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ABSTRACT

This study sought to establish the mediating effect of customer expectations and the moderating effect of insurance regulations on the relationship between Strategic Decisions and Competitive Insurance Market Dynamics in Kenya. The adopted a multi-stage sampling technique involving census, purposive, and cluster sampling to identify the 62 insurance companies and the chief executive officers and the 385 insurance customers. The study adopted an Ordinal Regression Model to examine the direct relationship between the predictor and the criterion variables while the relationship between the outer and inner model variables was analysed using the G-SEM Model, more particularly the Structural Equation Model-Partial Least Squares model and internal consistency tested using a test re-test method. The results of the study confirmed a positive direct effect of strategic decisions on the competitive insurance market dynamics. Further results also noted that customer expectations had a positive mediating role in the relationship between strategic decisions and competitive insurance market dynamics in Kenya while insurance regulations had a negative moderating role in the relationship between the predictor and criterion variable. The study provided comprehensive empirical evidence on the value and efficacy of modelling effects of strategic decisions on competitive insurance market dynamics in Kenya.

Keyword: *Strategic Decisions; Customer Expectations; Insurance Regulations; Competitive Market Dynamics*

INTRODUCTION

The Kenyan insurance market environment is excitingly dynamic and challenging, calls for increased commitment from leaders with change mindset (Kitur, 2015). According to Lotuiya (2014), these environmental challenges are positively identified as (i) poor solvency regulations; (ii) taking excessive risks; (iii) poor managerial practices and lack of corporate governance; (iv) the act of fraud; and (v) 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 (p.3). 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).

The extant literature consider strategic decision-making 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 employees can actualise their potentials and manage their relationship with organisations under the current risks and specific strategic cultures (Reilly, 1998). Sallam (2016) discovered that improving a company's 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.

LITERATURE REVIEW

Theoretical Review

Rational Choice Theory: From the existing peer reviewed literature, researchers confirm the importance of Rational Choice Theory (RCT) in the understanding long term decisions of firms (Elster, 1986; Lovett, 2006; Green, 2003; Hedström & Stern, 2008; Burns & Roszkwoska, 2016). In these studies, 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). While looking at strategic decisions as social phenomena which uses the antecedent events, or a state of affairs to explain the causal relationships between two events in a more deterministic manner, Elster (1986) and Lovett (2006) used the basic model for RCT to explain the causal relationships between the strategic decisions and the consumer behaviour by referring to the teleology of a decision-making process by looking at what would bring about the causal relationship between two variables. According to Green (2003), the application of RCT involves a description of the desired purchase of insurance products by customers, the availability of insurance covers from the insurance companies 'sellers', and 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 originates from expected utility theory (EUT) in economics, which follows the concept of benefit maximisation and cost minimisation (Akers, 1990). RCT has contributes to the understanding of the rise institutions through proper decision-making (Scott *et al.,* 2010).

Subjective Utility Theory: The origin of the theory of subjective 'probability' is found in the work of

Ramsey (1926) and Bruno (1949). This theory provides a useful ground for chief executive officers 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 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 chief executive officers 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

Challenges of Strategic Decision-Making

Strategic decisions 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).

Strategic Decision-Making in the Insurance Industry

Strategic decisions are the processes that define a company's long-term strategic agenda or direction on the basis of available resources (Owyang, 2013). 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.

The Competitive Market Dynamics

Market dynamics are the factors which influence the supply and demand of products in a market. *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 customer expectations "Mediator" and Insurance Regulations "Moderator" can improve the influence of strategic decision techniques to 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: Taylor, 2008).

The adoption of Rational Choice, and Subjective Utility theories in the study provide a useful ground for the analysis of insurance institutions to identify the specific responses to environmental and policy changes. The major focus of the study is to incorporate the diversities in the individual insurance company's decision capabilities on products demanded, characteristics of insurance 'buyer behaviour' and where possible, 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 depends highly on the environmental performance parameters such as quantity of capital per employee, 'steady state capital, minimum exposure for whole market 'total exposure' irrespective of the size of operations, theoretical *rate of return* on investment which delivers zero *risk*s, 'risk free rate of return, market share expected rate of return, minimum catastrophic claim (CAT) frequency and size, and expected non-CAT claim frequency and size (Nthenge, 2012; Capgemini, 2017). According to Cytonn Investments (2016), insurance companies can achieve this equilibrium if they embrace the new technology and innovation for products and services, recognise the growing middle class and rise in disposable income, adopt alternative distribution and premium collection channels, and take advantage of the regional expansion of insurance companies (p.25). This 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.

The Mediating Effect of Customer Expectations on the Relationship between Strategic Decisions and Competitive Insurance Market Dynamics

The first publication on service quality was done by Parasuraman and Leonard Berry, 1985). In this study, the model for service quality is properly conceptualised and not only contributes to the measurement of perceived performance and customer expectations, but also demonstrates that by maximising the difference between service quality and performance, organisations also maximise customer expectations (Parasuraman & Berry, 1991a, 1991b). One of the founders of perceptual research 'Helmholtz 1821-1894' identified the existence of intermediate processes which exist between sensations and decision-makers conscious perception of the real world scenario (Gordon, 2004). In the study, perception is a process involves inferential thinking which goes beyond the evidence of the senses to a level where there is direct registration of sensations (Lepkova & Žūkaitė-Jefimovienė, 2012). However, according to Berinyuy *et al.* (2010), there are other events which may intervene between the stimulation and experience of a decision-maker. Service quality components define the level of strategic decisions and determine the level of perception of a company by its stakeholders (Kyriazopoulos *et al.,* 2007). According to Siami and Gorji (2011), customer

expectations are higher than mere perceptions, thus monitoring customers' perceptions demonstrates an organisation’s commitment towards excellent service. Given that insurance products are largely intangible, heterogeneous, and that a significant part of insurance products is inseparable from the insurer, it is not easy for customers to evaluate the quality of insurance services (Levitt, 1981). High-quality products or services are likely to bring much satisfaction and vice versa. According to Grapentine (1995), satisfaction refers to the level of contentment resulting from an evaluation of the benefits derived from the consumption of a product or service.

The Moderating Effect of Insurance Regulation on the Relationship between Strategic Decisions and Competitive Insurance Market Dynamics

The Consumer Federation of America ‘CFA’ (2005) underscores the importance of insurance regulations in the promotion of healthy and beneficial competition among industry players, ensuring business continuity, and enhancing customer service delivery. In Kenya, the last two decades has been a major test for insurance companies as they grapple with the historical perceptual experiences of the customers of the eight insurance companies which closed down due to insolvency. A study links these closures to the failure of the Insurance Act of 1984 to provide a concrete regulatory solution for the industry. According to Hunter (2014), the insurance law adopted from the British government had a number of loopholes which provided opportunities for fraudulent practices. For example, the ambulance chasers sought to cash in from the mandatory third-party liability system for public service vehicles. The revised Insurance Act of 2015 provides comprehensive guidelines for the industry and one of the important laws to be implemented is risk-based capital standards, with full implementation due in 2020 (Insurance Regulatory Authority, 2017).

RESEARCH METHODOLOGY

This study was conducted in Nairobi Kenya between 15th March 2018 and 15th June 2018. The study adopted an exploratory approach involving quantitative and qualitative ‘Mixed methods’ to provide a pragmatic approach for the proper understanding of the social reality behind the influence of Strategic decisions on the competitive insurance market dynamics in Kenya. Data was collected from the 62 insurance companies registered and operating in Kenya in 2017 and the insurance customers drawn from both the life insurance and non-life insurance companies in Kenya. The Ologit formula for establishing that the feelings of the respondents described how strategic decisions ‘predictor variables’ affected the competitive insurance market dynamics ‘criterion variable was given by equation 1:

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

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

Where: *Xi̓* 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. An equation 2 established the influence of the mediator variable ‘customer expectation’ (M) on the relationship between the predictor and criterion variables in line with MacKinnon *et al.* (2012).

M = □*o* + □$_1$*P* +*ε1*... (2)

Where: M = strategic decisions (Dependent variable); □*o* = constant; □$_1$ = regression coefficient for strategic decision; P = customer expectation of service quality (composite value) and ε1= error term. Equation 2 establishes the effect of customer expectation on competitive insurance market dynamics. The formula for the interaction effect was given in equation 3.

logit $[p(y = 1)] = \beta_o + \beta_1(P.Z) + \varepsilon 1$..... (3)

Where: Y= competitive insurance market dynamics; $P(y = 1)$ = probability of belonging to either 1 or 0; β_1 = logistic regression coefficient of strategic decision; P.Z = interaction effect and ε1= error term. In summary, the model for this study has three estimates covering the direct effect (Equation 1), the mediation effect (Equations 2) and the interaction effect (Equation 3) of the moderating variable.

RESULTS OF DATA ANALYSIS

Table 1: The Data Manipulation Checks

		Positive responses		Negative responses		Overall		p-Values
		N	$\bar{X}$	N	$\bar{X}$	N	T	
Strategic Decisions	Positive	29	4.34	6	1.84	45	9.433	0.000
	Negative	14	4.09	19	2.19	45	17.229	0.000
Insurance Regulations	Positive	26	4.42	11	1.46	44	13.120	0.000
	Negative	10	4.13	24	1.33	44	6.056	0.000
Customer Expectations	Positive	27	4.39	9	1.55	45	8.017	0.000
	Negative	9	4.07	27	1.66	44	5.691	0.000

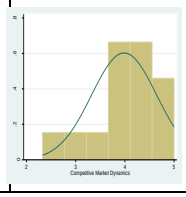
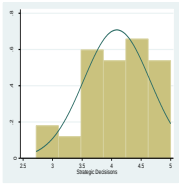
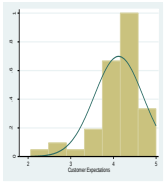
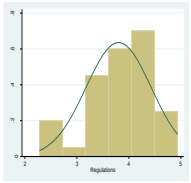
Tests of Inferential Statistics Assumptions

Assessment of Normality

Tests of normality are considered to be essential before actual testing the model since they help to examine the shape of data distribution for each variable throughout the data set. To assess normality of the data gathered for the study, the researcher performed a combination of visual and the Kolmogorov Smirnov Statistical tests. 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 2 showed the results of the normality tests for the variables under study.

Table 2: The Normality Tests

	Competitive Market Dynamics	Strategic Decisions	Customer Expectation	Regulations
Most Extreme Absolute	.338	.386	.241	.224

Differences	Positive	.000	.052	.097	.224
	Negative	-.338	-.386	-.241	-.190
Kolmogorov-Smirnov Z		1.091	1.245	.827	.720
Asymp. Sig. (2-tailed)		.185	.090	.500	.678
Pr(Skewness)		0.0657	0.1635	0.0003	0.0501
Pr(Kurtosis)		0.6066	0.5785	0.0061	0.2986
adj $chi^2(2)$		3.88	2.39	15.99	4.87
Prob>chi^2		0.1436	0.3027	0.0003	0.0876
Histogram					

Common Method Bias

The use of questionnaires in collecting primary data is very often associated with the problem of common method bias. Generally, researchers refer to the common method bias as 'a variance that is attributable to the measurement method rather than to the constructs the measures represent' (Jarvis et al., 2003: p. 879). 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. (Podsakoff et al., 2003). 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 (Podsakoff, *et al.,* 2003: p. 888); (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

According to Mackenzie and Podsakoff (2012), all post hoc statistical techniques used to detect common method bias have their advantages and disadvantages. As a result, 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; (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, this construct can be used as a 'marker' and there should no observed relationship between this marker and other constructs. Table 3 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 3: 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		
CE	**0.114**	0.376	0.428	1.000	
IR	**0.275**	0.068	0.321	0.269	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.

The Descriptive Assessment of the Research Model

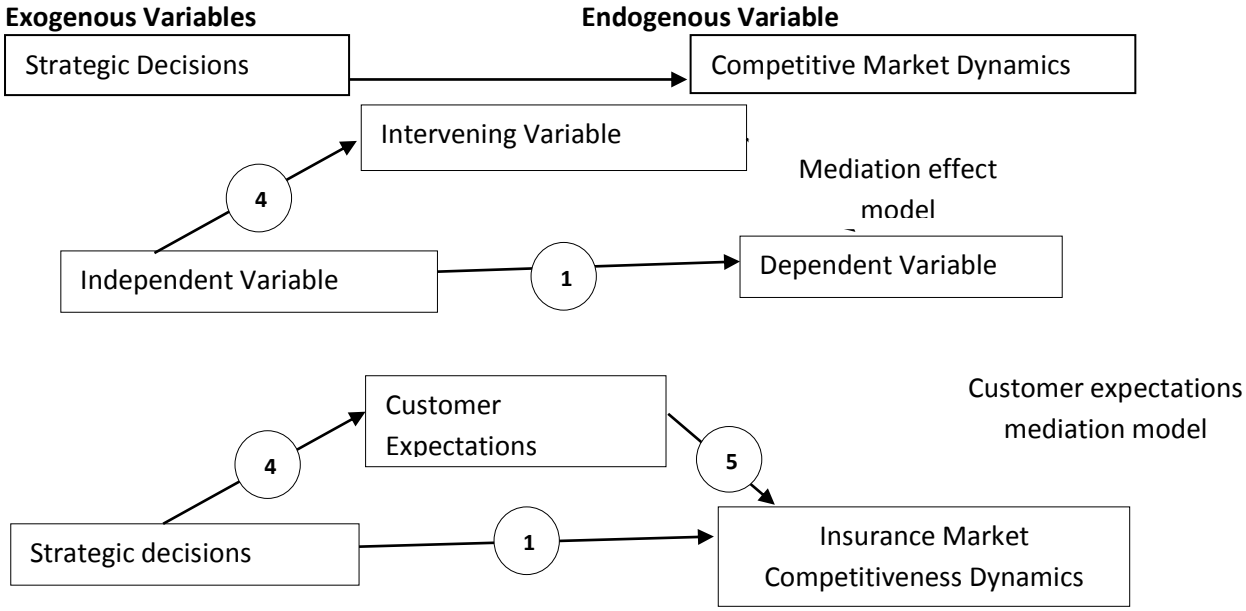
In the study, structural equation modelling (SEM), and more specifically the Partial Least Squares–Structural Equation Model (PLS-SEM) was used as an appropriate statistical technique for identifying and exploring inter-relationships between one or more dependent and independent variables (Hair *et al.*, 2016a). A PLS-SEM method can handle small samples and to achieve high levels of statistical power (Hair *et al.*, 2016a). In the study, PLS-SEM was analysed on a STATA version 14 platform. PLS-SEM is a variance based approach to SEM, which is based on exploring linear relationships between the predictor and the criterion variables (constructs) in the model as well as between constructs and their measures (Mateos-Aparicio, 2011). Within PLS model, there is a predictor specification approach which is focused on obtaining determinate values of the latent constructs for predictive purposes (Chin, 1998: p. 301). The PLS approach is based on the OLS regression-based method, where the PLS-SEM

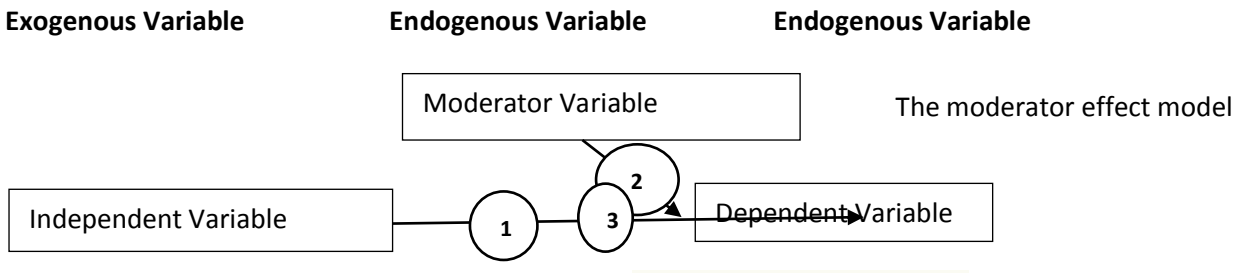
estimations of the proposed relationships between constructs minimise the error terms or, in turn, maximise the !" values for latent constructs.

In SEM, and more specifically the PLS-SEM, the predictor variables (strategic decisions) are defined as the *exogenous* variables, which affect other constructs within the PLS-SEM model and are not explained by any other construct within the model (Hair *et al.*, 2016b). The criterion or the *Endogenous* variables are affected by the exogenous variables but, can also serve as predictors of other endogenous variables within the path model (Hair *et al.*, 2016b). In the study, both the exogenous and the endogenous and endogenous variables are easily identifiable via a visual examination of the path model. Typically, exogenous variables have the only single-headed arrow going out of them, while endogenous variables could have arrows going both in and out of them, or just going into them. Figure 1 presents the exogenous variables 'strategic decisions' as they directly influence the competitive insurance market dynamics 'endogenous variable', the mediation effect 'Indirect effect Model' in which both endogenous and exogenous variables are shown by arrows going in and out and finally the interaction effect represented by the effect of the moderator variable being introduced into the study. Both the mediating effects of customer expectation and the moderating effects were used to develop the SEM model.

Outer and Inner Models

In the study, the researcher's Path modelling included (i) the measurement model (outer model) which describes relationships between the model's latent constructs and their measurements; and (ii) the structural model (inner model) which visually demonstrates hypothesised path relationships between latent constructs. The conceptual framework model displays the relationship between items (indicators) and related constructs. The relationships between the constructs strategic decisions (i.e. customer expectations, and Insurance regulations on Competitive market dynamics form the inner model).





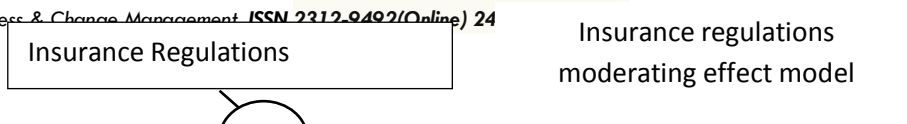


Figure 1: Exogenous and endogenous constructs in the strategic decisions model

Evaluation of the Strategic Decision Measurement Model Reliability

The next step in the analysis involves 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 4 below showed 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 4: Reliability Analysis

Factors	Measure	Questions	Items	Cronbach Alpha	Covariance
Demographics	Executive demographics	A3-A10	8	0.519	0.1171
Competitive	Changes in Supply Side	6.2	6	0.8159	0.3487

Market Dynamics	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
Customer Expectation	Satisfaction	4.2.1-4.2.6	6	0.8507	0.3626
	Perception	4.1.1-4.1.6	6	0.8263	0.3186
	Standards	4.3.1-4.3.6	6	0.8365	0.3128
Regulations	Insurance Information	5.1.1-5.1.6	6	0.8346	0.4693
	Fair Competition	5.2.1-5.2.6	6	0.7985	0.3510
	Adequate Insurance Cover	5.3.1-5.3.6	6	0.8708	0.3978

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 5, each of the model's constructs AVE values is above 0.7 and is considered as very good.

Table 5: 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
Customer Expectation	Satisfaction	4.2.1-4.2.6	6	0.807
	Perception	4.1.1-4.1.6	6	0.763
	Standards	4.3.1-4.3.6	6	0.805
Regulations	Insurance Information	5.1.1-5.1.6	6	0.817
	Fair Competition	5.2.1-5.2.6	6	0.904
	Adequate Insurance Cover	5.3.1-5.3.6	6	0.878

The AVE values in the study suggest that the measures of Competitive Market Dynamics, Strategic 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 6: Bootstrapping Path Analysis

Endogenous Relationship **D.V Competitive market dynamics**	**Beta**	**Bias**	**S.E**	**Sig (2 tailed)**
Strategic Decisions	.736	-.005	.149	.001
Insurance Regulations	-.432	.015	.249	.102
Moderator CDnIR	.240	-.089	.456	.589
Customer Expectations	.032	.012	.223	.870
CD <-CE	1.092	-.023	.229	.001

Table 6 above provided information on the path coefficients and their relevance &-values and levels of significance. The outcome shows the strength of the path coefficients in the model. In the model, the eight hypothesised relationships that are only four paths were observed to be supported at the level of < 0.05 (CMD<-SD; CMD <-OD; CMD <- CD; & CD<-CE). The rest (insurance regulations, moderator – CDnIR, and customer expectations) are found to have statistically insignificant path coefficients at the 95% significance level.

Evaluation of the Coefficient of Determination (R^2)

In this section, the researcher explains 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 7 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 show that the coefficient of determination of the endogenous constructs fall within the range of moderate (R^2 for strategic decisions = 0.392; R^2 for Joint Insurance regulations and strategic decisions = 0.415; and R^2 for relationship between strategic decisions and customer expectations = 0.448). 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 7: 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
Insurance Regulations, CD & CDnIR (Joint)	.644[b]	.415	.362	.57029	Moderate
Customer Expectations	.532[b]	.283	.246	.55957	Weak
CD <-CE	.669[a]	.448	.436	.42882	Moderate

Evaluation of the effect size (#")

Further assessment of the structural model involved the evaluation of the effect size (#"), which is 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 endogenous construct (Table 8).

Table 8: The Effect Size

Endogenous Constructs D.V Competitive Market Dynamics	R Square	Adjusted R Square	Effect Observed
Strategic Decisions	.392	.378	Large
Insurance Regulations, CD & CDnIR (Joint)	.415	.362	Large
Customer Expectations	.283	.246	Medium
CD <-CE	.448	.436	Large

Evidence from Table 8 above revealed that the effect size of the majority of constructs on endogenous constructs falls between the medium and broad range. One path (between competitive market dynamics and executive decisions) appears to have a small effect. Such weak results can be explained by there being some underlying factors that could have an impact on these relationships (i.e. moderating effects of the interaction, which will be discussed further in this chapter). In summary, the evaluation of the measurement model revealed that some of the proposed research models contain measures that are reliable and valid, though some are not. The assessment of the structural model demonstrates that some of the intended path models possess good explanatory power as well as specific predictive relevance. After the evaluation of the measurement and structural models, the research hypotheses related to the model (Hypotheses 1– 5) was tested.

Assessment of the Effect of Strategic Decisions (SD) on 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 9, 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 1 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 10 presented the ordinal logistic regression model fitting table, which offers descriptive statistics, the chi-square and model significance information useful for assessing the model fit. The statistically significant chi-square statistic ($p<0.05$) indicates that the model offers a significant improvement over the baseline intercept-only model. This indicates that the model gives better predictions than guesswork based on the marginal probabilities for the outcome categories. Therefore, the model is useful for estimating the effect of strategic decisions on competitive insurance market dynamics significantly better than the assessment of proportions in the data.

Table 2: 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			

The chi-square analysis revealed that the model does fit very well ($p<0.05$) and leads 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 is seen to be adequate which tells us that the model gives better predictions than if we just guessed based on the marginal probabilities for the outcome categories.

Table 3 CMD&SD Equation-Level Model Fit

	Variance					
Depvar	Fitted	predicted	Residual	R-squared	Mc (Depvar Correlations)	mc2 (Bentler-Raykov squared multiple correlation)
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 is 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 confirms 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

Table 4: 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

The parameter estimates table 12 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 is less than alpha level, they indicate that the coefficient is statistically significant. The study found that strategic decision has a strong association with competitive market dynamics, a relationship that is 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.

One of the assumptions underlying ordinal logistic regression is that the relationship between each pair of outcome groups is 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.

Mediating Effect of Customer Expectations on the Relationship between Strategic Decisions and Competitive Market Dynamics

This study sought to estimate the mediating effect of customer expectations on the relationship between strategic decisions and the competitive market dynamics within the insurance industry. The effect was assessed using the structural equation modelling which allows one to successfully create a linear regression model without considering the normality assumption within the data. This undertaking required the assessment of the data screening and reliability assessment, factor analysis, modelling the mediating effect and model presentation.

Data Screening and Reliability Assessment

The data was visually screened for data entry mistakes and missing data which was then remedied, then assessed for reliability. From our estimation, the reliability scores for the model variables resulted in Cronbach alpha scores above the threshold of 0.7. The Squared multiple correlations (SMC) which show the correlations of the rotated factor analysis further indicate medium correlation coefficients between the factors with strategic decisions indicating highest correlation, customers' expectations and competitive market dynamics indicating lowest correlation, an indication of a high level of internal consistency within the data. Hence, the measures demonstrate a satisfactory internal scale consistency. Table 13 presents the reliability statistics of the mediating relationship.

Table 5: Reliability statistics for customers' expectations mediating effect of the influence of strategic decisions on competitive insurance market dynamics

Variables	Mean	Std. Dev.	Min	Max	SMC	Inter-item Covariance	Cronbach Alpha
CMD	4.0119	0.6444	2.33	5.00	0.2813	0.13957	0.7254
CE	4.1007	0.5955	2.06	5.00	0.4467		
CD	4.1159	0.3665	3.24	4.78	0.5381		

Following the reliability test, a principal component factor analysis with Varimax rotation was performed. Following the recommendations by Hair *et al.* (2014a: p. 115), only loadings above 0.3 are shown in the table, a power level of 80 per cent, and standard errors assumed to be twice those of conventional correlation coefficients were observed. Table 14 presents a summary of the result of factor analysis in the model.

Table 6 Factor analysis for customers' expectations mediating effect on the influence of strategic decisions on competitive insurance market dynamics

Components	Variance	Proportion	KMO Measure	Independence X^2	P> X^2	Sphericity X^2	P> X^2
Comp1	1.00001	5.07E-06	0.7154	37.01	0.000	32.66	0.000
Comp2	1.00001	2.38E-05	0.6198				
Comp3	0.999982	5.07E-06	0.5812				
Overall			0.6226				

The rotated initial solution resulted in the three factors being observed to explain at least 58 per cent of the variance, as per the Kaiser–Meyer–Olkin measure of sampling adequacy with an overall power being 0.6226, all above the 0.5 thresholds suggested by Hair et al. (2014), and the factors indicated significant Barlett's Test of independence and Sphericity. Hence, it can be concluded that the factor analysis of the proposed variables indicates that they are appropriate for the analysis. Therefore, the mediating effect of customer expectations factor on the relationship between strategic decisions and the competitive insurance market dynamics will be assessed using the three items in the estimation model.

Modelling Customer Expectations Mediating Effects

The study sought to investigate the mediating effect of customer expectations on the relationship between strategic decisions and the competitive insurance market dynamics. The researcher is specifically interested in understanding the interaction effects between the mediator (customer expectations), the independent variable (strategic decisions) and the dependent variable (competitive

market dynamics). It is essential to evaluate the interaction effects, mainly the mediating effects of customer expectations. Detailed information on the mediating effect is presented in this section.

At an overall level, customers' expectations were found to have a significant impact on the relationships. The full model results are depicted in Table 15. Specifically, the direct and indirect relationship between strategic decisions and competitive market dynamics in the insurance industry is significantly different when the customer expectations are considered, and the model can be presented as (X^2=16.44, *p-value*=0.0003). Similarly, the model indicated a statistically significant (X^2=33.85, *p-value*=0.0000) relationship between strategic decisions and customer expectations, hence fits the three mediating effect principles of the presence of a relationship between the independent variable versus dependent variable; independent variable versus mediator; and the mediator versus dependent variable. That is, the SEM outcomes indicate that at an overall level, the model testing the mediating effect of insurance regulations show a statistically significant effect on the relationship. This would lead us to reject the null hypothesis (H_{o4}) that states that: customer expectations have no significant mediating role between strategic decisions and competitive insurance market dynamics in Kenya. Further assessment of the specific effect size within the model indicated the outcomes presented in Table 15 below.

Table 7 CE Mediating Effect on CDvsCMD Model Summary

Structural Equation Model			
Number of jobs		42	
Estimation method		PLS	
Log-likelihood		-75.538341	
Wald tests for equations	**chi^2**	**Df**	**P**
CMD	16.44	2	0.0003
CE	33.85	1	0.0000

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 are now addressed on an individual basis. Table 16 provided a summary of the strategic decisions hypotheses related to the model assessed by chi-square (X^2) model.

Table 8 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 H5

H_{o1}: 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 have 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.

H_{o2}: Customer expectations have no significant mediating role between strategic decisions and competitive insurance market dynamics in Kenya.

The model provides evidence to 'reject' Hypothesis 3. More specifically, the customer expectations were found to have a mediating effect on the relationship between strategic decisions and the insurance competitive market dynamics where a statistically significant effect was observed (X^2=19.39, Pseudo R^2= 0.5381; p<0.05). The explanatory power of the 'strategic decision' mediated model is 0.5381. The analysis of the explanatory power suggests that, by omitting the mediating construct of 'customer expectations' from the model, the predictive power of 'strategic decisions' influence on competitive market dynamics would significantly decline. The relative measure of predictive relevance suggests that, by omitting the 'customer expectations' predictive construct, the R^2 value drops to 0.2813, therefore suggesting that 'customer expectations' has a medium degree of predictive relevance.

H_{o3}: Insurance regulations do not play a moderating role on the relationship between strategic decisions and competitive insurance market dynamics in Kenya.

The structural model provides evidence to 'reject' Hypothesis 3. In particular, the moderating effect of insurance regulations on the effect of strategic decisions and competitive insurance market dynamics was found to be statistically (X^2=38.70, Pseudo R^2= 0.4137; p<0.05). The R^2 value of the endogenous constructs 'strategic decisions and moderating insurance regulations' is 0.4137, and it suggests a moderate predictive power of the exogenous construct 'competitive market dynamics'. The analysis of the explanatory power suggests that, by omitting the 'insurance regulations' moderating construct from the model, the R^2 value indicating the predictive power of 'strategic decisions' influence on insurance market dynamics reduce significantly. The moderating relevance is larger than 0 for the predictive construct (0.4137). Moreover, the relative measure of moderating relevance suggests that by omitting the moderating construct 'insurance regulations', the value of the predictive construct 'strategic decisions' significantly.

Modelling Insurance Regulation's Moderating Effects

The study is aimed at investigating the moderating effects of the insurance regulations on the relationship between strategic decisions, and the competitive insurance market dynamics. More specifically, the researcher is interested in understanding the interaction effects between the moderator (insurance regulations), the independent variable (strategic decisions) and the dependent variable (competitive market dynamics). It is essential to evaluate the interaction effects, mainly the moderating effects of insurance regulations.

Scale Preparation and Examination of Modelling Insurance Regulations Moderating Effects

The reliability scores for the model variables result in Cronbach's alpha scores above the threshold of 0.7, with values of 0.7509. The Squared multiple correlations (SMC) further indicate high correlation coefficients between the factors, an indication of the significant level of internal consistency in the data. Hence, the measures demonstrate a satisfactory internal scale consistency. Table 17 presents the reliability statistics of the mediating relationship.

Table 9 Reliability statistics for the moderating influence of strategic decisions on competitive insurance market dynamics

Variables	Mean	Std. Dev.	Min	Max	SMC	Cronbach Alpha
CMD	3.9776	0.7136	2.330	5.000	0.4137	0.7509
CD	4.0303	0.4229	3.060	4.780	0.6527	
IR	3.7351	0.6491	2.280	4.940	0.5444	
CDnIRMo~r	0.1739	0.3519	-0.278	1.599	0.3114	

Following the reliability test, a principal component factor analysis with Varimax rotation was performed. The initial results are shown in Table 18. Following the recommendations by Hair *et al.* (2014a: p. 115), only loadings above 0.3 are shown in the table, a power level of 80 per cent, and standard errors assumed to double the current correlation coefficients were observed. Table 18 presents a summary of the result of factor analysis in the model.

Table 108: Factor analysis for moderating influence of strategic decisions on competitive insurance market dynamics in Kenya

Components	Variance	Proportion	KMO Measure	Independence X^2	P> X^2	Sphericity X^2	P> X^2
Comp1	1.00001	0.25	0.5471	48.70	0.000	49.51	0.000
Comp2	1	0.25	0.5184				
Comp3	0.99998	0.25	0.5456				
Comp4	0.99996	0.25	0.7650				
Overall			0.5682				

The rotated initial solution resulted in the four factors being observed to explain at least 50 percent of the variance, as per the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy with an overall power being 0.5682, all above the 0.5 thresholds suggested by Hair et al. (2014), and the factors indicated significant Barlett's Test of independence and Sphericity. Hence, it can be concluded that the factor analysis of the proposed variables is appropriate. Therefore, the moderating influence of the insurance regulations factor on the effect of strategic decisions on competitive insurance market dynamics will include the four items in the estimation model. The second step in the preparation of the moderating variable involves the transformation of the moderating constructs. The construct transformation strategy typically involved a process known as centering which is usually based on the product of the difference between observation and the variables mean $(X_1 - \bar{X}_1)(X_2 - \bar{X}_2)$**,** with X_1 being the strategic decisions variable and X_2 being the insurance regulations variable which led to the realization of the model moderator factor, given as CDnIRMo~r . Finally, the study applied PLS-SEM approach to analysing group moderating effect which allows for assessing the moderating power without losing any statistical power (Henseler *et al.*, 2009).

Moderating Effects of Insurance Regulations

At an overall level, insurance regulations are found to have a significant effect on the relationships within the model. Specifically, the relationship between strategic decisions and competitive market dynamics in the insurance industry is significantly different when the insurance regulations are considered, the model can be presented as (X^2=0.26.11, *p-value*=0.000).

Table 19: Moderating Effect Model Summary

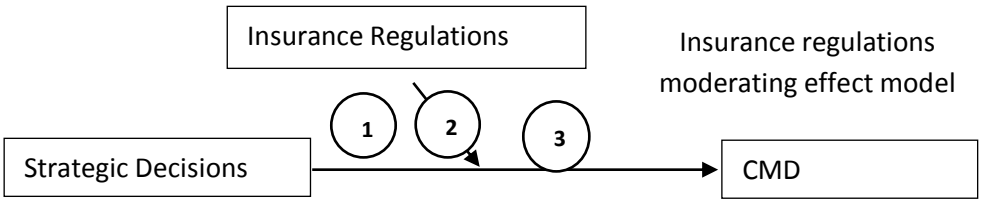
Structural Equation Model			
Number of obs			42
Estimation method			PLS
Log-likelihood			-75.5383
Wald tests for equations	**chi^2**	**Df**	**P**
CMD	26.11	3	0.000

That is, the SEM outcomes indicated that at an overall level, the model testing the moderating effect of insurance regulations show a statistically significant impact on the relationship. This would lead us to the rejection of the null hypothesis (H_{o3}) that insurance regulations have no moderating effect on the relationship between strategic decisions and the competitive market dynamics in the insurance industry. Further assessment of the specific effect size within the model indicated the outcomes presented in Table 20 below.

Table 11 Examination of simple moderating effects in path coefficients

Structural CMD	**Standardized Coef.**	**OIM Std. Err.**	**Z**	**P>z**	**[95% Conf. Interval]**	
CD	0.832789	0.112538	7.4	0.000	0.612219	1.053359
IR	-0.39337	0.1656	-2.38	0.018	-0.71794	-0.0688
CDnIRModerator	0.117321	0.149517	2.08	0.033	-0.17573	0.410368
_cons	-0.16001	1.392083	-0.11	0.908	-2.88844	2.568426
var(e.CMD)	0.586269	0.110423			0.405298	0.848046

However, despite the overall model showing the presence of the moderating effect of insurance regulation, the study observed that the model constant was flagged down as lacking statistical significance, though can still be considered to measure the observed moderating effect. Non-statistically significant coefficient was observed in the overall model constant (β_0 = - 0.1600; p = 0.908). The other endogenous constructs in the model were found to have statistically significant influence on the exogenous variable (Strategic decisions β_1 = 0.8328, p = 0.000; Insurance Regulations β_1 = - 0.3934, p = 0.018; moderator factor CDnIR Moderator β_3 = 0.1173, p = 0.033). The path is stronger for strategic decisions than for the insurance regulation which was negative. Moreover, while the model rejects the null hypothesis (H_{o3}), the fact that the constant is not statistically significant does not affect the moderating effect of the model. The model, therefore, confirms that insurance regulations have a moderating effect on the relationship between the strategic decisions and competitive market dynamics.



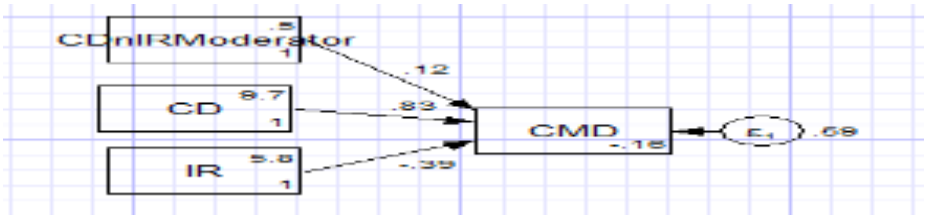


Figure 2: The SEM path model for the insurance regulations moderating effect

(SD -> CMD) (IR -> CMD) (CDnIR Moderator -> CMD)

CMD = - 0.160 + 0.833 CD + (-) 0.393 IR +0.117 CDnIR Moderator + e ...Moderating Model

The findings suggested that insurance regulations have a moderating effect (β_3 = 0.1173) on the relationship between strategic decisions and competitive market dynamics in the insurance market. The insurance regulations in the insurance market positively influence strategic decisions on competitive market dynamics. This suggests that the strategic decision makers' effects on competitive dynamics are greatly affected by the insurance regulations.

DISCUSSION AND CONCLUSIONS

This study offers a novel framework (strategic decisions model), which brings together a number of elements from the extant literature. The framework provides 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. Furthermore, the study confirms that customer expectations and insurance regulations have a significant mediating and moderating influence on the relationship between strategic decisions and competitive market dynamics models.

The theoretical contribution is focused on bringing together for the first time the concepts of strategic decisions, customer expectations and sector regulations into the competitive insurance market dynamics domain. According to Haider (2016), Chief executive officers make decisions which influence the performance of firms, sometimes significantly. The study confirms the theoretical relational path between the decision-making units within the insurance companies as explained by the RCT theory. By confirming that strategic decisions, operating decision, customer expectations and insurance regulations have significant influence on the competitive insurance market dynamics.

Study Implications

Empirical Contributions

Since this is the first attempt to study the influence of strategic decisions on the competitive insurance market dynamics in Kenya, the study no doubt makes 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 strategic decisions in improving performance of organisations. These studies consider strategic decisions as the essential activities which guide the implementation of necessary policies within organisations and as the commitments and actions which deliver competitive position for insurance companies (Thomson, 1998; Srivastava et al., 2013; Shra'ah & Elayyan, 2015; and Ejimabo, 2016), however, the introduction of the mediating effect of customer expectations and the moderating effect of insurance regulations to the model brings a unique contribution to the literature in a manner which has not been done before. The empirical contribution of this study includes the examination

of the mediating (customer expectations) and moderating (insurance regulations) impact on the relationships between customer's perceptions of strategic decisions and how this perception affect the competitive insurance market dynamics in Kenya by testing for the first time the mediating and moderating effects in the model in a real-life context of the Kenyan Insurance Sector, involving both the management employees of the 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.

Methodological Contributions

The study combined the usage of ordered logistic regression model and the PLS-SEM technique 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 PLS – SEM technique tested the complex moderating and mediating models. Despite its wide application in other disciplines (e.g. marketing, international business, etc.), PLS-SEM is still less applied in the strategic management and decisions domain. During the examination of the moderating effect of insurance regulations on the relationship between strategic decisions and the competitive insurance market dynamics, the researcher applied the recently developed statistical procedure of the generalised structural equation model (G-SEM) in line with (Henseler et al., 2009). The G-SEM technique is useful in evaluating subgroup differences among respondents who are identified as high and low in a specific category (e.g. high and low in social axioms by Lebart et al. (1984). In the study, the G-SEM model was used to analyse subgroup differences based on each of the model interactions, which provides more complex analysis of subgroups.

Discussion of the Research Findings and their Implications

The research findings offer support on how strategic decisions influence the competitive insurance market dynamics in Kenya through the mediating role of customer expectations and the moderating role of insurance regulations. Given the complexity of the tested framework, this section is structured in the following order to help the reader to follow the discussion:

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 3: Strategic Decisions Model

The study found that strategic decision had a strong association with competitive market dynamics, a relationship that is 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. The path coefficient in the model was fairly high (β = 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.

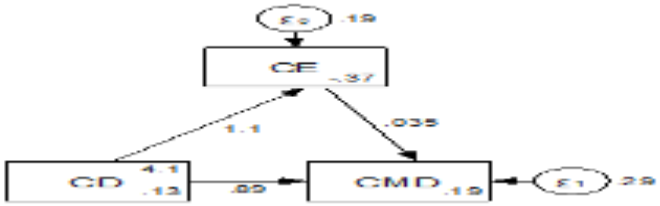
Overall implications of the results relating to Hypotheses 1

The findings related to Hypothesis 1 provide evidence to preceding studies on how strategic decisions contribute to the development of competitive market dynamics in Kenya. According to Topalova and Sergi (2016), high-quality 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). Therefore, it is important for a company to act in a way that would enhance the application of the strategic decisions of the company to improve its competitiveness in the industry. Kenyan insurance companies should put more efforts in ensuring that proper strategic decisions are made to drive their long-range market performance. 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.

The mediating role of customer expectations model – Hypothesis 4

In the extant literature, the model for service quality is properly conceptualised and not only contributes to the measurement of both perceived performance and customer expectations, but also demonstrates that by maximising the difference between service quality and performance, organisations also maximise customer expectations. In the study, customer expectations are expected to have a positive mediating effect on the relationship between strategic decisions and the competitive market dynamics. To decide whether the strategic decision model can be described as partially mediated, fully mediated or not mediated at all, several tests were performed. Figure 3 highlights the model paths and the related research hypothesis discussed in this section.



Path 1 & 4: CMD = 0.19096 + 0.89330 CD + 0.03515 CE + Ɛ ($p < 0.05$)

Path 5: CE = - 0. 3665 + 1.08534 CD + Ɛ ($p < 0.05$)

Figure 4: Mediating proposition 5 and related hypothesis (mediation)

The results of the study provide sufficient evidence to REJECT Hypothesis 4 which states that customer expectations have no significant mediating role between strategic decisions and competitive insurance market dynamics in Kenya. In the study, customer expectations were found to have a mediating effect on the relationship between strategic decisions and the insurance competitive

market dynamics where a statistically significant effect was observed (X^2=19.39, Pseudo R^2= 0.5381; p<0.05). The explanatory power of the 'strategic decision' mediated model is 0.5381. From the finding customer expectation explains 53.8% of the variance in the competitive market dynamics, an indication that the exogenous variable has a high predictive power of the endogenous variable in the model.

The strategic decisions and competitive market dynamics model was tested for mediation effects arising from customer expectations based on mediation model recommendations by Hair *et al.* (2016b). The results suggest that the model is fully mediated. In other words, the impact of strategic decisions on the competitive market dynamics is affected directly as well as indirectly by the mediating construct of customers' expectations. This finding has important implications for theory development in the field of strategic decisions, customer expectations, and competitive market dynamics (Parasuraman and Berry, 1991a, 1991b; Lepkova & Žūkaitė-Jefimovienė, 2012). The mediating role of customer expectations was conceptualised based on evidence by Maria & Konstantin, (2012), while the direct impact of strategic decisions on competitive market dynamics was based on Berinyuy *et al.* (2010). This argument on the mediating role of customer expectations was then extended to the notion of competitive market dynamics.

Considering both strategic decisions and consumer expectations simultaneously within the model provides new evidence on complex relationships between customers as part of the key organization stakeholders and top management teams within companies, especially on the effects of perceptions of customer expectations on strategic decisions being made by the management. The empirical evidence provided in this research supports the integration of both direct and indirect linkages. Researchers who would like to extend the present research and more generally advance the existing theories on strategic decisions and competitive market dynamics with considerations of customer expectation relationships may consider including both direct and indirect linkages. Overall, from a conceptual perspective, the research findings suggest that customer expectations fully mediate the relationship between strategic decisions and competitive market dynamics. This sheds additional light on the findings by Morgan, (1995) and Antonipillai & Michelle, (2016), who argue that customers' expectations from the organisational may enhance the strategic decisions made in the organisational. Moreover, expanding this argument to the notion of competitive market dynamics, it is suggested that customer quality expectations from the company may also improve the competitive edge.

The findings suggest that both customer expectations and strategic decisions can serve as a conduit through which the company can gain its competitive edge. Both competitive market dynamics and customer expectations are influenced by the perceptions of strategic decisions, but may not change immediately. For example, customers satisfaction arise from the strategic decisions made in the firm and from those decisions, a firm can gain or lose its competitive edge, but the effects of the decisions may not be immediately felt. It is important to note that the effects of positive strategic decisions may also be 'blocked' by heightened customer expectations. This highlights the importance of considering customer expectations within the decisions made in a company and hence decreasing the unintended effects, as the intended strategies of the decisions made of building competitive edge may not be achieved as desired. Companies should align their strategic decisions to customer expectations by building brands which resonate with customers.

Overall Implications of the Results Relating to Mediating Role of Customer Expectations Model

The findings associated with the mediating role of customers' expectations on the effect of strategic

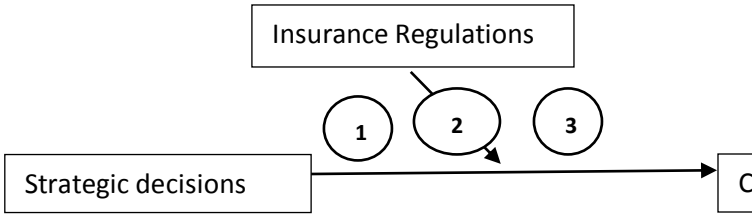
decisions on competitive market dynamics complement and expand the existing body of literature (Birnbaum and Stegner, 1979; Jin and Phua, 2014). That is, the analysis of the role of customer expectations shows how customer's satisfaction, as well as standards towards the company and its products, can affect and change the decisions being made in the firm, and the value of the company in the market hence its competitiveness.

Theoretically, these findings are consistent with subjective utility theory by Ramsey (1926), where they claim that decision-making occurs under conditions of uncertainty and the greatest arising from the risk of customer expectations. The decision makers are left to rely on weighing between the mere apparent deductions on utility, in comparison to using subjective probability that accounts for the likelihood of pleasurable outcomes as opposed to scientific statistical computations. Furthermore, the proposed findings complement the theory by expanding it to the actual consequence of the decisions made from subjective utility within the competitive realm of the organisation, hence broaden this theory. The research findings related to Hypothesis 4 provide new insights into how the positive interaction (customer expectations) can mediate relationships between strategic decisions, and competitive market dynamics towards a company. As such, *customer expectations interaction* can help to enhance the effect strategic decisions have on competitive market dynamics as well as involving customers as key stakeholders to better predict competitiveness within the company.

This finding contributes to the existing body of literature on strategic management and decision making structures, stakeholder-company relationships, and competitive market dynamics, such that the positive interaction may help to amplify as well as better manage effects of strategic decisions on competitive market dynamics. For example, those stakeholders who perceive strategic decisions as positive might have heightened customer expectations whose considerations in strategic decisions lead to improved product quality under the effect of which the organisation is better positioned to face the competitive market dynamics. Moreover, these decision makers are more likely to target a better position for the company in the market whenever they respond to the customer expectations interaction. In practical terms, understanding the impact of the customer expectations interaction would help companies to make better decisions and also position themselves better within the market.

The moderating Effect of Insurance Regulations - Hypothesis 5

The finding related to null Hypothesis 5 (that insurance regulations have no moderating impact on the relationship between strategic decisions and competitive market dynamics) accords with the existing literature, (e.g. Mael and Ashforth, 1992). The current research proposes that insurance regulations have a moderating effect on the impact of strategic decisions on competitive market dynamics. The research hypothesis model and results relating to the moderating value of insurance regulations is provided in Figure 16 which highlights the model paths and research hypotheses related to proposition five discussed in this section.



CMD = - 0.160 + 0.833 CD + (-) 0.393 IR + 0.117 CDnIR Moderator + Ɛ

Figure 5: Moderating model proposition and the moderator effect

The research finding related to Hypothesis 5 provides support to the previous studies on the role of regulations on both internal and external aspects of the organisation. The study confirms that there is sufficient evidence to 'REJECT' Hypothesis 5 which

states that insurance regulations do not play a moderating role between strategic decisions and competitive insurance market dynamics in Kenya. The moderating effect of insurance regulations on the effect of strategic decisions and competitive insurance market dynamics was found to be statistically significant (X^2=38.70, Pseudo R^2= 0.4137; p<0.05). The R^2 value of the exogenous constructs 'strategic decisions and moderating insurance regulations' is 0.4137, which confirms a moderate predictive power of the exogenous construct 'competitive market dynamics'. The study further observed that though strategic decisions have a significant positive effect on the competitive market dynamics (β = 0.833, p<0.05); insurance regulations have a negative influence (β = - 0.393, p<0.05); and as such acts as a moderator between the relationship between strategic decisions and competitive market dynamics with a moderating power of 0.117 which confirms a moderates the relationship between strategic decisions and competitive market dynamics. The path coefficient for the link between the moderator and the base model of the strategic decision and competitive market dynamic is moderately high and demonstrates a significant positive relationship between the three constructs (β = 0.117, p<0.05), hence confirming that insurance regulations affects the relationship between strategic decisions and competitive market dynamics.

This is a confirmation that strategic decisions are aligned to the prevailing regulations in the sector and hence limits the kind of decisions from the management employees of insurance companies in Kenya. According to Ahmed et al. (2015), strategic decisions are meant to address the changes in demand and the challenges of supply of insurance products and services, and these decisions are made with consideration to the prevailing regulatory requirements. From a conceptual perspective, this finding accords with the existing literature on strategic decisions where the moderating effect of current regulations has been identified (Eccles *et al.,* 2010; Kunreuther and Pauly 2015; Gatzlaff *et al.* 2015; Boon *et al.* 2016). Besides, this finding also accords with the strategic management literature within individual companies (Bhattacharya *et al.*, 2009), where it is argued that a positively perceived strategic decision has to be made within the boundaries of organization regulations and is more likely to be the one to mainly contribute to stakeholders willingness to identify with the company among other competitive market dynamics. From a practical viewpoint, it is apparent that companies' efforts to improve their strategic decisions may ultimately increase the need to align with the sector and company regulations and may lead more stakeholders to identify with the company. Therefore, it is critical for companies to integrate the sector and organisation regulations to the strategic decisions which have an impact on their organisational competitive market dynamics, (Bhattacharya *et al.*, 2009).

Overall Implications of the Results Relating to Hypotheses 5

The findings in the study provide additional support to the existing empirical evidence in the field of strategic decisions and organizational regulations (Bhattacharya and Elsbach, 2016). Conceptually, these findings suggest that positive perceptions of strategic decisions contribute to improved demand and supply of insurance products. The study confirmed that the path from strategic decisions to competitive market dynamics is stronger when insurance regulation's moderating effect is considered than when strategic decisions and competitive market dynamics are considered in an organisational (R^2= 0.414 versus R^2=0.392 respectively). This confirms that consideration of regulations moderating effect improves the power of strategic decisions to explain the variability in competitive market dynamics.

When examining the relative importance of the model constructs within the proposed moderating model, the study found that the coefficient value for the 'insurance regulations' construct (-0.393)

was noticeably lower than the coefficient value for the 'strategic decisions' construct (0.833), and the moderating effect coefficient (0.117) lies in between the two constructs. Descriptively, this suggests that perceptions of strategic decisions may have a stronger effect on competitive organisational dynamics within the overall model than within the basic model. It is interesting to note that the study on the effects of on competitive market dynamics by Salanié (2016) hypothesised that strategic decisions would affect competitiveness more than regulations arguing that contrary decisions could be perceived as more salient towards strategic regulations while favourable decisions would be more likely to impact the organisation competitive market dynamics. Interestingly, the scholars did not find empirical support for this argument which they explained by basing it on the context of the study.

The present study shows that strategic decisions have a significant impact on competitive market dynamics, hence, decisions which are more likely to impact organization regulations, will affect the competitiveness of the organisation. In practical terms, companies' strategies aimed at building competitiveness have to be aligned to their sector and strategic regulations and may require swift and robust strategic decisions to achieve. This is particularly important since organisational regulations can provide the company with information about what kind of relationship it should foster with its stakeholder. Hence, companies should carefully develop and address their strategic strategies to build or improve their decisions.

Conclusions

The research provides comprehensive empirical evidence on the value and efficacy of modelling effects of strategic decisions on competitive insurance market dynamics. The potential value of this approach to further understand strategic decisions has been emerging in the management literature (e.g. Maher & Andersson, 1999; Kunreuthe & Pauly, 2015; Kolstad, 2009; Petra, 2012; Ulbinaite et al., 2013; Ulbinaite, 2014; Taylor et al., 2016). Although the literature addresses the importance of different forms of strategic decisions, majority of studies mainly focus on strategic planning and strategic decisions company relationships (e.g Maher & Andersson, 1999; Kunreuthe & Pauly, 2015). This study extended the existing understanding of management and strategic decisions relationship looking at the effect on competitive insurance market dynamics as mediated by customer expectations and moderated by the insurance regulations.

In terms of theory development, two main themes have emerged. First, the study confirmed that the effectiveness of strategic decisions on the competitive insurance market dynamics is driven by customer expectations and insurance regulations. In the study, there is sufficient evidence to confirm that both mediating and moderating effects explain the role of the customer and customer protection "a tangible" proportion of the model. Second, executive decisions as one of the key constructs of strategic decisions were found to have an insignificant effect on competitive insurance market dynamics. With these two findings, the study contributes in enhancing the theories related to strategic decision making and offers a clearer view of the impact of the strategic decisions.

The research findings show that the effects of strategic decisions on competitive market dynamics are buffered by the customer expectations within the sector. That is, increases in strategic decisions may have a different impact within environments of varying customer expectations on competitive insurance market dynamics. From a conceptual perspective, this suggests that insurance companies' strategic decisions do influence the competitive market dynamics in Kenya. This finding agrees with the extant literature which considers changing markets and customer needs as the important drivers of strategic decisions within

organisations. The current literature further confirms the need for insurance companies to reorganise and realign their organisation's functions to accommodate both long and short-term management plans and to addresses the very difficult business environments which arise from market changes.

Therefore, the conceptualisation and application of strategic decisions, customer expectations and insurance regulations in the study offer new ways of seeking improvement in Kenyan company competitiveness. This was confirmed by the findings that customer expectation explains 53.8% of the variance between strategic decisions and the competitive insurance market dynamics in Kenya. This finding underpins an argument within the extant literature which provides that customer expectations differ not only across groups but also within a group. The study further confirms that insurance regulations play an important role in ensuring proper insurance information sharing, insurance availability and adequacy of insurance coverage. The findings confirmed that insurance regulations explained -39.3% of the variance between strategic decisions and the competitive insurance market dynamics, a confirmation that indeed insurance regulations play an important moderating role with a moderating power of 0.117 which confirms a moderates the relationship between strategic decisions and competitive market dynamics.

The arguments above outline those ultimate outcomes of strategic decisions responses towards the insurance market dynamics in Kenya. This study extends the understanding of strategic decisions to the inclusion of customer expectations into the conceptual model in line with Fishbein and Ajzen (1975, 2011). The research findings confirm that insurance regulations play an important role in ensuring that strategic decisions within insurance companies are beneficial to the insurance market. The study observed that the effect size and the strength of the path between strategic decisions and competitive market dynamics are affected by the introduction of regulations into the model. However, the effect size was observed to be lower which suggests that there might be other factors as yet unexplored that can enhance and trigger the relationship between strategic decisions and competitive market dynamics. Therefore, in terms of theory development, the research findings suggest high potential value of strategic decisions affecting the competitive market dynamics in the presence of a moderating variable “insurance regulations”.

In summary, the study confirms that the strategic decision model pays a significant role in the current insurance customer behaviour. It should be noted that the developed strategic decisions model is dynamics; therefore the research findings indicate a possible way of interpreting how strategic 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

This section of the discussion is focused on theoretical implications of strategic model. The research provides comprehensive evidence on the role and value of strategic decisions within the competitive insurance market dynamics and contributes to the literature of strategic 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 support the interactions between strategic decisions and competitive insurance market dynamics.

The research findings related to the strategic 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 is that people's perceptions of strategic 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 strategic decisions to the activities which improves/enhances their strategic decisions through the lens of the insurance customer's expectations. In other words, customer expectations are considered as an indicator of potential effectiveness of strategic 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 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 strategic decision model is that strategic decisions as a concept exists within competitive market dynamics relationships and may be expressed in a generic model where perceptions of strategic decisions are enhanced via customer expectations construct and moderated by insurance regulations into a complex strategic 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 1) 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 offers 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.

Contextual Limitations

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). This limitation calls for a unique strategic decision strategy which calls for much consideration of customer expectation. No wander most governments have moved in to regulate insurance as a sector so that customer expectations are not prejudiced in the course of insurance contracting. According IRA (2017), the concept of treat customers fairly is an important component of insurance strategic decision-making and should be emphasised in all aspects customer interaction from product development, marketing and client servicing.

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. The current literature confirms the dependence of executive decisions on a culture that supports and strengthens the interpersonal communication and planning necessary to achieve a competitive position within the industry. The researcher therefore suggests further testing of the proposed model in a different geographical set up to avoid the generalisation arising from the study that executive decisions do not have significant influence on the competitive market dynamics. However, 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 validated.

Empirical Limitations

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; (ii) the cognitive bias; and (iii) the subjective utility theories. The model brought together three interaction effects which addressed the direct, indirect and the interaction effects between strategic decisions, customer expectations, insurance regulations and the competitive insurance market dynamic variables. This model may require further testing given that only customer expectation delivered an explained variance of more than 50% on the competitive insurance market dynamics, an indication of the presence of other factors that could explain the variability. For example, there might be other management theories that explains further the relationships within the model and introduce other factors in the model. These additional viewpoints to strategic decisions which are yet to be confirmed empirically would be great if well researched. Thus, further research may call for the expansion of the model to include additional factors within the strategic decision model in order to test the relationship between the predictor and the criterion model.

The study is therefore 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 institutions. This may not only contribute significantly to the strategic decision-making literature, but also bring into focus other underlying issues within the study area in line with (Ambrosini & Bowman, (2009).). This is because the proposed factors can help to unpack underlying mechanisms of how and why decisions are made at the different levels of management within the institution. One might be interested in proposing and testing these factors. Another limitation related to the strategic decisions model involves the direct relationship of the executive decisions construct to the competitive market dynamics. The research findings confirmed that executive decisions have no direct effect on competitive market dynamics. Considering the fact that executive decisions are a key part of strategic decisions, one might want to test whether there are aspects in which executive decisions influences competitive market dynamics. The next limitation is related to the measure of competitive market dynamics. The construct was measured through six five point likert scale queries. One might want to advance this measure by developing a more sophisticated way of assessing the construct. One possible way of investigating this is, for example, by collecting secondary data on various competitive market dynamics factors and consumer purchase behaviours; which requires a longer period to collect and a more complex analytical model. This may therefore require a reconsideration of the research design as well as research protocol (the limitations related to research design are discussed in Section 9.4.4), but the outcomes of such an undertaking would greatly help cement the findings of this study. Finally, future research could also enhance the strategic decision model constructs interaction by introducing new elements into the matrix. This may

help to unfold the effects of the misaligned interactions within the model.

Methodological Limitations

The use of PLS-SEM provided the research with an essential tool for testing the moderating and mediating effects in the strategic decisions model with a fairly limited sample size (especially, when testing for moderating effects of the interaction). Considering theoretical underpinnings of the study, it would be interesting to understand how group effects may be seen within the strategic decisions model. In other words, one may explore a potential gap by utilising group differences within the strategic decisions made and the eventual impact on competitive market dynamics. While PLS-SEM is restricted to testing any feedback loops in PLS models, researchers may consider other SEM techniques, for example log-likelihood – SEM, which allows for intra-group regression assessment. However, this might require a larger sample size and a possible application of tests for data normalisation.

Research Design Limitations

The present study used a mixed method research design to investigate the effects of the strategic decisions. 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 examined whether and why there is any difference in effects between strategic and customer Expectation model interactions.

Final Conclusion

In conclusion, this study provides a unique perspective on the development of strategic decision within management concepts – one that offers a new insight into how the strategic decisions interaction with competitive market dynamics is mediated by customer expectations and moderated by insurance regulations. This provided a solid grounding to develop a conceptual model and to understand how and why perceptions of strategic decisions are 'buffered' by customer expectations, and how and why they result in improved competitive market dynamics. In addition, it explored moderating effects of insurance regulations interactions on the proposed links within the strategic decisions – competitive market dynamics model.

From the study outcomes, strategic decisions had a significant influence on competitive insurance market dynamics of the insurance companies. Similarly, the study found a mediating link with customer expectations as the mediator and strategic decisions and competitive market dynamics as the main constructs in the model. Finally, a moderating relationship was confirmed when insurance regulation moderating power was assessed in the relationship between strategic decisions and competitive market dynamics. From these outcomes, the study confirmed that strategic decisions have an effect on competitive market dynamics with this relationship being moderated by insurance regulation and mediated by customer expectations. The research finding provided a set of important implications for both scholars and practitioners. This 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 as well as the role and value of the customer expectations and regulations

interactions when developing and implementing the decisions.

This study made a number of vital contributions. First, it provided the strategic decision - market competitive dynamics model, which is empirically supported, for perceptions of strategic decisions as a driver for competitive advantage towards a company. Second, the study offered the moderated insurance regulations model, which helps to explain how regulations affect the interactions within the strategic decision - market competitive dynamics model. Three, the research offers a mediating customer expectations model which shows how customers' expectations may affect the links within the proposed strategic decision - market competitive dynamics model. These are new contributions 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. These outcomes could be of particular relevance when insurance companies within are faced with the need to understand the value of their decisions to the overall organization competitiveness. The research findings provide interesting suggestions for future research in the fields of strategic decisions, competitive market dynamics, competitive advantage, customer expectations, regulations and organization management.

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