

**EFFECT OF LEARNING ORGANIZATION ON PERFORMANCE OF  
LOGISTICS FIRMS IN MOMBASA COUNTY**

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**DECLARATION**

This research project is my original work and has not been presented for a degree award in any other University.

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This research project has been submitted for examination with our approval as the University Supervisors.

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**Technical University of Mombasa**

## **DEDICATION**

This project is dedicated to my dear father Christopher Mrishawho sacrificed all he could to ensure that I succeed in my academic life.May this work grant you some fulfillment in life. To my dear mother Francisca Chala for her moral support and prayers throughout the study. To my dear brothers Raphael Mrisha and Francis Mrisha who gave me hope and always encouraged me to soldier on.

May the Almighty God bless you all.

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## **LIST OF ABBREVIATIONS**

<b>AEO</b>	Authorized Economic Operator
<b>ANOVA</b>	Analysis of Variance
<b>CFI</b>	Comparative Fit Index
<b>C&amp;F</b>	Clearing and Forwarding
<b>DLOQ</b>	Dimension of Learning Organization Questionnaire
<b>GST</b>	General Systems Theory
<b>LO</b>	Learning Organization
<b>RMR</b>	Root Mean square Residual

## DEFINITION OF TERMS

- Individual Level Learning:** Individual competence, capability, and motivation to undertake the required tasks (Bontiset *al.*, 2002).
- Team Level Learning:** The development of a shared understanding through sharing individual interpretations, attitudes and interacting with each other or experiencing the same situations (Bontiset *al.*, 2002).
- Organization Level Learning:** The alignment between the non-human storehouses of learning including systems, structure, strategy, procedures, and culture, given the competitive environment (Bontiset *al.*, 2002).
- Learning Organization:** An organization where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to learn together (Senge, 1990).
- Organizational learning:** The process of acquiring, interpreting, distributing and making meaning of information (Watkins & Marsick, 1996).

**Learning Organization Dimensions:** These are dimensions of a learning organization; create continuous learning; promote dialogue and inquiry; encourage collaboration; establish systems to capture and share learning; empower people toward a common vision; connect the organization to its environment; provide strategic leadership for learning (Watkins & Marsick, 1996).

**Learning:** It is the reflective activity that enables an individual to draw upon previous experience either formally or informally to understand and evaluate the present, to shape future action and formulate new knowledge (Houwer, Barnes-Holmes, & Moors, 2013).

**Transformative Learning:** It is an enhanced level of awareness of the context of one's beliefs and feelings, a critique of one's assumptions, and particularly premises, and an assessment of alternative perspectives (Mezirow, 2012).

## **ABSTRACT**

This research aimed at establishing the effect of Learning Organization on the performance of logistics firms in Mombasa County. The specific objectives of the study were: to establish the effect of individual level learning, team level learning and organization level learning on performance of logistics firms in Mombasa County. A descriptive survey design was adopted and stratified random sampling was used to select the subjects to be included in the study. A total of 171 employees were sampled from a population of 300 employees across 34 logistics firms in Mombasa County. Primary data was collected using questionnaires. To test the reliability and validity of the instrument a pilot test was conducted yielding a reliability of 0.912. Hypothesis were tested using Pearson correlation coefficient and the relationship between learning organization and organizational performance was determined using regression analysis. The results were presented descriptively using frequency tables, graphs and pie charts. The study concluded that there exists a positive but weak relationship between continuous learning and collaboration and team learning and organizational performance. There was a positive but average relationship between employee empowerment and organizational performance. Inquiry and dialogue, embedded systems, systems connection and strategic leadership had a positive and strong relationship with organizational performance respectively. The results of Pearson correlation revealed that individual learning, team learning and organization learning had a positive and statistical significant effect on organizational performance. The coefficient of determination indicated a strong positive association between learning organization and performance of logistics firms. Analysis of variance (ANOVA) showed that learning organization significantly affects organizational performance. The results contribute to the understanding of the link between learning organization and organizational performance while at the same time confirms findings of previous studies on the same subject. Learning should be considered by organizations for their performance to be enhanced. The limitation of this study is that the variables have been measured at one point of time. Therefore, it is not clear how long a change in the learning culture can take before it can have an influence in the perceptions of employees and thereby influencing organizational performance. Future research is therefore required to measure the variables over a long period and establish how long it takes before changes in learning can lead to changes in performance.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Just as individuals learn, so do organizations (Antonacopoulou, 2006). Organizations are perceived to have human-like cognitive abilities like the ability to interpret, solve problems and learn from experience. However, other organizations have more effective human-like abilities than others do. Learning organizations are those organizations that are well established and have the capacity to adapt continuously (Senge, 2006). Garvin (1993) defines a learning organization (LO) as an organization determined to create and transfer new knowledge, while modifying its culture to reflect the knowledge and insights acquired. According to Claire *et al.* (1996), the concept of LO comparatively first appeared in research literature when Hayes, Wheelwright, and Clark (1988); Pedler, Boydell, and Burgoyne (1988) adopted it in the United States and Britain.

LO concept which Claire *et al.* (1996) refers to as the learning company was influenced by Gardner's (1963) framework of self-renewal, Lippitt's (1966) concept of organizational renewal and Beteson's (1973) deuterio-learning theory. The development of the concept of systems thinking in the 1950's was also influential on development of LO. Systems' thinking is the integrating force among the other four disciplines— Shared Vision, Personal Mastery, Mental Models, Team Learning – of the learning organization (Senge, 1990). Three other reactions in the 1970s that led to the advancement of the concept of learning organization include organization development, the rise against bureaucracy (Pedler, Boydell, & Burgoyne, 1988) and Peters and Waterman's (1982) concept of pursuit of excellence that emphasized on the importance of change within organizations.



In a LO, learning occurs at three levels; individual level, team level and organizational level. At the individual level, learning is in the form of routine-based and repetition of tasks. At the team level, individuals solve problems by drawing upon the strength of other members in the team. Interactive learning occurs at this stage through interruption of defensive routines. At the organizational level, learning occurs when an error cannot be corrected by any acceptable means within the organization. Here individuals try to solve issues focusing on external resources with the aim to developing new principles, aims, roles, positions and identity in preparation of dynamic external organizational change (Senge, 1990).

The concept of learning organization was at the idea stage in the 1990s. Since then, LO concept has been explored in multicultural contexts globally, with organizations such as American Airlines, Boeing, Motorola, Sony, Fiat, General Electric, General Motors, Google, IBM, Mutual Investment Corporation, Nippon Electric, Toyota, the United States Army, and Xerox (Garvin, 2000; Edwin, Anthony & Janet, 2009), evolving into LOs and their organizational practices have become examples for other organizations intending to develop into LOs and benefit from the outcome (Rao, 2011). In Greece for example, the LO concept has been adopted by advertising agencies and has largely positively affected employees job satisfaction, individual performance and organizational performance (Dekouloua & Trivellas, 2015).

Lee and Roth (2007) conducted a study in Salmon Hatchery in Canada and found that individuals learn notions of the organization which are not abstract and through the production of socio-material resources. The relative merits of the concept of LO have also been continuously debated within the Taiwanese business context. According to Lien

(2002) numerous organizations in Taiwan begun implementing programs geared towards building a LO after Senge's 1990 book "The Fifth Discipline" was published in Taiwan. Lien, Hung, Yang, and Li (2006) found that Chinese employees interpreted empowerment and creating systems differently from their American counterparts; differences which are caused by differences in culture between China and the western countries.

In Africa, the LO concept has also been explored. Mbassana (2014) conducted a research to validate the Dimensions Of Learning Organization – continuous learning, inquiry and dialogue, collaboration and team learning, embedded systems, employee empowerment, systems connection and strategic leadership – in the Rwandan context. The findings of Mbassana's study established that the applicability of the Dimensions Of Learning Organization Questionnaire (hence DLOQ) in the Rwandan context is supported after having verified both construct and convergent validity. Nakpodia (2009) states that for universities in Nigeria which do not have a concrete capacity to learn risk not being able to attract competent staff that are committed to the development of the future university leadership. Cooper's (2006) case study in South Africa found that learning is promoted in organizations that have the thirst to acquire new knowledge and employees who take up learning opportunities are valued and encouraged to learn.

Nzuve and Omolo (2012) conducted a research to establish the effect of learning of learning organization practices in Kenya and found that the practices of LO had a positive correlation with organizational performance among 43 Kenyan Commercial Banks and found that most of the banks had largely adopted the practice of a learning organization. Ambula, Awino, and Obonyo (2016) found that LO contributed to 6.7 percent of the financial performance and 39.4 percent of non financial performance while the other

remaining percentages could be due to other factors. Today, with the increase in turbulence of the global business environment, many authors (Yeo, 2006; Weldy & Gillis, 2010; Wen, 2014) are presenting LO concept as the new challenge for managers.

### **1.1.1 Profile of Logistics Industry**

Service providers such as shipping lines, port operators, clearing and forwarding (C&F) agents among others in the logistics industry greatly determine the effectiveness of international trade (Arvis, Saslavsky, Ojala, Shepherd, Busch, & Raj, 2014). C&F agents are intermediaries who represent the owner in the clearing process (Arnold, Mathenge, Dihel, & Strychacz, 2011).

The world's economy continues to be transformed by globalization owing to the continued growth of world economies increasing the industry's demand for timely delivery of goods. This means that an efficient logistics chain is a very important tool that enhances the creation of competitive advantage in a growing economy. Customers that are brought about by globalization enhance the efficiency of the logistics chain when for example C&F firms are able to learn faster than the environment thus being able to meet the increasing demands. Learning enhances firms' ability to manage change, facilitates innovation and superior organizational performance as well as reduces the likelihoods of repeated mistakes (Serrat, 2009). According to World Bank (2005), ease of doing business index, Singapore, New Zealand and Denmark boasts of being the top three most efficient countries in logistics in the world with Kenya being number 108 up from 129 in 2014 behind other African countries like Mauritius, Rwanda and Botswana which are the top three.

East Africa's C&F firms can be generally categorized into three types according to size. The first category is the large foreign and domestic firms which handle more than 5000 containers in a year and they account for sixty percent of the duties collected and can handle more than 5000 containers per year. Another category is the small domestic firms who handle several hundred containers and offer services such as warehousing through subcontractors. The last category is the individual agents and can handle only a few shipments per week.

In Kenya, national logistics and trade historically developed from the port of Mombasa and was facilitated by the Kenya-Uganda railway (World Bank, 2005). The port of Mombasa on the other hand traces its history from the 18<sup>th</sup> and 19<sup>th</sup> Centuries when East Africa was colonized by Germany and Britain before being partitioned into Kenya, Tanzania and Uganda in the late 18<sup>th</sup> Century (Kenya Ports Authority, 2009) and later the hinterland was opened by the construction of the Kenya Uganda railway. In 1926 development of the modern port of Mombasa commenced with the construction of two deep-water berths and three more in 1931. Kenya Ports Authority was formed in 1978 as the body to run the Kenya's ports after the collapse of East African Harbor Corporation, which had been formed by the East African Community to run the three ports (Kenya Ports Authority, 2009). According to World Bank (2005), Kenya is still facing various obstacles which are constraining it from having a conducive environment for both facilitation of trade in Kenya as well as a more integrated regional logistics market structure. Regulatory and fiscal issues are some of the obstacles depriving Kenya off a brighter future in logistics.

For logistics firms to adapt to the changing modern world, it is of significant importance that they adapt to being learning organizations. The transition from being a logistics organization to logistics learning organization creates motivation that leads to broadened thinking, creation of new innovative ideas and efficient knowledge transfer and sharing (Garvin, 2000). When logistics firms become logistics learning organizations, its personnel continuously learn new knowledge which enable them to come up with new ideas on how to efficiently perform and attain higher organizational performance (Athikhomrattakul, 2005).

## **1.2 Statement of the Problem**

Increased emphasis and examination on individual, team, and organizational level learning practices has stimulated tremendous interest in the learning organization concept (Ellinger, Yang & Ellinger, 2000). The current body of literature suggests that the learning organization serves as a mechanism to positively influence an organizational performance through enhanced organizational effectiveness (Brown & Brudney, 2003; Lipshitz *et al.*, 2007; Weldy, 2009; Ambula *et al.*, 2016).

While extant literature depicts the benefits of adopting the culture of a learning organization, there are still gaps that call for further exploration. First, the concept has not been popularized in Kenya and Africa at large (Nzuve & Omolo, 2012) and very little is known about learning organization concept in African organizations (Ngesu *et al.*, 2008). Secondly, scarce empirical evidence exists on continuous improvement and innovation in logistics (Caniëls, Kooistra & Semeijn, 2008) yet logistics is one of the areas that is currently seeking ways of adding value through innovation and continuous improvement (Soosay & Hyland, 2004). Thirdly, there has been mixed results on the

effects of learning organization. Pokharel and Choi (2015) indicate that individual and team level learning factors do not have a direct effect on organizational performance while some organization level factors have insignificant effect on organizational performance. Ratna *et al.* (2014) show that LO negligibly affects performance.

Further, the current business environment is coupled with rapid technological changes, globalization of products and services and increased customer demands which greatly affects logistics in Kenya (Fang & Wang, 2006). Additionally, other partners in logistics especially clearing and forwarding (C&F) firms in Kenya seem to have some untrained and unethical staff. These staff sometime engage in unprofessional behavior thus affecting the quality of services offered by the said firms (Arnold *et al.*, 2011). The inexperience can be associated with lack of internal structures and systems to facilitate the continuous learning, knowledge generation, accountability and development of a culture of rapid communication in the organization; factors which have been emphasized by scholars (Marsick, 2000; Fang & Wang, 2006; Vijjuprabha, 2015) as being important for a learning organization. Therefore, this study aimed at determining the effect of learning organization on the performance of logistics firms in Mombasa County. This study established how individual, team, and organizational level learning practices affect the performance organizations.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

The main objective of this research was to establish the effect of learning organization on performance of logistics firms in Mombasa County.

### **1.3.2 Specific Objectives**

- i. To determine the effect of individual level learning on the performance of Logistics firms in Mombasa County.
- ii. To establish the effect of team level learning on the performance of Logistics firms in Mombasa County.
- iii. To examine the effect of organizational level learning on the performance of Logistics firms in Mombasa County.

### **1.4 Hypothesis**

H<sub>0a</sub>: Individual level learning has no significant effect on the performance of Logistics firms in Mombasa County.

H<sub>0b</sub>: Team level learning has no significant effect on the performance of Logistics firms in Mombasa County.

H<sub>0c</sub>: Organizational level learning has no significant effect on the performance of logistics firms in Mombasa County.

### **1.5 Justification of the Study**

The findings of this study will equip organizational policy makers with up to date information that will guide them in strategic plan formulation. Several reasons were advanced as a justification of the findings of this study. First, there have been very few studies on logistics firms as learning organizations despite the fact that logistics firms are seeking ways of improving performance in the competitive modern world. The findings of this study will therefore provide policy makers with up-to-the-minute information which can be used in strategic plan formulation geared towards performance enhancement through knowledge management. Secondly, managers and companies have

had to deal with unprofessional behaviour of untrained staff. The findings of this study will give the management a chance to appreciate and embrace the role of learning organization.

### **1.6 Scope of the Study**

This study was conducted in major logistics firms in Mombasa County. The respondents of this study included the management of 34 Authorized Economic Operator (hence AEO) clearing and forwarding companies. The scope was limited to only an investigation of the effect of learning organization on the performance of the organization. The study focused on the conceptualized learning organization dimensions and their effect on both financial and knowledge performance. Data collection covered the period between November and December 2016.

### **1.7 Limitations of Study**

In generalizing the results of this study, it is critical to note some limitations. This study was limited to only clearing and forwarding firms in Mombasa County. It was based on the premise that all logistics firms have the same structure and conditions of working. This might not be the reality on the ground because all firms differ in structures, culture and working conditions. Further, perceptions of individuals differ from one individual to another, from one industry to another and from one organization to another. Had this research been conducted in a different industry involving different individuals, the results might have been different. These are the limiting factors.





## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviews the theories related to the concept of study. It also reviews the conceptual framework of this study that links the dependent variables to the independent variable.

#### **2.2 Theoretical Framework**

This section highlights various theories that have been advanced to explain the relationship between learning organization and performance. The theories are team climate theory, systems and chaos theory and transformative learning theory. These theories were selected because they clearly explain the different levels of learning in an organization.

##### **2.2.1 Team Climate Theory**

Team climate theory was developed by West and Farr in 1990. West and Farr (1990) studied group climate and innovation and identified three critical conditions which facilitate sharing of perceptions at the team level. The three conditions included: interaction among individuals, shared goals which direct these individuals towards one common direction as well as adequate task interdependence to stimulate shared understanding. These conditions conform to the disciplines of a LO as developed by (Senge, 2006).

West (1990) further identified four factors that are pre requisite for teams to learn and be innovative. The first factor is vision which is an idea of a valued outcome which represents a higher order goal and a motivating force at work. A team with unequivocal

objectives has high chances of coming up with contemporary working methods because their efforts are focused in one direction. West further asserts that the vision of a team rests on the clarity of the vision, the degree to which the vision's outcome is valued by team members thus kindling their commitment towards team goals, the degree to which the vision is accepted by the team and the attainability of the vision to foster learning and innovation acknowledging that unattainable goals can be demotivators to individuals in the team.

Participative safety is the second factor. This relates to the degree at which people are involved in making decisions through interaction, influence and information sharing. The proponents of team climate theory proposed that where such an environment exists, trust and support becomes strong among team members. The third factor is task orientation. This is emphasized by the accountability of teams and individuals and availability of control systems for performance identification and modification (Anderson & West, 1998).

The fourth factor is support for innovation. This attempts to come up with new and improved methods of working. This is in line with basic organization principles which argue that frequent and continuous monitoring are a pre requisite for team and organization effectiveness and efficiency (Senge, 2006). Innovation is enhanced if the team's vision is unambiguous and values accepted, team members feel comfortable to come up with new projects, there is participative decision making and finally if team members are ready to learn how to learn together.

### **2.2.2 Systems and Chaos Theory**

Open systems and chaos theory is determined to explain how learning at the organizational level differs from learning at the individual level(Marsick, 2000). This theory is based on the notion of feedback and feedback loops. Feedback loops enables internal communication and team learning within a system therefore the system has the ability to regulate itself.According to Capra (1996)stable systems can effectively manage themselves. However, systems should not only depend on themselves to survive but rather they should be constanly learning, creating new structures and improving behaviour. Further, systems are highly interconnected in web like patterns. This theory further suggests that the complexity of a system becomes complex as the system grows larger.

Chaos theory holds that when systems are disturbed or destabilized they can produce unpredictable relationships leading to change. However, despite the instability of the system, order emerges (Morgan, 1997). This theory enables people to understand the circumstances that accrue when systems move so far from the equilibrium and end up being structurally unstable at critical bifurcation point in the system's evolution where a fork suddenly appears and the system branches off in a new direction (Capra, 1996). At the critical points, systems become unstable and amplified feedback loops deviate the system into new directions leading to the emergence of new forms of organization. The new form that a system will take at bifurcation points cannot be predicted. At the bifurcation point, the system can choose from among several possible paths. Which path it will take will depend on the system's history and on various external conditions and can

never be predicted. There is an irreducible random element at each bifurcation point (Capra 1996).

Open systems and chaos theory was derived from the biological and physical sciences and cannot be literally applied to human systems. Theorists draw on these theories to explain learning, complexity, and interactivity in organizations. Human systems experience feedback patterns of symbolic communication and language. Human systems involve interactive patterns of relationships. In open systems, individual learning and group learning are mutually interdependent as they affect one another. When organizations decentralize, people and units respond to flux more easily resulting into enhanced chaotic change. Organizations that reflect the chaos model find it easy to access knowledge; despite individuals getting little assistance when choosing and weighing ideas with great value to the uncertain future. Control gives way to emergent design. Even when the aftereffect is unpredictable, people are trusted to be rational in their judgment as they learn from their actions and adjust their course in alignment with a common vision.

### **2.2.3 Transformative Learning Theory**

Transformative Learning Theory was developed by Mezirow in 1978. Mezirow (1978) conducted qualitative studies to identify factors that characteristically impede or facilitate the resumption of women in universities in United States of America and the workplace after a long period. The original study was conducted in 1975 involving 83 women and 12 entry college programs representing a diverse population from New York/New Jersey, San Francisco and Washington. Telephone surveys and email questionnaires were also used in the study (Mezirow, 1978) and they concluded that the respondents had undergone personal transformation.

Transformative learning is the kind of learning that can transform problematic situations, assumptions and expectations making them more inclusive, open and able to make change (Mezirow, 1997). Transformative learning theory is determined to change critical assumptions into new ones with a new frame of reference so that individuals and organizations can be transformed as they prepare for major organizational changes. According to Yoon, Song, and Lim (2009) explicit knowledge is created as individuals try to come up with new ideas and concepts. Transformative learning contributes to organization knowledge because the process enables transfer and application of knowledge learnt to the workplace.

From an organizational view point, more programmatic and systemic management of knowledge and learning transfer involves the process of transformative learning management focusing on people-related factors (such as supervisors and learners) as well as work environment factors (such as work systems and performance support technologies) before, during, and after an instructional intervention (Lim, 2000). During transformative learning, individuals re construct and validate the learned knowledge and the individual existing insights that have been adopted by others become collective knowledge. The process of transformative learning encourages the practice of knowledge justification, which promotes the creation of transferable and applicable knowledge in the workplace.

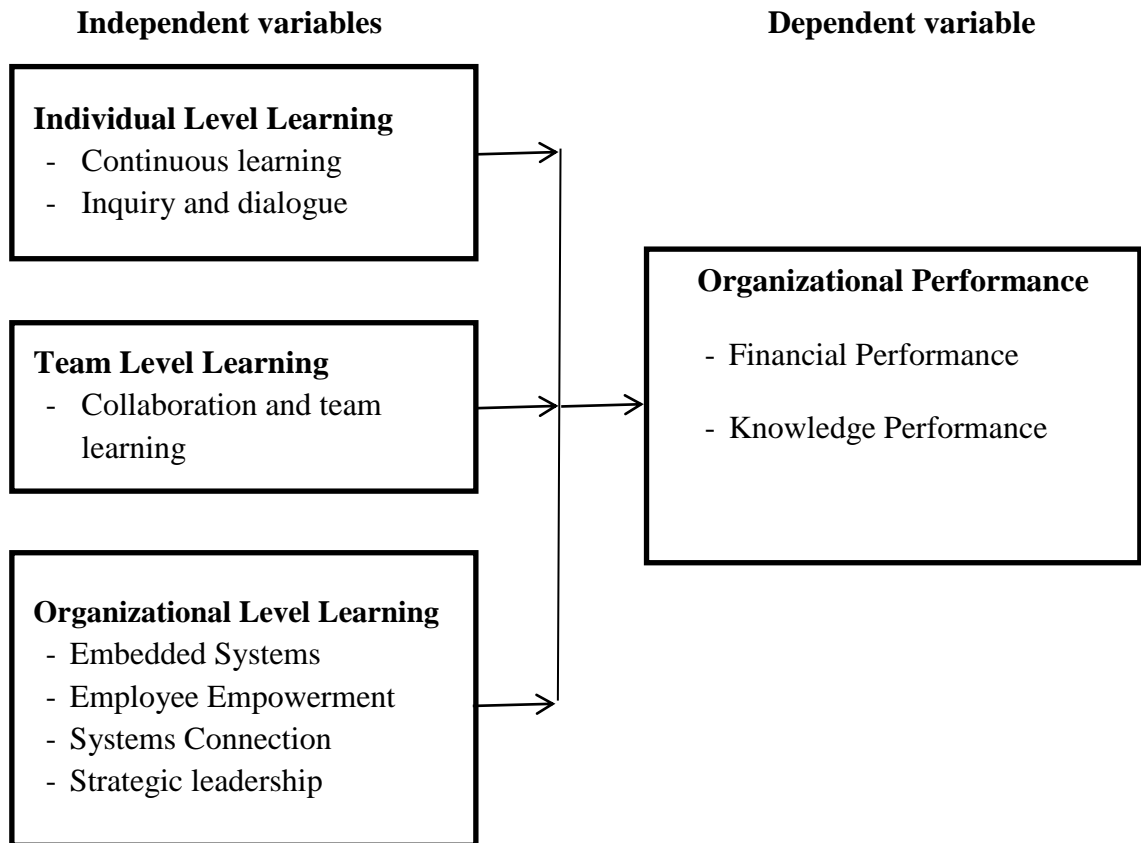
This has been intertwined with Senge's (2006) idea of a learning organization where contemporary thinking patterns are cultivated and individuals continue learning how to acquire more new knowledge (Appelbaum&Goransson, 1997). When a learning culture is cultivated in a learning organization, an organization realizes performance improvement

and a positive relationship between a learning organization and performance exists (Ellinger *et al.*, 2002). This therefore enhances the expectation that organizations that nature a learning organization culture successfully improve organization performance. Ultimately, organization learning results from the process of change and transformation (Yeo, 2006).

Newman (2012) was critical of transformative learning for a variety of reasons, which fall into this final grouping. Newman's principal argument is that, what is described as transformative learning is really just good learning, any opposition to which is essentially a substantive philosophical matter. Rather than a rejection of the theory as not adding anything to learning, the argument of this paper is that the theory is better understood as a conceptual metaphor

### **2.3 Conceptual Framework**

This study includes perceptions of influence at three levels; individual, group and organizational as developed by Watkins and Marsick(1993). To develop a conceptual framework, this study adopted and modified Watkins and Marsick's model. From the conceptual framework on figure 2.1, individual level learning, team level learning and organizational level learning are the independent variables and key components of the learning organization. The dependent variable is organizational performance. The variables are presented in figure 2.1. The pointing arrow indicates the direction of influence where the dependent variable is directly influenced by the independent variables.



**Figure 2.1: Conceptual Framework**

### **2.3.1 Individual Level Learning**

At this level, deep motivation and enthusiasm are pre requisite for individuals to take part and participate in learning as well as take advantage of learning opportunities. Individuals occasionally share innovative ideas and acumen, actions are then taken and common meanings developed (Garvin, Edmondson & Gino, 2008). This study will consider two significantly important dimensions of individual learning: continuous learning; and inquiry and dialogue.

Continuous learning is the process of learning from problems faced by other people (Watkins & Marsick, 1993). For people to embrace continuous learning, organizations need to offer rewards for its learning members while giving them challenging tasks which



utilize the new knowledge learnt. Continuous learning incorporates going to learning centres, mentoring, coaching and giving challenging and rewarding assignments, giving employees opportunities to take calculated risks, integrating professional development with organizational goals and transferring and sharing knowledge within the organization (Yang, 2012). Through continuous learning, people are able to understand their environment, see how their work affects the entire organization as well as use the information gained through learning to adjust work practices in the changing context (Yang, 2012). Continuous learning enables employees to acquire new knowledge which can be applied on the job. Further, when employees are rewarded for taking up learning opportunities, they become more motivated to learn and their self efficacy is greatly enhanced (Laatikainen, 2014) leading to improved individual performance and better organizational performance.

Promoting inquiry and dialogue in an organization also plays a key part in determining organization's performance. Through inquiry and dialogue, individuals are able to learn by reflecting on the experience of their colleagues. (Pokharel & Choi, 2015). In organizations where a culture of critical inquiry has been established, individuals gain productive reasoning skills as they gain the capacity to listen and objectively and critically analyse their colleagues' opinions. A culture that supports questioning, experimentation and feedback is created. Further, through dialogue individuals are able to listen to the opinion of their colleagues and understand their view point. Ultimately, dialogue helps to build a common vision and shared understanding between individuals (Watkins & Marsick, 2003).

### **2.3.2 TeamLevel Learning**

Teams are highly depended on by organizations in order to achieve effectiveness through task performance (Klein *et al.*, 2011). Although individual motivation and self-study are salient for learning, it is the group process that is imperative for learning to take place in an organization (Pokharel&Hult, 2010). At this level, learning is a continuous process of cognitive socialization in a group setting. Due to the current change and uncertainties, teams are forced to engage in learning activities so that they can understand their environment better leading to team process improvement and effective self-management. As team members learn together, they discover new ways of achieving team goals and adapt to changing circumstances.Ultimately, they continually refine practices and processes leading to discovery of new better ways of achieving team objectives and realizing team goals, which result into enhanced team performance (Bunderson & Sutcliffe, 2003).

Team learning is encouraged when team members are allowed to create and share necessary skills and new alternative perspectives of doing work. Collaboration on the other hand is fostered through decentralizing structures and enhancing participatory management and open communication systems where lower level staff members are not skeptical to air their views and opinions in the presence of higher level staff members. When people learn how to work collaboratively through teams, the organizations capacity to achieve common goals and unified action is enhanced (Watkins & Marsick, 2003).

Kayes (2003) introduced the term ‘proximal learning’ to explain how team learning and collaboration leads to increased team performance-cum organizational performance. Proximal learning takes place when two people are involved to achieve a problem

solving capacity which could not have otherwise been achieved by one person. Proximal learning is a term drawn from Vygotsky's theory of social learning which proposes that learning is a function of collaboration between people with varying degree of expertise(Vygotsky, 1978). The concept of proximal learning suggests that teams can achieve greater performance than individuals. According to Kayes, greater organizational performance is achieved when people learn from each other through sharing knowledge and insight during problem solving. Generally team learning is conceived as a process that positively contributes to team performance(Bunderson & Sutcliffe, 2003) through developing strategies to solve problem(Kayes & Burnett, 2006).

Kayes and Burnett(2006) also developed a three learning behaviour model of team learning and performance. The identified behaviours are referred to as tacit coordinating, adapting and problem solving. Tacit coordination involves the smooth organization of diverse role and knowledge co ordination and team responsibilities. It focuses on aligning knowledge and skills among team members. Teams that possess tacit co ordination enjoy better decision making, information exchange and interpersonal awareness. Further, boast of improved organization and interaction among team member which enhances team performance.

Adapting is the second behaviour which implies to the response to demands both internal and external by adjusting the actions and beliefs of the team and team members. Oftenly, adaptive teams tend to be more decisive when responding to challenges brought by new situations that arise. The ability of continuous adaptation to the environment enables teams to alter strategies and redefine team goals as needed. This behaviour keeps the team and organizational performance at par due to the proactiveness of teams. Problem solving as the

last behaviour according to Kayes and Burnett (2006) involves using collaboration to get solutions to challenges and problems faced by teams and team members. Collaboration fosters alignment of team member's knowledge and skills. Through collaboration teams decisions are enhanced and sharing of knowledge among team members is made possible. Ultimately, the level of performance depends on collaboration and shared interdependence between team members.

### **2.3.3 Organizational Level Learning**

Relationships become structured at the organizational level while individual learning and some of the common understandings developed by groups become institutionalized thus organizations are able to change to reflect new knowledge and learning (Yang, 2012). Organizational learning has several significant facets such as; systems to capture learning, empowering people toward a collective vision, connecting the organization to its environment and strategic leadership.

Establishing a system to capture learning is one dimension of organizational learning. Organizations with good systems to capture knowledge are able to store learnt knowledge and often use it during environmental turbulence (Watkins & Marsick, 2003). For performance to be enhanced, organizations need to have effective systems to capture, store and share knowledge whenever it is needed (Tippins & Sohi, 2003). The knowledge is used to assist new organization members to solve problems in future thus enhance the performance of the organization (Lipshitz, Friedman & Popper, 2007). Learning organizations are those that have well established systems to capture and share knowledge when needed by organization members (Tippins & Sohi, 2003; Weldy, 2009).

Another dimension of organizational learning is; empower people towards a collective vision. Employee empowerment is the actions by the organization that make it possible for employees to contribute to decision making. Employee empowerment comes in form of e.g. autonomy; information in form of e.g. feedback; knowledge in form of e.g. training and reward in form of for example job enrichment (Demirci & Erbas, 2010). Empowerment enhances psychological attachment of the employees to the organization making them more committed. An organizational learning system is supported by a common vision through ways such as keeping people committed to the vision and encouraging them to identify themselves with the vision that promotes organization goals (Garvin *et al.*, 2008). People are involved in creating, owning and implementing a common vision if responsibility is delegated close to where decisions are made thus motivating people to learn forward what they will be held accountable for. According to Yang and Choi (2009), employee empowerment can greatly improve the performance of the organization because it is a very powerful tool in management. Dimensions of empowerment such a participation in decision making and eliminating the border line between lower level staff and higher level staff in an organization increases commitment and reduces employee replacement (Meyerson & Dewettinck, 2012). When employees are empowered they get motivated to do whatever it takes to get the work done thus fuelling better performance of the organization (Ibua, 2014).

The other dimension is associated with connecting the organization to its environment (systems connection). Systems connection empowers the member of the organization to realize the broad effects of their actions. Systems connection connects the organization to the community and its members conduct environmental scanning and use the information

they get to align their work practices with the environment (Watkins & Marsick, 2003). Often organizations find themselves in a difficult position thus not being able to cope up with the dynamic environment. Organizations that take long to heed to environmental changes might end up being left with fewer options if at all they have regain their desired position.

The final is strategic leadership. whose primary function is to distribute organizational resources in such a way that gives the organization a competitive edge thus rip benefits from the dynamic environment (Weldy, 2009). To determine the strategic direction, an organization develops strategic goals and a long term vision which align the actions of people in the organization. Pazireh, Akhlagh and Akbari (2014) note that high performing organizations are characterized by a clear vision and mission. Competitive advantage comes about as a result of the organizations ability to develop a vision and effectively manage change. Strategic leadership enables organizations to stretch their targest thus compelling the to compete in innovative ways thus making maximum use of resources.strategic leadership is also involved in developing an organizations's core competencies. A core competencyis an organizational capability perform in a manner consistently superior to its competitors thus achieving above-average organizational performance (Wendy, 2012).Performance improvement results when strategic leadership influences the organization's culture, rituals, symbols, reward systems and boundaries (Weldy, 2009). Here, leadership uses learning strategically to enhance business performance and results (Watkins & Marsick, 2003).

### **2.3.4 Organizational Performance**

Measuring organizational performance includes a multiple of criteria. According to Jain and Moreno (2015), apart from the more conventional criterion of economic considerations, present-day global scenarios dictate that the ability of an organization to create new knowledge and more specifically convert that knowledge into new products, patents or intellectual capital; in short, continuous innovation is equally, if not more, important for the success of an organization. In other words, creation of knowledge capital is a vital indicator of organizational performance. A number of approaches for measuring knowledge capital have been developed, which focus on key indicators of future strategic value. Beck (1992) counted the number of patent disclosures, the percentage of knowledge workers among the total workforce and whether investments in technology are steadily increasing. Researchers have found a positive association between LO and both the perceptual and objective measures of a firm's performance (Ellinger *et al.*, 2002; Yang *et al.*, 2004; Goh & Ryan, 2008).

In a study of 200 Australian organizations, Power and Waddell(2004)found that learning organizations shows a moderate to strong link with three measures of performance (knowledge performance, financial performance and customer satisfaction) at a self-managed work team level. Tseng (2010) research in Taiwan found a positive impact between learning organization culture and organizational effectiveness among small and medium scale enterprises. In organizations, learning can be facilitated through creation of "learning cultures", where learning debate, reflection and discussion are encouraged (Lopez *et al.*, 2004) by embedding the learning opportunities to the organizational decision making processes (Carroll *et al.*, 2006). So, learning in organizations can be

characterized as involving dynamic reciprocity between learning process at the individual, team and organizational level (Berends&Lammers, 2011). Perceived changes in financial performance are measured using traditional financial metrics such as return on investments.

This study used two perpetual measures of organizational performance i.e. knowledge performance and financial performance. Respondents were requested to indicate their assessment of the current organization's performance compared to the previous year. The first performance variable, Financial Performance, was assessed in terms of return on investment, average productivity per employee, time to market for products and services, response time for customer complaints, market share, and the cost per business transaction. The second performance variable, Knowledge Performance, is assessed in the following areas: customer satisfaction, the number of suggestions implemented, the number of new products or services, the percentage of skilled workers compared to the total workforce, the percentage of total spending devoted to technology and information processing, and the number of individuals learning new skills. Secondary data on financial performance will be obtained in terms of Return On investment.

## **2.4 Empirical Review**

The learning organization concept has generated a lot of debate among scholars in recent years. Ambula *et al.* (2016) sought to establish how the learning organization dimensions developed by Watkins and Marsick (1993) affected performance among large manufacturing firms in Kenya. 6.7 percent of the variance in financial performance was explained by learning organization while 93.3 percent of the variance was due to other factors not included in their study. Ambula *et al.* (2016) further established that one unit



change in financial performance was associated with 0.468 change in financial performance. On non financial performance, learning organization accounted for 39.4 percent of the variance between non financial performance and learning organization while 60.6 percent was due to other factors not included in the study. These findings show that learning organization is a weaker predictor of financial performance than it is for non financial performance.

In Virginia Department of Social services, Pokharel and Choi (2015) found evidence that individual and group level learning (that is, continuous learning, dialogue and inquiry, team learning and empowerment) had an indirect statistically significant effect on organizational performance. However, two organizational level factors (a system to capture learning and strategic leadership) had no statistically significant effect on organizational performance, while system connections does have a positive impact on organizational performance. Although there were different estimates of the path coefficients between strategic leadership and the organizational performance, the positive association among empowerment, strategic leadership and system connection supports prior research findings that emphasize managerial roles for prudent organizational decisions and better outcomes (Popper & Lipshitz, 2000; Yang *et al.*, 2004; Vera & Crossan, 2004; Weldy, 2009). Although two organizational level variables (embedded systems and strategic leadership) did not show any significant association with performance, Pokharel and Choi (2015) concluded that the seven dimensions of learning organizations had considerable effects on organizational performance outcomes. The findings of Ambula *et al.* (2016) and Pokharel and Choi are consistent with the findings of

previous studies (Senge, 1990; Watkins & Marsick, 1996; Ellinger *et al.*, 2000; Yang *et al.*, 2004).

## **2.5 Critique of the Existing Literature Relevant to the Study**

After a thorough review of the literature on the concept of learning organization, this section brings forth a critical analysis of research on the concept of learning organization. Yeo (2005) studied the roots of a learning organization with the aim of providing literature and theoretical concepts of the learning organization. Through a desk survey design, Yeo (2005) found a greater significance of systems thinking in the learning organization. However, the study did not exhaustively cover the learning organization literature as it concentrated on the fifth discipline only that is, systems thinking out of the five disciplines of a learning organization – Shared Vision, Mental Models, Personal Mastery, Team Learning and Systems Thinking – that were developed by Senge in 1990. Secondly, the use of desk survey as a data collection method is prone to several irregularities such as inaccuracy of data due to things such as time lag issues since information is not synced with times. This study therefore is based on field research and focuses on the entire learning organization.

Awasthy and Gupta (2010) carried a research to find out the relationship between people-level learning dimensions, structural level-learning dimensions and performance outcomes. They conducted a survey and found out that in the Indian cultural context structural-level learning mediated the relationship between people-level learning dimensions and performance outcomes. Further, the DLOQ was found to have reasonable reliability in the Indian context. Nevertheless, their survey was conducted among organizations in the Indian National Capital Region only thus because of cross-cultural

dereferences care has to be taken if the results have to be applied in other areas of the world.

## **2.6 Research Gaps**

Various researchers(Cavana, Delahaye, & Sekaran, 2001; Poon & Tong, 2012) have carried research on learning organization and recommended futher research on some areas. Poon and Tong (2012) studied major determinants of organizational performance of local Chinese firms in the logistics sector. Using a cross-sectional design to collect data from randomly sellected mangers Poon and Tong (2012) found that organizational level learning can be the most valuable dynamic capability and learning can propel organizational performance and bring competitive advantage. The limitation of this study was that respondents who provided data for analysis were from a single sorce only that is managers from local third party logistic firms in Southern China. This leaves a gap for further research to collect data in other parts of the world.This research bridges this gap by replicating the research in another cultural context.

Pong and Tong also recommemnd further research should use a case study approach so as to remedy the limitations of a single source of data (Driffith & Lusch, 2007)and allow understanding of individual cases (Cavana, Delahaye, & Sekaran, 2001). This research intended to bridge the knowledge gap by conducting a case study focusing on all levels of staff in the organization.

Nzuve and Omolo (2012) carried a research to find the relationship between learning organization practice and organizational performance in Kenya. Using a descriptive design, Nzuve and Omolo conducted a census of all banks in Kenya and found that

learning organization practices greatly affected organizational performance among Kenyan banking sector. This study used Pedlar's eleven point diagnostic tool and only focused on the banking sector. To bridge this gap, this study adopted the seven dimensions of a learning organization developed by Watkins and Marsick to access the effect of LO concept on organizational performance in a different sector i.e. logistics.

## **2.7 Summary**

This chapter reviewed the theories related to this study, which include team climate theory, general systems theory and team learning theory. It also covered the area of LO dimensions and their effect on organizational performance. The conceptualized organizational performance drivers include; individual level learning, group level learning and organizational level learning. The linkage among the variables was explained and relevant gaps identified.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter describes methodology used in this study. It describes the research design and gives its justification. The section goes ahead to describe the study population and methods used to select a sample on respondents to be included in the study. The section further describes the method and procedure used to collect data and methods used in data analysis.

#### **3.2 Research Design**

This study adopted a quantitative approach using survey design. Borg and Gall (1999) noted that survey design measures generalizations and is the most appropriate for studies whose unit of analysis is an individual. Further, this design allows the survey of large numbers of respondents within shorter periods and minimal cost (Marpsata & Razafindratsimab, 2010). This design was considered appropriate in describing the effect of learning organization on the performance of logistics firms in Mombasa County.

#### **3.3 Target Population**

To define the population, the researcher specified the sampling unit, its geographical location and the temporal boundaries. The population of this study comprised of 98 AEO companies in Kenya classified into two key categories. The two categories are; clearing and forwarding agents 38 and importers 60. For this study, the firms were first defined as logistics providers. The second criterion used was that they are clearing and forwarding

companies. Thirdly is that they have an AEO status and have offices in Mombasa. This criterion provided thirty-eight AEO certified C&F companies.

### **3.4 Sampling Frame**

In a population, a sampling frame constitutes the list of all elements for which a sample can be selected (Cooper & Schindler, 2006). The sampling frame for this study was a complete list of 38 AEO clearing and forwarding agents (Appendix IV).

### **3.5 Sampling Technique and Sample**

This study used stratified sampling and simple random sampling. Stratified sampling was used because all the study elements are grouped into identical sub groups with similar characteristics (Mugenda & Mugenda, 2003). The study population was stratified/categorized into two and this study adopted one sector.

A sample size is the proportion of a population that seeks to represent the qualities of the population (Kothari, 2007). A good sample is accurate, precise and an unbiased representation of the target population. The total sample size for this study was obtained using the formulae developed by Miller and Brewer (2006) together with Slovin's formula and the sample size was 34 AEO clearing and forwarding companies (Appendix V) and workings below respectively.

$$n = \frac{N}{1 + N(\alpha)^2}$$

Where: n= the sample size,

N= the sample frame (population)

$\alpha$ = the margin of error (0.05%).

$$n = \frac{38}{1 + 38(0.05)^2}$$

$$= 34$$

This study used Slovin's formula to calculate the respondents to be included in the study.

$$n = \frac{N}{(1 + Ne^2)}$$

Where:

n = Sample size

N = Total population

e = Error tolerance, 0.05

Therefore the sample was:

$$n = \frac{300}{(1+300(0.05^2))} = 171$$

The study therefore had a total of 34 AEO C&F agents sampled for the study and 171 respondents sampled. This meant that the study selected only the management from every C&F company. This selection is based on Fwaya et al. (2012) whose study population was made up of hotel managers. They chose the management because they were knowledgeable about the activities of study. Further Watkins and Marsick (2003) assert that only the top management and middle level management can comfortably answer the questions on performance. Similarly, this study chooses its sample from the management because they are key in implementing the study concept and understand it well. In order to get equal representation from each organization, percentage presentation was computed by considering the size of each organization as a percentage of the total population. The

percentages of each organization were then multiplied by the total sample to get the representative proportionate sample from each company. This enabled the researcher to pick a representative final sample from each of the companies. Simple random sampling was used to select the actual subjects who were included in the study.

### **3.6 Data Collection Instruments**

Primary data was collected by use of questionnaires. According to Kothari (2007), a questionnaire is a collection of items where the respondent is expected to respond in writing. The study adopted and modified the Dimensions of Learning Organization Questionnaire (DLOQ) (Watkins & Marsick, 1996).

DLOQ was an appropriate instrument of data collection because it has been tested and its reliability and validity proven in different contexts. Song *et al.* (2009) computed co-factor analysis of the DLOQ and the results indicated that the instrument produced valid and reliable scores of learning organization dimensions in a Korean cultural context with an alpha of 0.80. The main conclusion drawn about the reliability of this diagnostic tool was that alpha was over 0.7 as recommended by Peterson (1994).

The DLOQ allows organizations to establish its level of conformity with the beliefs and practices relating with the seven dimensions (Ellinger *et al.*, 2002) and their impact on performance. Initially, 43 items were proposed, but Yang *et al.* (2004) refined the DLOQ by reducing the items to 21 without compromising the original theoretical structure. Until now, the validity and reliability of this tool has been tested across countries like USA, China, Taiwan, Colombia and Korea (Ellinger *et al.*, 2000; Hernandez, 2000; Lien *et al.*, 2002; Yang, Watkins & Marsick, 2004; Zhang, Zhang & Yang, 2004). These study's



findings verify the DLOQ as a tool that is applicable in different cultural contexts, with each item of the tool providing an internal consistency and reliability of Cronbach's alpha ranges from 0.71 to 0.91 (Lien, Hung, Yang & Li, 2006).

### **3.7 Pilot Study**

To test the validity and reliability of the data collection instrument, a pilot study was carried out before the actual data collection was done (Zikmund, 2003). In line with this, the research instrument was pretested at Heavy Lift Logistics (EA) Ltd located in Mombasa. Connelly (2008) stated that a good study sample for a pilot study should be at least 10% of the projected sample. Thus, the sample size for the study comprised of 30 respondents (10% of the total population).

To measure the reliability of the research instrument, Cronbach Alpha test was conducted. For all the variables under study, Cronbach alpha was computed to test the level of internal consistency. Items were considered reliable if their Cronbach alpha coefficient was 0.70 and above (Fraenkel & Wallen, 2006). On this basis, variables that yielded reliability coefficients of 0.70 and above were considered reliable. Those that had lower reliability coefficients were deleted or reformulated.

The accuracy, appearance and meaningfulness of the research instrument was measured using content validity. Content validity is the agreement among recognized experts and professionals that a scale or a tool sufficiently appears to reflect accuracy in what it is determined to measure.

This study employed content validity to assess the accuracy, meaningfulness, appeal and appearance of the instruments for data collection. Content validity is the subjective

agreement among professionals that a scale logically appears to reflect accuracy in what it purports to measure (Kothari, 2007). The researcher's supervisors who are experts in the field of human resource were consulted to check if the instrument actually covered all the objective of the study and area of research. All the amendments they suggested were taken into consideration to improve the instrument.

### **3.8 Data Collection Procedure**

The researcher first requested an introductory letter from the Technical University of Mombasa. The researcher collected data online using Survey Monkey and delivery of hard copy questionnaires to staff who were inaccessible online. Survey Monkey is an online survey tool that comes with an array of features that support data collection. It enables users to design questionnaires and also email them to the respondents. Similarly, it enables respondents to fill the questionnaires and submit them back through the tool. The researcher emailed the introductory letter to respondents with the link to the questionnaire. The respondents were expected to submit their questionnaires online after they complete the filling in process. For respondents who were inaccessible on email, hard copies of questionnaires were delivered to them. The hard copies were filled and collected by the researcher after two weeks. All the responses were stored in the researcher's account on the provider's database.

The researcher opted for this method of collecting data collection due to the advancement of technology and availability of internet in the study area. In addition, this method supports collection of data where responses are stored in the provider's database and the users can download the results when they so wish. Through web based evaluation, bottlenecks such as manual data entry in Statistical Package for Social Sciences (hence

SPSS) can be bypassed since the system enables automatic interface with statistical software such as SPSS (Nulty, 2008). In addition online data collection is less costly compared to other methods of collecting data, has a supportive environment for instrument development and online data collection can also lead to improved response rate in other populations (Yun & Trumbo, 2000).

### **3.9 Data Processing, Analysis and Presentation**

Both descriptive and inferential statistics were used in the analysis of data. Once data was collected, the researcher exported the data from Survey Monkey database to IBM Statistical Package for Social Sciences (SSPS v.20). Data was crosschecked and verified for errors, completeness and consistency. Data was analyzed using IBM SSPS v.20. To test the hypothesis of the study, Pearson correlation coefficient was computed. Multiple linear regression analysis model was computed to determine the combined statistical relationship between individual level learning, team level learning and organization level learning and organizational performance. Thus, multiple regression model that was used in the study was:

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

Where:

Y = Organizational Performance (Dependent Variable)

$\beta_0$  = Intercept or constant

$X_1$  = Individual level learning (Independent Variable)

$X_2$  = Team level learning (Independent Variable)

$X_3$  = Organizational level learning (Independent Variable)

In the model,  $\beta_0$  = the constant term while the coefficient  $\beta_{ii} = 1, 2...3$  was used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables  $X_1, X_2$  and  $X_3$ .  $\varepsilon$  is the error term which captures the unexplained variations in the model. Analyzed data was presented descriptively using tables and pie charts.

### **3.10 Ethical Considerations**

This study adhered to several ethical considerations. First, the purpose of the study was explained to the respondents by the researcher. The respondents were notified that responding to the questionnaires was voluntary. The researcher also explained to the respondents the purpose of the study. Secondly, the respondents' right to privacy was adhered to by the researcher. The researcher ensured that the responses given remained confidential. To ensure this happens, the questionnaires had neither field for name nor any personal identification.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the findings and discussion of the study. The first section presents the response rate, reliability test and the demographic characteristics of the respondents. The second section presents the descriptive results of the study, inferential statistics and discussion of key results.

#### **4.2 Response Rate**

Out of one hundred and seventy one questionnaires issued, one hundred and forty three were duly filled and returned. This implies that the active sample was 143 respondents representing 78.7 percent response. This was considered a reliable response rate to put to use in generalizing the findings of the study. Roth and BeVier (1998) suggested that a response of 50% was usually adequate. This was also supported by (Mugenda&Mugenda, 2003).

#### **4.3 Reliability Test**

Reliability of the data was tested using Cronbach alpha coefficient. Cronbach alpha was computed at 95 percent confidence level. The reliability for this study was found to be 0.912 therefore considered reliable since it was more than 0.7. This showed that the inter item consistency level was acceptable. Fraenkel and Wallen (2006) notes that for items to be considered reliable they have to yield reliability of 0.70 and above. These findings are consistent with the findings of Yang, Watkins and Marsick (2004) who established that

the reliability of all the dimensions of learning organization was above 0.8. Table 4.1 presents the reliability results.

**Table 4.1: Reliability Results**

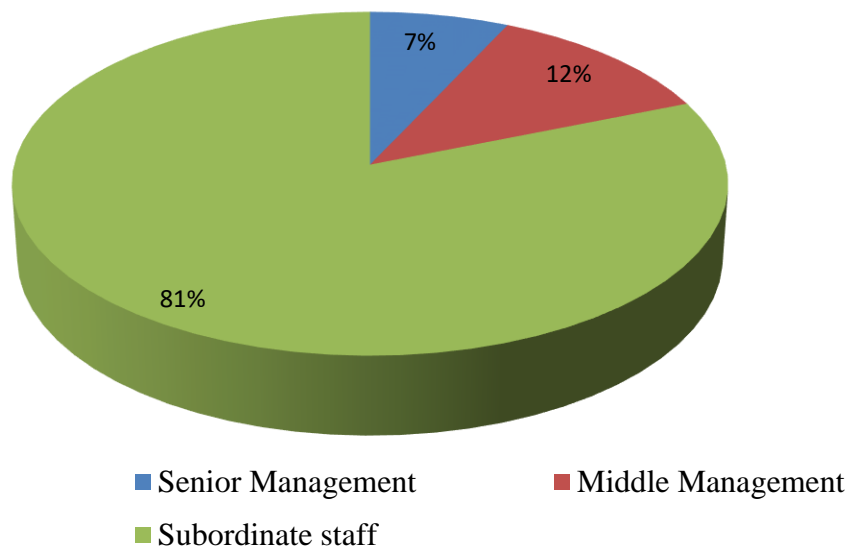
<b>Variable</b>	<b>No. of items</b>	<b>Inter-item consistency</b>
Individual Level Learning	6	0.916
Team Level Learning	3	0.928
Organizational Level Learning	12	0.906
Organizational Performance	12	0.913

#### **4.4 Background Information of the Respondents**

This section presents the demographic profiles of respondents. This includes category of employment, department in the organization, educational level and monthly learning hours.

##### **4.4.1 Distribution**

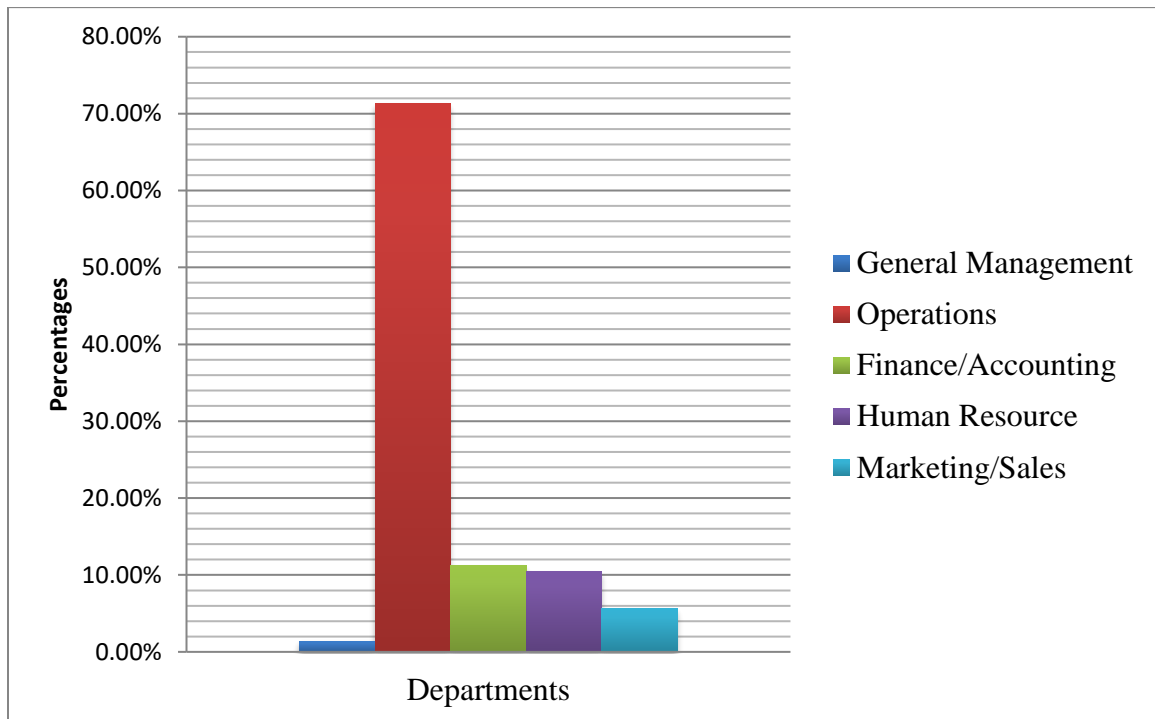
The distribution of the respondents shown in figure 4.1 indicated that majority of the respondents 81.1 percent were subordinate staff, 11.9 percent of them were middle level management while only 7.0 percent were among the senior management of the company. These findings imply that respondents were drawn from different levels of the organization meaning that the findings of this study can be authoritatively generalized to the company as whole notwithstanding the different staff categories.



**Figure 4.1: Distribution of Respondents**

#### **4.4.2 Current Departments**

Respondents were requested to state the respective departments where they work. The findings of the study as presented in figure 4.2 revealed that 71.3 percent were from operation, 11.2 percent of them were from Finance/Accounting, 10.5 percent were from the Human Resources and 5.6 percent of them were from Marketing/Sales while only 1.4 percent of them were from the general management. On this basis, the distribution can be said to be representative of all staff and management of the organization under study since all the departments of the organization have been represented.

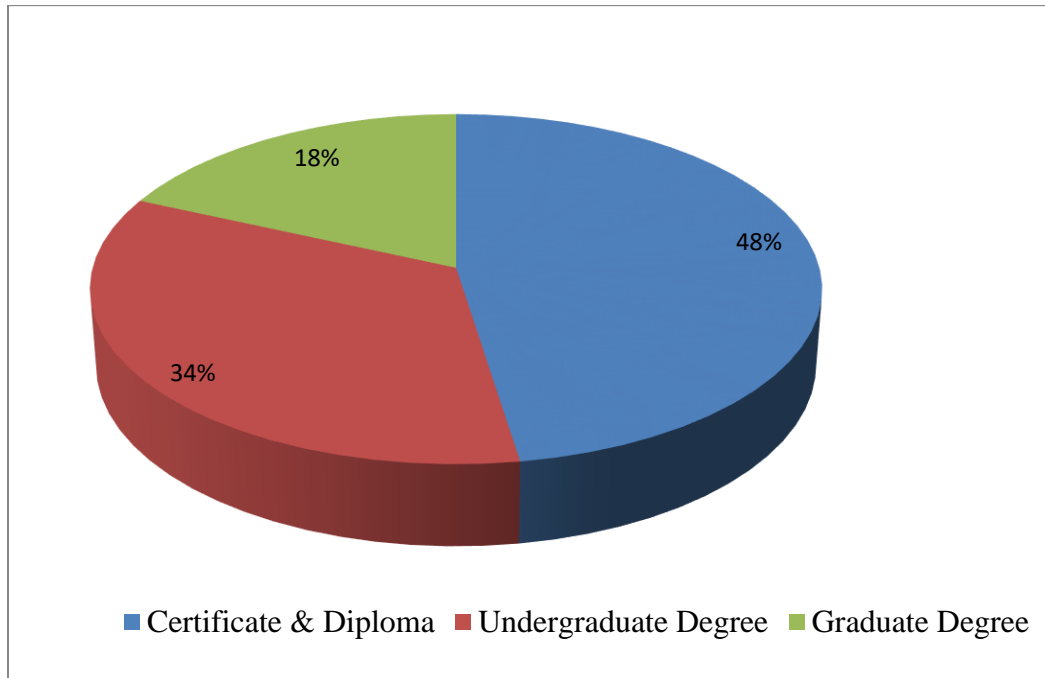


**Figure 4.2:Departments of the Respondents**

#### **4.4.3 Education Level**

This study sought to establish the level of education of the respondents. The findings of the study as presented in figure 4.3 indicated that majority of the respondents 48 percent had certificate or diploma, 34 percent of them had undergraduate degree while 18 percent of them had graduate degree. The findings of the study indicate that all the respondents are knowledgeable in their respective areas of specialization since all of them have attained tertiary education(Monari, 2016).

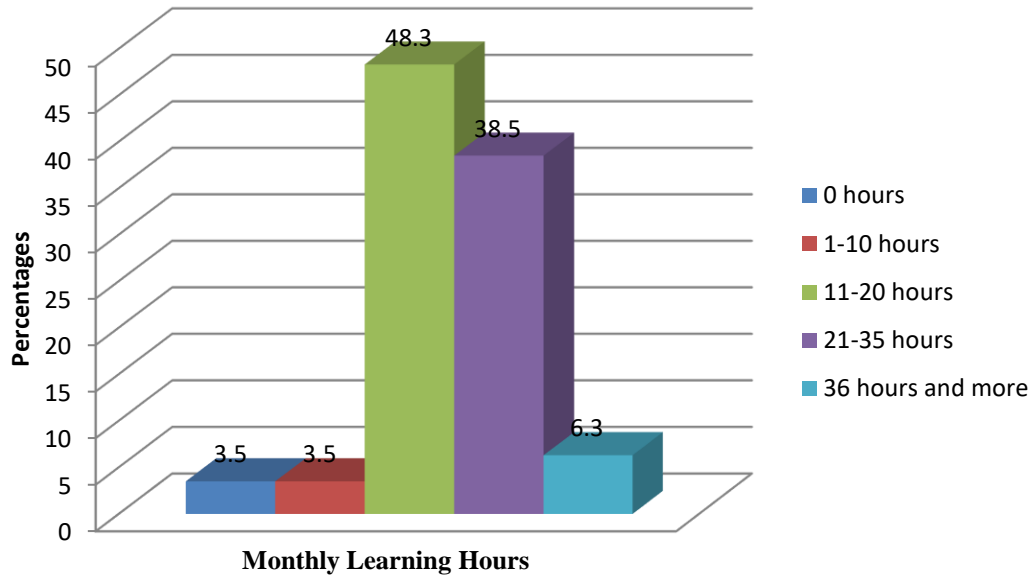




**Figure 4.3: Education Level of the Respondents**

#### **4.4.4 Monthly Learning Hours**

The respondents were required to state the number of hours per month spent on work related learning. As presented in figure 4.4, majority of them 48.3 percent stated that they spent between 11-20 hours, 38.5 percent of them spent between 21-35 years old and 6.3 percent of them spent more than 36 hours learning while 3.5 percent of them spent 0 hours and between 1-10 hours respectively. Marsick and Watkins (2003) notes that an organization whose employees spend more than 10 hours in a month learning can be considered a learning organization. In this study, the mean of monthly learning hours is 3.40 which indicates that most employees spend more than 10 monthly learning hours. The findings of the study imply that the organization under study is a learning organization since a significant number of the respondents spend a significant amount of time on work related learning.



**Figure 4.4: Monthly Learning Duration**

#### **4.5 Descriptive Statistics**

The section uses quantitative descriptions to describe the features of the data collected. Variables have been summarized using frequencies, percentages, means, and standard deviation.

##### **4.5.1 Effect of Individual Level Learning on Organisational Performance**

The study sought to assess how individual level learning affects performance of logistics firms in Mombasa County. Two sub variables (continuous learning and inquiry and dialogue) were used to assess the effect of individual level learning on performance of organizations.

##### **4.5.1.1 Continuous Learning**

The study sought to establish the existence of continuous learning in logistics firms in Mombasa County. Continuous learning was measured using three items. Respondents

were requested to indicate the extent to which they agree or disagree with statements describing the various variables. To measure the three items, Likert type scale was used with the ranges from 1=Strongly disagree to 5=Strongly Agree; where SA=strongly agree, A=agree, N=neutral, D=disagree, SDA=strongly disagree, T=total, M=Mean, SD=Standard Deviation and F=Frequency. The findings are presented in Table 4.2.

**Table 4.2: Effect of Continuous Learning on Organizational Performance**

<b>Statement</b>	<b>F/%</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SDA</b>	<b>T</b>	<b>M</b>	<b>SD</b>
People help each other learn	F	63	73	0	7	0	143	4.34	0.7229
	%	44.1	51	0	4.9	0	100	86.8	
People are given time to support learning	F	106	33	4	0	0	143	4.71	0.5121
	%	74.1	23.1	2.8	0	0	100	94.2	
People are rewarded for learning	F	29	33	30	47	4	143	3.25	1.1954
	%	20.3	23.1	21	32.9	2.8	100	65	

The results from Table 4.2 revealed that most of the respondents 51 percent agreed to the statement that people helped each other learn in their organization. Another 44 percent of them strongly agreed to the statement while 4.9 percent disagreed. None of them were neutral or strongly disagreed to the statement. This implied that employees in the organization are receptive to assisting each other when it comes to matters related to work place learning (mean=4.34; SD=0.7229). This also shows the existence of high altruism

among individuals in the organization. To achieve superior performance, altruistic acts are required from both employees and from organizations themselves (Kanungo & Conger, 1993).

The respondents were also asked whether people were accorded time to support learning in their organization. The results showed that 74.1 percent strongly agreed, 23.1 percent agreed and 2.8 percent of them were neutral. None of them disagreed or strongly agreed to the statement respectively. The mean was 4.71 and SD was 0.5121 indicating that employees in the organization had adequate time to learn and further their education since their organization accorded them time. This contributed to knowledge gain among the employees, which could have also contributed positively towards knowledge performance.

Finally, the respondents were asked whether people were rewarded for learning in their organization. The findings of the study showed that 20.3 percent of them strongly agreed, 23.1 percent agreed and 21.0 percent were not sure while 32.9 and 2.8 percent of them respectively disagreed and strongly disagreed. This implied that the organization under study supports learning especially by rewarding those employees who took the initiative to further their education (mean=3.25; SD=1.1954). Individuals were also rewarded for their talent and effort while their contributions were genuinely valued. When employees are rewarded for learning, they become more motivated and embrace learning, which in turn leads to improved knowledge as well as financial performance. The findings of the study showed the existence of continuous learning in logistics firms in Mombasa County.

#### 4.5.1.2 Inquiry and Dialogue

The study sought to establish the existence of inquiry and dialogue in logistics firms in Mombasa County. Inquiry and dialogue was measured using three items. Respondents were requested to indicate the extent to which they agree or disagree with statements describing the various variables. To measure the three items, Likert type scale was used with the ranges from 1=Strongly disagree to 5=Strongly Agree; where SA=strongly agree, A=agree, N=neutral, D=disagree, SDA=strongly disagree, T=total, M=Mean, SD=Standard Deviation and F=Frequency. Table 4.3 presents the findings.

**Table 4.3: Effect of Inquiry and Dialogue on Employee Performance**

<b>Statement</b>	<b>F/%</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SDA</b>	<b>T</b>	<b>M</b>	<b>SD</b>
People give open and honest feedback to each other	F %	83 58	31 21.7	24 16.8	5 3.5	0 0	143 100	4.34 86.8	0.8809
Whenever people state their view, they also ask what others think	F %	54 37.8	64 44.8	21 14.7	4 2.8	0 0	143 100	4.17 83.4	0.781
People spend time building trust with each other	F %	64 44.8	48 33.6	31 21.7	0 0	0 0	143 100	4.23 84.6	0.7844

The results from Table 4.3 revealed that 58 percent of the respondents agreed to the statement that people gave their open and honest feedback to each other, 21.7 percent agreed, 16.8 percent were neutral while 3.5 and 0.0 percent of them disagreed and strongly disagreed respectively. The mean was 4.34 and SD was 0.8809 implying that employees in the organization are open to each other and they gave honest feedback to each other indicating the existence of effective feedback loops.

Secondly, the respondents were asked whether whenever people stated their view, they also asked what others thought on the same. The results showed that 37.8 percent of them strongly agreed, 44.8 percent agreed and 14.7 percent were neutral while 2.8 and 0 percent of them disagreed and strongly disagreed respectively. This implied that in any forum, there was freedom of expression and each individual was given a chance to express their views no matter how different they were (mean=4.17; SD=0.7810). It also implied a very small power gap between the management and staff as well as existence of open lines of communication. When employees feel free to share ideas, feedback and criticism in the organization, it increases the chances of achieving better performance.

Thirdly, respondents were asked whether people spent time building trust with each other. The results showed that 44.8 percent of them strongly agreed, 33.6 percent of them agreed and 21.7 percent of them were neutral while none of them disagreed and strongly disagreed respectively. This implied that individual employees in the organization spent adequate time with fellow team members thus being able to build trust with one another (mean=4.23; SD=0.7844). Cross-functional and distributed work has low task identity because of high interdependence therefore building trust can be very important if better

performance has to be achieved. The findings of the study showed the existence of inquiry and dialogue in logistics firms in Mombasa County.

#### **4.5.2 Effect of Team Level Learning on Organisational Performance**

The study sought to assess the effect of team learning on organisational performance in logistics firms in Mombasa County. Team level learning was measured using collaboration and team learning.

##### **4.5.2.1 Collaboration and Team Learning**

The study sought to establish the existence of collaboration and team learning in logistics firms in Mombasa County. Collaboration and team learning was measured using three items. Respondents were requested to indicate their level of agreement or disagreement with statements describing the various variables. Five point Likert-type scale was used to measure the items, ranging from 1=Strongly disagree to 5=Strongly Agree; where SA=strongly agree, A=agree, N=neutral, D=disagree, SDA=strongly disagree, T=total, M=Mean, SD=Standard Deviation and F=Frequency. The findings are presented in Table 4.4.

**Table 4.4: Effect of Collaboration and Team Learning on Organization Performance**

<b>Statement</b>	<b>F/%</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SDA</b>	<b>T</b>	<b>M</b>	<b>SD</b>
Teams/groups have the freedom to adapt their goals as needed	F %	33 37.1	78 54.5	8 5.6	4 2.8	0 0	143 100	4.26 85.2	0.689
Teams/groups revise their thinking as a result of group discussions or information collected	F %	47 32.9	66 46.2	26 18.2	4 2.8	0 0	143 100	4.09 81.8	0.7864
Teams/groups are confident that the organization will act as their recommendations	F %	74 51.7	58 40.6	0 0	11 7.7	0 0	143 100	4.36 87.2	0.8353

The results from Table 4.4 indicated that 37.1 percent of the respondents agreed to the statement that teams/groups are freely allowed to adapt to their own goals, 54.5 percent agreed, 5.6 percent were neutral while 2.8 and 0.0 percent of them disagreed and strongly disagreed respectively. This indicated that employees were given an opportunity to form and adapt to their own goals in line with the company goals (mean=4.26; SD=0.6890). Allowing employees to for their own goals creates ownership of the goals and increases effectiveness and organizational performance improves.



Secondly, respondents were asked whether after discussions, teams and groups would revise their thinking. The results showed that 32.9 percent of them strongly agreed, 46.2 percent agreed and 18.2 percent of them were neutral while 2.8 and them disagreed and strongly disagreed respectively. This indicated that employees in the organization were given the opportunity to work and accomplish their goals as independent teams (mean=4.09; SD=0.7864). Self-efficacy is increased when employees are allowed the independence to accomplish their own goals and that motivates them hence work effectiveness increases.

Thirdly, the respondents were asked whether they have confidence that the organization will act on their recommendations. The results showed that 51.7 percent strongly agreed, 40.6 percent agreed and 0 percent were neutral while 7.7 and 0 percent of them disagreed and strongly disagreed respectively. This implied that majority of the employees were confident that their employer would consider their suggestions and recommendations (mean=4.36; SD=0.8353). This makes employees more committed, more motivated and thus more productive. These findings showed the existence of collaboration and team learning in logistics firms in Mombasa County.

#### **4.5.3 Effect of OrganizationLevel Learning on Organisational Performance**

The study sought to assess the effect organisational learning on organisational performance logistics firms in Mombasa County. Four sub variables (embedded systems, employee empowerment, system connections and strategic leadership) were used to measure organization level learning.

#### **4.5.3.1 Embedded Systems**

The study sought to establish the existence of embedded systems in logistics firms in Mombasa County. Embedded systems was measured using three items. Respondents were requested to indicate their level of agreement or disagreement with statements describing the various variables. The items were measured using five point Likert-type scale ranging from 1=Strongly disagree to 5=Strongly Agree; where SA=strongly agree, A=agree, N=neutral, D=disagree, SDA=strongly disagree, T=total, M=Mean, SD=Standard Deviation and F=Frequency. Table 4.5 presents the findings.

**Table 4.5: Effect of Embedded Systems on Organizational Performance**

<b>Statement</b>	<b>F/%</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SDA</b>	<b>T</b>	<b>M</b>	<b>SD</b>
My organization creates systems to measure gaps between current and expected performance	F	0	41	0	39	63	143	2.13	1.2573
	%	0	28.7	0	27.3	44.1	100	42.6	
My organization makes its lessons learned available to all employees	F	0	18	18	45	62	143	1.94	1.033
	%	0	12.6	12.6	31.4	43.4	100	38.8	
My organization measures the results of the time and resources spent on training	F	0	41	5	54	43	143	2.31	1.1822
	%	0	28.7	3.5	37.8	30.1	100	46.2	

From Table 4.5, the respondents were asked whether their organization created systems to evaluate and appraise performance. Majority of them 44.1 percent strongly disagreed to the statement, 27.3 percent disagreed while only 28.7 percent of them agreed. None of them strongly agreed or was neutral to the statement. The mean was 2.13 and SD was 1.2573 indicating that the organization under study did not have a proper performance appraisal system in place.

Secondly, respondents were asked whether their organization made its lessons learned available to all employees. Majority of them 44.3 percent strongly disagreed to the statement, 31.4 percent disagreed while 12.6 percent of them agreed and were neutral respectively. None of them strongly agreed to the statement. The mean was 1.94 and SD was 1.0330 indicating that the organization under study did not have sufficient mechanisms to store organizational knowledge and thus share it whenever it is needed.

Thirdly, respondents were asked whether their organization had systems to evaluate training benefits. Majority of them 37.8 percent disagreed to the statement, 30.1 percent strongly disagreed while 28.7 and 3.5 percent of them agreed and were neutral respectively. None of them strongly agreed to the statement. The mean was 2.31 and SD was 1.1822 indicating that the organizations did not have adequate techniques and ways to measure and evaluate the impact of employee training.

#### **4.5.3.2 Employee Empowerment**

The study sought to establish the existence of employee empowerment in logistics firms in Mombasa County. Employee empowerment was measured using three items. Respondents were requested to indicate their level of agreement or disagreement with statements describing the various variables. The three items were measured on a five point Likert scale ranging from 1=Strongly disagree to 5=Strongly Agree; where SA=strongly agree, A=agree, N=neutral, D=disagree, SDA=strongly disagree, T=total, M=Mean, SD=Standard Deviation and F=Frequency. Table 4.6 presents the findings.

**Table 4.6:Effect of Employee Empowerment on Organization Performance**

<b>Statement</b>	<b>F/%</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SDA</b>	<b>T</b>	<b>M</b>	<b>SD</b>
My organization recognizes people for taking initiatives	F	64	60	19	0	0	143	4.31	0.6962
	%	44.7	42	13.3	0	0	100	86.2	
My organization gives people control over the resources they need to accomplish their work	F	78	55	10	0	0	143	4.48	0.6261
	%	54.5	38.5	7	0	0	100	89.6	
My organization supports employees who take calculated risks	F	45	49	42	7	0	143	3.92	0.8966
	%	31.5	34.3	29.4	4.9	0	100	78.4	

From Table 4.6, the respondents were asked whether their organization recognized people for taking initiatives. Most of the respondents 44.7 percent strongly agreed, 42 percent agreed while only 13.3 percent of them were neutral. None of the respondents disagreed or strongly disagreed to the statement. This implied that experimentation and initiative are encouraged in the organization in a psychologically safe environment (mean=4.31; SD=0.6962). Allowing employees to take initiatives creates ownership and promotes innovation, which could in turn lead to improved organizational performance.

Secondly, respondents were asked whether their organization gave them control over the resources they needed to perform their work. Majority respondents 54.5 percent strongly agreed to the statement, 38.5 percent agreed while only 7.0 percent were neutral. None of the respondents strongly disagreed or disagreed to the statement. The mean was 4.48 implying that employees were given the requisite resources and tools that would enable them deliver on their roles (mean=4.48; SD=0.6261). By providing employees the tools they need, employees are able to act upon their decisions and thus attain empowerment.

Thirdly, the respondents were asked whether their organization supported employees who took calculated risks. Majority of the respondents 34.3 percent agreed to the statement, 31.5 percent strongly agreed while only 29.4 and 4.9 percent of them were neutral and disagreed respectively. None of them strongly disagreed to the statement. The mean was 3.92 and SD was 0.8966 implying that the organization supported employees who took positive initiatives for the betterment of their company. The findings of the study showed the existence of employee empowerment among logistics firms in Mombasa County.

#### **4.5.3.3 Systems Connection**

The study sought to establish the existence of systems connection among logistics firms in Mombasa County. Systems connection was measured using three items. Respondents were requested to indicate their level of agreement or disagreement with statements describing the various variables. Five point Likert type scale was used to measure the items ranging from 1=Strongly disagree to 5=Strongly Agree; where SA=strongly agree, A=agree, N=neutral, D=disagree, SDA=strongly disagree, T=total, M=Mean, SD=Standard Deviation and F=Frequency. Table 4.7 presents the findings.

**Table 4.7:Effect of Systems Connection on Organization Performance**

<b>Statement</b>	<b>F/%</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SDA</b>	<b>T</b>	<b>M</b>	<b>SD</b>
My organization encourages people to think from a global perspective	F	5	36	28	42	32	143	2.58	1.1892
	%	3.5	25.2	19.6	29.4	22.4	100	51.6	
My organization works together with the outside community to meet mutual needs	F	36	10	38	48	11	143	3.08	1.3135
	%	25.2	7	26.6	33.6	7.7	100	61.6	
My organization encourages people to get answers from across the organization when solving problems	F	53	81	5	4	0	143	4.28	0.665
	%	37.1	56.6	3.5	2.8	0	100	85.6	

From the findings in Table 4.7, the respondents were asked whether their organization encouraged people to think globally. Majority of the respondents 29.4 percent disagreed to the statement, 25.2 percent agreed, 19.6 percent of them were neutral while 22.4 percent strongly disagreed and 3.5 percent strongly agreed. The mean was 2.58 and SD

was 1.1892 implying that the organization rarely encouraged its employees to think globally.

The respondents were asked whether their organization met mutual needs by working with the outside community. Majority of the respondents 33.6 percent disagreed to the statement, 25.2 percent strongly agreed, 26.6 percent of them were neutral while only 7.0 and 7.7 percent of them agreed and strongly disagreed respectively. The mean was 3.08 and SD was 1.3135 implying that the organization took measures to promote social responsibility initiatives to the community. The organization is keen on giving back to the society and influencing it positively. This gives the organization a good image in the society.

Finally, the respondents were asked whether their organization encouraged people to consult widely across the organization when solving problems. The findings of the study revealed that 37.1 percent of them strongly agreed to the statement, 56.6 percent, 3.5 percent of them were neutral while and 2.8 percent disagreed respectively. None of them strongly disagreed. The mean was 4.28 and SD was 0.6650 implying that the organization encouraged interactions of employees across different levels and departments as well as encourage its employees to be system thinkers. Similarly, teams were allowed to put their heads together and come up with suggestions and solutions that would be implemented in the whole company. The findings of the study showed the existence of system connections in logistics firms in Mombasa County.



#### 4.5.3.4 Strategic Leadership

The study sought to establish the existence of strategic leadership among logistics firms in Mombasa County. Strategic leadership was measured using three items. Respondents were requested to indicate their level of agreement or disagreement with statements describing the various variables. Five point Likert type scale was used to measure the items ranging from 1=Strongly disagree to 5=Strongly Agree; where SA=strongly agree, A=agree, N=neutral, D=disagree, SDA=strongly disagree, T=total, M=Mean, SD=Standard Deviation and F=Frequency. Table 4.8 presents the findings.

**Table 4.8: Effect of Strategic Leadership on Organization Performance**

Statement	F/%	SA	A	N	D	SDA	T	M	SD
Leaders mentor and coach those they lead	F %	84 58.7	48 33.6	11 7.7	0 0	0 0	143 100	4.51 90.2	0.6376
Leaders continually look for opportunities to learn	F %	1 0.7	22 15.4	33 23.1	59 41.3	28 19.6	143 100	2.36 47.2	0.9897
Leaders ensure that the organization's actions are consistent with its values	F %	41 28.7	0 0	15 10.5	37 25.8	50 35	143 100	2.62 52.4	1.6355

The results from Table 4.8 revealed that 58.7 percent strongly agreed that leaders mentored and coached those they lead, 33.6 percent agreed, 7.7 percent were neutral while none of them disagreed and strongly disagreed respectively. The mean was 4.51 and SD was 0.6376 implying that majority of the respondents were mentored and coached by their leaders. It also implies that leadership in the organization is facilitative of coaching, mentoring and supportive of personal development.

Secondly, respondents were asked whether in their organization leaders would continually look for learning opportunities. The findings of the study showed that 0.7 percent of them strongly agreed, 15.4 percent agreed, 23.1 percent were neutral while 41.3 and 19.6 percent of them disagreed and strongly disagreed respectively. The mean was 2.36 and SD was 0.9897 implying that leaders in the organization were rarely receptive to innovations and adopting new ways of doing things.

Thirdly, the respondents were asked whether their leaders ensured that the organization's actions were in consistency with its values. The findings of the study showed that 28.7 percent of them strongly agreed, 0 percent agreed, 10.5 percent were neutral while 25.9 and 35.0 percent of them disagreed and strongly disagreed respectively. This implies that majority of the respondents moderately agreed that actions taken by the organization were guided by the ethical values of the organization (mean=2.62; SD=1.6355). This also implies that the organization has clear set values that guide it in its operation and which ensure it acts ethically and professional. However the low mean might imply that the organization's leadership needs to be more mindful that the vision and values of the organization have been understood and shared at all levels as required.

#### **4.5.4 Organizational Performance**

##### **4.5.4.1 Knowledge Performance**

The study sought to establish knowledge performance among logistics firms in Mombasa County. Knowledge performance was measured using six items. Respondents were requested to indicate their level of agreement or disagreement with statements describing the various variables. Five point Likert type scale was used to measure the items ranging from 1=Strongly disagree to 5=Strongly Agree; where SA=strongly agree, A=agree, N=neutral, D=disagree, SDA=strongly disagree, T=total, M=Mean, SD=Standard Deviation and F=Frequency. Table 4.9 presents the findings of the study.

**Table 4.9: Knowledge Performance**

<b>Statement</b>	<b>F/%</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SDA</b>	<b>T</b>	<b>M</b>	<b>SD</b>
Customer satisfaction is greater than last year	F %	61 42.7	38 26.2	37 25.9	7 4.9	0 0	143 100	4.07 81.4	0.9393
The number of suggestions implemented is greater than last year	F %	9 6.3	70 49	23 16.1	41 28.7	0 0	143 100	3.33 66.7	0.9625
The number of new products or services is greater than last year	F %	76 53.1	47 32.9	16 11.2	4 2.8	0 0	143 100	4.36 87.2	0.792
The percentage of skilled workers compared to the total workforce is greater than last year	F %	57 39.9	75 52.4	7 4.9	4 2.8	0 0	143 100	4.29 85.8	0.6903
The percentage of total spending devoted to technology and information processing is greater than last year	F %	49 34.3	68 47.6	22 15.4	4 2.8	0 0	143 100	4.13 82.6	0.7713
The number of individuals learning new skills is greater than last Year	F %	112 78.3	31 21.7	0 0	0 0	0 0	143 100	4.78 95.6	0.4135

The results from Table 4.9 revealed that 42.7 percent of the respondents stated that it was very true that customer satisfaction was greater than the previous year, 26.2 percent stated it was true, 25.9 percent were neutral while 4.9 and 0 percent stated that it was untrue and very untrue respectively. This implied that the level of customer satisfaction was greater than the previous year (mean=4.07; SD=0.9393). When customers are satisfied with the services of a company, it increases the chances of the coming back again thus the organization can be assured of repeat customers and this can positively influence its performance.

The respondents were asked whether this year more suggestions were implemented compared to the previous year. The results showed that 6.3 percent stated that the statement was very true, 49.0 percent stated true, 16.1 percent were neutral while 28.7 and 0 percent stated that it was untrue and very untrue respectively. This implied that the organization implemented more suggestions than in the previous year (mean=3.33; SD=0.9625). This also implies that employees in the organizations have enough knowledge to come up with workable suggestions, which the organization ends up implementing.

The respondents were asked whether the number of new services and products was greater than in the previous year. The results showed that 53.1 percent stated that the statement was very true, 32.9 percent stated true, 11.2 percent were neutral while 2.8 and 0 percent stated that it was untrue and very untrue respectively. The mean was 4.36 and SD was 0.7920 implying that the organization introduced more new products or services than in the previous year to ensure that customers get a variety to choose from. This satisfies customers and enables the organization to retain them.

The respondents were asked whether the number of skilled workers this year was greater than in the previous year. The results showed that 39.9 percent stated that the statement was very true, 52.4 percent stated true, 4.9 percent were neutral while 2.8 and 0 percent stated that it was untrue and very untrue respectively. The mean was 4.29 and SD was 0.6903 implying that the organization employed more staff than in the previous year.

The respondents were asked whether this year more funds were allocated to technological advancements compared to the previous year. The results showed that 34.3 percent stated that the statement was very true, 47.6 percent stated true, 15.4 percent were neutral while 2.8 and 0 percent stated that it was untrue and very untrue respectively. The mean was 4.13 and SD was 0.7713 implying that the organization allocated more funds to technological advancement and information processing than in the previous year.

The respondents were asked whether more people were learning new skills this year compared to the previous year. The results showed that 78.3 percent stated that the statement was very true and 21.7 percent stated true while none of them were neutral or stated untrue and very untrue respectively. The mean was 4.78 and SD was 0.4135 implying that majority of the respondents had learned new skills than in the previous year. This implied that the organization's knowledge base has increased as a result of having employees who are very knowledgeable.

#### **4.5.4.2 Financial Performance**

The study sought to establish financial performance logistics firms in Mombasa County. Financial performance was measured using six items. Respondents were requested to indicate their level of agreement or disagreement with statements describing the various

variables. Five point Likert-type scale was used to measure the items ranging from 1=Strongly disagree to 5=Strongly Agree; where SA=strongly agree, A=agree, N=neutral, D=disagree, SDA=strongly disagree, T=total, M=Mean, SD=Standard Deviation and F=Frequency. Table 4.10 presents the findings of the study.

**Table 4.10: Financial Performance**

<b>Statement</b>	<b>F/%</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SDA</b>	<b>T</b>	<b>M</b>	<b>SD</b>
Return on investment is greater than last year	F %	109 76.2	13 9.1	21 14.7	0 0	0 0	143 100	4.62 92.4	0.7308
Average productivity per employee is greater than last year	F %	75 52.4	63 44.1	5 3.5	0 0	0 0	143 100	4.49 89.8	0.5657
Time to market products and services is less than last year	F %	0 0	23 16.1	15 10.5	95 66.4	10 7	143 100	2.36 47.2	0.8341
Response time for customer complaints is better than last year	F %	45 31.5	72 62.2	26 2.8	0 0	0 0	143 100	4.13 82.6	0.6944
Market share is greater than last year	F %	45 31.5	89 62.2	4 2.8	5 3.5	0 0	143 100	4.22 84.4	0.6622
Cost per business transaction is less than last year	F %	6 4.2	35 24.5	8 5.6	20 14	74 51.7	143 100	2.15 43	1.3855



The results from Table 4.10 revealed that 76.2 percent of the respondents stated that it was very true that return on investment was greater than the previous year, 9.1 percent stated it was true and 14.7 percent were neutral while none of the respondents stated that it was untrue and very untrue respectively. The mean of 4.62 and SD of 0.7308 implied that return on investment was greater than in the previous year.

The respondents were asked whether average productivity per employee was greater than the previous year. The results revealed that 52.4 percent stated very true, 44.1 stated true and 3.5percent were neutral while none of the respondents stated that it was untrue and very untrue respectively. The mean of 4.49 and SD of 0.5657 implied that on an average basis the productivity per employee was higher than in the previous year, which means enhanced organizational performance.

The respondents were asked whether they spent less time in marketing in the current year. The results revealed that none of them stated very true, 16.1 stated true and 10.5 percent were neutral while 66.4 and 7.0 percent of them stated untrue and very untrue respectively. The mean of 2.36 and SD of 0.8341 implied that only a few employees agreed that time to market products and services was lesser than in the previous year. Through marketing, organizations build customer relationships and ultimately increases brand loyalty and awareness.

The respondents were asked whether customer complaints were being responded to faster than in the previous year. The results revealed that 31.5 percent stated very true, 50.3 stated true and 18.2 percent were neutral while none of the respondents stated that it was untrue and very untrue respectively. The mean of 4.13 and SD of 0.6944 implied that

response time for customer complaints was shorter than in the previous year. This is likely to satisfy and retain customers.

The respondents were asked whether market share was greater than the previous year. The results revealed that 31.5 percent stated very true, 62.2 stated true and 2.8 percent were neutral while 3.5 and 0 percent of them stated untrue and very untrue respectively. The mean of 4.22 and SD of 0.6622 implied that the organization's market share was greater than in the previous year because of new customers due to intensified marketing.

The respondents were asked whether transaction-processing cost was less than the previous year. The results revealed that 4.2 percent stated very true, 24.5 stated true and 5.6 percent were neutral while 14.0 and 51.7 percent of them stated untrue and very untrue respectively. The mean of 2.15 and SD of 1.3855 implied that only few respondents agreed that cost per business transaction was less than in the previous year.

#### **4.6 Hypotheses Testing**

The study sought to examine the relationship between learning organization and performance. From the literature reviewed, three hypotheses were formulated. All the hypotheses were tested using Pearson correlation coefficient at 95 percent confidence interval (error margin of 0.05). Evans (1996) recommended that correlation coefficient  $r$  ranging from 0.00 - 0.19 are very weak, 0.20 - 0.39 weak, 0.40 - 0.59 are moderate, 0.60 - 0.79 are strong and 0.80 - 1.0 are very strong. Further Evans (1996) suggests that if there are no stars in the result then the relationship is negative, one star is present then somehow correlated, two stars mean the correlation is good and if three stars are present then it is a very good correlation. Table 4.11 illustrates the findings of the study.

**Table 4.11: Pearson Correlation Coefficient Matrix**

Variable	Coefficient Type	Performance	Individual Level Learning	Team Level Learning	Organizational Level Learning
Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	143			
Individual Level Learning	Pearson Correlation	0.698**	1		
	Sig. (2-tailed)	0.000			
	N	143	143		
Team Level Learning	Pearson Correlation	0.235**	0.684**	1	
	Sig. (2-tailed)	0.005	0.000		
	N	143	143	143	
Organizational Level Learning	Pearson Correlation	0.879**	0.779**	0.229**	1
	Sig. (2-tailed)	0.000	0.000	0.006	
	N	143	143	143	143

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

#### 4.6.1 Hypothesis One

**H<sub>0a</sub>: Individual level learning has no significant effect on the performance of logistics firms in Mombasa County.**

The findings on Table 4.11 indicate that the p-value for individual level learning was 0.000 which is less than the significant level of 0.05, ( $p < 0.05$ ). This meant that individual level learning had a significant effect on organizational performance. The null hypothesis was therefore rejected and the alternative hypothesis accepted. Pearson Correlation coefficient (r-value) is 0.698, representing a strong positive relationship between individual level learning and organizational performance. Therefore, the study concluded that

individual level learning determined organisational performance of logistics firms in Mombasa County. These findings are consistent with the findings of Awasthy and Gupta (2012) who established that individual level learning had a significant causal relationship with organizational performance.

#### **4.6.2 Hypothesis Two**

**H<sub>0b</sub>: Team level learning has no significant effect on the performance of logistics firms in Mombasa County.**

As shown on Table 4.11, the p-value for team level learning was found to be 0.005 which is less than the significant level of 0.05, ( $p < 0.05$ ). This meant that team level learning had a significant effect on organizational performance. The null hypothesis was rejected and the alternative hypothesis was accepted. Pearson Correlation coefficient (r-value) is 0.235 representing a positive but weak relationship between team level learning and organizational performance. Therefore, the study concluded that team learning determined the organisational performance of logistics firms in Mombasa County. These findings are consistent with the findings of Awasthy and Gupta (2012) who established that there is a causal relationship between team level learning and organizational performance.

#### **4.6.3 Hypothesis Three**

**H<sub>0c</sub>: Organizational level learning has no significant effect on the performance of logistics firms in Mombasa County.**

As shown on Table 4.11, the p-value for organizational level learning was found to be 0.000 which is less than the significant level of 0.05, ( $p < 0.05$ ). This meant that organizational level learning had a significant effect on organizational performance. The null hypothesis was rejected and alternative hypothesis was accepted. Pearson Correlation

coefficient (r-value) is 0.879 representing a positive and very strong relationship between Organization level learning and organizational performance. Therefore, the study concluded that Organizational level learning determined organizational performance of logistics firms in Mombasa County. These findings are consistent with the findings of Pokharel and Choi (2015) who established that organizational level learning had a considerable effect on organizational performance outcomes.

#### **4.7 Regression Analysis**

According to Hair *et al.* (2005) regression is computed when there is need to find out the relationship between one dependent variable and several independent variables. It is on this basis that multiple regression was viewed as being appropriate for this study.

In order to establish the overall effect of learning organization on organizational performance, multiple linear regression was computed at a confidence level of 95% with an error margin of 0.05. The coefficient of determination (R) from table 4.12 was 0.880 representing a very strong positive correlation between learning organization and organizational performance in consistency with the findings of (Ellinger *et al.*, 2002). R square is 0.774 indicating that 77.4% of variance in performance is explained by learning organization. Table 4.12 shows the findings of the study.

**Table 4.12:Regression Model Summary**

<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
0.880 <sup>a</sup>	0.774	0.769	1.97590

a. Predictors: (Constant), Individual learning, Team Learning, Organizational Learning

Table 4.13 shows the analysis of variance (ANOVA) results. The model for learning organization (individual, team and organizational level learning) and organizational performance was significant at 0.000 ( $P < 0.05$ ). This implies that, the overall regression model statistically significantly affects the outcome variable (organizational performance). This study concluded that organizational performance is significantly affected by learning organization in consistent with the findings of (Kim, Watkins, & Lu, 2017).

**Table 4.13:Regression Anova Table**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig. Level</b>
1 Regression	1855.753	3	618.584	158.442	0.000 <sup>b</sup>
Residual	542.680	139	3.904		
Total	2398.434	142			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Individual Level Learning, Team Level Learning, Organizational Level Learning

Regression analysis was computed to determine the relationship between the dependent (organizational performance) and independent variable (learning organization) as shown on table 4.14. Based on the findings of the study, the regression equation model for the study is:

$$\text{Organisational Performance} = 30.494 + 0.049 \text{ IndividualLevel Learning} + 0.141 \text{ TeamLevel Learning} + 0.412 \text{ Organisational Level Learning}$$

The model indicates that a 0.049 increase in Individual Level Learning led to a 1 point increase in performance of logistics firms in Mombasa county, a 0.141 increase in Team Level Learning led to a 1 point increase in performance of logistics firms in Mombasa county and a 0.412 increase in Organization Level Learning led to a 1 point increase in performance of logistics firms in Mombasa county. Subsequently, the coefficients for Team level Learning and organisational level learning were significant variables since their significant values 0.025 and 0.000 respectively ( $P < 0.05$ ). However, coefficients for individual level learning were insignificant since its significant value was 0.771 ( $P > 0.05$ ). This implies that, when all the three independent variables are combined, team learning and organizational learning display a significant influence on organizational performance while individual level learning has an insignificant impact on organizational performance. These findings are in consistency with the findings of Leicher and Mulder (2016) who asserted that team learning activities such as knowledge sharing influence performance. Further, Steiner (1998) notes that the three levels of learning can cause individual, managerial and organization structure barriers to collaboration among members of the organization. Subsequently, the insignificance of individual level learning could have been affected by these barriers.

**Table 4.14:Regression Coefficients**

Variable	Unstandardized		Standardized		Sig. Level
	Coefficients		Coefficients		
	Beta	Std. Error	Beta	t	
(Constant)	30.494	1.646		18.521	0.000
Individual Level Learning	0.049	0.169	0.034	0.292	0.771
Team Level Learning	0.141	0.197	0.053	0.720	0.025
Organizational Level Learning	0.412	0.040	0.893	10.355	0.000

Dependent Variable: Organizational Performance

## 4.8 Discussion of Findings

### 4.8.1 Individual Level Learning and Organisational Performance

One of the key findings of this study is that as organizations continue to embrace continuous learning, inquiry and dialogue among its employees, performance improves positively. From the findings earlier presented, continuous learning exists in logistics firms in Mombasa County. Majority of the respondents 86.8 percent strongly agreed that people helped each other learn in their organization, 94.2 percent of them strongly agreed that people were accorded time to support learning in their organization and 65 percent of the respondents agreed that people were rewarded for learning in their organization.. The study established that continuous learning encompassed attending learning institutions, mentoring, coaching, assimilating professional development with organizational goals, giving challenging and rewarding assignments, providing opportunities to take calculated



risks, transferring, and sharing knowledge within an organization. The findings also revealed the existence of inquiry and dialogue among logistics firms in Mombasa County. The findings indicate that most of the respondents 86.8 percent strongly agreed that people gave their open and honest feedback to each other, 83.4 percent of them strongly agreed that whenever people stated their view, they also asked what others thought on the same and 84.6 percent of them strongly agreed that people spent time building trust with each other. The study also established that Inquiry and dialogue was concerned with learning from the experience of others.

The results from the test of the first hypothesis revealed a p-value of 0.000 which is less than the significant level of 0.05 ( $p < 0.05$ ) hence the null hypothesis that there is no significant relationship between individual level learning and organizational performance was rejected. Pearson Correlation coefficient (r-value) is 0.698 representing a strong positive correlation between individual level learning and organizational performance. Therefore, the study concluded that individual level learning determined the performance of logistics firms in Mombasa County.

Consequently, individual learning results to changes in behaviours, beliefs and knowledge, which enhances the organization's capacity for innovation and growth (Senge, 1990); Watkins and Marsick, 2003; Jiang and Li, 2008). In addition, through continuous learning people are able to see how the entire organization is affected by their work (Yang, 2012; Song *et al.*, 2009). Laatikainen (2014) also notes that individuals acquire new knowledge and competencies through continuous learning. These individuals become even more motivated when they are rewarded for learning. They also develop high self-efficacy, become more receptive to learning and their performance is enhanced.

Similarly, dialogue makes employees to be receptive of new ideas. This happens because employees get the opportunity for discussion and questioning the opinion and ideas of their colleagues. It ultimately helps to build a common cognition among concerned groups and shared understanding of issues within an organization (Senge, 1990; Ramus and Steger, 2000; Calantone *et al.*, 2002; Watkins & Marsick, 2003). Promoting inquiry and dialogue in an organization also plays a key part in determining organization's performance. The findings suggest that at the individual level, employees are prompted to question decisions, express their views and are also given the opportunity for self-development. This is evident from the high scores for individual learning.

#### **4.8.2 Team Level Learning and Organisational Performance**

The findings show the existence of collaboration and team learning in logistics firms in Mombasa County. From the findings, majority of the respondents 85.2 percent strongly agreed that teams/groups were free to adapt their goals as needed, 81.8 percent of them strongly agreed that teams/groups would revise their thinking after getting more information from group discussions and 87.2 percent of them strongly agreed that teams/groups had confidence that the organization would act as per their recommendations. The second hypothesis of the study was tested using Pearson correlation. The p-value for team level learning was 0.005 which is less than the significant level of 0.05, ( $p < 0.05$ ). This meant that team level learning had a significant effect on organizational performance. The null hypothesis was rejected and the alternative hypothesis was accepted. Pearson Correlation coefficient (r-value) is 0.235 representing a positive but weak relationship between team level learning and organizational

performance. Therefore, the study concluded that team learning determined the performance of logistics firms in Mombasa County.

The p-value was found to be 0.005 which is less than the significant level of 0.05, ( $p < 0.05$ ). The null hypothesis was therefore rejected and the alternative hypothesis accepted. The result indicated that Pearson Correlation coefficient (r-value) is 0.235, which represented a positive and weak relationship between team level learning and organizational performance. The study therefore concluded that team level learning determined the performance of logistics firms in Mombasa County.

The findings revealed that people learn how to work together and collaborate in teams therefore enhancing the capacity of the organization to achieve common shared goals. Watkins and Marsick, 1993, 1996, 2003) notes that team interaction and team spirit is the foundation of building system vision that encourages people to learn through the process of knowledge interaction, integration and development of shared understanding. Moreover, Team learning activities affects team effectiveness, efficiency and innovativeness (Leicher & Mulder, 2016). Further, when structured are decentralized, employees feel more comfortable to give out ideas and share their opinion therefore enhancing collaboration. Working together in teams enables knowledge sharing and reflection that leads to transformation and professional development. Teams have been noted as building blocks for organizations and most organizations depend on them to attain their goals. Senge (1990) further notes that team learning and goal achievement is a result of the ability of team members to align to each other and share mental models. Superior performance can be achieved when team members create jointly held mental models (VanDenBossche *et al.*, 2011). Conversely, teams that are not able to align mental

models to deal with team challenges such as team conflicts may see decreased team performance and overall detriment of performance of the organization (Klein *et al.*, 2011; Shaw *et al.*, 2011).

#### **4.8.3 Organisational Level Learning and Organisation Performance**

The findings of this study shows that there were no clear systems to capture learning and knowledge in logistics firms in Mombasa County. From the findings only 42.6 percent of the respondents agreed that their organization created performance evaluation and appraisal systems, 38.8 percent of the respondents agreed that their organization made its lessons learned available to all employees and 46.2 percent of the respondents agreed that their organization measured the impact of training by conducting training evaluations. The findings of the study are in line with the findings of Song *et al.* (2009) and Lipshitz *et al.* (2007) who found that a clear knowledge management system could improve performance of organizations through people's access to pertinent information and essential knowledge. To improve organizational performance, organizations are required to have systems to facilitate knowledge acquisition and sharing of critical knowledge that is useful to the organization (Tippins & Sohi, 2003).

Secondly, the study showed the existence of employee empowerment in logistics firms in Mombasa County. From the findings, 86.2 percent of the respondents agreed that their organization recognized people for taking initiatives, 89.6 percent of the respondents agreed that their organization gave them control over resources needed to accomplish their work and 78.4 percent of the respondents agreed that their organization supported employees who took calculated risks. These findings have been echoed by the findings of other researchers who stated that employee empowerment improved

organization performance (Vera & Crossan, 2004; Porter & Kramar, 2006; Weldy, 2009; Carter & Greer, 2013). In support of the above, Lipshitz *et al.* (2007) stated that empowered employees are the best assets to ensure improved organization performance as well as be able to maintain a competitive environment. Further, employee empowerment has been articulated by Yang and Choi, (2009) as a powerful management tool that can be effectively used to improve organizational performance and productivity. When employees are empowered, they get the morale to perform their duties even better and therefore improving individual as well as organizational performance (Ibua, 2014).

Thirdly, the study established the existence of systems connection in logistics firms in Mombasa County. From the findings of the study, only 51.6 percent of the respondents agreed that their organization encouraged people to think globally and widely, 61.6 percent of the respondents agreed that their organization collaborated with outside community for mutual benefit and 85.6 percent of the respondents agreed that their organization encouraged people to get answers from across the organization when solving problems. The findings of the study are in agreement with the findings of Porter and Kramar (2006) who asserted that the longer it takes for organizations to heed the changes in their environment, the fewer the options they might be left with to regain their desired position. In addition, Song *et al.* (2009) found out that for the survival of an organization, the organization must create a system to capture and share learning for enhancing organizational capacity to adapt. A good system to capture and share knowledge can improve the performance of an organization because employees get access to crucial knowledge and proper information (Lipshitz, Friedman & Popper, 2007). This is also

supported by Senge (1990); Yang *et al.* (2004) and Watkins and Marsick (1996) who noted that systems connection is much more important than embedded systems.

The study established the existence of strategic leadership in logistics firms in Mombasa County. From the findings of this study, 90.2 percent of the respondents strongly agreed that leaders mentored and coached those they lead, only 52.4 percent of the respondents agreed that in their organization leaders ensured that the organization's actions were ethical and in consistency with its values and 47.2 percent of the respondents agreed that their organization leaders were continuously looking for opportunities for acquisition of more knowledge.

Extant research suggests that strategic leadership can manipulate organizational culture, symbols, rituals, boundaries and reward systems to enhance organizational performance (Vera and Crossan, 2004; Weldy, 2009; Carter & Greer, 2013). Through strategic leadership, a system for capturing knowledge can be established to foster learning and prevent knowledge loss (Fiol & Lyles, 1985; Levitt & March, 1988; Senge, 1990; Huber, 1991). Moreover, strategic leadership not only makes the knowledge available through the organization but also allows engendering of new knowledge (Nonaka, 1994; Gnyawali & Stewart, 2003; Carter & Greer, 2013). Through learning, strategic leadership can influence the culture of the organization, its reward systems, rituals and symbols, which enhance the performance of the organization (Watkins & Marsick, 2003; Weldy, 2009).

The results of this study are supportive of literature (for example, Yang *et al.*, 2004; Tseng, 2010; Jain & Moreno, 2014) that organizational level learning affects

organizational performance. This means that organization level learning facilitates the creation of a sense of empowerment and ownership among the workforce, which enhances organizational performance in terms of knowledge creation and financial performance.

#### **4.8.4 Organizational Performance**

##### **4.8.4.1 Knowledge Performance**

The study sought to establish the existence of knowledge performance in logistics firms in Mombasa County. The results indicate that majority of the respondents 81.4 percent strongly agreed that customer satisfaction was greater than the previous year, 66.7 percent agreed that more suggestions have been implemented this year, 87.2 percent agreed that the number of new products or services was greater than in the previous year, 85.8 percent agreed that there are more skilled workers in the current year than in the previous year, 82.6 percent agreed that the budget for technological advancement was greater than in the previous year and 95.6 percent agreed that more people were learning new skills.

##### **4.8.4.2 Financial Performance**

The study sought to establish financial performance in logistics firms in Mombasa County. From the findings of this study earlier presented, 92.4 percent of the respondents strongly agreed that return on investment was greater than the previous year, 89.8 percent strongly agreed that average productivity per employee was greater than the previous year, 82.6 percent strongly agreed that there was timely response for all customer complaints, 84.4 percent of the respondents agreed that market share was greater than the previous year while only 47.2 and 43.0 percent of the respondents agreed that marketing

time and transaction cost respectively were lesser than the previous year. Regression was computed and the coefficient of determination (R) from table was 0.880 representing a very strong positive correlation between learning organization and organizational performance. R square was 0.774 indicating that 77.4% of variance in performance is explained by learning organization.

From the analysis of variance (ANOVA), the model for learning organization dimensions (individual, team and organizational level learning) and organizational performance was significant at 0.000 ( $P < 0.05$ ). The study therefore concluded that organizational performance is significantly affected by learning organization culture. Based on the findings of the study, the regression equation model for the study is:

$$\text{Organisational Performance} = 30.494 + 0.049 \text{ Individual Level Learning} + 0.141 \text{ Team Level Learning} + 0.412 \text{ Organisational Level Learning}$$

In addition, team learning ( $p = 0.025$ ) and organization learning ( $p = 0.000$ ) were significant variables ( $p < 0.05$ ). Additionally, individual level learning was found to be insignificant since its significant value was found to be 0.771 ( $p > 0.05$ ).

Explicitly, this study confirms that the dimensions of learning organizations are positively associated with organizational performance. Similar studies also found that the dimensions of learning organization consequently affected organizational performance. Ellinger *et al.* (2002) found positive correlations between the seven learning organization dimensions and organizational performance which is in line with the conceptualizations of (Watkins & Marsick, 1993, 1996; Yang *et al.*, 2004). Further, Ellinger *et al.* (2002) assert that the positive associations between learning organization and organizational



performance suggest that there is a payoff for organizations that adopt practices consistent with the learning organization culture. Consequently, Power and Waddell(2004)found that learning organizations shows a moderate to strong link with three measures of performance (knowledge performance, financial performance and customer satisfaction) at a self-managed work team level. In Taiwan, Tseng (2010) found a positive impact of between learning organization and organizational effectiveness among small and medium scale enterprises.Ultimately, in the current environment, organizations that are unable to learn end up being left behind (Dixon, 2017).

The findings of this study support the existing body of knowledge on learning organizations. This study specifically adds knowledge on available literature on conceptualizations of the relationship between learning organization dimensions and organizational performance as depicted in the conceptual framework. Further, this study contributes to literature on learning organization culture in a Kenyan context and broadly third world countries where such literature has been scarce compared to other regions. These findings can therefore serve as reference material for future research studies in this field.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents summary of findings, conclusion as well as recommendations based on the objectives that the study sought to meet.

#### **5.2 Summary of Findings**

The purpose of this research was to determine how learning organization affects performance of logistics firms in Mombasa County. To establish this, the study developed three specific objectives; to determine the effect of individual level learning on performance of logistics firms in Mombasa County, to establish the effect of team level learning on performance of logistics firms in Mombasa County, to examine the effect of organization level learning on performance of logistics firms in Mombasa County. To achieve this, the study adopted a descriptive survey design. To select the subjects to be included in the study, stratified random sampling and purposive sampling techniques were used. From a population of 300 management staff of 34 AEO accredited clearing and forwarding firms, a sample of 171 respondents were selected. To achieve the purpose of the study, three hypotheses were formulated and tested using Pearson correlation coefficient while regression analysis was used to establish the overall effect of learning organization on performance of logistics firms in Mombasa County. Primary data was collected using questionnaires. Validity and reliability of the instrument was tested thru a pilot test and Cronbach alpha coefficient computed. Collected data was analysed and presented descriptively through graphs, charts and frequency tables.

The first objective of the study was determined to establish the effect of individual level learning on performance of logistics firms in Mombasa County. Individual learning was measured by continuous learning and inquiry and dialogue. Continuous learning was measured by respondents helping each other learn in the organisation, employees accorded time by the organisation to support learning and being rewarded for learning by their organisation. These findings were consistent with the findings of Watkins and Marsick (2003), Jiang and Li (2008), Yang (2012) and Song *et al.* (2009). Inquiry and dialogue was measured by employees giving their open and honest feedback to each other, stating their views and spending time building trust with each other.

The results of Pearson correlation coefficient indicated the r-value to be 0.698, representing an average positive relationship between individual level learning and organizational performance. The findings of the study were in agreement with the findings of other scholars (Ramus & Steger, 2000; Calantone *et al.*, 2002; Watkins & Marsick, 2003; Pokharel & Choi, 2015).

The second objective of this study was determined to establish the effect of team level learning on the performance of logistics firms in Mombasa County. To establish this, employees were requested to give their opinion on whether they are allowed to adapt to their goals, whether they revise their thinking after group discussions and their level of confidence that the organization would act of their recommendations.

Pearson correlation coefficients results indicated a positive and weak relationship between team level learning and performance (r-value=0.235). These findings were consistent with the findings of other researchers (Dillman, 2000; Watkins & Marsick,

2003) who asserted that performance is the ultimate goal of team learning. Similarly, team learning shapes the behaviour of team members and enables them to draw solutions from collective knowledge which leads to improved performance.

The third objective of the study was to examine the effects of organisational level learning on performance of logistics firms in Mombasa County. Its sub variables included embedded systems to capture learning, employee empowerment, system connections and strategic leadership. Embedded systems was measured and showed the existence of performance appraisal systems and the results of the time and resources spent on training. The findings of the study were supported by the findings of Song *et al.* (2009) and Lipshitz *et al.* (2007). Employee empowerment influenced organisational performance. Employees were controlling the resources they needed to complete their work and the organization supported employees who took calculated risks. The findings of the study was found to be consistent with the findings of previous researchers (Vera & Crossan, 2004; Porter & Kramar, 2006; Carter & Greer, 2013). System connections influenced organisational performance. This variable was measured by the organization encouraging people to think from a global perspective and the organization working together with the outside community to meet mutual needs. The findings of the study are similar to the findings of previous researchers (Lipshitz, Friedman & Popper, 2007; Porter & Kramar, 2006). Finally, strategic leadership influenced organisational performance. This subvariable was measured by leader's mentorship, consistency in upholding organisational values and leadership learning opportunities. The result indicated that Pearson Correlation coefficient (r-value) is 0.879, which represented a positive and strong relationship between Organizational level learning and organizational performance. The

findings of the study were found to be similar with the findings of other scholars (Vera & Crossan, 2004; Weldy, 2009; Carter & Greer, 2013).

Based on the regression model computed, the findings of the study revealed that learning organization significantly determined organizational performance. The coefficient of determination showed a strong positive correlation between observed and predicted values of dependent variable; organisational performance. ANOVA results show that the model of learning organization (individual level learning, team level learning and organization level learning) and performance of logistics firms in Mombasa County was significant (F-statistic=158.22, P-value=0.000). This study therefore concludes that learning organization significantly determines organizational performance. Further, coefficients for team level learning and organisational level learning were found to significant variables since their significant values 0.025 and 0.000 respectively were less than the p-value (0.05). However, individual level learning was insignificant with a p-value of 0.771.

### **5.3 Conclusion**

This section presented the conclusion of the study in the context of the literature review and the findings. The conclusions were made in line with the objectives and hypotheses of the study.

The first objective of the study was determined to establish the effect of continuous learning on performance of logistics firms in Mombasa County. Pearson correlation coefficient results indicated that the r-value was 0.698 implying an average positive relationship between individual level learning and performance of logistics firms in

Mombasa County. This study therefore concluded that individual level learning determined the performance of logistics firms in Mombasa County. Employees helped each other learn in their organisation, they were accorded time to facilitate their learning in the organisation and people who took initiatives to learn in the organization were rewarded. Inquiry and dialogue significantly determined the performance of logistics firms in Mombasa County. Employees agreed that they were open to each other and would constantly give feedback to one another. It was also established that people are allowed to state their views as well as take the views of others as they spend time building trust with each other.

The second objective of the study was determined to establish the effect of team level learning on organizational performance. Pearson correlation coefficient results indicated that the r-value was 0.235. This represented a positive and weak correlation between team level learning and performance of logistics firms in Mombasa County. The study concluded that collaboration and team learning determined the performance of logistics firms in Mombasa County. The findings reveal that teams are free to formulate their own goals through group discussions and present recommendations to the organization.

Thirdly, the study was determined to examine the effect of organization learning on performance of logistics firms in Mombasa County. From the results of the study, Pearson Correlation coefficient (r-value) is 0.879, representing a positive and strong relationship between organization level learning and performance of logistics firms in Mombasa County. The respondents agreed that their organization evaluated performance through established performance management systems, made its lessons learned available to all employees and conducted training evaluations. On employee empowerment,

majority of the respondents agreed that people who took initiatives in the organization were recognized; people had control over their key resources and employees who took risks for the company were adequately supported. The study concluded that systems connection and strategic leadership significantly determined the performance of logistics firms in Mombasa County. Most of the respondents agreed that leaders mentored and coached their followers with only a few of them agreeing that leaders ensured that the actions of the organization were ethical, in consistency with its values and that leaders continually looked for opportunities to learn.

#### **5.4 Recommendations**

The purpose of the study was to examine the effect of learning organization on the performance of logistics firms in Mombasa County. It highlights the importance of the learning organization dimensions as determinants of performance. Continuous learning provides autonomy for employees to do their work under minimal supervision. To improve continuous learning, organizations can design programs that enable the provision of incentives to people who take initiatives to learn as well as establishing minimum level of training in terms of learning hours per year for employees to be considered for promotion. Secondly, inquiry and dialogue had a positive and strong association with organizational performance. Organizations should therefore take initiatives to increase time for reflection, promote discussions, active listening and develop feedback loops and norms of trustworthy behaviour to foster inquiry and dialogue. The challenge of coming up with interventions to facilitate learning and better performance should be taken up by human resource development professionals. Thirdly, organizations should encourage

employees to express their views, reward teams for achievements they make and conduct team building activities.

Further, embedded system was found to have a strong positive relationship with organizational performance. Accordingly, organizations should establish performance management systems, knowledge management systems and develop a framework to evaluate and assess the impact of trainings conducted. The dimension of empowerment has a strong relationship with organizational performance. It is therefore recommended that organizations that want to improve their performance should establish new globalized employee empowerment strategies. Organizations should also design programs that encourage participatory decision making and strengthen self-efficacy of employees. Employees should also be made more knowledgeable about their rights while the management should employ a management style that can pave way for developing the feelings of fulfilment in employees.

Systems thinking moves people from seeing parts to seeing whole. Organizations should develop programs that promote work life balance and global thinking through the provision of for example internet and intranet. Similarly, they should encourage sharing of information between work units as well as creating linkages between the company and local community most notably by participating in community projects and implementing social responsibility programmes.

Strategic leadership can manipulate the organization's culture, reward systems, rituals and symbols to enhance the performance of the organization. Leaders in organizations should therefore make sure information needed is readily available by employees, encourage,



mentor and coach employees to equip them with new knowledge. Organizational leadership should also encourage employees to uphold the organization's values, mission and vision.

### **5.5 Suggestions for Further Research**

This study examined learning organization culture and performance of logistics firms in Mombasa County. The results suggest that evidently there is a relationship between the dimension of learning organization and performance of firms. However, this study used perpetual measures of financial performance and knowledge performance. Consequently, there are several other measures of financial performance. Future studies should be based on other metrics of measuring financial performance such as return on investment, profitability index and return on asset.

Secondly, this study used cross-sectional data which was collected and measured at one point in time. Due to this, it is not clear on how long it takes before changes in learning culture can result in changes in performance of an organization. This study therefore recommends that future studies be carried out over a long period of time in order to examine the trend between changes in learning and charges in performance.

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## APPENDICES

### Appendix I: Letter Seeking Authority

Technical University of Mombasa, School of Business, Mombasa

1<sup>st</sup> November, 2016

The Managing Director,  
Mitchell Cotts Freight (K) Ltd,  
Mombasa.

Dear Sir.

#### **REF: REQUEST FOR AUTHORITY TO CARRY OUT ACADEMIC RESEARCH**

I am a graduate student of Technical University of Mombasa pursuing Master of Science in Human Resource Management. As part of the requirements for the award of this degree, I am expected to carry out a research and present a report to the university. My research interest is on the effect of Learning Organization on performance of logistics firms in Mombasa County.

I am kindly requesting your support to enable me achieve this endeavor by allowing all the staff members in different departments to participate in answering the questionnaires. The information provided will be analyzed to determine the effect of Learning Organization on the Performance of logistics firms in Mombasa County

You are assured of absolute confidentiality, as the information collected will be strictly for academic purposes only. Thank you.

Yours faithfully,

Gabriel Mtalian Mrisha

Reg. No: MMHRM/5998/014

## **Appendix II: Letter to Respondents**

Gabriel Mtelian Mrisha,  
P.O Box 90286-80100,  
Mombasa.

Dear Respondent,

### **RE: RESEARCH SURVEY QUESTIONNAIRE**

I am a postgraduate student of Technical University of Mombasa pursuing Master of Science in Human Resource Management. As part of the requirements for the award of this degree, I am expected to carry out a research and present a report to the university. My research interest is on the Effect of Learning Organization on the performance of Logistics firms in Mombasa County.

I kindly request for your support to enable me achieve this endeavor. A questionnaire shall be given to you to fill and the information provided shall be analyzed to determine the effect of Learning Organization on performance of logistics firms in Mombasa County.

Please note that, any information provided will be handled with confidentiality and will only be used for academic purposes only.

Thank you.

Yours faithfully,

Gabriel Mtelian Mrisha  
Reg. No. MMHRM/5998/014

## Appendix III: Questionnaire

### Dimensions of the Learning Organization Questionnaire Self-Scoring Instrument

You are being requested to fill this questionnaire and all the responses will be used for academic purposes only. Thank you.

#### Section A: Demographic Information

1. What is your primary responsibility?

General Management

Operations/Production

Administration, Logistics, or Financial/Accounting

Human Resources

Marketing/Sales

2. What is your role?

Senior Management

Middle Management

Subordinate staff

3. What is your educational experience?

Certificate or diploma

Undergraduate degree

Graduate degree

4. How many hours per month do you spend on your own time on work-related learning?

0 hours per month

1-10 hours per month

11-20 hours per month

21-35 hours per month

36+ hours per month

#### Section B: Determinants of learning at the Individual, Team and Organization Level

Please respond to each of the following items. For each item, determine the degree to which this is something that is or is not true of your organization. If the item refers to a

practice that rarely or never occurs, score it a one [1]. If it is almost always true of your department or work group, score the item as five [5]. Fill in your response by marking the appropriate number on the answer sheet provided. 1 – Strongly Disagree, 2-Disagree, 3-Indiferent, 4-Agree, 5-Strongly Agree.

### Continuous Learning

S/N	Statement	1	2	3	4	5
Q1	In my organization, people help each other learn					
Q2	In my organization, people are given time to support learning					
Q3	In my organization, people are rewarded for learning					

### Dialogue and Enquiry

Q4	In my organization, people give open and honest feedback to each other					
Q5	In my organization, whenever people state their view, they also ask what others think					
Q6	In my organization, people spend time building trust with each other					

### Collaboration and Team Learning

S/N	Statement	1	2	3	4	5
Q7	In my organization, teams/groups have the freedom to adapt their goals as needed					
Q8	In my organization, teams/groups revise their thinking as a result of group discussions or information collected					
Q9	In my organization, teams/groups are confident that the organization will act as their recommendations					

### Systems to Capture Learning

S/N	Statement	1	2	3	4	5
Q10	My organization creates systems to measure					

	gaps between current and expected performance					
Q11	My organization makes its lessons learned available to all employees					
Q12	My organization measures the results of the time and resources spent on training					

**Employee Empowerment**

Q13	My organization recognizes people for taking initiatives					
Q14	My organization gives people control over the resources they need to accomplish their work					
Q15	My organization supports employees who take calculated risks					

**Systems Connection**

Q16	My organization encourages people to think from a global perspective					
Q17	My organization works together with the outside community to meet mutual needs					
Q18	My organization encourages people to get answers from across the organization when solving problems					

**Strategic Leadership**

Q19	In my organization, leaders mentor and coach those they lead					
Q20	In my organization, leaders continually look for opportunities to learn					
Q21	In my organization, leaders ensure that the organization's actions are consistent with its values					

**Section C: Determinants of Knowledge and financial performance**

In this section, we ask you to reflect on the relative performance of the organization. You will be asked to rate the extent to which each statement is accurate about the organization's current performance when compared to the previous year. There is no right or wrong answers. We are interested in your perception of current performance. If the statement is Not true mark [1] and if it is Very true mark [5].

### Financial Performance

S/N	Statement	1	2	3	4	5
Q22	In my organization, return on investment is greater than last year					
Q23	In my organization, average productivity per employee is greater than last year					
Q24	In my organization, time to market for products and services is less than last year					
Q25	In my organization, response time for customer complaints is better than last year					
Q26	In my organization, market share is greater than last year					
Q27	In my organization, the cost per business transaction is less than last year					

### Knowledge Performance

Q28	In my organization, customer satisfaction is greater than last year					
Q29	In my organization, the number of suggestions implemented is greater than last year					
Q30	In my organization, the number of new products or services is greater than last year					
Q31	In my organization, the percentage of skilled workers compared to the total workforce is greater than last year					
Q32	In my organization, the percentage					

	of total spending devoted to technology and information processing is greater than last year					
Q33	In my organization, the number of individuals learning new skills is greater than last Year					

**Appendix IV: List of AEO Clearing and Forwarding Agents**

<b>S/No.</b>	<b>COMPANY NAME</b>
1	MITCHELL COTTS FREIGHT LIMITED
2	BAHARI FORWARDERS LIMITED
3	GENERAL CARGO LIMITED

4	VISION ENTERPRISES LIMITED
5	DHL WORLDWIDE EXPRESS KENYA LIMITED
6	ACCELER GLOBAL LOGISTICS
7	KUEHNE +NAGEL LIMITED
8	SPEEDEX LOGISTICS LIMITED
9	FAMO FORWARDERS LIMITED
10	DAMCO LOGISTICS (K) LIMITED
11	BOLLORE AFRICA LOGISTICS (K) LIMITED
12	PRECISE LOGISTICS LIMITED
13	DHL GLOBAL FORWARDERS (K) LIMITED
14	CONVENTIONAL CARGO CONVEYORS LIMITED
15	FREIGHT IN TIME LIMITED
16	STARWAYS INTERNATIONAL FREIGHT & FORWARDERS LIMITED
17	MURANGA FORWARDERS LIMITED
18	TRANSOCEANIC PROJECT DEVELOPMENT (KENYA) LIMITED
19	KENYA AIRWAYS LIMITED
20	OCEAN-LINE FREIGHT FORWARDERS LIMITED
21	KENSCO BUSINESS SOLUTIONS LIMITED
22	SPEDAG INTERFREIGHT KENYA LIMITED
23	UFANISI FREIGHTERS (K) LIMITED
24	KENFREIGHT EAST AFRICA LIMITED
25	JAMES FINLAY MOMBASA LIMITED
26	URGENT CARGO HANDLING LIMITED
27	INTRASPEED ARCPRO (KENYA) LIMITED
28	UNION LOGISTICS LIMITED



29	RAPID-KATE SERVICES LIMITED
30	SUPERSONIC FREIGHTERS (K) LIMITED
31	EXPRESS KENYA LIMITED
32	FREIGHTWELL EXPRESS LIMITED
33	FOX INTERNATIONAL LOGISTICS LIMITED
34	CORNERSTONE LIMITED
35	GLOBAL FREIGHT LOGISTICS LIMITED
36	MID AFRICA SERVICES LTD
37	BEACHLINES
38	MARKS ENTERPRISES LIMITED

Source: Kenya Revenue Authority 2016

#### Appendix V: Sample Size

S/No.	COMPANY NAME	Population	Sample Size
1	MITCHELL COTTS FREIGHT LIMITED	13	7
2	BAHARI FORWARDERS LIMITED	7	4
3	GENERAL CARGO LIMITED	5	3
4	VISION ENTERPRISES LIMITED	7	4
5	DHL WORLDWIDE EXPRESS KENYA LIMITED	12	7
6	ACCELER GLOBAL LOGISTICS	9	5
7	KUEHNE +NAGEL LIMITED	8	5
8	SPEEDEX LOGISTICS LIMITED	11	6
9	FAMO FORWARDERS LIMITED	7	4
10	DAMCO LOGISTICS (K) LIMITED	5	3
11	BOLLORE AFRICA LOGISTICS (K) LIMITED	9	5
12	PRECISE LOGISTICS LIMITED	7	4

13	DHL GLOBAL FORWARDERS (K) LIMITED	12	7
14	CONVENTIONAL CARGO CONVEYORS LIMITED	15	9
15	FREIGHT IN TIME LIMITED	12	7
16	STARWAYS INTERNATIONAL FREIGHT & FORWARDERS LIMITED	8	5
17	MURANGA FORWARDERS LIMITED	4	2
18	TRANSOCEANIC PROJECT DEVELOPMENT (KENYA) LIMITED	12	7
19	KENYA AIRWAYS LIMITED	7	4
20	OCEAN-LINE FREIGHT FORWARDERS LIMITED	11	6
21	KENSCO BUSINESS SOLUTIONS LIMITED	9	5
22	SPEDAG INTERFREIGHT KENYA LIMITED	11	6
23	UFANISI FREIGHTERS (K) LIMITED	7	4
24	KENFREIGHT EAST AFRICA LIMITED	12	7
25	JAMES FINLAY MOMBASA LIMITED	7	4
26	URGENT CARGO HANDLING LIMITED	9	5
27	INTRASPEED ARCPRO (KENYA) LIMITED	6	3
28	RAPID-KATE SERVICES LIMITED	9	5
29	SUPERSONIC FREIGHTERS (K) LIMITED	8	5
30	EXPRESS KENYA LIMITED	11	6
31	FREIGHTWELL EXPRESS LIMITED	5	3
32	FOX INTERNATIONAL LOGISTICS LIMITED	2	1
33	CORNERSTONE LIMITED	13	7
34	GLOBAL FREIGHT LOGISTICS LIMITED	10	6
	<b>TOTAL</b>	<b>300</b>	<b>171</b>