INTERNAL MARKETING, REGULATIONS AS AMODERATOR, AND COMPETITIVE MARKET DYNAMICS: A STUDY OF INSURANCE FIRMS IN KENYA

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A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND ECONOMICS IN PARTIAL FULFILMENT FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION AND MANAGEMENT (MARKETING) OF KENYA METHODIST UNIVERSITY

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DECLARATION

This Thesis is my original work and has not been presented for a degree or any other award in any other university.

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This study is dedicated to my mother Isdora Magak Abongo who since my childhood has encouraged me to study and who supported me during my early days in school.

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ABSTRACT

The dynamism of growing competition and the environmental organisations have to work together to win customers' attention. Insurance is a quality dependent service where the service and the service provider are inseparable, hence the need for insurance companies to manage external market performance individually by changing the way contact employees engage with the external customer (Internal Marketing). Insurance firms in Kenya posted mixed signal of profitability and fluctuating number of policies during the six-year period from 2013 to 2018. Insurance penetration, a measure of insurance firms' contribution to Gross Domestic Product also declined steadily from 2.88% to 2.43% in the same period. This was an indication that insurance professionals are not working to create competitive firms. The study sought to investigate the influence of internal marketing, insurance regulations (moderator) on competitive market dynamics. Other than look at Internal Marketing in the lens of material rewards, the study considered the special case of goal congruence in modelling organisation cultures where insurance firms and their employees pursue the same goal, at the same time. More specifically, the study assessed the combined effect of the elements of Internal Marketing including Management Support, Internal Communication and Employee Involvement as moderated by Insurance Regulations on the Competitive Market Dynamics. A mixed method involving quantitative and qualitative methods provided a pragmatic approach to the understanding of the social reality behind Internal Marketing and Competitive Market Dynamics in the presence of an Insurance Regulation. The mixed data was obtained from the 25 Life and 37 Non-Life insurance companies through a multistage data collection method involving census, purposive and convenience sampling methods. Data from the 62 insurance companies were obtained through a field interview guided by a Likert type questionnaire, distributed to employees and customers of insurance companies. The study used descriptive statistical methods to analyse the direct effect between the variables and Ologit and more specifically, the Structural Equation Modelling (SEM) Techniques. The study found that Internal Communication lacked statistical power on the Competitive Market Dynamics when, Management Support and Employee Involvement were statistically significant. Further, the results of Insurance Regulations indicated a significant improvement in the outcomes of Management Support, Internal Communication and Employee Involvement therefore, the research confirmed that Internal Marketing had a positive influenced Competitive Market Dynamics of insurance firms in Kenya. The research further confirmed that Internal Marketing worked well in the presence of a robust regulatory framework. The study recommended for an investigation into the reason why internal communication did not post significant result. Insurance regulation to be fully implemented to improve internal marketing practices of management support, internal communication and employee involvement

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Insurance firms compete by acquiring a competitive advantage over their core competitors, therefore, having satisfied, highly-motivated, and loyal employees is a demonstration of the level of a firm's competitiveness in the industry. According to (Malik et al., 2011), high-level internal customer satisfaction is a reflected of high-level productivity, improved products or service quality and the extent to which staff appreciate innovation in firms. Similar studies were done on students and revealed that when students were motivated, their level of engagement is measured by traits like increased vigour task execution and in the increase in the number of right decisions from the firm (Jennifer & Wendy, 2011). Highly effective firms have employees who have a sense of belongingness and attachment. Such employees can persevere the many difficulties and always strive to find solutions to difficult problems (Malik et al., 2011).

The Insurance firm’s operating environment is dynamic, unpredictable and disruptive. In Javadein et al. (2011), adopting appropriate channels of distribution, methods of communication, pricing models, and relevant products can significantly improve the process of organisational change through techniques and systems. Motivated employees have the motivation to move their firms to achieve operating excellence through new and useful ideas. By treating employees as internal customers, insurance firms achieve external market performance.

In Kenya, there is evidence pointing at insurance firms ignoring the opinions of their employees. In Kiragu (2014), talented employees a source of rich ideas which can significantly improve the performance of their firms. The assertion by Kiragu (2014) was confirmed by Sherf and Morrison (2020). They demonstrated high performance of firs is associated with the sharing of novel ideas and how employees resolve critical issues within the organisation. Employees are the front-line workers and the first to see problems when they arise; therefore, by ignoring their inputs, insurance firms lose track of their managerial decision-making capability. According to Sherf and Morrison (2020) cited the role of cognitive biases arising from the fear of change as a significant contributor to the existing communication gaps between managers and their subjects. Underestimating the impact of the satisfaction of employees is a recipe for poor performance in firms. In the insurance industry, the ability of a firm to acquire and retain new insurance policies defines the level of its performance. The presence of a mixed performance in the six years is an indication that insurance employees were customer-centric in their decisions.

During the five years, the number of new policies issued by insurance firms declined from 268,916 in 2017.to 249,993, in 2018, representing a 7% decline (Association of Kenya (AKI), 2018). The Association reported a decrease in the number of lives insured from 4.37million in 2017 to 4.32million in 2018, a decline of 9% (AKI, 2019). Furthermore, insurance penetration which is a measure of the insurance industry performance also declined from 3% in 2013 to 2.43% in 2018. Insurance penetration measures the insurance industry's performance to the general economy. Table 1.1 shows the actual insurance parameters and the economy during the six years from 2013 to 2018. Motivated and

empowered employees not only improve performance of insurance firms (increase in revenue), the premiums generated by insurance firms are invested in the economy thus, complementing the role of the banking sector in mobilising investments for financial development and growth (Kjosevsk, 2011). The findings of Kjosevsk (2011) is consistent with the IRA (2019) which asserts the benefits of the implementation of employee-based incentives in improving the performance of insurance firms and in generating revenue which is invested in the economy, hence supporting the Economic Development Plans of the Kenya Vision 2030 and the "Big Four" agenda.

Table 1.1

The Trend in some Insurance Parameters and the Economy

	YEARS					
ITEM	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Gross direct premiums (KES bn)	129.2	155.8	172.5	195.2	207.6	214.9
Gross direct premium growth rate (%)	15.4	20.6	10.7	13.2	6.3	3.5
GDP current prices in KES bn	4745.1	5402.4	6284.2	7194.2	7749.4	8905
GDP (at current prices) growth rate (%)	11.4	13.9	16.3	14.5	7.7	9.3
Insurance penetration ratio (%) at current prices	2.72	2.88	2.75	2.71	2.68	2.43
Population in Mns	41.8	43	44.2	45.4	46.6	47.8
Insurance density (Gross direct premium/population) %	3091	3623	3904	4300	4455	4525
Total number of lives covered in Mns	2.1	2.5	4.4	3.8	4.3	4.3
Insurance cover (lives/population) %	4.9	5.7	9.9	8.3	9.1	9
Total number of policies (LT/GB) Mns	2.8	3.8	2.7	3.4	3.1	3.4
Insurance coverage (Total Policies/Population) %	6.6	9.1	6.1	7.5	6.7	7.2
Rate of inflation	5.7	6.9	6.6	6.3	8	4.7
Real gross premium growth in (%)	9.2	12.8	3.9	6.4	-1.5	-0.5

Note. Association of Kenya Insurers (2018). Insurance Industry Annual Report for the Year Ended 31st December 2018, Page 3.

The relevance of customer-centric decisions is widely discussed in the empirical literature and still gaining momentum (Sing & Deshmukh, 2014). In China, for example, many institutions have adopted operating models focusing on customer values and how they contribute to the profitability of the individual firms (Kuo et al., 2011). The culture of customer-centric decision is a concept, which has been confirmed in China and Europe to increase organisational performance in specific customer segment needs by creating positive and seamless customer experience across customer life cycles and enhancing actions built on feedback (Brashear et al., 2012).

Markets in Europe consider customers as the assets, procured and managed to generate profits for organisations (Rust et al., 2004). Therefore, leaders have to appreciate customer bases in new geographic areas and customer market segments to generate profitable customer portfolios (Ang & Buttle, 2002). Expansions in new market segments imply adopting new approaches, including new products and methods of service delivery. However, even with new techniques, sometimes, customer loyalty creates challenges with adverse influence on the insurance company's profitability, hence the need for the continuous review of the interaction between the actions of employees and the instruments of client service at the workplace (Okuneva, 2018).

Insurance companies manage their external customer interface through CRM systems (Eichorn, 2004). However, implementing CRM requires leaders with tacit knowledge in integrating and aligning the underlying business processes and information systems towards the overall business objectives. Interestingly, within the insurance sector, studies

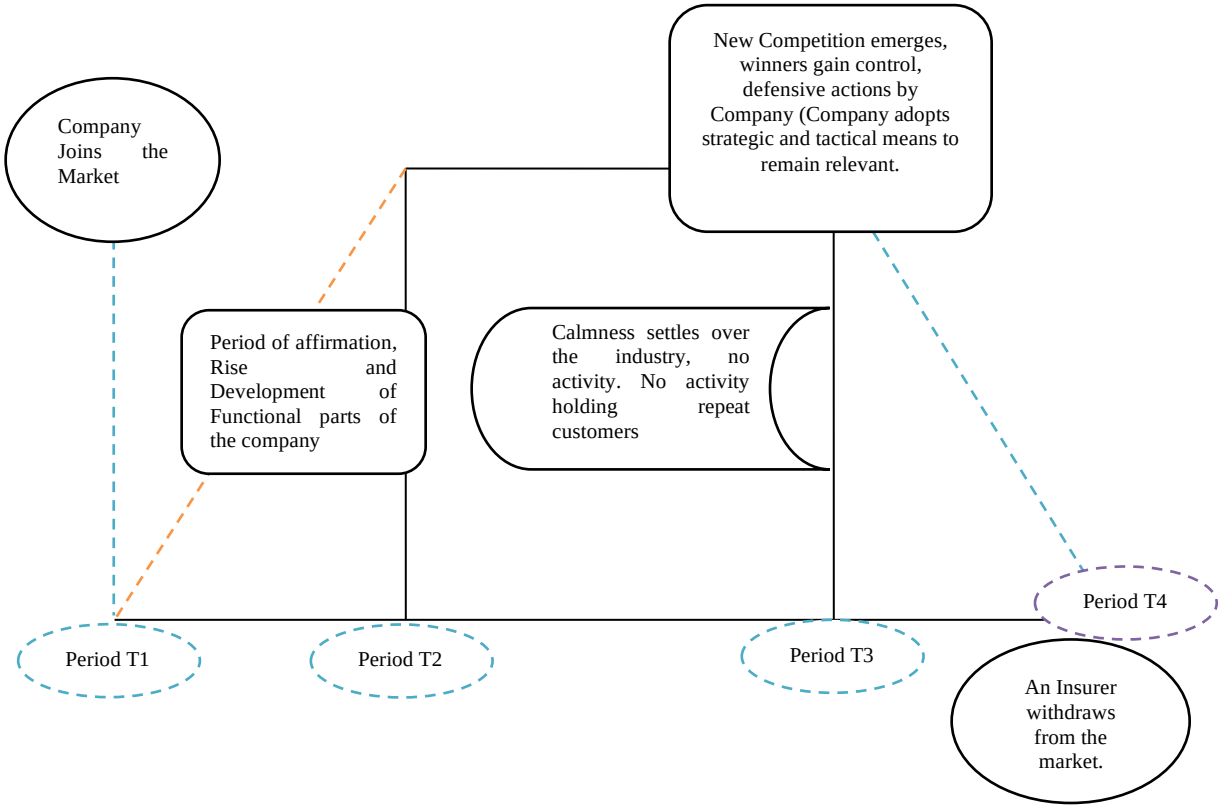
reveal existing customer experiences which are innovative at face value, but which are encumbered by poor communication and coordination between departmental functions (Al-Dmour, 2016). Practical CRM functions are holistic approaches that integrate leadership, organisational culture, organisational structure, business processes, and information systems with external customer touchpoints.

Experience is necessary when implementing organisational programs (Harvard Business Review, 2018). By incorporating an Internal Marketing paradigm in the strategic marketing functions of insurance firms, a platform is created for the functional elements of Management Support, Internal Communication and Employee Involvement to evolve to produce an independent process of strategy for implementing the overall marketing systems in firms (Al-Dmour, 2016). It is during the implementation of Internal Marketing functions that ideas on the relevant training and development of employees are planned and directed towards building an organisational culture which can mitigate the threats from competitors, legal, technological and social changes within the industry by matching corporate resources to market-place requirements (Ang & Buttle, 2002).

Figure 1.1, presents stages of the competition from inception all along to the point of exit. This position agrees with Gottinger (2016) where the relevance of a contrarian view indicates that as firms grow, they lose managerial controls, lose focus on Research and Development (R&D) and begin to perform poorly. According to Al-Dmour (2016), poor performance is associated with the distortion in internal communication mechanisms which finally kills the spirit of employee involvement.

Figure 1.1

Insurance Industry: Competitive Market dynamics.



Note. Adopted from Stancheva et al. (2011) by author). An Example of a Competitive Dynamics Approach in Bulgaria, Page 28.

In the study, Stancheva et al. (2011) demonstrated how competitive and nimble insurance firms perfect the art of customer orientation in their service delivery. However, in situations where managers focus on technical aspects and ignore the conceptual and human dimensions of management, Internal Marketing initiatives degenerates into reactive and tactful strategies which are counterproductive in the long run (Kolibáčová, 2014) and also (Porter & Kramer, 2002). In Sweden, for example, client orientation is viewed as organisational and systemic orientation (Brashear et al., 2012). It is an ideal site

for addressing the practical interventions concerning the social and emotional behaviour of employees, and where change occurs within the firm (Kourkoutas & Hart, 2014).

The environmental conditions of firms breed cultures of different seriousness and intensity (Brashear et al., 2012). These cultures impact performance of firms in different ways; for nimble firms, the business environment is an opportunity while for ill-prepared firms, it is a challenge which managers have to deal with daily. This school of thought is supported by different authors who confirm that firms with alternative orientations manage their intellectual capital (IC) more effectively (Racela et al., 2007). Firms acquire their IC from experience, knowledge (implicit and explicit). IC thrives in an environment where employees are allowed creativity and where innovation culture builds entrepreneurial culture and capabilities of internal employees of a firm.

Daily, leaders make decisions on planning, designing work for their teams, effective task delegation and monitoring of progress against agreed objectives (Harvard Business Review, 2018). It is the quality of decisions by leaders that measure the effectiveness of Internal Marketing functions and how non-management employees accept responsibility for the consequences of their actions within the insurance firms. The extent of success or failure of insurance firms is documented through the impacts of decisions made by firms over some time (Buchanan et al., 2006). Hence, the inability of some insurance companies in Kenya and the bad experiences of insurance customers is an indication that past decisions of these firms were not customer-centric contrary to (DeRue et al., 2010).

The proponents of Rational Choice Theory (RCT) consider the specific characteristics of decision-making and the consumer behaviour in the explanation for the causal relationships between Internal Marketing (predictor) and Competitive Market Dynamics (criterion) variables (Lovett, 2006). Internal Marketing is not only successful when contact employees have relevant information, but, proper analytical skills are necessary for the interpretation of that information (Van Der Meché et al., 2016). Information cascades down and is shared within the organisation structure to guide the daily staff planning and implementation of corporate plans.

In the article ‘strategic-management for-competitive-advantage', the Harvard Business Review (2018) associates credible decisions with clarity in engagement between employees and the customer, thus, recognising the diversities of the existing decision-making capabilities within the Internal Marketing function (Amangala & Wali, 2013). These diversities explain how the daily activities of employees maintain the corresponding demand and supply processes within organisations (Prudential, 2015). One of the most significant challenges of the insurance sector employees has been the handling of moral and physical hazards within the decision processes (Airey & Linder, 2009). Employees who are the resource for external market performance circumvent the problems of moral and physical threats by making decisions, which improve insurance company performance. For example, Kipley and Lewis (2009) developed a model for promoting a clear understanding of the dynamic needs of employers and formulating effective strategic responses to external customer satisfaction. In this model, the factors of strategic budget levels, change, the novelty of change and the understanding of disruptive nature of change

are necessary for designing customer management approaches which increase customer confidence and loyalty among firms.

1.1.2 Insurance Industry

Existing studies on insurance, link the concept of insurance to solidarity-based risk mitigation mechanisms among guilds during the 18th century, together with trade associations and village communities (Hoogenboom et al., 2018)**.** However, the most exciting exposition is the nature of the business acumen and the logic of premium calculation, which provides an unbeatable business idea upon which modern insurance business thrives (Masci, 2011). Explicitly, Hoogenboom et al. (2018) confirmed the presence of a relationship between risk-sharing among guilds and the impact of a disaster occurring during their businesses.

In China, the studies confirmed the relationship between risk-sharing and the impact of a disaster on the development of insurance companies in their current forms (Masci, 2011). The insurance concept developed and spread on a broader scale beyond Europe, to the USA, and finally to Africa through southern Africa as a result of the peace which followed the end of wars in Europe and the Anglo-American conflicts in 1815 (Borscheid et al., 2013). Here in Kenya, the rise of insurance agencies followed the economic growth from the British Government's overseas activities. It is these agencies that later developed into firms with the capacity to carry the insurance risks from the growing number of customers in Kenya (Insurance Regulatory Authority [IRA], 2017). At the time of the study, the

insurance industry in Kenya had successfully integrated insurance companies, brokers and agencies.

The importance and growth of insurance brought with it the need for regulations, mainly to protect the interests of policyholders from the unethical business conduct (Gadaffi, 2014). At independence in 1963, the companies Act provided a regulatory framework for all registered companies in Kenya, including insurance. Still, after independence, the United Nations Conference and Trade Development assisted Kenya in developing insurance-specific legislation, the Insurance Act (Cap.487-1987). This legislation improved through legislative amendments into proper Insurance Regulations in 2015 (AKI, 2017).

Even though the insurance industry is now well-formed, studies still show the presence of unique risks confronting the insurance industry, which have invoked capacity and the assessment constraints among insurance firms (Ibragimov, 2007). Nevertheless, more specifically, researchers have singled out insurability of emerging risks as unique risks, which pose significant challenges to insurers today. The Actuarial Standards Board [ASB] (2014) devised a model for differentiating insurable and uninsurable risks. In particular, they modelled criteria of insurability in four broad areas that aim to serve three primary roles: to protect the insurance company's financial soundness, enhance fairness and to permit economic incentives and finally, to make available insurance coverage to as many people as possible (ASB, 2014).

Similar studies in the United States of America (USA) identified significant challenges of the insurance employees, which primarily concerns the assessment of the independence of risk exposures of the execution process (Kunreuther & Michel-Kerjan, 2010). According to Kunreuther and Michel-Kerjan, the average aggregate losses are aligned with expected losses when the number of mutually independent risks are high, thus decreasing capital requirements. To reduce adverse fluctuation is in insurance claims, the insurer's solvency should not be in jeopardy (Kelliher et al., 2011). Therefore, when employees understand how to limit the occurrence of loss outliers, they can quickly address the issues of predictability of insurance events and support decisions for the diversification of the risks.

In a study of the risk classification system for the Actuarial Professionals, Kelliher et al. (2011) gave a detailed exposition of the risk classifications including Market Risks, which are the risks, associated with changes in market conditions (movements). Credit Risks which occur when a borrower fails to honour the contractual obligation (including failure to perform them promptly). There are risks associated with Insurance and Demography. These risks are associated with adverse variation in claims experience of life funds, general insurance and pension funds. Lastly, Operational Risks which results from inappropriate internal processes, hiring of employees and non-functional systems, or interference from the firm's external environment.

Insurance companies Kenya should not assume the risks that significantly affect their competitiveness (Kelliher et al., 2011). The growth potential is enormous; therefore,

insurers should build proactive capacities to respond to the market needs by sustaining the flow of information, design new insurance products for the emerging asset classes and sustained ethical business conduct as the main drivers of the business (Schaltegger, 2015).

1.1.3 Competitive Market Dynamics

Researchers view the concept of market dynamics as the restructuring process, which permeates the significant aspects of an industry's long-run growth and the changes in business cycles (Rafiq & Ahmed., 2003). In the long run, the need for efficient methods of production creates demand for lower prices, high-quality products and different ways of production in the market. In Germany, the long-run process of creative destruction is believed to account for a larger part of the productive growth of industry (Gottinger, 2016). The method of disruption is spurred by the development of information technology (IT) and, has a massive impact on various industries' products, processes, and business models (Wiesböck et al., 2017). Therefore, the same situation, which holds for insurance firms thrive in a business environment where IT-induced digital transformation, is part of the strategic plan.

Several studies show evidence of insurance companies launching projects on the digitisation of whole or parts of their value chains (Wiesböck et al., 2017). Many Insurance Risk carriers are already selling at least some of their products online, more specifically, those products that do not require much explanation. The process of disruption is indefinite. Hence, as long as there are continual changes in the supply and demand for insurance products, new price signals are always created (Zheng at al., 2017).

A similar study in the United States of America examined the issue of strategic price leadership in the service industry by looking at the relative prices of services and the changes in revenue over time (Noonea et al., 2013). The study observed the role of long-run competitive pricing in competitive positioning of firms as a function of technological advancement. In Kenya, similar studies cite stiff competition that is leading to price undercutting among insurance firms (Mburu & Maina, 2016). Price undercutting is an aspect of price monitoring, a practice where insurance firms price their products as competitors. Price monitoring occurs where innovation is lacking (Dogan, 2017). According to Mburu and Maina (2016), pricing of insurance products considers, among other things, customer satisfaction and mark-up pricing for profit margins. Insurance pricing is a highly specialised area that requires employees with a business mindset to balance between competitive pricing and organisation profitability carefully.

Premiums chargeable must be acceptable for the insurance buyers while allowing risk to remain within the sufficient risk appetite of the insurers. A crucial decision for an insurance underwriter is whether the chance accepted is adequate to protect the insured's interest and whether taking the risk jeopardises the insurer's solvency (Kelliher et al., 2011). According to Kelliher et al. (2011), insurance policies must be compatible with particular policy objectives. Such as discriminating against certain risks and making sure that guidelines issued have no incentives for criminal actions nor insure hazards which are considered catastrophic.

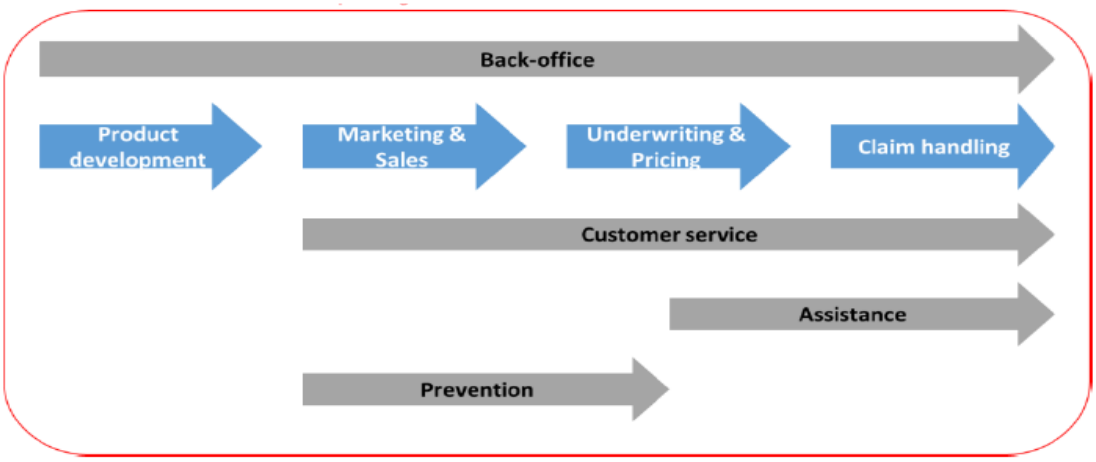
Insurance is a unique product where the actual cost established after a claim occurs (Kjosevsk, 2011). Therefore, whenever insurers resort to price monitoring and price undercutting, they lose funds to invest for profits. In the end, such firms lose power to meet their recurrent expenditure obligations, including payment of claims. Insurance companies should be cautious not to fall into the traps of price discounting (Failte Ireland, 2013). In a discounting price market, no one wins from a price war since the impact of a discount is always much higher than the value. For example, a 10% discount on price does not merely flow down the line as 10% but could be much more say 30%, which may eat into the other margins established during product development. The process of designing new insurance products follows a strict actuarial process which, follow market analysis and profitability testing. Therefore, insurance product prices actuarially established to ensure the profitability of the company.

In the era of globalisation and technological disruption, the need to manage change becomes an opportunity for sustained grown and which is a basis for competition in the rapidly changing business environment (Dogan, 2017). It is the innovation based on change mindset, which creates value through change processes. In the modern business environment, genuine opportunities are available for firms that can adequately manage the process of change. Adopting an innovative strategic objective creates a holistic organisation, which looks at systems beyond products and the processes as value creators (Wiesböck et al., 2017). Figure 1.2 shows a successful innovation model formed on a holistic and systematic approach, involving an integrated innovation strategy which

supports the mission and objectives and the one which builds a system compatible organisational.

Figure 1.2

The Insurance Value Chain



Note. Wiesböck et al. (2017). How Management in the German Insurance Industry Handles the Digital Transformation. Management Report 1/2017. Munich School of Management P.2

There is a general concurrence within the modernist management literature, pointing at the emergence of measurable key performance indicators as a way of managing and, evaluating the performance of employees in organisations. However, this new approach is not without cost, and it has created new lines of budgets and responsibilities on employees to accept a culture of ethical conduct (Ang & Buttle, 2006). In South Africa, performance management processes rely on compensation systems, recruitment and selection procedures, job profiling and skills management, among others (Warnich et al., 2006). The findings of Ndegwa and Vincent (2015) is a typical example, confirming the

South African assertion; however, the study has added the need for qualitative and sound conservation of organisational processes to influence employee performance along with the planned profit objective effectively.

Along similar lines, Kunreuther and Michel-Kerjan (2010) also proposed five principles for assessing the effectiveness of insurance or other risk-transfer solutions against events encompassing catastrophic insurance losses. By reflecting the inherent risk, employees consider insurance premiums as signals for the hazards individuals and firms face. Understanding the concept of risk-based premiums improves the level of efficiency within firms. Therefore, charging sufficient premiums, can cover the insurance firm's fixed costs and spread risks broadly within the firm's portfolio and hence, improves the stability of the insurance industries.

In Miller (2006) and also Green (2003), the success of an insurance production process depends on how well employees understand the concept of consumer utility and the way insurance product prices adjust to maintain a continuous supply of insurance products and services. With a highly effective Internal Marketing function, insurance companies can create stability in the supply processes and make them relevant when the customer needs change. Insurance market stability refers to the ability to supply what customers want in a consistent manner. In a stable insurance market, the institutional insurance system is resistant to economic shocks and fulfils the risk management functions with ease (Hejirika & Ehiogu, 2018).

The stability of product or service prices is related to the strength and development of the product or service market (Zheng et al., 2017). In a study by Kreutzer et al. (2017) and also Nthenge (2012), stability or equilibrium is a product of environmental performance parameters such as; the quantity of capital per employee, minimum exposure for whole market irrespective of the size of operations, theoretical rate of return on investments that delivers zero risks, market share expected rate of return, minimum catastrophic claim (CAT) frequency and size, and expected non-CAT claim frequency and size. Organisations that embrace new technology and innovation for products and services achieve market equilibrium (Nalimae et., (2016). Kenya is a growing middle-class economy with rising disposable income. By adopting an alternative distribution and premium collection channel, insurers can take advantage of the regional expansion of insurance companies.

Insurance business environment is highly volatile and sophisticated, making business success not only challenging but also highly unpredictable (Kipley & Lewis, 2009). These challenges have invoked the need for redefining the relationships between organisations and their customers. According to Sing and Deshmukh (2014), organisations often adopt new ways based on a strong foundation for customer-centric culture to improve external customer satisfaction. Since customer needs and wants are not static, improving external customer satisfaction can be achieved when organisations develop critical capabilities for Internal Marketing among employees.

In Kotler, (2009), Internal Marketing function is steadily moving towards a focused engagement between organisations, employees and customers. Managerial support, Internal Communication and Employee Involvement are ways of improving employees' capacity to be more customer-oriented. The view of Michael Kotler is shared with Bucăţa and Rizescu (2017). They cited the crucial role of engagement between organisations and employees as a way of improving external market performance in the industry. The argument for employment is critical since it assists in disentangling the complexity between organisations' products and the emerging customer needs in a business strategy (Cătălin et al., 2014). Lousy strategic plans deny firms opportunities to exploit the enormous business opportunities in a dynamic insurance market (Freiberg & Freiberg, 1996).

As competition intensifies, the standards for customer satisfaction also rise. However, the best external customer satisfaction only occurs when employees deliver customer value (Kotler, 2009). In Kenya, Swalehe et al. (2015) identified the use of technology as a critical factor in enhancing Internal Marketing function towards effective management of strategic issues in organisations. More particularly in the service industry, where service quality is at times highly elusive, and primarily, in circumstances where employees are not motivated, given right communication tools, rewarded for excellent performance and where there is no Employee Involvement program (Armstrong, 2020).

The need for increased commitment and change mindset employees is growing with the demand for value propositions in service delivery (Hayes & Upton, 2005). Weak solvency

regulations, taking excessive risks, poor managerial practices, lack of corporate governance, the acts of fraud, and arbitrary awards by courts cited as the significant challenges affecting insurance industry Internal Marketing in Kenya (Lotuiya, 2014). The recognition of the challenges as opportunities enhances insurance companies' capabilities to acquire new materials, facilities, techniques, and procedures (Bouyssou et al., 2006).

The period covering 1980s ushered in a new concept in management, 'the dynamic strategic behaviour' (Ansoff & Antoniou, 2005). The idea received a boost when Michael Porter (1991) redeveloped the model to analyse the actions and reactions of firms towards one another. Today, the spirit of the dynamics strategic model provides a useful platform for a more elaborate strategic analysis model to guide managers on sustainable competitive advantage. According to Hayes and Upton (2005), the survival of a firm depends on how quickly it replaces the real benefit with a new one.

The dynamics of competition within firms is not a new phenomenon. More studies continue to unlock the mystery behind the concept of the game. Friedrich von Hayek and Joseph Schumpeter more particularly provided a foundation for understanding the competitive processes within firms (Stancheva et al., 2011). In the model, change in customer taste and preferences; contribute to the understanding of institutional dynamism in the market. It explains how rules and conventions change with the disruptions of modern civilisation towards the principles of the contemporary dynamic approach to the study of competition. According to Porter (1991), understanding the dynamics of game

has opened space for drawing clarity on the response time to product innovation as the combined effect of strategic pressure and organisational inertia.

The Kenyan insurance market is adequately defined, with risks classified as either property and casualty (PC) or life and health (LH) policies, Porter's suggestion on competitive analysis, based on the strength of buyers, suppliers, competitors, new entrants and the emerging products is a real case scenario (AKI, 2018). Insurance underwriting and programs require a business environment of prudence, professionalism and some level of conservatism (Arena (2008). These requirements constitute the challenges insurers must overcome by adopting acceptable industry practices. However, the situation around is that the critical role of entrepreneurship in the insurance market processes remains cannot be underestimated, experimentation and discovery (Cherukara & Manalel, 2015) and (Peneder, 2008). In Kenya and over the last decade, the insurance market has evolved rapidly. New regulations have emerged alongside the globalisation. Globally, new products with a sufficient level of sophistication are emerging hence, creating unknown risks, which require new approaches. At the local market, the insurance market dynamics evolve political, cultural, financial, fiscal, legal, investment and distribution systems markets, taxation regimes, regulatory systems, insurer investment strategies, and insurance distribution systems.

1.1.4 Internal Marketing Concept

Some authors have defined Internal Marketing differently. Alshura et al. (2016**)** considered Internal Marketing as a strategy for managing the relationship between employees of organisations by linking their independence with their skills to improve the outcomes from dealing with the external customer. People-oriented culture instils and strengthens external customer service and builds market orientation among employees. Employees are clients and customers within the organisations; therefore, external customer service starts with benefit to the employee as an internal customer (Onditi, 2016).

In Mbengo (2013), Internal Marketing is a management philosophy where firms promote their policies to employees as internal customers (p.193). The notion by Bengo echoes Zeithaml and Bitner (2003), where the employee is the Internal customer, and the product is the job. However, Zeithaml and Bitner added an exciting concept of external customer and supplier. In Al-Dmour (2002), management support, internal communication systems and employee involvement are the internal marketing programs for delivering external customer satisfaction. Internal marketing uses the philosophy of marketing philosophy on employees who are in daily contact with the external customer. The study considers the understanding of the needs and desires of employees and their impact on employee performance during implementation of organisation plans.

In Eichorn (2004), Internal Marketing is viewed as a business strategy which drives firms to understand, anticipate, manage and personalise needs of external customers for

integration with employee decision-making. The view of Eichorn considers Internal Marketing as a CRM function. Successful CRM systems are holistic and consider leadership, organisational culture, organisational structure, business processes, and information systems as necessary for the activation of external customer touchpoints. Most importantly, the behaviours, attitudes, and motivation of employees, must reflect the concerns of the external customers, whether internal or external.

Rapid changes in demography, technology, growth in business models, and the evolution in the employer-employee relationship continue to pose significant challenges for the insurance industry (Deloitte, 2016). These challenges have come with the demand for a robust Internal Marketing system that addresses the market demand for personalised products and services (Negulescu, 2016). However, with the macro-shifts in the industry, insurers invest in improvements in underwriting and investment methods as a way of keeping pace with the changing macro-economic environment (Kunreuther & Pauly, 2015).

Employees' Involvement in managing the inputs and outputs of organisations increases the chances of achieving good equilibrium in organisations. The chief executive, for example, has a responsibility to define the specific risks and the related characteristics and to create products that fill the gaps created by the new emerging risks in the market (Le Roux & Pretorius, 2016). These emerging gaps explain why inferior communication methods, reduced reliability of service delivery, increased fraudulent cases and unnecessary, and unhealthy pricing strategies have affected the proper functioning of the

insurance market. The assertion by Le Roux and Pretorius (2016) echoes Gentry et al. (2014). They cited weak management, low staff inspiration and employee development, ineffective leadership style, change management and internal stakeholders and political control as the significant challenges facing the insurance industry in Kenya.

1.1.5 Dynamics of Internal Marketing Concept

Organisational cultures originate from the decisions that employees make daily and, are influenced by time estimation and timesaving preferences through learning processes (Andreoni, 2012a; Ejimabo, 2016). Cătălin et al. (2014) traced the concept of Internal Marketing from service marketing. However, today, the idea has gained wide acceptance, with many firms using the idea to treat employees as internal customers. Plausible explanations are touching on enhancing human capital performance through innovation, productivity, and motivation (Mbengo & Chinakidzwa, 2014).

Internal Marketing implementation has become an essential aspect of strategic plans that guide employees when acting to influence external customer satisfaction. According to (Alshura et al., 2016**),** Internal Marketing is one of the strategies for building competitive advantage in organisations through an inclusive process of employee involvement in the affairs of the organisation (Mbengo & Chinakidzwa, 2014). Experienced managers guide the process of Involvement carried out by experienced managers with experience in analysing the situations, developing marketing objectives and putting in place suitable organisational structures supporting Internal Marketing objectives. The success of Involvement requires networks for sourcing and sharing of relevant information.

According to Karimi et al. (2016b) and also Gonzalez (2016), the relevance of the information for planning lies in the availability of appropriate analytical skills, fusion, and proper information sharing.

The implementation of Internal Marketing has been touted as a big challenge for many organisations, not only during the stages of conceptualisation but also during implementation (Gummesson, 2000). The challenge of implementation arises from the difficulty in evaluating the applicability, consistency, efficiency and equivalence of Internal Marketing practices in real-life situations (Cătălin et al., 2014). Therefore, implementing Internal Marketing requires a systematic optimisation of the processes within the Internal Marketing concept. In many occasions, the most significant challenge has been the complexity of the insurance business (Karimi et al., 2016b). Even though employees easily handle most straightforward problems using analytical tools to forecast the outcome, the issues of catastrophe can be a nightmare for most employees (Alford & Head, 2017). Experience is, therefore, inevitable to anticipate and successfully handle problems of catastrophe nature.

Studies in China and Europe have confirmed that empowered employees perfect their skills in the areas of creativity, innovation and entrepreneurship (Anderson et al., 2004). The assertion of Anderson et al. (2004) is reinforced through the idea of using simple heuristics as a credible solution to complex organisational problems (Gonzalez, 2016; Linkov et al., 2004). Heuristics is a problem-solving approach to learning, which involves discovery through practical methods Bialek et al. (2016). Practical knowledge occurs in

an environment where employees are empowered to make decisions and accept the consequences of their choices. However, even though heuristics is appropriate for immediate solutions, there is no guarantee that it offers perfect outcomes in the long run (Gonzalez, 2016). Most insurers look at the primary goals of revenue generation but ignore the long-term implication of revenue loss arising from unfair price competition.

Employees who fail to grasp the shifts in global economic trends weaken their companies' ability to compete with more proactive organisations (Kunreuther & Pauly, 2015). In Kenya, Njuguna, and Muathe (2016) found a relationship between employee empowerment and performance of firms. Empowered employees not only decide their future; they have proper control over their future (Boon et al., 2016). That is why most organisations apply performance management systems to achieve high employee performance and offer excellent customer service (Liang, 2012). In this study, the study considered an empirical model of an imperfectly competitive market to simulate insurance market functionality and to forecast the profitability of new insurance contracts. This model answers the essential questions of the welfare impact of asymmetric information, as suggested by (Salanié, 2017). Under a condition of the imperfect market, insurance companies compete by creating monopolies through quality service delivery.

1.2 Statement of the Problem

The Insurance Market has experienced poor performance with mixed signals of moderate growth and mixed underwriting results (AKI, 2018). Further evidence indicates a decline in the return on equity despite a rising increase in gross written premiums. These mixed

signals are linked to the dwindling investor confidence during the periods covering the mid to late 199Os and why most foreign investors have exited the market. In a liberal market, competition and price-setting alongside the market forces freely interact to determine who enters or exits a given business and what prices are to be charged (United Nation Conference on Trade and Development [UNCTAD], 2012).

More recently, the reports from the insurance industry have continued to report indicators of poor performance. The insurance penetration rate, a measure of the development of the insurance industry showed a declining trend, reducing from 3% in 2014 to 2.43% in the year 2018 (Association of Kenya Insurers [AKI], 2018), a clear indication of an industry which is losing grip on the external customer orientation. Insurance penetration represents gross premium income to Gross Domestic Product. A reduction in insurance penetration confirms the loss of the industry's crucial mandate of offering solutions to the growing assets of an economy.

Even though studies in many countries are indicating that Insurance Markets are taking steps to change the way they deliver products and service offerings to customers, the declining trend in insurance penetration in Kenya is something to worry about more so in an economy where the GDP is growing at a steadily above 5%. The existing trend in the insurance sector is a pointer that Insurance Companies and their Employees do not read from the same script. According to a recent study by Deloitte (2019), “customers are more enlightened, they know their rights and expect high-quality outcomes from insurance firms" (p.4).

Evidence from the market has linked the failures to the actual perceptual problems where management ignore the essential symptoms, only to find their companies under statutory supervision (PricewaterhouseCoopers [PWC], 2016; Deloitte, 2015). Over the last decade, these failures were associated with the collapse of some companies (such as Kenya National Assurance, United Insurance and Stallion Insurance, among others) leaving many people without compensation. Poor performance by insurance industry players is clear evidence of existing weaknesses in the Internal Marketing programs, which do not support the External Marketing programs (Hong et al., 2017).

Internal Marketing failures give rise to operational failures with the negative impact of external Marketing initiatives. Failing to compensate customers erodes trust, not only on the insuring company but on the industry as well. This scenario concurs with the findings of many authors who cite the absence of goodwill by insurers to detect, categorise, and respond to situations, which require right decisions (Kiragu, 2014; Lotuiya, 2014; Leech & Hanlon, 2016). The lack of goodwill and weak systems reduces the outcomes of insurance firms not only in Kenya but all over the world.

The writing is still on the wall, but, even more recently, the IRA (2017) has exposed substantial underwriting losses with non-life insurance category posting a gross loss of Kenya Shillings of 2.13 billion shared among the main sub-classes. The existence of underwriting losses not only deny insurance companies the revenue for operational efficiency but is also a determent to potential investors. Kenyan insurers are trading in a platform where unhealthy competition thrives (AKI, 2018). Employees have allowed

intermediaries to interrupt the supply processes of the insurance industry and to control prices for insurance products, which has led to the loss of revenue and poor customer service. In the recent studies, there is enough evidence to suggest that the Insurance Industry has failed to adequately respond to market changes (Dälken, 2014; Karanja, 2009; Ngari & Bichanga, 2017), leading to customer scepticism, and a reduction in value for insurance products. Competition is tense as insurers scramble for the limited insurance policies in the market.

Insurance has become an easy substitute, which can be ignored when money is not enough. According to the evidence from the Financial Services Council, there is an assumption that people insure when they know that they are likely to claim; hence they seek protection from the high chances of adverse occurrences (Dälken, 2014). Where the relevant insurance information is lacking, high cost of insurance exists, or where insurance companies are unwilling to consider the insuring such risks or when they do not have trust in the insurance products, customers always make incorrect decisions (Sibindi, 2015). Therefore, the study sought to close the knowledge gap created by the lack of research and development to spur growth through continued business innovation.

1.3 Objectives of the Study

The main objective of the study was to establish the extent to which Internal Marketing and Insurance Regulations influence Competitive Market Dynamics in the Kenyan insurance market. More specifically, the study looked at the following specific objectives:

i. To establish the influence of Management Support on Competitive Market Dynamics in Kenyan Insurance Industry.

ii. To establish the effect of Internal Communication on Competitive Market Dynamics in the Kenyan insurance industry.

iii. To establish the influence of Employee Involvement on Competitive Market Dynamics among insurance firms in Kenya.

iv. To establish the Moderating effect of Insurance Regulation on the relationship between Internal Marketing and Competitive Market Dynamics in the insurance industry in Kenya.

1.4 Research Hypotheses

The central research hypothesis guiding this study was that Internal Marketing and Insurance Regulations did not influence the Competitive Market Dynamics in the Kenyan insurance industry. Secondary to the primary research hypothesis were the four assumptions relating to the critical variables of the study:

Ho_1. Management Support has no influence on Competitive Market Dynamics in the insurance industry in Kenya.

Ho_2. Internal Communication does not affect Competitive Market Dynamics in the insurance industry in Kenya.

Ho_3. Employee Involvement has no influence on Competitive Market Dynamics in the Kenyan insurance industry.

H_{O4}. Insurance Regulations does not moderate the relationship between Internal Marketing and Competitive Market Dynamics in the insurance industry in Kenya.

1.5 Justification of the Study

This study focused on three critical areas of policy development, practical applications, and theoretical significance. The findings provided useful information for insurance companies, reinsurance companies and insurance intermediaries in designing products and services that a peal to the emerging needs of customers. The results further provided a reasonable ground for the insurance regulatory authority to control practices of insurance firms to improve external Market performance among insurance firms in Kenya. Internal Marketing improves external marketing performance by strengthening the capacity of insurance companies in the area of revenue generation and claims settlement, reduction in fraudulent practices, and in providing funds for innovation on new product lines and distribution channels, and in improving the quality of existing ones.

1.6 Scope of the study

The study reviewed the influence of Internal Marketing on Competitive Market Dynamics in Kenyan Insurance Market in the presence of Insurance Regulation. In the Conceptual Framework, the Internal Marketing aspects of Management Support, Internal Communication and Employee Involvement are reviewed to establish their influence on the Competitive Market Dynamics under the influence of Insurance Regulations. All the 62 Life and Non-life insurance companies registered and operating in Kenya were studied.

The data were obtained through questionnaires; 186, for management staff and 386, for insurance customers.

1.7 Limitations of the Study

During the study, the mixed method involving quantitative and qualitative methods posed some challenges, which, even though were not unique to the study, were worth noting. More specifically, the qualitative aspects had linkages to validity, affecting the ease of replicating the study. Secondly, the data collected through a survey questionnaire exhibited some elements of non-response biases. In the study, 9.68% of chief executive officers and 8.07% of general managers did not give a response to the questionnaire.

Despite the limitations, the eventual findings were an accurate reflection of the real situation on the ground. Approval was obtained from the University and a research permit from the National Commission for Science, Technology and Innovation (NACOSTI), to carry out a study on Insurance Industry Internal Marketing and Competitive Market Dynamics in Kenya. The approval from the NACOSTI reduced the non-response biases resulting from the fear that the information collected would be used for wrong reasons significantly reduced. According to Fahimi, Barlas, Thomas and Buttermore (2015), elusive response rates lessen the accuracy of the outcomes. Non-response biases are inherent in most survey-based research, mainly when some of the respondents avoided some or all questions asked (Rajasekar et al., 2013).

In the study, the Chief Executive Officers, General Managers and Heads of Technical Operations were interviewed to provide data for the study. Therefore, the results were opinions of the respondents and conclusively inferred in the absence of alternative explanations. The use of qualitative data from insurance customers validated the results of the quantitative responses from the insurance managers. The qualitative interview had challenges linked to validity and reliability, the inclusion of quantitative interviews complemented qualitative interviews by integration or triangulation of the data in line with (Rajasekar et al., 2013).

1.8 The Significance of the Study

In the study, the critical concepts of Rational Choice, Cognitive Bias, and Subjective Utility theories translated into a conceptual framework and made managerial propositions concerning Internal Marketing practices as they exist, or as they would be under a redeveloped theory of Internal Marketing in a regulated environment of insurance regulations. By treating employees as customers, insurance firms would transition from the current state to the adoption of more systematic and practical customer-oriented institutions.

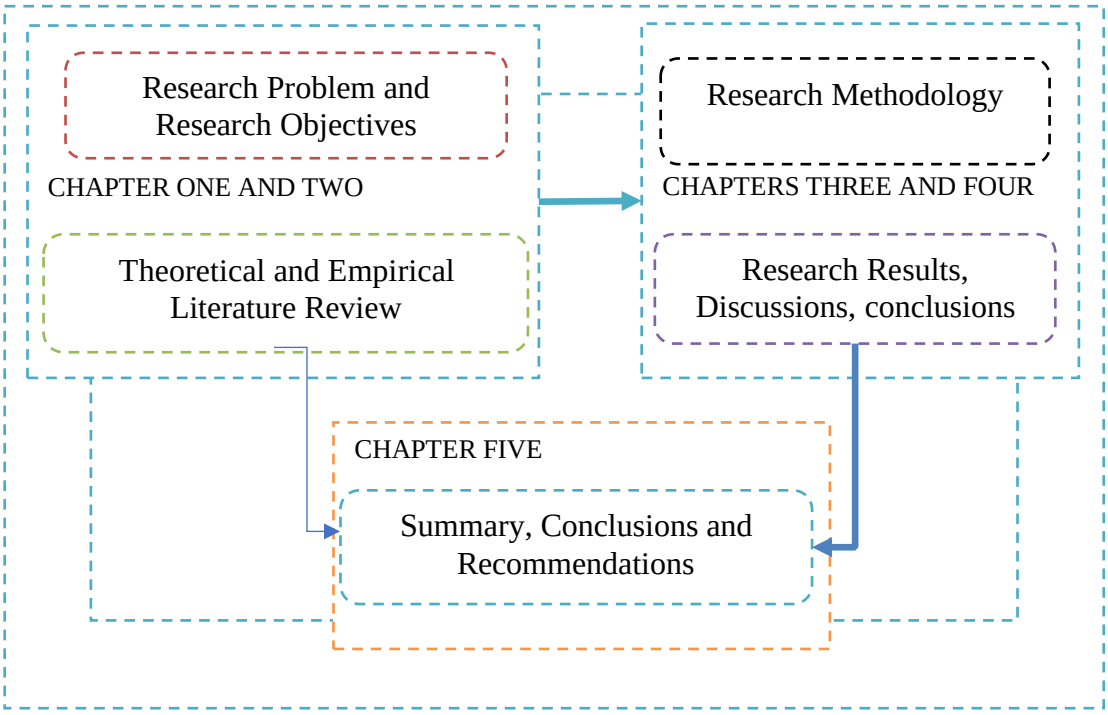
The findings contributed to the development of knowledge in the area of Internal Marketing by evolving the internal marketing management support, internal communication and employee involvement to achieve a highly competitive insurance market. The study provided a rigorous and methodologically sound way to integrate quantitative and qualitative methods into vibrant and comprehensive research.

1.9. Assumptions of the Study

The study assumed a simple business model that insurance regulations could improve internal marketing practices to achieve a competitive market dynamic among insurance firms in Kenyan. The study thought that all of the 62 insurance companies underwrite the same composition of business lines, use the same premium rates for the same lines of business, and finally, that all insurance managers were regulated equally and operated under similar economic conditions. Further, the study assumed that all the insurance companies had specific standards regarding performance targets, which if achieved, would deliver specific corporate goals regarding the return on equity. That competition occurred in a level playing field. The proposed research model is shown in Figure 1.3 below.

Figure 1.3

The Sequence of Research Activities Undertaken in the Study



1.10 Operational Definition of Terms

Competitive Market: Refers to the restructuring processes which permeate the major aspects of an industry's long-run growth and the changes in business cycles to deliver long-run profitability (Malkiel, 2003).

Employee Involvement: Is a way of engaging employees at all levels in the thinking process of an organisation. It is the recognition that many decisions made in organisations are improved by the inputs of those employees affected by the decision (Gronfeldt & Strother, 2005). It is an understanding that people at all levels of an organisation possess unique talents, skills, and creativity that can be of significant value to the organisations.

Internal communication: is a communication system, managed by an organisation in which case the employees are considered as stakeholder group or internal publics. Welch and Jackson (2007) say that Internal Communication spans from informal communication that takes place in the office including gossip to more formal corporate communication that occurs between senior staff members and all employees as part of the public relations or corporate communication functions.

Management Support: Management Support is a way top management devotes their time to their firm's strategic agenda in proportion to pains and expected benefits, review plans, and follow through to resolve problems of integrating systems with the business processes (Young & Jordan, 2008).

Internal Marketing: Is the management philosophy of promoting the firm and its policies to employees as if they are the (internal) customers of the firm (Mbengo, 2013; Zeithaml & Bitner 2003).

Market Orientation: Market orientation is a business culture that considers the external customer as the most critical asset of the firm (Sibindi, 2015). The more senior managers engage employees in problem-solving, the more they improve decision-making capacity and increase the level of innovations as employees use their skills to improve service delivery within their firms.

Moderator Variable: A moderator is a variable that either weakens or strengthens the relationship between the predictor and the criterion variable.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, the theoretical review covering Rational Choice, Cognitive Bias, and Subjective Utility theories were reviewed alongside the empirical literature addressing the concepts of Internal Marketing, starting with a brief introduction.

2.2 Theoretical Review

This study was underpinned by three related theories of Rational Choice, Cognitive Bias and Subjective Utility Theories that provided a ground for the understanding of how Internal Marketing Influence Competitive Market Dynamics in Kenya's insurance industry. More specifically, the Rational Choice Theory (RCT) and the Cognitive Bias Theory (CBT) provide the central theoretical concept for examining the direct effect of Management Support, Internal Communication and Employee Involvement on Competitive Market Dynamics. Subjective Utility Theory was used to analyse the interaction between Insurance Regulations, Internal Marketing and Competitive Market Dynamics.

2.2.1 Rational Choice Theory

The study was anchored on the theory of Rational choice as the principal theory to guide the implementation of internal marketing practices. The decision to consider RCT as the anchor theory was guided by the many studies which consider rational choice theory as

the starting point in formulating theoretical hypotheses on the contribution of individual firm foundations to the complex industry dynamics. The rational choice theory considers employees as rational actors, using rationally available information to make rational decisions (Scott, 2000). During decision-making, cognitive biases occur as employees attempt to maximise the outcomes of their decisions and minimise the pains that come with wrong decisions (Chukwudum 2016).

Employee preferences are conceived on the properties of completeness (that an employee can establish order, transitivity (i.e. the ability of employee exercises own ability to choose between alternatives), maintain their choice or preference without the intervention of another alternative, makes a decision based on information on an event and a specific time and lastly, maintain the causal independence of feasibility and desirability for the choices. The rational choice theory has the strength to explain how employees use rational information to maximise the benefits and minimise the pains during a decision-making process. The developments around Rational Choice Theory face the challenges which affect the conventional Rational Choice Theory and mainstream economics (Scott, 2000).

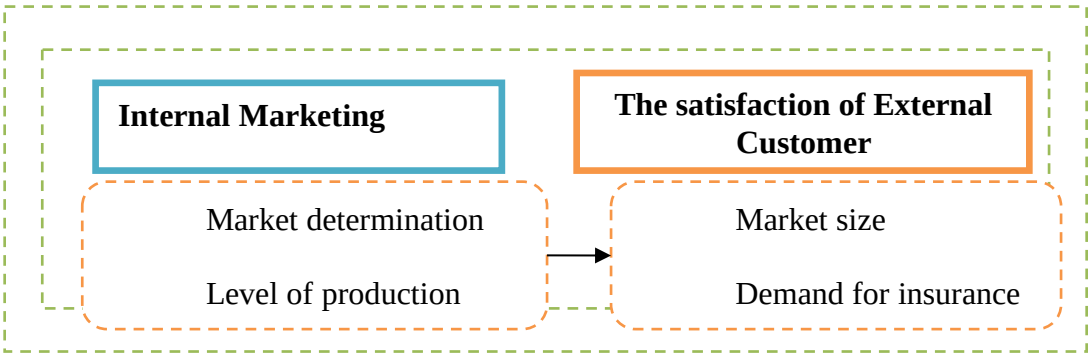
Studies done by the proponents of RCT have demonstrated that employees are rational economic beings with visual ability, ability to conceptualise and take responsibility for the decisions made (Lovett, 2006). However, in many other circumstances, researchers also found decisions that were inconsistent, suboptimal, and, sometimes, made out of plain stupidity ((Kroneberg & Kalter, 2012). The presence of variations in decisions by employees is explained by the cognitive or judgmental limitations, miscalculations, or

emotional impulses, which occur during decision-making, most often resulting from personal preferences and alignments based on political groupings within firms.

The model of rational choice of the employee is embedded in the organisational structures and frameworks (Scott, 2000). According to Burns & Roszkwoska (2016), RCT model provides ground for allowing employees to appreciate the process of individual benefit maximisation for every action performed, see also (Kroneberg & Kalter, 2012; Lovett, 2006; Elster, 1986). According to Kroneberg & Kalter (2012), the employee's behaviour is an ongoing process of decision-making on the many different courses of action. In front of these choices, the expected benefits and costs for different actions is a matter of choice, and it is, therefore, the interest of the employee to choose a decision that offers the highest benefit or the lowest cost. According to Green (2003), the application of RCT is useful in determining how the employee's behaviour affects external insurance customer behaviour in Kenya.

Figure 2.1

Rational Choice Theory and the Insurance Market Equilibrium



RCT originates from the expected utility theory (EUT) in economics, which follows the concept of benefit maximisation and cost minimisation (Moolio & Islam, 2008). RCT has contributed to the understanding of the rise of institutions by providing an environment, which supports employee performance (DeRue et al., 2010). Figure 2.1 above, assumes the insurance company's Internal Marketing Model presented by Green (2003) which considers an industry as a representative of many buyers and sellers, all having a symbiotic interest. In Moolio and Islam (2008), the outcome of employee decisions over some time is a function of the interaction between the supply and demand processes in the insurance industry. Therefore, the actions of employees significantly influence external market performance (Scott et al., 2010).

The 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 social nature (Burns & Roszkwoska, 2016). In this study, the findings of Lovett (2006) and Elster (1986) provide a useful explanation for the causal relationships between Internal Marketing and Competitive Market Dynamics, making reference to the moral obligations of employees (teleology) in their work environment, more precisely, how employees make decisions and how these decisions affect the external consumer behaviour. A general perspective of the Rational Choice Theory and the most usual criticism to it is found in the work of John Scott (2000, p.126). In the study, John Scott cited the process of evaluating the net costs and benefits of the available alternatives as a function of the expectations about the results, and the available methods of evaluation of the outcomes of a choice (Lovett, 2006). This view is consistent with expected value theory suggested by

Eccles (1984a), in this theory, the choice of achievement of a task is related to the employee's expectation from the successful implementation of assigned tasks and the perceived value of the tasks to be performed.

The concepts of employee choice, rights and priorities have a critical place in in the structure an insurance market economy and the culture of the modern insurance firms. George Herbert Mead proposed that under normal circumstances, the results of social conversation and more so, those of social interaction somehow formally precede the identity of an employee (Mead, 1934). Therefore, employees are expected to learn to build a sense of their identities by interacting with others. In essence, the relationship between an employee and the other employees is dualistic, at least in the context of social psychology. It is the interaction between employees of different functions which influences the nature and structure of the social conversations within firms (Burns & Roszkwoska, 2016). Whenever employees fail to make decisions which impact on their firm's identity, they lose expectations, and the way they interact with one another diminishes (Bicchieri, 2011). Instability in the construction is closely linked to different personal interests of employees of an organisation.

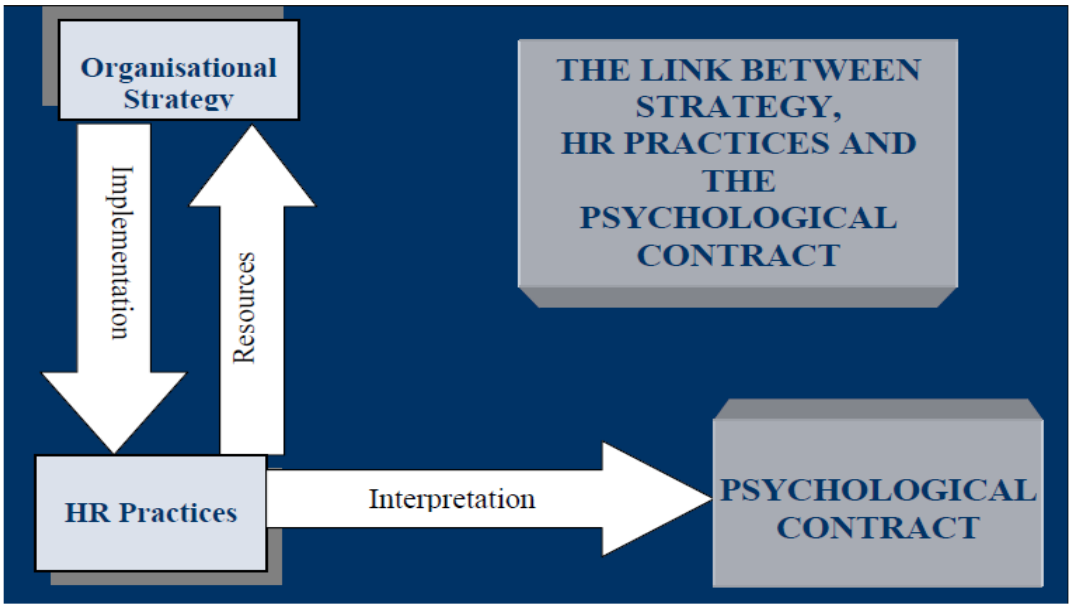
The critics of the concept of self-interested economic persons point out to the moral dimensions of individual behaviour as well as to the acceptance from the individuals of the moral dimensions of the social structures (DeRue et al., 2010). The last idea is connected to the problem of the responsibility for the social structure within the methodological individualism. Why do employees embrace, as individuals, the existing social structures within organisations? In the majority of cases, the social structures

formally precede the individual employee behaviour, hence, employees, as individuals, are automatically socialised, helpless in front of the organisational structure (Mead, 1934).

The argument of Mead is supported by DeRue et al. (2010), who asserts that when employees allow their behaviour to be governed by individual interest, they fail to protect the long-term interests of their organisations. Employees are not selfish, but, the social relationships within the insurance industry have played a critical role when compared to consideration for economic relationships and imperialistic thinking (Lehtinen & Kuorikoski, 2007). Therefore. The primary objective for adopting the RCT is to explain the unrealistic use of assumptions during employee decision making and how these assumptions affect the relationship between insurance companies and their external customers.

Figure 2.2

Creation of employees and customer contracts.



Note. Maguire, H. (2003). The changing psychological contract: challenges and implications for HRM, organisations and employees page 2

Employee behaviour and psychological assumptions inhibit different explanatory roles in the insurance industry (Maguire, 2003). One of the biggest challenges among insurance companies is the sharing of information among employees for proper decision-making. Figure 2.2 above explains the relationship between organisation strategy and employee's psychological contracts.

2.2.2 Cognitive Bias Theory

A cognitive bias is a systematic way in which individual decision-making deviates from the pattern of rationality (Haselton et al., 2005). Individuals have different perceptions from which they create their own "subjective reality". In many circumstances, it is the employees' construction of reality and not the objective input which dictates the behaviour in the workplace. Most often, the employees' perceptual distortion, which is inaccurate, illogical prevents him from delivering high-quality service. The first application of the term cognitive bias is found in the work of Tversky and Kahneman (1979). Cognitive Bias Theory (CBT) is the most appropriate explanation for the different responses to employee judgment and decision problems within organisations (Mata & Wilke, 2012; Haselton et al., 2014).

In a typical workplace, cognitive biases related to the limited processing capacity of employees. According to Perner and Ruffman (1995), individuals tend to report items in a free-recall condition (as remembered) even where the items in cued-recall conditions are known. In support of this argument, Sherwood et al. (2008) found that people use semantic cues when remembering known facts. In a circumstance where facts are perceived, free recall retrieval is applied. These findings confirm that human minds do not possess infinite memory capacity.

It is always difficult for employees to accurately apply a significant amount of information shared to make the same decision, there is a difference in the way employees' process information during decision-making (Sherwood et al., 2008). Instead, most employees

focus on subsets of the available information, which do not optimise the outcome of decisions made. Therefore, in the majority of cases, complex problems do not find rational solutions, hence the adoption of bounded rationality theory (Kahneman, 2003). This explanation works well to explain certain instances of cognitive bias, such as the problems associated with thinking and probabilities.

Kahneman and Tversky (1979) attempted to provide a logical framework for understanding cognitive biases in human beings. In a study, Kahneman et al. (1982) looked at the time needed by an employee to comprehensively collect and weight a problem, invest in resources, and decide on the appropriate solution as the reason why people resort to practical methods or mental shortcuts which cannot guarantee useful outcomes, avoiding research and proper consultations.

Figure 2.3

The Muller-Lyer illusion

Note. Howe & Purves (2017). An illustration of illusion created from the different perceptions by employees.

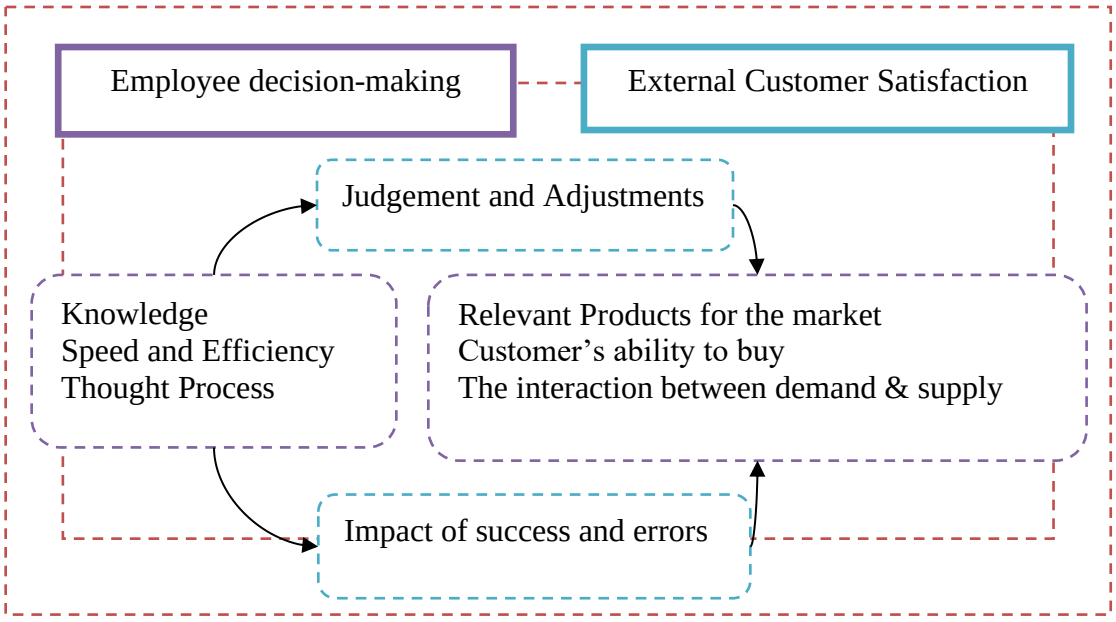
In figure 2.3, the illusion is created by the different arrows pointing at a different direction, which indicates that the two arrows are different when they are the same. Such illusions include irrelevant information (the adornments), which leads to systematic errors in

perception (Howe & Purves, 2005). Cognitive biases are associated with perception; however, they also affect judgment, decision-making and memory.

Among the management theories, cognitive biases arise from personal selection preferences that favour easy short cuts. Adopting easy short cuts deny non-management employees the much-needed room for personal discovery through a trial and error approach. According to Ejimabo (2016) and also Van Der Meché et al. (2016), the presence of relevant information for sound decision-making and proper interpretation of available information is critical to the effectiveness of employee decision making and the success of Internal Marketing initiatives.

Figure 2.4

Cognitive Biases in employee decision-making in organisations



Note. Figure 2.4 Cognitive biases in a management decision-making process.

According to Howe and Purves (2005), the concepts of rationality and optimisation strongly affect the behaviour of employees and the outcomes of the decision procedures. In the circumstance, the use of bounded rationality allows employees to either agree or disagree during a decision-making process. According to Mata and Wilke (2012) and also Johnson et al. (2013), employees may not be able to accommodate all the environmental contingencies in a decision process; hence, an allowance is necessary for the use of the rule of thumb to accomplish managerial tasks.

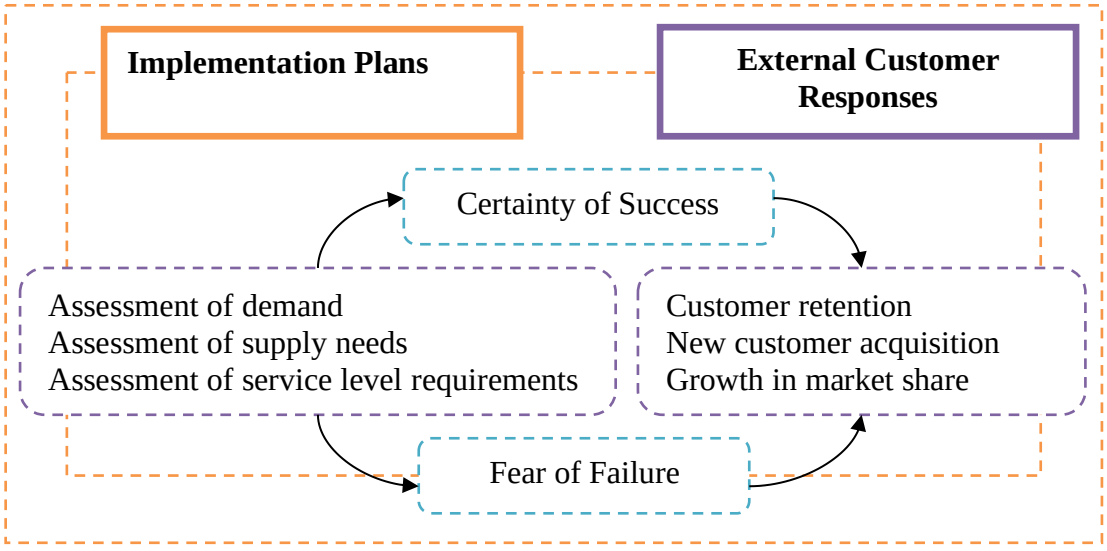
In a study by Johnson et al. (2013), the use of the rule of thumb is a function of the level of risk appetite trends such as temporal constraints and contextual constraints (the number of claims that increase the premium charged and also increases premiums to cover claims costs and the level of efficiency within a firm). The study considered temporal constraints as the real-time task attributes which relate the status of the task to secular organisations. Studies focusing on information processing in organisations confirm that information for effective execution for tasks is not a subject of purely rationality, or a reflective process (Andersen & Hjortskov, 2015; Baekgaard & Serritzlew, 2016; Olsen, 2015). The way people perceive information and interpret information, contribute significantly to the proper outcome of an execution process. It has not been established how managers retrieve and process useful information for high performance and how they share this information with their subjects within firms.

2.2.3 Subjective Utility Theory

The origin of the theory of subjective utility is found in the work of Ramsey (1926) and De (1989). The central proposition, in theory, is that people's attraction to an economic opportunity occurs in the presence of risk (Bruno et al., 1998; Chukwudum 2016). An earlier study by Stiglitz and Rothschild (1976) confirmed the need for managers to appreciate the insurance consumers' preference for cost-saving. Therefore, when clients purchase the products or services of an organisation, the amount of happiness or utility derived from decision-making increases as well. Hence, the employee's behaviour is aligned with the external consumer's current and anticipated needs (Yukalov & Sornette, 2017; Wolitzky, 2015). In Figure 2.5, the likelihood of a pleasurable outcome is demonstrated by the certainty of success and the fear of failure.

Figure 2.2

Role of Subjective Utility in Insurance Supply Management



There are two subjective concepts within the subjective utility theory which concerns the personal utility function and the personal probability distribution. Therefore, employees have a personal responsibility to avoid or reduce decisions with painful outcomes (Read, 2004). To accomplish an exchange process between an organisation and its customers, knowledge of what satisfy the client's wants and needs is a critical requirement by employees. Studies have shown that Employee Involvement can evolve the appeal for product and services within a particular customer segment or location, providing products and services to customers at their convenience, give customers the ownership of a product or service and improve what enables them to derive happiness from ownership (Cusano et al., 2018; Kubler et al. 2016; PWC, 2016; Public Utility Research Center, 2016).

Even though SUT is a useful concept in the insurance industry, most employees use subjective estimates in decision-making. SUT overtly acknowledges the subjective components of crucial decisions (Kubler et al., 2016). On the value side, the usefulness of insurance is different from one person to another. For instance, it is an undeniable fact that different customers have different insurance needs; therefore, insurance employees require knowledge to design products which evolve with the changing customer needs.

In summary, RCT, CB and SUT complement the implementation of Internal Marketing function. The RCT provides that rational decisions made in the presence of rational information. Implementing a Management Support function requires managers to provide rational information to facilitate decision-making during task execution. Employees as rational economic beings are prone to personal biases which may affect the outcomes of

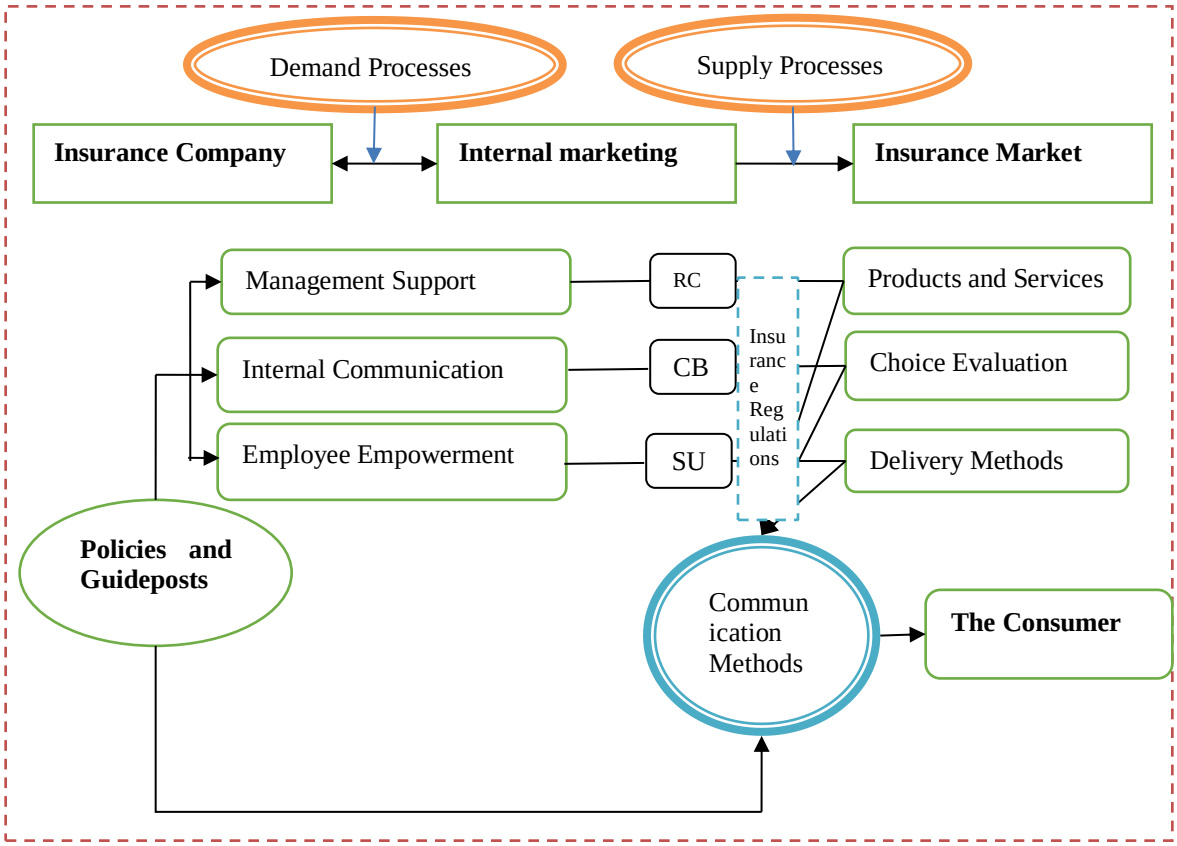
decisions made during task execution. By providing rational information and building culture which appreciates the existing structures within organisations, organisations can succeed in making market-oriented decisions.

2.2.4 Theoretical Framework

The study considered Internal Marketing as a process focusing on decisions for managing outflows from insurance organisations. The effectiveness of Internal Marketing is realised when the employee and the employer think and act the same way at the same time. The proposed theoretical framework explains how policies, guideposts, and procedures guide the decisions of contact employees under conditions of uncertainty. Figure 9 illustrates the proposed theoretical framework in consideration of the theories of rational choice, cognitive bias, and subjective utility. The influence of Internal Marketing on Competitive Market Dynamics depends on the ability of the organisation and the contact employee to articulate and address customer needs. The model in figure 2.6 represents the theoretical model for Internal Marketing and Competitive Market Dynamics.

Figure 2.6

Proposed Theoretical Framework for Internal Marketing



Internal Marketing aligns the organisation's products and services, personal and corporate decisions and methods of delivery to the changing needs of the external customer. Internal Marketing is, therefore, structured approaches that consider problem identification, alternative solution generation, choosing the appropriate solution, the execution process and the evaluation of decision outcomes.

Internal Marketing is an approach where ideas and relevant information is natured and shared to improve the quality of product or service delivery. However, sometimes due to communication flows and the politics within the organisation, employees may be constrained from making decisions which would bring about change in a company. In this situation, the individual opinion of the leader may save the situation, especially where the leader has more experience than the other team members.

2.3 Empirical Literature Review

In this section, the scientific discourses relating to the general research question, the hypotheses of the study, and the proposed methodology for identifying gaps and building a conceptual model were tested to establish the presence of a relationship between Internal Marketing and Competitive Market Dynamics in the insurance market in Kenya. The study looked at the relationship between the three primary constructs of Management Support, Internal Communication and Employee Involvement by considering their individual or combined impact on the Competitive Market Dynamics. The discussion focused on the modelling of external customer behaviour within the Internal Marketing concept in the presence of Insurance Regulations as a moderating variable.

2.3.1 Internal Marketing and Competitive Market Dynamics

In Ghana, competency and service-orientation are necessary for successful strategy execution (Javadein et al., 2011). Furthermore, service remains an evolving aspect of business in the modern-day environment. According to Lado et al. (2011) marketing has

four essential tasks with concerns on understanding the market and the individual customer, selecting a suitable market and customer segments, a market-specific program and planning, finally, for the proper execution of plans "Internal Marketing". Of these four aspects, it is the execution of plans which has a significant effect on the external customer. In Kenya, Waiganjo et al. (2012) echoed the assertion of Lado et al. (2011) but emphasised the importance on the link between resources of a firm and the business environment as the two factors which require a balance to deliver a customer-oriented service. This is why Internal Marketing depends on the behaviour of employees (Character traits) which must be managed to deliver superior value to the external customer.

Internal Marketing originates from the concepts of human resource, marketing, organisational behaviour and strategic management (Javadein et al., 2011). The first approach borrows from Parasuraman et al. (1991). In Parasuraman et al. (1991), happy employees have incentives to provide better external customer service. Rafiq and Ahmed (2003) developed a specific model of Internal Marketing which presents Internal Marketing through the lens of internally managed distribution, communication, price and product designs (Kovács, 2010). The model drives change within organisations by capitalising on the need for techniques, processes, systems, power structures and political cultures within the organisation (Javadein et al., 2011). The emphasis on the process of distribution is critical since quality can only be assessed through the outcome of meetings and responsiveness to external customer wants.

At the Internal Marketing level, the responsibility for products and services are defined by whether they are the primary principles, strategic or responsibilities which firms must undertake. At the primary level, the product is a job, while at a strategic level, it entails the values and attitudes existing within the jobs in organisation Kiechel (2010). It is these values, which constitute the functional measurements and new ways of external customer management. In Kenya, Nyongesa (2014) added the mission to create a workplace where customer consciousness proliferates among internal employees of a firm. This approach borrows heavily from the earlier work of Ahmed & Rafiq (2003), where external customer satisfaction effort was associated with improvements in internal customer relationships.

2.3.2 Managerial Support and Competitive Positioning

Management support is one area, which is receiving much attention in the field of research. The growing interest in Management Support explains the critical role employees play in ensuring successful implementation of organisational plans (Nyongesa, 2014). It is imperative for Kenyan insurance companies to embrace recent techniques in a bid to increase the level of performance towards acquiring a competitive advantage and improve performance.

In Armstrong (2020), the success of providing Management Support requires a reduction of bureaucratic processes and allowing employees to make decisions while taking full responsibility for their own choices. The 8th Edition of Armstrong's handbook of Human resource management brings out an employee management model which is a necessary foundation for effective process management within firms (Armstrong, 2020). In the

model, planning provides a solid ground for management of employee's commitment and understanding of performance processes within organisations. Another study has shown that Organisations providing Management Support also empower employees to understand their roles in organisations (Armstrong, 2003). Such employees are motivated to answer the question, achieve better results without imposing unacceptable additional burdens on the management.

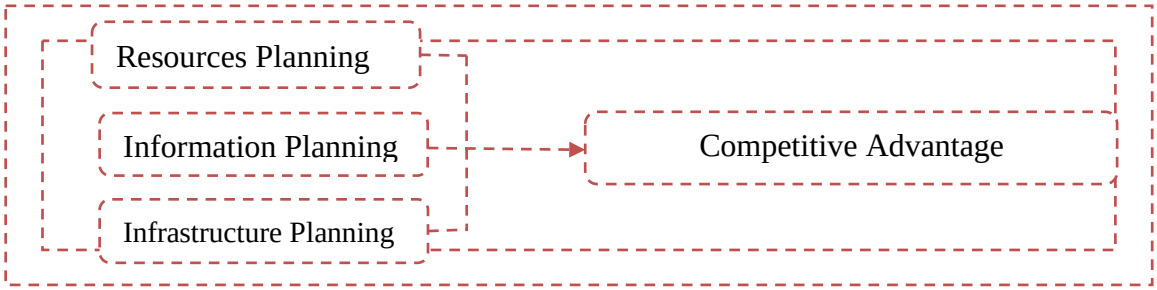
In Ghana, a study found new external factors that significantly influence the effectiveness of firm-level strategies (Anning-Dorson et al., 2018). The idea of effective firm-level strategies agrees with a study in Nigeria where organisations are adopting and maintaining a continuous and dynamic business environment through superior value creation (Olanipekun et al., 2015). Excellent value occurs when the prevailing business environment is aligned with organisational strategic plans (Owyang, 2013). These plans provide useful guidelines for planning, performance measurement, and program budgeting (Fairholm, 2009).

According to Norton and Kaplan (2005), one way of providing managerial support is to equip employees with the necessary experience, research, analytical thinking, communication skills, and providing exact performance measurement parameters which not only increase the capacity of the organisation to formulate clear strategic goals, plans, maps, and guideposts but also improve the implementation of those plans. Providing tacit knowledge in areas of planning for resources, sourcing and sharing of information, and planning for infrastructure is necessary for managerial support and improves

organisational performance outcomes (Reave, 2005). Figure 2.7 provides a structure for Management Support.

Figure 2.7

Managerial Support and Competitive Positioning



In Nigeria, Igwe et al. (2014) identified proper planning and effective utilisation of resources as a means for improving employee performance. This position was confirmed by Sing and Deshmukh (2014) who cited the need for skills in the field of risk management, information technology (IT) and data science in achieving operational efficiency and competitive position in insurance firms. Automating tasks allows employees time to concentrate on more complex and sensitive tasks (Pantelle et al. (2013). Therefore, management has a responsibility to involve employees in accomplishing organisational goals and objectives through systematic coordination of organisational affairs.

Whenever the co-operation of human capital is lacking, organisations fail to develop a much-needed competitive advantage (Brem et al., 2016). Competitive advantage is achievable with new technologies, doing things differently, and adopting competencies that place a company ahead of its competitors. Continuous strategic plan audits are

necessary to eradicate the irrelevant or un-implementable plans. Organisations practising Internal Marketing provide a wide array of motivational tools and exploit the opportunities that support innovation and growth (Prudential, 2015; Richardson, 2014). Innovation is driven by positive working cultures that encourage Employee Involvement practices and reduce employee turnover to an insignificant level (Asibey, 2016).

2.3.3 Internal Communication and Competitive Market Dynamics

Internal communication originates from the interaction between employees of the same company (Negulescu, 2016). In Vienna, Internal Communication is a proven effective way of developing the ability of workers to communicate with external customers, suppliers and partners (Scott et al., 2018). Hence, it is a way of motivating employees to achieve the desired results and work with teams to create a highly competitive company (Martinez & Hurtado, 2018). Effective use of Internal Communication can improve a working environment and drive excellence in employee performance.

The views Scott et al. (2018) and also Martinez and Hurtado (2018), reinforces the findings of Chaudhuri and Holbrook (2002), where Internal Communication is found to improve job satisfaction, increase organisational performance and build institutional bonds. However, more specifically, Scott et al. (2018) consider Internal Communication as an essential tool for information exchange and building of teams which guarantee the smooth running of work processes within organisations. Therefore, Internal Communication defines the quality of output of decisions made within organisations and also improve the relationship between leaders and their subjects (Rogala, 2011).

A study on employee's perceptions of the general organisational factors in Transylvania revealed that Internal Communication processes provide the explanations for customer satisfaction dimensions in organisations (Negulescu, 2016). It is through Internal Communication that customer satisfaction dimensions are modelled in organisational cultures. An earlier study by Gary (1994) classified insurance as a high-contact business where the quality and the service provider are not separable. However, most often, and as found in Šević, (2018), most Internal Communications suffer interruptions from irritating voices, swearing or mutterings. These interruptions are associated with unsuccessful conversations within organisations. However, it is not only the interruptions which are a problem, but the findings in a Slovenia study also singled out the credibility of leadership as a communication problem which affects involvement and employee loyalty, most specifically where the outcomes reveal that the decision-maker lack adequate information or is inconsistent with the thoughts of other employees (Rogala, 2011).

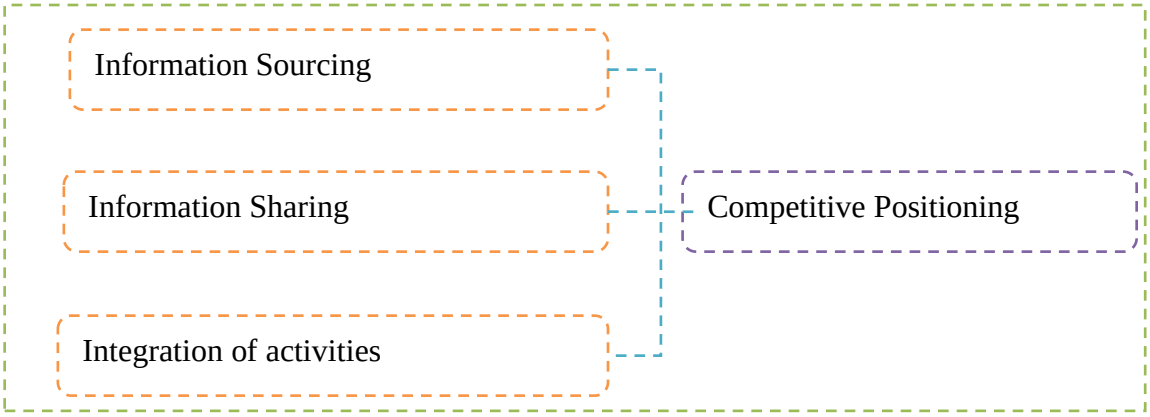
Many employees encounter a sense of disappointment with the organisation they work for as poor leadership erodes commitment towards assigned tasks. (Rogala, 2011). This situation concurs with Baron (2006), who asserts internal communication as the enabler of business strategy in organisations. According to van Riel et al. (2005), communication arising from line management, the content of communication relevant to the firm's strategic issues, and the firm's internal environment have a strong and positive influence on the attitudes and behaviours of employees towards strategic initiatives. Nevertheless, this occurs when managers wield substantial influence on employees towards the

implementation of critical issues as opposed to internal media and cross-departmental communications (Buchanan & O'Connell, 2006).

In the financial sector, Dercon et al. (2014) classified the system constraints by quartets of information asymmetry, transaction costs, enforcement constraints, and ambiguity aversion. However, most specifically, in agriculture insurance, information asymmetries related to moral hazard and adverse selection are cited as the known restrictions to the insurance markets. As noted by Kunreuther and Pauly (2015**)**, an individual's behaviour sometimes differs depending on what the subject matter of insurance is. Internal communication has the objective to identify and address issues of adverse selection. Studies in Britain, have shown that adverse selection acts in opposite directions, and insurance employee can detect the riskiness of the subject of insurance before an insurance policy is issued; alternatively, the insured can conceal a risk which has imminent claim ((Dercon et al., 2014).

Figure 2.8

Internal Communication and Competitive Positioning



Effective communication improves employee performance and reduces the gaps in service delivery, pain in claims management and unnecessarily unhealthy pricing practices which deprive organisations of the operational revenues (Moolio & Islam, 2008). The model for communication as suggested by Moolio and Islam is consistent with Gentry et al. (2014) where weak management, low staff inspiration, weakness in employee development, ineffective leadership style, low recognition for change management and poor internal stakeholders and political control were cited as the significant challenges facing the insurance industry in Kenya.

To improve firm performance, new dimensions of Internal Marketing call for the adoption of creativity, innovation, and entrepreneurship (Negulescu, 2016). In a study by Keren & Wu (2015), successful models driving demand and supply requirements of firms is premised on the concept of transformational leadership. Transformational leadership

models facilitate the value of buying centres to enhance the supply chain processes. Organisations with transformational leadership, embrace charisma as the essential trait that commands respect and trust of stakeholders from leaders. Trust comes through inspiration and motivation and improves employee satisfaction and productivity (Caballero & Cossin, 2013; Maak & Pless, 2006; Sing & Deshmukh, 2014).

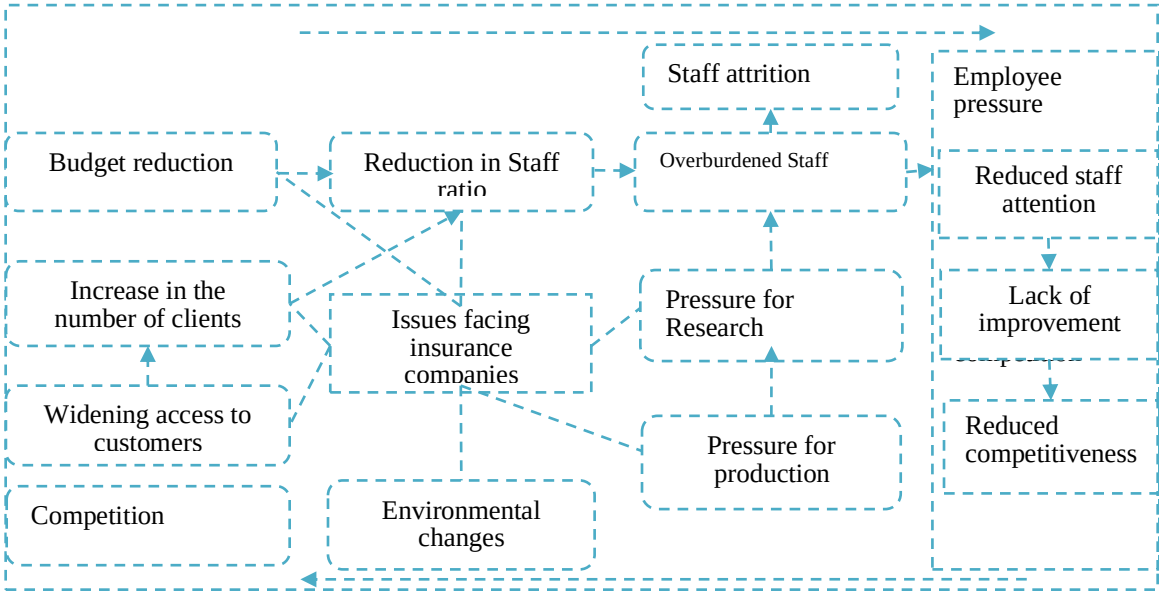
It is the success of Internal Communication which creates a framework that guides companies' governance structures in undertaking employee communications activities and CRM function (Eichorn, 2004). Effective communication is useful for proper implementation of Executive orders and operating plans. Effective communication involves High quality and accurate information on organisation policies, plans and procedures channelled to all stakeholders using the most accessible and appropriate channel of communication (Welch & Jackson, 2007). Timely feedback to all media outlets, no matter their size or reach, reliability, is relevant.

Through communication, brands and the new marketing paradigms are created. According to Chaudhuri and Holbrook (2002), brand messages communicate the goods and services of a firm and differentiates a firm from its competitors. In Kenya, firms associate quality of products and services with high-level customer satisfaction. Majority of consumers associate with profitable brands (Nyambane & Ezekiel, 2014). According to Nyambane and Ezekiel, brands increase functional and emotional needs, economic and symbolic benefits of a firm. Active brands increased the number of marketing initiatives which improve brand loyalty, brand pricing premiums, number of new product launches,

consumer decision-making and the reduction of consumer risk (Chaudhuri & Holbrook, 2002). Figure 2.9 shows how internal communication aids the integration of activities in firms and sustain the profit cycle generation.

Figure 2.9

Organisation's functions and profit cycle generation



Note. Šebjan and Tominc (2014). Integration of functions within firms and their impacts.

According to Avison et al. (2004), internal communication is cited as one of the significant challenges affecting the integration of activities or functions within the organisations. Roosevelt (2011) traced these challenges to the customer or potential customers, the suppliers, or within the firms themselves. This calls for firms with the ability to involve employees in decisions of firms to tap into the new distribution channels, more specifically the direct distribution and database marketing to create a new market niche and change the focus and performance of insurance firms.

In Kenya, integration has brought new approaches to the insurance business by leveraging marketing, underwriting, and pricing activities (Magunga, 2010). The use of large, sophisticated customer databases and analytic approaches have provided significant support for direct marketing in the insurance industry (Aldaihani, 2016**)**. Whereas some researchers support the integration of underwriting, pricing, and marketing functions, others consider them as segregated with each functional area being highly specialised and linked to the others through a system but remaining compartmentalised (Roosevelt, 2011).

2.3.4 Employee Involvement and Competitive Market Dynamics

The need for workers who require little or no supervision to deliver high-quality outcomes is increasing daily (Welch & Jackson, 2007). Scholars argue that strategic groups and the collective behaviour of employees explain the variations in individual firm profitability and organisation effectiveness (Chinwe & Amah, 2012). According to Amah (2012), Employee Involvement centres on creating responsibility, ownership and in building human capacity within firms. Responsibility is required to build a united vision, value and purpose. In simple terms, involvement means empowering the employee to participate in decision-making and the implementation of organisational goals (McShane & Glinow, 2003)**.**

In a study by Deloitte (2016), the challenges of the insurance industry are closely associated with rapid changes in demography, technology, growth in business-model innovations, and the emergence of socially driven evolution in the employer-employee relationships. Therefore, it is an excellent employer-employee relationship that improves

the company's ability to address the challenges of external customer expectations for personalised products and service delivery (Negulescu, 2016). By improving investments in communication and the procurement of human resource, organisations manage the macro shifts from new categories of risk exposures that are simultaneously growth opportunities and inherent bottom-line risks.

Borrowing from the findings of (Chinwe & Amah, 2012; McShane & Glinow, 2003), Deloitte (2016) and also Negulescu (2016), Employee Involvement is a critical dimension of corporate culture which has much influence on organisation's effectiveness. Many authors have confirmed that Employee Involvement plays an essential role in improving the performance of organisations (Alshura et al., 2016: Amah, 2006: Dowd et al., 2007; Kolibáčová, 2014: Zadeh et al., 2016:). Employee Involvement influences organisational effectiveness; however, the most compelling argument is found in the study in the United States, which examined the influence of Employee Involvement on profitability, productivity, and market share (McShane & Glinow, 2003). In the study, the issue of organisational effectiveness was presented as a critical theme, presenting organisations as profoundly affected by the external environment. Survival needs forces firms to balance the internal and external environment factors continuously by monitoring and adjusting to changes in the business environment.

Human asset is a vital source of sustainable advantage in organisations. This school of thought arises from the inherent causal ambiguity and systematic information, which is inimitable **(**Bartlett et al., 2007**).** According to Alshura et al. (2016**)**, employees who are trusted have the confidence to perform challenging assignments with ease. Such employees perform their daily tasks with motivation and high-level commitment (Zadeh

et al., 2016). Studies have identified a close relationship between staff performance and top management's commitment to staff development (Dowd et al., 2007). Motivated employees are highly motivated and inspired to achieve organisational goals. Inspiration not only drives the building and maintenance of alliances but also helps in the integration of the businesses into global networks. In Texas, the traditional and contemporary approaches were singled out as a useful measure for organisational effectiveness (Hitt, 1998). The goals, systems, resources and internal process are traditional approaches to organisational effectiveness in successful ventures and are necessary for achieving the desired level of outputs in firms (Love & Skitmore, 1996).

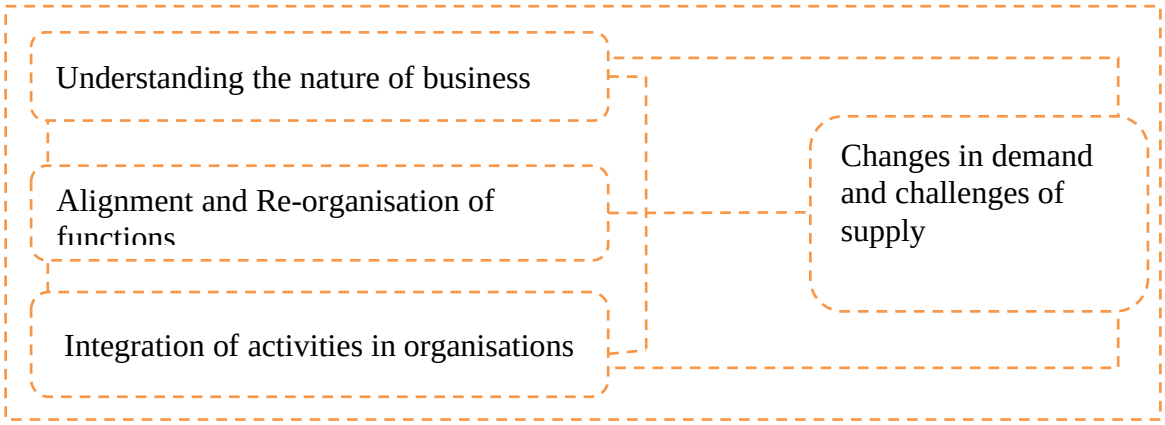
Studies on leadership show the existence of managers who still prefer to focus more on the technical aspects of their jobs while neglecting the conceptual and human dimensions of management for reasons not clearly understood (Kolibáčová, 2014). A classic example is a Nigerian case where managers of banks preferred following the rules, systems and procedures. This approach is characterised by goals which are unrealistic and where staff feelings and moral climate are largely ignored (Chinwe & Amah, 2012). This results in increased staff attrition, poor customer services, unethical practices that lead to poor asset quality and loan losses, faulty recruitment and placement processes. The goal approach is concerned with the measure of progress to achieve organisational goals. Furthermore, the essential goals to consider are the operational goals and not the official goals (Kolibáčová, 2014). The official goals are always vague and not easily measurable. It is the operational goals which reflect the activities organisations perform.

Employee involvement is a concept that provides a link between strengths and employee competencies, reactive systems and the proactive behaviour towards social change within an organisation **(**Bear et al., 2007**)**. In the existing literature, there is sufficient ground to define the performance requirements in organisations and the level of authority required to perform the tasks to achieve the agreed targets. Execution provides sufficient ground for the utilisation of the specific resources to achieve the sub-goals which support the broader goals of an organisation (Nickols, 2012). Successful execution is associated with a strong governance structure, which supports the implementation process.

Studies have shown that the execution process in organisations is driven by experienced managers with skills to manoeuvre the limited resources to achieve the short-term goals (Mahida, 2002; Nguyen et al., 2015). Similarly, positive outcomes are achieved when employees are given resources and allowed the flexibility to handle the specific market conditions of demand and supply (Nickols, 2012). According to Mahida (2002), the level of flexibility allowed depends on experience, appreciation of best practices, plans, processes, and the level of teamwork in an organisation. In a study of the American Drug Benefits, the relevance of the execution plan found in the areas of product development, marketing, personnel, finance, and facilities (Santilli & Vogenberg, 2015). This argument agrees with Gary et al. (2008), who found a correlation between organisational success and team efforts. Therefore, a brilliant strategy or breakthrough technology positions without Employee Involvement is useless. In Figure 2.10, Employee involvement depicted in Key areas of the organisation.

Figure 2.10

Employee Involvement and changes in demand and Supply of Insurance



In organisations, different functions support one another in the realisation of corporate goals. The proponents of goal congruence argue that employees can make personal efforts or be induced towards achieving company goals (Ding et al., 2017). This assumes, of course, employees are aware of company goals and the derivative performance criteria in their organisations. According to (Dearing, 2000), sustaining profits and innovation requires the capacity to cope with competition, social, political, technological and legal concerns of the business environment. By involving employees, the organisation can efficiently address performance challenges and sustain profitability in the short and long run.

There is a general concurrence among researchers on the benefit of internal relationships and information sharing among employees (Gonzalez, 2016). Internal relationships have relevance in improving understanding of employee identities, information sharing and cultural clarity, cross-pollination of ideas, and empathy. According to Barney (2001),

successful internal relationships built on the overall business process context and not functional departments. Therefore, employees should understand the operations of their firms how products, orders, and information move through the organisation to plan and execute the orders from the external customer. According to Plakoyiannaki and Tzokas's approach, an organisational culture which embraces free information sharing from a credible source and knowledge for learning and internal relationship building performs better.

A seminal paper presented in the Mediterranean on information systems and marketing acknowledges customer relationship management (CRM) failures as a function of low or lack of underlying infrastructure capabilities within firms (Plakoyiannaki & Tzokas, 2002). In another study, Barney (2001) cited market orientation, information technology (IT), and integration as the critical drivers of CRM in organisations. According to Plakoyiannaki and Tzokas, and also Barney, organisations must identify the gaps in the CRM capabilities and the design of improvement strategies. Studies have shown that the way information is gathered and shared in firms and how they impact the success of Internal Marketing initiatives (Karimi et al., 2016a).

For a firm to deliver and extend its contributions beyond the eco-efficiency, there is a dire need for continual innovation using modern technologies (Dearing, 2000). For such firms, sustainable development is a myth but remains a potent reminder for the uncertainties of the business and the required actions to spur the firm's effectiveness. Therefore, organisations need a step-change improvement in performance since just doing well is not

adequate in satisfying the changing needs and aspirations of growing customers in a dignified manner.

2.3.5 Insurance Regulations and Internal Marketing

Hunter and Florida's (2005) underscored 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 an eye-opener for insurance companies. According to Gadaffi (2014), these failures were linked to the inability of the Insurance Act of 1984 to provide a concrete regulatory solution for the ailing industry. As Hunter (2014) puts it, the insurance law adopted from the British government had several loopholes that provided opportunities for fraudulent practices. For example, claim agents got a window to defraud insurers by launching fictitious claims on the mandatory third-party liability cover for public service vehicles. At least, the revised Insurance Act of 2015 is providing comprehensive guidelines for the industry. One piece of law that shapes the insurance industry is the implementation of risk-based capital standards when fully implemented in 2020 (IRA, 2017).

Access to timely and meaningful customer and product information is not only necessary in improving the confidence of consumers, but also repairs the negative perception of the insurance consumers (PWC, 2013). Insurance firms sell a promise of payments if certain conditions occur at a future date (Hunter, 2014). Following the rapid growth in information sourcing and sharing, customers can quickly obtain accurate information on

price, quality, and features for most products at their convenience except for insurance policies (Gonzalez & Meyer 2016). Porrini (2015) clarifies this position and asserts the need for insurers to improve and allow customers to access product and service information, as opposed to relying on the representations of the seller or intermediaries. They may provide skewed information that is incorrect. The Insurance Act provides useful guidelines on competition and the treatment of customers; however, rather than acting appropriately and uncovering the abuses which keep on occurring, the Kenyan insurance industry continues to be reactive to the many lawsuits brought for malpractice, leading to lengthy legal battles **(**Klyneveld Peat Marwick Goerdeler (KPMG), 2014**).**

Fair competition exists in an environment where the customer is fully aware of what happens in the market in terms of the costs and benefits of the products or services available (Njuguna, 2014). To promote fair competition, the Insurance Regulatory Authority is conducting a series of consumer programs in all Kenyan counties, while also undertaking the training of insurance agents as a first step in ensuring information equity from insurance companies and their intermediaries. Massey et al. (2010) consider this to be a work in progress, as information can only be accurately given to a customer if written in simple language that every customer understands and posted on the internet or in a form that is readily available to the customers. Adequate disclosure is required during the negotiation of an insurance contract to avoid misrepresentation or ambiguities (Hunter, 2014). According to Massey et al. (2010) standardisation of terms, conditions, limitations, exclusions, expected loss ratio, commissions, fees, and product information, such as prices and features can improve an insurance contract.

The basis of fair competition is to sell to all consumers who have a need and want for insurance products (Baxter, 2019); however, misrepresentations sometimes occur with significant risk implications (Dobbs et al., 2015). This situation explains why many insurance contracts types do not exist in Kenya. According to Kunreuther and Pauly (2015), over-reliance on the selection mechanism denies customers the right to insurance and reduces the revenues for financing claims and meeting operating expenses. Hunter (2014) believes that regulation can benefit both customers and insurers if the unfair competition, and if proper policies in place, unfair and inappropriate policies also disappear from the marketplace (Dobbs et al., 2015). According to Boothe and LaCouture (2015), enforcement of clear anti-discrimination standards eradicates unfair competition and ensures insurance availability.

2.3.7 Gaps in the literature

The reasons for differences in consumer behaviour in different markets are not clear to researchers (Kunreuther & Pauly, 2015). Furthermore, related studies are only available from developed economies. If such studies extended to developing economies, the situation would be different. This study, as the first one examining an emerging economy, provides knowledge on how insurance industry Internal Marketing Influence Competitive Market Dynamics.

Table 2.1

Summary of Knowledge Gap for Management Support

YEAR	AUTHOR	LOCATION OF STUDY	UNIT OF ANALYSIS	KEY FINDINGS	GAP IN LITERATURE
2014	Richardson, F. W. (2014).	The United States of America.	Employees of current positions	The study confirmed that a good work environment motivated employee to work well and increased their productivity.	The study focused on management support in the areas of material or, conducive working environment. The study did not delve into the effect of improved employee performance on an organisation's competitiveness.

Table 2.2

Summary of Knowledge Gap for Internal Communication

YEAR	AUTHOR	LOCATION OF STUDY	UNIT OF ANALYSIS	KEY FINDINGS	GAP IN LITERATURE
2016	Le Roux & Pretorius (2016)	South Africa	Management Employees	The study found that Employees achieved their tasks when leadership provided straightforward communication methods to employees.	What the study failed to achieve is how internal communication accelerates the culture of performance and how this performance impacts organisations competitive position.

Table 2.3

Summary of Knowledge Gap for Employee Involvement

YEAR	AUTHOR	LOCATION OF STUDY	UNIT OF ANALYSIS	KEY FINDINGS	GAP IN LITERATURE
2016	Chinwe, O. O. & Amah, E. (2012).	Nigeria	Exemplary Leadership and Employee Engagement in Commercial Banks in Nigeria.	The study found that exemplary leadership inspire a shared vision and enable others to act, significantly influences employee engagement; thus bringing about enhanced employee involvement, vigour and dedication.	The study emphasised on employee characteristics but ignored the output, which is the organisations main objective.

Table 2.4

Summary of Knowledge Gap for Insurance Regulations

YEAR	AUTHOR	LOCATION OF STUDY	UNIT OF ANALYSIS	KEY FINDINGS	GAP IN LITERATURE
2016	Klein, R. W. (2015)	United States of America	Insurance Industry	The study found that strong regulation improves financial strength.	The author focused on regulation but ignored how regulation works in a free market economy. In a free market, economic regulation is concerned with best practices.

In the study by Gonzalez and Meyer (2016), Employee Involvement increased the demand for insurance products. Competence has a close correlation with the attitude and opinions of decision-makers. This study focuses on both the consumer and the insurance industry and therefore offers a holistic view of the insurance industry Internal Marketing and Competitive

Market Dynamics. The study looked at the changing the mind-set of insurance consumer and the extent to which insurance industry members subscribe to common standards of quality assurance and practices, such as identifying new products and making available new infrastructures to respond quickly to the changing markets and identifying customer preferences or market dynamics (Olbara, 2011).

2.4 Conceptual Framework

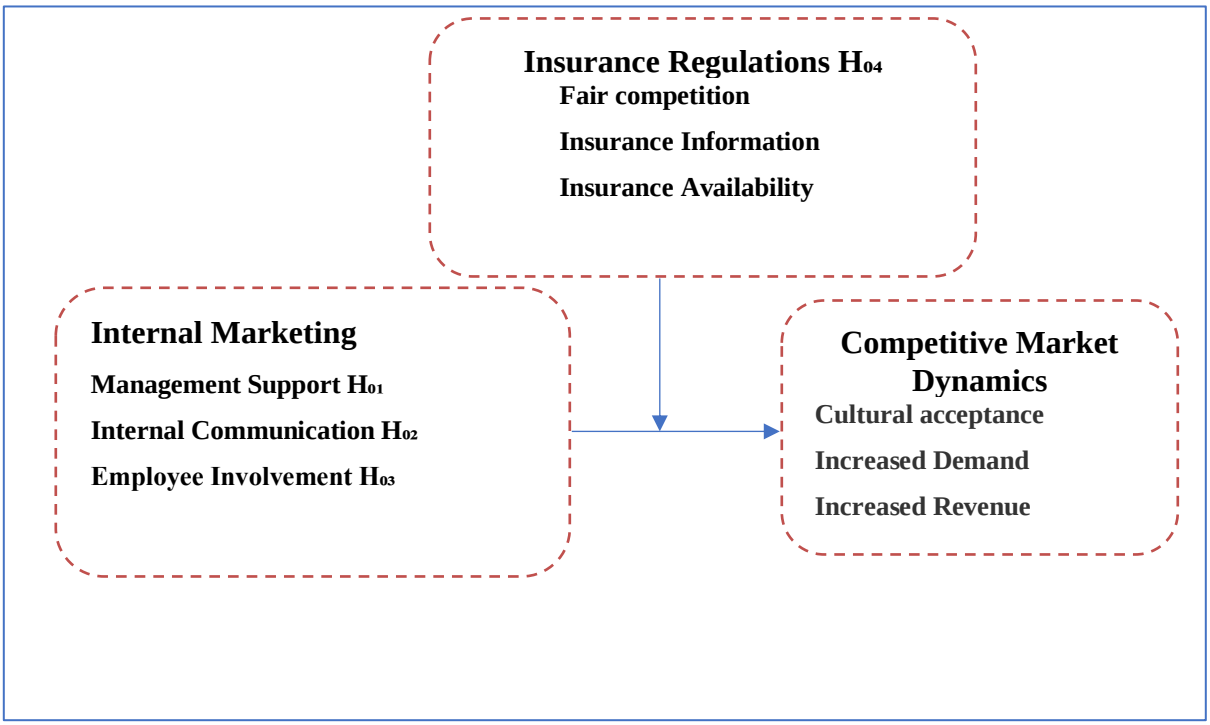
In this study, Internal Marketing presented as influencing Competitive Market Dynamics. The proposed model in figure 2.11 presents Internal Marketing through the elements of Management Support, Internal Communication and Employee. Directly, these variables affect Competitive Market Dynamics in the presence of an Insurance Regulation as a moderator. The decision to use insurance regulation as a moderator was guided by the important role of regulation which included promoting fair practices, increasing availability of insurance to the people and increasing timely access to relevant insurance information in Kenya. The relationships were analysed to draw conclusions and suggest how these actions streamlined to improve the level of performance in insurance firms in Kenya.

The direct model presented the direct effect of Management Support, Internal Communication and Employee Involvement (predictor variable) on Competitive Market Dynamics (Criterion variables), the effect of Insurance Regulations (moderating variable) on the relationship between the predictor and the criterion variables. In the direct effect model, Internal Marketing directly affected Competitive Market Dynamics without the moderator

variables. In the interaction, the effect has represented the effect of Insurance Regulations on the relationship between Internal Marketing and Competitive Market Dynamics variable. Since the Internal Marketing variable was composed of three constructs (Management Support, Internal Communication and Employee Involvement), this study presumes that each of these variables exhibits a direct effect on Competitive Market Dynamics. The entire relationship presented in figure 2.11 below.

Figure 2.11

The Conceptual Framework



CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter covered the areas of epistemological stance, research design, study area, target population, sampling procedure, instrumentation, methods of data collection, operation definition of variables, methods of data, the period of data collection, operational definition of variables, and methods of data analysis. The conceptual framework, design, and logical path of the study followed a specific route and methodologically focused on the specified study objectives (Creswell, 2014). The scientific framework provided a methodology for quantifying the influence of the insurance industry Internal Marketing on Competitive Market Dynamics in Kenya by explaining the causal relationships between the predictor and criterion variables using the moderator.

3.2 Epistemological Stance

The study provided a solid ground for the implementation of Internal Marketing practices as a critical diver of external market performance. An epistemological stance is a branch of science which studies knowledge by attempting to answer the basic questions like why true or false. A positivist paradigm involves the use of objectives, knowledge and deductive logic in establishing the relationship between internal marketing and competitive market dynamics in a moderated environment of insurance regulations. A phenomenal paradigm involves the use of cognitive to

explain why internal marketing has a positive or negative influence on competitive market dynamics in Kenya.

The study adopted a constructionism paradigm to interpret the social reality behind people's construction. In the study, a research epistemological stance with techniques or procedures were scientifically tested to achieve the desired outcomes in terms of context and criteria (Rajasekar et al., 2013). The use of interpretive method confirmed what the mind of Management Employees had on the role of Internal Marketing and how it negatively or positively affected the Competitive Market Dynamics.

3.3 Research Design

The study adopted quantitative and qualitative mixed methods to provide a pragmatic approach for the proper understanding of the social reality behind Internal Marketing, Insurance Regulations and Competitive Market Dynamics among insurance firms in Kenya. The design for the study followed a conceptual framework where the causal relationships between Internal Marketing and Competitive Market Dynamics in the insurance industry were presented in the direct effect model. According to (Jabareen, 2009), the model's causality occurred when management support, internal communication, and employee involvement affected the Competitive Market Dynamics.

The choice of quantitative techniques in this mixed study informed the need to measure specific characteristics through structured data collection procedures applied to the entire population (Pandey, 2015). Quantitative techniques answer precisely; the research

hypothesis on the information collected via a survey and adopts a logical and deductive approach (Aliyu et al., 2014). Quantifiable, observable consequences were investigated through statistical experiments to obtain results on whether the hypothesised relationships hold or not.

Qualitative information validated the outcomes of the quantitative responses by identifying the specific themes in the study and using these themes to reinforce the quantitative outcomes and to finally draw a meaningful conclusion on Internal Marketing, Regulations and Competitive Market Dynamics among insurance firms in Kenya. According to Williams (2015), a qualitative research method to confirm thematic thinking through inductive research based on empirical evidence. Aliyu et al. (2014) confirmed its usefulness in providing a firm ground for the exploration of non-quantifiable situations using a subjective approach to find a solution to a complex research problem. The study re-enforced the quantitative research findings by providing intricate details which would not be easy to derive through quantitative methods alone (Rajasekar et al., 2013).

3.4 Study Area

The study was conducted in Nairobi in Kenya, given that all Kenyan insurance companies headquartered in Nairobi and the majority of insurance found. Nairobi is also the business centre where there is the highest population of insured assets and lives; therefore, the survey data was easy to obtain.

3.5 Target Population

The target population for the study comprised the employees 62 insurance firms registered and operating in Kenya in 2017 and insurance consumers drawn from both the life insurance and non-life insurance companies in Kenya.

3.6 Sampling Procedure

The study adopted a multistage sampling technique involving the use of census on the selection of insurance companies, purposive sampling procedure for selection of the managers interviewed in the study and stratified random sampling for customers. Multistage sampling refers to a sampling technique where the sample for the study is determined in stages using smaller and smaller sampling units at each stage (http://www.unsiap.or.jp, 2018).

In this study, there were only 62 insurance firms; hence the number of insurance firms was precisely known to be 37 for non-life and 25 for life insurance companies respectively. All insurance companies were, therefore included in the study through a census method in line with Verbeke et al. (2008). In the study, purposive sampling technique to select senior managers who are involved in decision-making within insurance firms. The use of purposive sampling technique was guided by the fact that the insurance firm had top managers who supervise employees to deliver results. Since the number of insurance customers was mostly undocumented, the number of insurance customers to be studied were established in line with Fisher et al. (1991).

The method by Fisher is useful where the sample size is too large, making it practically difficult to study the full sample size. The model in Fisher (1991), allowed the use of a mathematical model to estimate the sample population for the study. Finally, the study used a convenience sampling method to select the customers for the interview. Convenience sampling was necessary since daily customers visit the insurance companies to either make claims or to buy new policies. This sampling method made it easy for the distribution of questionnaires to customers at the insurance company lobbies, where customers transact as opposed to going to their homes or workplaces. Convenience sampling was used to select customers from non-life insurance and life insurance companies included in the study. The exact number of customers were shared between life and non-life insurance companies established through Fisher et al. (1991) formula.

$n = z^2pq /d^2$ Where-:

n = the desired sample size (assuming the population is greater than 10,000)

z = the normal standard deviation, set at 1.96, which corresponds to 95% confidence level

p = the proportion in the target population estimated to have a particular characteristic. For this study, the study assumed that 50 per cent of all employees had similar work experiences.

q = 1.0

p d = the degree of accuracy desired, here set at 0.05 corresponding to the 1.96.

$$n = \frac{1.962 \times 0.5 \times (1-0.5)}{0.05^2} = 385 \text{ (employees)}$$

3.7 Instrumentation

A questionnaire was administered to the respondents of the study to obtain the data which was analysed to establish the relationship between Internal Marketing, Insurance Regulations and Competitive Market Dynamics. The purpose of the questionnaires was to collect information on the most critical factors related to Internal Marketing, Insurance Regulations and Competitive Market Dynamics in the Insurance Industry in Kenya. The secondary data collected from previous studies and online journals eased the authentication of the data collected using the questionnaire.

The questionnaire first tested on two insurance companies and results of the test used to verify the final questions which included in the questionnaire for drawing a meaningful conclusion on the subject under investigation. This testing was meant to establish whether there was a need for amendments of the questionnaire before final deployment to the entire sample population.

The exploratory questionnaires tested the on two insurance companies to identify the area where problems, opportunities, or situations of interest resides, and the salient factors or variables relevant to the study were identified by the exploratory research involving quantitative and qualitative research tools and techniques, in line with Marsland et al. (2015), see also Boodhoo (2009). Lastly, the test samples were used to estimate the response success

rate, where the issue was relatively complex and where the data was relatively difficult to collect because of the level of sensitivity of the information sought. The use of exploratory research became useful to adequately addressed, the research hypotheses concerning whether, how, and why.

From the large amount of the data collected, two research assistants trained on the administration of both quantitative and qualitative aspects of the questionnaire. The data collected was then analysed using a combination of Ologit regression and Structural Equation Model-Partial Least Squares (SEM-PLS) models. In the study, the use of Ologit provided a solid ground for analysing the direct effect model when G-SEM model was used to analyse the relationship between the outer model and the inner models.

3.8 Methods of Data Collection and Procedures

Since the area under study was largely un-documented, the primary data was necessary to establish the reality on the ground. The primary data was collected through questionnaires, directly administered by the research assistants during meetings with the respondents—primary data collected within 60 days during March 2018 and April 2018. Research recommendation was provided by the postgraduate department of Kenya Methodist University to the National Commission for Science, Technology and Innovation (*NACOSTI*) for issuance of a research permit. Data collection and analysis was done with consideration to ethical conduct and with a high level of integrity. Ethics is about what is right and what is not right (Fouka &Mantzorou, 2011).

In a scientific research project, all human activities under investigation are governed by the individual, community, and social values. The dignity and sources of information obtained during the research interviews and the publication of the research finding were given priority. The preliminary screening of the data for missing values and outliers was performed to test the normality of datasets and to ensure the accuracy of the results in line with (Aliyu et al., 2014).

3.7.1 Justification for Combining Quantitative and Qualitative Techniques

In this study, the justification for combining both qualitative and quantitative research approaches was consistent with Marsland et al. (2015), which stated that combining these two research approaches not only to develop or extend theories and tests their application but also to enable triangulation between methods by enhancing the quantitative output with rich qualitative data (Rajasekar et al., 2013). When these two approaches used as an analytical research tool, the inherent limitations in each of the methodologies reduced significantly (Aliyu et al., 2014).

3.8 Operational Definition of Variables

The predictor and criterion variables form the basis for the Operationalisation and measurements of study variables. Tables 2, 3 and 4 show the different variables, indicators for the variables, operational definitions, and instruments for assessing each of the variables under study.

Table 3.1

Operationalisation and Measurement of Competitive Market Dynamics

Variable	Indicator	Nature	Operationalisation	Measure	Question No.	Hypothesised Direction
Competitive Market Dynamics	Increase in insurance sales	Criterion Variable (CV)	Increase production and sale of insurance services.	3 items, 5-point Likert scale	1.1q1-6	Positive
	Cultural acceptance	Criterion Variable (CV)	Improve new customer acquisition and retention of existing ones.	3 items, 5-point Likert scale	1.2q1-6	Positive
	Scale operations	Criterion Variable (CV)	Increase Operationalisation through natural forces of demand and supply.	3 items, 5-point Likert scale	1.3q1-6	Positive

Table 3.2

Operationalisation and Measurement of Management Support variables

Variable	Indicator	Nature	Operationalisation	Measure	Question No.	Hypothesised Direction
Management Support	Resource Planning	Predictor Variable (PV)	Increase resource mobilisation for employee empowerment.	3 items, 5-point Likert scale	2.1q1-6	Positive
	Information Planning	Predictor Variable (PV)	Improve the quality of information for employee decision-making.	3 items, 5-point Likert scale	2.2q1-6	Positive
	Infrastructure Plans	Predictor Variable (PV)	Increase essential infrastructure projects for the implementation of coherent long-term plans.	3 items, 5-point Likert scale	2.3q1-6	Positive

Table 3.3

Operationalisation and Measurement of Internal Communication variables

Variable	Indicator	Nature	Operationalisation	Measure	Question No.	Hypothesised Direction
Internal Communication	Nature of insurance business	Predictor Variable (PV)	Reduce the negative perception of insurance companies and their products and services.	3 items, 5-point Likert scale	3.1q1-6	Negative
	Alignment and Reorganisation	Predictor Variable (PV)	Enhance organisational efficiency.	3 items, 5-point Likert scale	3.2q1-6	Positive
	Integration of activities	Predictor Variable (PV)	Acquire a competitive distinctiveness.	3 items, 5-point Likert scale	3.3q1-6	Positive

Table 3.4

Operationalisation and Measurement of Employee Involvement

Variable	Indicator	Nature	Operationalisation	Measure	Question No.	Hypothesised Direction
Employee Involvement	Product and Process Design	Predictor Variable (PV)	Increase the amount and number of relevant products and services.	3 items, 5-point Likert scale	4.1q1-6	Positive
	Evaluation of Decisions at Every Stage	Predictor Variable (PV)	Increase the level of standardisation of products and services.	3 items, 5-point Likert scale	4.2q1-6	Positive
	Planning and Scheduling	Predictor Variable (PV)	Ensure continuity in production and service delivery.	3 items, 5-point Likert scale	4.3q1-6	Positive

Table 3.5

Operationalisation and Measurement of Insurance Regulations

Variable	Indicator	Nature	Operationalisation	Measure	Question No.	Hypothesised Direction
Insurance Regulations	Access to timely information	Predictor Variable (PV)	Improve the confidence of consumers and improved customer perception of insurance firms	3 items, 5-point Likert scale	5.1q1-6	Positive
	Fair Competition	Predictor Variable (PV)	Healthy, beneficial competition and reduction in the number of firms closing shop	3 items, 5-point Likert scale	5.2q1-6	Positive
	Availability of insurance	Predictor Variable (PV)	fair competition and Information equity	3 items, 5-point Likert scale	5.3q1-6	Positive

3.9 Methods of Data Analysis

The Likert type data represented based on a five-point Likert scale where **1=** Strongly Disagree; **2 =** Disagree; **3=** Indifferent; **4=** Agree; and **5 =** Strongly Agree. First, the data were subjected to a descriptive statistical procedure to assess the means and frequencies and to establish the general behaviour of the ordinal data from the study (Hole, 2000). This behaviour was then analysed using graphical methods such as frequency tables, bar charts,

and diagrams that provide visual information clarity on the subject under study and while measures of central tendency and frequencies used to test the variability of data.

Finally, the quantitative data were grouped according to the response categories, and the results analysed using advanced statistical tools. The data related to the direct effect model was analysed using proportional odds method 'Ologit' to assess the variability within the data set. This model has the capability of analysing the direction of the respondents' feelings or opinions regarding the effectiveness of Internal Marketing activities in their companies. These feelings or opinions comprises ordered discrete variables with j categories (Highly Disagree, Disagree, Indifferent, Agree, and Highly Agree).

At the initial stage, the Gaussian/Normal distribution process assessed the distribution properties for each variable. This was followed by the analysis of the reliability and validity of the direct variables and the evaluation of the inner model's explained variances (R^2), effect size (f^2), predictive relevance (Q^2) and its effect size (q^2). Finally, the interaction between Insurance Regulations (moderator) and the other variables was through a Structural Equation Model (SEM), but more significantly, the Partial Least Squares–Structural Equation Model (PLS-SEM) which identified and explored the inter-relationships between the predictor and criterion variables (Hair et., 2016a). The study adopted a PLS-SEM (a variance-based approach to SEM) to explore the linear relationships between the predictor and the criterion variables in the model and between constructs and their measures (Mateos-Aparicio, 2011). The PLS model contains a predictor specification approach that is useful for predicting the values of the latent variables (Chin, 1998).

The PLS is based on the OLS method, where the PLS-SEM is used to estimate the |relationships between constructs, minimise the error terms or, in turn, maximise values for latent constructs in the model. According to Byrne (1998), a Latent construct is a variable that is measured by capturing the indicators that represent the underlying construct. In SEM, and more specifically the PLS-SEM, the predictor variables (Internal Marketing) are not explained by other constructs in the model but have a significant effect on the other constructs within PLS-SEM (Hair et al., 2016b). In the study, the PLS-SEM technique can handle small samples and still achieve high levels of statistical outcomes (Hair et al., 2016a). PLS-SEM provides a pragmatic way for analysing data with minimum sample sizes (Hair et al., 2014a).

The moderating effect was tested through an examination of the effect of Insurance Regulations on the relationship between Internal Marketing and Competitive Market Dynamics. Finally, conclusions related to the research hypotheses were drawn based on the research framework presented in Chapter 2 and following the thesis outline, as shown in Figure 10 of chapter two. The natural effect among the Internal Marketing categories was given by the mean difference in the outcomes in the presence of the omitted variable, Exogenous Variation of Treatment in the absence of the indirect causal mechanism (Frölich & Huber, 2017). The study adopted a model that modifies the divide-by-total model for ordinal variables Partial Credit Model (PCM) suggested by Wright and Masters (1981). This model can handle the Likert items that are classifiable (a priori) into pro-object or anti-object. The probability that a person has a dissenting opinion represented θs i for response category k of statement j which is given by the formula.

P (Yij = k | θsi) …….……..……..……1

Where

k = Highly Agree

k-1= Highly Disagree which is also represented by K.

In the study, an exploratory test carried out to establish the direction of responses obtained from the respondents and also to establish whether explored variables were clear to the respondents. The study assumed that there was local independence for within the Likert scale; hence, the probability of the respondent I's response pattern was established by the probabilities as specified in equations 2 and 3 given below.

The model adopted for this study assumed that the respondents θ_i^s were able to select category k of the item j. The primary assumptions of an OLOGIT model were that the error variances are homoskedastic.

$$P(Y_{ij} = k \mid \theta_i^s) = \frac{\exp\left[k\theta_i^s + c_{jk}\right]}{\sum_{s=1}^{K} \exp\left[s\theta_i^s + c_{js}\right]} \text{ ……..…… 2}$$

Where:

k = respondents with the most significant agreement

θ = the link between the data and the model parameters.

β = the coefficient parameters in the relationship between predictor (Internal Marketing) and criterion variables (competitive insurance market dynamics)

(CMD = β_o + β*IM+Ɛ)

β_o = constant and equation 2 representing the responses which are not in agreement

$$P(Y_{ij} = k \mid \theta_i^s) = \frac{\exp[(K+1-k)\theta_i^s + c_{jk}]}{\sum_{s=1}^{K} \exp[(K+1-s)\theta_i^s + c_{js}]} \quad \text{.....3}$$

According to Hauser et al. (2018), the significance level for a given hypothesis test was the value for which a P-value less than or equal to, was considered statistically significant. The decision rule was to accept P-values of 0.01 and 0.05. If the P-values were more outstanding than 0.05, which was either a statistically significant level or significant, the study would reject the null hypothesis that there is no difference between the means and conclude that a significant difference did exist. The decision to conduct exploratory checks was to establish if the values corresponding to the probability of observing such an extreme value, was by chance. In conclusion, this model found to be useful in estimating the effects of the predictor variables Management Support, Internal Communication, and Employee Involvement βs on the underlying criterion (Competitive Market Dynamics) variable.

3.9.1 Direct Effects Model

In this model, the Direct Effect represented by the relationship between the predictor variables of the Internal Marketing constructs; Management Support, internal information, employee empowerment and employee development and the criterion variable, Competitive Market Dynamics. Each of the constructs had some direct effects on Competitive Market Dynamics. The effectiveness of Internal Marketing variables established from the data received from the respondents, which range from Highly Disagree to Highly Agree.

The direction of responses or feelings of the respondents was given by equations 2 and 3, which are the mathematical formulae for determining the feelings from the ordinal Likert scale outcomes. Equation 2 represents concurrence that Internal Marketing has a significant influence on Competitive Market Dynamics, while equation 3 represents different opinions. According to Javaras and Ripley (2007), these equations are a modification of the Partial Credit Method (PCM) by Masters and Wright (1981), which is appropriate for the Likert items in pro-object or anti-object format.

The direct effect between Internal Marketing was given by the formula:

$$CMD = \beta_o + \beta_l MS + \beta_2 IC + \beta_3 EI + \varepsilon \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \; 4$$

Where:

CMD = Competitive Market Dynamics

β_o = constant

MS = Management Support

IC= Internal Communication

EI = Employee Involvement

β_{1-3} = coefficients of MS, IC and EI variables

ε = error

Given that the regression equation for the study was given by $CMD = \beta_o + \beta_l MS + \beta_2 IC + \beta_3 EI + \varepsilon$ as given in equation four above. The study adopted a stepwise regression in line with Thiart (1990). This research method computes a sequence of regression equations. At each step, an independent variable added or deleted. The common criterion for adding or deleting and

selecting the variable produces the greatest reduction or smallest increase in the error sums of squares, at each step. By eliminating each independent variable, the study expected to eliminate the non-predictive collinearities and unmask them. The decision rule was to delete that particular regressor from the predictor if the minimum $F < 1$, and for each $F < 1$, delete the corresponding regressor from the predictor (Thiart, 1990).

3.9.2 Interaction Effects Model

The interaction effect is measured the moderating effect of Insurance Regulations on Internal Marketing and competitiveness of the insurance industry. In this study, insurance information, fair competition and insurance availability conceptualised as a composite value Z. This Z value obtained using a logistic regression equation by performing three critical data computation procedures:

i. Establish the composite value (CV) of insurance industry Internal Marketing.

ii. Determine the moderating variable Z (regulation factors) as a continuous composite value (MV) of the three Insurance Regulation factors (fair competition, insurance information, and insurance availability).

iii. Compute a new variable representing the interaction computed using CVMV or CV × MV.

A logistic regression obtained using CV, MV, and CVMV as predictors of the Competitive Market Dynamics.

The formula for the interaction effect is given in equation 8.

$$\text{Ologit}\,[P\,(CP = 1)] = \beta_o + \beta_1 IM + \beta_2 IR + \beta_3\,(IM.IR) + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (5)$$

Where

CP= Competitive Position

P (CP = 1) = probability of belonging to either 1 or 0

β_1-β_4 = logistic regression coefficients of Internal Marketing variables, Insurance Regulations and Competitive Position

I = Internal Marketing values for Management Support, Internal Communication, Employee Empowerment and Employee Development.

IR = Insurance Regulations (moderating variable)

IM.IR = interaction effect

Ɛ= error term

A significant ($p < .05$) is an acceptance that Internal Marketing affected the industry's Competitive Market Dynamics. In summary, the model for this study has three estimates covering the direct effect in equations 1, 2, 3 & 4, and the interaction effect in equation 5 of the moderating variable.

3.9.3 Reliability and Validity of Research Instruments

The term reliability was used to explain the extent to which different tests performed on the same items, on different occasions, under different conditions, with different instruments, which measure the same item and still obtain the same results (Golafshani, 2003). Validity is defined as the extent to which a concept is accurately measured in a quantitative study. The study hoped to obtain highly effective Internal Marketing outcomes in line with (Heale & Twycross, 2015). The study reviewed the consistency among different decision outcomes

through a test-retest reliability method for insurance companies' Internal Marketing and determined the coefficients for this type of reliability. Consistency and reliability were confirmed when decisions of Internal Marketing showed more significant improvement in the competitive position of the insurance company.

Internal consistency of results was established by analysing the inter-item correlation between the variables of the study. Cronbach's Alpha shows the extent of internal consistency between the variables examined. The decision rule for Cronbach's alpha reliability coefficient was that an outcome is normal when it ranges between 0 and 1. The closer it is to 1, the greater the internal consistency of the items in the scale. Internal consistency was measured by the formula (rk / [1 + (k -1) r]).

Where;

k = the number of items considered and

r = the mean of the inter-item correlations.

In the study, the size of Alpha was determined by the number of items in the scale and the mean inter-item correlations. The results were interpreted in line with Gliem and Gliem (2003) where results >0.9 = excellent, > 0.8 = good, >0.7 = acceptable, >0.6 = questionable, >0.5 = poor, and <0.5 = unacceptable. According to Drost (2014), increasing the value of Alpha depends on the number of items in the scale, but this has a diminishing return. The objective behind conducting the internal consistency test is to obtain an alpha value of 0.8,

which represents the minimum acceptable value for a high- level internal consistency of the items in a scale.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

The research models in this chapter were assessed using different statistical techniques to establish the results of the data collected. The chapter follows a sequence beginning with the introduction in Section 4.1; Demographic assessment in Section 4.2; Assessment of relationship in the research model in Section 4.3; Distribution properties of Variables in Section 4.4; Evaluation of the Measurement Models in Section 4.5; Evaluation of the Structural models in Section 4.6; Collinearity Test in the Moderating Model in Section 4.7; Heteroskedasticity Test in section 4.8. Effect of Internal Marketing on Competitive Market Dynamics in Section 4.9; Hypothesis Testing in Section 4.10.

The data were analysed through an examination of the quantitative and qualitative data from insurance industry employees in Kenya and their customers between the dates, 15th March 2018and 17th May 2018. In the study, the distributional properties of the data collected were assessed and prepared for the application of statistical procedures using Ologit Regression and SEM-PLS modelling techniques. The data was collected with the assistance of two trained research assistants who administered the questionnaires to employees and customers of the 62 insurance companies. In total, 186 persons were, and 385 customers received the questionnaires.

4.2.0 Demographic Assessment of Respondents

The data from 186 Insurance Managers and 385 Insurance Customers were subjected to inspection, cleaning. Finally, the data was coded and entered into a STATA datasheet to pave the way for statistical computations. The missing data and treated potential outliers were identified.

4.2.1 Study Response Rate

The results of data collection revealed an overall response rate of 91.93% as indicated in Table 4.1. The 524 respondents were sequentially numbered and entered into STATA version 14 platforms in a data file format to create 2 data files, one for the customers' data and another for the employees' data. Finally, the quantitative and qualitative data sets were categorised to facilitate analysis.

Table 4.1

Study Response Rate

	Chief Executive Officers	**General Managers**	**Operations Managers**	**Sub–Total**	**Customer**	**Total**
General	27	29	19	**75**	221	**296**
Life	17	16	31	**64**	164	**228**
Total	**44**	**45**	**50**	**139**	**385**	**524**
Target	62	62	62	**186**	385	**571**
Response Rate	**70.97%**	**72.58%**	**80.65%**	**74.73%**	**100.00%**	**91.93%**

According to the research questionnaire format, the quantitative data categories ranged from high-level disagreement from the customer categories, high-level agreement from the

managers and customers with Internal Marketing practices. The data was coded into a form that allowed the application of STATA version 14 software to prepare it for computer-aided analysis. In the process, appropriate adjustments or decoding were made whenever it was necessary.

In the process, any data with errors in nominal scale values removed. The data was examined to remove potential perfect and near-perfect straight liners. According to Hair et al. (2016b), straight-lining occur in a situation where a respondent expresses the same opinion for a large number of questions. Straight-liners were identified using both the visual inspection mechanism and also by conducting a descriptive statistical analysis using mean and standard deviation measures to identify and treat any straight-liners or any inner liners. The outcome of the study revealed that none of the respondents presented a questionnaire that had a straight-lining or a central-lining pattern. In summary, the study retained all the observed samples.

4.2.2 Missing Data

The data obtained were screened and filtered to remove errors to make it possible for analysis on a STATA version 14 Platform. In the study, the data that contained missing or visible error values was expunged from analytical models, leaving the system with only 134 complete observations from insurance employees that did not have any missing data. The responses are shown in Appendix 6.

4.2.3 Outliers

The data obtained was inspected to eliminate the possible distortion or interpretation of data in line with (Vogt & Johnson, 2015). In the study, univariate, bivariate and multivariate methods were applied to identify any potential outliers in the data sets (Hair et al., 2014a). In the study, the univariate outlier identification method included the examination of the data distribution to identify data with high and low distribution ranges. The data relating to all the variables collectively were examined through a multivariate method to detect if the data set contained any outlier. The use of univariate and multivariate methods provided the best option for the standardised scores data. In this study, the bivariate method or the evaluation of scatter plots of outlier identification did not provide sufficient information on outliers in an environment where there are five variables. As a result, only two variables with standardised values exceeding +/-5.0 were identified.

The study performed a multivariate detection of outliers using the Mahalanobis 7measure in line with (Hair et al., 2014a). Mahalanobis measure is a multi-dimensional generalisation to measure the standard deviations of variables from their mean distributions. In the process, an additional outlier was identified, and individual profiles created for examination using a consistency test to identify possible outliers and their validity. In the study, three outliers were finally confirmed to be consistent; therefore, none was eliminated from the data set, and the entire data sets remained 134 observations from insurance companies.

The data collected was harmonised by computing the mean responses for insurance industry employees and their customers before subjecting the data to a more rigorous scientific study

to allow for a scientific review. In total, 531 responses comprising 146 employees and 385 customers were received from the 49 insurance companies and their customers, as presented in Appendix 5.

4.2.4 Respondents Demographic information

In Table 4.2, employees of insurance firms were presented as Chief Executive Officers, 48.7%, General Managers, 37.5%, and Operating Managers, 30.3%, had less than five years of field experience in their respective organisations. The field experience for operating managers was found to be more stable with 30.3% having served for less than five years, 33.3% between 6-10 years, 30.3% between 11-16 years, and 6.1% between 16-20 years.

Table 4.2

Management Employee and Years of Experience

Respondents Demographics	Executive	General Manager	Operations Manager
Less than 5 Years	48.7%	37.5%	30.3%
6-10 Years	15.4%	21.9%	33.3%
11-15 Years	17.9%	31.3%	30.3%
16-20 Years	15.4%	9.4%	6.1%
Above 20 Years	2.6%	0.0%	0.0%
N	43	42	49

Table 4.3 indicates that majority of the management staff insurance employees had achieved masters or bachelor degree qualification where 35.9% for Chief Executive Officers, 68.8% for General Managers, and 48.5% for Operating managers were interviewed.

Table 4.3

Management employees and level of Education

Respondents Demographics	Executive	General Manager	Operations Manager
Education			
Secondary	2.6%	0.0%	0.0%
Diploma	10.3%	3.1%	15.2%
Bachelor	33.3%	28.1%	33.3%
Masters	35.9%	68.8%	48.5%
Doctorate	17.9%	0.0%	3.0%
N	43	42	49

In Table 4.4 below indicate that majority of employees of the insurance firms (decision-makers) were professionally qualified, having achieved Advanced Diplomas in Insurance with 35.9% Chief Executive Officers, 56.3% General Managers and 39.4% Operating Managers had attained ACII qualification and 30.8% Chief Executive Officers, 31.3% General Managers, and 45.5% of operating managers having AIIK. The results confirmed that the insurance firms' employees had adequate knowledge and experience in their respective areas of practice and were, therefore, able to provide credible information on Internal Marketing of the insurance firms. The results, therefore, suggested that the majority of decision-makers were capable of making decisions that can drive the competitiveness of the insurance firms in Kenya.

Table 4.4

Management employees and their qualifications

Professional Qualification	**Executive**	**General Manager**	**Operations Manager**
COP (Certificate of Proficiency)	0.0%	0.0%	3.0%
ACII (Advanced Diploma in Insurance)	35.9%	56.3%	39.4%
CCI (Craft Course in Insurance)	5.1%	12.5%	6.1%
AIIK (Diploma in Insurance)	30.8%	31.3%	45.5%
Any Other	28.2%		6.1%
N	43	42	49

Table 4.5 showed that a vast majority of decision-makers in the insurance firms in Kenya had adequate field experience. 84.6% chief executive officers and 81.3% general managers had between 16- and 20-years field experience, while 66.7% of operating managers had worked for more than 20 years. The study confirmed that the insurance firms' decision-makers had adequate experience. Experience is necessary for analysing the current business environment and promoting emerging business environmental needs.

Table 4.5

Management and their experience in the job

Insurance Demographics	**Executive**	**General Manager**	**Operations Manager**
Less than 5 Years	7.7%	6.3%	6.1%
6-10 Years	5.1%	9.4%	15.2%
11-15 Years	2.6%	3.1%	3.0%
16-20 Years	84.6%	81.3%	9.1%
Above 20 Years	0.0%	0.0%	66.7%
N	44	43	49

The data collected revealed that a large number of insurance firms provided non-life insurance and a combination of life and non-life insurance.

Table 4.6 shows that companies providing life insurance comprised a smaller proportion as seen by the responses from 17.9% chief executive officers, 25% general managers and 15.2% operating managers. The data collected from the general insurance category showed that general insurance more than doubled the life insurance category with 43.6% chief executive officers, 50% general managers and 45.5% operating managers.

Table 4.6

Distribution of Management according to Insurance Companies

Insurance Category	Executive Managers	General Managers	Operation Managers
Life	17.9%	25.0%	15.2%
General	43.6%	50.0%	45.5%
Composite	38.5%	25.0%	39.4%
N	43	42	49

The study noted that even though, similar data regarding the number of insurance industry employees and period of existence was a common question, insurance industry employees gave answers that differed slightly along with the decision-making groups. The results showed that the insurance industry decision-makers did not read from the same script.

Table 4.7

Distribution of management employees according to company size

Number of employees	Executive Managers	General Managers	Operation Managers
0-99	25.6%	18.8%	18.2%
100-300	59.0%	59.4%	54.5%
301-500	12.8%	15.6%	12.1%
Above 500	2.6%	6.3%	15.2%
N	43	42	49

In Table 4.7, medium-sized companies with employees between 100 and 300 produced the most significant number of respondents, with 59% chief executive officers, 59.4% general managers and 54.5% operating managers. However, much larger companies with more than 500 employees produced the lowest number of responses at 2.6% chief executives, 6.3% general managers and 15.2% operating managers. This pattern of response explained the level of bureaucracies within the larger organisations, which made the interviews difficult. A slightly increased response rate from operating managers explained the difficulty of reaching out to chief executive officers and general managers due to their busy schedules which required much longer time.

Table 4.8

Distribution of management employees according to Sales Turnover

Sales Turnover	Executive Managers	General Managers	Operation Managers
Less than 0.5b	5.1%	6.3%	6.1%
0.5b-1b	20.5%	18.8%	9.1%
1b-2b	38.5%	34.4%	36.4%
Above 2b	35.9%	40.6%	48.5%
N	42	44	47

When the respondents were compared according to the insurance company turn over, insurance companies with over 2 billion turnovers produced the most significant number of respondents with 35.9% chief executives, 40.6% general managers and 48.5% operating managers. The study revealed that the majority of insurance companies had a turnover above 1 billion shillings.

Table 4.9

Distribution of management employees according to ownership

Ownership Status	Executive Managers	General Managers	Operation Managers
Fully Kenyan	56.4%	50.0%	51.5%
Fully foreign	5.1%	12.5%	12.1%
Joint foreign & Kenyan	38.5%	37.5%	36.4%
N (number)	45	49	49

In Table 4.9, the study further revealed that majority of respondents were from Kenyan owned companies with 56.4% chief executives, 50% general managers and 51.5% operating managers when foreign companies produced the least number of respondents with 5.1% chief

executive officers, 12.5% general managers and 12.1% operating managers. Even though wholly foreign-owned companies were not many, some of them declined to participate in the interviews.

4.2.5 Customer Demographics: The Experimental Group

The actual data for customers was obtained from the field was 385, precisely equal to the targeted population of 385. Out of the 385 questionnaires, 18 had errors and were expunged from the final questionnaires for analysis. The demographics of these respondents were presented in Table 4.10.

Table 4.10

Customer Demographic Information

Customer career	Frequency	Percentage
Life Insurance Companies	145	39.51%
General Insurance Companies	218	59.40%
Composite Insurance Companies	4	1.09%
Total	367	100.00%

Table 4.11 showed that the majority of customer respondents had insured themselves for less than ten years, indicating that the majority of insurance customers were much younger people. Customers with more than 15 years of insurance experience were much fewer, indicating a new generation of insurance customers with emerging insurance needs.

Table 4.11

Distribution of customers according to years insured

The period the customer held an insurance policy.	Frequency	Percentage
Less than 5 Years	137	37.33%
6-10 Years	131	35.69%
11-15 Years	74	20.16%
16-20 Years	19	5.18%
Above 20 Years	6	1.63%
Total	367	100%

In Table 4.11, the largest or 37.33% of customers had less than five years working experience, 35.69% had between 6- and 10-years insurance experience while only 26.97% had more than ten years of insurance experience. This was an indication of the emerging workforce in insurance firms.

4.3 Assessment of Relationships in the Research Model

4.3.1 Introduction

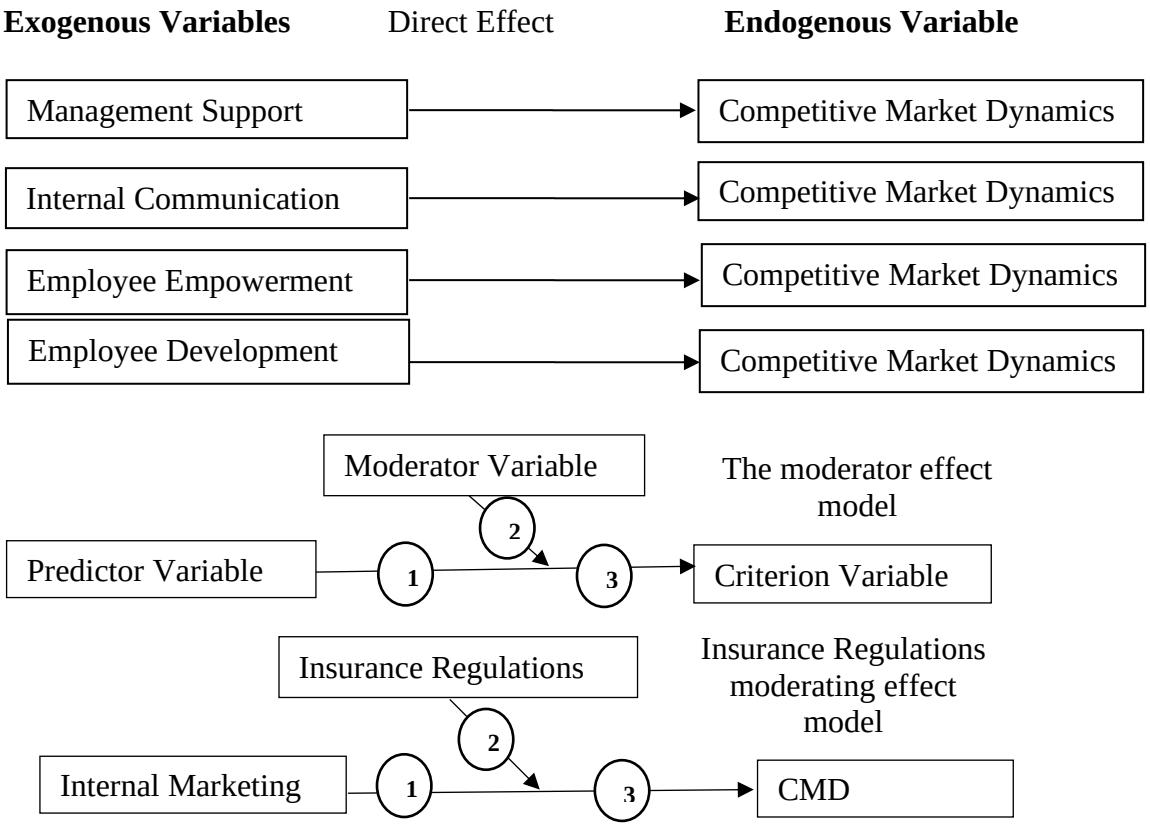
In the study, both the exogenous and the endogenous variables were easily identified through visual examination of the path model. Figure 4.1 presented Internal Marketing (exogenous variable) to have a direct influence on Competitive Market Dynamics (endogenous variables); the interaction effect was represented by the moderator (Insurance Regulation) variable. The moderating effect was used to develop the SEM model.

The Path model for the study comprised the outer measurement model. It described the relationship between the theoretical (Latent) constructs, their measurements and the inner or structural model that visibly represented the hypothesised relationships between constructs.

The conceptual framework displayed the relationship between Management Support, Internal Communication, Employee Involvement, Employee Development constructs and Insurance Regulations on Competitive Market Dynamics.

Figure 4.1

Exogenous Constructs in Internal Marketing Model



Note. Relationship between the variables of the study

4.3.1 Study Characteristics

The fundamental model properties, indicators and factors, the magnitude of factor loadings and path coefficients and the missing data was evaluated to ascertain the effect of parameters on sample size requirements, statistical power, biases in the parameter estimates, and the overall solution's propriety. The evaluation revealed between 75 to 167 Managers and 150 to 337 Customer provided meaningful patterns of association between parameters and sample size and highlighted the limitations the rule-of-thumb. Table 18 shows the adequacy of the sample characteristics.

Table 4.12

Study Characteristics

	Chief Executive Officers	**General Managers**	**Operations Managers**	**Customer**
General	27	29	19	221
Life	17	16	31	164
Total	44	45	50	385
Target	62	62	62	385
Response Rate	70.97%	72.58%	80.65%	100%

From the information of Table 4.12, the response rate was found to be adequate within all the strata with response rates above 70%. This data was, therefore, highly representative of the study population. The collected information included a total of 53 responses among the people of 62 insurance companies, which exceeds the minimum threshold of 70% when comparing the different groups within the sample. Considering a different experimental

group of 385 customers responses representing 100% of the target population was obtained from the field data in line with Fisher et al. (1991).

4.3.2 Competitive Market Dynamics in the Insurance Industry

From the assessment, the competitive insurance market dynamics were measured using a five-point Likert scale where 1 indicated the lowest rating, Highly Disagree, and five the highest score, Highly Agree. A detailed assessment of the data confirmed that the respondents recorded a high rating on the various statements used to gauge Competitive Market Dynamics. Table 4.13 presents

Table 4.13

Competitive Market Dynamics in the Insurance Industry

Competitive Market Dynamics	N	Mean	Std. Deviation
Our company provides insurance contracts for most majority of insurable risks in	43	3.79	.965
Our insurance products are highly relevant to the specific needs of the people a	44	3.86	.852
Our distribution channels are planned according to the areas of customer concentration.	43	3.77	.841
Our Research and Development focuses on the emerging needs of our customer group	44	4.39	.841
Our product information is easily accessible to our customers	44	4.18	.815
Our company appreciates the role of technology in the design and distribution of	44	3.86	1.091

The managers who responded rated the ability of their companies to provide insurance contracts for most majority of insurable risks at 3.79 on the Likert scale; ability to provide

relevant insurance products to market needs at 3.86 on the Likert scale; access to insurance products through distribution channels located in the areas of high customer concentration at 3.77 on the Likert scale; the ability of insurance companies to conduct R&D at 4.39 on the Likert scale; ability to insurance companies to provide relevant products information at 4.18; and the appreciation of the role of technology in the design and distribution at 3.86 on the Likert scale. These outcomes indicate that the majority of the managers believed their insurance companies addressed the external market requirements adequately. The lowest ratings included premium collection and know your customer issues while the highest rating was on related to R&D for new products in the market.

4.3.3 Management Support within the Insurance firms

The study used a five-point Likert scale to rate various statements related to Management Support in the insurance firms by looking at the way insurance companies handle issues related to resource, information and infrastructure planning. The study found that the three aspects were rated towards the positive side, going by the mean ratings observed in the detailed assessment presented in Appendix 4. The mean scores range from a mean of 3.62–4.30 for resource planning, mean of 3.45–4.30 for information planning and mean rating of 3.93–4.19 rating for infrastructure planning. These ratings confirm that Management Support was an essential aspect of the insurance industry's Internal Marketing process. Table 4.14 presents the mean responses of Management Support and their standard deviations.

Table 4.14

Management Support within the Insurance Industry

Management Support	N	Mean	Std. Deviation
Resource Allocation			
Our board members allocate many resources to mobilise both human and non-human resources	44	4.23	0.774
Our Board members consider planning as a priority and participate in plans review	43	4.30	0.708
Our company values to a great extent the accountability of human resource action	44	4.25	0.719
Our company supports the procurement of talented human resource on an equal opportunity	44	4.27	0.872
Our board of directors are passionate about the customer charter implementation	44	4.25	0.751
The social skills of board members support the efforts of operating staff to del	44	3.86	0.905
Information planning			
Our company uses expert advice in the formulation and implementation of its strategies	44	4.32	0.708
Our company appreciates the role of change and change management in the formulation of strategic plans	44	4.18	0.691
Our company strategic planning is based on the active participation of all employees	44	3.84	1.033
Our company has a fully-fledged research and development function to assist in n	44	3.45	1.372
In our company, employee appraisal serves as critical feedback on the employ	44	4.09	0.984
The relationship between our employees and the customer is a product of high-level consultation	44	4.30	0.632
Infrastructure plans			
Our company has a well-organised business and sales channels according to the lo	44	4.11	0.868
Our company supply function aims at improving the level of customer support and management of high customer concentration areas	44	3.95	0.834
Our company supports and strengthens product and channel agencies to improve and customer on-boarding and retention	42	4.19	0.862
Our company has a reasonable number of sub-segments with attractive risk profiles	44	3.95	0.987
Our company uses information from clients and companies to provide exceptional services	44	4.11	0.97
Our company has a wide range of distribution channels which are organised according to geographical and customer segments groups	43	3.93	1.078

4.3.4 Internal Communication within the Insurance Firms

Internal Communication construct was assessed on five-point Likert scales ranging from a high level of disagreement to a high level of agreement. The study measured three aspects, namely: the nature of insurance business, alignment and reorganisation of activities, and integration of activities in the organisation. Table 4.15 shows the standard deviation for Internal Communication Assessment.

The study found that the various statements made that were rated by the respondents on each of the three aspects were positively rated, leading to the realisation of high mean ratings that were closer to the highest grade of 5.00. The scores for the six statements measuring each of the aspects of Internal Communication relating to the nature of insurance business ranged between a mean rating of 3.71 and 4.40; alignment and reorganisation of activities mean rating ranged between 3.91 and 4.20, and integration of activities in the organisation mean rating range between 3.56 and 4.16. Table 4.15 presents the mean responses for Internal Communication and their standard deviations,

Table 4.15

Internal Communication within the Insurance Industry

Internal Communication	N	Mean	Std. Deviation
Nature of insurance business			
Our company appreciates customers as the new power brokers with irrational behaviour	45	4.40	.837
Our products and services are developed through the collaboration of different departments	45	4.33	.603
Our company shows much consistency in the way critical resource issues are managed	45	4.29	.727
Our company consistently pays all admitted claims and suppliers per the customer charter	45	4.22	.670
Our company has challenges in collecting premiums from its insurance customers	45	3.71	1.141
Our company mines data to understand and respond to the emerging customer needs	45	3.84	.999
Alignment and Reorganisation			
Our company's departmental heads are highly accountable for the specific resources and processes assigned to them	45	4.20	.786
Internal communication in our company is directed by the changing market and customer and customer needs	45	4.00	.853
Our company's employees work harmoniously to achieve the agreed objectives	45	4.02	.783
In our company, there is a high level of transparency in the way information is shared	45	3.96	.878
Our company's resources are a product of the interaction between different functions and customers	45	3.91	.900
Our company has specific principles and rules which guide resource allocation de	45	4.11	.682
Integration of activities			
In our company, different functions work independently of each other but achieve	45	4.16	.824
In our company, the process manual plays a great role in ensuring co-ordination	45	3.89	.804
Our company has adopted an approach which leverages all functions to achieve opt	45	3.87	.869
Our company uses large and sophisticated databases to provide significant support	45	3.56	1.159
Our company has resolved a majority of the strategic problems through structuring	45	3.71	.869
Our company has achieved a high level of interaction between the different functions	44	4.11	.841

4.3.5 Employee Involvement within the Insurance Firms

Employee Involvement within the insurance industry was assessed by inquiring into various issues within the firms, namely, their perception, satisfaction, and standards. These were measured by a 5-point Likert scale rating of eighteen statements related to the three constructs of customer expectations, three for each construct.

From the assessment, the respondents highly rated customer perception with the mean rating falling between 3.76 and 4.28, a mean rating between 3.84 and 4.34 was observed for customer satisfaction, a mean rating of 4.00 and 4.36 was observed on standardisation of products and services within the industry (see Appendix 4). The findings, therefore, confirmed that customer perception was considered an essential aspect of Internal Marketing within the insurance firms. Table 4.16 represents the mean responses for Employee Involvement and their standard deviations.

Table 4.16

Employee Involvement within the Insurance Firms

Employee Involvement	N	Mean	Std. Deviation
Product and Process Design			
Our products and services are designed in a simple and straight forward language	50	4.38	0.753
Our consistently meet high-level customer expectation through new product through	50	4.5	0.678
Our company's products and services are highly suitable for the needs of our customers	50	4.36	0.598
Our company has adequately utilised idle resource surplus to support sales and boo	50	3.98	0.769
All our insurance company's contract documents have been simplified to accommodate all client cadre	50	4.18	0.774
Our company conducts proper market analysis at different levels of quality and q	50	4.16	0.766
Evaluation of Decisions at Every Stage			
Our reviews of insurance industry Internal Marketing quarterly and involves all key employees	50	3.88	1.003
Our has specific parameters for benchmarking with its peers within the Kenyan in	50	4.18	0.629
Our company deploys quality function to achieve a transition in a systematic and	50	4.16	0.710
Our company maintains the supply of insurance on profitable lines only	50	4.16	0.842
Our company's supply chain supports product and service delivery to a large extent	50	4.22	0.708
Our company uses sophisticated analytical tools to mine customer data for all p	50	3.82	0.873
Planning and Scheduling			
In our company, co-ordination of supply and movement of factors of production is	50	4.1	0.839
Our company keenly adheres to the codes of conduct and the regulations that govern industry practices	50	4.4	0.67
Our company has acquired a competitive advantage on key products and service lines	50	4.24	0.716
Our company has information technology which supports strategic initiatives to a	50	4.2	0.700
Our company has a large number of loyal customers with more than 5 years of loyalty	50	3.98	0.937
Our company innovation is considered as a critical growth driver for products and services	50	4.26	0.664

4.3.6 Insurance Regulations within the Insurance Firms

An assessment of the Insurance Regulations in the insurance firms was undertaken by assessing the views of insurance players regarding various statements related to Insurance Regulations, which they rated on a five-point Likert scale. The Insurance Regulations were assessed using three constructs of insurance information access, fair competition, and adequacy of insurance cover. Each of the constructs was assessed by seeking ratings of six positive statements which revealed high ratings with insurance information statements attaining ratings of between 3.13 and 3.87 (mostly indifferent rating); fair competition statements attained mean ratings of between 3.27 and 4.02; while adequacy of insurance cover statements mean rating were observed to lie between 3.84 and 4.27. Table 4.17 represents the mean responses and standard deviation for Insurance Regulations

Table 4.17

Insurance Regulations within the Insurance Firms

Regulations	N	Mean	Std. Deviation
Insurance Information			
Our company on-boards only the customers who have correctly identified themselves	45	3.71	.920
Our company advertises its products and services regularly on both the print and	45	3.44	1.198
Our customers are aware of the claims processes and procedures	45	3.87	.991
Majority of our customers comprise the direct customers procured through the dig	45	3.13	1.272
Our clients always consult our appointed intermediaries on our products and premiums	45	3.87	.842
Our clients are satisfied with our claim payment procedures	45	3.80	.757
Fair Competition			
Our premium volumes have been grossly affected by the price wars within the industry	44	4.02	1.045
Our company competes based on the distinctive strength acquired from long term	45	3.73	.720
Our company spends a substantial part of its revenues in research and development	45	3.27	1.176
Our clients are aware of claims payment timelines and standards	45	3.60	1.095
All our insurance company's contract documents have been simplified to accommodate	45	3.93	.915
Our company has acquired a market niche which other companies have not ventured	45	3.78	.823
Adequate Insurance Cover			
Our company provides insurance contracts for the majority of insurable risks in Kenya	45	4.27	.751
Our insurance products are highly relevant to the specific needs of the people a	45	4.13	.815
Our distribution channels are planned according to the areas of customer consent	45	3.84	.952
Our Research and Development focuses on the emerging needs of our customer group	45	3.84	.999
Our product information is easily accessible to our customers	45	4.07	.809
Our company appreciates the role of technology in the design and distribution of products & services	45	4.16	.852

4.4 Distribution Properties of Variables

The study analysed the distribution properties of the variables by examining the behaviour of data collected. The results were presented in Table 4.18 below.

Table 4.18

Data Distribution Assessment

		Positive responses		Negative responses		Overall	
		N	$\bar{X}$	**N**	$\bar{X}$	**N**	**T**
Management Support	Positive	29	4.34	6	1.84	45	9.433
	Negative	14	4.09	19	2.19	45	17.229
Internal	Positive	33	4.46	8	1.33	44	2.866
Communication	Negative	9	4.16	24	1.68	44	7.164
Employee	Positive	37	4.45	8	1.79	50	8.714
Involvement	Negative	12	4.11	22	1.78	50	11.062
Employee	Positive	27	4.39	9	1.55	45	8.017
Development	Negative	9	4.07	27	1.66	45	5.691
Insurance Regulations	Positive	26	4.42	11	1.46	44	13.120
	Negative	10	4.13	24	1.33	44	6.056

A six-five-point Likert scale questionnaire was used to examine the extent to which respondents believed that Internal Marketing, positively or, negatively influenced competitive insurance market dynamics in Kenya. In the study, the means and standard deviations of all the responses were compared.

The study allowed for pure manipulation of variables without considering the possible differences in information assessment by the respondents. For example, a respondent might have assessed his company's Management Support in a different way contrary to the literature, which shows that information, resource, and infrastructure planning were

important in improving employee efficiency, and improved employees' utilisation of resources to achieve the goals of the company (Eldar, 2017).

The results of the *t*-test indicated that 43 participants perceived Management Support positively with values N=29, $\bar{X}$=4.34; N=6, $\bar{X}$=1.84, & t(45) = 9.433 and p <0.01. when exposed to unfavourable conditions, the respondents framed insurance firms negatively with values N=14, $\bar{X}$=4.09; N=19, $\bar{X}$=2.19, t(45) 17.229 and p<0.01.

The results of the t-test revealed that the 42 participants perceived Internal Communication positively with values N=33, $\bar{X} = 4.46$; N=8, $\bar{X}$=1.33; & t(44) = 2.866 and p<0.01. when exposed to negative conditions, respondents framed insurance firms negatively with values N =9, $\bar{X}$ =4.16, N=24, $\bar{X}$ =2.19, t(44) 7.164 and p<0.01).

The results of the t-test indicated that the 49 respondents perceived Employee Involvement positively with N=37, $\bar{X}$=4.45; N=8, $\bar{X}$=1.79, t(50) = 8.714 and p<0.01). when employees were exposed to adverse conditions, they evaluated the insurance negatively with values N=12, $\bar{X}$ =4.11, N=22, $\bar{X}$=1.78; & t(50) 11.062 and p<0.01.

The results of the t-test indicated that the 36 participants perceive Insurance regulations positively with values N=26, $\bar{X}$=4.42; N=11, $\bar{X}$=1.46, t(44) = 13.120 and p<0.01. In |adverse situations, the evaluated insurance negatively with 10= $\bar{X}$4.13, 24 =$\bar{X}$1.33, t(44) 6.056 and p<0.01. The respondents were chosen based on their involvement in Internal Marketing, more specifically, at the management level. The study measured and compared the credibility

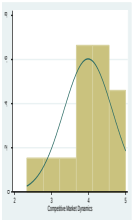
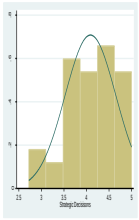
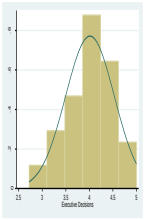
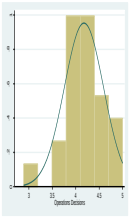
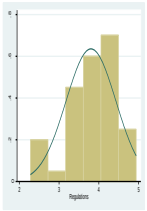
of each respondent. In the study, evaluation of the participants demonstrated that the chief executive, General Manager, and Operating Managers were more involved in Internal Marketing than the other members of staff. The analysis of the respondents' commitment to quality Internal Marketing is perceived as credible: 8AB>@C2>D2= 4.79. The results of the manipulation confirmed that all the variables passed the test of validity with $p<0.01$ in all cases.

Normality test was conducted to examine the shape of data distribution for each variable using the Gaussian/normal distribution process. According to Hair et al. (2014a), the Gaussian/normal distribution processes invalidated the subsequent multivariate techniques, leading to misinterpretation of the results. To assess the normality of the data distribution and a combination of visual tests and the Kolmogorov Smirnov Statistical tests performed. According to Massa (2016), Kolmogorov–Smirnov test where K–S tester KS test is a non-parametric test of the equality of continuous, one-dimensional probability distributions that can be used to compare a sample with a reference probability distribution for one-sample K–S test, or to compare two samples where two-sample K–S test. Table 29 shows that Skewness and Kurtosis confirmed that management support, internal communication and employee involvement were positively skewed when others were either leptokurtic or peakedness for competitive market dynamics or platykurtic or flatness-regulations. Therefore, the Kolmogorov–Smirnov test confirmed that the data was not normally distributed, which none of the two-tailed p-values indicated, as Asymp. Sig. was lower than 0.05.

Both the visual and the statistical tests confirmed that the data was not normally distributed, hence the need to perform a distributional transformation. The overall sample size was large enough (85% 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 the detrimental effect of non-normally distributed data. Secondly, data transformation could lead to misinterpretation of the variables; hence, original variables were generally more comfortable to compare and contrast. Finally, the study considered the different statistical methods to overcome non-normality and to provide with robust results, more specifically, the structural equation modelling, Partial Least Squares (PLS-SEM), in line with Hair et al. (2012b). Non-parametric statistical methods do not require the data to be normally distributed. Table 4.19 shows the results of the normality tests for the variables under study.

Table 4.19

Normality Tests

		Competitive Market Dynamics	Management Support	Internal Communication	Employee Involvement	Regulations
Most Extreme Differences	Absolute	.338	.386	.218	.228	.224
	Positive	.000	.052	.175	.070	.224
	Negative	-.338	-.386	-.218	-.228	-.190
Kolmogorov-Smirnov Z		1.091	1.245	.699	.781	.720
Asymp. Sig. (2-tailed)		.185	.090	.713	.576	.678
Pr(Skewness)		0.0657	0.1635	0.0936	0.0567	0.0501
Pr(Kurtosis)		0.6066	0.5785	0.454	0.0651	0.2986
adj $chi^2(2)$		3.88	2.39	3.6	6.46	4.87
Prob>chi^2		0.1436	0.3027	0.1655	0.0395	0.0876
Histogram						

When collecting primary data, common method bias problems often occur. According to Jarvis et al. (2003), the common method bias is a variance that is attributable to the measurement method rather than to the constructs the measures represent. A study by Mackenzie and Podsakoff (2012), confirmed that using the same method to measure the same construct might lead to false or incorrect results.

The study focused on the problem of common method bias to avoid threats on the validity of the hypothesised relationships between the measured construct measurements. According to Bagozzi and Yi (1991), both the random and systematic components of measurement errors can threaten validity. However, it is the systematic component that poses more threats by evolving misleading conclusions on the different hypothesised relationships between the

constructs. According to Podsakoff et al. (2003), common method biases are caused by standard scale formats and length of questionnaires, questionnaire items grouping, and measurement context. To control the common method bias, a set of a priori and post hoc techniques improved the design of the data-collection procedure and statistical remedies.

The study ensured that the questionnaire design significantly reduced the possibility of measurement errors occurring when the questionnaires contained a declaration of no right or wrong answers; secondly, all respondents had the right to anonymity. The assurances were meant to reduce the participants' evaluation apprehension and, reduce the possibility of having responses that do not reflect the actual situation on the ground (Podsakoff et al., 2003), qualitative pre-test of scales was done to ensure a comprehensive utilisation of items, and that the items were logical and well understood by respondents. Ambiguous terms removed to improve the respondents' understanding; attention filters were inserted in the questionnaire to ensure focus during the response period.

According to and Podsakoff and Mackenzie (2012), evidence exists to suggest that all post hoc statistical techniques have both advantages and disadvantages. Therefore, a single factor test was applied in line with Harman (1976) to examine the data for common method bias. The study used factor analysis and performed an un-rotated factor solution to identify factors that account for the variance of all the constructs. The presence of standard method variance was indicated in a situation where all the variables loaded in only one factor.

In Table 4.20, not all the variables loaded in one single factor when Harman's single test was conducted and when a construct that was not theoretically related to at least one construct, 'Marker' in the study. According to Lindell and Whitney (2001), there should be no observed relationship between the marker and the other constructs. A marker was included in the model to assess the correlation matrix and use it in PLS-SEM. Lindell and Whitney's (2001) recommended that the correlations between a marker and each of the latent constructs be less than 0.3.

Table 4.20

Common Method Bias Measure–Marker Partialing

	Marker	**Competitive Market Dynamics (CMD)**	**Management Support (MS)**	**Internal Communication (IC)**	**Employee Involvement (EI)**	**Insurance Regulations (IR)**
Marker	**1.000**					
Competitive Market Dynamics	**0.120**	1.000				
Management Support	**0.278**	0.661	1.000			
Internal Communication	**0.070**	0.208	0.320	1.000		
Employee Involvement	**-0.172**	0.321	0.308	0.283	1.00	
Insurance Regulations	**0.275**	0.068	0.321	0.758	0.144	1.000

In Table 4.20, all none of the latent variables exceeded the 0.3 in their values, with the maximum value in the correlation between the marker and the construct of strategic decisions being 0.278. Consequently, the data did not suffer from common method bias.

4.5 Evaluation of the Measurement Model

In the study, the outer model was assessed in line with Hair et al. (2016b), which include reflectively theorised constructs of Internal Marketing, and competitive insurance market dynamics, customer expectations, and Insurance Regulations.

4.5.1 Reliability of the Model's Constructs

The reliability of the model's reliability based on the inter-correlations of the observed indicator variables was estimated by Cronbach's Alpha (Cronbach, 1951). The outcomes with more than 0.7 were considered as reliable; where the assumptions were not met, low alpha appeared. According to Tavakol and Dennick (2011), alpha is not only a test for homogeneity but also tests the unidimensionality with the test length. A more extended test increases the reliability of a test regardless of whether the test is homogenous or not. Cronbach's alpha considered appropriate as an internal consistency reliability measure, as suggested by Hair et al. (2016b). According to Guttman (1945), reliability exists when the items are approximately scalable [in which case the alpha will be high], then they necessarily have very substantial test-retest reliability.

Table 4.21 shows the results of the reliability test, indicating that all the variables were reliable. The assessment of the individual reliability of each indicator also confirmed that a latent variable had the power to explain a substantial part of at least 50 per cent of each indicator's variance (Hair et al., 2016b). In other words, the outer loading was more significant than 0.708, which is the square root of 0.5. In the study, none of the critical

indicators fell below the outer loading threshold of 0.708, except for the demographic data, which had lower coefficients. Weaker external 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 retained. From the results of reliability test, Internal Marketing was confirmed as an essential driver of competitive advantage in organisations through an inclusive process of employee involvement in the affairs of the organisation (Mbengo & Chinakidzwa, 2014). All the outer loadings were above 0.708, meaning all the variable were confirmed as having a positive influence on competitive market dynamics.

Table 4.21

Reliability Analysis

Factors	Measure	Questions	Items	Cronbach Alpha	Covariance
Demographics	Executive demographics	A3-A10	8	0.519	0.1171
	General Managers demographics	GM3-GM10	8	0.5883	0.1310
	Operations Manager demographics	C3-C10	8	0.4314	0.0871
Competitive Market Dynamics	- Cultural Acceptance	6.2	6	0.8159	0.3487
	- Increase in Insurance Sales	6.1			
Management Support	- 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
Internal Communication	- Nature of insurance business	2.1.1-2.1.6	6	0.8107	0.3714
	- Alignment and Reorganisation	2.2.1-2.2.6	6	0.8375	0.3084
	- Integration of activities	2.3.1-2.3.6	6	0.8612	0.4144
Employee Empowerment	- Product and Process Design	3.1.1-3.1.6	6	0.7980	0.2091
	- Evaluation of -Decisions at Every Stage	3.2.1-3.2.6	6	0.8025	0.2974
	- Planning and Scheduling	3.3.1-3.3.6	6	0.8054	0.2491
Employee Development	-Product and Process Design	4.2.1-4.2.6	6	0.8507	0.3626
	-Evaluation of Decisions	4.1.1-4.1.6	6	0.8263	0.3186
	-Planning and Scheduling	4.3.1-4.3.6	6	0.8365	0.3128
Insurance 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

4.5.2 Validity of the Model's Constructs

Hair et al. (2016b) defined convergent validity in the context of how a measure correlates positively with an alternative measure of the same construct. Convergent validity is assessed through Average Variance Extracted (AVE) with a formula **fgh = a> R> b5.** Where a>is the standardised outer loading of the indicator variable of a specific construct was measured by eight indicators. According to Alarcón and Sánchez (2015), AVE values above 0.7 are considered as Very Good, whereas, the level of 0.5 is acceptable. The acceptable value of AVE should be greater than 0.5 at all times.

The results of Table 4.22, confirmed that AVE values were above 0.7 and were considered Very Good, suggesting that the measures of Competitive Market Dynamics, Management Involvement, Internal Communications, Employee Involvement, Employee Development, and Regulations did not violate discriminant validity assumptions. Considering the results of reliability and that of validity, all the reflective constructs included in the model had satisfactory levels of internal consistency reliability, indicator reliability, convergent validity, and discriminant validity, and allowed for an evaluation of the structural model to demonstrate that the empirical data supported the proposed conceptual framework.

Table 4.22

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		
Management Support	-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
Internal Communication	-Nature of insurance business	2.1.1-2.1.6	6	0.791
	-Alignment and Reorganisation	2.2.1-2.2.6	6	0.824
	-Integration of activities	2.3.1-2.3.6	6	0.902
Employee Involvement	-Product and Process Design	3.1.1-3.1.6	6	0.766
	-Evaluation of Decisions	3.2.1-3.2.6	6	0.845
	-Planning and Scheduling	3.3.1-3.3.6	6	0.784
Insurance 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

4.6 Evaluation of the Structural Model

The structural model results were assessed to estimate the structural model's path coefficients and their significance in Section 4.6.1, an evaluation of the coefficient of determination, R^2 value in Section 4.6.2 and an evaluation of the effect size (#) in Section 4.6.3.

4.6.1 Estimation of the Structural Model Path Coefficients and their Significance

In this section, the path coefficients representing the hypothesised relationships among the latent constructs was assessed. A path coefficient represents a standardised beta coefficient of OLS regressions whose values lie between -1 and +1 which represents the hypothesised relationship among the theoretical constructs. The sign of the relationship and its value

aligned with the theoretical justifications that underpin the proposed relationships. It confirmed 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 or is significantly different from 0 depends on the obtained standard error, defined through the process of bootstrapping. In the study, bootstrapping was done in line with the recommendations of Hair et al. (2016b).

Table 4.23

Bootstrapping Path Analysis

Endogenous Relationship **D.V Competitive Market Dynamics**	**Beta**	**Bias**	**S.E**	**Sig (2 tailed)**
Management Support	.736	-0.005	.149	.001
Internal Communication	.308	0.006	.212	.155
Employee Empowerment	.486	0.030	.278	.042
Internal Marketing	1.407	-0.009	.310	.001
Insurance Regulations	-.432	0.015	.249	.102
Moderator CDnIR	.240	-0.089	.456	.589

Table 4.23 provides useful information on the path coefficients and their relevance &-values and levels of significance. At the 95% significance level, the outcome shows that only four paths observed and supported at the level of<0.05 where CMD<-MS; CMD <-EI; CMD <-IM and CMD<-ED.

4.6.2 Evaluation of the Coefficient of Determination (R2)

The variance in the inner theoretical variables included in the path model was assessed using the PLS-SEM technique. Henseler et al. *(*2009) provides a robust model which displays high levels of R^2 in important constructs. Even though a study confirms the different interpretations of R^2 across disciplines, social sciences accept between 0.20 and 0.75 values (Hair et al., 2016b). but Chin (1998) suggests 0.19, 0.33, and 0.67 as weak, moderate, and substantial benchmarks, respectively. Table 4.24 presents the results of the evaluation of the coefficient of determination.

Table 4.24

Coefficient of Determination

Endogenous Constructs D.V Competitive Market Dynamics	R	R Square	Adjusted R Square	Std. Error of the Estimate	R^2 Observation
Management Support	.626[a]	.392	.378	.52180	Moderate
Internal Communication	.238[a]	.057	.030	.70314	Very Weak
Employee Empowerment	.458[a]	.209	.183	.61714	Weak
Internal Marketing	.535[a]	.286	.266	.61157	Weak
Insurance Regulations, IM & CDnIR (Joint)	.644[b]	.415	.362	.57029	Moderate

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 falls within the range of very weak R^2 for Internal Communication = 0.057 to weak R^2 for Employee Involvement = 0.229; R^2 for Internal Marketing = 0.286; R^2 for employee development = 0.283; and to moderate the R^2 for Management Support = 0.392; $R^2$for Joint Insurance Regulations and Internal Marketing = 0.415; and R^2 for the relationship between Internal Marketing and customer expectations = 0.448. Following Henseler et al. (2009), in cases when endogenous constructs explained by a limited number of exogenous variables in the social sciences, weak to moderate R^2 values are acceptable.

4.6.3 Evaluation of the effect size (#)

The study evaluated the # to establish the change in R^2 values for each endogenous construct, first when predictor constructs included and then when the predictor constructs excluded from the model. In Cohen (1988), the effect size demonstrates the impact of the independent variables on dependent variables. Cohen (1988) considered effect size #values of 0.02, 0.15, and 0.35 as small, medium, and significant effects, respectively. Table 4.25 confirmed that the effect sizes for most of the outer constructs on inner constructs were between the medium and the broad range. The study revealed the existence of an aspect (internal communication) of internal marketing which had a small impact on the Competitive Market Dynamics. Such weak results can be explained by there being some underlying factors that could have an impact on these relationships.

Table 4.25

Effect Size Analysis

Endogenous Constructs D.V Competitive Market Dynamics	R Square	Adjusted R Square	Effect Observed
Management Support	.392	.378	Large
Internal Communication	.057	.030	Small
Employee Involvement	.209	.183	Medium
Insurance Regulations, CD & CDnIR (Joint)	.415	.362	Large

4.7 Collinearity Test in the Moderating Model

The study applied regression model to assess the moderating effect of Insurance Regulations on the relationship between Internal Marketing and Competitive Market Dynamics whose assumption is that there is no linear relationship between the independent variables of the model. The study assessed whether the model upheld this Collinearity assumption. The first tool to use in this assessment was the X-Y scatter plot matrix with Competitive Market Dynamics as the dependent variable and the Insurance Regulations, Internal Marketing and the moderator variable as the independent variables which helped to visualise the relationship between the variables plotted on each axis.

From the outcomes presented in Figure 4.2, the study observed that the scatter plot indicating the relationship between the independent variables in the model was at best non-conclusive. It was observed that though the scatter plot between Insurance Regulations and Internal Marketing was found to indicate a nearly linear relationship, the plots were widely dispersed

from a direct path and therefore could not accurately be deemed to be an indicator of Collinearity.

A further study of the relationship between Internal Marketing and Insurance Regulation revealed plots which were more extensively dispersed and which appeared to be negatively sloped. These outcomes, therefore, could not conclusively confirm the presence of multi-Collinearity in the model and required further assessment to be done to verify this assumption.

Figure 4.2

Scatter Plot Matrix in the Moderating Model

The study assessed the presence of multi-Collinearity in the moderating model by running Variance Inflation Factor (VIF) and Tolerance analysis which presented a coefficient through which the decision of the presence or absence of Multi-Collinearity was hinged. According to Kock and Lynn (2012), the use of VIF and Tolerance tests are recommended as the appropriate techniques for simultaneously assessing both vertical and lateral Collinearity. The analysis generates variance inflation factors (VIFs) for all the latent variables in a model. VIF greater than 3.3 is not only considered as an indication of pathological Collinearity, but also an indication that the model might be contaminated with common method bias. In table 4.26, all the VIFs resulting from a full Collinearity test were seen to be lower than 3.3, an indication that the model did not suffer from common method bias.

Table 4.26

Collinearity Diagnostics in the Moderating Model

Variable		**VIF**		**Tolerance**			
IR		1.93		0.517915			
IM		1.70		0.589580			
IMnIRModer~r		1.43		0.699956			
Mean VIF		1.69					
Collinearity Diagnostics							
Model	**Dimension**	**Eigen value**	**Condition Index**	**Variance Proportions (Constant)**	**IM**	**Regulations**	**IMnIR**
1	1	3.204	1.000	.00	.00	.00	.02
	2	.781	2.025	.00	.00	.00	.65
	3	.180	17.511	.24	.04	.88	.27
	4	.102	28.632	.76	.96	.12	.07

Note. Dependent Variable: Competitive Market Dynamics

As shown in the table, the study concluded that the model was not contaminated with common method bias and did not have any multi-Collinearity problem since all the latent

variables showed VIF lower than 3.3, and none of the factors showed tolerance lower than 0.1.

The Eigen-values confirmed this position, none of which was observed to be zero when the condition index was high. The rule of thumb for the Eigen test is that when one or more of the Eigen-values is small - close to zero, and the corresponding condition number is large, then it is an indication of a multi-Collinearity problem, Polhemus, (2005). The study, therefore, concludes that the moderating effect model was not affected by the multi-Collinearity problem, and consequently met the assumption that the independent variables lack a linear relationship.

4.8 Heteroskedasticity Test

The study further assessed whether the regression models undertaken met the assumption of homoscedasticity, which looks at whether the variance of error in the model is independent of the independent variable. The study is guided by the null hypothesis stating that there is a constant variance of each ε_i is same and off-diagonal elements of a covariance matrix of ε are zero indicating that all disturbances are pairwise uncorrelated. The occurrence of Heteroskedasticity, though does not show the OLS estimates as being biased, suggests that the estimates are inefficient. It indicates that the regular standard errors of these estimates were wrong, leading to incorrect inferences.

Presence of Heteroskedasticity means that data from highly variable areas have a more significant effect on minimising the un-weighted least-squares criterion in OLS and

contribute more to predictions. The test is undertaken using the Szroeter's which gives the chi-square and significance for each of the independent variables and Breusch-Pagan / Cook-Weisberg which offers the chi-square and importance for each of the regression models tests for homoscedasticity. The outcomes of the tests are shown in Table 4.27.

Table 4.27

Tests for Homoscedasticity in Study Regression Models

Models	**Independent Variables**	**Szroeter's test (H_o: variance constant)**			**Breusch-Pagan / Cook-Weisberg test (H_o: variance constant)**		
		chi^2	**Df**	**p-values**	**chi^2**	**Df**	**Prob > chi^2**
1.Competitive Market Dynamics<Management Support	Management Support	1.88	1	0.1707	1.71	1	0.1915
2. Competitive Market Dynamics <Internal Communication	Internal Communication	0.24	1	0.6208	0.29	1	0.59
3. Competitive Market Dynamics <Employee Involvement	Employee Involvement	2.59	1	0.1076	2.49	1	0.1143
4. Competitive Market Dynamics <Internal Marketing, IR, CDnIRModerator	Internal Marketing Insurance Regulation	0.45 1.5 0.16	1 1	0.5018 0.2201	5.71	3	0.1263

The study used the BP/CW test and the Szroeter's test for Heteroskedasticity whose null hypotheses are that there is a constant variance of ε_i for the independent variables. From the outcomes presented in Table 51, it was observed that the p-values in the models of both the BP/CW test and Szroeter's test were higher than the allowable level of 0.05 at 95% confidence level. The regression model indicated a non-statistically significant chi-square in

BP/CW with χ^2 9 .49 and P 0.0021, and the Szroeter's of χ^2 8.12 and P 0.0044) tests. This confirms that all the tests fail to reject the hypothesis that 'there was a constant variance of the independent variables' hence confirming lack of Heteroskedasticity in all the regression models.

4.9 Effect of Internal Marketing on Competitive Dynamics

In this section, the structural model results were assessed by evaluating the relationships in the constructs and the model's predictive power by estimating path coefficients and their significance in the model, the coefficient of determination, R^2 value, the effect size (#), the predictive relevance and relative measure of predictive relevance.

4.9.1 Effect of Management Support on Competitive Market Dynamics

The study posed a hypothesis that Management Support does not influence Competitive Market Dynamics. This relationship was assessed using the Ordinal Logistic Regression (Ologit), a logistic regression analysis model applied when the response variables are in categorised format with a scale having 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 allows the use of evenly distributed categories in a situation where changes in the cumulative probabilities are gradual, and includes all response categories in a dichotomised response scale (Williams, 2015).

4.9.2 Scale Reliability Assessment for Management Support

Table 4.28 observed that the model had internal consistency where a Cronbach alpha of 0.74, higher 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 offer model estimates in the regression reliably.

Table 4.28

Scale Reliability Assessment for Management Support

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

4.9.3 Management Support and Competitive Market Dynamics Model Fit

Table 4.29 presents the ordinal logistic regression model-fitting table, which offers descriptive statistics; the chi-square and model significance information became useful in assessing the model fit. The statistically significant chi-square statistic where $p = 0.00$, which was well within the $p<0.05$ indicated that the model offered a significant improvement over the baseline intercept-only model. The model, therefore, gave better predictions than guesswork based on the marginal probabilities for the outcome categories. Therefore, the model was found to be useful for estimating the effect of Management Support on Competitive Market Dynamics significantly better than the assessment of proportions in the data.

Table 4.29

Model Fitting Summary for Management Support

Variable	Mean	Std. Dev.	Min	Max	$\chi 2$	DF	P> $\chi 2$
Competitive Market Dynamics	3.985	0.661519	2.33	5	18.73	15	.000
Management Support	4.088	0.563203	2.72	5			

From Table 4.30, the chi-square analysis fitted the model very well within the $p<0.05$ and led to REJECT the null hypothesis Ho_1: Stating that Management Support did not influence Competitive Market Dynamics in Kenyan insurance industry. The model fit was therefore confirmed to be adequate and gave a better prediction than using a marginal probability for the outcome categories. These findings, therefore, agreed with the findings in the extant literature, which confirms that Providing Managerial Support improves organisational performance (Reave, 2005.

Table 4.30

Equation-Level Model Fit for Management Support

Depvar	Variance Fitted	Predicted	Residual	R-squared	Mc (Depvar Correlations)	mc2 (Bentler-Raykov squared multiple correlations)
Competitive Market Dynamics	0.4277	0.1676	0.2600	0.392	0.626101	0.392003
Overall				0.392		
Chi^2	2,715.62					
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 statistically significant with the chi-square test, a confirmation that the predicted model was significantly better than the fitted model. The study also found the effect size as indicated by the coefficient of determination, R-squared to be 0.392 (Table 4.30), which confirmed Management Support 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.

4.9.4 Parameter Estimates: Management Support & Competitive Market Dynamics

The parameter estimates Table 4.31 shows the coefficients, their standard errors, the z test, associated p-values (Sig.), and the 95% confidence interval of the coefficients and odds ratios. Since the p-value is less than alpha level, they indicate that the coefficient is

statistically significant. The study found that Management Support had a strong association with Competitive Market Dynamics; a relationship was statistically significant at 2.644 with a $p<.05$, confirming that management support has a positive influence on insurance Competitive Market Dynamics.

Table 4.31

Model Coefficients for Management Support

Model test						
Log-likelihood				-98.6667		
LR $chi^2(1)$				21.3		
Prob > chi^2				0.000		
Regression coefficients						
	Coefficient	**Standard Error.**	**Z**	P>z	**[95% Conf. Interval]**	
Management Support	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

Note. Competitive Insurance 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 the study failed to reject the null hypothesis, the study would conclude that the assumption holds. The test is not essential in this assessment since the model only contain one independent variable; hence this

assumption was upheld. The parallel line test outcomes indicated a general model with chi-square value 21.3 and p-value 0.000 which is within the acceptable limit at 95% level of significance; hence the study REJECTED the null hypothesis and confirmed that there is enough evidence to reject the null hypothesis for the general model. Thus, the different odds assumption appears to have held for the general model.

4.9.5 Effect of Internal Communication on Competitive Market Dynamics

The assessment looked at the hypothesis Ho_2: Stating that Internal Communication did not influence Competitive Market Dynamics in Kenyan Insurance Industry. This relationship was assessed using the Ordinal Logistic Regression (Ologit). This function was used in the analysis because it allows the use of evenly distributed categories. The use of evenly distributed categories was arrived at since the data for both variables were in the categorised format, with five ranked types of a five-point Likert scale.

4.9.6 Scale Reliability Assessment: Internal Communication

From the scale reliability assessment presented in Table 4.32, the study observed that the model had very low internal consistency where a Cronbach alpha of 0.419 which was lower than the expected minimum of 0.7 when the independent and dependent variables assessed for reliability. This is an indicator of the low ability of the model to offer model estimates in the regression model reliably.

Table 4.32

Scale Reliability Assessment for Internal Communication

Measures	Coefficients
Average inter-item covariance	.0932538
Number of items in the scale	2
The scale reliability coefficient (Cronbach α)	0.4192

4.9.7 Model Fit Analysis for Internal Communication

Table 4.33 presents the ordinal logistic regression model appropriate table, which offers the descriptive statistic as well as chi-square and model significance information, which assess model fit. The chi-square of 2.142 statistics was observed not to be statistically significant with a p-value of 0.143 which was not with the acceptable level of p>0.05, which indicated that the model offered no improvement over the baseline intercept-only model. A confirmation that the model gave worse predictions than if the study just guessed based on the marginal probabilities for the outcome categories. Therefore, the model could not be used to estimate the effect of Internal Communication on Competitive Market Dynamics significantly better than the assessment of proportions in the data.

Table 4.33

Model Fitting Summary for Internal Communication

Variable	Mean	Std. Dev.	Min	Max	$\chi 2$	DF	P> $\chi 2$
Competitive Market Dynamics	3.977568	0.713635	2.33	5	2.142	15	0.143
Internal Communication	3.964865	0.551027	2.72	5			

From Table 4.33, it observed that the chi-square analysis revealed that the model did not fit very well with $p>0.05$ and led us to FAIL TO REJECT the null hypothesis. Ho_2: that states that Internal Communications did not influence competitive insurance market dynamics in Kenya. Failing to REJECT the null hypothesis meant that the study did not confirm the objective of the study, which intended to establish that Internal Communication had a direct effect on Competitive Market Dynamics. In the extant literature, Negulescu (2016) asserts that Internal Communication models the dimensions of customer satisfaction as a culture in organisations. Therefore, Internal Communication is meant to achieve the short-term objectives of an organisation.

Besides, the model fit was seen to be inadequate, which tells us that the model was unable to give good predictions. Further assessment revealed the equation level goodness of fit for the model where the fitted, predicted, and residual variances were found to lack statistical significance where $\chi_2=0.3377$ and P-value >0.05, an indication that the predicted model was not significantly better from the fitted model, with the expected model far lower than the adjusted and residual models. Interestingly, a culture of good internal communication is believed to improve the company's long-term competitive advantage objective is finally achieved through quality service (Gary, 1994).

Table 4.34

Equation-Level Model Fit for Competitive Market Dynamics

Depvar	Variance Fitted	Predicted	Residual	R-squared	Mc (Depvar Correlation)	mc2 (Bentler-Raykov squared multiple correlations)
Competitive Market Dynamics	0.4955	0.0279	0.4676	0.0562	0.237147	0.056239
Overall				0.0562		
Chi2	0.3377					
Prob> Chi2	0.185					

The study also assessed the effect size of the model indicated by the coefficient of determination (R-squared) as 0.0562 (Table 4.34), which confirmed that Internal Communication could explain only 5.62% of the variations in the Competitive Market Dynamics, an indication that the endogenous variable had shallow predictive power on the exogenous variable in the model. These tests indicated the very low applicability of the regression model in determining the relationship between Internal Communication and Competitive Market Dynamics in the insurance industry.

4.9.8 Parameter Estimates for Internal Communication

The parameter estimates Table 4.35 shows the coefficients, their standard errors, the z test, associated p-values (Sig.), and the 95% confidence interval of the factors of the odds ratios. Since p-value for the coefficients was observed to be higher than the alpha level, they indicated that the coefficient was not statistically significant. The table also presented the

threshold coefficients representing the intercepts, precisely the point of regarding Ologit where competitive market dynamic was predicted into the five categories.

Table 4.35

Model Coefficients for Internal Communication

Model test						
Log-likelihood				-91.9862		
LR $chi^2(1)$				3.000		
Prob > chi^2				0.083		
Regression coefficients						
	Coef.	**Std. Err.**	**Z**	P>z	**[95% Conf. Interval]**	
Internal Communication	0.941827	0.551987	1.71	0.088	-0.14005	2.023702
_cons	2.759844	0.82776	3.33	0.001	1.137465	4.382224
/cut1	5.824293	2.290071			-4.54430	4.584462
/cut2	6.656512	2.215201			-3.60844	5.078564
/cut3	7.264162	2.243719			-3.10140	5.446895
/cut4	7.750223	2.293774			-2.74904	5.746136
/cut5	8.408464	2.349448			-2.24991	6.202239

Note. Competitive Insurance Market Dynamics

From the assessment, the study found that Internal Communication had a weak association with Competitive Market Dynamics, a statistically significant relationship (0.941827; and p = 0.083 which was not within the acceptable p<0.05). The results confirmed that Internal Communication had a positive influence on Competitive Market Dynamics.

4.9.9 Effect of Employee Involvement on Competitive Market Dynamics

The relationship between Employee Involvement and competitive insurance market dynamics assessed using the Ordinal Logistic Regression. Ordinal logistic regression is a

model applied when the response variables are in the categorised format of more than two ranks whose real distance between categories is unknown. This function implemented to assess the effect of Employee Involvement on Competitive Market Dynamics as both factors were measured using a 5-point Likert scale hence were categorical variables. The model specification and estimation presented in this section.

4.9.10 Scale Reliability Assessment for Employee Involvement

Table 4.36, observed that the model had internal consistency where a Cronbach alpha 0.8634 was found to be higher than the expected minimum of 0.7 found 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 as they have internal consistency.

Table 4.*2Scale Reliability Assessment for Employee Involvement*

Measures	**Coefficients**
Average inter-item covariance	.1898668
Number of items in the scale	2
The scale reliability coefficient (Cronbach α)	0.8634

4.9.11 Model Fit Analysis for Employee Involvement

Table 4.37 presents the ordinal logistic regression model, which offers the descriptive statistic as well as the chi-square and model significance information, which was used to assess the model fit. The statistically significant chi-square statistic was 0.0263, which was found to fall within the $p<0.05$, indicating that the model offered a substantial improvement

over the baseline intercept-only model. This tells us that the model gave better predictions than if the study just guessed based on the marginal probabilities for the outcome categories. Therefore, the model can be able to estimate the effect of Employee Involvement on Competitive Market Dynamics significantly better than the assessment of proportions in the data.

Table 4.37

Model Fitting Summary for Employee Involvement

Variable	**Mean**	**Std. Dev.**	**Min**	**Max**	$\chi 2$	**DF**	**P>** $\chi 2$
Competitive Market Dynamics	4.011905	0.644361	2.33	5	4.93	15	0.0263
Employee Involvement	4.154524	0.430168	2.89	5			

The chi-square analysis revealed that the model fitted very well with $p<0.0263$ which was within the acceptable $p<0.05$ as presented in Table 4.37 and leads us to REJECT the null hypothesis Ho_3 which states that Employee Involvement did not influence Competitive Market Dynamics in Kenya. This finding, therefore, answered the research objective 3, which intended to establish that Employee Involvement had a direct influence on Competitive Market Dynamics. In McShane and Glinow (2003), Employee Involvement increases productivity, through increased commitment towards organisational goals. In the extant literature, Employee Involvement increases employee competencies, reactive systems and proactive behaviour towards social change (Bear et al., 2007). From the findings, the model

fit is adequate and gives better predictions than if the study just guessed based on the marginal probabilities for the outcome categories.

Table 4.*3Equation-Level Model Fit for Competitive Market*

Depvar	**Variance Fitted**	**Predicted**	**Residual**	**R-squared**	**Mc (Depvar Correlation)**	**mc2 (Bentler-Raykov squared multiple correlations)**
Competitive Market Dynamics	0.405315	0.042605	0.362711	0.105115	0.324214	0.105115
Overall				0.105115		
Chi^2	4.665					
Prob> Chi^2	0.031					

Further assessment revealed the equation level goodness of fit for the model where the fitted, predicted, and residual variances were found to be statistically significant with the chi-square test confirming that the predicted model was significantly better from the fitted model. The assessment also assessed the effect size of the model indicated by the coefficient of determination (R-squared) as 0.105 in Table 48 which confirmed that employee involvement could explain only 10.5% of the variances in the Competitive Market Dynamics, an indication that the endogenous variable had a low predictive power of the exogenous variable in the model. These tests confirmed the applicability of the regression model in determining the relationship between operating decisions and the Competitive Market Dynamics in the insurance firms in Kenya.

4.9.12 Parameter Estimates for Employee Involvement

The parameter estimates Table 4.39 shows the coefficients, their standard errors, the z test, associated p-values (Sig.), and the 95% confidence interval of the coefficients and odds ratios. Since the p-value was less than alpha level, they indicated that the coefficient was statistically significant. The threshold coefficients cut1 to cut5 in Table 4.39 represented the intercepts, precisely the point where competitive market dynamic predicted into the five categories. From the assessment, the study found that Employee Involvement had a significant association with Competitive Market Dynamics, a relationship observed to be statistically significant at 1.536 and p = 0.03 which was within the acceptable p<0.05. This confirms that Employee Involvement had a positive influence on the insurance Competitive Market Dynamics.

Table 4.39

Model Coefficients for Employee Involvement

Model test						
Log-likelihood				-98.6667		
LR $chi^2(1)$				21.3		
Prob > chi^2				0.000		
Regression coefficients						
	Coef.	**Std. Err.**	**Z**	P>z	**[95% Conf. Interval]**	
EI	1.536045	0.709765	2.16	0.03	0.144931	2.927159
_cons	0.485648	0.218650	2.22	0.026	0.057102	0.914195
/cut1	2.517997	3.040991			-3.44224	8.478229
/cut2	3.243606	2.961557			-2.56094	9.048152
/cut3	3.682602	2.937488			-2.07477	9.439973
/cut4	4.256974	2.920921			-1.46793	9.981873
/cut5	4.820463	2.913682			-0.89025	10.53117

Note. Competitive Insurance Market Dynamics

The major assumptions of ordinal logistic regression is that the relationship between each pair of the outcomes should be the same (test of parallel lines) because the null hypothesis states that the slope coefficients in the model are the same across response categories and that the lines of the same slope are parallel. this assumption holds when the study fails to reject the null hypothesis. The test was not essential in this assessment since the model only contained one independent variable; hence this assumption was upheld. The parallel line test outcomes indicated a general model with chi-square value of 21.3 and p-value 0.03, which is higher than the 95% level of significance; hence the study rejected the null hypothesis and confirmed that there was adequate evidence to reject the null hypothesis for the general model. Thus, the different odds assumption appears to have held for the general model.

4.9.13 Scale Preparation and Examination of the effect of Insurance Regulations

Table 4.40 presented the reliability statistics of the moderating effect of Insurance Regulation on the relationship between Internal Marketing and Competitive Market Dynamics. From the results obtained, the reliability scores for the model variables result in Cronbach's alpha of 0.7509 scores which is above the threshold of 0.7. 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 with an average of 0.4806. The recommended value of R-Squared should be less than 50%, suggesting a satisfactory level of internal scale consistency (Aguinis et al., 2008).

Table 4.40

Reliability statistics for Insurance Regulations

Variables	Mean	Std. Dev.	Min	Max	SMC	Cronbach Alpha
Competitive Market Dynamics	3.9776	0.7136	2.330	5.000	0.4137	0.7509
Internal Marketing	4.0303	0.4229	3.060	4.780	0.6527	
Insurance Regulation	3.7351	0.6491	2.280	4.940	0.5444	
Internal Marketing and Insurance Regulations Mo~r	0.1739	0.3519	-0.278	1.599	0.3114	

Table 4,40 shows the results of the Varimax rotation done in line with the recommendations by Hair et al. (2014a), which provides that 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 4.414

Factor analysis for Insurance Regulations

Components	Variance	Proportion	KMO Measure	Independence $\chi 2$	P>$\chi 2$	Sphericity $\chi 2$	P>$\chi 2$
Comp1	1.00001	0.25	0.5471	48.70	0.000	49.51	0.000
Comp2	0.999998	0.25	0.5456				
Comp3	0.999996	0.25	0.7650				
Overall			0.5682				

In Table 4.41, the rotated first solution shows that four of the experimental factors were able to explain at least 50 per cent 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. (2014a). The factors indicated a significant Barlett's Test of Independence and Sphericity, which confirmed that the proposed variables were appropriate. Therefore, the moderating influence of the Insurance Regulations factor on Internal Marketing and Competitive Market Dynamics would include the four items in the estimation model. Finally, the PLS-SEM approach was used to analyse the moderating effect in line with Henseler et al. (2009) to allow for the assessment of the moderating power of Insurance Regulations without losing any statistical power.

4.9.14 Modelling Insurance Regulation's Moderating Effects

In this section, the study investigated the moderating effects of Insurance Regulations on the relationship between Internal Marketing and Competitive Market Dynamics. The results of the structural model are presented in Table 4.42, which showed the chi^2 values for df 3 as 26.11. The chi^2 value of 26.11 showed that insurance regulation significantly altered the effect of internal marketing in competitive market dynamics. The decision rule was, therefore, to reject the hypothesis since $X^2 \geq 5.99$. The model could be presented as (X^2 = 26.11, *p*-value=0.000).

Table 4.42

Moderating Effect Model Summary

Structural Equation Model			
Number of observations			37
Estimation method			PLS
Log-likelihood			-75.5383
Wald tests for equations	**chi^2**	**Df**	**P**
CIMD	26.11	3	0.000

The results of the SEM outcomes which indicated that, at an overall level, the model testing the moderating effect of Insurance Regulations had a statistically significant impact on the relationship between internal marketing and competitive market dynamics, led to a REJECTION of the null hypothesis (H_{o4}) that Insurance Regulations had no moderating effect on the relationship between Internal Marketing 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 4.43 below.

Table 4.*5Examination of simple moderating effects in path coefficients*

Structural CIMD <-	**Standardised Coef.**	**OIM Std. Err.**	**Z**	P>z	**[95% Conf. Interval]**	
Internal Marketing	0.832789	0.112538	7.4	0.000	0.612	1.053
Insurance Regulations	-0.39337	0.1656	-2.38	0.018	-0.718	-0.069
Internal Marketing/Insurance Regulations Moderator	0.117	0.150	2.08	0.033	-0.176	0.410
_cons	-0.160	1.392	-0.11	0.908	-2.888	2.568
var(e.CMD)	0.586	0.110			0.405	0.848

The results of the study confirmed that that regulation had a negative slope, meaning it reduces the value of the slope/coefficient of Internal Marketing on Competitive Market Dynamics. From the findings the overall model constant revealed that the Insurance Regulation's moderating effect which was flagged as down as lacking statistical significance, though could still be considered to measure the observed moderating effect. Non-statistically significant coefficient was observed in the overall model constant with β_0 = - 0.1600 and *p* value= 0.908. The other endogenous constructs in the model were found to have statistically significant influence on the exogenous variable where Internal Marketing β_1 = 0.8328 and *p* value= 0.000; Insurance Regulations β_1 = - 0.3934 and *p* value = 0.018; moderator factor CDnIR Moderator β_3 = 0.1173 and *p* value = 0.033). The path is stronger for Internal Marketing than for Insurance Regulation, which was negative. Moreover, while the model rejects the null hypothesis H_{o4}, the fact that the constant was not statistically significant did not affect the moderating effect of the model. The model, therefore, confirms that Insurance Regulations had a moderating effect on the relationship between Internal Marketing and Competitive Market Dynamics.

The Structural Equation Model path model for the regulation effect was therefore defined as:

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

The findings suggest that Insurance Regulations have a moderating effect with β_3 = 0.1173 on the relationship between Internal Marketing and Competitive Market Dynamics in the insurance industry. The regulations in the insurance market positively influence Internal

Marketing on Competitive Market Dynamics, suggesting, the Insurance Regulations positively affected Internal Marketing and Competitive Market Dynamics.

4.10 Hypotheses Testing Model

Table 4.44 provides a summary of the Internal Marketing hypotheses related to the model assessed by chi-square ($\chi 2$) model.

Table 4.6

Hypotheses tests results of Internal Marketing Model Hypothesised path

Model	Log-likelihood	LR $chi^2(1)$	Prob > chi^2	Pseudo R^2	Observation
Internal Marketing-> Competitive Market Dynamics	-98.6667	21.3	0.000	0.3920	Reject H1
Internal Communication-> Competitive Market Dynamics	-91.9862	3.00	.0830	0.0562	Support H2
Employee Involvement-> Competitive Market Dynamics Competitive Market Dynamics	-100.3992	5.07	.0243	0.105	Reject H3
Moderating Insurance Regulations	-83.79199	38.70	0.000	0.414	Reject H4

4.10.1 Hypothesis, Ho_1: Management Support and Competitive Market Dynamics.

The proposed path model provides evidence to REJECT Ho_1: stating that Management Support did not influence Competitive Market Dynamics in the insurance market in Kenya. By rejecting the null hypothesis, the study confirmed the objective of the study on the variable, which stated that Management Support influenced Competitive Market Dynamics

in the insurance industry in Kenya. Armstrong (2020) who asserts that employee management improved process management within organisations supports this finding. Processes are necessary for effective utilisation of resources and for achieving competitive advantage. Management Support improves performance of employees through experience, research, analytical thinking, communication skills, and clear performance measurement parameters which increases capacity formulating strategic goals, plans, maps and guide posts, which improves organisation performance (Norton & Kaplan, 2005). Human capital is necessary for building competitive advantage in organisations (Brem et al., 2016).

Secondly, the results concurred with the extant literature by posting a statistically significant influence of Management Support on Competitive Market Dynamics with $\chi 2=21.3$, Pseudo $R^2= 0.3920$ and $p<0.05$). Furthermore, the explanatory power of the predictor strategic decision was 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. According to Brem et al., (2016), the absence of human capital is a recipe for failure. The moderate explanatory power could indicate that insurance managers experience cognitive challenges when providing management support, otherwise, the results would much more significant. Nevertheless, the results of the analysis suggest support retaining the predictor construct (Management Support) as the only way to maintain the model's relevance. The relative measure of predictive relevance demonstrates a significant effect size and suggests that, by omitting the Management Support's predictive construct, the model is significantly affected.

4.10.2. Hypothesis, Ho_2: Internal Communication and Competitive Market Dynamics

The structural model provides evidence NOT TO REJECT Ho_2: which states that Internal Communication does not affect Competitive Market Dynamics in the insurance industry in Kenya. Therefore, the findings led to a rejection of objective, which stated that Internal Communication influenced Competitive Market Dynamics in the insurance industry in Kenya. It is envisaged that internal communication would improve job satisfaction, increase organisation performance and build institutional bond (Martinez & Hurtado, 2018). However, from the observation, it appears that Internal Communication has not yielded many results in the insurance industry in Kenya.

The findings of the study, in particular, the perceptions of Internal Communication was found to lack a significant statistical impact on Competitive Market Dynamics with $\chi 2 = 3.00$, Pseudo $R^2 = 0.0562$; $p > 0.05$, could confirm the assertions of Rogala (2011) who singled out the credibility of leadership as a communication problem which affects involvement and employee loyalty, most specifically where a decision was made in the absence of credible information or was inconsistent with the thoughts of other employees. Another possibility is that most Internal Communications suffer interruptions from irritating voices, swearing or mutterings (Šević, 2018). These interruptions could be associated with unsuccessful conversations in organisations. In an ideal situation, Internal Communication drives the success of Management Support and Employee Involvement. Therefore, the presence of ambiguities could be an explanation for the moderate results of Management Support and Employee Involvement.

Considering the false R^2 value of the endogenous construct, Internal Communication, was found to be meagre, indicating a negligible effect. From the extant literature, Internal Communication processes explained customer satisfaction dimensions in organisations (Negulescu, 2016). It is through Internal Communication that customer satisfaction dimensions are modelled in organisation cultures. Therefore, the negligible impact could confirm the findings of the AKI (2018) of mixed signals of fluctuating policyholders and poor performance of the industry over the last five years.

In the study, the analysis of the predictive relevance showed a small predictive power; as such, the omission of Internal Communication variable would only trigger a meagre effect on the model value. The predictive relevance of the Internal Communication predictor is greater than 0, but somehow statistically insignificant and demonstrates a negligible effect size. However, given the relevance of the variable in the model, hence, suggested to retain Internal Communication with recommendations for improvement in the area. By recognising the findings of Rogala (2011) where credibility of leadership was singled out as a communication problem which could affect involvement and employee loyalty, most specifically, where decisions are made in the absence of credible information or a decision was inconsistent with the thoughts of other employees.

4.10.3 Hypothesis, Ho_3: Employee Involvement and Competitive Market Dynamics

The model provides evidence to REJECT Ho_3: which stated that Employee Involvement did not influence Competitive Market Dynamics in the insurance industry in Kenyan. Therefore,

the findings confirmed the objective of the study which stated that Employee Involvement influenced Competitive Market Dynamics in the insurance industry in Kenya. In particular, Employee Involvement was found to have a statistically significant impact on Competitive Market Dynamics with $\chi 2=5.07$, Pseudo $R^2= 0.1051$ and $p<0.05$. The findings of the study agree with Chinwe and Amah (2012) which provided that employee involvement entails building human capacity, ownership and responsibility. The findings confirmed that most insurance companies in Kenya, attempt to involve their employees in decision making, an assertion which concurred with the findings of Love and Skitmore (1996) that most insurance companies focus on outputs, therefore, involving employees could improve performance.

However, considering the Pseudo R^2 value of Employee Involvement, which was 0.1051. It could be suggested that the model provided a weak predictive power of the exogenous construct, competitive market decision.

The findings of Harford (2008) could hold especially on the irrational behaviour of insurance customers. Therefore, insurance companies required a fresh focus on employee abilities to analyse customer behaviour and to respond to the hidden needs of the irrational customer. The analysis of the explanatory power suggested that, by omitting the Employee Involvement predictive construct from the model, the Pseudo R^2 value for the model drops significantly as the predictive relevance is more significant than 0, and considered statistically significant. This finding supports the assertion of Gonzalez (2016) which provides that information sharing improves employee's understanding of culture, cross pollination of ideas and creates an environment of empathy. All these are relevant for external customer service delivery.

4.10.4 Hypothesis, Ho_4: Insurance Regulations' moderating role Internal Marketing and competitive insurance market dynamics

The structural model provides evidence to REJECT Ho_4: which states that Insurance Regulations did not moderate the relationship between Internal Marketing and Competitive Market Dynamics in the insurance industry in Kenya. Therefore, the alternative which states that Insurance Regulations moderated the relationship between Internal Marketing and Competitive Market Dynamics was accepted. The findings supported the findings of CFA (2005) where Insurance Regulations promoted healthy and beneficial competition among the industry players, ensured business continuity and enhanced customer service delivery. Secondly Insurance regulations created a condition which promoted access to insurance services. The implementation of Risk Based capital as a major regulatory requirement was meant to assure stability in the insurance industry and create an environment where fair of competition among insurance firms (Njuguna, 2014). In particular, the moderating effect of Insurance Regulations on the effect of Internal Marketing and competitive insurance market dynamics was found to be statistically significant with $\chi 2=38.70$, Pseudo $R^2= 0.4137$ and $p<0.05$. In a study by Massey et al., (2010), Insurance regulators are conducting consumer awareness programs, while undertaking training programs which improves workforce skills.

The R^2 value of the endogenous constructs, Internal Marketing, and moderating Insurance Regulations was 0.4137, which suggested a moderate predictive power of the exogenous construct, Competitive Market Dynamics. This finding suggested that Insurance Regulations had not fully succeeded in streamlining information flow, insurance availability and ethical

insurance conduct. According to Dobbs et al. (2016), misrepresentations still occurred and could explain the reason why many people were sceptical about insurance in Kenya. The analysis of the explanatory power suggested that, by omitting the Insurance Regulations moderating construct from the model, the R^2 value indicating the predictive power of Internal Marketing influence on insurance market dynamics reduce significantly. The moderating relevance is more significant than 0 for the predictive construct of 0.4137. Moreover, the relative measure of moderating relevance suggests that by omitting the moderating construct Insurance Regulations, the value of the predictive construct Internal Marketing significantly. Dobbs et al. (2016) who asserts that enforcement of clear anti-discriminatory policies can eradicate unfair competition and enforce ethical conduct among insurance companies supports the success of Insurance Regulation as a moderator.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter summarised the findings and analysed the implications to conclude the subject under study. The summary of findings in Sections 5.2, Conclusions in Section 5.3, Contributions to the body of knowledge in section 5.4 Study limitations in section 5.5, Recommendations and Policy implication in section 5.6 and finally, recommendations for further research in section 5.7.

5.2 Summary of Findings

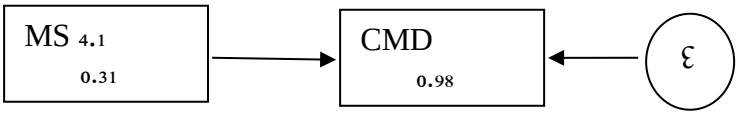
The findings revealed that Internal Marketing had a positive influence on Competitive Market Dynamics, from the response rates. The data confirmed that not all the aspects of Internal Marketing displayed a significant impact on the competitive market dynamics, internal communication in particular posted a statistically insignificant impact on the competitive market dynamics. Therefore, the study offered new knowledge about the relationship between Internal Marketing and Competitive Market Dynamics, one which was moderated by Insurance Regulations.

The first objective which sought to establish the influence of Management Support was analysed. The study developed a Null Hypothesis, Ho_1, which stated that "Managerial

Support did not have a direct influence on the Competitive Market Dynamics". The direct effect is presented in Figure 5.1.

Figure 5.1

Management Support Model



Note. CMD = 0.979+2.644MS

These findings, as presented in figure 17 confirmed that there was a favourable rating for Management Support in the descriptive model with response values above average. Further, In the assessment model, Management Support presented a significant explanatory power on Competitive Market Dynamics when analysed in line with Cohen (1988), where values for # values confirmed a significant effect in the rating. Therefore, the study concluded that there was a significant positive relationship between Management Support and Competitive Market Dynamics.

In the social sciences, the prediction of human behaviour is much more difficult. An explanation with 100% would mean all the variances explained. The findings of Management Support represented a moderate correlation between the Management Support and Competitive Market Dynamics variables. Therefore, the success of Internal Marketing relies on the level of Management Support given to employees. From the observation, increasing the level of Management Support would increase the explanatory power on the criterion

variable. The results provided evidence to preceding studies on Management Support as essential tools for building a culture of Market Orientation in the contact employees of insurance companies.

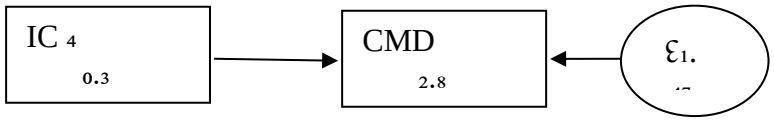
Furthermore, the results of the elements of Management Support: resources, information, and infrastructure, all exhibited significant favourable influence on Competitive Market Dynamics in Kenya. In a competitive market, there is free interaction between demand and supply functions. Therefore, employees need skills to manoeuvre the market forces of demand and supply to achieve long-run stability. In practical terms, the findings confirmed that Management Support provided a useful guide for the managerial effectiveness within the insurance industry in Kenya.

The second objective sought to establish the direct influence of Internal Communication on Competitive Market Dynamics. The study Hypothesised in Ho_2, which stated that Internal Communication did not have a direct influence on Competitive Market Dynamics. The finding in Chapter 4 confirmed that Internal Communication had an insignificant direct influence on Competitive Market Dynamics. The predicted value found was confirmed to be positively insignificant, meaning there was no link between Internal Communication and the Competitive Market Dynamics, a suggestion that the positive relationship between the related constructs was not statistically significant and the effect size of Internal Communication on Competitive Market Dynamics minimal.

From a theoretical perspective, Internal Communication typically focused on a bounded rationality viewpoint. The insignificant influence of Internal Communication could be explained by the nature of Internal Marketing which is meant to achieve short term demand and supply requirements, in the long run, equilibrium is achieved by changing the market conditions of efficient operations. The real equilibrium between the demand and supply of insurance can be achieved in the long run only. Attempting to achieve short term equilibriums hurt customer behaviour.

Figure 5.2

Internal Communications Model



Note. CMD = 2.759+0.942IC.

The findings in this section shed light on the link between the Internal Communication linkages to the Competitive Market Dynamics in the insurance industry in Kenya. Interestingly, based on the descriptive statistics, the chief executive officers who offered information to the study highly rated their perceptions of Internal Communication within their organisations.

For insurance companies to attract and retain valued customers, there was a need to share information from outside their organisations and from within to improve Employee Involvement in decision making at every hierarchical stage. Because information is necessary

for planning and execution of business plans, it cognitive biases often occur and if not monitored may derail execution of tasks within an organisation. Therefore, Internal Communication of the Kenyan insurance industry was confirmed to have an external predictive power on the Competitive Market Dynamics in the model.

The findings in this section shed light on the link between the Internal Communication linkages to the Competitive Market Dynamics in the insurance industry in Kenya. However, the further inferential analysis revealed its relationship with Competitive Market Dynamics was insignificant, even though the path coefficient was relatively high with β coefficient, which was much higher in value, suggesting that Internal Communication could play some role in increasing the Competitive Market Dynamics.

From a practical perspective, it became necessary to address the reason why Internal Communication did not improve Competitive Market Dynamics. Hence, for insurance companies to attract and retain valued customers, there was a need to share information from outside their organisations and from within to improve Employee Involvement in decision making at every hierarchical stage. Because information is necessary for planning and execution of business plans, it cognitive biases often occur and if not monitored may derail execution of tasks within the organisation.

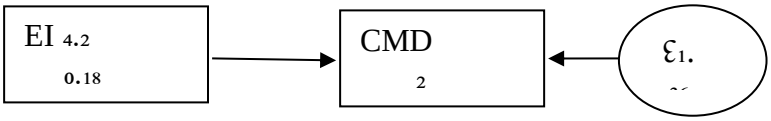
Despite the insignificant effect of Internal Communication on Competitive Market Dynamics, Internal Communication remained critical in the areas of product development, marketing, finance, and facilities, hence; the model was retained as an essential aspect

Internal Marketing within the insurance firms, one which drives external market performance. Therefore, the study added knowledge in Internal Marketing. Unlike popular belief, the link between Internal Communication and Competitive Market Dynamics was not clear, and there was no surety that high-quality Internal Communication in the insurance industry would lead to improvements in the Competitive Market Dynamics in the industry. From the extant literature, Internal Marketing is useful in enforcing new rules, principles and methods of staff instruction in the workplace (Smith & O'Sullivan, 2012). Therefore, Internal Communication is affective by the Cognitive Biases leading to bounded rationality or rule of thumb. Despite the insignificant influence of Internal Communication on Competitive Market Dynamics, Internal Communication is the only way in which an organisation builds a culture of service. If proper communication is maintained for a long time, an organisation builds a customer-oriented culture, and therefore internal communication is a relevant element of the Internal Marketing function.

The third objective sought to establish the direct influence of Employee Involvement on Competitive Market Dynamics. The study hypothesised in H_{o3}, that Employee Empowerment did not influence Competitive Market Dynamics, confirmed that Employee Involvement positively influenced the Competitive Market Dynamics of the insurance companies in Kenya. From the results, the study failed to support the null hypothesis, which stated that Employee Involvement did not influence the Competitive Market Dynamics in the insurance industry in Kenya. Figure 18 highlighted Employee Involvement Model.

Figure 5.3

Employee Involvement Model



Note. CMD = 0.485+1.536OP

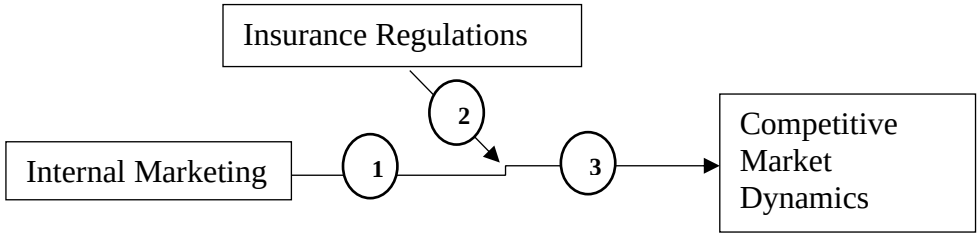
From the findings, Employee Involvement in the Kenyan insurance industry was confirmed to have a positive impact on Competitive Market Dynamics. The respondents indicated high levels of rating for Employee Involvement, as shown in the descriptive statistics. The inferential statistics also revealed a path coefficient which was much higher in value. Therefore, the study concluded that Employee Involvement positively influenced Competitive Market Dynamics. In summary, the collective success or failure of the industry's Employee Involvement functions explained the ability of Kenyan insurance companies' ability to offer solutions to the emerging needs of customers efficiently. The findings on Employee Involvement concurred with McShane and Glinew (2003), which confirmed that Employee Involvement impacted productivity and market share.

The fourth objective sought to establish that Insurance Regulations has a moderating influence on the relationship between Internal Marketing and Competitive Market Dynamics. The study presented the null Hypothesis Ho_4, which states that Insurance Regulations had no moderating impact on the relationship between Internal Marketing and Competitive Market Dynamics. The findings confirmed that Insurance Regulations moderated the Relationship between Internal Marketing and Competitive Market Dynamics. The research Model for

Hypothesis Ho_4: the moderating value of Insurance Regulations in Figure 5.4, highlights the Model paths and research hypotheses related to propositions discussed in this section.

Figure 5.4

Moderating Model proposition and the moderator effect



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

Source: Developed for the study

The finding of Hypothesis Ho_4 provided support to the previous studies on the role of regulations on directing the operations of insurance companies for the benefit of the customer. The moderating effect of Insurance Regulations was found to be statistically significant, with results showing a moderate predictive power of the exogenous construct Competitive Market Dynamics. The study further observed that although Internal Marketing had a significant positive effect on Competitive Market Dynamics when Insurance Regulations had a negative influence, as such, acts as a moderator between the Relationship between Internal Marketing and Competitive Market Dynamics.

The path coefficient for the link between the moderator and the base Model of Internal Marketing and competitive market dynamic was moderately high, hence confirming that Insurance Regulations affected the Relationship between Internal Marketing and

Competitive Market Dynamics. The findings in the study provided additional support to the existing empirical evidence in the field of Internal Marketing programs (Bhattacharya and Elsbach, 2002). Conceptually, these findings suggested that Internal Marketing contributed to improved demand and supply of insurance products. The study confirmed that the path from Internal Marketing to Competitive Market Dynamics was more reliable when Insurance Regulation's moderating effect was considered than when Internal Marketing and Competitive Market Dynamics. This confirmed that the regulations moderating effect, improved the power of Internal Marketing to explain the variability in Competitive Market Dynamics.

From a practical viewpoint, it was apparent that the efforts to improve Internal Marketing would ultimately increase the need to align with insurance regulatory requirements to increase external customer confidence. 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 was noticeably slower than the coefficient value for the Internal Marketing construct and the moderating effect coefficient lied in between the two constructs. Descriptively, this suggested that perceptions of Internal Marketing had a more substantial effect on competitive organisational dynamics within the overall model than within the basic model.

The study showed that Internal Marketing had a significant impact on Competitive Market Dynamics; hence, decisions which are more likely to impact Insurance Regulations would affect the competitiveness of the organisation. In practical terms, the insurance companies'

strategies building competitiveness had to be aligned to the prevailing Insurance Regulations. This is particularly important since regulations could provide companies with information about what kind of relationship it needed to foster with its stakeholder. Hence, companies are advised to carefully address the issue of Internal Marketing to build or improve their external customer satisfaction.

This section of the discussion focused on the theoretical implications of the Internal Marketing Model. It provided extensive evidence on the role and value of Internal Marketing on the Competitive Market Dynamics and its contribution to the body of literature on Internal Marketing. First, the study proposed and supported the notion of proper alignment of insurance Internal Marketing programs with the emerging needs of the external customer as the Model interaction matrix. The findings confirmed that the Internal Marketing Model worked well in the presence of the moderating effect of Insurance Regulations.

The research findings, therefore, supported the interactions between Management Support and Employee Involvement and Competitive Market Dynamics in the presence of the moderating Insurance Regulations. Note that the interaction between Internal Communication and Competitive Market Dynamics was ignored on the grounds of insignificant influence. Therefore, the study was able to build a conceptual Model between Internal Marketing, Insurance Regulations and the Competitive Market Dynamics as a suitable model for improving the external market performance.

The research findings related to the Internal Marketing Model could have some practical implications for the insurance industry and the other industries in the financial sectors. One of the most striking findings was that Insurance Regulations sufficiently buffered the way people perceived the insurance industry. The findings revealed a positive direct effect of Management Support on Competitive Market Dynamics. The implication here was that the insurance industry could look not only at the quality of their Management Support but also consider delivering quality Employee Involvement programs. In summary, the findings confirmed that Internal Marketing in the Kenyan insurance industry influenced the Competitive Market Dynamics and that this influence was enhanced when Insurance Regulations were introduced as moderator.

The proposed matrix was considered as a useful strategy development tool for external customer relations monitoring. For example, the model aligned interactions (1) (2) and (3) (see Figure 19 above) which were able to predict better the employee categories which improved the demand for insurance products and services. As such, these interactions became necessary when the insurance industry was seeking new competitive strategies to address emerging customer needs. Besides this, interaction (3) brought in a clear understanding that when the insurance industry focused on the external customer needs, the industry's competitive position also improved significantly.

5.3 Conclusions

In conclusion, this thesis provided a unique perspective on Internal Marketing concepts by looking at the aspects of Management Support, Internal Communication and Employee Involvement, one that offered a new insight into how Insurance Regulations moderated the interaction of insurance industry Internal Marketing with Competitive Market Dynamics. The study was rooted in the theories of decision-making literature concerning Rational Choice, Cognitive Bias and Subjective Utility Theories and provided a solid ground for developing a conceptual model to explain how and why the Insurance Regulations buffered the Internal Marketing initiatives within the insurance industry. The study confirmed that Insurance Regulations improved the effect of Internal Marketing initiatives on Competitive Market Dynamics. From the study outcomes, Management Support and Employee Involvement were confirmed to have a significant influence on Competitive Market Dynamics of the insurance companies in Kenya. Insurance companies should, therefore, allocate more resources to Management Support. The current study confirmed that Management Support explained 39.2% of the Competitive Market Dynamics in Kenya with a chi probability of 0.000, which is considered a strong association.

Finally, a moderating relationship was confirmed when Insurance Regulations moderating power was assessed in the relationship between Internal Marketing and Competitive Market Dynamics. In the study, Insurance Regulations explained 41.4% of the Competitive Market Dynamics with a chi probability of 0.000, which was a strong association. From these outcomes, the study confirmed that insurance industry Internal Marketing affected

Competitive Market Dynamics with this relationship being moderated by Insurance Regulations. The research findings provided a set of important implications for both scholars and practitioners, especially those interested in understanding and expanding their knowledge of Internal Marketing within the Competitive Market Dynamics discourse. Management practitioners may find the study useful, especially when customer expectations were considered and when Insurance Regulations were strengthened.

The study provided extensive empirical evidence on the value and efficacy of Modelling effects of Internal Marketing on Competitive Market Dynamics in Kenya. The study confirmed the existence of a rational choice Model in Management Support involving strategic analysis of the situation, the establishment of an Internal Marketing agenda and personnel segmentation for task execution. The results further confirmed that Management Support worked well when the relevant information was acquired and shared. During execution, Internal Communication was confirmed to have the most significant responsibility in the implementation of managing Employee Involvement. Managers use the information to communicate the need to understand the risk of making an error and the outcome. In the short run, these cognitive interplays slowed down the effectiveness of Employee Involvement.

In terms of theory development, two main themes emerged. First, the study confirmed that Insurance Regulations drove the effectiveness of insurance industry Internal Marketing. The study confirmed that when insurance industry Internal Marketing was done with full consideration of the influence of Insurance Regulations on Competitive Market Dynamics improved significantly. This finding agreed with the extant literature, which considered

changing markets and external customer needs as the essential drivers of Internal Marketing within organisations. The current literature also confirmed the need for Kenyan insurance industry to reorganise and realign its industry member's functions to accommodate both long and short-term management plans and to addresses the challenging business environments which arise from the shifting customer needs.

In summary, the study confirmed that the Internal Marketing Model played a significant role in moulding Competitive Market Dynamics. It should be noted that the developed Internal Marketing Model is dynamic; therefore, the research findings indicated a possible way of interpreting how Internal Marketing is linked to Competitive Market Dynamics. This premise was confirmed by the extant literature, which provided that informed Internal Marketing plays a vital role in the success of insurance companies. The study, therefore, addressed adequately the research objective which sought to establish the influence of Internal Marketing on Competitive Market Dynamics in the presence of a moderator; Insurance Regulations.

5.4 Contributions to Body of Knowledge

This thesis made several vital contributions. First, it provided an Internal Marketing and Competitive Market Dynamics Model, which empirically supported Internal Marketing as an essential driver of an Insurance Industry's Competitive position. Secondly, the study offered a Moderated Model, which helped explain the interaction effect of Insurance Regulations on the relationship between insurance Internal Marketing of the industry and Competitive

Market Dynamics Model. These were the new contributions into the scholarly work that could be applied directly in a practical industry situation as well as by scholars.

This thesis offered a novel framework (Internal Marketing Model) and provided a unique approach to the understanding of Internal Marketing and its influence on Competitive Market Dynamics in Kenya. The findings revealed that Management Support and Employee Involvement had a significant influence on Competitive Market Dynamics; however, Internal Communication failed to exhibit a robust statistical significance on Competitive Market Dynamics. As such, the conclusion was that Internal Marketing had a significant influence on Competitive Market Dynamics in Kenya. Furthermore, the study confirmed that Insurance Regulations had a significant moderating influence on the relationship between insurance industries insurance Internal Marketing and Competitive Market Dynamics Models.

The theoretical contribution brought into focus for the first time, the concepts of Internal Marketing and Sector Regulations into the Competitive Market Dynamics domain. The study broadened the understanding of Internal Marketing in Kenya by outlining how decisions by different employee groups affected the supply processes of the Insurance firms in Kenya by explaining their relationships as well as their impact. The study confirmed the logical, relational path between the decision-making units of Kenyan insurance industry players as explained by the RC, CB and SUT theories. The study confirmed that Management Support, Employee Involvement and Insurance Regulations had a significant influence on Competitive Market Dynamics.

Since this was the first attempt to study Internal Marketing and Competitive Market Dynamics in Kenya, the study no doubt made a significant practical contribution to policy and the empirical literature. The study provided a good ground for improving the external market performance of the Kenyan insurance industry by highlighting some of the challenges of Internal Marketing. The empirical literature contained a few studies that explained the relevance of Internal Marketing on insurance uptake in Kenya. The study confirmed what was reported by the empirical literature, on Internal Marketing 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. The introduction of Insurance Regulations is a moderating effect to the model brought with it a unique contribution to the literature in a manner that has not been done before. The empirical contribution of the study included the examination of Insurance Regulations and how they affect the relationship between Internal Marketing and the Competitive Market Dynamics in a Kenyan market.

The study combined the use of an ordered logistic regression model and the PLS-SEM techniques for Model testing. Whereas the ordered logistic technique allowed for testing of the direct relationships between the insurance industries Internal Marketing and the Competitive Market Dynamics, the PLS-SEM technique provided a solid ground for testing complex interactions between the moderating and the indirect effect of the moderating Models. During the examination of the moderating effect of Insurance Regulations on the relationship between Internal Marketing and the Competitive Market Dynamics, the study

applied the recently developed statistical procedure of the generalised structural equation Model (G-SEM) as proposed by (Hair et al. 2012; Henseler et al., 2009). The G-SEM technique assisted in evaluating the differences between the subgroups of respondents classified as either high or low in social axioms (Hair et al., 2016).

5.5 Study Limitations

The research offered a set of limitations related to the research context, empirical and methodological considerations, and research design. The study discussed these limitations and outlined the suggestions for future research. One unique contextual limitation is that insurance is an intangible product where the customer only sees the benefit if a claim occurs. This limitation called for a unique Internal Marketing strategy, which needed much consideration for customer expectations.

The study did not achieve a 100% response rate because some insurance industry players considered the information sought as highly confidential. Some insurance companies declined to respond to the entire questionnaire while others ignored some questions, they considered sensitive. The Internal Marketing Model was developed based on the critical elements of Internal Marketing and theories of decision making. The study adopted the rational choice, cognitive bias and subjective utility theories as to the underpinning theories for the subject under study. The model was analysed by looking into the direct, indirect and the interaction effects of the variables under study.

In the Direct Effect Model, the presence of cognitive biases in Internal Communication objectives was found to be compatible with and reflective of the execution gaps in the insurance industry. There was, therefore, a need to search for alternative courses of action that caused the cognitive gaps in the execution of business plans. The way information was injected and shared may be the reason the poor implementation of strategic plans. Failure to promote free communication within the organisation may curtail the flow of information and prevent the success of Employee Involvement during the execution of essential tasks. Therefore, one would want to test whether there were aspects in which Internal Communication Influences Competitive Market Dynamics.

The use of PLS-SEM provided an essential tool for testing the Moderating Effects in the Internal Marketing Model with a relatively limited sample size (especially, when testing for moderating effects of the interaction). The PLS-SEM was restricted to testing any feedback loops in the PLS model; hence, the study used log-likelihood–SEM, which allowed for intra-group regression assessment in situations where larger sample size and a possible application of tests for data normalisation would allow.

The study used a mixed-method research design to investigate the effects of Internal Marketing on Competitive Market Dynamics. While mixed-method research ensured usage of both qualitative and quantitative data, its adoption did not provide sufficient information when comparing a priori results with post-treatment results, and hence further research would repeat the study with the use of field experiment method. Field research could reveal the

actual impact on demand and supply of insurance when each of the variables is manipulated in an experimental environment.

5.6. Recommendations and Policy Implications

The study provided a useful insight into the role of Internal Marketing in the Kenyan insurance industry. These outcomes could be relevant for the industry looking forward to meeting and exceeding its emerging external customer needs using Internal Marketing programs. The research findings provided some interesting suggestions for future research in the fields of Internal Marketing and Competitive Market Dynamics and how Insurance Regulations can improve employee's delivery of external market needs.

Contextually, the study confirmed the relevance of Management Support and Employee Involvement as the critical factors influencing the Competitive Market Dynamics. However, the most obvious direction for future research would be to investigate why Internal Communication did not significantly influence Competitive Market Dynamics in Kenya. The extant literature cited effective Internal Communication as a culture that supports and strengthens decision making within organisations, one which drives an organisation towards a competitive advantage (Le Roux & Pretorius, 2016). Therefore, suggested further testing of the proposed model in a different geographical was suggested to avoid the generalisation arising from the study that Internal Communication did not have a significant influence on Competitive Market Dynamics.

Empirically, the model as presented in the study would require further testing given that none of the variables explained variance of more than 50% on Competitive Market Dynamics, an indication of the presence of other factors that could explain the variability. For example,

other management theories explained further, the relationships within the model that introduced other factors in the model. These additional viewpoints to Internal Marketing which were yet to be confirmed empirically would be useful if well researched. Thus, further research would call for the expansion of the model to include additional factors within the Internal Marketing Model to test the relationship between the predictor and the criterion Model.

The study is an eye-opener; therefore, other factors were included in the model to provide new insights into the Internal Marketing paradigm. This may not only contribute significantly to the Internal Marketing literature but also bring into focus, other underlying issues within the study area in line with (Mitchell et al., 1997). This is because the proposed factors could help to unpack underlying mechanisms of how and why decisions are made at the different levels of management within institutions. One might be interested in proposing and testing these factors.

Considering the theoretical underpinnings of the study, it would be interesting to understand how group effects were seen within the insurance industry Internal Marketing Model. In other words, studies would explore the potential gaps by utilising group differences within the insurance industry's Internal Marketing and the eventual impact on Competitive Market Dynamics.

To the Insurance regulatory authority, the study is an eye-opener, mainly, none of the elements of internal marketing posted a strong influence on competitive market dynamics,

with the highest "Management Support" posting only an average influence with R squared value of 0.392. However, the most exciting outcome was the influence of regulations which was statistically less significant. Regulation is expected to significantly improve the influence of all the Internal Marketing variables on the Competitive Market Dynamics. Delayed implementation of Insurance Regulation was believed to be the main reason for the weakening influence of insurance regulations on competitive market dynamics. Insurance Regulations is meant to improve access to insurance information, promote fair competition and make insurance available to the business.

Finally, the study measured the construct through a six five-point Likert scale questions. One might want to advance this measure by developing a more sophisticated way of assessing the construct. One possible way of investigating this would include the collection of secondary data on various competitive market dynamic factors and consumer purchase behaviours through a forecasting approach. This approach may require insurance industry data over a long period and the use of more sophisticated analytical models. 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 1.8), but the outcomes of such an undertaking would greatly help cement the findings of this study.

5.7. Recommendations for Further Research

This study assumed the insurance industry comprised of the insurance companies only. There are many other industry players such as insurance brokers and agents, all of which play an essential role in shaping the competitive future of the insurance industry. Future research was required on

a similar topic, but touching on intermediaries to assess any variation in responses. Future researchers could also introduce different variables other than Management Support, Internal Communication and Employee Involvement and testing for moderation effect of such variables on the relationship between Internal Marketing and competitive insurance market dynamics. In Africa, the cultural dimensions may be investigated to enrich the study.

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APPENDICES

APPENDIX 1: Questionnaire

Dear respondent,

My name is Benjamin O. Abongo, a Doctor of Philosophy (PhD) candidate at the Kenya Methodist University, in the School of Business, Department of Business Administration. As part of the requirement for the award of the degree, the research is meant to investigate the Influence of Internal Marketing on competitive market insurance dynamics in Kenya. I have selected you as a respondent on the basis that your company is one of the registered insurance companies in Kenya and on the knowledge that the respondents from your company, chosen on the basis of their involvement in decision making at different levels will be a great resource for valuable information that will help in the successful conclusion of this research. Please Aassist identify at least three leaders from each of the areas: Strategic, execution and operational areas to assist with the completion of all the questions in the questionnaire (carefully). The research results will be used for academic purposes only and will be treated with utmost confidentiality. Please note that the participation of your company in giving information that will assist in the completion of this study is highly appreciated.

SECTION A:

DEMOGRAPHIC DATA

This section is applicable to every respondent from the insurance company. Please answer as appropriate.

1. Name of the organisation (Optional) _____
2. Your job title _____
3. How long have you worked in this position?

   ☐ Up to 5 years ☐ 6-10 years ☐ 11-15 yeas ☐ 16-20 years

   ☐ over 20 years
4. Please indicate the highest level of education you have attained?

   ☐ Secondary ☐ Master's degree level

   ☐ Diploma ☐ Doctorate degree level

   ☐ Bachelor's degree level
5. Please indicate the highest level of professional qualification you have attained?

   ☐ Certificate of proficiency (COP)

   ☐ Advance Diploma in Insurance (ACII)

   ☐ Craft Course in Insurance (CCI) ☐ Any other _____

   ☐ Diploma in Insurance (AIIK)
6. How long in years has your company been in existence?

   ☐ Up to 5 years ☐ 6-10 years ☐ 11-15 years ☐ 16-20 years

   ☐ over 20 years
7. Which category does your firm belong to

☐ Life ☐ General ☐ Composite

8. What is the range of the number of employees in your insurance company?

☐ Less than 100 ☐ 100-300 ☐ 301-500 ☐ Above 500

9. What is the average sales turn over for the last 3 years?

☐ Less than 0.5b ☐ 0.5b–1.0b ☐ 1.0b-2.0b ☐ above 2.0b

10. What is the ownership status of your firm?

☐ Fully Kenyan owned ☐ fully foreign owned

☐nt Kenya and Foreign owned

*Read each statement carefully. Then, **circle** the number that shows the extent to which you agree or disagree with the statement. Note: Marking number 1 means you strongly disagree with the statement, whereas marking number 5 means you strongly agree with the statement.*

1.1 To what extent is resource planning a useful for improving operational efficiency and effective resource utilisation within insurance companies?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1.Our board members allocate many resources to mobilize both human and non-human resources	1	2	3	4	5
2. Our Board members consider planning as a priority and Participate in plans review and resource allocation	1	2	3	4	5
3 Our company values to a great extent, the accountability of Human resource actions and responsibilities	1	2	3	4	5
4. Our company supports the procurement of talented Human resource on equal opportunity basis	1	2	3	4	5
5. Our board of directors are passionate about the Customer charter implementation	1	2	3	4	5
6. The social skills of board members support the efforts of employees to deliver exceptional service	1	2	3	4	5

1.2 To what extent is the way in which information is acquired and shared, influence insurance companies' long range business planning objectives

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1.Our company uses expert advice in the formulation and Implementation of its strategic plans	1	2	3	4	5
2. Our company appreciates the role of change and change Management in the formulation of its strategic agenda	1	2	3	4	5
3 Our company provides effective channels For communication among employees	1	2	3	4	5
4. Our company has a fully-fledged research and development Function to assist in new product and service development	1	2	3	4	5
5. In our company, employee uses feedback mechanism to Assess effective of Internal Communication	1	2	3	4	5
6. The relationship between our employees and the customer is A product of high level understanding between both parties	1	2	3	4	5

1.3 To what extent is the way in which insurance companies' investment in valuable infrastructure influence efficient procurement of new business and retention profitable business?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1.Our company has a well organised business and sales channels According to the location of specific insurance covers	1	2	3	4	5
2. Our company supply function to improve the level of customer Support and concentration of management resources	1	2	3	4	5
3 Our company supports and strengthens product and channel Agencies to improve and sustain business generation	1	2	3	4	5
4. Our company a reasonable number of Sub-segments with attractive risk profiles	1	2	3	4	5
5. Our company uses information from clients and companies To provide exceptional service	1	2	3	4	5
6. Our company has a wide range of distribution channels which Are organised according to products and customer types	1	2	3	4	5

2.1 To what extent do Kenyan insurance companies appreciate the irrational customer behaviour in the insurance business environment?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1.Our company appreciates customers as the New power brokers with irrational behaviour	1	2	3	4	5
2. Our products and services are developed Through the collaboration of different departments	1	2	3	4	5
3 Our company shows much consistency in The way critical resource issues are managed	1	2	3	4	5
4. Our company consistently pays all admitted claims And suppliers in accordance with the customer charter	1	2	3	4	5
5. Our company has challenges in collecting Premiums from its insurance customers	1	2	3	4	5
6. Our company relies heavily on data mining to understand And respond to the emerging customer needs	1	2	3	4	5

2.2 To what extent does Kenyan insurance business environment support and strengthen interpersonal communication and planning for growth and competitiveness?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1.Our company's departmental heads are highly accountable For the specific resources and processes assigned to them	1	2	3	4	5
2. Internal Communications in our company are driven By the changing market and customer needs	1	2	3	4	5
3 Our company's employees work harmoniously To achieve the agreed objectives	1	2	3	4	5
4. In our company, there is high level transparency in the way Information is shared within the different functions	1	2	3	4	5
5. Our company's resources are a product of the interaction Between different functions of the company	1	2	3	4	5
6. Our company has specific principles and rules Which guide resource allocation decisions	1	2	3	4	5

2.3 To what extent is Internal Communication between different functions working to shape the insurance company's appeal to the prevailing market situation in Kenya?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1.In our company, different functions work independently Of each other but achieve the desired goals	1	2	3	4	5
2. In our company, the process manual plays a great role In ensuring co-ordination and management of resources	1	2	3	4	5
3 Our company has adopted an approach which Leverages all functions to achieve optimal outcomes	1	2	3	4	5
4. Our company uses large and sophisticated data bases to provide Significant support for marketing and business development	1	2	3	4	5
5. Our company has resolved a majority of the strategic problems Through s structured and integrated approach	1	2	3	4	5
6. Our company has achieved high level interaction Between the different functions which support growth	1	2	3	4	5

3.1 To what extent has the Kenyan insurance company developed products and processes that appeal to the changing demands of its customers.

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1.Our products and services are designed In a simple and straight forward language	1	2	3	4	5
2. Our consistently meet high level customer expectation through new product through new product and service innovation	1	2	3	4	5
3 Our company's products and services are highly Suitable for the needs of our customers	1	2	3	4	5
4. Our company has properly utilised idle resource surplus To support sales and boost production capacity	1	2	3	4	5
5. All our insurance company's contract documents Have been simplified to accommodate all our client's needs	1	2	3	4	5
6. Our company conducts proper market analysis at different levels of Quality and quantity of products and services offered	1	2	3	4	5

3.2 To what extent are Kenyan insurance companies committed to the quality of decisions made by their own employees?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1.Our reviews insurance industry Internal Marketings on quarterly basis And involves all key employees	1	2	3	4	5
2. Our has specific parameters for benchmarking With its peers within the Kenyan insurance industry	1	2	3	4	5
3 Our company deploys quality function to achieve A transition in a systematic and progressive manner	1	2	3	4	5
4. Our company maintains the supply of insurance A long profitable lines only	1	2	3	4	5
5. Our company's supply chain Supports product and service delivery to a large extent	1	2	3	4	5
6. Our company uses sophisticated analytical tools to mine Customer data for all products and service requirements	1	2	3	4	5

3.3 To what extent is the Kenyan insurance company able to formulate, co-ordinate and effectively implement activities which support the supply of insurance to the public?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1. In our company, co-ordination of supply and movement of factors of production Is an important function of operating staff	1	2	3	4	5
2. Our company keenly adheres to the codes of conduct and the regulations That governs quality and service delivery	1	2	3	4	5
3 Our company has acquired competitive advantage on key products And service lines which are difficult to emulate	1	2	3	4	5
4. Our company has informatio technology which Supports strategic initiatives to a greater extent	1	2	3	4	5
5. Our company has a large number of loyal customers With more than 5 years loyalty duration	1	2	3	4	5
6. Our company innovation is considered as a key Growth driver for products and services	1	2	3	4	5

4.1 To what extent to which decision makers of Kenyan insurance companies obtain and share information among themselves for the benefit of the customer?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1. Our company on-boards only the customers Who have properly identified themselves	1	2	3	4	5
2. Our company advertises its products and services regularly On both the print and the digital media	1	2	3	4	5
3 Our customers are aware of the claims processes and procedures	1	2	3	4	5
4. Majority of our customers comprise the direct Customers procured through the digital platform	1	2	3	4	5
5. Our clients always consult our appointed intermediaries On our products and premium rating	1	2	3	4	5
6. Our clients are satisfied with our claims Payment procedures	1	2	3	4	5

4.2 To what extent has the Kenyan insurance company developed products that appeal to the changing demands of its customers?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1. Our premium volumes have been badly Affected by the price wars within the industry	1	2	3	4	5
2. Our cpmpany competes on the basis of distinctive strength Acquired from long term adjustment in products and processes	1	2	3	4	5
3 Our company spens a substantial part of its revenues In research and development	1	2	3	4	5
4. Our clients are aware of claims payment timelines And standards	1	2	3	4	5
5. All our insurance company's contract documents Have been simplified to accommodate all our client's needs	1	2	3	4	5
6. Our company has acquired a market niche which other Companies have not ventured into	1	2	3	4	5

4.3 To what extent to which Kenyan insurance companies are innovating to provide insurance products which support business and economic growth?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1. Our company provides insurance contracts For most majority of insurable risks in our market	1	2	3	4	5
2. Our insurance products are highly relevant to the specific Needs of the people and industries in Kenya	1	2	3	4	5
3 Our distribution channels are planned according To the areas of customer concentration	1	2	3	4	5
4. Our Research and Development focuses On the emerging needs of our customer groups	1	2	3	4	5
5. Our product information is Easily accessible to our customers	1	2	3	4	5
6. Our company appreciates the role of technology In the design and distribution of products and services	1	2	3	4	5

4.1 To what extent to which decision makers of Kenyan insurance companies obtain and share information among themselves for the benefit of the customer?

	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1. Our company on-boards only the customers Who have properly identified themselves	1	2	3	4	5
2. Our company advertises its products and services regularly On both the print and the digital media	1	2	3	4	5
3 Our customers are aware of the claims processes and procedures	1	2	3	4	5
4. Majority of our customers comprise the direct Customers procured through the digital platform	1	2	3	4	5
5. Our clients always consult our appointed intermediaries On our products and premium rating	1	2	3	4	5
6. Our clients are satisfied with our claims Payment procedures	1	2	3	4	5

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3 Our company spens a substantial part of its revenues In research and development	1	2	3	4	5
4. Our clients are aware of claims payment timelines And standards	1	2	3	4	5
5. All our insurance company's contract documents Have been simplified to accommodate all our client's needs	1	2	3	4	5
6. Our company has acquired a market niche which other Companies have not ventured into	1	2	3	4	5

4.3 To what extent to which Kenyan insurance companies are innovating to provide insurance products which support business and economic growth?

	Strongly Disagree	**Disagree**	**Indifferent**	**Agree**	**Strongly Agree**
1. Our company provides insurance contracts For most majority of insurable risks in our market	1	2	3	4	5
2. Our insurance products are highly relevant to the specific Needs of the people and industries in Kenya	1	2	3	4	5
3 Our distribution channels are planned according To the areas of customer concentration	1	2	3	4	5
4. Our Research and Development focuses On the emerging needs of our customer groups	1	2	3	4	5
5. Our product information is Easily accessible to our customers	1	2	3	4	5
6. Our company appreciates the role of technology In the design and distribution of products and services	1	2	3	4	5

SECTION C
INSURANCE CUSTOMERS EXPLORATORY SURVEY
DEMOGRAPHIC DATA

(Tick where appropriate)

Respondents Particulars

1. What is your name (Optional) _____?
2. Are you a business man or an employee_____?
3. How long have you been insured?

☐ Up to 5 years ☐ 6-10 years ☐ 11-15 yeas ☐ 16-20 years ☐ over 20 years

4. Please indicate the type of insurance policy held by you?

Individual Life ☐ Group life insurance ☐

Motor Vehicle insurance ☐ Personal Accident Insurance ☐

Medical Insurance ☐ Fire and Burglary ☐

Any other ☐ Please specify _____

5. In your own honest opinion, do you think your insurer has provided all your insurance needs? Yes ☐ No ☐
6. What is the reason for your response to question 5 above? _____
7. In your own opinion, do you fully understand your insurance contract?

Yes ☐ No ☐

8. Briefly explain your answer to 9 above _____

9. Have ever claimed from your insurance contract?

Yes ☐ No ☐

If yes which product and what was your experience? _____

10. If yes, how long did it take to settle your claim?

Less than one week ☐ within 30 days ☐ Longer than 30 days ☐

Several months ☐

11. What type of claim did you lodge with the insurance company?

Individual Life ☐ Group life insurance ☐

Motor Vehicle insurance ☐ Personal Accident Insurance ☐

☐ ☐

Medical Insurance Fire and Burglary

Any other ☐ Please specify _____

12. How would you describe the claims process?_____

13. Are you convinced that your insurer offers value for your money?

Yes ☐ No. ☐

14. If not what would you want your insurer to change_____

15. How do you communicate with your insurer?

a. Through letters delivered at the post office of currier ☐
b. By currier services ☐
c. Through e mails ☐
d. Through telephone calls ☐
e. Only when I visit the insurance company's office ☐
f. I never receive any communication ☐

16. How do you rate your insurer in the market place?

a. Offers superior quality service ☐
b. Offer near quality service ☐
c. All insurers are the same ☐
d. Is very insensitive to customer needs ☐
e. It is difficult to tell ☐

17. In your opinion who do you compare your insurer with others in the market

a. The best ☐
b. Just good ☐
c. I am indifferent ☐
d. Not too good ☐
e. Is the worst ☐

18. Do you think your insurer is innovative?

a. Very much ☐
b. Average ☐

c. Not much ☐

d. Not at all ☐

19. Do you think the products and services offered by your insurer fully satisfy your needs?

a. Very Much ☐

b. Averagely well ☐

c. Not much ☐

d. Not at all ☐

APPENDIX 2: General Insurance Companies

1	Jubilee Insurance Company	13,781,583.00	11.32%
2	UAP Insurance Company	10,852,494.00	8.92%
3	APA Insurance Company	8,995,974.00	7.39%
4	CIC GENERAL Insurance Company	8,407,498.00	6.91%
5	BRITAM General Insurance Company	6,945,612.00	5.71%
6	AAR Insurance Kenya	6,489,197.00	5.33%
7	ICEA Lion General Insurance	6,218,737.00	5.11%
8	HERITAGE Insurance Company	5,326,894.00	4.38%
9	GA Insurance Company	4,707,811.00	3.87%
10	Resolution Insurance Company	3,889,916.00	3.20%
11	First Assurance Company	3,831,052.00	3.15%
12	AIG Insurance Company	3,588,476.00	2.95%
13	DIrectline Assurance Company	3,224,740.00	2.65%
14	African Merchant Assurance	3,145,060.00	2.58%
15	Madison Insurance Company	3,102,440.00	2.55%
16	Kenindia Assurance Company	2,910,583.00	2.39%
17	Kenya Orient Insurance	2,480,669.00	2.04%
18	Invesco Assurance Company	2,300,894.00	1.89%
19	Mayfair Insurance Company	2,233,714.00	1.84%
20	Geminia Insurance Company	2,212,122.00	1.82%
21	Occidental Insurance Company	2,038,448.00	1.67%
22	Cannon Asurance Company	1,701,541.00	1.40%
23	Fidelity Shield Insurance	1,674,182.00	1.38%
24	Saham Insurance Company	1,559,828.00	1.28%
25	Trident Insurance Company	1,259,551.00	1.03%
26	Xplico Insurance Company	1,229,298.00	1.01%
27	The Kenyan Alliance Insurance	1,079,632.00	0.89%
28	Pacis Insurance Company	1,042,138.00	0.86%
29	The Monarch Insurance	1,018,281.00	0.84%
30	Intra-Africa Assurance	996,133.00	0.82%
31	Sanlam Insurance Company	961,583.00	0.79%
32	Tausi Assurance Company	950,169.00	0.78%
33	Insurance Company	816,450.00	0.67%
34	Phoenix of East Africa	374,810.00	0.31%
35	Corporate Insurance Company	299,866.00	0.25%
36	Allianz Insurance Company	63,060.00	0.05%
37	Pioneer Insurance Company	-	0.00%

APPENDIX 3: Life Insurance Companies

1	Britam Life Assurance	17,179,320.00	23.37%
2	Jubilee Insurance Company	10,360,845.00	14.09%
3	ICEA Lion Life Assurance	9,525,606.00	12.96%
4	Pioneer Assurance Company	5,292,116.00	7.20%
5	Sanlam Life Assurance	4,669,643.00	6.35%
6	UAP Old Mutual Life Assurance Company	4,620,338.00	6.28%
7	CIC Life Assurance Company	4,352,847.00	5.92%
8	Liberty Life Assurance Company	4,325,797.00	5.88%
9	Kenindia Assurance Company	3,947,011.00	5.37%
10	Madison Insurance Company	2,381,167.00	3.24%
11	GA Life Assurance Company	1,525,305.00	2.07%
12	Barclays Life	1,252,818.00	1.70%
13	APA Life Assurance Company	1,223,439.00	1.66%
14	The Kenyan Alliance Insurance	812,717.00	1.11%
15	Metropolitan Insurance	393,863.00	0.54%
16	Corporate Insurance Company	295,766.00	0.40%
17	Geminia Insurance Company	288,016.00	0.39%
18	Kenya Orient Life Assurance	290,023.00	0.39%
19	Saham Assurance	250,595.00	0.34%
20	Prudential Life Assurance	158,781.00	0.22%
21	Cannon Assurance	116,718.00	0.16%
22	First Assurance Company	103,450.00	0.14%
23	Capex Life Assurance	56,647.00	0.08%
24	Takaful Insurance of Africa	52,657.00	0.07%
25	The Monarch Insurance	43,694.00	0.06%

APPENDIX 4: Insurance Regulations SEM Moderating Effect Models

IR SEM Moderating Effect Model

Structural CIMD <-	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.CIMD)	0.586269	0.110423			0.405298	0.848046

Factor Analysis

Explained variance by components	**Coef.**	**Std. Err.**	**Z**	**P>z**	**[95% Conf.**	**Interval]**
Eigenvalues						
Comp1	2.191849	0.501634	4.37	0	1.208664	3.175034
Comp2	1.109932	0.240776	4.61	0	0.63802	1.581845
Comp3	0.491626	0.105615	4.65	0	0.284624	0.698627
Comp4	0.206594	0.044175	4.68	0	0.120012	0.293175
Factor Loading using PCA: Principal components/correlation						
Comp1						
CMD	0.316714	0.192504	1.65	0.1	-0.06059	0.694016
IR	0.552605	0.10042	5.5	0	0.355786	0.749425
IM	0.606625	0.072058	8.42	0	0.465394	0.747855
IMnIRModerator	-0.47574	0.13045	-3.65	0	-0.73142	-0.22006
Comp2						
CMD	0.798124	0.098374	8.11	0	0.605315	0.990934
IR	-0.32888	0.177005	-1.86	0.063	-0.67581	0.01804
IM	0.233781	0.162851	1.44	0.151	-0.0854	0.552963
IMnIRModerator	0.447414	0.186586	2.4	0.016	0.081712	0.813116
Comp3						
CMD	-0.2571	0.179516	-1.43	0.152	-0.60895	0.094744
IR	0.560215	0.128298	4.37	0	0.308755	0.811675
IM	0.217431	0.154032	1.41	0.158	-0.08447	0.519329
IMnIRModerator	0.756823	0.100132	7.56	0	0.560568	0.953079
Comp4						
CMD	0.443383	0.085923	5.16	0	0.274977	0.611789
IR	0.522132	0.111238	4.69	0	0.30411	0.740154
IM	-0.72806	0.056171	-12.96	0	-0.83816	-0.61797
IMnIRModerator	-0.0267	0.146888	-0.18	0.856	-0.3146	0.261195

Model Tests	chi2(6)	Prob > chi2
LR test for independence	48.7	0
LR test for Sphericity	49.51	0

Explained variance by components

Components	Eigen value	Proportion	SE Prop	Cumulative	SE Cum	Bias
Comp1	2.191849	0.548	0.0697	0.548	0.0697	0.084067
Comp2	1.109932	0.2775	0.0591	0.8254	0.0357	-0.03006
Comp3	0.491626	0.1229	0.0306	0.9484	0.0136	-0.03135
Comp4	0.206594	0.0516	0.0136	1	0	-0.02266

Factor analysis/ correlation

Number of obs = 37; Method: maximum likelihood Retained factors = 1
Rotation: (unrotated) Number of params = 4; Schwarz's BIC = 27.3527
Log likelihood = -6.454508 (Akaike's) AIC = 20.909

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	1.86929	.	1.0000	1.00000

LR test: independent vs. saturated: chi2(6) = 48.70 Prob>chi2 = 0.0000
LR test: 1 factor vs. saturated: chi2(2) = 11.92 Prob>chi2 = 0.0026

Varimax Rotation Assessment of the Model

Rotation matrix -- orthogonal varimax (Kaiser on)				
Variable	Comp1	Comp2	Comp3	Comp4
Comp1	0.5526	0.3167	-0.4757	0.6066
Comp2	-0.3289	0.7981	0.4474	0.2338
Comp3	0.5602	-0.2571	0.7568	0.2174
Comp4	0.5221	0.4434	-0.0267	-0.7281
Rotated component loadings				
Variable	Comp1	Comp2	Comp3	Comp4
CMD	0	1	0	0
IM	0	0	0	1
IR	1	0	0	0
IMnIRModer~r	0	0	1	0
Unrotated component loadings				
Variable	Comp1	Comp2	Comp3	Comp4
CMD	0.3167	0.7981	-0.2571	0.4434
IM	0.6066	0.2338	0.2174	-0.7281
IR	0.5526	-0.3289	0.5602	0.5221
IMnIRModer~r	-0.4757	0.4474	0.7568	-0.0267

Equation-level goodness of fit

depvars	Fitted	Variance predicted	Residual	R-squared	mc	mc2
CMD	0.49551	0.205008	0.290503	0.413731	0.643219	0.4137307
Overall				0.413731		

Model	Obs	ll(null)	ll(model)	df	AIC	BIC
.	37	.	-83.1491	5	176.2982	184.3528

Moderating Model Effects

Direct Effects

Structural CMD <-	Coef.	OIM Std. Err.	z	P>z	[95% Conf.	Interval]
IM	1.405412	0.276659	5.08	0.000	0.86317	1.947654
IR	-0.43248	0.192304	-2.25	0.025	-0.80939	-0.05557
CDnIRModerator	0.237925	0.305125	0.78	0.436	-0.36011	0.83596

Indirect Effects

Structural CMD <-	Coef.	OIM Std. Err.	z	P>z	[95% Conf.	Interval]
IM	0	(no path)				
IR	0	(no path)				
CDnIRModerator	0	(no path)				

Total Effects

Structural CIMD <-	Coef.	OIM Std. Err.	z	P>z	[95% Conf.	Interval]
IM	1.405412	0.276659	5.08	0	0.86317	1.947654
IR	-0.43248	0.192304	-2.25	0.025	-0.80939	-0.05557
IMnIRModerator	0.237925	0.305125	0.78	0.436	-0.36011	0.83596

APPENDIX 5: Harmonized Data for Company and Customers

	Name of Insurance Firm	**Classification**	**Number of Insurer Respondents**	**Average Response - Insurers**	**Number of Customer Respondents**	**Average Response - Customers**
1	Cannon Assurance ltd	General	3	3.08	7	4.25
2	UAP General Insurance	General	3	3.8	9	4.042
3	Invesco Assurance	General	2	4.46	6	4.208
4	Alianz	General	2	4.44	7	4.75

5	Resolution Insurance	General	3	4.67	6	4.542
6	Pioneer Assurance Co. Ltd	General	3	4.69	8	4.125
7	The Kenya Alliance Insurance	General	3	3.76	8	3.833
8	Mayfair Insurance	General	3	4.24	6	4.458
9	Tausi Assurance Company Ltd	General	3	3.98	7	3.75
10	The Heritage Insurance	General	3	4.46	8	4.083
11	Takaful Insurance of Africa	General	3	4.29	7	4.083
12	Geminia Insurance Company	General	3	4.71	6	4.167
13	First Assurance Company ltd	General	3	3.94	9	4.292
14	Kenya Orient Insurance Ltd.	General	3	4.1	6	4.167
15	Jubilee Insurance	General	2	4.25	9	4.375
16	Pacis Insurance Company Ltd.	General	3	4.08	6	3.5
17	AAR	General	1	4.33	6	4.417
18	Trident Insurance CO. Ltd.	General	3	3.12	8	4.167
19	G.A	General	3	4.24	6	4.542
20	ICEA	General	2	4.06	8	4.708
21	Corporate Insurance	General	3	3.14	8	4.458
22	Occidental	General	3	4.72	6	4.542
23	Xplico Insurance Company	General	3	4.01	8	3.903
24	APA	General	2	3.89	6	3.667
25	CIC Insurance Ltd	General	3	3.6	7	3.708
26	Phoenix	General	3	4.21	8	3.833
27	Madison Insurance Co. Ltd	General	3	3.14	6	3.458
28	Intra Africa Assurance	General	3	4.3	9	4.167
29	AIG	General	3	4.28	6	3.625
30	Sanlam Insurance	General	3	4.12	9	3.667

31	The Monarch Insurance Co ltd	General	3	4.14	8	3.458
32	Amaco Insurance	General	2	4.15	6	4.25
33	Kenindia	General	3	4.15	7	4.25
34	Saham	General	1	4.28	8	4.583
35	UAP Life Assurance Ltd	Life	3	3.8	6	4.375
36	Kenya Orient Life Assurance	Life	3	4.31	6	3.792
37	The Jubilee Insurance Co. Ltd	Life	3	3.97	7	4.208
38	Pioneer General Insurance Ltd	Life	2	4.39	9	4.25
39	Sanlam Life Insurance Ltd	Life	2	4.29	6	3.625
40	The Kenya Alliance Insurance	Life	3	4.06	9	4.167
41	GA Insurance Limited	Life	3	4.2	6	4.542
42	Geminia Insurance CO ltd	Life	3	4.25	9	3.875
43	First Assurance Co. Ltd	Life	3	3.69	8	4.042
44	Madison Insurance Ltd	Life	3	3.77	7	3.917
45	CIC Life Assurance ltd	Life	3	3.61	6	4.167
46	Takaful Insurance Africa Ltd	Life	3	3.36	8	4.167
47	Corporate Insurance Co.Ltd	Life	3	3.75	7	4.208
48	Kenindia Assurance	Life	3	4.38	7	3.667
49	The Monarch Insurance	Life	3	3.78	8	4.083
50	Saham Assurance	Life	3	3.51	8	3.792
51	APA	Life	3	3.88	9	4.167
52	Metropolitan canon Life	Life	3	4.3	6	4.15
53	Liberty Life Assurance	Life	2	4.32	7	4.066
			146		384	

THIS IS TO CERTIFY THAT:
MR. BENJAMIN OKEYO ABONGO
of KENYA METHODIST UNIVERSITY, 14-40223 KADONGO,has been permitted to conduct research in *Nairobi County*

on the topic: *INFLUENCE OF CORPORATE DECISIONS ON THE COMPETITIVE INSURANCE MARKET DYNAMICS IN KENYA*

for the period ending:
12th April,2019

.....
Applicant's Signature

Permit No : NACOSTI/P/18/89427/22215
Date Of Issue : 12th April,2018
Fee Recieved :Ksh 2000

.....
Director General
National Commission for Science, Technology & Innovation

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Ref. No. **NACOSTI/P/18/89427/22215**

Date. **12th April, 2018**

Benjamin Okeyo Abongo
Kenya Methodist University
P.O. Box 267- 60200
MERU.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Influence of corporate decisions on the competitive insurance market dynamics in Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **12th April, 2019.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

GPKalerwa

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.