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# The Moderating Effect of Organizational Culture on the Relationship between Adaptive Leadership and Digital Transformation of Insurance Firms in Kenya

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**Abstract**

This study investigated the moderating effect of organizational culture on the relationship between adaptive leadership behaviors and digital transformation within Kenyan insurance firms, drawing on adaptive leadership framework and the Competing Values Framework (CVF). The research examined four cultural dimensions: clan, adhocracy, hierarchy, and market. Employing a positivist approach and descriptive research design, data was collected from 127 supervisors (63% response rate) across Kenya's 56 registered insurance firms, sampled from a target population of 392. Organizational culture was operationalized using CVF dimensions, adaptive leadership framework utilized Heifetz's six adaptive leadership behaviors while digital transformation was measured by digital innovation, customer experience, and return on assets. Comprehensive statistical analyses, including correlation, chi-square tests, ANOVA, and ordinal logistic regression, revealed that organizational culture significantly moderates the relationship between adaptive leadership behaviors and digital transformation. The model incorporating organizational culture as a moderator demonstrated a substantial increase in predictive power (Nagelkerke R2=0.376) compared to the model without it (Nagelkerke R2=0.266). Furthermore, the effect of adaptive leadership behaviors on digital transformation was significantly attenuated with the introduction of organizational culture ($\beta=-2.455$, $p<.05$) compared to the initial estimate ($\beta=-19.807$, $p<.05$). These findings align with prior research emphasizing the role of externally focused cultures (adhocracy and market) in facilitating digital transformation. The study also confirms the presence of clan and hierarchical cultures within the Kenyan insurance industry and their potential impact on digital transformation. Future research should explore this framework's applicability in other industries to enhance generalizability.

**Key Words**: *Adaptive Leadership, Organizational Culture, Digital Transformation, Clan Culture, Adhocracy Culture, Hierarchy Culture, Market Culture*

## Introduction

The dynamic technological landscape demands continuous adaptation from organizations steered by their leaders. For organizations to be successful, leadership must cultivate culture that emphasizes responsiveness to change and proactively generates value propositions that anticipate future needs (Leal-Rodriguez *et al*., 2023). According to Ngugi *et al*. (2021) organizational culture is the firm's underlying values, beliefs, and principles that shape internal and external relationships. While numerous frameworks exist to assess organizational culture, this study utilized the well-established Competing Values Framework (CVF), developed by Cameron and Quinn (2006). The CVF focuses on organizational culture assessment using the Organizational Culture Assessment Instrument (OCAI) and highlights the inherent tension within organizations between competing yet blended values (Njagi *et al*., 2021). These tensions are captured by two axes: internal vs. external focus and control vs. flexibility. These axes create four distinct cultural quadrants: clan, adhocracy, market, and hierarchy (Owino & Kibera, 2019). Moen (2017) demonstrated the CVF's utility in examining leadership and culture, while Hartl and Hess (2017) explored its connection to digital transformation. However, Rutihinda (2019) identified a gap regarding the specific role of culture in leading digital transformation initiatives. To address this gap, this study adopted the four CVF quadrants to explore how organizational culture moderates the relationship between adaptive leadership behaviors and digital transformation.

Digital transformation is a strategic necessity for insurance companies worldwide, driving a fundamental restructuring of businesses (Dehnert, 2020). This transformation hinges on technologies like the Internet of Things (IoT), cloud computing, and artificial intelligence (AI) (Cortellazzo *et al*., 2019). Web-based and mobile applications have revolutionized the way insurance companies conduct sales, marketing, and customer service (Cappiello, 2020). These technologies empower insurers to enhance efficiency, improve productivity, and ultimately, generate increased returns on assets (Cortellazzo *et al*., 2019). Beyond efficiency gains, digital transformation unlocks the potential for insurers to develop innovative products and services, crafting compelling value propositions for customers (Wang *et al*., 2020). The advent of digital technologies has fundamentally reshaped customer interaction within the financial services sector. Delivering a seamless and personalized customer experience is paramount for success in the digital age (Cappiello, 2020). Organizations that prioritize customer-centric digital initiatives are well-positioned to achieve competitive advantage.

Still, the success of digital transformation hinges not only on the technology itself, but also on the internal and external intergroup factors that foster their adoption (Onyango & Ondiek, 2021). Here, organizational culture, as defined by Ngugi *et al*. (2021), plays a critical role. CVF provides a valuable framework for assessing this culture. By analyzing an insurance firm's cultural profile using CVF's four quadrants, this study aims to explore how these cultural characteristics can moderate the relationship between adaptive leadership behaviors and the desired digital transformation outcomes.

**Statement of the Problem**

Digital transformation is imperative for the sustainability of Kenya's financial services sector, particularly insurance, and is central to achieving the nation's Vision 2030 goals (IRA, 2020). Despite nominal growth, the insurance industry's real expansion remains limited, characterized by a low penetration rate of less than 3% (IRA, 2020). This stagnation is exacerbated by persistent challenges, including stringent regulation, pervasive digital talent competency gaps, rigid organizational structures, and an inherently risk-averse culture, all of which impede effective digital transformation (Thorburn & Hernandez, 2019). These formidable obstacles, frequently attributed to deeply entrenched legacy organizational cultures and traditional top-down leadership paradigms, have demonstrably contributed to sluggish market penetration and suboptimal revenue growth. Consequently, there is an urgent academic and practical imperative for further empirical inquiry into the specific influence of adaptive leadership behaviors on digital transformation within the Kenyan insurance landscape (Bett *et al.,* 2020; Chege *et al.,* 2020).

Beyond the general imperative for digital transformation in financial services to maintain competitiveness and contribute to national development (David-West & Nwagwu, 2018), the insurance sector faces a unique impediment. Traditional organizational cultures often prove antithetical to the agile adoption of digital technologies, a critical necessity when confronting nimble FinTech competitors (Anagnostopoulos *et al.,* 2018). While existing scholarship acknowledges the significant role of organizational culture in fostering positive outcomes such as customer satisfaction and innovation, a persistent research challenge lies in elucidating how culture specifically moderates the impact of leadership on the successful realization of digital transformation (Lasrado & Kassem, 2020).

Within the specific context of the Kenyan insurance industry, extant research on organizational culture primarily focuses on its direct influence on overall firm performance (Azegele *et al.,* 2021; Wamburu *et al.,* 2022). However, a critical lacuna exists in understanding its more nuanced role in shaping and facilitating digital transformation initiatives. This significant contextual gap directly impedes efforts to bridge the digital divide, a mandate increasingly emphasized by the Insurance Regulatory Authority (IRA, 2020). To address this critical research void, this study investigated the moderating effect of organizational culture on the relationship between adaptive leadership behaviors and digital transformation within Kenyan insurance firms. By empirically exploring this specific interplay, the research aimed to generate invaluable insights for insurance companies striving to navigate the complexities of digital transformation and comply with evolving regulatory requirements.

**Objective of the Study**

The main objective of the study was moderating effect of organizational culture on the relationship between adaptive leadership behaviors and the digital transformation of insurance firms in Kenya.

**Hypothesis**H0: Organizational culture does not significantly moderate the relationship between adaptive leadership behaviors and the digital transformation of insurance firms in Kenya.

## Literature Review

Organizational culture shapes employee behaviors and operational practices, impacting an organization's ability to adapt and thrive in dynamic environments (Kim & Chang, 2019). Digital transformation necessitates such adaptive leadership behaviors, requiring insurers to embrace new technologies and operational models (Lasrado & Kassem, 2020). However, cultural resistance can impede these efforts despite all the leadership styles and behaviors (Bwonya *et al*., 2020).

## Theoretical Review

This study was grounded on the Adaptive Leadership framework, primarily developed by Heifetz and Linksy (2003). This framework emerged from observations of leadership in complex, challenging environments where technical solutions were insufficient. The core intention behind adaptive leadership is to distinguish between technical problems with known solutions and that can be solved by experts and adaptive challenges, which require fundamental shifts in values, beliefs, roles, or relationships within a system to be understood and solved (Northouse, 2019).

The study's independent variable, adaptive leadership behaviors, is directly derived from this framework, encompassing six key practices: getting on the balcony, identifying the adaptive challenge, regulating distress, maintaining disciplined attention, giving the work back to the people, and protecting voices from below. These are not prescriptive steps but dynamic behaviors crucial for leaders navigating the evolving complexities of challenges such as digital transformation.

To understand the moderating influence of organizational context, this study utilizes the Competing Values Framework (CVF), a widely recognized model for assessing organizational culture (O'Neill *et al.,* 2021). The CVF positions cultures along two primary axes: internal versus external focus and flexibility versus control (Jabeen & Isakovic, 2018). This framework identifies four distinct cultural types, which serve as the study's moderating variable, organizational culture: Clan Culture: Characterized by internal focus, flexibility, and collaboration. This culture fosters trust, commitment, and job satisfaction. Hierarchy Culture: Emphasizes internal focus, stability, and control. This culture prioritizes goal clarity, task focus, and adherence to rules. Adhocracy Culture: Characterized by external focus, flexibility, and innovation. This culture values creativity, experimentation, and risk-taking. Market Culture: Combines external focus with stability and control. This culture prioritizes results-orientation, competition, and efficiency (Adams *et al*., 2017; Jabeen & Isakovic, 2018).

The interplay between the adaptive leadership behaviors as the independent variable, and these distinct organizational culture types as the moderating variable is hypothesized to influence the study's dependent variable, digital transformation. Digital transformation was defined in the context of financial services as the fundamental remodeling of business across three dimensions: value creation, value proposition, and customer interaction (Dehnert, 2020). For this study these dimensions were operationalized as returns on assets, digital innovation, and customer experience capabilities respectively.

## Empirical Literature Review

Examining the moderating influence of organizational culture on the relationship between adaptive leadership behaviors and digital transformation within the insurance industry yielded a complex and multifaceted picture. Past studies have drawn contrasting conclusions about the impact of specific cultural types as outlined by the Competing Values Framework (CVF) on organizational performance. Clan cultures, characterized by leadership traits like collaboration and trust, can be a double-edged sword. While these qualities can foster knowledge sharing and teamwork, essential for navigating digital transformation (Kim & Chang, 2019), a strong inward focus might create resistance to external partnerships crucial for adopting new technologies (Owino & Kibera, 2019). Hierarchy cultures, with their emphasis on organizational teams' control and stability, present a similar paradox. Its established rules and procedures can ensure smooth implementation of new technologies (Mahmood *et al*., 2020). However, this rigidity can impede the agility and risk-taking necessary for digital transformation (Tran, 2021).

Adhocracy cultures appear to be more naturally aligned with digital transformation due to their emphasis on flexibility and innovation (Misigo *et al*., 2019; Mwangi *et al*., 2018). This fosters experimentation and the development of new digital solutions. However, a lack of control mechanisms within such cultures can lead to inefficiencies (Otieno & Kibera, 2019). Market cultures, driven by results and efficiency, can encourage the adoption of performance-enhancing technologies (Reino *et al*., 2020). However, an excessive focus on competition can stifle collaboration and knowledge sharing, hindering successful digital transformation (Njagi *et al*., 2021). In essence, the research paints a picture where cultural strengths can also become weaknesses in the context of digital transformation. A clan culture's collaborative spirit can be both an asset and a barrier depending on the external focus. Hierarchy cultures can provide stability but also hinder agility. Adhocracy cultures foster innovation but may lack control mechanisms, and market cultures, while efficient, might struggle with collaboration.

These contrasting findings highlight a significant research gap. A more nuanced understanding is needed regarding how different organizational cultures moderate the relationship between adaptive leadership behaviors and digital transformation success, particularly when considering contextual demographic factors. Future research should explore these moderating effects to provide a more comprehensive picture and develop practical recommendations for insurance firms navigating digital transformation. This will allow them to tailor their approach based on their unique cultural landscape.

## Conceptual Framework

A conceptual framework is an umbrella term that depicts the interaction of the study's variables and research questions as adapted from a theoretical framework (Meglio, 2022). The theoretical framework's variables are translated into the conceptual framework's variables and used to formulate research questions. In this study, the conceptual framework, in figure 1, depicts organizational culture as moderating variable and adaptive leadership behaviors and digital transformation as the independent and dependent variables respectively.

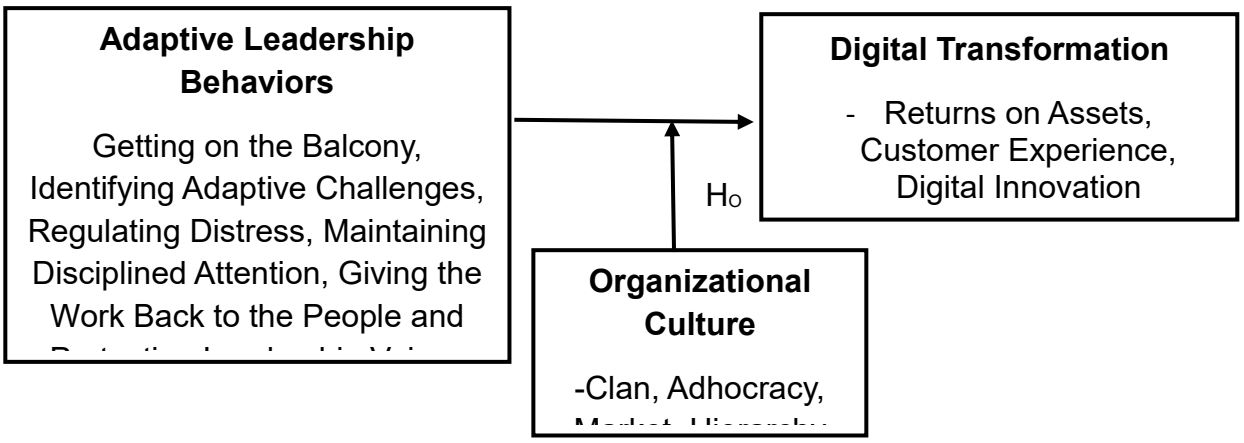


*Figure 1: Conceptual Framework*

**Methodology**

The present study employed a post-positivist philosophical stance and utilized a descriptive correlational research design to investigate its objectives. The target population consisted of 392 supervisors from 56 registered insurance firms listed on the Insurance Regulatory Authority (IRA) website as of the conclusion of 2021. A stratified random sampling technique was employed to determine the sample size, resulting in the inclusion of 127 supervisors. Data collection was conducted through a structured questionnaire, which underwent a pilot testing phase to ensure its appropriateness and effectiveness. Factor analysis was utilized to reduce the number of variables and identify latent constructs within the questionnaire. The data collected were analyzed using both descriptive and inferential statistics, including correlation, chi-square, ANOVA analysis, and ordinal logistic regression. By employing this comprehensive research methodology, the study aimed to gather and analyze data systematically, thus ensuring the reliability and validity of its findings.

**Results**

Before conducting the main study, a pilot study was conducted to appraise the reliability and validity of the research instrument, therefore evaluating two key aspects of the instrument.

**Reliability**

In terms of reliability, all the items corresponding to the variables investigated in the study demonstrated a Cronbach's Alpha coefficient surpassing the accepted threshold ($\alpha > 0.5$). The Cronbach alpha values for the research questions ranged from 0.775 to 0.940, indicating that the instrument had good internal consistency and overall reliability

**Validity**

Factor analysis, utilizing the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's test, was employed in this study to assess the feasibility of reducing the number of factors associated

with the variable. Based on the pilot data analysis report, KMO for all the research questions was between 0.833 and 0.993, and Bartlett's test of sphericity was significant (p<.05) for each research question. The results indicated high KMO values nearing 1 and significant p-values ($p < 0.05$) suggesting that factor analysis successfully identified underlying factors within the dataset of the variable.

**Descriptive Statistics**

The findings of the study Table 1 indicate that the respondents, on average, agreed that organizational culture moderated digital transformation through the clan culture (M = 3.66, SD = 0.564), hierarchy culture (M = 3.55, SD = 0.731), market culture (M = 4.11, SD=0.789) and adhocracy culture (M = 3.77, SD = 1.149).

**Table 1**

*Mean and Standard Deviation for Organizational Culture and Digital Transformation*

| **Descriptive Statistics for Organizational Culture** | **M** | **SD** |
|---|---|---|
| My supervisor relies on warm, caring traditions | 3.66 | .594 |
| My supervisor aligns strong policies, bureaucracy, and rigid systems | 3.55 | .731 |
| My supervisor supports a competitive, performance | 4.11 | .789 |
| My supervisor advances risk-taking, dynamism, entrepreneurship | 3.77 | 1.149 |
| **Influence of Organizational Culture on RoA Capability** | | |
| Relying on warm, caring traditions | 3.54 | .501 |
| Aligning to strong policies, bureaucracy, and rigid systems | 3.21 | .783 |
| Supporting a very competitive, and performance-driven culture | 4.15 | .807 |
| Supporting members' dynamism, risk-taking, and entrepreneurship | 3.78 | .806 |
| **Influence of Organizational Culture on Customer Experience Capability** | | |
| Relying on warm, caring traditions | 3.58 | .921 |
| Aligning to strong policies, bureaucracy, and rigid systems | 3.39 | .985 |
| Supporting a very competitive, and performance-driven organization | 3.98 | .976 |
| Supporting members' dynamism, risk-taking, and entrepreneurship | 3.98 | .913 |
| **Influence of Organizational Culture on Digital Innovation Capability** | | |
| Relying on warm, caring traditions | 3.59 | 1.341 |
| Aligning to strong policies, bureaucracy, and rigid systems | 3.42 | 1.224 |
| Supporting a very competitive, and performance-driven | 4.11 | .902 |
| Advancing members' risk-taking, dynamism, and entrepreneurship | 3.82 | 1.171 |

**Spearman's Correlation Analysis**

Spearman's correlation analysis was conducted to examine the relationship between organizational culture and digital transformation. The results in Table 2 indicate a significant positive and strong relationship between organizational culture and digital transformation, with a correlation coefficient of $r\,(127) = 0.500$, $p <= .05$. This indicates a strong positive association between these two variables.

**Table 2**

*Correlation Analysis between Organizational Culture and Digital Transformation Variables*

| Variables | | ROA Capability | Customer Experience | Digital Innovation Capability | Overall |
|---|---|---|---|---|---|
| Organizational Culture | Correlation Coefficient | .306** | .646** | .771** | .500** |
| | Sig. (2-tailed) | <.001 | <.001 | <.001 | <.001 |
| | N | 127 | 127 | 127 | 127 |

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

**Chi-square Analysis**

A Chi-square test ($\chi^2$) examined the association between organizational culture and digital transformation. The results, in Table 3, indicate that there was a statistically significant association between the two variables, $\chi^2$ (20, N = 127) = 231.979, $p \leq .05$.

**Table 3**

*Chi-Square Test for Organizational Culture and Digital Transformation*

| Chi-Square Tests | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 231.979 | 20 | <.001 |
| Likelihood Ratio | 205.948 | 20 | <.001 |
| Linear-by-Linear Association | 55.923 | 1 | <.001 |
| N of Valid Cases | 127 | | |

Chi-square is significant at $p \leq .05$ (2-tailed)

**One-Way ANOVA**

A one-way ANOVA analysis was conducted to investigate whether the means of the organizational culture varied significantly across demographic variables. The demographic variables included in the analysis were gender, age group, position, experience, and highest academic qualification. The outcomes of the one-way ANOVA are summarized in Table 4. The results indicate no statistically significant differences between the means of organizational culture and the demographic variables. These findings suggest that the differences in the means of organizational culture observed among the various demographic groups are not statistically significant and could have occurred by chance.

**Table 4**

*One-way ANOVA for Organizational Culture and Demographic Variables*

| Variable | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Leadership Role of Respondent | Between Groups | 4.004 | 6 | .667 | 1.442 | .204 |
| Gender of respondents | Between Groups | .011 | 1 | .011 | 0.022 | .882 |
| Age-group | Between Groups | .048 | 2 | .024 | 0.050 | .951 |
| Highest academic qualification | Between Groups | 2.449 | 2 | 1.225 | 2.660 | .074 |
| Years of Experience | Between Groups | 1.014 | 2 | .507 | 1.075 | .345 |

**Pseudo R-Square**

A pseudo-R-square statistic was employed to evaluate the appropriateness of the regression model and examine the impact of organizational culture on the digital transformation of insurance firms in Kenya. Table 5 presents the three pseudo-R-square coefficients associated with this behavior. The Nagelkerke Pseudo R-Square ($R^2 = 0.266$) revealed that organizational culture accounted for 26.62% of the variance in digital transformation, indicating a significant influence on the digital transformation of insurance firms in Kenya.

**Table 5**

*Pseudo-R-Square for Influence of Organizational Culture.*

| Link function | Logit |
|---|---|
| Cox and Snell | .209 |
| Nagelkerke | .266 |
| McFadden | .153 |

Link Function: Logit.

**Parameter Estimates**

In this study, an ordinal logistic regression model was utilized to estimate the parameters and examine the log-odds ratio associated with a one-unit change in the digital transformation variable, while controlling for the organizational culture mediating variable. The model for adaptive leadership behaviors, X, with organizational culture Z moderating effect, on digital transformation, Y, is given below:

$$\text{Logit}\,[P(Y \leq j)] = \alpha j - \sum \{\beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 Z\} + \varepsilon = \alpha j - \beta X^* Z$$

**Table 6**

*Parameter Estimates for the Model for Adaptive Leadership Behaviors on Digital Transformation moderated by Organizational Culture*

| Parameter | | Estimate | Std Error | Wald | df | Sig | Lower Bound | Upper Bound |
|---|---|---|---|---|---|---|---|---|
| Threshold | [YDT = 2] | -4.464 | 0.753 | 35.102 | 1 | <.001 | -5.941 | -2.987 |
| | [YDT = 3] | -1.48 | 0.643 | 5.308 | 1 | 0.021 | -2.74 | -0.221 |
| Location | [X*Z=3*3] | -4.996 | 0.869 | 33.047 | 1 | <.001 | -6.7 | -3.293 |
| | [X*Z=3*4] | -0.576 | 0.835 | 0.476 | 1 | 0.49 | -2.213 | 1.061 |
| | [X*Z=4*4] | -2.455 | 0.703 | 12.214 | 1 | <.001 | -3.832 | -1.078 |
| | [X*Z=5*4] | 19.489 | 0 | . | 1 | . | 19.489 | 19.489 |
| | [X*Z=4*5] | 19.489 | 0 | . | 1 | . | 19.489 | 19.489 |
| | [X*Z=5*5] | 0a | . | . | 0 | . | . | . |

Link function: Logit.

a. This parameter is set to zero because it is redundant.

As shown in Table 6, parameter estimates results show a statistically significant moderating effect of organizational culture on the relationship between the adaptive leadership (X*Z) and the digital transformation variable ($Y_{DT}$), with X*Z = 5*5 serving as the reference point. Specifically, for the moderated effect model, for every unit increase in adaptive leadership, a corresponding decrease of 19.807 in the logs odds of falling into a corresponding level of digital transformation is expected at X*Z = 4*4, $\beta = -2.455$, $p<0.05$. These results indicate that the moderating effect of organizational culture significantly influences the relationship between adaptive leadership and digital transformation within this study's context.

## Conclusion

Inferential analysis in the study confirmed that organizational culture significantly moderated the relationship between adaptive leadership and digital transformation in Kenyan insurance

firms. While initial correlation and chi-square tests indicated a positive association between adaptive leadership and digital transformation ($r=0.490$, $p\leq.05$; $\chi2(20, N=127) =231.979$, $p\leq.05$), ANOVA revealed no significant demographic differences.

Ordinal logistic regression further explored this relationship, testing models with and without organizational culture as a moderator. Both models provided a better fit than the intercept-only model. Crucially, the model incorporating organizational culture as a moderator demonstrated

a significantly superior fit ($\chi2$=44.215, p≤.05), with a strong goodness-of-fit statistic ($\chi2$=4.714, p≥.05). This contrasted with the model without moderation ($\chi2$=29.704, p≤.05; goodness-of-fit $\chi2$=0.000, p≥.05).

The moderating effect of organizational culture substantially increased the model's explanatory power, evidenced by a higher Nagelkerke Pseudo R2 (37.6% with moderation versus 26.6% without). Parameter estimates indicated a significant negative relationship between adaptive leadership and digital transformation (β=−19.238, p<.05). The mediated effect further highlighted a significant change in the relationship, with a higher coefficient value ($\beta$=−2.455, p<.05). Thus, the null hypothesis was rejected, affirming the significant moderating role of organizational culture on the relationship between adaptive leadership and digital transformation in Insurance firms in Kenya.

**Discussions**

This study established that organizational culture significantly moderates the relationship between adaptive leadership behaviors and digital transformation within insurance firms in Kenya. The findings indicate that the influence of adaptive leadership on digital transformation is not uniform but rather contingent on the prevailing organizational culture. Specifically, the introduction of organizational culture as a moderating variable substantially enhanced the model's explanatory power, evidenced by a higher pseudo-R2 value (37.6% with moderation versus 26.6% without). Furthermore, the effect of adaptive leadership on digital transformation was significantly attenuated when organizational culture was considered ($\beta$=−2.455, p<.05), a considerable shift from the initial estimate ($\beta$=−19.238, p<.05).

While a one-way ANOVA in this study showed no significant difference between organizational culture and demographic factors, other research, such as Chesenge and Njuguna (2022), suggests demographic variables can influence cultural variations. This highlights that while individual demographics might not directly alter culture, the collective demographic makeup of a team could impact the nuances of organizational culture.

The study findings aligned with previous research indicating that externally focused cultures, such as adhocracy ($\beta$=0.186, p<.05) and market cultures, are more conducive to facilitating change like digital transformation (Njagi *et al*., 2021; Chesenge & Njuguna, 2022). Although no significant relationship was observed for market culture in this specific study, the strong positive relationship with adhocracy culture reinforces the importance of dynamic and outward-looking cultural orientations. This resonates with studies by Hartl and Hess (2017) and Moen (2017), which underscore the critical role of organizational culture in the nexus between leadership style and performance. Conversely, while some studies, like Rutihinda (2019), have found inconclusive correlations between clan and hierarchy cultures and digital

transformation, this study's results affirmed the continued prevalence of both clan and hierarchical cultures within the Kenyan insurance industry and their potential impact on digital transformation, suggesting a more complex interplay than a simple direct correlation.

## Conclusions

This study aimed to investigate the moderating influence of organizational culture on the relationship between adaptive leadership behaviors and digital transformation within insurance firms in Kenya. Specifically, it addressed the research question: "To what extent does organizational culture moderate the relationship between adaptive leadership behaviors and digital transformation in insurance firms in Kenya?" To statistically examine this relationship, a null hypothesis stating that organizational culture has no statistically significant moderating influence on the relationship between adaptive leadership and digital transformation was tested.

Based on the study's findings, it is concluded that organizational culture significantly moderates the relationship between adaptive leadership behaviors and digital transformation among insurance firms in Kenya. The inclusion of organizational culture as a moderator significantly increased the model's explanatory power (Nagelkerke $R2=0.376$ compared to 0.266 without). Furthermore, the effect of adaptive leadership on digital transformation was significantly attenuated when organizational culture was introduced ($\beta=-2.455$, $p<.05$), a notable change from the initial estimate ($\beta=-19.807$, $p<.05$). Therefore, the study rejects the null hypothesis, affirming the statistically significant moderating influence of organizational culture.

## Recommendations

The results of this study demonstrate that the moderating effect of organizational culture significantly impacts the relationship between adaptive leadership behaviors and digital transformation in insurance firms in Kenya. Therefore, it is recommended that leaders should prioritize understanding and assessing the organizational culture within their firms through regular cultural assessments. To promote adhocracy and market cultures leaders that promote digital transformation, leaders should identify and implement policies and practices that promote an external focus and flexibility within the organizational culture. Additionally, programs promoting experimentation and innovation should be complemented with initiatives that foster external collaboration, competition, empowerment, talent development, and performance management, all of which can contribute to cultivating a culture that supports digital transformation. To enhance the generalizability of these findings, future research should explore the applicability of this framework in other industries. This comparative approach could identify potential variations in the moderating effect of organizational culture on digital transformation, particularly when considering the influence of demographic variables across different industry contexts.

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