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STRATEGIC CHANGE MANAGEMENT AND PERFORMANCE OF INSURANCE COMPANIES IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Insurance companies in Nairobi City County constitute an important component of Kenya's financial services sector, providing risk management and financial protection to individuals, businesses and other organizations. However, the sector faces challenges relating to intense competition, low insurance penetration and customer dissatisfaction, necessitating effective strategic change management practices. This study examined the effect of strategic change management on the performance of insurance companies in Nairobi City County, Kenya, focusing on change communication and employee engagement. The study adopted a descriptive survey research design and targeted management employees in insurance companies registered and licensed by the Insurance Regulatory Authority. A census approach was employed, and primary data were collected using self-administered questionnaires. Data were analysed using descriptive and inferential statistics, including Pearson correlation and multiple linear regression analysis, with the aid of SPSS version 28. The findings revealed that change communication had a positive and significant effect on insurance company performance ($\beta = 0.367$, $p < 0.001$). Similarly, employee engagement had a positive and significant effect on performance ($\beta = 0.353$, $p = 0.001$). The study concludes that effective communication of organizational changes and active employee involvement are important determinants of insurance company performance. The study recommends that insurance companies establish effective communication mechanisms that ensure timely, accurate and consistent information sharing while promoting employee involvement, commitment and participation in organizational change initiatives.

Keywords: Change communication, employee engagement, organizational performance, insurance companies, strategic change management.

1. INTRODUCTION

1.1 Background of the Study

The insurance sector is a fundamental component of modern financial systems because it facilitates risk transfer, protects households and businesses against financial losses, mobilizes long-term savings, and supports investment and economic stability (Kamugisha, 2023). However, the industry operates in an increasingly dynamic environment characterized by technological disruption, changing customer expectations, regulatory requirements and competitive pressures. These developments require insurance companies to adopt strategic change management practices that enhance organizational adaptability and performance.

Strategic change management provides an organized approach through which organizations formulate, implement and sustain changes necessary to remain competitive and achieve desired performance outcomes. Effective implementation requires clear and timely communication of organizational changes and active employee involvement. Chummun and Nleya (2023) found that employee involvement in strategic change is particularly important in insurance organizations because employees provide ideas and capabilities necessary for adapting organizational structures, systems and strategies to technological and competitive pressures. Similarly, Onyango et al. (2024) found a significant relationship between comprehensive change-management strategies and organizational outcomes among insurance firms.

Change communication entails sharing clear, timely, accurate and relevant information about planned or ongoing organizational changes with employees and other stakeholders (Tanjung, Sidabutar & Sitompul, 2025). Effective communication promotes understanding and transparency, reduces uncertainty and resistance, encourages employee participation, and facilitates coordination throughout the change process. Employee engagement, on the other hand, refers to the degree to which employees are emotionally, cognitively and behaviorally connected to their work and committed to organizational objectives (Song et al., 2024). Employee involvement, commitment and participation strengthen cooperation, productivity and alignment with organizational goals (Omar, 2025).

In Kenya, insurance companies operate in an environment characterized by increasing competition, technological development, changing customer expectations and regulatory requirements (Morara & Sibindi, 2024). According to the Insurance Regulatory Authority (IRA), general insurance gross premium income increased from KES 169.32 billion in 2022 to KES 194.78 billion in 2023, while claims incurred rose from KES 77.10 billion to KES 87.86 billion. The industry also recorded a combined ratio of 104.4% in 2023, indicating that claims and operating costs exceeded earned premiums (Wambua, 2025).

These developments underscore the importance of effective change communication and employee engagement in supporting organizational adaptability, operational efficiency and sustainable performance. Consequently, insurance companies need effective communication mechanisms and engaged employees to facilitate organizational changes and respond to evolving market requirements.

1.2 Statement of the Problem

Insurance companies in Nairobi City County constitute an important component of Kenya's financial services sector. However, they face challenges relating to intense competition, low insurance penetration and customer dissatisfaction. General insurance retention declined from 71.0% in 2022 to 68.2% in 2023, indicating difficulties in maintaining policyholders. Further, the Insurance Regulatory Authority received 511 complaints in the third quarter of 2024, with 357 (69.9%) relating to general insurance. Of these general-insurance complaints, only 266 (74.5%) had been resolved (IRA, 2025). These challenges can weaken customer loyalty and make it difficult for insurers to expand market share and retain existing customers.

Effective strategic change management is important in addressing these challenges, particularly through change communication and employee engagement. Effective change communication ensures that employees receive timely, accurate and consistent information regarding organizational changes, thereby reducing uncertainty and resistance. Similarly, employee engagement promotes commitment, participation and willingness to contribute towards organizational objectives.

Although studies have examined strategic change management and organizational performance in different sectors, including the operations of soft drink industries (Omari, Ateka & Nyaboga, 2023), non-governmental organizations (Adan & Muathe, 2022) and microfinance banks (Njenga & Ragui, 2025), limited attention has been directed towards the combined influence of change communication and employee engagement on the performance of insurance companies in Nairobi City County, Kenya. This study therefore examined the effect of change communication and employee engagement on the performance of insurance companies in Nairobi City County, Kenya.

1.3 Objective of the Study

The study sought to examine the effect of change communication and employee engagement on the performance of insurance companies in Nairobi City County, Kenya.

Specifically, the study sought:

1. To assess the effect of change communication on the performance of insurance companies in Nairobi City County, Kenya.
2. To establish the effect of employee engagement on the performance of insurance companies in Nairobi City County, Kenya.

1.4 Research Questions

1. What is the effect of change communication on the performance of insurance companies in Nairobi City County, Kenya?
2. How does employee engagement affect the performance of insurance companies in Nairobi City County, Kenya?

2.LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Communication Theory

Communication Theory, founded by Claude Shannon (1948), entails the systematic study of how information, ideas, thoughts and meanings are created, transmitted, received and interpreted between individuals or groups. It examines the processes through which messages are encoded by a sender, conveyed through a communication channel, decoded by a receiver and influenced by feedback and contextual factors (Kamugisha, 2023). The theory focuses on the relationships among the sender, message, channel, receiver and feedback (Kaphale & Namalima, 2024).

The theory emphasizes that effective communication requires clear message formulation, appropriate transmission, accurate interpretation and meaningful feedback. Communication barriers, differences in interpretation, timing and the effectiveness of communication channels can influence the communication process (Omari, Ateka & Nyaboga, 2023). The theory provides a framework for understanding how communication processes influence coordination, decision-making and the achievement of organizational objectives (Adan & Muathe, 2022). It was relevant to this study in explaining how timely, accurate and clear communication of

organizational changes influences the performance of insurance companies in Nairobi City County, Kenya.

2.1.2 Social Exchange Theory

Social Exchange Theory, introduced by George Homans (1958), explains social relationships as processes of exchange in which individuals evaluate interactions based on the perceived benefits, costs and rewards associated with them (Njenga & Ragui, 2025). The theory proposes that people are motivated to maintain relationships when perceived rewards outweigh the costs and when the relationship provides satisfactory outcomes. It emphasizes expectations of reciprocity, fairness and mutual benefit (Okoth & Kamau, 2026).

The theory further holds that relationships develop and persist through repeated exchanges that create obligations, trust and mutual dependence. Satisfaction and commitment are likely to increase when interactions are perceived as beneficial, equitable and reciprocal (Baariu, Cherono & Moguche, 2021). Social Exchange Theory therefore provides a framework for understanding how reciprocity, trust and mutual dependence influence relationships and commitment (Putro & Suharyati, 2025). The theory was relevant to this study in explaining how employee involvement, commitment and participation in organizational activities contribute to improved performance of insurance companies in Nairobi City County, Kenya.

2.2 Conceptual Framework

A conceptual framework provides a visual representation of the relationships between key variables or concepts in a study. It outlines the expected relationships among the variables and guides the research design and methodology (Miles & Huberman, 2019). This study conceptualized change communication and employee engagement as the independent variables influencing the performance of insurance companies in Nairobi City County, Kenya.

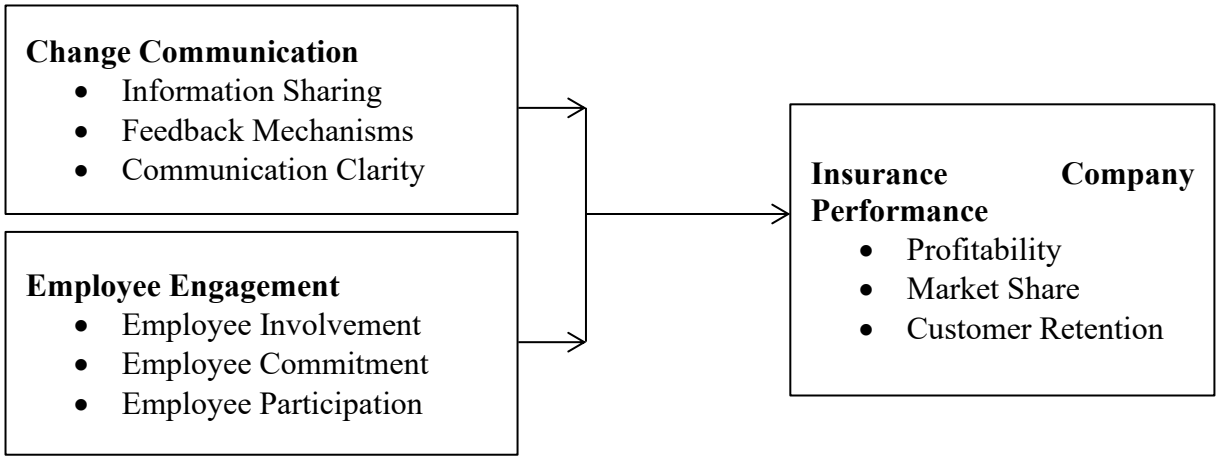


Figure 2. 1: Conceptual Framework

2.2.1 Change Communication

Change communication refers to the systematic process of sharing clear, timely, accurate and relevant information about planned or ongoing organizational changes with employees and other stakeholders (Tanjung, Sidabutar & Sitompul, 2025). It involves communicating the reasons for change, its objectives, expected outcomes, implementation processes and the responsibilities of those involved. Effective change communication promotes understanding and transparency, reduces uncertainty and resistance, encourages employee participation and facilitates coordination throughout the change process (Gebretsadik et al., 2025).

Information sharing refers to the systematic dissemination of relevant, accurate and timely information among organizational members during the implementation of organizational activities and changes. Effective information sharing promotes transparency, reduces

uncertainty and enables employees to understand what is expected of them (Katelo, Rintari & Kambura, 2024).

Feedback mechanisms refer to the formal and informal channels through which employees provide their views, concerns, suggestions and responses regarding organizational activities and changes. Effective feedback mechanisms promote employee participation, strengthen two-way communication and enable timely responses to concerns (Mutie et al., 2025).

Communication clarity refers to the extent to which information about organizational activities and changes is presented in a clear, understandable, consistent and unambiguous manner. Clear communication reduces misunderstandings and confusion, promotes consistency in the interpretation of organizational information and facilitates effective implementation of change initiatives (Boga et al., 2020).

2.2.2 Employee Engagement

Employee engagement refers to the degree to which employees are emotionally, cognitively and behaviorally connected to their work and committed to contributing towards the achievement of organizational objectives (Song et al., 2024). It involves employees demonstrating enthusiasm, dedication, involvement and willingness to invest their skills and effort in their responsibilities. High levels of engagement can promote employee commitment, productivity, cooperation, job satisfaction and alignment with organizational goals, thereby contributing to improved organizational performance (Omar, 2025).

Employee involvement refers to the extent to which employees are actively included in organizational activities, decision-making processes and initiatives that affect their work. Effective employee involvement enhances employees' sense of value and ownership, improves the flow of information between management and employees and supports better decision-making (Kagucia, 2022).

Employee commitment refers to the degree to which employees demonstrate loyalty, dedication and willingness to remain aligned with organizational objectives and responsibilities. Strong employee commitment promotes persistence in performing assigned duties, enhances responsibility and accountability and encourages employees to remain supportive of organizational goals (Mwangi & Kanyanjua, 2024).

Employee participation refers to the active contribution of employees in organizational decision-making, problem-solving, planning and implementation of activities. Meaningful participation promotes shared responsibility, enhances acceptance of organizational decisions and encourages employees to take greater ownership of organizational initiatives (Travolta & Karanja, 2025).

2.3 Empirical Review

2.3.1 Change Communication and Organizational Performance

Tanjung, Sidabutar and Sitompul (2025) examined the role of organizational communication in reducing resistance to change in industrial companies in Indonesia. The study adopted a sequential explanatory mixed-methods design involving 350 respondents from 35 companies and 25 qualitative informants. The findings revealed that effective organizational communication significantly reduced employee resistance to change by lowering worker anxiety. The study concluded that transparent and empathetic communication is essential for minimizing resistance during organizational transformations.

Katelo, Rintari and Kambura (2024) examined the influence of change communication on organizational performance in Isiolo County Government, Kenya. The study adopted a descriptive research design and sampled 36 directors, 50 managers and 239 staff members. The findings indicated that respondents recognized the existence of well-established

communication channels for relaying information on strategic changes, with a mean score of 4.22. The study concluded that strategic managers ensured that organizational changes were communicated to employees with clear information on what was expected to change.

Boga et al. (2020) investigated the effect of implementing a change process to support respectful communication in newborn units in Kenya. The study involved participatory training developed in collaboration with newborn unit nurse managers to improve relationships among staff and with parents. The findings demonstrated positive effects on interactions, staff well-being and management processes, although differences emerged between the participating hospitals. The study concluded that participatory training processes have potential value in supporting wider organizational change initiatives.

The reviewed studies demonstrate that effective communication supports organizational change by reducing employee resistance, improving understanding and facilitating coordination. However, the studies were conducted in industrial companies, county government and healthcare settings, with limited evidence focusing specifically on insurance companies in Nairobi City County. This study therefore examined the effect of change communication on the performance of insurance companies in Nairobi City County, Kenya.

2.3.2 Employee Engagement and Organizational Performance

Song et al. (2024) investigated team performance in learning organizations, focusing on the mediating effect of employee engagement. The study used 309 cases from Korean for-profit firms and applied structural equation modelling. The findings revealed that employee engagement fully mediated the relationship between learning organization culture and team performance. The study concluded that employee engagement is a critical mechanism through which organizational culture contributes to improved team performance.

Omar (2025) examined the antecedents and consequences of employee engagement in the Sudanese banking sector. Data were collected using self-administered questionnaires and analysed through descriptive statistics, correlation and hierarchical multiple regression. The findings indicated that employee communication, organizational support, supervisor support, rewards and recognition, training and career development, and procedural justice had significant positive effects on job engagement. The study concluded that employee engagement serves as an important mechanism through which organizational investments translate into improved job performance.

Kagucia (2022) investigated employee empowerment and job performance in national polytechnics in Kenya. The study adopted a descriptive research design and sampled 337 respondents from a target population of 2,993 staff. The findings revealed that psychological, structural, relational and team empowerment significantly influenced job performance. The study concluded that employee empowerment is a critical predictor of job performance.

Mwangi and Kanyanjua (2024) examined the relationship between staff empowerment practices and employee productivity in the airline industry in Kenya, using Kenya Airways as a case study. The study employed stratified random sampling to select 64 respondents from a population of 160 management staff. The findings established a linear relationship between employee training and productivity, with training contributing up to 45% to employee productivity. Participative decision-making was also positively associated with employee productivity. The study concluded that employee training and participative decision-making contribute to improved productivity.

Travolta and Karanja (2025) examined the effect of employee empowerment practices on staff retention in Nairobi City County Government, Kenya. The study adopted stratified sampling and collected data from 384 respondents using structured questionnaires. The findings revealed that digital empowerment, employee well-being, diversity and inclusion, and work-life balance

significantly influenced staff retention. The study concluded that digital empowerment and work-life balance have significant effects on staff retention.

The reviewed studies indicate that employee engagement and related practices, including empowerment, training and participative decision-making, contribute to improved employee and organizational outcomes. However, the studies focused on learning organizations, banking, educational institutions, airlines and county government, leaving limited empirical evidence on employee engagement and the performance of insurance companies in Nairobi City County. This study therefore examined the effect of employee engagement on the performance of insurance companies in Nairobi City County, Kenya.

3. RESEARCH METHODOLOGY

The study adopted a descriptive cross-sectional survey research design to examine the effect of strategic change management on the performance of insurance companies in Nairobi City County, Kenya. The design enabled the collection of standardized information from management employees at a particular point in time regarding existing organizational practices and their relationship with performance.

The target population comprised 147 management employees drawn from 49 insurance companies registered and licensed by the Insurance Regulatory Authority. The respondents consisted of 49 top-level managers, 49 middle-level managers and 49 lower-level managers. A census sampling technique was adopted because the population was relatively small, accessible and manageable, allowing all 147 management employees to be included in the study.

Primary data were collected using structured self-administered questionnaires. The questionnaire captured respondents' demographic characteristics and information relating to change communication, employee engagement and organizational performance. Change communication was measured through information sharing, feedback mechanisms and communication clarity, while employee engagement was assessed through employee involvement, commitment and participation. The questionnaires were administered physically or electronically, depending on respondents' accessibility and preference.

A pilot study involving 15 respondents, representing approximately 10% of the target population, was conducted to assess the clarity, relevance and suitability of the research instrument. Reliability was assessed using Cronbach's alpha coefficient, with a minimum acceptable threshold of 0.70. Content and construct validity were established through expert review, supervisor feedback and alignment of questionnaire items with relevant literature and the study variables.

Data were coded and analysed using SPSS version 28. Descriptive statistics, including frequencies, percentages, means and standard deviations, were used to summarize respondents' characteristics and responses. Inferential analysis involved Pearson Product-Moment Correlation and multiple linear regression to establish the relationships between the study variables and determine their predictive effects on insurance company performance. The regression analysis considered change communication and employee engagement alongside the other strategic change management variables included in the original study model. Research authorization, informed consent, confidentiality, anonymity and voluntary participation were observed throughout the study.

4. RESULTS AND FINDINGS

4.1 Introduction

This section presents the findings on the effect of change communication and employee engagement on the performance of insurance companies in Nairobi City County, Kenya. The findings are presented using descriptive and inferential statistics. Descriptive statistics comprise means and standard deviations, while inferential analysis involves Pearson

correlation and multiple linear regression. The results are interpreted in relation to the empirical studies reviewed.

4.2 Descriptive Statistics

Descriptive statistics were used to establish respondents' perceptions of change communication, employee engagement and the performance of insurance companies in Nairobi City County, Kenya. The findings are presented in the following subsections.

4.2.1 Change Communication and Insurance Company Performance

The study sought to assess the effect of change communication on the performance of insurance companies in Nairobi City County, Kenya. Respondents were requested to indicate their level of agreement with statements relating to change communication. The results are presented in Table 1.

The findings revealed that respondents agreed that their organizations provided employees with timely information about planned organizational changes (M = 3.821, SD = 0.819). Similarly, respondents agreed that organizations ensured employees had access to sufficient information about organizational changes (M = 3.819, SD = 0.502). Respondents also agreed that organizations provided employees with opportunities to give feedback on organizational changes (M = 3.771, SD = 0.671) and considered employee feedback when implementing organizational changes (M = 3.739, SD = 0.776).

Further, respondents agreed that their organizations communicated the reasons for organizational changes clearly to employees (M = 3.681, SD = 0.818) and explained how organizational changes would affect employees' roles and responsibilities (M = 3.611, SD = 0.576). The aggregate mean was 3.740, with a standard deviation of 0.694. These findings indicate that insurance companies generally maintained communication practices that supported the dissemination of information and employee feedback during organizational changes.

Table 1: Change Communication and Insurance Company Performance

Statement	Mean	Std. Deviation
The organization provides employees with timely information about planned organizational changes.	3.821	0.819
The organization ensures that employees have access to sufficient information about organizational changes.	3.819	0.502
The organization provides employees with opportunities to give feedback on organizational changes.	3.771	0.671
The organization considers employee feedback when implementing organizational changes.	3.739	0.776
The organization communicates the reasons for organizational changes clearly to employees.	3.681	0.818
The organization clearly explains how organizational changes will affect employees' roles and responsibilities.	3.611	0.576
Aggregate	**3.740**	**0.694**

Source: Research Data (2025).

4.2.2 Employee Engagement and Insurance Company Performance

The study sought to establish the effect of employee engagement on the performance of insurance companies in Nairobi City County, Kenya. Respondents were requested to indicate

their level of agreement with statements relating to employee engagement. The results are presented in Table 2.

The findings revealed that respondents agreed that their organizations involved employees in decisions related to organizational changes (M = 3.878, SD = 0.676). In addition, respondents agreed that organizations encouraged employees to contribute towards achieving organizational objectives (M = 3.849, SD = 0.581). Respondents also agreed that employees in their organizations were committed to achieving organizational objectives (M = 3.820, SD = 0.665) and demonstrated willingness to support organizational changes (M = 3.773, SD = 0.598).

Further, respondents agreed that their organizations provided employees with opportunities to participate in organizational activities (M = 3.657, SD = 0.761) and that employees actively participated in implementing organizational changes (M = 3.612, SD = 0.687). The aggregate mean was 3.765, with a standard deviation of 0.661. These findings indicate that employee involvement, commitment and participation were evident in the insurance companies.

Table 4.2: Employee Engagement and Insurance Company Performance

Statement	Mean	Std. Deviation
The organization involves employees in decisions related to organizational changes.	3.878	0.676
The organization encourages employees to contribute to achieving organizational objectives.	3.849	0.581
Employees in the organization are committed to achieving organizational objectives.	3.820	0.665
Employees in the organization demonstrate willingness to support organizational changes.	3.773	0.598
The organization provides employees with opportunities to participate in organizational activities.	3.657	0.761
Employees actively participate in implementing organizational changes.	3.612	0.687
Aggregate	**3.765**	**0.661**

Source: Research Data (2025).

4.2.3 Insurance Company Performance

Respondents were requested to indicate their level of agreement with statements relating to the performance of insurance companies in Nairobi City County, Kenya. The results are presented in Table 3.

The findings revealed that respondents agreed that their organizations consistently achieved targeted profit levels (M = 3.832, SD = 0.698). In addition, respondents agreed that their organizations effectively controlled operating costs to improve profitability (M = 3.828, SD = 0.872) and increased their market share in the insurance industry (M = 3.809, SD = 0.581).

Further, respondents agreed that their organizations strengthened their competitive position in the insurance market (M = 3.761, SD = 0.576), maintained high customer retention rates (M = 3.744, SD = 0.609) and successfully encouraged existing customers to renew their insurance policies (M = 3.725, SD = 0.874). The aggregate mean was 3.783, with a standard deviation of 0.702. These findings indicate generally positive perceptions of insurance company performance in terms of profitability, market share, competitiveness and customer retention.

Table 3: Insurance Company Performance

Statement	Mean	Std. Deviation
The organization consistently achieves its targeted profit levels.	3.832	0.698
The organization effectively controls its operating costs to improve profitability.	3.828	0.872
The organization increases its market share in the insurance industry.	3.809	0.581
The organization strengthens its competitive position in the insurance market.	3.761	0.576
The organization maintains a high rate of customer retention.	3.744	0.609
The organization successfully encourages existing customers to renew their insurance policies.	3.725	0.874
Aggregate	**3.783**	**0.702**

Source: Research Data (2025).

4.3 Inferential Statistics

Inferential statistics in the study focused on correlation and regression analysis. Pearson correlation analysis was used to determine the strength and direction of the relationships between change communication, employee engagement and insurance company performance. Multiple linear regression analysis was used to establish the predictive effects of the strategic change management variables on insurance company performance.

4.3.1 Correlation Analysis

The study used Pearson Product-Moment Correlation analysis to determine the strength and direction of the relationships between change communication, employee engagement and insurance company performance. The correlation coefficient ranges from -1 to +1, with positive values indicating positive relationships and negative values indicating inverse relationships. The results are presented in Table 4.

Table 4: Correlation Coefficients

Variable	Statistic	Organization Performance	Change Communication	Employee Engagement
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)	—		
	N	112		
Change Communication	Pearson Correlation	0.870**	1	
	Sig. (2-tailed)	<0.001	—	
	N	112	112	
Employee Engagement	Pearson Correlation	0.857**	0.398	1
	Sig. (2-tailed)	0.002	0.090	—
	N	112	112	112

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

Source: Research Data (2025).

The findings revealed a very strong positive relationship between change communication and the performance of insurance companies in Nairobi City County, Kenya ($r = 0.870$, $p < 0.001$). The relationship was statistically significant since the p-value was less than 0.05. This implies

that effective communication of organizational changes is positively associated with insurance company performance. The findings are consistent with Tanjung, Sidabutar and Sitompul (2025), who established that effective organizational communication significantly reduces employee resistance to change by lowering worker anxiety. Similarly, Katelo, Rintari and Kambura (2024) established that well-established communication channels facilitate the dissemination of information on strategic changes. These findings demonstrate the importance of timely information sharing, feedback mechanisms and communication clarity in supporting organizational change.

The results also revealed a very strong positive relationship between employee engagement and the performance of insurance companies in Nairobi City County, Kenya ($r = 0.857$, $p = 0.002$). The relationship was statistically significant since the p-value was less than 0.05. This suggests that employee involvement, commitment and participation are positively associated with organizational performance. The findings are consistent with Song et al. (2024), who established that employee engagement plays a full mediating role in explaining the relationship between learning organization culture and team performance. Similarly, Omar (2025) found that employee engagement serves as an important strategic mechanism through which organizational investments translate into improved job performance.

4.3.2 Regression Analysis

Multiple linear regression analysis was used to assess the predictive relationship between strategic change management practices and the performance of insurance companies in Nairobi City County, Kenya. The presentation below focuses on change communication and employee engagement.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.819	0.670	0.669	0.10428

Predictors: Strategic leadership, organizational restructuring, change communication and employee engagement

Source: Research Data (2025).

The model summary was used to establish the proportion of variation in insurance company performance explained by the independent variables. The R-squared value was 0.670, implying that 67.0% of the variation in insurance company performance was jointly explained by strategic leadership, organizational restructuring, change communication and employee engagement. The adjusted R-squared was 0.669, indicating that the model explained approximately 66.9% of the variation after adjustment for the number of predictors. The remaining 33.0% was attributable to other factors not included in the model and random variation.

Table 6: Analysis of Variance (ANOVA)

Model	Source	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81.532	4	20.383	54.355	<0.001
	Residual	40.098	107	0.375		
	Total	121.630	111			

Dependent Variable: Insurance company performance.
Predictors: Strategic leadership, organizational restructuring, change communication and employee engagement.
Source: Research Data (2025).

The ANOVA results were used to determine whether the overall regression model provided a statistically significant prediction of insurance company performance. The findings revealed an F-statistic of 54.355 and a p-value of less than 0.001. Since the p-value was less than the significance level of 0.05, the regression model was statistically significant. This indicates that the strategic change management variables jointly provided a statistically significant prediction of insurance company performance.

Table 7: Regression Coefficients

Model	B	Std. Error	Standardized Beta (β)	t	Sig.
Constant	0.214	0.057	—	3.754	<0.001
Change Communication	0.368	0.095	0.367	3.874	<0.001
Employee Engagement	0.354	0.091	0.353	3.890	0.001

Dependent Variable: Insurance company performance.
Source: Research Data (2025).

The regression results revealed that change communication had a positive and statistically significant effect on the performance of insurance companies in Nairobi City County, Kenya ($\beta = 0.367$, $p < 0.001$). The positive standardized coefficient indicates that an increase in change communication was associated with an increase in insurance company performance, holding the other predictors in the original model constant. The findings are consistent with Tanjung, Sidabutar and Sitompul (2025), who established that effective organizational communication significantly reduces employee resistance during organizational transformation. They also concur with Katelo, Rintari and Kambura (2024), who found that established communication channels facilitate the communication of strategic changes to employees. These findings underscore the importance of timely information sharing, feedback mechanisms and communication clarity in supporting organizational change and performance.

The results further revealed that employee engagement had a positive and statistically significant effect on insurance company performance ($\beta = 0.353$, $p = 0.001$). This demonstrates that employee involvement, commitment and participation are important predictors of organizational performance. The findings are consistent with Song et al. (2024), who established that employee engagement plays a critical mediating role in translating learning organization practices into improved team performance. Similarly, Omar (2025) found that employee engagement positively contributes to job performance in the Sudanese banking sector. The findings also correspond with Kagucia (2022), who established that employee empowerment significantly influences job performance in national polytechnics in Kenya. These results emphasize the importance of involving employees in organizational decisions, encouraging their participation and strengthening their commitment towards organizational objectives.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The study concludes that change communication has a positive and statistically significant effect on the performance of insurance companies in Nairobi City County, Kenya. The findings revealed that information sharing, feedback mechanisms and communication clarity are important aspects of change communication that contribute to organizational performance. Effective communication ensures that employees receive timely and accurate information regarding organizational changes, understand their responsibilities and have opportunities to provide feedback during change implementation.

The study also concludes that employee engagement has a positive and statistically significant effect on the performance of insurance companies in Nairobi City County, Kenya. The findings

revealed that employee involvement, employee commitment and employee participation contribute to organizational performance. Involving employees in organizational decisions, encouraging their contributions towards organizational objectives and strengthening their commitment to change initiatives support improved organizational outcomes.

5.2 Recommendations

The study recommends that insurance companies in Kenya should establish effective change communication mechanisms that ensure employees receive timely, accurate and consistent information regarding organizational changes. This can be achieved through regular staff meetings, internal communication platforms and effective feedback channels. Such mechanisms would minimize resistance to change, promote employee understanding, strengthen coordination and facilitate successful implementation of organizational changes.

In addition, the study recommends that insurance companies in Kenya should strengthen employee engagement by promoting employee involvement in decision-making, recognizing individual contributions and providing opportunities for active participation in organizational activities. Insurance companies should also encourage employee commitment towards organizational objectives and create an environment in which employees are willing to support organizational changes. Such initiatives would enhance employee motivation, commitment and cooperation, resulting in improved productivity, service quality and overall organizational performance.

5.3 Suggestions for Further Studies

This study focused on the effect of change communication and employee engagement on the performance of insurance companies in Nairobi City County, Kenya. The findings are therefore limited to the geographical and organizational context examined. Further studies should examine the effects of these variables on organizational performance in insurance companies operating in other counties in Kenya to establish whether similar findings emerge in different geographical settings.

Further, the original study established that the four strategic change management variables jointly explained 67.0% of the variation in insurance company performance. This suggests that other factors not included in the model may also influence organizational performance. Further research should therefore investigate additional organizational and environmental factors affecting the performance of insurance companies in Nairobi City County, Kenya.

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