, 1992). The few, who have an idea of the insurance services and related benefits, are not insured even when they could afford the premiums. According to Kiwanuka (Trade and Finance Magazine 1995), most of those who take up insurance are mainly compelled by law.

### **1.3 Statement of the problem**

Insurance Companies usually provide financial coverage of the loss that an individual is expected to suffer due to unforeseen events and hence reduces the impact of a certain event. Given to this background, the performance of the insurance industry in Uganda is still below capacity, and only gaining visibility, despite the steady growth of the economy in the last five years (Rubondo, Trade and finance magazine, 1999). There is lack of proper awareness of insurance in the general public (UNCTAD report 1993, P.7), and some level of unprofessional conduct in the industry like rate cutting, "premium purchase", non-remittance of insurance premiums by intermediaries as well as unfair and delayed settlement of claims (Magezi, Trade and Finance Magazine, 2001). These have further damaged public confidence and performance of the industry. Therefore, this research is aimed at finding out the factors that have contributed to less performance of insurance companies in Uganda and the ways how to overcome such hindrances.

### **1.4 Objectives of the study**

#### **1.4.1 Major objective**

To establish the factors effecting the performance of the insurance companies in Uganda

#### **1.4.2 Specific objectives are to:**

- Examine the relationship between Operant competency and organizational performance in National Insurance Corporation.
- Examine the relationship between staff commitment and organizational performance in National Insurance Corporation.
- Examine the relationship between staff empowerment and organizational performance in National Insurance Corporation.

#### **1.5 Research questions**

- What is the relationship between staff competencies and organizational performance?
- What is the relationship between staff commitment and organizational performance?
- What is the relationship between staff empowerment and organizational performance?

#### **1.6 Scope of the study**

##### **1.6.1 Geographical scope**

The study was carried out in National Insurance corporation head office in Kampala Uganda because all the company's branches report to the head office and information relating to those other branch was easily got from the head office.

##### **1.6.2 Content scope**

The study was focused on operant competencies, empowerment, commitment and organizational performance, through organisational citizenship behaviour, with particular reference to National Insurance Corporation.

##### **1.6.3 Time scope**

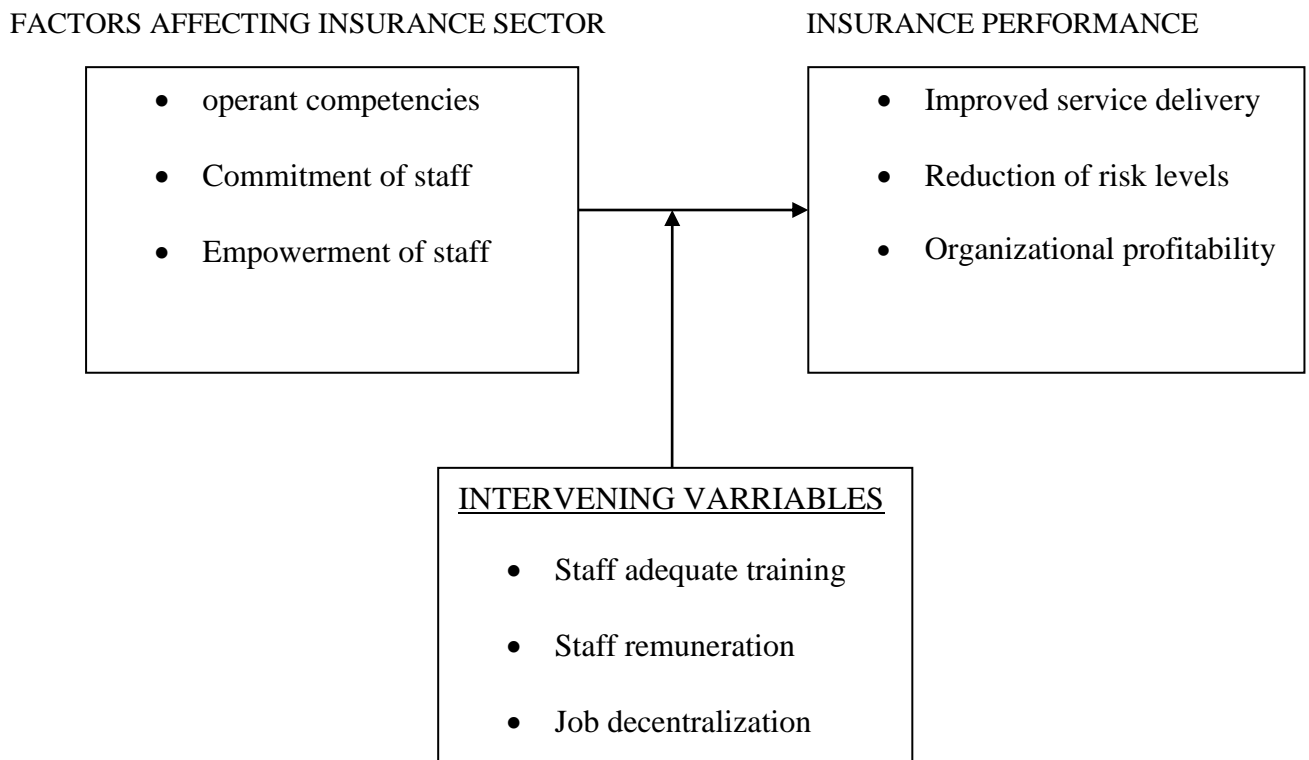
The study considered records of those factors related to the performance of the insurance sector in Uganda for the period of three years (2011-2014).

## **1.7 Significance of the study**

- The justification for this piece of work was that knowledge may be provided to different players in the insurance industry that would enable them to determine specific job roles and competencies that would help to improve the performance of the industry.
- The study would also contribute to the limited literature about the insurance industry in Uganda, and in examining what insurance agents are supposed to know and what they are able to do, in order that they would meet their objectives.
- It would also help supervisors in the insurance industry to find out how to support insurance agents better, as well as other employees in the insurance industry in order to improve their performance.
- The study would also benefit policy makers and trainers in the insurance industry, to adopt operant competence profiling for all specific roles in the industry, to improve its performance and to focus their attention on the key aspects of commitment and empowerment in the performance of the industry.
- The study would also provide insights to other organisations about the fundamental importance of operant competencies, commitment and empowerment in enhancing organisational performance.

## 1.8 Conceptual framework

Fig 1 below shows the conceptual framework



Source; Munene 2003

The PILA framework (Munene, 2003) provides a key model for the development of staff competence profiles, which clearly defines job competencies that result in to role simplicity and staff empowerment through role definition which enhances their commitment that result in to organizational profitability leading to improved organizational performance. The more empowered people are on the job, the more focused and committed they will be on business related issues as well as outputs, leading to higher organizational performance.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction:**

This chapter focused on the review of literature about the insurance industry in Uganda, operant competencies, staff commitment, staff empowerment and how each of these variables relates with performance. It reports the views of different writers or authors about the factors affecting the performance of the insurance sector in Uganda

#### **2.1 Theoretical review**

An insurance Company is a corporation primarily engaged in the business of providing insurance protection to the public and sale contracts of insurance. (Stulz,2004) argue that an insurance Company must be authorized under appropriate laws to operate .In Uganda Insurance Companies are guided by the Uganda insurance statute (1996) and regulated by Uganda Insurance Commission. (Dorfman 1997), states that insurance policies are divided into life, health, and property. He also indicated that insurances purchased for business purposes are often tax deductibles. In relation to this study, the following theories review the possible factors that enhance the growth of the insurance sector.

##### **2.1.1The economic theory of insurance**

The choice of policy or objectives is by its very nature a subjective decision. It is not possible to state categorically that it is right or wrong if the company underwrites a given risk it may however be possible to state that whether a particular underwriting decision is consistent or not with the overall objective of the company. An insurance company has a complete preference ordering over the set of all profit distributions. This ordering will present the company's policy and in a very situation the company will seek to make the decision which leads to the most preferred among the attainable profit distributions (Edinburgh, 1964).

### **2.1.2 The theory of risk premiums**

The theory of risk premiums is related to whether or not and how investment income should be considered in premium calculation. Some insurers and insurance regulators tend to disregard investment theories all together. They miss interrupt perhaps earlier models in risk theory which concentrated on the insurance portfolio in isolation and especially in certain lines deduct investment income through the calculation of the expected present value of the relevant cash flows. This theory suggests that, investment income should be considered in ratemaking either through a present value calculator or through a negative loading on expected claims (Astin, 1979).

### **2.1.3 Utility theory**

The insurance industry exists because people are willing to pay a price for being insured. There is an economic theory that explains why insureds are willing to pay a premium larger than the *net premium*, that is, the mathematical expectation of the insured loss. This theory postulates that a decision maker, generally without being aware of it, attaches a value to his wealth. To decide between random losses, the theory compares  $E[u(w - X)]$  with  $E[u(w - Y)]$  and chooses the loss with the highest expected utility. With this model, the insured with wealth *and* is able to determine the maximum premium he is prepared to pay for a random loss. This is done by solving the equilibrium equation  $E[u(w - X)] = u(w - P)$ . At the equilibrium, he does not care, in terms of utility, if he is insured or not. The model applies to the other party involved as well. The insurer, with his own utility function and perhaps supplementary expenses, will determine a minimum premium  $P^-$ . If the insured's maximum premium  $P^+$  is larger than the insurer's minimum premium  $P^-$ , both parties involved increase their utility if the premium is between  $P^-$  and  $P^+$ . (Springer, 2008).

## **2.3 Actual review**

### **2.3.2 The relationship between operant competencies and the insurance performance:**

An operant competence is a relation between the actor, the task acted upon, and the environment surrounding the task. It is defined as a competence that directly influences the work environment and contains its own reinforcement (Munene, 2003). Operant competencies were identified from the behavioural psychology paradigm and derived from orthodox Skinnerian behaviourism (Skinner, 1969; Delprato & Midgley 1992) and humanistic psychology (Nord, 1969). Operant competencies define work behaviour as the relation between an individual and his/her environment. Since it is the environment that is predominantly responsible for generating the relation, the orthodox behaviourism suggests that it is critical to focus on the environment in which workers' and managers' behaviour occur in order to understand and predict this relation (Hineline, 1992).

Operant competencies focus exclusively on overt behaviour. It is a voluntary behaviour and a learned response. Competence can be influenced by the environment because it generates consequences and contains reinforcement, it is self-motivating or demotivating. In this sense the environment in which it is emitted also influences it. That is, the kind of reinforcement the environment generates selects a competence. The environment that continuously withholds positive reinforcements or generates negative ones will eventually result in the extinction of the operant competence. (Munene,2003).

The review of competencies offered by different sources of literature are consistent with Sparrow's insight (1994) that competencies are a series of effective individual behaviours in the context of superior organizational performance. However, it is important to note that operant competence profiling focuses on what the incumbent must be able to do rather than the routine task elements. Shifting the attention away from the task to the person who

performs the task is an important step in addressing the problems of individual and team role clarity and eventually productivity or performance in the organization/firm.

The productivity of labour and capital are considered the key determinants of organizational competitiveness (Porter). (Mendonca and Kanungo, 1993) describe labour productivity as the output (product or service) of the performance of workers while performance is taken as an employee's actual manifest behaviour at work (P.227). It is therefore the quality of these outputs and the reactions of those who receive them that lead to results with positive, negative, or neutral consequences for the Organization (picket, 1998).

Operant competence reporting enables practitioners and educationists to see the connection between inputs, outputs and outcomes (Lippman & Rurnmelt, 1982), in order to continuously improve performance. It is only when firms know the process that people need to go through to get each of their jobs done that they can manage and control performance. Therefore if organizations have to continuously improve performance; it is fundamental that they adopt a competence based approach to staff development that focuses on the five strategies and guidelines outlined by (Rothwell 2001) below.

- Identify the positions you are establishing competencies for.
- Develop the competence model
- Assess individual competencies and identify gaps
- Develop strategies to address the gaps
- Reassess competencies & evaluate return on investment

According to (Seam, 2000), competence management keeps track of intellectual capital and major role in motivating the work force and integrating them in the implementation of strategies which require a management style based on key aspects like team work,

empowerment, training, negotiation, communication and commitment resulting into the organizations doing away with obsolete tasks which add little value.

Therefore, having the right people with the right competencies at the right time in conjunction with the right systems and technology is critical in enhancing sustainable competitive organizational performance. It ensures that organizational efforts are well targeted to meeting organizational needs which are directly linked to results - the key word in performance. In building centres of excellence within organizations in the current global competitive world, (Sparrows et al 2004), emphasises the importance of both high competence and high use of competence based work methods throughout the units within and around the organization.

In reference to works of Munene *et al.*, (2004), there is a perceived relationship between operant competencies and work environment. This is justified by the fact that operant competencies have influence on employee behaviours, and work environment itself and are self-reinforcing (Skinner, 1956; Hinesline, 1992 cited in Munene et al.,2005). A number of writers have come up with a variety of definitions of a competence. According to Mirabile (1997), a competence is defined as a skill, knowledge, ability, or characteristic associated with reinforcing behaviours at work (OCBs).

According to (Munene et al., 2004) operant competences are accessible to five senses. They clearly articulate what competencies should be depicted by the role holder in order to develop organizational citizenship behaviours (OCBs) and improve service delivery at the place of work. Operant competencies are identified through operant competence analysis and profiling (OCAP). It is a systematic procedure for obtaining specific knowledge which in turn is likely to influence employee behaviours at work (OCBs) and their abilities to execute work efficiently and effectively hence leading to improved service delivery (Munene *et al.*, 2004).

According to Edward (2002) different organizations have on many occasions used their own terminologies to define operant competencies. Operant competencies are a combination of key competencies and special knowledge, skills and abilities in any given career that enables the role incumbent to perform a given task (Cofsky & Tucker 1994). Operant competencies are the special and unique key behaviours that a person must display in order to achieve the required outputs on the given job (Akatunga, 2003). Nuwagaba, 2003 asserts that competencies help the job holder to achieve organizational goals and objectives.

(Harrison & Peak, 2004) further assert that professionals like accountants should be able to exhibit competence in and during execution of their tasks in order to meet their performance expectations. (Munene et al., (2009) stipulates that an output oriented statement where a role incumbent is expected to get results need to be clearly stated to avoid role ambiguity. Operant competence provides tools that simplify measurement rather enabling competence that generates methodologies as well as casual ambiguity (Munene, 2004). In and during execution of their duties, managers in different organizations need to devise means on how to influence development of organizational citizenship behaviours (OCBS) amongst employees in order to achieve organizational goals and objectives (Bolino & Turnley 2003).

According to Munene, (Bbosa & Eboyu 2004) competencies can influence the environment and it bears an impact on employee's behaviours. (Podsakoff et al.,2000) further asserts that organizational citizenship behaviours (OCBs) among the workforce can greatly be influenced by the environment in which the worker operates. (Tien 2003) further argues that operant competencies and key personal competencies can enable or hinder the worker to adapt and excel at any given work. He found out that personal development and adaptability to work situations is a roadmap towards achieving effectiveness and influential skills. According to (Nakalema, 2008), employees with high degree of organizational citizenship behaviours

(OCBs) tend to perform up and beyond work expectations as compared to their counterparts with low degree of organizational citizenship behaviours (OCBs).

Operant competences refer to the relevant work dimensions that cover key output areas in a given role that reflects performance expectations in terms of standards and specific results required in those areas (Woodruffe, 1998). Operant competences enable workers to perform a number of activities at the place of work (Picket, 1998). This is because competencies enable a variety of professionals for instance accounts to achieve the required outputs (Harrison & Peak 2004). In accordance to works of (Munene et al., 2004), an operant competence is a relationship between the actor, the task acted up on, and the environment surrounding the task. (Organ 1998) asserts that a variety of positive behaviours like altruism are dependent on the competency levels of the role incumbent and such behaviours can be born among employees basing on the environment where the worker operates

#### **2.4 The relationship between staff commitment and insurance performance:**

(Riley 2000) defines commitment as some form of behaviour, which openly expresses a state of loyalty. Organizational commitment is the degree to which an employee identifies with the organization, and is willing to put forth effort on its behalf. It is viewed as an important antecedent of pro-social organization behaviour (Brief and Motowildo, 1986; O'Really and Chatman, 1986). There is little consensus, however, about how commitment should be defined and measured, although the construct of organizational commitment has long occupied a prominent place in organizational psychology and behaviour. A central theme of commitment research is the idea of the individual's psychological attachment to an organization the psychological bond linking the individual and the organization.

Employees with high organizational commitment will stretch themselves to help the organization through difficult times. Yet employees with low organizational commitment are

likely to leave at the first opportunity for a better job. Such employees have a strong intention to leave, and they are hard to motivate (Raymond, 2004). People join organizations with needs, desires and skills. If the organization provides opportunity for abilities to be utilized and for some needs to be satisfied in a consistent and dependable way, then the possibility of commitment is enhanced. By contrast, when this is not the case, then the chance of achieving commitment is diminished (Seam, 2000).

In Organization management if the progress of an employee is examined over a period of time starting from the moment they agree to join the organization, then a pattern emerges that highlights aspects of entrenchment through a series of stages as shown here below that are critical in affecting organizational performance.

**2.1 showing progress of staff commitment to the organization overtime**

Stage	Behaviour
Pre-entry stage	Anticipation
Early stage	Initiation through socialization
Settling in stage	Time to evaluate job satisfaction
Settled stage	<p>If the job satisfaction is high, then the employee commits him/herself to the organization</p> <p>If the job satisfaction is low then the employee does not commit him/herself to the organization</p>

**Source: Michael Really, 2000**

This indicates that commitment is dependent not just on job satisfaction being maintained through different ways like growing level of competencies for the job. The development of a committed work force is one of the major goals of human resource management (HRM) particularly in its old version (Guest, 1987 & Legge, 1995). Thoreau (1999) once said that "do not hire a man who does your work for money, but him who does it for love of it."



According to (Lucas 1999), for people to work and really achieve at high levels, they have to be committed. However, they are not likely to be committed to an organization just because it is there, or it is big, or has a good reputation, but they will commit to an idea or dream or goal or cause as it is embodied in an organisation or company. To (Beer, et al., 1984), the goals of Human Resource Management (HRM) have been neatly summarised as commitment, competence, congruence and cost effectiveness. They assume an uncomplicated relationship between organisational aspiration and individual response, provided, of course, that the appropriate strategies, policies and practices are in place and activated.

The importance of having organizational members who have strong psychological attachment to the organization has been emphasized by several researchers in the studies of pro-social, citizenship and extra-role behaviour (Katz, 1964; O'Reilly and Chatman, 1986; Mayer and Allen, 1991). Employees with strong psychological attachment or high commitment to the organization will have greater motivation to contribute meaningfully to the organization than less committed employees. (Mayer and Allen 1991), for instance propose that effectively committed employees direct their attention to aspects of their work performance that are believed to be valuable to the organization.

Therefore, the trend towards organizational commitment is a fundamental need to create an organizational context. However, the active principal within that context is the concept of empowerment. The idea of commitment and empowerment work in tandem, and form the basis of the concept of quality in organizations.

According to Hersey and Blanchard's situational leadership model 2002, managers assess development level by examining the employee's level of job knowledge, skills and ability as well as willingness to take responsibility and act independently. Employees typically become better developed on a task as they receive appropriate guidance, gain job experience

and see a reward in cooperative behaviour. Both the competence to perform a given task and the commitment to do so varies among individuals (Newstrom & Keith, 2002), and is usually-enhanced by a favourable working environment.

(Rejda 2003) defines risk reduction as a process of identifying loss exposures faced by an organization and selecting the most appropriate techniques for treating such exposures such that it is weakened. (Dorfman 1997) asserts that risk reduction is a process of measuring or assessing risk and then developing strategies of reducing or eliminating. (Kiochos 1997), also states that the risk reduction process involves four steps that is identifying potential losses, evaluating potential losses, selecting appropriate risk reduction techniques for treating loss exposures and implementing and administering the risk reduction program. Both (Kiochos 1997), and (Stulz 2003), argue that in risk management, a prioritization process must be followed where by the risk with the greatest loss and greatest probability of occurrence is handled first and risks with lower loss are handled later.

However in practice, the process can be difficult and balancing between risks with a high probability of occurrence but lower loss against a risk with high loss but lower probability of occurrence can be mishandled. (Meredith 2004) and (Rejda 2003) both agree that, insurance companies use various techniques for managing risks. These include: Re-insurance, risk avoidance, loss prevention and loss reduction techniques.

### **2.5 The relationship between staff empowerment and insurance performance:**

Employees' empowerment involves putting employees in charge of what they do. (Randolph 1995) defines employee empowerment as 'a transfer of power' from employer to employees. In an employees' empowered organization, managers learn to give up close supervision and control, while employees learn to take responsibility for the work they do, by taking appropriate decisions. Therefore they are accountable, for their actions. (Fleming et al 2005)

stated that in sales and service organizations, and in many professional service firms, value is created when an employee interacts with a customer. Indeed the employee customer encounter is the factory floor of sales and services. Furthermore, they noted that, every interaction an employee has with a customer represents an opportunity to build that customer's emotional connection or to diminish it. Obviously, these interactions are not only ways to the customer's heart, but they are a large and largely untapped resource.

According to (Newstrom & Keith, 2002), Empowerment is defined as any process that provides greater autonomy to employees through the sharing of relevant information and the provision of control over factors affecting job performance. (Clutterbuck, 1995) defines empowerment in terms of encouraging and allowing individuals to take personal responsibility for improving the way they do their jobs and contribute to organizational goals. It requires the creation of a culture which both encourages people at all levels to feel they can make a difference and help them to acquire confidence and skills to do so. Empowerment is a process of setting the right environment and structure in which people can make a full contribution with the best of their skills. According to (Kotter, 1996), in the ever changing work environment, major internal transformation rarely happens unless many people assist. Yet employees generally won't help, or can't help if they feel relatively powerless, hence the relevance of empowerment. Therefore any barriers to empowerment in any organisation may compromise the psychological energy that activates employees to achieve a broad based action that enables them to perform better.

(Bowen and Lawler 1992) define empowerment as "sharing with frontline employees' four organizational ingredients:

- Information about an organisation's performance
- Rewards based on organizational performance

- Knowledge that enables employees to understand and contribute to organisational performance,
- Giving employees power to make decisions that influence organisational direction and performance, removes the conditions that cause powerlessness among employees while enhancing employee feelings of self-efficacy.

Empowerment of individual employees is a key factor in enhancing competitive organizational performance. According to (Lashley, 1999), empowerment aims at improving the state of an organization in order to achieve better performance. According to (Michael,1993) empowerment in organizations is increasingly becoming in recent years because of the increasing pace of change in the work environment and organizations themselves, which requires that staff take and exercise much greater responsibility.

(Cluterbuck 1995) says that empowerment also makes organizations more responsive to the market place which improves their performance. It delayers organizations in order to make them more responsive and cost effective. It gets employees of various disciplines to collaborate with minimal supervision by communicating horizontally rather than vertically, and enables top management to do more strategic work. Such organizations tap all resources that can help maintain and improve competitiveness as well as fulfil the higher expectations of an increasingly well educated workforce.

Organizational performance as a concept suffers from problems of conceptual clarity in a number of areas. The first is the area of definition. The term is often used indiscriminately to describe everything from efficiency and effectiveness to improvement (Stannack, 1996). The second problem is measurement. Many people seem to use the term performance to describe a range of measurements. Stakeholders often disagree about which elements of performance are most important (Brewer & Selden, 2000). However, most researchers agree that

organizations vary in how well they perform. Little scientific evidence can be traced through research on what does or what does not work to enhance organizational performance (Druckman, Singer, and VanCott, 1997).

However, performance is widely agreed to be a multifaceted concept. Its multidimensional nature was rooted from (Vroom's 1964) model of valence -instrumentality-expectancy of work motivation. According to this model, performance is a multiplicative function of ability and motivation. Thus if either of these factors were absent, performance would be reduced to zero. (Suliman 2001) clearly states that the performance of employees is the cornerstone in developing the effectiveness and success of any organization. They are a key resource in organizational performance whose quality of productivity is fundamental to organizational survival.

According to (Jung Lee 2001), the development of a committed workforce in its 'soft' version is today one of the major goals of HRM and the promotion of employee commitment has been acclaimed as a key source of competitive advantage for business organizations. The implementation of 'progressive' HRM practices that help to engender such a commitment are increasingly regarded as a key route to better organizational performance and productivity.

According to (Spencer 1998), organizational performance arises from individual performance and team performance, which must be directed by the organizational vision, goals and strategy as well as their competencies. He described competencies as one of the most powerful approaches at our disposal to enhance organizational performance. Yet (Savall et al, 2000), described empowerment and commitment as urgent needs in people management to achieve competitive organizational performance.

Therefore, every individual in the organization must have specific competencies, which must be focused to clear objectives of each key result area for the job in the organization, against which individual performance will be measured, as a contribution to the overall organizational performance. Competencies for the job as well as competencies for life are both critical factors that contribute to organisational performance. Competencies for the job are those attributes that have been defined as necessary to do the job. They include; knowledge (what you need to know); skills (what you need to be able to do); attitudes (the way that you think about your work); and behaviour (how you respond to the situations that arise in your work). Competencies for life make a full person. For example, a woman who is a customer service officer, might also be a wife, a mother, director of the amateur dramatic society, captain of a hockey team, speak three languages, and a competent translator. All these competencies impact on her performance on the job, and she brings all these competencies with her as part of herself when she is at work. And this is true with experiences. All these are key factors in influencing organisational performance (Trevor Bentley, 1996).

Another critical factor in performance according to (Garoy et al, 1998), is empowerment. Companies, in which the staffs are empowered, consistently outperform their competitors as employees begin to accept more and more responsibility, leading to OCB (Podsakoff et al, 1996). Ackfeldt & Coote, (2000), emphasise that OCBs are positively associated with organisational performance. However, according to Trevor Bentley (1996), to achieve the desired performance, people need the support of the organisation, their managers and their colleagues, and the four aspects of support are critical: the support I give, the support I receive, and the sources of this support from myself and from the environment which includes other people and the power of OCB. Organisational Citizenship Behaviour (OCB) is one key measure of performance in organizations.

Customer satisfaction in insurance industry is posited to be a function of service quality that is customer service, corporate image, price, innovativeness and convenience, among others. (Odindo and Delvin, 2010) noted that increased customer satisfaction has the potential to enhance organizational performance and as a result managers should have customer satisfaction as a key target. (Oloko & Ogutu, 2012) stated that, in recent past, employee empowerment has been promoted as a general recipe for enhancing work performance. In support of the above, (Manzoor, 2012) claimed that, empowerment provides benefits to organizations and makes sense of belonging and pride in the workforce. He further contended that, it builds a win-win connection among organizations and employees, which is considered an ideal environment in numerous organizations and their employees. Empowered employees focus their job and work-life with additional importance and this leads to constant progress in coordination and work procedures. In his contribution to empowerment literature, (Ayinde 2012) provided a lucid definition; empowerment means giving power or entitlement to people, helping them acquire capabilities or qualifications, establishing structures which enable them to have more control over decisions affecting them.

The role of managers in traditional organizations was to strictly control manpower, and employees had to act under the control of managers. But today, in modern organizations, people are empowered to make their own decisions and manage affairs. For survival, preminent organizations should have certain characteristics such as customer orientation, transparency, continuous improvement and flexibility. To achieve such characteristics, they must empower the most important sources of competitive tools: human resources. Customer service is one of the most important organizational issues. No one organization can survive unless it can attract and retain enough customers. This issue has engaged the minds of managers while the competition is getting tougher and tougher each day. One way to achieve

this is to increase the quality of services provided to customers (Hajiha and Mohammadi Diani, 2010). While (Javadin and Kymasy, 2005) assert that, the desire to provide quality services plays an important role in the insurance industry because the quality of services is vital for the survival and profitability of insurance companies. Therefore As the main task of organizations and institutions, customer satisfaction maintains a direct relationship with customer retention, market share and organizational profits.

According to (Abdullahi and Naveh, 2007), empowered human resources bring the organization into existence, and the organization is an environment in which different groups of employees cooperate in different tasks. Many senior managers believe that, in an environment characterized by high global competition and modern technology, desisting centralized control will increase organizational flexibility, and empowering employees is the best decentralization philosophy (Abtahi and Abbasy, 2007). (Ademulegun 1975) posits that, employee empowerment can be the panacea to the public distrust and lack of customers' satisfaction in the insurance industry in). He further argued that, insurance service being an intangible, heterogeneous, perishable, service product, produced and consumed simultaneously, only empowered employees can seek to differentiate themselves from their rivals by treating customers in the way they would want to be treated, thereby attaining the quality service that makes the difference. The insurance service industry is characterized by extensive customer involvement. Thus, with the interactions between customers and practitioners, customers' satisfaction is thus closely associated with service performance and various service encounters through the system (Yeh-Yun-Lin 2002). He further elaborates that empowerment enhances employees sense of personal power and allows them to delight their customers.

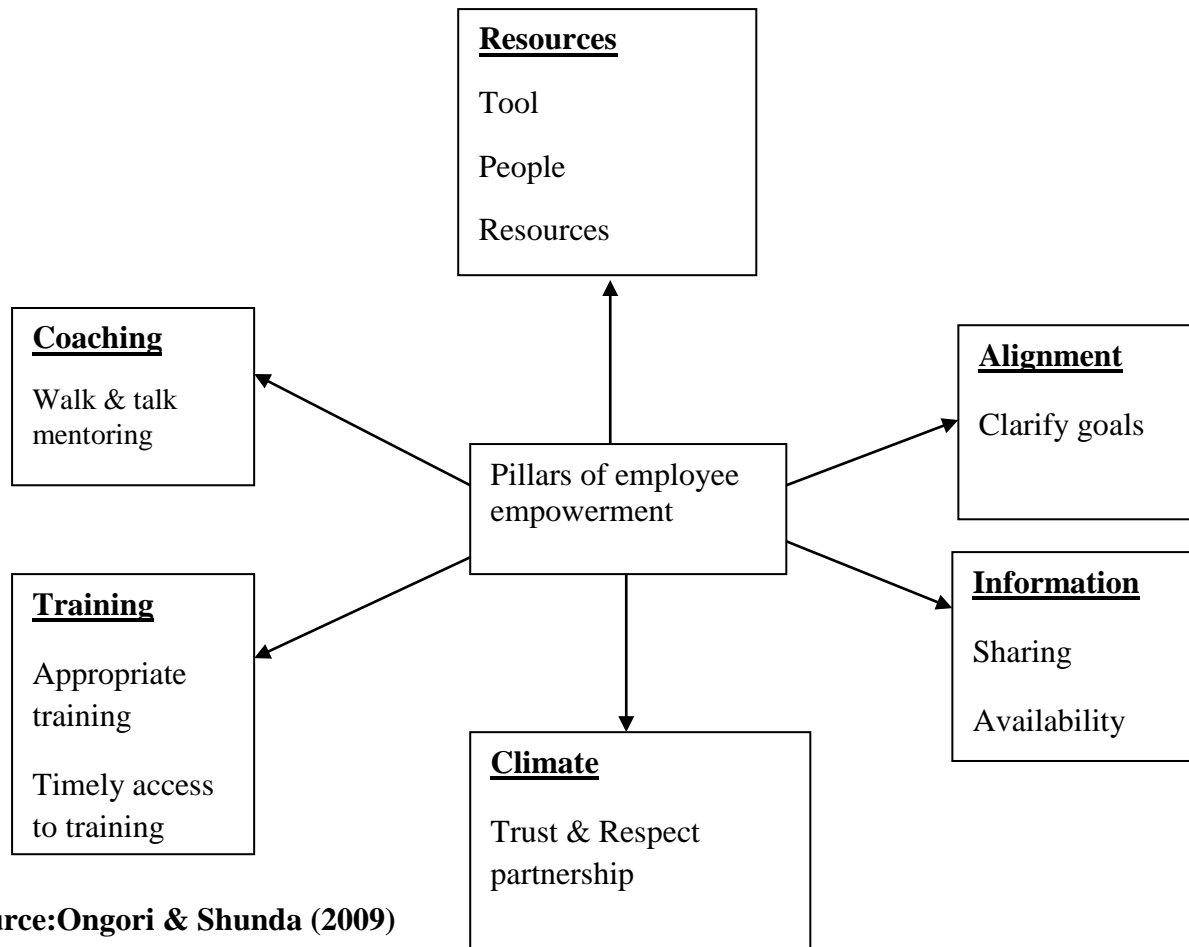


Wilkinson's (1998) cited in Ongori (2009) noted that, psychologically, employee empowerment affects the employee's inner nature e.g. (attitudinal shaping); their expressed behaviour e.g. (information sharing) or both e.g. (self-imaging). This form of empowerment is internal state of intrinsic motivation. To buttress Thomas & Velthouse's model (1990) cited in Ongori (2009), noted that employee empowerment is based on four dimensions or task assessment, that affects a person intrinsic motivation for the job at hand; and these are:

- **Meaningfulness:** The meaning of a value of a task goal or purpose, judged in relation to individual own ideals of standards.
- **Competence:** Competence is an individual's belief in his or her capacity to perform task activities skilfully.
- **Self-determination or choice autonomy:** in initiation continuation of work behaviours', processes and impact.
- **Perception:** the perception of the degree to which the individual can influence certain outcomes of work

The benefits that can be derived from empowerment include employees' commitment, high quality products/services, efficiency, responsiveness, synergy, management leverage, and increased competitiveness in the global marketplace (Yeh-Yun-Lin 2002). Littrel (2007) also found out that employee empowerment leads to improvement in the employee job satisfaction, enhanced employee relationship with customer, goods suppliers, other employees, supervisors and management.

Ongori and Shunda (2009) further stated that for employee empowerment programme to be successful in organization, management must put in place a structure in the system to support the whole process. They suggested the basic pillars of employee empowerment as shown bellow;



**Fig 2.1 above shows Basic pillars of employee empowerment**

**Resources:** These include financial information, tools and equipment.

**Coaching:** Managers must act as mentors in their organizations.

**Alignment:** Alignment of organization goals with the strategy (integration). Goals formulated by management should be specific, measureable, achieved and realistic and should have the time limit to be achieved.

**Information:** Employees should get the necessary information in good time to make thoughtful decision.

**Climate:** High degree of trust among the employees should be highly encouraged and maintained. A higher degree of trust among the employees will make them do the right things and make right decisions at the right time, which will add value to the organization.

**Training of Employees:** Should be encouraged by management in organizations in order to develop the knowledge and skills of their employees.

## **2.6 Employees' Empowerment and its Benefits in Service Delivery**

Insurance services are variable because it requires customer involvement. Customers' needs are variable and therefore need a degree of employees' personal contact with the customer. Employees who are not allowed to take decisions affecting their jobs in this service industry are unlikely able to perform well. Aziz (2008) observed that, the levels of their service may also be affected if they are not in a positive mood to do their job. These conditions may have some impact on the value of quality that they deliver which may well have some influence on the customers evaluation and possible dissatisfaction'.

Ongori and Shunda (2008) argued that lack of employee empowerment in many organizations is considered as a major source of organizational stress and conflict. Management to a certain degree, will reduce stress among their employees by empowering them, Ongori (2009) stated that lack of employee empowerment in organizations is considered as a stressor to individual and members of their team. Furthermore, he said management has a prerogative duty to ensure that stress caused by lack of employee empowerment is minimized by encouraging employee empowerment.

Empowerment improves productivity of the employees. (Robbins, 2001) asserted that when people who actually do the work are allowed to make their own job related decisions; both the speed and quality of those decisions often improve. Most employees today are willing to accept responsibilities. This is because (Robbins, 2001) stated that Today's workers are far better educated and trained than their parents and grandparents. (Ketchum and Trist, 1992) observed that empowering terms should be a central concept for managers who wish to improve their organization performance.

Employee empowerment makes employees feel at the centre, and they are vital to the success of the organization (Ongori, 2009). This, in the long run would make the employees to be more committed towards the organization objectives with less intent to quit. Employee empowerment makes employees feel that they are valued in organizations and will create a high degree of job satisfaction and commitment. Employees are motivated by both intrinsic and extrinsic rewards (Ongori 2009).

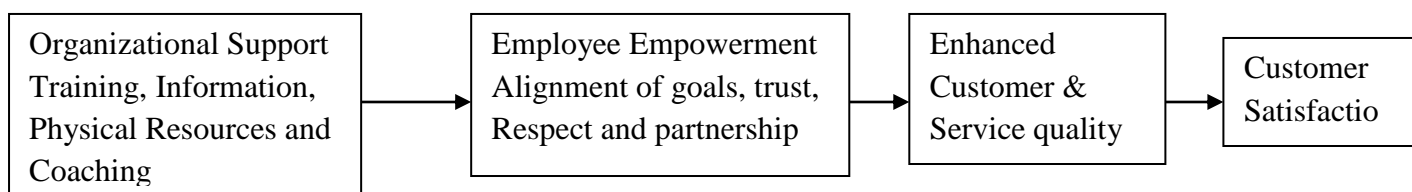
Empowerment of employees also builds and creates a sense of belonging (Ongori, 2009). The need for belongingness and acceptance are satisfied through employee empowerment. Empowered employees find their work becomes exciting, stimulating, enjoyable and meaningful. This is more particular so when they are involved in decision making that influence, when and how the job is carried out. Employee empowerment builds trust, promotes effective communication and good relationship. Employees feel most valued through empowerment, therefore are more cooperative, and loyal.

Empowerment contributes to organizational success and effectiveness. Empowerment of employees serves as a vote of confidence in the employees' ability and initiative towards achieving the organizational objectives. (Flohr & Host 2000) stated that employee empowerment increases organizational effectiveness and employee well-being. In addition, Ongori and Shunda stated that empowered employees will provide exceptional customer service in several competitive markets and thus improve profits of the organizations through repeated business. Similarly, employee empowerment is one of the strategies used in organization in promoting of good relationship between the employee and the customers (Dizgah, 2011).

The goal of employee empowerment is to achieve organizations goals through employee creativity. Since one of the organization's goals is customer satisfaction, it is important that in

this era of globalization, where intense competition is rife, there is need to empower employees in order to be able to respond quickly to changes in the business environment. (Parker (1994) cited in Ongori (2009). The individual and members of the team should be empowered, by so doing, the organization would be able to achieve its objectives and this will make the organization in question to be competitive with others in forms of human resource utilization.

### 2.3 Showing employee empowerment and outcome model



**Source:** Australian Journal of Business and Management Research Vol.3 No.05 [01-11] August-2013.

The above shows that employee empowerment is critical for the success and sustainability of an insurance company in this era of globalization. Employee's empowerment also provides significant benefits to the individual as earlier highlighted. (Ongori 2009) stated that it makes employees believe that they are vital to the success of the organization. It is a vote of confidence in the ability of employees to significantly contribute to organizations success.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter presented information about the area and context of study. It specified the research design used; instruments used for data collection; measurement techniques and methods; criteria for sample selection; data processing and analysis, against which the findings of the study were assessed regarding their validity and reliability. The chapter ends with limitations encountered in the study process.

#### **3.1 Research design**

The study used a descriptive and analytical research design focusing on both qualitative and quantitative survey designs. This approach was chosen because it involves the measure of respondents' attitude and opinions; it explained the relationships between the variables (operant competencies, staff commitment, staff empowerment and organizational performance), and also measured certain characteristics of the population, social norms and values (Moser, 1983). The qualitative survey design involved verbal interviews with insurance agents that resulted into the development of a competence profile of insurance agents in Uganda. The quantitative survey design involved interviews and structured questionnaires developed to capture the behaviours and attitudes of respondents.

#### **3.2 The area of the study**

The case study was National Insurance Corporation (NIC) that included some insurance agents, brokers and consultants who were incorporated as respondents.

### **3.3 Study population**

The study population comprised of both employees and customers/clients of National Insurance Company constituting a total of 80 respondents.

### **3.4 Sampling procedure**

#### **3.4.1 Sample size**

The sample size from the total population 80 was 55 which were obtained by the use of Krejcie and Morgan determination table (1970) to remove bias.

#### **3.4.2 Sampling techniques**

A simple random sampling technique was used to select respondents from all the company's employees. Since these employees bear different positions, a cross section of all job titles in each department was sampled across the company.

### **3.5 Data collection methods and instruments**

A questionnaire was designed for staff commitment, staff empowerment and Operant competencies which were open to all employees involved in the research exercise and were administered on all employees in the National insurance company.

### **3.6 Quality control**

Data gathered from the respondents were edited and coded. Data was edited in order to ensure completeness and accuracy of the data to be collected. In the process of editing the data that may be collected, errors and omissions may easily be identified and eliminated. Edited data was further coded in order to statistically obtain meaning from the data that may be collected "Coding involved the researcher assigning numerical questions to be answered so that responses that may be obtained could easily be summarized and interpreted.

### **3.7 Data management and processing**

Data management and processing was carried out using SPSS, frequency distribution table's from where percentages were derived.

### **3.8 Data analysis**

Quantitative data analysis was made using computer software known as the Statistical Package for Social Scientists (SPSS). Data was coded and entered into the computer for analysis of internal consistency reliability. Pearson's correlation analysis was carried out to examine the relationship between operant competencies, staff commitment and staff empowerment. Multiple regressions were used to predict organizational performance.

### **3.9 Ethical considerations**

The researcher got a letter from Uganda Martyrs University authority that allowed him to carry research from the National Insurance Company without interference. In the same way the researcher also got permission from the Organization's authorities to allow him relate and carry his research systematically in its premises. Considering respondents rights, the researcher established information that was relevant for the reputation or interest of the respondent/s.

### **3.10 Limitations of the study**

The players in the insurance industry were not willing to provide the required information due to the competitive nature of the environment in which they operate.

- Respondents were hesitant about filling in the long questionnaires. The researcher worked patiently with respondents, providing them with a timeframe that was also many times difficult to work within.
- Time limitations to complete the research due to its intensity.



- High costs involved and financial constraints on the part of the researcher in carrying out the study.
- Despite these limitations, the research achieved its objectives by patiently and firmly working through the required processes, making appointments with respondents, issuing questionnaires earlier and providing timeframes, in addition to presenting the introduction letter from Uganda Martyrs University

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

#### 4.0 Introduction

This chapter presents analyses and discusses the findings of the study and consists of background information, presentation and analysis of findings of the study objectives and correlation results of independent variable and dependent variable derived from Pearson correlation.

#### 4.1 Response rate

Out of the 55 questionnaires sent out to the field, 45 usable questionnaires were returned giving a percentage response rate of 82%.

#### 4.2 Gender of the respondent

**Table: 4.1.1 showing gender of the respondents**

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	29	64.4	64.4	64.4
Female	16	35.6	35.6	100.0
Total	45	100.0	100.0	

From the table above, the findings showed that out of 45 respondents got from National Insurance Corporation, 29 of them were male and 16 were female contributing response rates of 64.4% and 35.6% respectively which implied that the company takes more male agents and employees than female.

#### 4.1.2 Age group of the respondent

**Table: 4.1.2 showing Age group of the respondent**

Age group	Frequency	Percent	Valid Percent	Cumulative Percent
20-24	6	13.3	13.3	13.3
25-29	19	42.2	42.2	55.6
30-34	16	35.6	35.6	91.1
35-39	4	8.9	8.9	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table above, the researcher found that the majority age group fell between the ages of 24 and 29 who had a total percentage of 42.2%, the second largest group of employees were between the ages of 30 and 34 and had 35.6%, 13.3% were those who were between 20 and 24 years old and finally those who were quiet older had 8.9%. This implies that the company considers employing people who are not younger or older but are between 20 and 30 years, because this group of people are always enthusiastic and have a will to work for a better living.

#### 4.1.3 Education level of the respondent

**Table: 4.1.3 showing education level of the respondent**

Education level	Frequency	Percent	Valid Percent	Cumulative Percent
certificate	3	6.7	6.7	6.7
diploma	16	35.6	35.6	42.2
degree	18	40.0	40.0	82.2
masters	5	11.1	11.1	93.3
other	3	6.7	6.7	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

In the table above 6.7% of the respondents were certificate holders, 35.6% of them were diploma holders, 40.0% were holders of Bachelor's degree, 11.1% of the respondents were master's degree holders and finally 6.7% did not disclose their qualifications. Basing on the results obtained, majority of the respondents who constituted 40.0% were bachelor's degree holders. This implies that the respondents were knowledgeable of the Questionnaire and hence were able to understand and interpret the questions. It also implies that the company considers employing University graduates with bachelor's as this group of people are always eager of beginning to work and earn.

#### 4.1.4 Marital status of the respondent

**Table: 4.1.4 showing the marital status of the respondents**

Marital status	Frequency	Percent	Valid Percent	Cumulative Percent
single	14	31.1	31.1	31.1
married	25	55.6	55.6	86.7
separated	3	6.7	6.7	93.3
widowed	3	6.7	6.7	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table above, 31.1% of the respondents were single, 55.6% were married, 6.7% were separated and 6.7% were widowed. The highest number of the respondents was married with 55.6% which signified that the employees could be committed to their jobs basing on the fact that they have marital responsibilities which may to some extent encourages them so as to provide for their families.

#### 4.1.5 Time taken by the respondent while working with NIC

**Table: 4.1.5 showing the respondent's time taken while working with NIC**

Duration worked	Frequency	Percent	Valid Percent	Cumulative Percent
6 months-2 years	7	15.6	15.6	15.6
3-5 years	20	44.4	44.4	60.0
6-8 years	15	33.3	33.3	93.3
9 years & above	3	6.7	6.7	100.0
Total	45	100.0	100.0	

From the table above % of the respondents have been in NIC 15.6 for less than 2 years, 44.4% of them have been there for 3-5 years, 33.3% of the respondents have been in NIC for about 6-8 years and 6.7% had worked for more than 3 years. Basing on the results obtained 44.4% of the respondents had had been in NIC for 3-5 years. This implies that NIC took part in maintaining its work force and avoids work turnover in order to maintain employee-client relationship that has already been established.

#### 4.2 OPERANT COMPETENCY

**Table: 4.2.1 showing how Operant competency creates employee motivation to perform better in NIC**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	5	11.1	11.1	11.1
Disagree	7	15.6	15.6	26.7
Not sure	5	11.1	11.1	37.8
Agree	20	44.4	44.4	82.2
Strongly agree	8	17.8	17.8	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

The table above shows findings got on the statement that Operant competency creates employee motivation to perform better in NIC. The following were the findings; the majority

of the respondents agreed with 44.4%, 17.8% strongly agreed while 15.6% disagree with the statement. Those who were not sure whether Operant competency creates employee motivation to perform better in NIC constituted 11.1% while those who strongly disagreed also constituted 11.1%. These findings implied that the respondents were in agreement with the statement which NIC as a company should maintain as its main strength and improve more. This is in agreement with (Seam, 2000) who asserts that operant competence management keeps track of intellectual capital and major role in motivating the work force and integrating them in the implementation of strategies which require a management style based on key aspects like team work, empowerment, training, negotiation, communication and commitment resulting into the organizations doing away with obsolete tasks which add little value.

**Table: 4.2.2 showing how Operant competency directly influences the work environment of NIC staff**

<b>Respondents</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
strongly disagree	6	13.3	13.3	13.3
Disagree	7	15.6	15.6	28.9
Not sure	4	8.9	8.9	37.8
Agree	9	20.0	20.0	57.8
Strongly agree	19	42.2	42.2	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

In the table above, 42.2% of the respondents strongly agreed, 20.0% agreed, 15.6% disagreed 13.3% of the respondents strongly disagreed on the statement that Operant competency directly influences the work environment of NIC staff, while 8.9% of the respondents were not sure. Basing on the findings from the table above, there is an implication that in national Insurance Corporation, Operant competency directly influences the work environment of staff. The findings here agree with the works of (Munene, 2003) who defined operant

competency as a relation between the actor, the task acted upon, and the environment surrounding the task.

**Table: 4.2.3 showing how performance is high among NIC staff because they have effective behaviours**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
strongly disagree	4	8.9	8.9	8.9
Disagree	18	40.0	40.0	48.9
Not sure	8	17.8	17.8	66.7
Agree	12	26.7	26.7	93.3
Strongly agree	3	6.7	6.7	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

The results above indicate that the majority of the respondents had disagreed that in National insurance corporation performance is high because staff have effective behaviours, contributing a percentage of 40.0% while 26.6% agreed with the statement. Those who were not sure whether NIC staffs have effective behaviours constituted a percentage of 17.8% and those who strongly disagreed and strongly agreed with the statement constituted 8.9% and 6.7% respectively. The overall results therefore implied that there is a level of disagreement over running that of agreement that NIC staffs have effective behaviours leading to high performance which is in contradiction with the works of Munene *et al.*, (2004) who asserts that, there is a perceived relationship between operant competencies and work environment. There is further justification by (Skinner, 1956; Himeline, 1992 cited in Munene et al.,2005) that operant competencies have influence on employee behaviours, and work environment itself and are self-reinforcing.

**Table 4.2.4 showing how operant competency makes staff perform high in NIC**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	5	11.1	11.1	11.1
Disagree	5	11.1	11.1	22.2
Not sure	8	17.8	17.8	40.0
Agree	16	35.6	35.6	75.6
Strongly agree	11	24.4	24.4	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table 35.6% of respondents agreed that operant competency makes staff perform high in NIC, 24.4% strongly agreed, 17.8% were not sure while 11.1% disagreed and 11.1% strongly disagreed. The overall result therefore implied that operant competency makes NIC staff reflect high performance. This is in line with (Nakalema, 2008) who emphasized that employees with high degree of organizational citizenship behaviours (OCBs) tend to perform up and beyond work expectations as compared to their counterparts with low degree of organizational citizenship behaviours (OCBs).

### 4.3 STAFF COMMITMENT

**Table: 4.3.1 showing how employees with high commitment stretch to help the organization go through difficult**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	3	6.7	6.7	6.7
Disagree	3	6.7	6.7	13.3
Not sure	9	20.0	20.0	33.3
Agree	12	26.7	26.7	60.0
Strongly agree	18	40.0	40.0	100.0
Total	45	100.0	100.0	

**Source: primary source (2015)**

From the table above, the findings show that 40.0% of the respondents strongly agreed with the statement that employees with high commitment stretch to help the organization go



through difficult times, whereas 26.7% agreed 20.0% were not sure with the statement. Those who both agreed and disagreed with the statement had lower percentages of 6.7% each. These findings implied that employees with high organizational commitment normally help the organization get through hard times. This is in agreement with (Raymond, 2004) who asserted that employees with high organizational commitment will stretch themselves to help the organization through difficult times, yet employees with low organizational commitment are likely to leave at the first opportunity for a better job. He further explained that such employees have a strong intention to leave, and they are hard to motivate. (Seam, 2000) makes a contrast of this statement by saying when motivation is not effected then the chance of achieving commitment is also diminished.

**Table: 4.3.2 showing how Job satisfaction is related to staff commitment**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
strongly disagree	7	15.6	15.6	15.6
Disagree	24	53.3	53.3	68.9
Not sure	1	2.2	2.2	71.1
Agree	8	17.8	17.8	88.9
Strongly agree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table above, the findings showed that the majority of the respondents disagreed with the statement that job satisfaction is related to staff commitment with an overall percentage of 53.3%, 17.8% were in agreement while 2.2% were not sure. Those who were in strong disagreement and strong agreement constitute 7% and 5% respectively. These findings therefore signify that job satisfaction is not basically the main aspect that can bring about employee commitment in an organization. This is in total disagreement with (Michael really, 2000) who agrees with the statement and argues that if job satisfaction is high, then the

employee commits him/herself to the organization but if the job satisfaction is low then the employee does not commit him/herself to the organization. Employees mostly get committed to the organization if they realize satisfaction from the jobs they are doing. But when an employee performs a job that does not give any value to him or her, there will be reluctance in doing even the next assignment he will be given.

**Table: 4.3.3 showing how Staff with strong psychological commitment to the organization normally performs highly**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	4	8.9	8.9	8.9
Disagree	15	33.3	33.3	42.2
Not sure	6	13.3	13.3	55.6
Agree	13	28.9	28.9	84.4
Strongly agree	7	15.6	15.6	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table above, the findings show 28.9% of the respondents being in an agreement with the statement that Staffs with strong psychological commitment to the organization normally perform highly, whereas 33.3% of them disagreed with the statement. Those who were not sure with the statement constituted 13.3%. Respondents who disagreed and agreed with the statement constituted 8.9% and 15.6% respectively. The findings therefore implied that Staff with strong psychological commitment to the organization do not necessarily perform high which is in disagreement with (Mayer and Allen 1991) who assert that employees with strong psychological attachment or high commitment to the organization will have greater motivation to contribute meaningfully to the organization than less committed employees. They further propose that effectively committed employees direct their attention to aspects of their work performance that are believed to be valuable to the organization.

**Table: 4.3.4 showing how Job knowledge and skills influence staff commitment to the organization**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	3	6.7	6.7	6.7
Disagree	4	8.9	8.9	15.6
Not sure	4	8.9	8.9	24.4
Agree	22	48.9	48.9	73.3
Strongly agree	12	26.7	26.7	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

The table above shows the findings got from the research statement that Job knowledge and skills influence staff commitment to the organization and the findings showed the following results; 48.9% of the respondents agreed with the statement, 26.7% strongly agreed whereas 8.9% of them were not sure of the statement. Those who disagreed and strongly disagreed had percentages of 8.9% and 6.7% respectively. This therefore implied that in NIC, knowledge and skills are very important factors that influence staff commitment to the organization, because they help them execute their duties well. Hersey and Blachard's situational leadership model (2002) agrees with this statement and emphasized that managers assess development level by examining the employee's level of job knowledge, skills and ability as well as willingness to take responsibility and act independently. While (Newstrom & Keith, 2002) also in agreement assert that employees typically become better developed on a task as they receive appropriate guidance, gain job experience and see a reward in cooperative behaviour. Both the competence to perform a given task and the commitment to do so varies among individuals, and is usually enhanced by a favourable working environment.

**Table: 4.3.5 showing how Commitment influences employees of NIC to work without supervision**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
strongly disagree	6	13.3	13.3	13.3
Disagree	22	48.9	48.9	62.2
Not sure	4	8.9	8.9	71.1
Agree	11	24.4	24.4	95.6
Strongly agree	2	4.4	4.4	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the above table, the findings show that the majority of the respondents who constituted 48.9% were in disagreements with the statement that Commitment influences employees of NIC to work without supervision. 24.4% agreed with the statement while 8.9% were not sure of the statement. Those strongly disagreed and those who strongly agreed with the statement constitute 13.3% and 4.4% respectively. The overall findings therefore showed no favour on the statement but rather denied that in NIC commitment does not influence employees of NIC to work without supervision. As (Thoreau 1999) once said that "do not hire a man who does your work for money, but him who does it for love of it." This quotation highlights the disagreement of Thoreau and the statement. The findings indicate that it is not necessarily employee commitment that influences them to work without supervision but can be an attribute of other factors as well like job satisfaction.

#### 4.4 STAFF EMPOWERMENT

**Table: 4.4.1 showing how employees empowered normally performs highly**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	3	6.7	6.7	6.7
Disagree	7	15.6	15.6	22.2
Not sure	4	8.9	8.9	31.1
Agree	18	40.0	40.0	71.1
Strongly agree	13	28.9	28.9	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table above, the majority of the respondents agreed that empowered employees normally perform highly with a contributing percentage of 40.0%. Those who were in strong agreement with the researcher constituted 28.9% whereas those who were not sure of the statement had 8.9%. There were respondents who strongly disagreed and disagreed saying employee empowerment does not necessitate high performance in the organization contributing a percentage of 6.7% and 15.6% respectively. The overall results therefore showed that empowerment is a very important aspect in NIC which the company must consider strongly. This is in line with (Clutterbuck 1995) who says that empowerment also makes organizations more responsive to the market place which improves their performance. When empowerment is encouraged in an organization as put by (Clutterbuck, 1995), it will encourage and allow individuals to take personal responsibility for improving the way they do their jobs and contribute to organizational goals which agrees with the findings in table 4.4.1 above.

**Table: 4.4.2 showing how empowered employees always account for their actions**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
strongly disagree	8	17.8	17.8	17.8
Disagree	3	6.7	6.7	24.4
Not sure	9	20.0	20.0	44.4
Agree	19	42.2	42.2	86.7
Strongly agree	6	13.3	13.3	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

The table above shows the findings got from the statement that empowered employees always account for their actions and the findings were as follows; 42.2% of the respondents agreed with the statement while 20.0% were not sure of the statement. Those who disagreed were 6.7% and finally those who strongly disagreed and strongly agree constituted 17.8% and 13.3% respectively. This implied that the statement carries valid results favouring the fact that empowered employees always account for their actions, which at the same time gets in agreement with (Fleming et al 2005) who states that in sales and service organizations, and in many professional service firms, value is created when an employee interacts with a customer. Indeed the employee customer encounter is the factory floor of sales and services. Furthermore, he noted that, every interaction an employee has with a customer represents an opportunity to build that customers emotional connection or to diminish it any mistake he makes against that customer will always his own blame hence accountability.

**Table: 4.4.3 showing how empowerment provides great autonomy to the employees of NIC**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
strongly disagree	2	4.4	4.4	4.4
Disagree	6	13.3	13.3	17.8
Not sure	3	6.7	6.7	24.4
Agree	18	40.0	40.0	64.4
Strongly agree	16	35.6	35.6	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table above, the findings indicate that 40.0% of the respondents agreed with the statement that empowerment provides great autonomy to the employees of NIC. 35.6% strongly agreed while 4.4% strongly disagreed with the statement creating quite a big gap in responses. There were those who were not sure who constituted 6.7% and those who just disagreed contributed a percentage of 13.3%. the results therefore indicates a firm agreement which the respondents had with the statement which also agreed with (Newstrom & Keith, 2002) who defined empowerment as any process that provides greater autonomy to employees through the sharing of relevant information and the provision of control over factors affecting job performance.

**Table: 4.4.4 showing how empowerment of employees enhances competitive organizational performance.**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
strongly disagree	15	33.3	33.3	33.3
Disagree	19	42.2	42.2	75.6
Not sure	2	4.4	4.4	80.0
Agree	5	11.1	11.1	91.1
Strongly agree	4	8.9	8.9	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

The findings in the table above indicate that 42.2% of the respondents did not agree with the statement that empowerment of employees enhances competitive organizational performance who were the majority of the respondents. 33.3% also showed strong opposition of the statement while 4.4% who were the least were not sure of the statement. Those who showed agreement were 11.1% whereas those in strong agreement only had 8.9%. This in general implied that NIC's empowerment of employees does not help it gain any competitive performance but could be through other factors that the company can gain it. These findings are not in agreement with (Lashley, 1999 who stated that empowerment of individual employees is a key factor in enhancing competitive organizational performance (Michael, 1993) also emphasized that empowerment in organizations is increasingly becoming in recent years because of the increasing pace of change in the work environment and organizations themselves, which requires that staff take and exercise much greater responsibility which also disagrees with the findings.

#### 4.5 INSURANCE PERFORMANCE

**Table: 4.5.1 showing how In NIC, staff activities and outcomes correspond with the organization's objectives**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	4	8.9	8.9	8.9
Disagree	7	15.6	15.6	24.4
Not sure	7	15.6	15.6	40.0
Agree	19	42.2	42.2	82.2
Strongly agree	8	17.8	17.8	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table above, the findings show that the majority of the respondents were in agreement with the findings with a percentage of 42.2%. Those who strongly agreed had



17.8% whereas those who strongly disagreed with the statement that in NIC, staff activities and outcomes correspond with the organization's objectives constituted 8.9%. On the other hand there were respondents who disagreed with the statement and those who were not sure; they tied up with the same percentage of 15.6% each. These results implied that NIC staffs normally perform activities that correspond with the organizational objectives hence making high performance a reality. (Noe et al, 2000) asserts that performance Management is used to ensure that employees' activities and outcomes are corresponding with the organisation's intentions and involves specifying those activities and consequences that will result in the entity successfully implementing the strategy which makes his argument agree with the findings.

**Table: 4.5.2 showing how National Insurance Corporation clears its debts in time**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	4	8.9	8.9	8.9
Disagree	9	20.0	20.0	28.9
Not sure	5	11.1	11.1	40.0
Agree	26	57.8	57.8	97.8
Strongly agree	1	2.2	2.2	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

The table above shows the finding got from the statement that National insurance corporation clears its debts in time. The following results were gathered; 57.8% was the majority percentage of those who agreed with the statement while 20.0% disagreed. Those who were not sure of the statement constituted only 11.1% of the total percentage and those who strongly disagreed and strongly agreed with the statement constituted 8.9% and 2.2% respectively. This implies that due to high performance in NIC, the company is able to clear its liabilities in time as the findings indicate the majority of the respondents agree with the

statement. Looking at the past performance of the insurance sector in Uganda, NIC does not fall under a cute threat of being deregistered in Uganda as the statistics showed. Nic is one of those companies that enjoy high growth joining the rest of the companies as reported by (Omagor, Trade and Finance Magazine, 1994).

**Table: 4.5.3 showing how National Insurance Corporation always meet its set targets**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	2	4.4	4.4	4.4
Disagree	19	42.2	42.2	46.7
Not sure	4	8.9	8.9	55.6
Agree	19	42.2	42.2	97.8
Strongly agree	1	2.2	2.2	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table above, the findings show that the respondents who disagreed with the statement and those who agreed with the statement that National insurance corporation always meet its set targets showed the same results i.e. 42.2%, those who were not sure of the statement had 8.9% of the total percentage. The findings realised a small turn up on those who strongly disagreed and those who strongly agreed with respective percentages of 4.4% and 2.2%. The overall result therefore implied that the extent to which NIC meets its targets is equivalent to the extent to which it does not meet, meaning that the company's operations are half to the required standard.

**Table: 4.5.4 showing how National Insurance Corporation performs highly each year**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	4	8.9	8.9	8.9
Disagree	6	13.3	13.3	22.2
Not sure	4	8.9	8.9	31.1
Agree	26	57.8	57.8	88.9
Strongly agree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

**Source: primary data (2015)**

From the table above, the findings show that the majority of the respondents agreed with the statement with an overall percentage of 57.8% whereas those who disagreed with the statement constituted 13.3% there were those respondents who were not sure of the statement and constituted 8.9% of the entire sample size. Those who strongly agreed with the statement had 11.1%. The overall results imply that the respondents agreed that NIC’s performance is high every year.

#### 4.5 Correlation

**Table: 4.6 showing correlation between operant competency, staff commitment, staff empowerment and Insurance performance**

		V	G
V	Pearson Correlation	1	.989**
	Sig. (2-tailed)		.000
	N	44	44
G	Pearson Correlation	.989**	1
	Sig. (2-tailed)	.000	
	N	44	44

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

Table 4.5 above shows the correlation between operant competency, staff commitment, staff empowerment and insurance performance. The findings show that, there is a strong relationship between operant competency, staff commitment, staff empowerment and the

insurance performance at Pearson correlation coefficient. The factors promote the insurance performance greatly and it calls for more effort for the company to improve more on these factors.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents the summary of findings, conclusions, recommendations and suggests further areas for research. The discussion of the findings was based on the factors affecting the insurance sector in Uganda. It mainly centred in discovering the relationship between the three main objectives of operant competency, staff commitment and staff empowerment in National Insurance Corporation (NIC). The summary of the findings are as shown bellow

#### **5.1 Summary of the findings**

The summary of the findings highlight the main objectives of the research report, its research questions and reflects results on operant competency, staff commitment and staff empowerment in relation to customer satisfaction at NIC.

##### **5.1.1 Summary on operant competency**

The findings revealed operant competency as an important factor in impacting high levels of performance in NIC. Employees with operant competency in the findings are reflected to be better performers and are able to influence work situations to create a positive result for the company. The findings therefore implied that operant competency has a significant relationship with the organizational performance which in turn leads to customer satisfaction.

##### **5.1.2 Summary on staff commitment**

The findings on staff commitment revealed that NIC performance does not necessarily depend on staff commitment but rather could be due to other factors like operant competency. It is one of the factors that was most disputed by the respondents. Despite of many scholars

like Seam (2000), Michael really (2000) among others having a positive connotation of the factor, many respondents disagreed with them.

### **5.1.3 Summary on staff empowerment**

The findings on staff empowerment revealed a positive relationship with organizational performance. The majority of the respondents agreed with the statements put under empowerment. The findings revealed empowerment as one of the most important factors that NIC should bench on to improve its performance which was in agreement with many other scholars like Fleming el al (2005), Clutterbuck, (1995).

## **5.2 Conclusions on findings.**

### **5.2.1 Conclusion on operant competency**

Operant competency has been mostly understood by the employees of NIC and it highly contributes to the organizational performance. It is therefore a very important factor that NIC must consider in deriving its competitive advantage.

### **5.2.2 Conclusion on staff commitment**

Staff commitment has not been considered as the most important factor that drives NIC towards high performance. Employees perform highly even if they have no organizational commitment. Some of the factors that make employees perform highly include; being skilled, having operant competency among others.

### **5.2.3 Conclusion on Staff empowerment**

Empowerment was considered a relevant factor according to the findings got from the respondents. NIC empowers employees to create value in them that make them perform highly.

## **5.2 Recommendations**

Management of NIC should to ensure that factors that have strong impact on the organization's performance should be maintained for example; employees with operant competencies need to be given organizational backup or support that will make them develop a feeling of recognition hence impacting their performance positively.

Secondly; those employees who believe in empowerment should be empowered such that they are accountable for their actions. As Newstrom & Keith, (2002) puts it Empowerment is any process that provides greater autonomy to employees through the sharing of relevant information and the provision of control over factors affecting job performance. Therefore when they get empowered, they will always set targets that are driven towards interest of the organization.

The company should also put more effort on developing committed employees. When employees get committed to the organization, there are high possibilities that they will perform high. NIC has a loophole in making employees get committed. The recommendation to this is that, the company should derive appraisal tactics that can attract the attention of the employees to think of the company as their own, through job decentralization, reward systems, performance appraisals, and salary increments among others.

## **5.3 Areas for further research**

- Customer care services and customer satisfaction
- Product quality and customer satisfaction
- Further research need to focus on insurance performance and value for money.

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## APPENDICES

### Appendix 1: Questionnaire

#### SECTION A

Dear respondents.

I am a student of Uganda Martyrs University under taking a study on **ASSESEMENT OF THE FACTORS AFFECTING THE PERFORMANCE OF INSURANCE COMPANIES IN UGANDA**. I kindly request you to sacrifice some time for me and answer the following questions in the questionnaires, The information will be treated with due confidentiality and for the academic purpose only

#### SECTION A

#### BIO DATA OF THE RESPONDENT

(Please tick the appropriate box provided bellow)

##### 1. Gender

a) Male

b) Female

##### 2. Age range

a) 18-24  b) 25-29  c) 30-34  d) 35-39  e) 40- 44  f) 45& above

##### 3. Level of education

Certificate  b) Diploma  c) Degree  d) Master  e) others

##### 4. Marital status

a) Single  b) Married  c) separated  d) widowed

How long have you served in National Insurance Corporation?

a) 6 months – 2 years  b) 3 – 5 years  c) 6 – 8  d) 9 & above

**SCALE**

Strongly agree	Agree	Not sure	Disagree	Strongly disagree
SA	A	NS	D	SD

(Please use the above scale to tick in the box appropriate view on the bellow statements)

**SECTION B**

**Operant competency and Insurance performance**

	Statement	SA	A	NS	D	SD
1	Operant competency creates employee motivation to perform better in NIC					
2	Operant competency directly influences the work environment of NIC staff					
3	Performance is high among NIC staff because they have effective behaviours					
4	Operant competency makes staff perform high in NIC					

In your own opinion, do you think operant competency is applied out well in NIC that makes it perform highly? If yes which how, if not which areas should be improved?

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**SECTION C**

**Staff commitment and Insurance performance**

1	employees with high commitment stretch to help the					
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	organization go through difficult					
2	Job satisfaction is related to staff commitment					
3	Staff with strong psychological commitment to the organization normally performs highly					
4	Job knowledge and skills influence staff commitment to the organization					
5	Commitment influences employees of NIC to work without supervision					

In your own opinion, do you think staff commitment is realised in NIC that makes it perform highly? If yes which areas are done well, if not which areas should be improved?

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**SECTION D**

**Staff empowerment and Insurance performance**

1	Employees empowered normally performs highly					
2	Empowered employees always account for their actions					
3	Empowerment provides great autonomy to the employees of NIC					
4	Empowerment of employees enhances competitive organizational performance.					

In your own opinion, do you think operant competency, staff commitment and staff empowerment make NIC perform highly? If yes which areas are done well, if not which areas should be improved?

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**SECTION E**

**Insurance performance**

	<b>Statement</b>	<b>SA</b>	<b>A</b>	<b>NS</b>	<b>D</b>	<b>SD</b>
1	In NIC, staff activities and outcomes correspond with the organization's objectives					
2	National Insurance Corporation clears its debts in time					
3	National Insurance Corporation always meet its set targets					
4	National Insurance Corporation performs highly each year					

## **Appendix 11 Interview guide**

1. Are you aware of the factors affecting insurance performance?
2. If yes, what are the major factors adopted by NIC?
3. What Insurance products are offered by NIC to clients?
4. Do you think clients are satisfied with the products offered to them?
5. If no, what do you think can be done to enhance satisfaction? And if yes which major products are they satisfied with?
6. Do you think operant competency, staff commitment and staff empowerment have a bearing on insurance performance?
7. If yes how do the above factors influence performance in NIC?

## **Appendix III Time schedule**

<b>NO</b>	<b>ACTIVITY</b>	<b>DATE</b>
<b>1</b>	Presentation of research proposal	November
<b>2</b>	Presentation and approval of research topic	January
<b>3</b>	Field work	February
<b>4</b>	Presentation, analysis and interpretation of data	March
<b>5</b>	Presentation of final report	17 <sup>th</sup> ,April, 2015

#### **Appendix IV Research budget**

<b>NO</b>	<b>COST ITEM</b>	<b>AMOUNT</b>

		(ug,shs)
1	Transport	40,000/=
2	Photocopying	30,000/=
3	Printing	50,000/=
4	Binding	10,000/=
5	Feeding	30,000/=
6	Phone expenses	10,000/=
7	Internet expense	20,000/=
<b>Total</b>		<b>190,000/=</b>

### Appendix v Introduction letter

Uganda  
Martyrs  
University

making a difference



Office of the Dean  
Faculty of Business Administration and Management

Your ref.:  
Our ref.:

Nkozi, 24<sup>th</sup> February, 2015