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Empirical Analysis of Organizational Learning Strategy and Performance of Medium Size Family Owned Businesses in Kenya

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Abstract: *Family owned medium businesses contribute significantly to Kenyan economic development. Despite this vital contribution, family owned medium enterprises have been performing poorly. Profits, customer satisfaction and family members' satisfaction has been proved to be low. Extant literature shows that organizational learning strategy may influence performance of family owned businesses. Organizational learning strategy may play a critical role in determining the growth, development and laying foundation for superior performance by family businesses in all generations if effectively applied. This study therefore sought to establish the effect of organizational learning strategy on performance of medium size family owned businesses in Kenya. The study was anchored on learning organization and balance score card theories. The philosophical foundation of the study was positivism while the research design was descriptive and explanatory research design. The study targeted four senior managers of 320 mid-size family businesses in selected counties in Kenya. Proportionate stratified sampling of the manufacturing, service and trade sectors was used to establish a representative sample of 560 respondents. Primary data was collected using a questionnaire and secondary data was collected using document review guide. Face, construct and content validity was ensured through guidance from strategic management experts and supervisors. Reliability was tested using Cronbach's Alpha with coefficient of 0.7, which is considered acceptable. Data was analyzed using descriptive and inferential statistics. Inferential analysis examined the effect of organizational strategy on performance of medium family owned businesses in Kenya through the use of multivariate analysis and hypothesis testing. Results were presented using charts and tables. The study significance was to provide insights to family business owners, management and the government on how to improve their performance. The study found that organizational learning strategy positively and significantly affects performance of medium size family owned businesses in selected counties in Kenya. The study recommends management of family owned businesses to initiate structural and systemic reforms aimed at achieving better performance though adoption of effective organizational learning strategy in this modern era.*

Keywords: *Organizational Learning Strategy, Family Owned Medium Size Businesses, Performance of Family Owned Businesses.*

1. INTRODUCTION

Organizational performance is critical in all types of businesses. Performance denotes a measure of objectives, outcomes and aspiration significant to different stakeholders in a firm, so performance is a vital variable for study (Seijts, Latham, Tasa, & Latham, 2004). Businesses are often seen as economy welfare drivers regardless of their size by improving the economy, providing job opportunities, trade and merchandise, which lead to successful businesses. Businesses are of different types depending on ownership and those owned by families are considered to be one of them. Abouzaid (2011) stated that a businesses owned by families is the most common and oldest type of business firms globally. Family organizations have been vital business landscape features for many years and today are still significant. They range from small, medium/large and are in every sector and the three industrial revolutions (Andrea & Mary, 2013). Knowledge transfer is key in performance of family businesses.

The ever increasing competition in the market has compelled the organizations to devise the strategies for enhancement of their performance to gain a competitive advantage in the market. Organizations are promoting the learning environment for this purpose. Organizational learning strategy is a transformational process through which different stakeholders contribute their learning experiences both individually and collectively to attain organizational goals (Akhtar,Ahmed, Arif,Rubi &Naveed (2011).Inkpen and Crossan (2012) opines that organizations effectively learn only if there are effective learning strategies. Huber (1991) considers four constructs as integrally linked to organizational learning strategy: knowledge acquisition, information distribution, information interpretation, and organizational memory. Taking a behavioral perspective, Huber (1991) posits that an entity learns if through its processing of information, the range of potential behavior is changed.

1.1. Organizational Learning Strategy

Organizational learning strategy is defined as a method of managing information comprising of systematic energies to transfer knowledge in the whole organization (Spector & Davidsen, 2006). Senge (1990) defines organizational learning strategy as a systematic approach to which an organization ensures learning from colleagues, and an openness culture in the company that can significantly affect knowledge transfer. A study by Garvin (1993) suggested a learning company to be the one with the skill of creation, acquisition and transfer of knowledge and behavior modification to mirror novel insights and knowledge. Therefore, the strategy for organization learning may be referred to as organization and management features that influence the process of firm learning (Chiva et al., 2007). Learning in the organization is suggested as a feasible strategy for organizations trying to survive in the changing environment (Rousseau, 1997). Additionally, organizational learning can be divided to stages of processing information or error detection or self-regulation process (Abdullah&Kassim, 2008)

Organizational learning comprises a group of definite foundations of learning and main disciplines. It is depicted in a different way by varied scholars. It may imply novel insights (Argyris and Schon, 1978), novel structures (Chandler, 1962), novel systems (Miles, 1982) or combining all of them. Organization learning is advanced through individuals in an organization. Organizational learning connects cognition to action (Crossan, Lane &White, 1999). Through organizational learning, organizations build an understanding and analyzation of their operating environment. The Bukowitz and Williams (1999) model for management of knowledge demonstrates that strategic form is part of the strategy for learning following the procedure of getting, using, learning and contributing. In literature firm learning strategy is considered as a way of achieving sustainable competitiveness and vital indicator in improving firm performance (Dodgson, 1993; Garvin, 1993; Nevis et al., 1995).

Management commitment is considered to have a spearheading role in the implementation of organizational learning strategies as it assures that a culture that promotes the acquisition, creation and transfer of knowledge as fundamental values is embedded in the organization. Huber (1991) considers four constructs as integrally linked to organizational learning strategy: knowledge acquisition, information distribution, information interpretation, and organizational memory. Taking a behavioral perspective, Huber (1991) posits that an entity learns if through its processing of information, the range of potential behavior is changed.

1.2. Family Owned Medium Size Businesses in Kenya

A family business is an organization where the majority voting is by the family in control; plus, the founders who aim to transfer the business and knowledge on to their offspring's (Gulzar & Wang, 2010). In the present years, there have been a proposal of multi-method definitions. Research by Smyrnios, Romano and Tanewski (2017) opined that a business entity can be considered as a family one when it has at least met four criteria which include: one family holds fifty percent or more of the ownership, two or more families hold fifty percent or more of the ownership and a group of one family controls the firm effectively or most of the senior managers come from the same family.

Kenya is considered one of the most developed economies in Eastern Africa. Family owned businesses are approximated to be the greatest contributors to most countries' GDP (Rodrigo, 2013). In Kenya, majority of medium size family businesses owned by families are well known for their spirit of innovation and entrepreneurship and the main drivers in the economy of Kenya. There are several challenges that medium size businesses owned by families in Kenya face especially in the business environment full of turbulence. Most of the challenges are based on ownership and reward, conflict, profitability, benefits and pay, succession and family members engagement (Waweru, Mutuma & Chege, 2011). Waweru *et al.*, (2011) indicated that in Kenya, the average period a family-owned business can exist is 24 years. According to Otieno (2008), Kijana Wamalwa's family is engaged in a management tussle which has affected the performance of the businesses. Lack of effective generational management was linked to the dismal performance of Thuo and Partners Company that was dealing in stock brokerage, Brokers and Discount Securities company by Nyaga and company which lead to their ultimate closure (Aron, 2015).

Despite the many challenges faced, there are still success stories. Sarit Centre is a perfect example of firms in Kenya that have transitioned to third generation. Sarit Centre is a shopping mall offering diversified services and is ranked among the top leaders in East Africa. The business is currently under the management of Kenyans who are third generation from the business founders who are traced to have come to the country in early 20th century (Whitehead, 2012). Other most successful cases are those of the Ndegwa family, the Chandaria and the Shah family companies. Majority of SMEs are businesses owned by families (Esuha& Fletcher, 2013). Over the recent years, a number of family business failures have been highlighted by the media, most of them being SMEs. Such occurrences motivated this study to establish whether knowledge transfer strategy can trigger improved performance in family owned businesses in Kenya.

1.3. Performance of Family Owned Businesses

Barney (2011) defines performance as the strategic results used by organizations to achieve their success or goals. Firm performance comprises the financial and non-financial measures that assist in examining the level to which a firm goals have been achieved (Kaplan & Norton, 2012). A study by Norton and Kaplan (1992) revealed that firm performance ought to be measured based on non-financial indicators like quality, delivery time, innovation and flexibility. Family business non-financial goals such as intergenerational transition or continuity, brand presence and family members' satisfaction levels can complement family business financial goals of profitability, return on investment and return on equity; and, alignment of family and business objectives lead to better results for the business and family (Craig & Moores, 2010, Carr et al., 2011).

Performance in family enterprises differ from the non-family ones because families may come up with objectives in their own ways and may be more than financial results (Williams, 2015). In studies on family firms, financial metrics are used by researchers in measuring performance (Astrachan & Jaskiewicz, 2018; Zellweger & Sieger, 2012). Moreover, performance measurement only with metrics on financial performance assumes legitimacy and dominance of financial objectives in an organization's goals (Venkatraman & Ramanujam, 2016). However, concerns have been expressed by some researchers on the assumptions that finance goals are the primary goals of family firms (Westhead & 2017). In this study, performance will be measured by profits, sales growth, intergenerational transition and family members satisfaction.

1.4. Problem Statement

Businesses owned by families form part of the most significant contributors to gross domestic product and creation of employment in most countries of the world (Venter *et al.*, 2016). Despite the vital contribution by these businesses, their performance across generations is low. Small and Medium family businesses in Kenya contributes over 70% of the country's GDP. This is in spite of the many issues surrounding this sector including low performance as compared to non-family firms, high mortality rate especially after the exit of the founder, low finances among others (Mburu,Gichira& Kyalo,2017).

In Kenya, it has been established that 80 to 90% of every business enterprises are family owned but there have been concerns on their performance and the level at which these businesses fail before getting to the fourth and fifth generation or very few are able to that level. Many family businesses start facing severe performance challenges from their second generation (Pinfold, 2011). The statistics in Kenya indicates that only 30% of the family business sustains good performance for up to 2nd generation with only 12 percent making it to the third generation and a paltry 3% get to the fourth generation (Ntale *et al.*, 2018).

According to PWC year 2017 survey on performance of family businesses in Kenya,majority of firms performed poorly on profit and sales growth parameters. Of the firms surveyed,73% recorded negative profits and sales growth especially in 2nd and subsequent generation firms. Intergeneration transition was lowest at 3% after 3rd generation (PWC report,2019). Transitioning from generations to the other is the greatest challenge in Kenyan owned family business model. Customer and family members' satisfaction as measured by customer and family members' satisfaction index was found to be declining from 86%,78%,64%,60% and 70%,62%,55% ,52% respectively for the years 2016,2017,2018 and 2019 survey in that order. Family members' satisfaction was very low from the

2nd generation in most of the firms in the four years under review (PWC reports,2016,2017,2018 and 2019). The need to examine why many family businesses don't attain the desired performance is a concern that this study sought to address.

A key issue to addressing the above performance challenges in family-owned businesses (FOBs) is organizational learning strategy (Trevinyo-Rodríguez &Tàpies, 2010). Based on reviewed literature, few studies have been done on the way family enterprises enhance learning for improved performance. Quite a few studies have emerged in recent times that have scrutinized the relationship between organizational learning strategy and organizational performance. These studies found that the impact of organizational learning on business performance differs and depends on what they understand as performance. Financial results are widely considered as business performance (Lei et al., 1999). Actually, reviewed literature indicates that studies on organizational learning have concentrated on learning as a process and in non-family firms. This study will explore organizational learning strategies and performance of family businesses incorporating non-financial objectives.

1.5. Objective of the Study

To determine the effect of organizational learning strategy on performance of medium size family owned businesses in selected counties in Kenya.

1.6. Research Hypotheses

The study tested the following null hypotheses:

H_{01}: Organizational learning strategy does not have a significant effect on performance of medium size family owned businesses in selected counties in Kenya

2. LITERATURE REVIEW

2.1. Organizational Learning Theory

This theory was propounded by Argyris and Schon in 1974. The proponents indicated that learning happens through the procedure of perceiving and correcting errors. For instance, when one performs some work and the real result is not what was anticipated, then the person is likely to examine what transpired and make corrections as required. As per this example, when one is relating with other workers, learning takes places within the company. The theory postulates that novel and wide ways of thinking are cultivated, where joint aspirations are set free, individuals continuously grow their capacity to form the outcome they really need and where individuals are continuously learning the ways to learn together (Senge,1990). The link between mentoring and learning are evaluated by Daloz (1999). Mentos approach their job as learning facilitators. Learning is an essential procedure and main goal of mentoring (Zachary, 2000).

OLT is about creation of novel knowledge that has an impact on behavior (Mabey & Salaman, 1995). It happens within the huge institutional setting of inter-organizational relations and means broadly to understanding the company acquisition of knowledge, method, know-how and any type of practice (Argyris & Schon, 1996). OLT review how in this setting a person and team learning might be changed into a firm resource and so it is related to knowledge management process (Harrison, 2000). OLT comprises a system that has both structural and interpretive dimensions (Daft & Huber, 1987). Considerations in systemic and structural dimension comprises company systems and structure for making decisions and data sharing and information while the interpretive dimensions comprises of information and data. So, OLT comprises both social, structural and technical systems. OLT parallels model of people learning founded in cognitive and social psychology and refers to learning as a change in the organization (Senge, 1990). This study used organizational learning theory to establish the extent to which organizational learning strategy influence performance of medium family owned businesses in Kenya.

2.2. Balance Scorecard Model

The theory was first propounded by Norton and Kaplan in 1992 in an article published in Harvard Business review. The theory postulates that to measure organization performance, financial measures, like ROI or operating profit, are not adequate. To achieve a wider view on performance, non-financial indicators should also be added. Selecting the measures also impacts on managers' behaviors (Kaplan and Norton, 1992). The measures selected should be relevant to the company strategy. There is a problem in financial measures since they provide past report and does not guide on what to do afterwards (Kaplan and Norton, 1993).

The theory further argues that the performance indicators should be chosen from financial, customers, internal procedures and learning and growth (Norton & Kaplan, 1992). By choosing a limited number of measures, the management can stay focused on them and not have too much to follow while similarly perceiving the company from four different perspectives. The numerous indicators prevent the organization from being too short-sighted in seeking fast profits in the short term while forgetting about development in the long run (Kaplan &Norton, 1992). This theory anchors performance variable of the study.

2.3. Empirical Literature Review

Tuan and Lwin (2013) explored the link between organizational learning and firm performance in private manufacturing companies in Yangon –Myanmar. This was a survey of a sample of 120 firms in the manufacturing sector in Yangon area. The OLS revealed that numerous learning domains impact on the performance of the firm in a different way. Competitor, firm and individual learning affects non-financial outcomes of the firm while other learning methods did not. The impact of numerous learning domains on performance were different according to varied performance measurement aspects. Personal learning could provide an explanation on the financial performance of the firm directly or indirectly. Moreover, organizational and competitor learning indirectly explained financial performance of the firm.

Akhtar, Arif, Rubi and Naveed (2015) studied how firm learning impact on performance in higher education institutions. The study investigated firm learning impact on firm performance in higher education institutions in Pakistan. The sample method was the non-probability and employees sample was 150. The DLOQ was used in data collection. Regression method was used in the analysis. They established that firm learning and firm performance had a significant positive effect. Dialogue, inquiry and system links dimensions were significant. Moreover, continual learning, work team, leadership, empowerment and, embedded systems insignificantly affected the firm performance.

Ouma and Kombo (2016) studied the organizational learning effects on performance in the organization in food manufacturing companies in Nairobi County, Kenya. The purpose was to assess the impact of firm learning on performance in food manufacturing organizations. The study design was a correlation survey and a population eighty-seven food manufacturing companies. The disproportionate stratified random approach was used. A sample of seven food manufacturing firms were representative and the study sample was 71. Questionnaires were use to collect primary data. The executive officers filled in the questionnaires. Data was summarized by use of descriptive indicators like the means and standard deviation. A multiple regression approach was also used. It was established that organizational learning and performance had a positive and significant association.

Based on the reviewed empirical literature, the study found that there are gaps that exist in these studies. Many of the studies conducted on organizational learning strategy have been done on non-family firms. This study considered organizational strategy in the context of family firms. Also, previous studies have focused on personalization and codification as knowledge management strategies and their effect on firm performance. However, this has considered organizational learning as a knowledge management strategy and disintegrated it into knowledge acquisition, knowledge interpretation and knowledge implementation and their relationship with performance of family owned businesses.

2.4. Conceptual Framework

The conceptual framework shown in figure 1 illustrate the relationship existing between the study variable as developed from reviewed literature.

Organizational Learning Strategy

- Knowledge acquisition
- Knowledge interpretation
- Knowledge implementation

$\longrightarrow$

Organizational Performance

- Profits
- Sales Growth
- Intergenerational transition
- Family members' satisfaction

Source: *Author,2020*

3. Research Methodology

The study used positivism research philosophy. Positivism basis is that research may be objective, the researcher is independent and results are valid, reliable and replicable (Shaun & Remenyi, 2004). The research designs used were descriptive and exploratory research designs. Creswell and Clark (2007) explains that the descriptive method is about what, who and how of a situation about the study. The study target population comprised of 320 medium size family owned businesses operating in 44 counties in Kenya as at December 2020 as provided for by Kenya National Bureau of Statistics. The firms were categorized into three; manufacturing, service and trade. Mid-size family owned businesses will be chosen because of the imminent challenges due to their growth, their importance in contribution to GDP and finally data availability due to the survey conducted by KNBS annually. The study sample frame was finance directors, general directors, HRM and marketing managers. The study used simple and stratified random sampling methods to determine a sample of 175 firms from a total of 320 firms. The sample of 175 firms was achieved by calculation of a population of 320 respondents at 95 percent level of confidence and 0.05 error. In addition, inferential statistics were carried out using correlation and regression analysis to establish the extent and nature of the relationship between the variables of the study (Jobson, 2012). The study used the adjusted coefficient of determination (R-squared (R2)) to show the extent to which the changes in which family owned medium size business performance is explained by changes in organizational learning strategy in selected counties in Kenya. Additionally, F-statistic was also tested at a confidence level of 95% to test the existence of a significant relationship between organizational learning strategy and performance of medium size family owned businesses in selected counties in Kenya. P-values was used to help make a decision on test of hypothesis at 0.05 significant level and at 95% confidence level (Sekaran, 2011).The sample of 175 firms was achieved by calculation of a population of 320 respondents at 95 percent level of confidence and 0.05 error by use of the below formula used by Kothari (2004).

$$n = \frac{z^2 \cdot N \cdot \partial_P^2}{(N-1)e^2 + Z^2 \partial_P^2}$$

Where,

n =Size of sample

N = Population size(320)

e = Error term

∂_p = population standard deviation (0.5)

Z = standard variate at 95% level of confidence (1.96).

Table1. *Distribution of Sample*

Operational Area	Number (N_i)	Sampling factor	Sample size
Finance directors	175	0.8	140
General managers	175	0.8	140
HR Managers	175	0.8	140
Marketing manager	175	0.8	140
	$\sum N_i = 700$		**560**

Source: *Researcher (2020)*

4. Response Rate

A response rate of 75%, according to Nulty (2011), is acceptable for analysis, drawing conclusions, and inferring about a population. Furthermore, Fincham (2010) states that for analysis, a response rate of 60% or above is appropriate. Furthermore, according to Kothari (2012), a response rate of 50% should be considered normal, 60 percent to 70 percent ought to be considered sufficient, and beyond 70 percent ought to be considered outstanding. This infers that the 82.5 percent response rate was adequate for analysis, drawing conclusions, and reporting.

Table2. *Response Rate*

Questionnaires	Sample Size	Response rate
Dully filled Questionnaires	462	82.5
Unreturned	98	17.5
Total	**560**	**100**

5. Results and Discussions

5.1. Validity and Reliability of the Research Instruments

Validity is about the integrity of conclusions generated from a study. It is the level at which a tool measures what it purports to measure. Saunders *et al.* (2012) indicates that validity is the degree whereby methods of data collection accurately measures what it aims to determine and the level to which study results are what they should be. Both Content and construct validity were determined. Content validity of the study tool was determined by seeking expert opinion in the study field who include the lecturers and supervisors in the business school as suggested by Kane (2013) while construct validity was determined by conducting Confirmatory Factor Analysis and based on a recommendation by Field (2009), factor loadings greater than 0.4 were adopted for valid constructs. Reliability is inclination to consistency and so, numerous measures of a similar concept or similar measurement done repeatedly over time can provide similar results (Treiman, 2009). Reliability was tested using Cronbach Alpha. Field (2009) notes that a value of Cronbach alpha of at least 0.70 shows that the research tool is reliable.

Table3. *Reliability Statistics*

Variable	No of Items	Cronbach's Alpha
Organizational Learning Strategy	6	0.724
Performance	4	0.764

The reliability test results shown in table 3 above shows that the scales for all the dependent and independent variable are reliable as they are more than the Cronbach's Alpha value threshold of 0.7 recommended by Field (2013). Accordingly, none of the items in the questionnaire were deleted after the pilot study. The tool was adequate for use in the final study.

5.2. Descriptive Statistics for Organizational Learning Strategy

In this section, descriptive results for organizational learning strategy are presented. Organizational learning strategy was measured using knowledge acquisition, knowledge interpretation and knowledge implementation. Table 2 below shows the means and standard deviations for study variables.

Table4. *Descriptive Statistics on Organizational Learning Strategy*

	N	Min.	Max.	Mean	Std. Dev.
Knowledge acquisition					
In our organization employees team learning is encouraged.	462	1.00	5.00	3.7619	1.11761
Our organization offers good learning environment to help in innovation development.	462	1.00	5.00	3.9134	.99078
Knowledge interpretation					
In our organization information is analysed for ease of understanding by employees	462	1.00	5.00	3.8139	.99673
Senior employees help junior employees in getting knowledge for ease in performance of their duties.	462	1.00	5.00	3.6277	1.03304

Knowledge implementation					
Our organization ensures knowledge acquired is put into practice	462	1.00	55.00	3.6061	1.2033
The organization ensures that resources are allocated to ensure that knowledge acquired is put into use.	462	1.00	5.00	3.8528	1.02251
Aggregate score				**3.7626**	**1.0607**

The findings show that the respondents to a moderate extent agreed on knowledge acquisition that their organization offers good learning environment to help in innovation development (M=3.9134, SD=.99078), to a little extent, agreed that in their organization employee encourage team learning (M=3.7619, SD=1.11761). This agrees with Tuan and Lwin (2013) that learning domains impact on the performance of the firm in a different way.

On knowledge interpretation, respondents, to a moderate extent agreed that in their organization information is analyzed for ease of understanding by employees (M=3.8139, SD=.99673), and to a little extent agreed that senior employees help junior employees in getting knowledge for ease in performance of their duties (M=3.6277, SD=1.03304). In addition, the findings showed that respondents to a little extent agreed on knowledge implementation that the organization ensures resources are allocated to ensure that knowledge acquired is put into use (M=3.8528, SD=1.02251), and to a moderate extent agreed that their organization ensures knowledge acquired is put into practice (M=3.6061, SD=2.68049). The findings are in line with those of Werlang and Rossetto (2019) that learning orientation and firm innovativeness had a positive association and therefore, adopting a proactive method to their employees enhances their awareness regarding activities that can enhance learning and innovativeness in the company, to have a positive impact on performance.

On average, the respondents, to a moderate extent agreed on the statements on organizational learning strategy as a knowledge transfer strategy as indicated by an aggregate mean of 3.7626. This implies that the issues on knowledge acquisition, knowledge interpretation and knowledge implementation are moderately implemented by management of family owned medium size firms. The aggregate SD of 1.0609 implies no much variation regarding respondent views.

5.3. Descriptive Statistics for Medium size Family Business Performance

The descriptive statistics for performance are shown in table 5 below. The performance of medium size family business was operationalized through profits, intergenerational transition, sales growth and family members' satisfaction.

Table5. *Descriptive statistics for Performance*

	N	Min.	Max.	Mean	Std. Dev.
Intergenerational transition					
Our company has seamlessly transitioned to our current generation	462	1.00	5.00	3.5476	1.36142
Profits					
The levels of profits in the organization have improved from period to period and from generation to generation	462	2.00	5.00	3.5974	.91873
Sales growth					
The levels of sales in the organization have improved from period to period and from generation to generation	462	1.00	5.00	3.7965	.75513
Family members satisfaction					
Family members are happy with the company progress.	462	1.00	4.00	3.8030	1.1091
Aggregate score				**3.686**	**1.036**

The findings show that the respondents to a little extent agreed on intergenerational transition that their company has seamlessly transitioned to their current generation (M=3.5476, SD=1.36142). On profits, respondents agreed to a little extent that the levels of profits in the organization have improved from period to period and from generation to generation (M=3.5974, SD=.91873). The respondents to a moderate extent agreed on sales growth that the levels of sales in the organization have improved from period to period and from generation to generation (M=3.7965, SD=.75513). It was further established on family members' satisfaction that the respondents moderately agreed that the family members are happy with the company progress (M=3.8030, SD=1.1091).

On average, with the statements on performance of family owned medium size businesses, the respondents to a moderate extent agreed with the statements on profits, sales growth, intergenerational transition and family members' satisfaction with an aggregate mean of 3.686. The aggregate SD of 1.036 implies no much variation regarding respondent views.

These findings are in line with those of Craig and Moores (2010) that non-financial goals such as intergenerational transition or continuity, brand presence and family members' satisfaction levels can complement family business financial goals of profitability, return on investment and return on equity; and, alignment of family and business objectives lead to better results for the business and family

6. Inferential Statistics

The study sought to establish the effect of organizational learning strategy on performance of medium size family owned businesses in selected counties in Kenya. To achieve this objective, the study carried out inferential analysis (correlation analysis and regression analysis).

6.1. Correlation Analysis

Correlation analysis was used to determine the strength of the association between organizational learning strategy on performance of family owned medium size businesses in selected counties in Kenya. Results of the study are shown in table 6 below

Table6. *Correlation Coefficients for Organizational Learning Strategy and Performance*

		Performance	Organizational Learning Strategy
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	462	
Organizational Learning Strategy	Pearson Correlation	. 625**	1
	Sig. (2-tailed)	.001	
	N	462	462
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: *Research data 2020*

From the findings there is a positive correlation between organizational learning strategy and performance of family owned medium size businesses in selected counties in Kenya ($r=0.625$, p-value=0.001). These findings agree with Akhtar, Arif, Rubi and Naveed (2015) who established that firm learning and firm performance had a significant positive effect. Also, Werlang and Rossetto (2019) found that learning orientation and firm innovativeness had a positive association. This is because leaning helps employees in the organization to be equipped with skills that enhance their awareness regarding activities that can enhance learning and innovativeness in the company.

6.2. Regression Analysis

A multiple regression analysis was conducted to determine the effect of organizational learning strategy on performance of medium size family owned businesses in selected counties in Kenya. The null hypothesis stated:

H_{01}: Organizational learning strategy does not have a significant effect on performance of medium size family owned businesses in selected counties in Kenya.

The R-Squared tends to depict the variation in the dependent variable that can be explained by the independent variables: the greater the value of R-squared the greater the effect of independent variable. The R Squared can range from 0.000 to 1.000, with 1.000 showing a perfect fit that indicates that each point is on the line.

Table7. *Model Summary for Organizational Learning Strategy and Performance*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.625[a]	.391	.387	.86268
a. Predictors: (Constant), Organizational Learning Strategy				

As indicated in Table 7 above, the r-squared for the relationship between organizational learning strategy and performance of medium size family owned businesses in selected counties Kenya was 0.391. This shows that organizational learning strategy explains 39.1% of performance of medium size family owned businesses in Kenya. This implies that 60.9% of performance of medium size family owned businesses in Kenya is accounted for by other factors not considered in the model.

The analysis of variance is used to determine whether the regression model is a good fit for the data. It also gives the F-test statistic; the linear regression's F-test has the null hypothesis that there is no linear relationship between the two variables.

Table8. *ANOVA for Organizational Learning Strategy and Performance*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.443	1	8.443	11.344	.001[b]
	Residual	342.341	460	.744		
	Total	350.784	461			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Organizational Learning Strategy						

As shown in Table 8 above, the F-calculated (11.344) was greater than the F-critical (3.862) and the p-value (0.001) was less than the significance level (0.05), which implies that the model is a good fit for the data and hence can be used to predict the effect of organizational learning strategy on performance of medium size family owned businesses in Kenya.

The coefficients or beta weights for each variable allows the researcher to compare the relative importance of each independent variable. In this study the unstandardized coefficients and standardized coefficients are given for the multiple regression equations. However, discussions are based on the unstandardized coefficients.

Table9. Regression Coefficients for Organizational Learning Strategy and Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.089	.194		15.930	.000
	Organizational Learning Strategy	.370	.050	.625	3.368	.001
a. Dependent Variable: Performance						

From the results the regression model was;

$$Y = 3.089 + 0.370\, X_1$$

The findings, as depicted in Table 9 above, show that performance of medium size family owned businesses in selected counties in Kenya will be having an index of 3.089 when organizational learning strategy is held constant. In addition, the Beta coefficient was 0.370 for the relationship between organizational learning strategy and performance of medium size family owned businesses in selected counties in Kenya. This shows that a unit improvement in organizational learning strategy would lead to a 0.370 improvement in on performance of medium size family owned businesses in Kenya. The relationship is significant as the P-value (0.001) was less than the significance level (0.05). Therefore, **the study rejects the null hypothesis that "Organizational learning strategy does not have a significant effect on performance of medium size family owned businesses in selected counties in Kenya"**. These findings agree with Ouma and Kombo (2016) that organizational learning and performance have a positive and significant association. The findings also concur with Werlang and Rossetto (2019) whose findings showed that learning orientation and firm innovativeness had a positive association; innovativeness has no significant effect on firm performance.

7. CONCLUSION

The study sought to determine the effect of organizational learning strategy on performance of family owned medium size businesses in selected counties in Kenya. Specifically, the study premised to find out the effect of knowledge acquisition, knowledge interpretation and implementation of performance of medium size family owned businesses. The study found out that organizational learning strategy had a significant positive effect on performance. In order to ensure superior performance, family businesses should put in place an effective organizational learning strategy. They should ensure knowledge is acquired from different sources, interpreted, disseminated and properly implemented organization wide.

8. Recommendation

Based on the conclusion, the study recommends that medium size family owned firms should cultivate the culture of learning. Adoption of an effective learning strategy by family owned medium size firms will lead to improved performance. Family firms should purpose to identify different sources of useful knowledge and define easy and understandable ways of interpreting the knowledge. Moreover, family firms should device methods of interpreting the knowledge for ease of understanding by every consumer for improved work methods hence performance. Lastly, family businesses should come up with easy and quick methods of disseminating knowledge to the staff for implementation. Effective application of the three organization learning strategies leads to improved performance.

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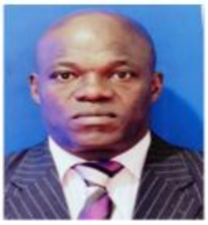

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