
**INFLUENCE OF STRATEGIC DECISIONS ON THE COMPETITIVE INSURANCE MARKET DYNAMICS IN KENYA**

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The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
*Vol. 5, Iss. 3, pp 332 - 354, July 30, 2018. www.strategicjournals.com, ©strategic Journals*

# INFLUENCE OF STRATEGIC DECISIONS ON THE COMPETITIVE INSURANCE MARKET DYNAMICS IN KENYA

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**Accepted: June 20, 2018**

***ABSTRACT***

*The study sought to establish the effect of strategic decisions on the competitive insurance market dynamics in Kenya. To explore the influence of strategic decisions on competitive insurance market dynamics, the researcher measured the direction of demand and supply of insurance as measured by the quality of strategic decisions emanating from Kenyan insurance companies. The eexploratory data was collected from the 62 insurance companies and 385 insurance customers. The study adopted a multi-stage sampling technique involving census, purposive, and cluster sampling was used to identify the insurance companies, the chief executive officers and customers under study. The data obtained was analysed using the Ologit regression model and internal consistency tested using a test re-test method. The analysis of the data collected revealed that strategic decisions had significant influence on competitive insurance market dynamics of the insurance companies. The findings confirmed a positive link between strategic decisions and the competitive market dynamics. The study therefore offered relevant information to scholars interested in understanding and expanding the knowledge gap on how strategic decisions can improve the competitiveness of insurance companies in Kenya. Management practitioners may find this study useful, especially in monitoring and assessing strategic decisions and aligning them to company competitive advantage. Finally, it offed a number of vital contributions to the literature through a model which is empirically supported and which confirms that strategic decision is an important drivers for insurance market's competitive advantage. Lastly, the study offered new contribution for scholarly work which can be applied directly in firms to test the relationships between these concepts as well as by scholars.*

***Keyword:*** *Strategic Decisions; Competitive Market Dynamics; Insurance Industry, Kenya*

## INTRODUCTION

The extant literature reveals an insurance market environment which is excitingly dynamic and challenging (Kitur, 2015). This requires leaders with increased commitment change mindset for tackling the emerging business demands from customers. According to Lotuiya (2014), these environmental challenges include poor solvency regulations, taking excessive risks, poor managerial practices and lack of corporate governance, the act of fraud and arbitrary awards by courts (p.31). These challenges are the reasons why Kenyan insurance companies have not been able to address the growing customer expectation. Thomson (1998) traces these challenges to the rapidly changing politics, economics, technology, and psychological factors which require insurers to evolve their decisions with the changing insurance market dynamics.

According to Deloitte (2010), rapid changes in politics, technology and psychology are not only a challenge but also the opportunity which can significantly enhance the capabilities of insurance companies through the acquisition of new materials, facilities, techniques and procedures (p.7). Edwin and Benjamin (2017) used the theories of strategic leadership and transformational leadership to study the role of Chief Executive Officers on the performance of firms in Kenya. The study focused on the leadership traits and how they contribute to the performance of firms. This study is unique since it looks at the strategic decision qualities which are embedded in the leadership traits and how they affect performance of insurance firms. The study adopts the use of rational choice and subjective utility theories to study the influence of strategic decisions on insurance consumer behaviour in Kenya. The global business trend requires business conduct with no mistakes, no substandard products and services, and no fragile practices or poorly defined and managed processes (Kalpana, 2011, p.23). The gap in the study includes the lack of proper documentary evidence on the causes of turbulence which have resulted in the collapse of insurance companies starting from the mid-1990 and the time of the study. Green (2003) traced the poor performance of insurance companies to the historical experience of customers who have little or no trust in the insurance companies.

The study sought to investigate the influence of strategic decisions on the competitive insurance market dynamics in Kenya, an empirical research framework was developed and tested. The study began with a detailed review of the extant literature on strategic decision-making in order to assess the current state of understanding of strategic decision phenomenon in Kenyan insurance market. The literature review considered strategic decision as an intellectual discipline which incorporates the application of mathematics, sociology, psychology, economics, and political science, among others (Hansmann & Kraakman, 2000 p.390). These disciplines are used to define insurance organisations regarding the legitimisation of individual differences within the same companies, and also to provide opportunities through which chief executive officers can actualise their potentials and manage their relationship with organisations under the current risks and specific organisation cultures (Reilly, 1998). Sallam *et al*. (2016) discovered that improving corporate image requires proper alignment of strategic decisions to the marketing functions of organisations so as to alter the balance between the apparent intention, teleology', and ethical considerations, 'deontology', during a customer's moral evaluation process and eliminate the adverse consequences in the outcome for a company.

Kenya has a robust yet complex insurance industry. The major problem of insurance companies in Kenya is the lack of trust on their ability to offer credible solutions to the protection needs of their customers. There is an underlying lack of customer trust linked to the historical perceptual problems which have followed the insurance industry for decades (PWC, 2016). From the mid-1990s to the time of the study, Kenyan insurance industry had

experienced management failures which led to the closure of eight insurance companies causing not only the loss of protection for assets but also failure of those who incurred losses to obtain compensation (Hanlon *et al*., 2015). According to Deloitte (2016), the insurance company failure originates from weak systems which do not support the emerging service requirements. Weak systems prohibit the firm's ability to address issues relating to changes in demand for insurance and to confront the challenges associated with the supply of insurance in the market (Seo & Chae, 2016).

## LITERATURE REVIEW

### Theoretical Framework

In this study, the researcher considered management process as a simple structure which focuses on decisions for managing outflows from insurance organisations. The proposed theoretical framework explained how policies, guideposts and procedures guide the implementation of corporate decisions under conditions of uncertainty. Strategic decision-making process is a structured approach which considers (i) problem identification; (ii) alternative solution generation; (iii) choosing appropriate solution; (iv) the execution process; and (v) evaluation of the decision outcomes (Negulescu, 2016).

#### *Rational Choice Theory*

RCT originates from expected utility theory (EUT) in economics, which follows the concept of benefit maximisation and cost minimisation (Akers, 1990). A lot of literature on RCT has been generated to study the risks associated with corporate decision outcomes (Elster, 1986; Lovett, 2006; Green, 2003; Hedström & Stern, 2008; Burns & Roszkwoska, 2016). However, RCT debate continues to elicit both criticisms and support, more so from those who do not fully appreciate the importance of RCT in developing explanations of a social nature (Burns & Roszkwoska, 2016). Lovett (2006) attempted to explain social phenomena using antecedent events, or a state of affairs to explain the causal relationships between two events in a more deterministic manner. The study used the basic model for RCT to explain the causal relationships between the decision-making units and the consumer behaviour by referring to the teleology of a decision-making process using the specific characteristics of the decision-making process and the consumer behaviour with special consideration to what would bring about the causal relationship between two variables.

According to Green (2003), the application of RCT in Kenyan insurance industry involves a description of (i) the desired purchase of insurance products by customers, (ii) availability of insurance covers from the insurance companies 'sellers', and (iii) the interaction between buyers and sellers 'equilibrium' with consideration to the available income 'budget' for buying 'expenditure on' insurance products as the opportunity cost of other good or service (p.4). RCT has contributed to the understanding of the rise of institutions through proper decision-making (Scott *et al.*, 2010) and hence provides the study a very strong foundation.

#### *Subjective Utility Theory*

The origin of the theory of subjective 'probability' is found in the seminal works of Ramsey (1926) and Bruno (1949). The theory provide a useful ground for insurance managers to appreciate that choosing between different alternatives (or strategies) involves taking great risks (Chukwudum, 2016). A study by Stiglitz and Rothschild (1976) confirms the need for decision-makers to appreciate the insurance consumers' preference for income (i.e. preference for the proceeds of a loss over the possession of a property). Chukwudum (2016) asserts the centrality of the consumer's happiness (utility) to the decision-making process.

Other studies confirm the existence of a linear relationship between the attractiveness of an insurance company and the outcome of a decision process (Wolitzky, 2015; Sornette & Yukalov, 2017). This relationship exists when the decision-makers weigh between the apparent deductions on utility, in comparison to using subjective probability that

accounts for the likelihood of pleasurable outcomes as opposed to the actual statistical computations (Wolitzky, 2015).

**Empirical Literature Review**

***Strategic Decision-Making***

Strategic decisions are the processes that define a company's long-term strategic agenda or direction on the basis of available resources (Owyang, 2013). They are a product of the insurance business and its business environment (Kunreuther & Pauly, 2015). A study by Deloitte (2016) identifies rapid demographic changes; rapid changes in technology; rapid growth in business-model innovations; and the emergence of socially driven evolution in the employer-employee relationship as the challenges which insurance face and which requires evolutionary strategic decisions. These challenges call for the development of decision-making processes which address the growing expectations for personalised products and service delivery, macro-shifts within the industry that require improvements in investment and the hiring of skilled manpower, competitive remuneration of employees together with persistent moral persuasion on the part of policymakers, different cultures that are a threat to traditional business models prevailing within the insurance industry, and the emergence of new categories of risk exposures that are simultaneously growth opportunities and inherent bottom-line risks Dälken (2014 p.58).

These decisions provide a useful guide for planning, performance measurement, and programme budgeting (Fairholm, 2009). According to Norton et al. (2005), experience, research, analytical thinking, communication and key performance measurements comprise the types of competencies which are required for the formulation of clear Strategic goals, plans, maps and guideposts (p.162). According to Erich and Brockmann (2016), strategic decisions require tacit knowledge 'practical know-how' on the areas of resource, information and infrastructure planning.

Proper planning can boost operational efficiency through effective utilisation of resources (Cadmus, 2016). Human capital is an essential resource for strategy implementation and for achieving the desired goals. Whenever the co-operation of human capital is lacking, organisations fail to deliver the much needed competitive advantage (Alexander et al., 2016). Competitive advantage is achievable through the use of new technologies, doing things differently, and adopting competencies which place a company ahead of its competitors (p.78). Continuous audit is necessary to eradicate the irrelevant or un-implementable Strategic decision aspects. Insurance companies which are focused on decisions that provide a wide array of motivational tools and exploit the opportunities which support innovation and growth perform better than those which do not (Richardson, 2014: Prudential, 2015). As noted by Asibey (2016), innovation is driven by positive working cultures that encourage employee involvement practices and which reduce employee turnover to an insignificant level.

***Competitive Market Dynamics***

Market dynamics are the factors which influence the supply and demand of products in a market. In the study, *c*ompetitive market dynamics refers to the extent to which strategic decisions are useful in maintaining profitable market equilibrium (Green (2003). The study seeks to build on the equilibrium notion to explain how strategic decision techniques can change the insurance consumer's mindset and boost claims processing and payment capability, improve customer service delivery and its advantages to the firm, maintain sufficient and aggressive sales force, implement strategies that deliver consistent outcomes for a firm, and preserve and improve insurance company's brand image (Prudential, 2015, p.12). Insurance companies can balance the demand and supply of insurance products if they maximise the use of Strategic decision techniques (Taylor, 2008).

The adoption of Rational Choice, and Subjective Utility theories in the study provide a useful ground for the analysis of insurance companies to identify the specific responses to environmental and policy changes. The major focus of the study is to incorporate (i) the diversities in the individual insurance company's decision capabilities on products demanded, characteristics of insurance 'buyer behaviour' and where possible; (ii) establish how Strategic decisions can be used to achieve the equilibrium conditions (insurance product prices, insurance uptake and the distribution channels (Prudential, 2015, p.16). The insurance market stability or equilibrium is a product of the environmental performance parameters which include (i) quantity of capital per employee, 'steady state capital'; (ii) minimum exposure for whole market 'total exposure' irrespective of the size of operations; (iii) theoretical *rate of return* on investment which delivers zero *risk*s, 'risk free rate of return'; (iv) market share expected rate of return, minimum catastrophic claim (CAT) frequency and size, and (v) expected non-CAT claim frequency and size (Nthenge, 2012; Capgemini, 2017). According to Cytonn (2016), insurance companies can achieve this equilibrium if they embrace new technology and innovation for products and services, recognise the growing middle class and rising disposable income, adopt alternative distribution and premium collection channels, and take advantage of the regional expansion of insurance companies (p.25). The study looks at the various responses to market allocations conditional on the strategic decisions of insurance companies to establish how these decisions pass the market test for success when they are applied in a practical insurance environment, how they are used by the insurance companies and the government to develop policies for the sustained regulation of the insurance sector and how they provide further understanding into the subject under investigation.

**RESEARCH METHODOLOGY**

This study was conducted in Nairobi Kenya between 15th March 2018 and 15th June 2018. The study embraced the 'positivist' position with an interpretive 'anti-positivist' stance allowing the researcher to confirm what is known about the subject under investigation, using scientifically tested methods. The researcher adopted a model that modifies the divide-by-total model for ordinal variables 'Partial Credit Model' (PCM) suggested by Masters and Wright (1981. The Ologit formula for establishing that the feelings of the respondents describe how strategic decisions 'predictor variables' affect the competitive insurance market dynamics 'criterion variable is given by equation 1:

$$\Pr(y_i > j \mid \boldsymbol{X}) = g(\boldsymbol{X}_i\boldsymbol{\beta}') = \frac{\exp(\boldsymbol{X}_i\boldsymbol{\beta}' - \phi_j)}{1 + \exp(\boldsymbol{X}_i\boldsymbol{\beta}' - \phi_j)} \quad ,$$

$$j = 1,\ldots., m-1$$

Where: *Xi* is a (k×1) vector of observed non-random predictor variables; □ is a (k×1) vector of unknown parameters to be estimated; $m$ is the number of categories of the ordinal dependent variable. The primary assumptions of an OLOGIT model are that the error variances are homoskedastic. The researcher expected to obtain highly effective corporate decision outcomes, with a probability of obtaining a highly ineffective corporate decision outcome (Heale & Twycross, 2015). In this study, the researcher reviewed the consistency among different decision outcomes through a test-retest reliability method for Life and Non-life Insurance Companies and determined the coefficients for this type of reliability. Consistency and reliability is confirmed when decisions of insurance companies show greater influence on competitive insurance market dynamics in Kenya.

## RESULTS

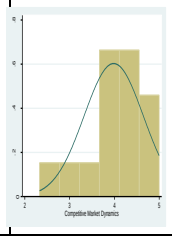
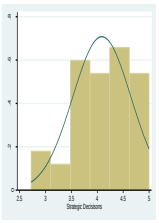
### Regression Assumptions and Data Quality Checks

#### *Assessment of Normality*

As shown in Table 1, the Skewness and Kurtosis analysis demonstrated that strategic decisions were positively skewed. The Kolmogorov–Smirnov test confirms that the data is not normally distributed (None of the two tailed p-values indicated as Asymp. Sig. was lower than 0.05). The Kolmogorov–Smirnov test (K–S testor KS test) is a nonparametric test of the equality of continuous, one-dimensional probability distributions that can be used to compare a sample with a reference probability distribution (one-sample K – S test), or to compare two samples (two-sample K – S test).

In summary, visual and statistical tests confirmed that a large proportion of the data violates the assumption of normal distribution. There are specific remedies for correcting data distribution and shifting it towards normally distributed data. However, considering the non-normal distribution of the present data, the researcher found it unnecessary to perform a distributional transformation. Since the overall sample size was large enough (96% of the population under study). According to Hair *et al.* (2014a), large samples of this kind have the potential to increase statistical power to reduce sampling error together with detrimental effect of non-normally distributed data. Secondly, data transformation could lead to misinterpretation of the variables, hence, original (not transformed) variables were generally easier to compare and interpret. Finally, the researcher considered the different statistical methods to overcome non-normality and to provide with robust results, more specifically, the researcher applied structural equation modelling – Partial Least Squares (PLS-SEM) in line with Hair et al. (2016b). Non-parametric statistical methods do not require the data to be normally distributed. Table 1 showed the results of the normality tests for the variables under study.

***Table 1: The Normality Tests***

| | | Competitive Market Dynamics | Strategic Decisions |
|---|---|---|---|
| Most Extreme Differences | Absolute | .338 | .386 |
| | Positive | .000 | .052 |
| | Negative | -.338 | -.386 |
| Kolmogorov-Smirnov Z | | 1.091 | 1.245 |
| Asymp. Sig. (2-tailed) | | .185 | .090 |
| Pr(Skewness) | | 0.0657 | 0.1635 |
| Pr(Kurtosis) | | 0.6066 | 0.5785 |
| adj chi$^2$(2) | | 3.88 | 2.39 |
| Prob>chi$^2$ | | 0.1436 | 0.3027 |
| Histogram | |  |  |

#### *Common Method Bias*

When multiple constructs are measured using the same method (e.g. a questionnaire with multiple-item scales), it can lead to a determination of false or incorrect effects due to measurement instrument rather than the constructs measured (MacKenzie & Podsakoff, 2012). The researcher chose to address the problem of common method bias since such measurement errors could potentially threaten the validity of the hypothesised relationships between the measured constructs. Measurement errors typically have *random* and *systematic* components (Bagozzi & Yi, 1991). The systematic component was considered to be serious, since it could have led researcher to an alternative (or misleading) conclusion on the different hypothesised relationships between the constructs. Researchers distinguish a number of different sources of common method bias, such as the common scale formats applied in a questionnaire, scale length, grouping of items in the

questionnaire, measurement context, etc. (MacKenzie & Podsakoff, 2012). However, there is a set of a priori and post hoc techniques that allow to control for common method bias, which include (i) procedural remedies (instruments to improve the design of the data-collection procedure, i.e. design of a questionnaire); and (ii) statistical remedies.

***Apriori Procedural Techniques***

Prior to collecting data, the researcher ensured that the questionnaire design significantly reduced the possibility of measurement errors occurring: (i) All the respondents were assured that there were no right or wrong answers to the questions in questionnaire, secondly, they were also assured of the anonymity of their responses. The assurances were meant to reduced the participants' evaluation apprehension and, reduce the possibility of having to edit their responses to look more socially desirable or consistent with how they think the researcher would want them to be (MacKenzie & Podsakoff, 2012) (ii) All the scales applied were carefully constructed and pre-tested qualitatively before the main data collection. Therefore, the items utilised items were comprehensive, logical, and well understood by respondents. Ambiguous and unfamiliar terms were eliminated and the questions were simplified and complex syntax removed; (iii) the researcher inserted attention filters in the questionnaire to keep participants focused and prevent them from speeding up or skipping questions. In the study, the researcher observed that applying procedural remedies could decrease, if not finally eliminate, common method bias. The researcher was keen to ensure that the study did not contain any measurement errors. Therefore, two post hoc statistical methods were implemented in order to assess the measurement error.

***Post Hoc Statistical Techniques***

The researcher performed two statistical tests to ensure that the study did not suffer from measurement errors: (i) the researcher applied a single factor test to examine the data for common method bias in line with (Harman, 1976). Typically, researchers use factor analysis and perform un-rotated factor solution in order to identify factors that are necessary to account for the variance of all the constructs. If all the variables were loaded in only one factor, it would indicate that a substantial common method variance is present in the dataset. Harman's single test shows that all the variables do not load in one single factor (see Table 2 for full results); (ii) lastly, the researcher performed a partial correlation technique 'marker' partialing–in line with (Lindell & Whitney, 2001). Researchers argue that if a construct, which is not theoretically related to at least one construct, is included in the study, it can be used as a 'marker' and no relationship should be observed between this marker and other constructs. Table 2 below shows the actual relationship between the marker variable and the latent constructs. In the study, the correlated marker variable was taken to be the educational achievement of the respondents which is not related to the latent variables. The researcher, therefore, included a marker in the model to assess the correlation matrix and use it PLS-SEM. According to Lindell and Whitney's (2001) recommendations, the correlations between a marker and each of the latent constructs should be below the 0.3 threshold.

***Table 2: Common Method Bias Measure – Marker Partialing***

| | **Marker** | **CMD** | **SD** | **CE** | **IR** |
|---|---|---|---|---|---|
| Marker | **1.000** | | | | |
| CMD | **0.120** | 1.000 | | | |
| SD | **0.278** | 0.661 | 1.000 | | |

None of the correlations between the marker and the latent variables exceeds the 0.3 thresholds in their values, with the maximum value in the correlation between the marker and the construct

of strategic decisions being 0.278. Consequently, after performing the two statistical procedures, the researcher concluded that the collected data did not suffer from common method bias.

**Study Information Descriptive Assessments**

***Insurance Demographic Information***

The analysis of the demographic data showed Chief Executive Officers as presented according to their length of service, level of education, professional qualification and portfolio size under their care. The researcher also found it necessary to report the demographic information for the study sample for the insurance customers on the market side. The choice for studying Chief Executive Officers of insurance companies is informed by the fact that they are actively involved in strategic decision-making. During the study, 44 Chief Executive Officers responded to the questions in the questionnaire. Out of the Chief Executive Officers who responded, 1 response was considered by the researcher as containing errors and was expunged from the final questionnaires for analysis, leaving 43 Chief Executive Officers for analysis. The study found out that majority of Chief Executive Officers (i.e. 48.7%) had a 'less than five years' field experience in their respective organisations. Table 3 below shows the experience of Chief Executive Officers in their present companies.

***Table 3: The Respondent Demography Categorised According to Years of Experience in the Industry***

| **Respondents Demographics** | |
|---|---|
| **Tenure** | **Executive** |
| Less than 5 Years | 48.7% |
| 6-10 Years | 15.4% |
| 11-15 Years | 17.9% |
| 16-20 Years | 15.4% |
| Above 20 Years | 2.6% |
| **N** | **43** |

The study also found out that majority of the Chief Executive Officers (i.e. 35.9%) had achieved masters or bachelor degree qualification, 35.9% had were also professionally qualified, having achieved Advanced Diplomas in Insurance (i.e. ACII) and 30.8%, AIIK. The results confirmed that the Chief Executive Officers interviewed had adequate knowledge and experience in their respective areas of practice and were therefore capable to give information about corporate decisions of their organisations. These outcomes are presented in Table 4.

***Table 4: The Distribution of Decision-makers according to level of education and professional qualifications***

| **Respondents Demographics** | **Executive** |
|---|---|
| Education | |
| Secondary | 2.6% |
| Diploma | 10.3% |
| Bachelor | 33.3% |
| Masters | 35.9% |
| Doctorate | 17.9% |
| N | 43 |
| COP (Certificate of Proficiency) | 0.0% |
| ACII (Advanced Diploma in Insurance) | 35.9% |
| CCI (Craft Course in Insurance) | 5.1% |
| AIIK (Diploma in Insurance) | 30.8% |
| Any Other | 28.2% |
| N | 43 |

The data collected revealed that a large number of insurance companies provide non-life insurance, and a combination of life and non-life insurance. Life insurance only companies comprised a smaller proportion of not more than 25% of the insurance companies operating in Kenya. The study further revealed that 84.6% of the chief executives indicated their insurance companies have been in existence between 16 – 20 Years. Majority of the insurance firms offered either general or composite insurance services while only less than 17.9% of the firms offer life insurance, 84.6% have less than 300

employees and very few of the organizations involved in the study are foreign owned but rather are either locally or jointly local/foreign owned. These outcomes were presented in Table 5.

***Table 5: Insurance-Related Demographic Data***

| Insurance Demographics | Executives |
|---|---|
| Less than 5 Years | 7.7% |
| 6-10 Years | 5.1% |
| 11-15 Years | 2.6% |
| 16-20 Years | 84.6% |
| Above 20 Years | 0.0% |
| N | 44 |
| Insurance Category | |
| Life | 17.9% |
| General | 43.6% |
| Composite | 38.5% |
| N | 43 |
| 0-99 | 25.6% |
| 100-300 | 59.0% |
| 301-500 | 12.8% |
| Above 500 | 2.6% |
| N | 43 |
| Sales Turnover | |
| Less than 0.5b | 5.1% |
| 0.5b-1b | 20.5% |
| 1b-2b | 38.5% |
| Above 2b | 35.9% |
| N | 42 |
| Ownership Status | |
| Fully Kenyan | 56.4% |
| Fully foreign | 5.1% |
| Joint foreign & Kenyan | 38.5% |
| N | 45 |

***Customers Demographics***

The actual customer data obtained from the field was 385, exactly equal to the targeted population of 385. Out of the 385 questionnaires, 18 had errors and were expunged from the final questionnaires for analysis. The demographics of these respondents are presented in Table 6.

***Table 6: Customers Demographic Information***

| Customer career | Frequency | Percentage |
|---|---|---|
| Business | 145 | 39.51% |
| Employee | 218 | 59.40% |
| Both | 3 | 0.82% |
| Partnership | 1 | 0.27% |
| Total | 367 | 100.00% |
| **Period customer has been insured** | | |
| Less than 5 Years | 137 | 37.33% |
| 6-10 Years | 131 | 35.69% |
| 11-15 Years | 74 | 20.16% |
| 16-20 Years | 19 | 5.18% |
| Above 20 Years | 6 | 1.63% |
| Total | 367 | 100% |
| **Type of policy held** | | |
| Individual Life | 132 | 23.66% |
| Motor Vehicle | 175 | 31.36% |
| Medical | 178 | 31.90% |
| Group Life | 29 | 5.20% |
| Personal Accident | 38 | 6.81% |
| Fire & Burglary | 6 | 1.08% |
| Total | 558 | 100.00% |

The study found out that insurance companies attract diverse customers from varying sectors. Majority of the customers were employees (59.4%) of different companies while a significant number were business people (39.5%). The rare policies in the industry include those who access group life, personal accident and fire and burglary insurance policies. From the customer data collected, the study confirmed that Kenyan insurance companies have not been able to offer a comprehensive insurance cover for the majority of assets, putting into question their preparedness to protect the expected asset growth from the implementation of the vision 2030 project.

***Competitive Market Dynamics in the Insurance Industry***

The descriptive assessment of the competitive insurance market dynamics data confirmed that the respondents had high rating on the various statements used to gauge the competitive market dynamics. The Chief Executive Officers rated the ability of their insurance companies to provide

insurance contracts for most majority of insurable risks at 3.79 on the Likert scale; ability to provide relevant insurance products to market/ people needs at 3.86 on the Likert scale; access to insurance products through distribution channels located in the areas of high customer concentration at 3.77 on the Likert scale; ability of insurance companies to conduct research and development at 4.39 on the Likert scale; ability to insurance companies to provide relevant products information at 4.18; and the appreciation of the role of technology in the design and distribution at 3.86 on the Likert scale. These outcomes indicate that majority of the respondents believed their insurance companies are addressing the market demands adequately. The lowest ratings included premium collection and know your customer issues while the highest rating was on related to research and development for new products in the market.

***Strategic Decisions within the Insurance Industry***

The study further used a five-point Likert scale to rate various statements related to strategic decisions in the insurance industry aligned to the resource planning, insurance information planning, and infrastructure planning. The study found that the three aspects were rated towards the positive side going by the mean ratings observed. The mean scores range from a mean of 3.62 – 4.30 for resource planning, mean of 3.45 – 4.30 for insurance information planning, and mean rating of 3.93 – 4.19 rating for infrastructure planning. These ratings confirm that strategic decisions are an important aspect of the insurance industry's planning process. Figure 1 presented the exogenous variables 'strategic decisions' as they directly influence the competitive insurance market dynamics 'endogenous.

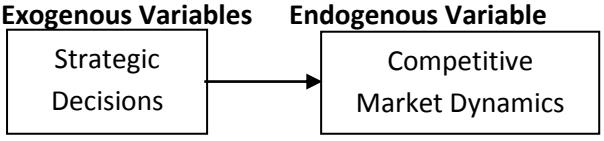



***Figure 1: Exogenous and endogenous constructs in the corporate decisions model***

***Evaluation of Strategic Decision Measurement Model***

The next step in the analysis involved an assessment of the outer model. The proposed model includes the following reflectively theorised constructs: (i) strategic decisions; (ii) competitive insurance market dynamics; (iii) customer expectations; and (iv) the insurance regulations. Since the model contains only reflective measures, the evaluation of the measurement model includes the *reliability* and *validity* measures. The assessment of each construct, reliability and validity, is per the guidelines provided by Hair *et al.* (2016b). Traditionally, reliability measures begin with the assessment of Cronbach's Alpha, which provides an estimate of the reliability based on the inter-correlations of the observed indicator variables (Cronbach, 1951). Typically, Cronbach's alpha is considered acceptable at the level of 0.7 and above. The formula is as follows:

**FGHIJKL*h*NO P = R RS5 ∗ (1 – DW X YW Z[D\X ).**

In this formula, O>" is a variance of the indicator variable [of a particular construct, which is measured with six indicators (= 1,…,6)], and O2" is the variance of the sum of all indicators of the construct. Cronbach's alpha was considered appropriate as an internal consistency reliability measure as suggested by Hair *et al.* (2016b: p.111-112). The formula is: **B =( α>R>b5 )" α>R>b$^{5}$" + dKG(e>) R>b5.** Where α> is the standardised outer loading of the indicator variable of a specific construct measured by six indicators, e> is the indicator variable's measurement error, and dKG (e>) symbolises the variance of the measurement error, which is denoted as 1 − α>". The composite reliability score falls between 1 and 0, where higher values indicate higher levels of reliability. In particular, values of 0.7 and above are considered to be satisfactory. Table 8 below shows that all the reflective constructs in the proposed model met the requirements of the internal consistency reliability. The final step in the assessment of the model's reliability is to evaluate the individual reliability of

each indicator. It is agreed that a latent variable should explain a substantial part (at least 50 percent) of each indicator's variance (Hair, 2016b). In other words, the outer loading should be above 0.708, which is the square root of 0.5. In the study, none of the key indicators fell below the outer loading threshold of 0.708, except for the demographic data which indicates lower coefficients. However, in the social sciences, weaker outer loadings of between 0.6 and 0.7 could also be acceptable in certain circumstances such as where the data is applied only in descriptive analysis and like in the case of our demographic analysis (Hulland, 1999). Hence, the identified indicators are retained.

***Table 7: Reliability Analysis***

| Factors | Measure | Questions | Items | Cronbach Alpha | Covariance |
|---|---|---|---|---|---|
| Demographics | Chief Executive demographics | A3-A10 | 8 | 0.519 | 0.1171 |
| Competitive Market Dynamics | Changes in Supply Side | 6.2 | 6 | 0.8159 | 0.3487 |
| | Challenge in Demand Side | 6.1 | | | |
| | Intertemporal Links | 6.3 - 6.6 | | | |
| Strategic Decisions | Resource Planning | 1.1.1-1.1.6 | 6 | 0.8784 | 0.3427 |
| | Information Planning | 1.2.1-1.2.6 | 6 | 0.8009 | 0.3542 |
| | Infrastructure Plans | 1.3.1-1.3.6 | 6 | 0.8784 | 0.4797 |

***Validity of the Strategic Decision Model's Constructs***

The assessment of the model's validity includes an evaluation of convergent and discriminant validity. *Convergent validity* represents the extent to which a measure correlates positively with alternative measures of the same construct (Hair et al., 2016b: p. 115). An acceptable method of assessing convergent validity is the Average Variance Extracted (AVE). The formula is:

**fgh = a> " R> b5**

Where a> is the standardised outer loading of the indicator variable of a specific construct measured by 8 indicators. According to Alarcón and Sánchez (2015), AVE measures the level of variance captured by a construct versus the level due to measurement error, values above 0.7 are considered very good, whereas, the level of 0.5 is acceptable. The value of AVE should be above 0.5, and it would indicate that a specific construct has an acceptable level of convergent validity. As seen in Table 8, each of the model's constructs AVE values is above 0.7 and is considered as very good.

***Table 8: Validity Assessment***

| Factors | Measure | Questions | Items | AVE |
|---|---|---|---|---|
| Competitive Market Dynamics | Changes in Supply Side | 6.2 | 6 | 0.914 |
| | Challenge in Demand Side | 6.1 | | |
| | Intertemporal Links | 6.3 - 6.6 | | |
| Strategic Decisions | Resource Planning | 1.1.1-1.1.6 | 6 | 0.836 |
| | Information Planning | 1.2.1-1.2.6 | 6 | 0.817 |
| | Infrastructure Plans | 1.3.1-1.3.6 | 6 | 0.883 |

The AVE values in the study suggest that the measures of Competitive Market Dynamics, Strategic Decisions, Operating Decisions, Customer Expectation, and Regulations do not violate discriminant validity assumptions. The evaluation of reliability and validity of the applied constructs demonstrates that all the reflective constructs, included in the model had satisfactory levels of internal consistency reliability, indicator reliability, convergent validity, and discriminant validity. Therefore, it is now possible to move on to the evaluation of the structural model, which will demonstrate how well the empirical data supports the proposed conceptual framework, and, whether the framework has been empirically confirmed.

**Estimation of the Structural Model Path Coefficients and their Significance**

This section, the researcher evaluated the structural model to estimate the path coefficients representing the hypothesised relationships among the latent constructs. A path coefficient represents a standardised beta coefficient of OLS regressions; whose values lie between -1 and +1. The sign of the relationship and its value should be aligned with the theoretical justifications that underpin the proposed relationships. It is suggested that the closer the estimated coefficient to 0, the weaker the relationship that exists between two constructs (Alarcón & Sánchez, 2015). Whether a coefficient is significant (i.e. significantly different from 0) depends on the obtained standard error, which is defined through the process of bootstrapping. In the study, bootstrapping was done in line with the recommendations of Hair *et al.* (2016b).

Table 9 provided information on the path coefficients and their relevance &-values and levels of significance. The outcome showed the strength of the path coefficients in the model. In the model, the hypothesised showed that the path was observed to be supported at the level of < 0.05 (CMD<-SD).

***Table 9: Bootstrapping Path Analysis***

| **Endogenous Relationship**<br>**D.V Competitive market dynamics** | **Beta** | **Bias** | **S.E** | **Sig (2 tailed)** |
|---|---|---|---|---|
| Strategic Decisions | .736 | -.005 | .149 | .001 |

***Evaluation of the Coefficient of Determination ($R^2$)***

In this section, the researcher explained the variance in the endogenous latent variables included in the path model using the PLS-SEM technique. According to Henseler et al. *(*2009), a strong model displays high levels of $R^2$ in key constructs. Even though a study confirms the different interpretations of $R^2$ across disciplines, in the social sciences values between 0.20 and 0.75 are generally considered acceptable (Hair et al., 2016b). Chin (1998: p. 323) suggests considering 0.19, 0.33, 0.67 as weak, moderate, and substantial benchmarks, respectively. Table 10 presented the results of the evaluation of the coefficient of determination.

**R-squared** is a statistical measure of how close the data are to the fitted regression line. It is also known as the coefficient of determination, or the coefficient of multiple determinations for multiple regressions. 0% indicates that the model explains none of the variability of the response data around its mean. The results showed that the coefficient of determination of the endogenous constructs fell within the range of moderate ($R^2$ for strategic decisions = 0.392). Following Henseler *et al.* (2009), in cases when endogenous constructs are explained by a limited number of exogenous variables, in the social sciences weak to moderate $R^2$ values are acceptable.

***Table 10: The Coefficient of Determination***

| Endogenous Constructs D.V Competitive market dynamics | R | R Square | Adjusted R Square | Std. Error of the Estimate | $R^2$ Observation |
|---|---|---|---|---|---|
| Strategic Decisions | .626[a] | .392 | .378 | .52180 | Moderate |

***Evaluation of the effect size (#")***

Further assessment of the structural model involved the evaluation of the effect size (#"), which focused on the change in $R^2$ values for each endogenous construct when predictor constructs are included and then excluded from the model shown by adjusted $R^2$ in the model. The effect size demonstrates how substantive the effect of independent variables is on dependent variables. Cohen (1988) suggests that #" values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively, on an endogenous construct (Table 11).

***Table 11: The Effect Size***

| Endogenous Constructs D.V Competitive Market Dynamics | R Square | Adjusted R Square | Effect Observed |
|---|---|---|---|
| Strategic Decisions | .392 | .378 | Large |

The evaluation of the measurement model revealed that the proposed research model contain measure that is reliable and valid. The assessment of the structural model demonstrates that the intended path model possess good explanatory power as well as specific predictive relevance. After the evaluation of the measurement and structural model, the research hypotheses related to the model (Hypotheses 1) was tested.

*A. Assessment of the Effect of Strategic Decisions (SD) on the Competitive Market Dynamics (CMD)*

The study posed a hypothesis that strategic decisions have no effect on the insurance competitive market dynamics. This relationship was assessed using the Ordinal Logistic Regression (Ologit). Ordinal logistic regression is a logistic regression analysis model which is applied when the response variables are in categorized format with a scale with more than two ranks whose real distance between categories is unknown. Actual values within the dependent variable are irrelevant, though the model assumes that the larger values correspond to "higher" outcomes. Ordinal Logistic Regression Analysis involves the assessment of Model Fitting Information, Goodness-of-Fit, Pseudo R-Square, and Parameter Estimates. This function is used in the analysis as it allows use of evenly distributed categories, offer reasonable choices when the changes in the cumulative probabilities are gradual, and involves all levels of the response while dichotomizing the response scale (Williams 2015).

***SDnCMD Scale Reliability Assessment***

From the scale reliability assessment presented in Table 12, the study observed that the model has internal consistency where a Cronbach alpha greater than the expected minimum of 0.7 was observed when the independent and dependent variables were assessed for reliability. This is an indicator of the ability of the model to reliably offer model estimates in the regression.

***Table 12: SD&CMD Scale Reliability Assessment***

| Measures | Coefficients |
|---|---|
| Average inter-item covariance | 0.233266 |
| Number of items in the scale | 2 |
| Scale reliability coefficient (Cronbach α) | 0.764 |

***SDnCMD Model Fit Analysis***

Table 13 presented the ordinal logistic regression model fitting table, which offered descriptive statistics, the chi-square and model significance information useful for assessing the model fit. The statistically significant chi-square statistic ($p<0.05$) indicated that the model offered a significant improvement over the baseline intercept-only model. This indicated that the model gave better predictions than guesswork based on the marginal probabilities for the outcome categories. Therefore, the model was useful for estimating the effect of strategic decisions on competitive insurance market dynamics significantly better than the assessment of proportions in the data.

***Table 13: SD n CMD Model Fitting Summary Table***

| Variable | Mean | Std. Dev. | Min | Max | $X^2$ | DF | $P>X^2$ |
|---|---|---|---|---|---|---|---|
| CMD | 3.985 | 0.661519 | 2.33 | 5 | 18.73 | 15 | .000 |
| SD | 4.088 | 0.563203 | 2.72 | 5 | | | |

From table 14, the chi-square analysis revealed that the model did fit very well ($p<0.05$) and led us to REJECT the null hypothesis $H_o$ that states that: strategic decisions have no significant influence on competitive insurance market dynamics in Kenya. Also the model fits was seen to be adequate which meant that the model gave better predictions than if we just guessed based on the marginal probabilities for the outcome categories.

***Table 14: CMD&SD Equation-Level Model Fit***

| Depvar | Variance | | | R-squared | Mc (Depvar Correlations) | $mc^2$ (Bentler-Raykov squared multiple correlation) |
|---|---|---|---|---|---|---|
| | Fitted | predicted | Residual | | | |
| CMD | 0.4277 | 0.1676 | 0.2600 | 0.392 | 0.626101 | 0.392003 |
| Overall | | | | 0.392 | | |
| $Chi^2$ | | | 2715.62 | | | |
| Prob> $Chi^2$ | | | 0.000 | | | |

Further assessment revealed the equation level goodness of fit for the model where the fitted, predicted and residual variances were found to be statistically significant with the chi-square test confirming that the predicted model was significantly better from the fitted model. The assessment also assessed the effect size of the model indicated by the coefficient of determination (R-squared) as 0.392 which confirmed that strategic decisions are able to explain 39.2% of the variances in the competitive market dynamics, an indication that the endogenous variable has predictive power on the exogenous variable in the model. These tests confirmed the applicability of the regression model in determining the relationship between strategic decisions and competitive market dynamics in the insurance industry.

***SDnCMD Parameter Estimates***

The parameter estimates shown in table 15 showed the coefficients, their standard errors, the z test, associated p-values (Sig.), and the 95% confidence interval of the coefficients and odds ratios. Since p-value was less than alpha level, they indicated that the coefficient was statistically significant. The study found that strategic decision had a strong association with competitive market dynamics, a relationship that was observed to be statistically significant (2.644; $p<0.05$). This confirmed that strategic decisions had a positive influence on the insurance competitive market dynamics.

***Table 15: SDnCMD Model Coefficients***

| **Model test** | | | | | | |
|---|---|---|---|---|---|---|
| Log-likelihood | | | | -98.6667 | | |
| LR chi2(1) | | | | 21.3 | | |
| Prob > $chi^2$ | | | | 0.000 | | |
| **Regression coefficients** | | | | | | |
| | **Coef.** | **Std. Err.** | **Z** | **P>z** | **[95% Conf. Interval]** | |
| SD | 2.644212 | 0.610933 | 4.33 | .000 | 1.446805 | 3.84162 |
| _cons | 0.978733 | 0.569637 | 2.72 | 0.036 | -0.13774 | 2.095202 |
| /cut1 | 5.824293 | 2.290071 | | | 1.335836 | 10.31275 |
| /cut2 | 6.656512 | 2.215201 | | | 2.314798 | 10.99823 |
| /cut3 | 7.264162 | 2.243719 | | | 2.866553 | 11.66177 |
| /cut4 | 7.750223 | 2.293774 | | | 3.254509 | 12.24594 |
| /cut5 | 8.408464 | 2.349448 | | | 3.803629 | 13.0133 |

One of the assumptions underlying ordinal logistic regression was that the relationship between each pair of outcome groups was the same, commonly referred to as the test of parallel lines because the null hypothesis states that the slope coefficients in the model are the same across response categories (and lines of the same slope are parallel). If we FAIL TO REJECT the null hypothesis, we conclude that the assumption holds. The test is not essential in this assessment since the model only contain one independent variable, hence this assumption is upheld. The parallel line test outcomes indicated a general model with chi-square value (5.227) and p-value (0.011) which is higher than the 5% level of significance; hence we reject the null hypothesis, and confirm that there is enough evidence to reject the null hypothesis for the general model. Thus, the different odds assumption appears to have held for general model.

**The Strategic Decisions Model Hypotheses Testing**

After the detailed assessment of both measurement (outer) and structural model (inner) models, the proposed assumptions of the study were now addressed on an individual basis. Table 16 provided a summary of the corporate decisions hypotheses related to the model assessed by chi-square ($X^2$) model.

***Table 16: Hypotheses tests results related to the Strategic decision model Hypothesised path***

| **Model** | **Log likelihood** | **LR $chi^2$(1)** | **Prob > $chi^2$** | **Pseudo $R^2$** | **Observation** |
|---|---|---|---|---|---|
| SD->CMD | -98.6667 | 21.3 | .0000 | .3920 | Reject H1 |
| Mediating (CD->CMD CD->CE CE->CMD) | -83.14912 | 19.39 | .0002 | .5381 | Reject H4 |
| Moderating Insurance Regulations | -83.79199 | 38.70 | .0000 | .4137 | Reject H4 |

Hypothesis: $H_o$ - Strategic decisions have no significant influence on competitive insurance market dynamics in Kenya.

The proposed path model provides evidence to 'reject' Hypothesis 1. Specifically, the statistical significance of the influence of strategic decisions on competitive market dynamics was assessed where it was found that strategic decisions had a

statistically significant influence on the competitive market dynamics of insurance companies ($X^2$=21.3, Pseudo $R^2$= 0.3920; $p<0.05$). Furthermore, the explanatory power of the predictor 'strategic decision' is considered low, with the false $R^2$ value indicating the power of the model to explain only 39.2% of the variability in competitive market dynamics in the insurance industry. The analysis of the explanatory suggests that by omitting the predictor construct 'strategic decisions' construct from the model, the effect of the other factors would drop significantly. The relative measure of predictive relevance demonstrates a significant effect size and suggests that, by omitting the 'strategic decisions' predictive construct, the model is significantly affected.

**DISCUSSIONS AND CONCLUSIONS**

The study offered a novel framework (strategic decision model), which brings together a number of elements from the extant literature. The framework provided a unique approach to the understanding of strategic decisions and their influence on the competitive insurance market dynamics in Kenya. The findings revealed that strategic decisions have significant influence on competitive insurance market dynamics. As such, the conclusion was that strategic decisions have a significant influence on the competitive insurance market dynamics in Kenya. This offers additional support and evidence to the extant literature on strategic decisions and competitive market dynamics.

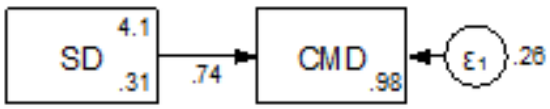
The theoretical contribution is focused on bringing together for the first time the concepts of Edwin and Benjamin (2017), Chief executive officers make decisions which significantly influence the performance of firms. The study broadens the understanding of corporate decisions within Kenyan insurance industry by outlining how decisions by different groups increase or reduce the demand and supply of insurance in Kenya by explaining their relationships as well as their impact. The study confirms theoretical relational path of strategic decisions within the insurance companies as explained by the RCT theory by confirming that strategic decisions have significant influence on the competitive insurance market dynamics.

Since this was the first attempt to study the influence of strategic decisions on the competitive insurance market dynamics in Kenya, the study no doubt made an important practical contribution to policy making, empirical literature and is useful for improving performance of the insurance industry in Kenya. The empirical literature contains a few studies that explain the importance of corporate decisions in improving performance of organisations. This study considered strategic decision as an essential activity which guides the implementation of necessary policies within organisations, and as a commitment and action which deliver competitive position for insurance companies (Thomson, 1998; Srivastava et al., 2013; Shra'ah & Elayyan, 2015; and Ejimabo, 2016). The empirical contribution of the study includes the examination of strategic decision impact on the competitive insurance market dynamics in Kenya by involving the Chief Executive Officers of Insurance Companies and the insurance customers in the study as the target population. Both the real-life context and the target population provided a significant value to the existing body of literature. The study adopted the usage of ordered logistic regression model for model testing. The ordered logistic technique allowed the researcher to test the proposed direct relationships between the predictor (strategic decisions) and the criterion (competitive insurance market dynamics). The research findings offer support on how strategic decisions influence the competitive insurance market dynamics in Kenya.

***The Strategic Decisions Effect on Competitive Insurance Market Dynamics Model – Proposition 1 and Related Hypotheses***

In the study, the researcher considered the actions of Chief Executive Officers of insurance companies' and insurance customers' responses as the key outcomes of strategic decisions in the study. The

influence of strategic decisions in the study operationalised through its direct impact on competitive insurance market dynamics. The direct effect of SD on the CMD was represented by figure 2.




**CMD = 0.979 + 2.644 SD + Ɛ**

***Figure 2: Strategic Decisions Model***

The study found that strategic decision had a strong association with competitive market dynamics, a relationship that was observed to be statistically significant (2.644; p<0.05). This confirms that strategic decisions have a positive influence on the insurance competitive market dynamics. Therefore, strategic decision is a valuable construct within the model, which positively supports the intended behaviour. The path coefficient in the model was fairly high ($\beta$ = 2.644, $P$<0.05). Furthermore, the effect size of the strategic model indicated by the coefficient of determination (R-squared) was found to be 0.392 which confirms that strategic decisions are able to explain 39.2% of the variances in the competitive market dynamics, an indication that the exogenous variable has predictive power on the endogenous variable in the model. In social sciences, prediction of human behaviour is much more difficult. An explanation with 100% would mean all the variances are explained. In this study only 39.2% of the variances were explained which represents a moderate correlation between the exogenous and endogenous variables. In practical terms, this finding confirms that for an insurance company to increase the uptake of insurance by the consumer, it must formulate positive strategic agenda. It also means that the strategic agenda must be properly aligned with the customer expectation.

The findings related to Hypothesis providd evidence to preceding studies on how strategic decisions contribute to the development of competitive market dynamics in Kenya. According to Topalova and Sergi (2016), strategic decisions can improve the value of an insurance company's strategic assets, whether tangible or otherwise and encourage the identification of important information feeds upon which key decisions are based. In the study, it was observed that positive perceptions of strategic decisions are better predictors of the competitive market dynamics within the industry. Strategic decisions elements (i.e. resource, information, and infrastructure planning) were seen to have a significant influence on the demand and supply of insurance in Kenya. In summary, from a practical perspective, these findings confirm the importance of strategic decisions in guiding their companies' managerial effectiveness, staff inspiration, employee development, leadership style, change management and internal stakeholders and political control (Gentry et al., 2016 p.22). The study therefore confirms the need for Kenyan insurance companies to consider strategic decisions as a key factor affecting the demand and supply of insurance products and which can significantly improve their long-term profitability. In summary, the study confirms that the corporate decision model pays a significant role in the current insurance customer behaviour. It should be noted that the developed corporate decisions model is dynamics; therefore the research findings indicate a possible way of interpreting how corporate decisions are linked to competitive market dynamics. This premise is confirmed by the extant literature which provides that informed decision-making plays an important role in the success of insurance companies. The study therefore answers adequately the research questions as provided in the conceptual framework.

***Conceptual Implications of the Findings***

The research provided comprehensive evidence on the role and value of strategic decisions within the competitive insurance market dynamics and contributes to the literature of corporate decision-making (Linkov et al., 2004; Karimi et al., 2014;

Ahmed et al., 2015; Head, 2015; Gonzalez, 2016). The findings contribute to the development of the literature on strategic management within the context of strategic decisions and competitive market dynamics relationships in two ways. First, the study proposes and supports the notion for the proper alignment of strategic decisions to the insurance industry's competitive dynamics (i.e. the model interaction matrix). Secondly, the findings show that strategic decisions model works well in the presence of the mediating variable of customer expectations and the moderating effect of insurance regulations. The research findings therefore supported the interactions between strategic decisions and competitive insurance market dynamics.

***Overall Practical Implications of the Findings***

The research findings related to the corporate decisions model may have a number of practical implications for insurance industry and closely related companies in the finance and investment sector. One of the most noticeable findings was that people's perceptions of corporate decisions can be 'buffered' by their customer expectations, which ultimately lead to performance and competitive outcomes. Secondly, Kenyan insurance companies should seek to align their corporate decisions to the activities which improves/enhances their corporate decisions through the lens of the insurance customer's expectations. In other words, customer expectations are considered as an indicator of potential effectiveness of corporate decisions within the insurance industry. In the extant literature and more particularly according to (Ernst & Young, 2011), it will make more practical sense for companies to focus on engagement and connection with their customers, since the value of their decisions are improved when customers are happy with the decision outcomes.

The findings show a positive link between strategic and operating decisions and the competitive market dynamics. This calls for insurance companies to look not only at strategic aspects and assume the operating level decisions, but rather consider the links between them. In summary, a key implication of the corporate decision model is that corporate decisions as a concept exists within competitive market dynamics relationships and may be expressed in a generic model where perceptions of corporate decisions are enhanced via customer expectations construct and moderated by insurance regulations into a complex corporate decisions model.

The proposed matrix is a useful tool for strategy development external customer relations monitoring. For example, the model aligned interactions (1) (3) (4) and (5) (see figure 18) may help companies to better predict the decisions able to improve their competitive market dynamics and to improve their relationships. As such, these interactions may be important when a company is seeking a new competitive strategy. Besides this, interaction (4) may help to increase customers' expectations towards the company (the product quality levels may rise), ultimately leading to improvement in competitiveness. This is a highly desired outcome for companies, as on the whole, it will help to develop the company.

***Study Limitations and Suggestions for Future Research***

The research offered a set of limitations related to the research context, empirical and methodological considerations, and research design. This section of discusses these limitations and outlines suggestions for future research. The research used the insurance industry in Kenya as the focal sector, and the insurance regulations and management as the research context. One unique contextual limitation is that insurance is an intangible product (i.e. the customer only sees the benefit if a claim occurs). Insurance companies in Kenya should direct their strategic decisions towards improving customer behaviour and promoting loyalty. Although the presented research findings do support the developed hypotheses, most obvious direction for future research is to investigate why the executive

decisions failed to significantly influence the competitive insurance market dynamics in Kenya. Since the insurance industry is also unique based on geographical location, doing a similar study in the insurance industry of a different geographical location would be greatly encouraged. The proposed replications of the study would not be challenging to conduct since the applied measures in the research are well established and widely validated.

In the study, strategic decision model was developed on the basis of the critical elements of various management theories, but more specifically (i) the rational choice; and (ii) the subjective utility theories. The study is an eye opener and the researcher is of the opinion that including other factors in the model can offer new insights into strategic decision making paradigm of the insurance companies. While a mixed method research ensures usage of both qualitative and quantitative data, its adoption does not provide sufficient information when comparing a priori results with post-treatment results, and hence further research may repeat the study with the use of a field experiment method. However, it should be noted that the field experiment will require reconsideration of the research design as well as the time and costs of the study. Additionally, the choice of respondents was limited to the insurance sector. It would be interesting if future studies would examine whether and why there is any difference in effects between corporate and public decisions model interactions.

***Final Conclusion***

In conclusion, the various statistical tests confirmed that strategic decisions have influence on the competitive insurance market dynamics. The measure of goodness of fit confirmed that strategic decisions explain 39.2% variability in the competitive insurance market dynamics which is moderate. The model passed both reliability and significance tests showing that strategic decisions have a significant influence on competitive insurance market dynamics in Kenya. The study is particularly relevant to scholars interested in understanding and expanding the knowledge of strategic decisions within the competitive market dynamics discourse. Management practitioners may find this study useful, especially in monitoring and assessing strategic decisions and aligning them to company competitive advantage. This study made a number of vital contributions. First, it provided the strategic decision – Insurance market competitive dynamics model, which is empirically supported, for perceptions of strategic decisions as a driver for insurance market's competitive advantage. This is a new contribution into this area of scholarly work which can be applied directly in firms to test the relationships between these concepts as well as by scholars. The study has provided very useful insight into the role of strategic decisions in the Kenyan insurance industry. The outcomes are of particular relevance to insurance companies which seeks to understand the value of their strategic decisions to the overall organization competitiveness.

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