TRANSIENT ADVANTAGE AND PERFORMANCE OF PRIVATE HEALTH INSURANCE SECTOR IN KENYA: DYNAMIC CAPABILITIES VIEW

KANG'E MCDONALD

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE DOCTOR OF PHILOSOPHY DEGREE IN BUSINESS ADMINISTRATION AND MANAGEMENT OF KENYA METHODIST UNIVERSITY

JUNE, 2020

DECLARATION

I declare that this thesis is my original work and has not been presented in another university for any academic award.

Signature ……………………… Date 24-06-2020

Kang'e McDonald **Reg. No: BUS-4-1742-1/2014**

This thesis has been submitted for examination with our approval as university supervisors.

Signature……………………………… Date 25·06·2020

Eng. Dr. Thomas Senaji

School of Business and Economics,

Kenya Methodist University (KeMU).

Signature ……………………………… Date 25/06/2020

Dr. Risper Orero

School of Business and Economics,

Kenya Methodist University (KeMU).

COPYRIGHT

DEDICATION

I dedicate this thesis to my dear family for their endless support.

ACKNOWLEDGEMENT

This thesis took a lot of effort and support from many people. I am most grateful to God for good health and provision. My two supervisors, **Eng. Prof. Thomas Senaji** and **Dr. Risper Orero** were indeed very supportive. I am grateful for the support of from professors in the School of Business and Economics and their invaluable input in the process of developing this thesis. I am specifically indebted to **Dr. Bernard Baimwera** for his guidance and encouragement and for graciously guiding me through the corrections. I sincerely thank my family for the sacrifices made to allow me pursue knowledge at this level. My dear parents made enormous sacrifices to enable all of us in our large family go to school. The hard and long days in the farm and the discipline you instilled in us will always be in my memory.

ABSTRACT

The performance of the private health insurance sector in Kenya has continued to be below expectation with most of the companies reporting losses. Health insurance firms continue to compete for the same client base without registering any significant improvement in either penetration levels or performance. This study sought to establish the influence of transient advantage on performance specifically, the role of innovative products, distribution models, market sensing capability and strategic partnerships on performance. The dynamic capabilities view of the firm and institutional theory were used to anchor the study while a descriptive survey design was adopted in the study targeting a population comprising managers, assistant managers and supervisors. Four respondents were drawn from each of the five departments: sales, strategy, finance, operations and customer service. These are departments in the 19 private insurance companies where data was collected. The 380 targeted respondents, yielded a sample of 308. The data were analyzed and both descriptive and inferential results obtained and interpreted. It was found that while innovative products ($\beta=0.52$, exp (B) =1.683, $p=0.046 <0.05$) and distribution models ($\beta=-0.77$, exp (B)=0.563, $p=0.036<0.05$) significantly predicted performance, the practices of market sensing capability and strategic partnerships did not significantly ($p >0.05$ for both coefficients) predict performance of private health insurance sector in Kenya. Further, age and size of the firms, which were treated as control variables of the firm significantly influenced performance. From these findings it is recommended that the firms should strengthen product innovations including through the adoption of appropriate technology such a social media technology through which consumers of insurance can have easier access to information on the products and services. Similarly, the firms should effectively communicate to customers relating to changes in services in order to increase customer loyalty and eradicate uncertainties among them. Further, since the distribution models negatively predicted performance, it is recommended that these models be re-examined to determine their weaknesses with a view to improving them. Since market sensing and strategic partnerships had positive but insignificant predictive power on performance, the firms should strengthen these dynamic capabilities to a level where their influence on performance can be significant. For example, the health insurance firm should strategically partner with entities that share the same goals and objectives and are culturally compatible. As competitive advantages can no longer be guaranteed due to the dynamism of the current business environment, private health insurance firms in Kenya should explore how to ride the wave of transient advantages and realign their partnership so as to draw value while exploring profitable channels like digital distribution for their products. The insurance companies must invest in research and development with the aim of understanding relevant customer value proposition that would drive innovation.

TABLE OF CONTENTS

DECLARATION .... **ii**
COPYRIGHT .... **iii**
DEDICATION .... **iv**
ACKNOWLEDGEMENT .... **v**
ABSTRACT .... **vi**
TABLE OF CONTENTS .... **vii**
LIST OF TABLES .... **ix**
LIST OF FIGURES .... **x**
ABBREVIATIONS AND ACRONYMS .... **xi**
CHAPTER ONE **1**
INTRODUCTION **1**
1.1 Background of the Study 1
1.2 Statement of the Problem 46
1.3 Objectives of the Study 49
1.4 Research Hypotheses 50
1.5 Significance of the Study 50
1.6 Scope and Limitations of the study 52
1.7 Assumptions of the Study 53
1.8 Operational Definition of Terms 53
CHAPTER TWO **55**
LITERATURE REVIEW **55**
2.1 Introduction 55
2.2 Theoretical Review 55
2.3 Empirical Review 64
2.4 Conceptual Framework 141
CHAPTER THREE **145**
METHODOLOGY **145**
3.1 Introduction 145
3.2 Philosophical Assumptions 145
3.3 Research Design 146
3.3 Target Population 148

3.4 Sampling Techniques, Sample Size and Sampling Frame 149
3.5 Data Collection Instrument 150
3.6 Methods of Data Collection 152
3.7 Test of Assumptions 153
3.8 Data Analysis and Data Presentation... 155
3.9 Ethical Considerations 157
CHAPTER FOUR 159
RESULTS AND DISCUSSIONS 159
4.1 Introduction 159
4.2 Response Rate, Demographics and Reliability of Instruments........................ 159
4.3 Status of Transient Advantage and Performance 168
4.4 Relationship and Association between Transient Advantage and Performance 180
4.5 Influence of Transient Advantage and Performance 185
4.6 Control variables: Age and Size on Performances.. 205
CHAPTER FIVE 217
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS...................... 217
5.1 Introduction 217
5.2 Summary of Findings 217
5.3 Conclusion 223
5.4 Recommendations 230
5.5 Area of Further Studies... 235
REFERENCES 237
Appendices.. 269

LIST OF TABLES

Table 3. 1: Target Population.. 149
Table 3.2: Reliability statistics…………………………..……..……………...156
Table 3. 3: Test for Multicollinearity 154
Table 3. 4: Heteroskedasticity Test 155
Table 4. 1: Response rate……………………………………………………….. 160
Table 4. 2: Distribution of responses.. 161
Table 4. 3: Gender of respondents 162
Table 4. 4: Age of respondents 163
Table 4. 5: Job position in the organization.. 164
Table 4. 6: Factors influencing performance of health service insurance providers 165
Table 4. 7: Transient Advantage 168
Table 4. 8: Independent t test Managers vs Assistant Managers 171
Table 4. 9: Independent t-test group statistics for Managers vs. Assistant managers 172
Table 4. 10: Independent t-test group statistics for Managers vs Supervisors 172
Table 4. 11: Independent t-test for Managers vs. Supervisors.............................. 174
Table 4. 12: Independent t-test group statistics: Assistant managers vs. Supervisors... 175
Table 4. 13: Independent t-test on Assistant managers' vs Supervisors 176
Table 4. 14: ANOVA of perception across employee positions............................ 178
Table 4. 15: hypothesis test summary on perception of transient advantage on performance 179
Table 4. 16: Relationship between pairs of variables... 180
Table 4. 17: Cross-tabulation of performance versus innovation, distribution model, market sensing and strategic partnerships………………………………. 183
Table 4. 18: Kurtosis and Skewness Statistics... 186
Table 4. 19: Normality tests results... 187
Table 4. 20: Model summary of transient advantage and performance 195
Table 4. 21: Descriptive for all the insurance firm sizes....................................... 207
Table 4. 22: Size of Firm and Performance... 209
Table 4. 23: Variation in performance by size of insurance firm 211
Table 4. 24: Descriptive for Age and Performance... 212
Table 4. 25: Relationship between performance and age of insurance firm 213

LIST OF FIGURES

Figure 2. 1: Transient Advantage (McGrath, 2013, p. 13) 70
Figure 2. 2: Conceptual framework.. 142
Figure 4. 6: Hypothesis test summary on perception of transient advantage on performance 178
Figure 4. 1: Innovative products normality histogram 189
Figure 4. 2: Distribution model normality histogram 190
Figure 4. 3: Market Sensing normality histogram 191
Figure 4. 4: Strategic partnerships normality histogram 192
Figure 4. 5: Performance Normality Histogram 193

ABBREVIATIONS AND ACRONYMS

AKI:	Association of Kenya Insurers
BNR:	The National Bank of Rwanda
CBHI:	Community-Based Health Insurance
DCF:	Dynamic Capabilities Framework
DCV:	Dynamic Capabilities View
HMO:	Health Management Organization
IRA:	Insurance Regulatory Authority
KES:	Kenya Shillings
MSP:	Medical Service Providers
NHIF:	National Hospital Insurance Fund
NORDIC:	Countries -Denmark, Finland, Iceland, Norway, Greenlan & Faroe Islands
OECD:	Organization for Economic Co-Operation and Development.
OOP:	Out of Pocket
R&D:	Research and Development
SACCO:	Savings and Credit Cooperative Organization
SPSS:	Statistical Package for the Social Sciences
WHO:	World Health Organization

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Health refers to top notch welfare and wellness of an individual including their mental, physical and social faculties and is not defined by the lack of illness or infirmity (World Health Organization [WHO], 2012). Health is among the most essential requirements that add value to human life (Watt, 2015). The health status of nation's citizens greatly determines the wealth of that nation. World development indicators show that there is a disparity in levels between the developed, middle income and low income nations due to poor health and a life expectancy that is below average by most standards (World Bank, 2017). Healthcare is a basic human need and therefore its service delivery should be at the highest level to prevent death which will in turn result in a significant drop in available human labor which is an important factor of production.

Reducing poverty, achieving gender equality, lack of food and pollution has an impact on health care but it is also co-dependent (WHO, 2012). The Sustainable Development Goals (SDG's) aimed at transforming the world by 2030, have listed Health as one of the top 3 goals. One of its agendas under ensuring proper healthcare for the entire population is the Universal Health Coverage also famously known as UHC that is currently a critical goal in the worldwide agenda (United Nations [UN], 2019). This has resulted in most developing nations taking a second look at the financing systems that they have in place in health care to ensure they fall in line with UHC. This has included the complete review of the financing systems to ensure conformity

This strategy has been picked up by numerous governments that seek to achieve Universal Health Care for their population (Abuya et al., 2015). The 58th World Health Assembly strongly advised nations to make certain “that the techniques implemented to cater for medical expenses are set in a way that introduces a prior payment system in the sector of health, while aiming at spreading risk, reduce expenses and impoverishment of the population when it seeks health care”. The 2012 World Health Report drew the connection between proper health financing and the success in the achievement of UHC (WHO, 2012), while the WHO (2013) report was dedicated to universal health coverage indicating its importance in the success of the healthcare systems. This was one of the goals of the health system highlighted in the millennium development goals whose final year was 2015.

1.1.1 Health Care and Health Insurance

The standard of living is decided on the metric of how good the quality of health is and influences how a normal person would perceive the quality of life they live. A sick person would perceive the quality of their life as wanting. In most nations, health care delivery and the functioning and the state of the economy are considered a key political issue while in many other countries it is perceived as part of the national pride and status. The economic benefits of the health sector go far beyond the jobs it provides and the service it offers. The sector is critical to the wellbeing of the population as it does play a key role when deciding on the level of productivity in the nation hence the saying that a nation that is healthy is also wealthy. Observing the healthcare system from an angle that considers the economy is important but should never be construed to mean that it is an oversight when it comes to the service it offers in terms of the people's health and well-being and which should also be given a high level of attention, although this may occasionally seem to be the apparent (Yaman, 2013).

There are a variety of ways to look at the debate and the relationship between the two (economic and the health of the people) becomes succinct. The health sector is an intrinsic element of the social construct and which rolls out key responsibilities in the development of a country. A well-functioning and properly structured health care system is part and parcel of a society. The importance that the sector is given across the board has contributed to the levels of focus it gets not only from individual countries but from across the globe. It is always a part of political discussions and has been known to win or cost politicians their elections. Economists in the health sector view it as multidimensional and that it should be tackled across all sectors as a societal goal (Yaman, 2013).

The health care industry plays a dualistic role of providing quality well-being which is its pivotal role as well as enabling economies to grow through employment opportunities, capacity building, education and deciding the public laws. Insurance companies and hospital chains are some of the companies and organizations/institutions in the health care sector that offer macroeconomic opportunities and are a source of income (through taxes) for governments' and their economic outlook is good (Tulenko, 2016).
They offer jobs to the population as professionals, managers and other support staff with a wide array of skillsets. Daily activities also enable the creation of similar opportunities that are interlinked and related to the sector such as information technology, financial

services, catering, supply of equipment, transportation. They also provide revenue for governments and therefore the economic potential of these companies is very great (Tulenko, 2016).

The goal of a good health care system is to prevent diseases, injury, and disability as well as offer treatment when it is required. It aims to protect people from environmental health hazards, promote healthy behavior and assure availability of quality health services as and when required in an accessible and affordable manner (Donev et al., 2004). Countries burdened by illnesses due to insufficient and inadequate spending on the sector tend to experience multiple impediments to economic growth and economic stability. Improving the health care system is actually a means for achieving growth in the economy of a nation and reduction of poverty amongst the populace. Most developed countries regard health as a basic right for all their citizens and substantial financial resources are allocated to the health sectors in addition to financing from health insurance schemes (WHO, 2012). In Kenya, health is regarded as a basic human right as enshrined in the constitution.

There is a surge in problems facing the sector in the global stage with old challenges recurring and new ones springing forth due to the advancements in technology. These advancements cause increased patient power as a result of the levels of information available through the internet. Forward thinking nations have the opportunity of using the shifts to improve service delivery and in return positively affect their societies. Expenditure in the sector is growing at an immense rate which is higher than even the GDP. There is a relationship between economic recession and high spending by countries especially if it is from borrowing. Among the problems facing the sector is the higher number of the aged population as a result of improved life expectancy as well as emerging healthcare consumption patterns by the youth and inadequate financial allocations and assistance to the sector (Client Global Insight [CGI], 2014).

The rate of dissemination of healthcare information ranges across the board and from one country to the other. Nevertheless, it is paramount to observe that this (dissemination of healthcare information) does not rely or is not dependant on how big the nation is but rather the systems found in the health care sector. Additionally, buyers are currently preferring joint enterprise. On the global stage there is a demand for adequate and quality healthcare systems and this is a key conversation in the various countries leadership. Life expectancy rates have continued to improve and be on the rise even in Organization for Economic Co-Operation and Development (OECD) countries where it now stands at 80 years due to research and investment on healthcare to find out what makes illness begin, spread and how to adequately tackle them and in addition people are now to live longer with chronic illnesses (CGI, 2014).

The role of the sector of health is to protection, remedy and preservation of health. It produces and markets products that are responsible for the attainment of this objective and this would include delivery and financing of healthcare. According to Roland Berger the sector is growing 6% each yea globally and by 2030 the worldwide turnover of the health sector will be nearly 20 trillion US dollars. Although there are reports of global economic growth and expansion, over two thirds of the global populace is still living on the equivalent of less than 4 dollars per person per day. This means that the degree of destitution and financial constraints are still very high and most of the world's population is therefore, either severely strained or completely lacking the opportunity to do better for themselves and more so to access good quality healthcare (Yaman, 2013).

According to International Finance Corporation [IFC] (2016), 11% of this populace resides in sub-Saharan Africa despite the prevalence of over a quarter of the infirmities in the world and with less than a point in percentage when it comes to the cost of health worldwide and only 3% of the global health professionals. A major proportion of health care has been financed by general tax revenues which the government imposes on its citizens. A reducing tax base as a result of the poverty levels and unemployment rates and the governments strain in terms of capacity to collect taxes have however posed a great challenge causing insufficiency in public financing of health care which has in turn resulted into a compromise in the quality offered. There is a lack of the needed skilled personnel in the area of healthcare with the world having less than enough health workers. Despite the billions of dollars and pounds being channeled into Africa in the form of donor funding, there still exists a widespread lack of infrastructure and facilities that are necessary to deliver health services and products as well as an inadequate number of trained personnel (IFC, 2016).

With improvement of economic performance and the focus on health in the Sub Saharan region, the demand for healthcare is poised to increase considerably (IFC, 2016). Major stake holders in Africa have a good chance to transform the healthcare sector. In view of this, agencies within the government as well as those outside of the government like nongovernmental organizations (NGO) have set out to tackle challenges in the sector with the aim of enhancing efficiency and the quality offered. However, we cannot overlook the fact that this sector in the countries within East and Sub Saharan Africa have faced immense challenges when it comes to provision, access and cost effectiveness and Kenya has not been spared (Kimathi, 2017).

The importance of insurance cannot be overemphasized. Health insurance enables an individual to receive health care services of a certain amount according to the premiums paid and benefits stipulated in their insurance policy. The individual or household is required to pay a certain amount of premium and which premium is expected to be affordable but in any case lesser than the benefit accruing. Payment of this premium enables the individual to access funding for the bills in the case of injury, hospitalization or outpatient treatment. UHC main objective is to see to it all can obtain health care that is quality in nature without exposing other users or anyone to financial hardship. The goals of UHC include unrestricted access to service for any and all, better quality of service from health care providers and affordability of the said services by the consumers/patients. This is due to the declaration that health care is basic and fundamentally critical human right. UHC is a component of all health related Sustainable Development Goals (SDGs) (Kieny et al., 2017).

Health financing is critical to quality healthcare and health insurance is a structure of financing and it is a function of a health system that involves itself in collection and distribution of money to tackle the needs of both individuals as well as the community when a sickness/illness happens whether it requires hospitalization, checkup or treatment as an outpatient case. It involves the pooling of resources and allocation of the resources in an equitable way. Health insurance is a system that allows individuals to save funds that can be used when an illness arises. It mainly involves collecting funds and giving it to a third party that will pay for any health needs when the need arises by sourcing money from the pooled funds.

The government (through taxes), employers (through funds set aside) or insurance companies (through pooled funds otherwise known as premiums) can act as the third parties who manage the funds. A point to note is that it is compulsory to contribute to the fund if one is part of it irrespective of the state of health or whether they are utilizing or not. Pooling the risks of large healthcare expenditure of a big number of people can make healthcare affordable to all (WHO, 2014).

The objective of health insurance is increase the affordability of services in the sector through risk sharing of unexpected health events where premiums received from healthy members are used to help settle bills for members who maybe unhealthy and who have incurred costs. Insurance plans cover the cost of accessing health care by pooling financial contributions from many people. Without such plans many people have to incur debts for hospital bills. Medical insurance therefore facilitates for health care in advance enabling households and individuals to obtain treatment regardless of their economic status as long as they have bought or have been provided with insurance. This promotes equity and eliminates social exclusion of the less privileged which is associated with out-of-pocket medical fees and payments. Institutions that promote the spread of medical insurance require public investment to enhance efficiency and equity in health care provision. The large revenues generated by insurance mechanisms are therefore the only practical instrument through which governments can get out of the heavy burden of subsidies for health care and release funds for other services that benefit the poor (Nyaberi & Mwangangi, 2014).

Health insurance is important in ensuring that people do not spend their savings on health care services but use such savings to invest in other items that would improve their economic standing. It also ensures that no individual is denied medical care services at a time when they need such services just because they are not able to meet the cost no matter when. In medical insurance, the insurance company and the client agree on a premium amount that is directly proportional to the amount that the client would like to be insured for. Surgery and hospitalization are usually very expensive and taxing to the individual and can easily drain the savings if not paid from insurance. Insurance relieves the individual against the direct cost of accessing medical care services. Health insurance ensures that one gets healthcare services without having to spend their savings. It is a mechanism for transferring, sharing or pooling of risk (Sing'ombe, 2016).

It is the desire of every person to live a healthy and comfortable life. However, the process of seeking this kind of life involves a certain level of risk taking. If there was no insurance companies, individuals and businesses would be vulnerable to uncertainties. Insurance enables individuals to transfer the risk of uncertainty to the insurer. Insurance makes it possible for individuals to venture into, otherwise prohibitive activities (Rejda &

McNamara, 2014). Apart from safeguarding people from uncertainties, insurance companies also provide financial stability of the economy by ensuring key risks do not upset the plans of the insured and that their financial standing remains well protected against insurable risks. Insurance companies also invest largely in financial markets resulting into capital injection, savings and the associated benefits like creation of employment.

Private health insurance has played an integral role in availing health insurance, especially to middle income groups globally. These insurance companies have also been able to serve a portion of the low income population. They are especially important in supplementing public health insurance systems. They are particularly useful when public funded insurance systems are inefficient or poorly managed. It is most prominent in the USA where over 70% of its population rely on private health funding (Long et al., 2016). Private health insurance coverage is also prominent in Latin America. In Africa, government incentives towards the private sector as well as market forces have resulted in growth of that part of the industry. Economic growth has been attributed to private health insurance in many nations in sub-Sahara Africa.

A notable shift in the setup of UHC is the development of health insurance schemes. There are three interrelated functions in Health care financing which are the collection of funds, accumulation and purchasing of healthcare. The collection process involves obtaining funds from firms and individuals. Accumulation refers to pooling and proper management of the funds to ascertain that the burden of receiving health care is shared across the board by everyone in the scheme. According to Abuya et al. (2015), purchasing refers to payment to health care service providers on behalf of the entire membership of the scheme.

Discussions have picked up in the less developed and developing nations to use this system of insurance where funds are pooled in their healthcare system to ensure that service provision is cost effective (Abuya et al., 2015). This is because most of the times the health sector is funded through out-of-pocket (OOP) payments which hinder access as they champion inequality and result to high levels of impoverishment (Chuma & Maina, 2012). Because of these concerns, there has been a change in focus with debates advocating for moving and change from OOP payments as the primary payment system and the introduction of prepayment systems which will get funds from taxes paid by the citizenry as well as health insurance premiums paid for those who are members of insurance schemes (Spaan et al., 2012). OOP mode of payment is considered a key hindrance to the access of good quality of service.

Health insurance is slowly gaining traction as opposed to tax funding, which does not operate effectively in Africa because a small section of the population has formal employment, low institutional capacity to collect taxes and failure to adhere to tax regulations (Abuya et al., 2015). Health insurance schemes are able to easily track compliant members and the benefits attributed to each member can easily be seen and identified across its membership. It also provides help to those who face large expenses (during treatment) at one single time. Private insurance is therefore being considered key in helping to minimize on the inadequacies resulting from the government provided insurance. Where what the government provides as insurance is not enough, private health insurance then plays a key role.

According to Turin (2013), spreading the risk of illness and health care financing is the key to achieving greater health coverage. Alternative mechanisms for health financing, like health insurance, can solve the inadequacy of relying on taxation and medical fees as well as OOP. There are no clear cut outlines on how issues relating to healthcare such as medical bills can be tackled due to set up policies concerning health insurance. This means that only the wealthy can be able to afford healthcare and those who cannot are often left to depend on well-wishers or just simply succumb. The high rates of illiteracy and ignorance has also contributed high numbers of those not insured as they may not understand or appreciate the importance of insurance.

The idea of mutual cost sharing as well as risk in health care has been around for a while. Some of the earliest instances of spreading of personal economic risk of ill health can be found in the skilled and less skilled labour of Rome. England had the craft guilds and in future days, the Great Britain developed the Mutual Aid at the advent of the 1800's popularly referred to as Saturday Funds or Friendly Society. With the development of industries came the spread of the notion and need for insurance across the globe. Because participation was purely voluntary, it consequently led to few enrolment figures and poor management which resulted in low mutual funds which created inept firms that could not cater adequately as expected by its members (MRM-MGU, 2018).

Adoption of health insurance policy that was mandatory for a nation's populace was witnessed in Germany in 1883 and this triggered the spread of the idea through the continent more so in the last century. The results of this are evident today with over 50 nations having a mandatory insurance government scheme. The programs differ from one country to the other with some countries allowing for the involvement of the private sector (MRM-MGU, 2018). Most developed countries have changed their healthcare systems to stifle OOP expenditures for health. The OOP has then been seen to reduce as per capita income rises across countries. These countries are able to attain this through ensuring that the national health system is supported by taxes which go into supporting the poor as well as the elderly on their healthcare needs. The taxes are from either income accruing from business or where the employed are taxed to finance healthcare (Escobar et al., 2012).

Developed nations provide quality service in terms of health and benefits related to healthcare. They ensure there is reduced financial exposure for the citizens during sickness and ill health. They also introduce co-payments and deductibles to manage demand. Their major concern is to reduce the disconnect in service offered which mainly occurs when people depend on themselves to seek health services and have to pay it themselves (OOP) each and every time they receive a service. They have also distinguished the financing aspect from the service delivery and thus service providers are remunerated through the insurance schemes and the primary providers are now depended on those services that are costlier. Primary healthcare providers play a key role in guarding the schemes from the higher costs services like inpatient which is offered by the higher (secondary and tertiary levels of service provision (Escobar et al., 2012).

As a result of the success of developed nations approach, developing nations want to emulate the traits of developed countries as soon as they are able to. Over the years donors have become the financial muscle behind the sector in developing nations but there has not been any considerable effort by the governments to build systems that are sustainable and which could be similar in nature to those in developing nations (Escobar et al., 2012). Cost sharing is critical since most governments do not allocate adequate resources to the sector in terms of resources which forces the population to pay for products themselves (WHO, 2012).

There has been great potential in Africa on the sector due to its growing economic maturity and favorable demographics which promise growth. However, of late, there has been challenges in the region. The region has been experiencing deterioration in the macroeconomic climate, sharp downturn in commodity prices and critical governance issues in major economies thus affecting the optimism that was there. On governance, corruption has remained a major challenge in the sub-Saharan Africa. The influx of mobile technology that encourages micro-insurance plans has however improved the prospects for private health insurance carriers (EY, 2018). Within the African continent, health insurance has largely found a market in South Africa. Peter and Viggo (2012), note that South Africa led the rest of Africa in the development of insurance with the Life insurance penetration levels quite high at 11%. It is expected that the country will continue to roll out universal health care. However private coverage of health insurance is expected to also continue to increase.

This model is however not able to effectively and equitably serve the poorer members of the South African society. The insurance penetration levels in other African countries still lags behind with Nigeria at 0.7%. Competition in Nigeria is moderate but it is however intense in some specific segments including Life risk products, General insurance and Health Insurance (Price Waterhouse Coopers [PWC], 2015). High poverty rates and health infrastructure issues have complicated efforts to grow private health insurance in Nigeria and West Africa. Governments are also not able to attain their targets of having healthcare that is provided by the state. This has resulted in poor health outcomes for the general population (EY, 2018).

The amount of funds used by the Kenyan government to pay for the health needs of its population has been increasing at a high rate and can partly be attributed to failure of its citizens to acquire health insurance in addition to the government focus on health. Cost sharing has been introduced to tackle the issue where members pay for some services even in government hospitals. The introduction of these fees has however proved to be regressive and inequitable in that the poorer members of the society end up paying a greater proportion of their incomes OOP to receive quality service. It is critical to put in place effective exemptions to protect the portion of citizens who are not well off and to simultaneously improve the quality service provided (Kimathi, 2017).

Kenya as well as the entire East Africa offer the most exciting commercial developments. It has a growing purchasing power and a booming service sector, fueled by technology, where innovations are increasingly finding solutions for citizens inadequately provided for by dispensing services. The economic and political environment is very promising. A soar in investments in information technology as well as infrastructure has provided a chance for both conventional and contemporary health insurance schemes to cater for more of the growing population of middle class citizens (EY, 2018).

The Kenyan society is evolving rapidly and this fact is evidenced by the connection shared by the population and service (healthcare) providers. Patients are now masters of their destiny when it comes to health care with a demand for honesty and unrestricted access to information about the service they receive as well as the quality and wanting to receive care on their own terms such that they determine when they will have appointments and also the best, latest and most innovative treatment methods and drugs. Patients also want to receive the best care without spending any more than they had budgeted for. All these changes in citizen behavior is attributable to the internet (CGI, 2014).

Health Insurance provided a pivotal link to the quality of health care that the population receives. In different countries, health insurance is offered through either the social insurance, private insurance or amalgamation of private and public (social) insurance (Odeyemi, & Nixon, 2013). It is critical because one hindrance to the quality of care received which at times is determined by the patient's ability or inability to be able to make payments for healthcare from their pockets (OOP). Healthcare financing is then critical as it allows the patient to only focus on getting well and not mind about the bills. This off course is achieved by ensuring that funds have been reserved either as premiums by the insured through payments or just pooled funds by the government through taxes.

In many countries and Kenya included, this has not been fully achieved because of cultural and societal practices where society members insure each other through ‘harambees’. The poverty levels have also mostly hindered the populace from affording private health insurance while the insurance companies have not responded to the challenge by having innovative products which the population can afford. According to Munge et al. (2018), the social insurer (NHIF) has faced many structural and governance challenges which have made it hard for the population to receive good quality insurance services. The private insurance companies have continued to shun health insurance because of the capital drain associated with this class of insurance as a result of huge losses that health insurance has continued to make (Odeyemi, & Nixon, 2013).

1.1.2 Performance of Health Sector

Performance in a firm is its level of attaining its stipulated objectives both financially as well as in the business environment. Performance implies beginning from a certain status and advancing towards an exact and predetermined goal which may include several goal points. These goal points in an organization may include market share, revenue, employee motivation, customer satisfaction or quality levels (Keleshtery & Ashkiki, 2016). Because of increase in competition and increased change in the organizations environment, every organization is seeking to improve their performance.

According to Zlate and Enache (2015) organizational performance is an amalgamation of both impalpable perceptions including knowledge increase and incorporeal able perceptions such as financial results. Organizations engage in a wide array of activities so as to fulfil their objectives. For organizations to be successful they must engage in processes which must be quantified so that the organization can know their level of performance and where to initiate action so as to improve performance. Organizational objectives and organizational performance are therefore closely related. Companies make use of available resources so as to achieve certain objectives. It is therefore inherent that organizational resources and organizational objectives can be used to define organizational performance.

The prosperity of a nation or industry majorly relies on the achievement of the businesses in that nation or industry. Key among the objectives of insurance companies is profitability and returns to the shareholders (Burca & Batrinca, 2014). Insurance companies are important to the economy as they provide risk transfer as well as channeling funds for other economic activities. The performance of insurance firms is therefore very important and is a topic of interest for investors and researchers. Even though performance has a many definitions which include the strength of investment returns, Lebas (2015) argued that performance is not just about past successes associated with performance but also the probability of the same recurring in future so as to meet set goals and targets.

Even though in simple terms, the objectives of performance measurement are determining goals, timeframes, and effective methods to achieve them (in a distinct, quantifiable, attainable and periodic manner), implementation of the planned tactics differs across companies. One company's tactic of implementation would be materially different but the underlying objectives of better and stronger performance would remain the same (Luenendonk, 2014). In health insurance, key areas are pinpointed as critical for firms geared towards profitability and those that seek to have sustained good performance.

The financial services offered by insurance companies are unique and contribute to positive effect on the economy. These services include covering of risks that are intrinsic in economic entities and accumulation of money through payments made by members for future investment. For the insurance firms to continue to cover the risks, they must be able attain profitability and continuously grow as well as offer premium and more than satisfactory service to their members (Omasete, 2014). It is important for every economy to ensure that its insurance industry is well developed and evolved as its good performance offers investment for infrastructure growth (Charumathi, 2012).

Even though goals offer a metric for measure of performance the quality of the achieved goals is also key which can be acquired from the recipients of their service who are the patients. Berg (2015) split performance metrics in the health sector into internal and external depending on their perceived importance. This includes the healthcare unit which includes the state of finance or the external public which refers to how the service is offered in terms of quality.

Neto and Caiado (2013) also offered some possible metrics that included accessibility, financial success and quality. This (quality) looked at the number of readmissions less than a week after treatment has concluded to measure the quality of care in the admission facilities. Kalinichenko et al. (2018) used measures, which included accessibility, affordability and quality of service delivery. Salge and Vera (2012) provided a different metric which comprised of innovation by the service provider to improve the sector.

According to Thomas et al. (2018), key areas that can serve as performance metrics are the financial muscle in the sector through increase in the revenue gained, level of productivity, optimization of the claims system, waste management and effectiveness of costs management, activity-based costing; integration of technology into the sector, partnerships, flexibility, amount of available capital and appropriate use of resources that will yield the best results. Growth in the sector will occur through use of customer feedback as a performance metric, loyalty of the client to the firm, mechanism to learn from past failures and successes to allow development, innovation, information, culture and intangible value analytics.

Customer feedback, level of involvement, overall joy (and levels of satisfaction) from the service provided, brand loyalty and relationship measurement, are critical to understanding a customer. Marketing through development of a brand and sustaining it through constant use of performance metrics to ensure it remains the best, brand development, customer or patient oriented, patient favorable and entire values of patients are also critical in ultimately improving the performance of an organization and creating the shareholder value which in turn results into a better and stronger organization with the ability to settle claims as they occur.

Due to shifts in the business landscape, organizations need to continuously measure their business performance (Heerwagen et al., 2016). This is important since it enables them to identify the factors that could either enhance or negatively affect their performance. By understanding the factors that affect their performance, organizations can then take the necessary precautions so as to realize or surpass their set objectives. Firm performance is the ability to utilize available resources so as to achieve an organization's goals (Stanleigh, 2015). Due to globalization, organizations are faced with the need to gain competitive advantage as the competition is no longer dependent on geographical boundaries. Organizations therefore need to ensure that they perform well both financially and in the product market.

Financially, organizations need to ensure that they realize favorable returns on investment and assets. In terms of the product market organizations need to realize high sales volume and market share. Assessing a company's performance enables the company to determine its position, manage it current operations and plan for the future (Gurel & Tat, 2017). One of the ways to account for performance rates is the amount of profits accrued. Profitability refers to the excess in revenues obtained over the cost incurred.

A lot of attention is being drawn by health insurance particularly in the middle and low income nations (Spaan et al., 2012). This is happening because of the need to strengthen utilization of health care and shield family units from impecuniousness due to out-of-pocket charges. According to WHO (2010), health insurance is an encouraging mode for attaining universal health coverage. Turbulent times have face the insurance sector globally making them to be faced with an environment of persistent low interest rates. The performance of health insurance has varied globally (Binder & Mubhoff, 2017) depending on the region and insurance product.

The insurance sector according to the analysis, has never the less managed to outperform the various markets. Binder and Mubhoff (2017) argue that even though the insurance sector worldwide has been on a path of growth, its performance has moved in propulsion from markets that are mature to markets that are emerging. OECD (2017a) has reported a gross increase experience in several countries in relation to premiums in life insurance and also within non-life insurance. In Kenya, since the year 2005, the insurance sector has experienced extreme growth which has been crucial in its global recognition. According to Kollie (2017), the insurance sector has become one of the leading industries in relation to it being potential for growth and its attractiveness. International and local investors have entered its market to acquire stakes in insurance organization that are already in existence to venture in their future endeavors (Association of Kenya Insurance [AKI], 2014a).

Annual reports by the Insurance Regulatory Authority (IRA) provides evidence that while some insurance providers were thriving, others were struggling (IRA, 2018). It is disastrous for the insurance industry to collapse as due to its essential nature in any country's industry that deals with finance 169 sector by cushioning the country in the event of risks that may ultimately affect the country's economic fortunes. It has therefore become increasingly important to understand and appreciate the elements of success of insurance businesses. This is critical in helping insurance firms to enhance profit margins and overall performance and hence secure their ability to operate on a going concern basis.

Some of the factors that formed the cornerstone for researchers for decades include the size of company, years of operation of the said company, liquidity, scope of operation, company ownership among others. Even though there have been researches done on insurance firms they have only been on the financial perspective. However, very little evidence has been provided on the effect of demographic factors, especially age of a firm on its success. This investigates the influence of a company's active years on its profitability.

Kenya has experienced increasing cost of medical care in the last few years. This has forced medical insurance companies to change their strategies by changing their business model to fit to the dynamic business environment. This has resulted in increased premiums as well as adoption of micro-insurance so as to increase their income. Insurance companies have also adopted partnering strategies to increase their competitive advantage as well as co-payment systems where it is compulsory for patients to cater for a part of their expenses (AKI, 2017a).

The health insurance industry in Kenya has experienced consistent losses across the industry for the past five years (IRA, 2017a). Medical costs have been on the rise over the past five years and not all insurance companies are offering health insurance despite the certitude that they are all insurance businesses that have a license for general insurance can offer medical insurance. Doctor consultation fees have almost doubled since 2014. This coupled with an increase in the cost of medicine and medical equipment has caused the cost of medical services to rise drastically.

The public health sector crisis has led to majority of Kenyans opting to seek private health care. According to the Association of Kenya Insurers there are 19 medical insurance providers out of 37 general insurance companies. In total the health insurance industry recorded a loss of 514 million in 2017 compared to 782 million in 2016. This is a 34.3% decrease in the loss recorded which is a slight improvement. Eight of the 19 health insurance providers recorded underwriting losses in the year 2017 (AKI, 2017b).

1.1.3 Size, Age and Performance of Private Health Insurance Companies in Kenya

In an attempt to identify the source of variation in profitability of firms it has been hypothesized that any deviation of profit from market average is corrected through entry or exit of competition. It is found that large firms have more competitive advantage over small firms. They tend to have bigger market share therefore making more profit and creating bigger value for the shareholders. They can make use of chances that require large capital since they have larger resources. They are therefore able to enter highly profitable fields with little competition (Dogan, 2013).

Organizational researchers have adopted a biological concept and proposed a concept of organizational life cycle from its establishment to its decline. While researchers have differed on the number of stages and the activities within each stage, there is however similarities between each model. The most common model includes five stages and it is contended that there is a relationship between the organizations place in the life cycle, its competitive strategy and its performance (Rossi, 2016). It is therefore important to find out whether firm's performance improves with time as the organizations continues to be in existence.

According to Mwangi and Murigu (2015), the more a firm age, the more it gains experience and learning and is also not prone to the liabilities of a start-up. Older firms also have the reputational primacy that enables them procure more profit. However older firms are prone to bureaucracy and mediocrity. They may develop systems and routines that are not consistent with market changes. This negates the association between age and performance. The older companies would also have financial muscle that would give them the ability to take advantage of profitable opportunities without the need to raise capital. They have the ability to discontinue some lines of operation should they consider them to be no longer economically viable.

1.1.4 Dynamic Capabilities of Private Health Insurance Companies in Kenya

Among the factors that influence a company's performance are the company's capabilities. Company's capabilities can include marketing capabilities, organizational capabilities, management capabilities and product quality capabilities (Cruz-Ross & Gonzalez-Cruz, 2015). Marketing capabilities help a company to adapt to its market conditions through collection of knowledge, skills and requirements for performance improvement in the market. Organizational capabilities refer to being to carry out basic activities which would enhance its performance and would include the organizational processes. On the other hand, capabilities touching on management would involve the knowledge, values and attitudes required to perform duties and make decisions. Quality capabilities are those capabilities that would lead to access to processes that can provide rapid, reliable and secure services which meet the client's expectations.

The dynamic capabilities view is largely an attempt by business researchers and analysts to understand the difficulty in maintaining an advantage (sustainably) over competition in the current ever changing market. It is assumed that firms that can identify a niche in the market and can adequately utilize their available resources will be able to develop and maintain an advantage over their closest rivals in the market (Teece, 2012). As the time required to achieve and sustain an advantage in a competitive sense reduces, this has resulted in an increasing interest from scholars to research on sustainable competitive advantage. Research indicates that dynamism in the environment is an important driver of dynamic capabilities and these capabilities significantly and positively affect competitive advantage (Li & Liu, 2014).

1.1.5 Transient Advantage

In the current business environment, strategy formulation and execution is temporal (McGrath, 2013). Strategies were earlier formulated with the notion that they would help a firm gain competitive advantage for long periods of time. However, the market is constantly changing and competitive advantage is more transient. This implies that the life cycle of strategy formulation, execution, monitoring, assessment and revision is getting much shorter and there is the necessity of developing fast reaction to changing market conditions which (the fast reaction) in itself is a capability. Businesses will need to respond to changing market conditions faster. This involves identifying the changes that are fleeting and rotating through the cycles much more quickly and more often. It involves the identification of an opportunity and then launching, ramping up, exploitation, reconfiguring and disengaging if need be (McGrath, 2013).

From the DCV perspective, some of the transient advantages capabilities that are crucial for an organization include the ability to identify opportunities to innovate and launch products as well ramping up through agile distribution models. DCV requires that a company that can efficiently make use of the short term opportunities by exploiting on such opportunities through strategic partnership. It further includes the ability to be able to assess the customer needs and determine what the clients need through market sensing and tweaking/reconfiguring the product offering in line with the consumer needs and expectations. This is because the advantages that an organization may have enjoyed continue to become more and more temporary and fleeting hence the notion of transient advantage.

It is therefore imperative for organizations to embed transient advantage disposition in its daily habits as competitive advantages are becoming less and less sustainable because of the competition's ability to copy the strategies that may have given an organization the competitive advantage. In this study, the transient advantage disposition with regard to Innovative products, distribution models, market sensing and strategic partnerships was examined in milieu of private health insurance companies in Kenya.

Transient advantage is important to organization providing health insurance to enable them get ahead of competition. Due to this, organizations have become aware of constantly shifting market. Organizations are therefore applying transient advantage to temporarily exploit the advantage of new strategic approaches, developing and making use of various competitive advantages at once. Organizations can temporarily build on these portfolios all at once to enable it to be catapulted to the lead in the long run.

1.1.6 Health Insurance: Historical Global and Africa Perspective

Health, as a form of human capital, has multiple benefits to the economic development of a nation (Bogdan, 2016). In terms of direct labor productivity, healthy individuals realize higher returns to their labor input. Health gives value to human life and the health status of a nation determines its wealth. It is an important sector that deserves notable mention in public circles since it is critical to economic growth. Health care systems aim to prevent disease, injury and disability; alleviate environmental hazards; promote healthy behaviour and ensure availability of quality health services.

Health is a major driver of economic development (Dao, 2014); developed nations therefore spend a great proportion of their Gross Domestic Product (GDP) on it. Countries that spend poorly on public health experience multiple problems which affect their economic development. The origins of insurance date back to the Early Bronze age during the 3rd millennium BC. The Chinese traders would supply goods through a number of ships so that in the event one of the ships sank or capsized, they would not lose everything- this is what would eventually evolve as portfolio diversification.

Bottomry agreements which developed in Greece, are also considered key when discussing the origin of insurance. Bottomry was a loan obtained by a ship which included terms of repayment as well as the included cost of losing a ship (Trenerry, 2009). The initial insurance firm was formed in 1666 in London after the Great Fire and it was called the 'Fire Office' by Nicholas Barbon. It was then that property owners discovered the need for insurance as a result of loses suffered. A proliferation of insurance companies was witnessed due to the success of the 'Fire Office.'

Before the year 1690 was over, a tenth of the houses in London was insured (Wilson, 2016). In the United States of America, Benjamin Franklin has been known as the father of American Insurance as in 1752, he started the Philadelphia Contributorship which offered all citizens insurance benefits (National Museum of American History (NMAH), 2018). Expenditure on health care insurance has increased by two percent above the growth of GDP within entire nations of OECD in the past five decades (Adema et al., 2014). Insurance (and specifically health) has continued to be a big part of national discussions and consumes a significant part of the national budget and most OECD are expected to spend over 20% of nation’s GDP by 2050 (Schoen et al., 2010).

In the Nordic territory, states such as Sweden, Iceland, Norway, and Denmark, the trend spells doom as it increases the financial pressure in the sector. Alternatively, it means that for innovative firms there are opportunities that are available on the global stage. The public sector is at a prime position to positively influence innovation as well as performance of health insurance companies. Partnership between private and public firms may results in boosted innovation in the health insurance outfits. The major player in the sector in most Nordic countries is the public sector. This shows that in order for the quality of service offered to be improved then both private and public players alike must work together (Brage et al., 2002).

There is a wide similarity in the sector across the Nordic Nations with health insurance being funded by the public through tax payer money. Research into healthcare is under the purview of University especially those that receive funding from the government. The high demand for quality health care poses a major challenge in these countries (Brage et al., 2002). This compounded with the vast population challenges with the surge in chronic diseases and vast differences between the age of the citizenry and the need to receive the service will require massive innovations and the ability to conceive and implement ideas as entrepreneurs in the health sector of these countries.

With the ever burgeoning rift between the affluent and the have nots (poor) in Peru it means that only those from the middle class or the upper class can be able to gain the privilege of better standards of healthcare (WHO, 2016). This does not mean that there are no private schemes, they actually exist but they are commercial in nature with profits being their key goal. The private insurance companies have established private hospitals in an effort to contain costs and increase their profitability. These reductions are not visible in the premiums paid for insurance by the citizens of Peru. Towards the end of the previous century (20^{th}), traditional disability has been ramped up to the current health insurance programs. Morrisey (2016), indicates that in America there were sickness funds which by 1890 had 20% of the industrial workers.

Health was considered uninsurable since insurable incidents had to be discernible and quantifiable and health did not meet the criteria. During its first years health insurance provided a cover for health care including admission to a hospital which they deemed as a measurable event that any health professional can sign on. However, the performance of health insurance companies since the 1980's has been tumultuous (Morrisey, 2016).

1.1.7 Health Insurance in Africa

There has been great potential in the sector globally but more so in Africa, it expands economically. Convenient demographics appear to provide the opportunity for enduring growth in the medium period. A declining macroeconomic environment, amplified by a severe fall of prices of commodities, including considerable issues of governance in several essential economies of the region, has relaxed confidence in the short run.

Nonetheless, in some of the markets, innovation focused on mobile applications have stimulated micro insurance strategies that have enhanced the future anticipations of private health insurance providers (Béland & Ridde, 2016).

It was not until the year 2000 when heads of different nations in Africa met and agreed to embrace the millennium declaration. The declaration was geared towards enhancing economic and social environment of some of the world's impoverished nations by 2015 (WHO, 2011). These heads of states under the African Union banner, committed themselves in 2001 to set an allocation target of minimum 15% of its budget yearly to enhance their own health sector. This would be known as the Abuja Declaration. According to WHO (2011), the heads of state also agreed to strongly persuade donor nations to attain their promised target of 0.7% of their Gross National Product (GNP). The donor countries were to fulfil this as an Official Development Assistance (ODA) to developing countries which they were yet to fulfil. African countries were therefore under resourced and unable to enhance health care in low income environments.

Piatti-Funfkirchen et al. (2018) opines that lack of adequate resources will hinder countries from achieving Sustainable Development Goals (SDG) and the advancement of Universal Health Coverage (UHC). According to United States Agency for International Development/Health Finance Governance (USAID/HFG) (2013), out of the 43 countries that signed the Abuja declaration, only 12 are already spending almost $60 per capita on health from their domestic sources. Govender et al. (2008) opined that even if African nations were to attain the 15% set in Abuja, a substantial gap still remains of about $19 billion that is needed to fund health services. At this point, in came donor funding which in itself is unreliable and unsustainable in the long run. According to the WHO (2011), donor countries are likely to reduce their portion of funding further due to the lingering financial crisis. This will put more strain in countries even those already attaining the 15% agreed upon.

One of the most successful insurance system is housed in Rwanda which has over 92 percent of its populace falling under the cover provided by the government (WHO, 2016). The premium charged is circa 2 USD annually and the program provides coverage for basic/primary health services whereby health facilities in this category (of basic/primary healthcare) are part of public health insurance system and obey all policies made on the sector by the government (Pacific, 2018). Although the coverage is high (92 percent) of those insured under the social scheme in Rwanda, the quality of the service offered is below par when compared to countries in the western hemisphere.

Locally known as Mutuelle de Santé, the CBHI in Rwanda has been successful with more than 60% of the people enrolled in the first year with a target of 100% by end of 2018 (Byishimo, 2017). The quality of care received by patients covered under the CBHI has however been described as wanting with the medical staffing levels not matching up to the patient numbers and the low package of services offered under the CBHI as a result on the low premiums charged (Rubogora, 2017). The people insured under the CBHI also don't have access to private facilities in the event of specialized treatment unless with a special referral from the district hospitals.

While the CBHI has had good levels of success, the private sector has not performed well. The industry has not been profitable and the penetration rate was at 2.3% by 2010 and characterized by serious price wars with the distribution capacity being low as indicated by the level of insurance knowledge by agents and brokers (Kampire, 2013). The number of insurance companies in Rwanda is also high while the population is much lower as Rwanda is a small (geographical size) country. The country had 14 private insurers as at end of 2017 (National Bank of Rwanda [BNR], 2018) and an estimated population of 12 million people in 2018 (UN, 2019). BNR is the sole regulator of the entire financial sector in Rwanda and hence is charged with the responsibility of regulating banks, non-banking financial institutions, SACCOs and insurance companies.

The Nigerian society witnessed an increase in the importunity for private health coverage albeit slowly due to macroeconomic instability and uncertain government policies. Innovation has played a key role in Nigeria with some private insurance companies developing plans targeting the low-income individuals and families through the use of mobile phones with an example of what the biggest mobile phone company launched in 2014 called 'Y'ello Health Cover. ′

In South Africa, the health coverage there has demand for innovation. The need has been suffocated by the government which has placed regulations in a bid to monopolize the market through instituting a National Health Insurance infrastructure that offers health care at no cost to the entire citizenry. The bigger portion of the medical plans in South Africa are 'not-for-profit' which then demotivates organization on innovating as well as listening to customer needs as well as having robust administration paradigm. In the meantime, strategies of wellness have been outlined to inspire living in a healthy manner (Mayosi & Benatar, 2014). Discover Health has been known to be among the greatest global innovative insurance companies where the premiums vary depending on healthy lifestyle choices made by the insured maybe at the time, supermarket purchases and overall lifestyle. The company has been known to promote wellness which in turn results to lower claims (and higher profits) and lower premiums (and higher volumes) being charged to the insured.

1.1.8 Health Insurance in Kenya

Despite of the multiple benefits of good health, majority of Kenyans do not receive cost effective care in terms of healthcare affordability while being treated and at during healthcare financing (insurance). The funds are sourced from the pocked at the point of consumption. OOP causes devastating consequences especially among the poor. It leads to impoverishment and limits health care utilization (Rono, 2013). Health care financing aims at counteracting the devastating effects of OOP within the industry. The increasing healthcare cost makes it necessary for each individual to seek health insurance. According to World Health Organization (WHO), the program is critical to UHC.

According to The Central Intelligence Agency (2020), Kenya has a population of approximately 36.1% which was established to be living below the poverty line as of 2019. This is an indication of millions of Kenyans who cannot afford access to quality healthcare. Ministry of Health (MOH) (2018) estimated that out of every five Kenyans, four cannot access medical insurance, hence millions of Kenyans are pushed to poverty levels annually due expenses of healthcare. This category of Kenyans therefore resort to out-of-pocket mode of payment which results in Kenyans calling on friends and families in the form of "harambees" to pull finances together to meet health expenses. This form of community support is preferred by Kenyans in order to assist offset heavy medical bills.

According to MOH (2014), one in five Kenyans (17.1%), have some coverage of health insurance. Kenya is a fore bearer of the National Scheme that has been in existence since the 60s. In Kenya, the scheme receives funds from taxation which is channelled through NHIF. There also exists private health insurance, employer schemes and community based insurance which maybe informal. There are two common types of private health insurance schemes namely risk-rated and employer-based private health insurance. Risk-rated private health insurance is optional and stems from one's own volition to be private health insurance scheme. This scheme is least regulated by the government. It differs from other types of insurance in that premiums are risk rated (Abuya et al., 2015).

This means the higher-risk groups are charged higher rates or not even offered the service if the cost of the service is too high and expensive. This differs from the public system where premiums depend on one's income and those with higher salaries/incomes make higher contributions while those whose income levels are low make lower contributions. It is hence equitable but not equal. However, risk-based private health insurance schemes are not major players in Sub-Sahara Africa. Insurance coverage for employees is based on the agreement between the firm owners and the service providers. The payment made by the employer is based on the assessment of risk from a communal perspective but the premiums paid by the individual are not considerate of risk (Private Sector Innovation Programme for Health [PSP4H], 2014).

According to Government of Kenya (GoK) (2013), the country's leadership and in effect the government is keen on revamping obtainability and standards of health care and cost effectiveness to its citizenry. Affordable health care was one of the government's strategy to improving the welfare and productivity of its citizens. However, due to many constraints, the government was not able to finance increased health care demands. Poor leadership and high cost of products has led to inefficiencies (Figueroa et al., 2019). Inequalities especially based on the quality of care have continued to develop in the health care sector. To address these problems and ensure access and cost effectiveness in the sector, the government implemented some health care reforms, one of which was the institution of the National Hospital Insurance Fund (NHIF). This was meant to help in providing social insurance that would cater for all citizens regardless of the financial standing (Holmes & Scott, 2016).

Kenya, like many other African countries has very limited coverage in health insurance. In Kenya just like its peers in the continent, the first form of insurance was 'social insurance' christened as 'harambee' where people would pull resources together to deal with socio-economic problems (Ochanda, 2014) with the payment of premium being either in kind (material) or monetary or direct payments. On many occasions, it would just be purely moral where people gather to show their moral support. The penetration in the private health insurance has remained low in Kenya with the same standing at circa 2% as at the end of 2017 (IRA, 2017b). Health insurance is offered by insurance companies which have been licensed to offer general insurance. The country has seen organizations like AAR evolve from air rescue organizations to Health Management Organizations (HMO) and finally to fully fledged insurance companies (AAR, 2018).

Once an insurance company is issued with a license to offer short term insurance, they are free to offer all classes within this category. This would include fire, domestic insurance, travel, engineering, marine, burglary, professional indemnity, motor and health insurance. IRA (2018) indicates that there were 37 insurance companies that were licensed by the regulator to offer these classes of general insurance as at the end of 2017. However, at that particular time, only 19 (which is 51%) of these companies were offering health insurance. Health insurance as a class in Kenya has been characterized by huge losses and the collapse of insurance companies resulting from the accumulation of losses

1.1.9 Private Health Insurance in Kenya

The Insurance Regulatory Authority (IRA) is empowered by the insurance act, chapter 487 of the Kenyan law, to regulate and coordinate insurance business in Kenya. In addition, the Association of Kenya Insurers (AKI) acts as an advisory and consultancy agency which promotes the awareness of insurance products and advocates for professionalism in the insurance industry. AKI is the body that brings together all insurance firms and plays a key role of lobbying on matters legislation and regulation. Despite several challenges in the industry the industry has continued to expand with new companies coming up during the years that have past. The number of companies writing this class of insurance has grown from 14 in 2007 to 19 in 2017 (AKI, 2017b). The sector has experienced immense growth since 2005. Its importance to the economy and has been highly recognized as it has been said to have very high growth potential. The potential it presents has resulted into major investments both locally and internationally both through capital injections and infrastructural investments (AKI, 2014a).

The insurance sector contributed Ksh 160 billion in 2014 which is a 23% increase from 2013. However, there is still a low penetration rate (Chache, 2016). Although the sector is mainly funded by OOP, the uptake of health insurance has gradually been increasing in the recent past. Private health insurance companies have stepped up to take advantage of the increase in demand for health insurance. Since private companies and in particular health insurance companies are profit oriented, the performance of these companies in relation to profit, amount of sales and market share is of utmost importance.

After the 2017 election, the Kenya government pronounced itself through the president on the delivery of four key items christened the 'Big Four'. The four include expansion of the manufacturing sector, access to affordable and decent housing, availability of food for the populace and accessible as well as affordable healthcare for all. The focus areas as stated by the president as aligned with the nations long term strategy document which was launched in 2008 by the then President of Kenya His Excellency Mwai Kibaki.

Aptly named ‘Kenya Vision 2030’, it is the nation’s game strategy when it comes to changing the nation to become one of middle income by the year 2030 that assures its populace of high standard of living. It had three goals/pillars namely Economic, Social and Political pillars. The economic pillar focussed on the sustainable growth of the economy with focus on achievement of an increased GDP of over 10% year on year. The Social Pillar pans to provide a fair, law abiding, safe environment that offers an equal chance for the growth of the entire societywhile the political pillar is around governance through democracy and by a people centred government.

The Vision 2030 was introduced by countries to serve as a roadmap for their development agenda between years 2008 to 2030. Kenya adopted this blue print with the target of joining the middle income industrialized nation (GoK, 2013). The Social pillar of the Kenya vision 2030 gave focus to housing, minerals, the environment, social growth, children, gender, athletics and matters of the youth, education, training and health. As specified in the Kenya Vision 2030, one of the important targets for the government’s health sector strategic plan is accessibility to health care services with a focus to the entire populace. In this plan health insurance is recognized as being critical in the subsidization of health care cost and thus improving the economic wellbeing of the people.

Though there have been improvements in the sector, deliberate efforts to make health more affordable and accessible will see the GoK make a huge step towards the realization of Vision 2030 and also towards the improvement of the well-being of its citizens. The health policy thus involves providing this type of healthcare especially to those who are in need and those subject to the financial vulnerabilities. Kenya Vision 2030 envisioned that improved access to health care for all will come through a robust infrastructure, improved quality of health service delivery standards and the promotion of partnerships with the private sector. There has been a sustained focus on health by the government with focus on Universal Health Coverage (UHC). The objective of UHC is to provide easily accessible quality health care without the impoverishment of the populace. It is key in ending extreme poverty and ensuring equity and increasing shared prosperity (World Bank, 2017).

WHO (2018) notes that UHC embodies three related objectives which are to ensure that those who need services get them and not just those who can afford them. The quality should be good to improve the health of the recipients and finally it embodies financial risk protection by ensuring that those that get care are not put at the risk of financial hardships. Financial risk protection is vital in health insurance. The lack of financial risk protection (health insurance) leads to Out Of Pocket (OOP) payments and also results into people not seeking services at all. OOP results into financial burden and as such financial risk protection is critical.

In Kenya, provision of healthcare financing (insurance) is through three insurance plans which will either be public, private or community based schemes (Muiya & Kamau, 2013). The private sector consists of insurance companies while the public health insurance is provided by the National Hospital Insurance Fund through which the government has been pushing for universal coverage. NHIF is a state parastatal established in 1966 to provide cost effective, maintainable, fair and standardized social health insurance by maximized utilization of resources. It was originally a department within the Ministry of Health. The fund is governed by the NHIF Act Number 9 of 1998. Membership is open to everyone who has attained the legal age despite the state of employment (Muiya & Kamau, 2013). NHIF had member data base of slightly above million primary contributors by the end of 2016 which can be interpreted to encompass about 25 million people who benefit from it, considering an estimate of four people per household (National Hospital Insurance Fund [NHIF], 2017).

NHIF has been the key public financier while the community based insurance buoyed by the spirit of 'harambee' continue to exist. Munge and Briggs (2014) note that due to the failure in the public schemes, private service providers were asked to intervene and help in the sector. This resulted in the formation of Health Management Organizations (HMO's) which provided health services through third parties like Bupa and Health First International. Examples of the HMO's included AAR Health Services (later became AAR Insurance), Health Plan Services, Avenue Healthcare Services limited and Resolution Health Insurance (later became Resolution Insurance).

HMOs are registered as companies under the company's act. The concept originated from USA where HMOs aid the state to provide preventive healthcare. In Kenya they are instrumental in filling a gap that has been left by the public health insurance scheme. HMOs have rapidly grown in Kenya, especially among employer-provided health plans and are instrumental in containing cost increases (Munge & Briggs, 2014).

Private health insurance in Kenya depend on hospitals, doctors, specialists/consultants, pharmacists to actualize the promise that they give to the insured at the inception of their medical insurance. The medical service providers in Kenya are either private, government and mission/faith based institutions which provide either inpatient and outpatient services with many providing purely outpatient services. The insurance companies get into contracts with the medical service providers to offer an array of services to their insured. Access is mostly by biometric cards while some schemes use photo cards for identification. The biometrics cards are meant to help curb fraud where people who are not insured end up accessing the benefits of the insured hence pushing the claims costs (Owusu-Oware et al., 2018).

The medical service providers then submit their invoices to the insurance companies for payment after attaching the necessary documentation. These invoices are what makes up revenue for the medical service providers while making up the claims for the insurance companies. The invoices are settled based on the benefits an insured has as stipulated in their policy document (NHIF, 2017). While a particular invoice received for an insured may exceed the premiums received from the particular insured, it would still be settled from their benefit because at the same time there would be other insureds without invoices at the time and that is why the critical mass is important in insurance as it helps realize the concept of pooling of risks.

General Insurance firms offer health coverage as one of the insurance classes within their portfolio. Insurance is offered either to corporate bodies or to individual clients. While Life Assurance is long term, the general insurance which also includes medical business is short term in nature and as such is for a period not exceeding one year. The regulator requires the separation of general and life assurance (Nganga, 2016) hence companies have had to register separate entities in the event that they want to carry out both lines of business. The companies offer the insurance products only after the approval by the Insurance Regulatory Authority (IRA).

IRA is a regulatory state authority setup through cap 487 of the Insurance Act within the Kenyan laws to oversee, administer and organize the industry of insurance (IRA, 2018). The mandate of IRA is to make certain that the products insurance companies offer do meet the needs they are intended to and as such, they have the sole mandate to approve insurance products offered by insurance companies (IRA, 2012). IRA is also mandated with ensuring that all firms in the sector and intermediaries offer the best service while following the set policies governing the insurance sector. This is done through ensuring that insurance companies file performance reports on a quarterly basis with the regulator.

According to IRA (2012), many players and few clients characterize the Kenyan insurance industry. The insurance companies are either licensed to carry on life assurance or general insurance. There are 19 private health insurance providers in the country. The Insurance Institute of Kenya (IIK) is the professional agency that deals majorly with the development and professional pedagogy in insurance (Mutura, 2012). The industry runs through the Association of Kenya Insurers (AKI) as its parent body which was set up in 1987. Prior to this, it was referred to as Insurance Association of East Africa. It's free to join for any insurance company that is registered and whose key goal is to advance upright business practices, increase penetration rate and push for the development of the sector (AKI, 2017a).

Private health insurance refers to the third party (insurer) being a profit organization (Sandy, 2015). Insurance premiums are determined according to the projected cost of offering healthcare. This means that individuals that are at a higher risk (like the elderly) end up paying more than those in low risk groups and cross-subsidy between people in different risk groups is limited. The major concern of private health insurance firms as business enterprises is profits rather than the general health of the public (Munge & Briggs, 2014).

The products in the Kenyan insurance industry have existed broadly with minimal innovation combined with major oversight (Gitau, 2013). Penetration of insurance has remained low at 3% as at end of 2016 (AKI, 2017a). According to Kibicho (2015), the industry had one hundred and thirty seven brokers of insurance who are licensed, twenty one providers of medical insurance and insurance agents totaling three thousand and seventy six, who played a key role in distribution by 2009 with modern methods of distribution like technology not properly entrenched.

Insurance companies offer products to corporate organizations which would range from the large multinationals to organization that are of small and medium size. The bigger corporate organizations have more complex health risks insured and the geographical coverage of such schemes would be bigger. The smaller organizations face budgetary constraints and would have products customized to their needs and budgetary allowance (Frieden, 2014). The individual (retail products) are also offered by the insurance products which are sold to individual members. As opposed to the corporate products, the underwriting is strict and sometimes subject to medical examinations and waiting periods. The bigger population of private insurance is the corporate schemes which consists of insurance to staff members and their dependents and which is (insurance) offered as an employment benefit by employers to make their employment terms attractive to current and potential employees.

1.2 Statement of the Problem

The performance of the private health insurance sector in Kenya has continued to be way below expectation with most of the companies reporting losses. According to (AKI, 2016) Resolution Insurance Company Limited reported the highest loss in 2016 at KES 387 million with Madison Insurance reporting a loss of KES 264 million, UAP Insurance Company Limited reported a loss of KES 189 million, First Assurance Company limited reported a loss of KES 132million with Trident Insurance Company Limited reporting a loss of KES 119 million. According to IRA (2017), the profitability of this class of insurance has made it unattractive to many insurance companies with many opting not to offer health insurance as part of their products despite being licensed to do so.

Health insurance players in the industry continue to compete for the same client base without registering any significant improvement in the penetration levels (Kazungu & Barasa, 2017). The health insurance sector continues to face poor performance in terms of profitability driven by competition amongst insurance companies that has resulted into undercutting (Kituku & Amata, 2016). This has largely been due to insurance companies offering similar product with little diversification with a low penetration rate of about 2.93% (AKI, 2014b). An approximate population of 36.1% of Kenyans living within poverty line cannot afford any form of insurance coverage and has most of the time relied on a social form of pulling financial resources known as “harambees” to offset medical expenses. The health insurance industry was put on the spotlight following the collapse of Mediplus Insurance in 2003 and Strategies Health in 2005 (Gitau, 2013). This study wants to investigate the factors that led to the decrease in success of health insurance firms by determining the drivers of transient advantage.

The continuous poor performance by the private health insurance companies as indicated by underwriting profits which is an indicator of performance as well as the low insurance penetration and the unwillingness of licensed insurance companies to offer health insurance despite being licensed to is an area that generates curiosity and hence needed research (Kwon & Wolfrom, 2016). These insurance companies over the past decade have experienced insolvency caused by a shift or change in declining interest rates, insurance policies mispricing, poor credit policies and filing of false policies among other factors (Muya, 2013). Ndungu (2013) cite fraud, high cost of healthcare services, poor underwriting practices and poor pricing patterns as some of the reasons leading to poor performance of private insurance companies.

Related studies conducted in this area include; Aziz and Theuri (2016) who examined approaches by these schemes to enhance performance with use of pricing, customer communication, product innovation, and market research as the variables. Maina et al. (2016) examined perceptions in insurance uptake in rural areas in Kenya and used income levels, level of awareness and accessibility to outlets as variables. Kituku and Amata (2016) investigated the determinants of health insurance diffusion within the informal industry. These studies present conceptual gaps, as this study will focus on drivers of transient advantage to enhance performance in health insurance with use variables such as innovative products, distribution models, market sensing capability, strategic partnerships, moderating effect of technology.

Since sustainable competitive advantages can no longer be guaranteed, organizations are exploring and exploiting transient advantages in order to remain competitive. However, there is scarce empirical evidence on the extent of deployment of transient advantages namely innovative products, distribution models, market sensing and strategic partnerships and their relationship with performance. This phenomenon is even less studied in the insurance sector particularly in the private health insurance in Kenya. Further, it is not clear how size and age of insurance firms influence their performance with regard to health insurance class of insurance

This study therefore sought to determine how transient advantages namely innovation, distribution channels, market sensing capabilities and strategic partnerships influenced performance in health insurance in Kenya.

1.3 Objectives of the Study

The general and specific objectives of the study are as follows: -

1.3.1 General objective

To determine the influence of transient advantage on performance of private health insurance sector in Kenya.

1.3.2 Specific Objectives of the study

i. To assess the role of innovative products on performance of private health insurance sector in Kenya.

ii. To investigate the influence of distribution models on performance of private health insurance sector in Kenya.

iii. To establish the role of market sensing capability on performance of private health insurance sector in Kenya.

iv. To assess the role of strategic partnerships on performance of private health insurance sector in Kenya.

v. To determine the effect of firm size on performance of private health insurance sector in Kenya.

vi. To determine the effect of a firm's age on performance of private health insurance sector in Kenya.

1.4 Research Hypotheses

H_1: Innovative products have a significant effect on performance of private health insurance in Kenya

H_2: Distribution model has a significant effect on performance of private health insurance in Kenya

H_3: Market sensing capability has a significant effect on performance of private health insurance in Kenya

H4: Strategic partnerships have a significant effect performance of private health insurance in Kenya

H_5: Size has a significant effect on performance of private health insurance in Kenya

H_6: Age has a significant effect on performance of private health insurance in Kenya

1.5 Significance of the Study

Health for all features prominently as a key deliverable for the country in the Kenya government agenda in the next five years. While it is generally understood that NHIF will play a key role, private health insurance will also augment the work the government will do through NHIF. As such, the study may play a key role in discussing transient advantage in the health insurance. It may add more relevant information on the sector in Kenya and the competitive theories. Private players have not received much attention with the most focus being on the entire sector while others focused on the delivery aspects and not the financial perspective. Many researches have been done on competitive advantages while this study exposed key knowledge gaps hence making an invitation to other scholars to do a further study on the transient advantage and the health sector in general. This study may be important to various groups of people as indicated below;

1.5.1 Policy Makers, Regulators and Relevant Government Ministries

IRA, CBK, and other regulatory institutions including the relevant ministry which is the treasury can draw from the knowledge from this study and the information gathered. This research study not only provides much needed information but also a mechanism that can control the health insurance sector. The results of the research are important for any new studies as it raises important queries on the future of the competitive space and approaches employed by the health insurance organizations. This is critical especially in the face of a heavily regulated sector. The recommendations from the study would help the Kenyan government to answer some of the issues it may face in the roll out of the universal coverage for all. It would further serve as an invite for the insurance companies not currently offering this particular class of insurance out of the fear of eroding shareholder value to plunge in and help in covering more people hence improving the insurance penetration rate and the health and wealth of the country. The regulator will be well informed while developing the rules governing the industry to avoid those that can stifle the success of the firms.

1.5.2 Insurance Companies

The top brass of these firms can use the results of this research and apply it in their firms so as to improve performance. The IRA will also be able to come up with mechanisms that will allow the sector to flourish. The findings are also critical for nations that are dependent on Kenya's knowledge base to also develop their own health sectors. Insurance companies have operations across a number of countries in East and Central Africa. The study will provide an inside perspective into the performance of the health insurance class.

1.5.3 Scholars and Researchers

This study will provide relevant information to them as they can use it to increase knowledge base on transient advantage and achievement of private health insurance sector. The study may also act as a foundation for future studies and help them determine how to catalyze the growth of insurance firms on a national and regional level. The study will expose key knowledge gaps hence making an invitation to other scholars to do a further study on the transient advantage and the health sector in general.

1.6 Scope and Limitations of the study

The research was administered in Kenya within insurance companies that offer health insurance. While the insurance industry is wide, this study focused only on the 19 companies licensed by IRA that offer health insurance as at the end of 2017. The objective scope included transient advantage drivers such as innovation, distribution models, market sensing capabilities, strategic partnerships and size and age were the controlling factors in performance of health insurance organizations in Kenya. Primary data was obtained by use of questionnaire. Though there are many contributors of transient advantage the study only focused on the four and their effect on the performance of the private health insurance firms in Kenya.

1.7 Assumptions of the Study

Despite all efforts to study there are assumptions that the researcher accepts as true without concrete proof (Ellis & Levy, 2010). The key assumption of this study was that the respondents gave accurate and factual information on the transient advantage from dynamic capabilities perspectives of Innovation, Distribution models, Market Sensing capabilities and Strategic partnerships. The picked sample was surmised to be paradigmatic for the entire population and that the findings of the investigation could be generalized. The study also presumed that the data collected on transient advantage and performance of private health insurance firms in Kenya could be verifiably detected and evaluated. The study also presumed that the data was on an ordinal scale thus the use of Pearson’s product moment correlation. It was presumed also that the collected data was dispersed normally and that data lacked multicollinearity.

1.8 Operational Definition of Terms

Transient advantages – These are advantages that are not permanent (which are fleeting) but will offer firms to remain in the lead for the foreseeable future. They are a combination of factors which enable an organization to exploit short term advantages in a dynamic operating environment.

Dynamic Capabilities- These are abilities that an organization has to renew and make use of its resources and shifting its use of them according to trends in the business landscape.

Heath Insurance- This is a form of insurance that involves receiving (pooling) of funds (premiums) from different people and using these funds to settle their medical bills in the event of them needing healthcare.

General Insurance- This is a short term insurance (1 year) as regulated by the Insurance Regulatory Authority and would include classes like Motor, Fire, Domestic Packages, Engineering, Marine, Burglary, Health amongst other classes of insurance

Performance- This is the result of an insurance company's activities as indicated by the underwriting results (profit/loss). Underwriting results are arrived once Gross Written Premiums are earned, claims incurred and management expenses paid. Underwriting results do not include other incomes or incomes from investing activities. The growth in size as indicated by the increase in Gross Written Premiums also indicates an improvement in the client base which is also a key indicator of performance.

Innovative Products - This entails coming up with new products; making changes to existing products either in terms of quality or technical aspects; or the addition of components that were not part of the product, materials or desirable functions into a current products or services (Luong et al., 2017).

Distribution Models –These are the methods by which insurance companies reach the insured and potential insured and it could be directly, through their sales force, agency system, or through insurance brokers (Cappiello, 2018).

Market Sensing Capabilities- This is defined as the undertaking of pinpointing and developing as well as assessing of opportunities in relation to customer needs and expectations (Teece, 2017).

Strategic Partnerships-Strategic partnerships is a variety of collaboration between firms established to offer mutually beneficial results that will enable the firms involved surpass their competitors.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter had a detailed review at various theories that have a relationship with transient advantage and that had an effect on the performance of health insurance. A critical review of empirical literature and critique of the review was tackled to acknowledge the attempts and evaluate the contributions so far made by previous studies and identify research gap. The conceptual framework was explained using concepts that capture key variables and link on their relationship with emphasis on innovation, distribution models, sensing capabilities and strategic partnerships. It did give a detailed theoretical grounding of the study, the conceptual framework and the empirical analysis on similar studies in the insurance industry, dynamic capabilities and transient advantages in organizations.

2.2 Theoretical Review

Theoretical framework is an in depth look at current theories in comparison to the goals of the research. This study was founded on the dynamic capabilities and institutional theories.

2.2.1 Dynamic Capabilities Theory (DCT)

Dynamic Capabilities View (DCV) has its origins in the Schumpeterian innovation theory (1934), which purports that competitive advantage obtained by building disruptions of the current resources and recombining them into latest functioning capabilities in an organization. These capabilities enable organizations through the leadership of the firms to come up with postulations about the evolving customer preferences, challenges in the sector and business environment, advances in technology, then realign assets, and the actions they take. Firms that employ dynamic capabilities are able to beat the competitors who may prioritize efficiency over innovation and those that do not take the changing customer needs seriously. It involves continuous sensing, seizing and transforming (Teece, 2017).

According to Breznik and Hisrich (2014), the notion of innovation capabilities is supportive to dynamic capabilities, premised on the perspective of Schumpeterian on competition. Capabilities that are dynamic are a prerequisite for innovation actions. Innovation has been taunted as a key response to competitive challenges that many firms face and has an impact on business performance. Consequently, dynamic capabilities serve as a tool firms use to create a competitive advantage during uncertain times and times of change (Teece, 2017).

A dynamic capability as a theory finds its foundations from evolutionary economics, organizational and entrepreneurship theories as well as organizational learning. This theory endeavors to elaborate on the factors that allow or impede organizations to adapt to environmental changes that eventually lead to sustenance or acquisition of competitive advantage. It is a widely used construct albeit it still does not have a universally accepted definition, empirical grounding and measurement. This therefore demands that it is backed up by proxies that will facilitate its utility in empirical studies (Kitenga & Thuo-Kuria, 2014).

The recent framework of dynamic capabilities was brought to the fore by of (Teece, et al., 1997) where they used the word dynamic to refer to the ability to renew expertise that is corresponding to the shifting surrounding and business environment. Giniuniene and Jurksien (2015) reiterate that the DCV was an aftermath of deficiencies in both kinds of view; resource based view and action-based. A number of definitions of the term highlight innovation as very important in pioneering processes and in responding to competition through strategic processes. Strategic processes implies being able to see and efficiently use opportunities in a shifting surrounding and business environment. Unlike the resource-based view that emphasizes on resource selection and combination, dynamic capabilities stress on restructuring of available resources into new opportunities (Gathungu & Mwangi, 2012).

Sustainable competitive advantage remains a major concern for academicians as well as strategy enthusiasts. An attempt to validate a capabilities approach to strategy has been vibrant in the last two decades. Strategic management key interest players have mounted surmountable efforts into the understanding, definitions, predictions and measurement of organizational capabilities and how they shape competitive advantage (Pisano, 2016). As propagated by Ambrosini and Bowman (2003), the works of Dynamic capabilities theory provides the much-needed theoretical gaps that the resource-based theory was not able to provide. Dynamic capabilities theory provides explanations on how successful firms were able to offer timely responses to changing environments, adapting innovations in products and management processes and finally coordinating internal and external competencies to an organizations advantage (Kitenga &Thuo-Kuria, 2014).

Dynamic capabilities framework has its roots in asset positions, processes and paths that facilitate explaining the differences in capabilities among firms. Having both descriptive and normative implications, the dynamic capabilities framework seeks to apprise managers how to make better capability decisions thus gaining the much coveted competitive advantage (Pisano, 2016). The average time that companies have been able to maintain the advantage they hold over their competitors has drastically reduced due to the dynamic environment companies are finding themselves in. Even though there is the long standing assumption that companies will be able to see opportunities and maximize their use of them and therefore do the much needed reconfiguration of resources and capabilities; they continually find themselves in a state of intense competition in a dynamic environment (Breznik & Lahovnik, 2016).

Managerial capability is the proficiency in rejuvenating and recreating the resources available to the company and make use of them in a different capacity. Marketing capability is termed as a long-term prerequisite for competitive advantage as it involves making use of relevant and previously gained information about market to effectively deal with shifts that may occur (Mohamed, 2015). Technological capability is a firm's proficiency in adapting and making use of IT through its resource base; Research & Development (R & D). Capability refers to the propensity to make use of knowledge to propagate innovation by seeking opportunities within and without the organization;

Human resources capabilities are a major prerequisite of competitive advantage (Breznik & Lahovnik, 2016).

Sensing, seizing and reconfiguring capabilities are the three classes of dynamic capabilities using the analytical perspective. Sensing capabilities demand a firm to continuously scan their environments in order to identify opportunities (Cancellier et al., 2014). The activities geared towards this involve identifying inventions in the market, exploration of market needs, and improved knowledge through R&D. Seizing capabilities require the firm to select the best technologies to adopt with the end user in mind. These opportunities need to be valued and their potential recognized for its utility in capturing competitive advantage. Reconfiguring capabilities implies that a firm's resources can identify, take up and align themselves to achieve the desired changes in the environment (Breznik & Lahovnik, 2016).

All businesses have a particular model which they use. A business model has the capability to describe the mechanism through which a company delivers and provides value to its clients and the specific systems that have been developed to capture the relevant share of that value which results in the flow of revenues and profits (Teece, 2018). The model adopted affects the performance of the firm. Distribution network impacts on the costs of running the business hence having a bearing on the business performance. The success of a business does depend on the adopted mode as it does on the technology selected and how it runs its operations. The models provide the avenue through which

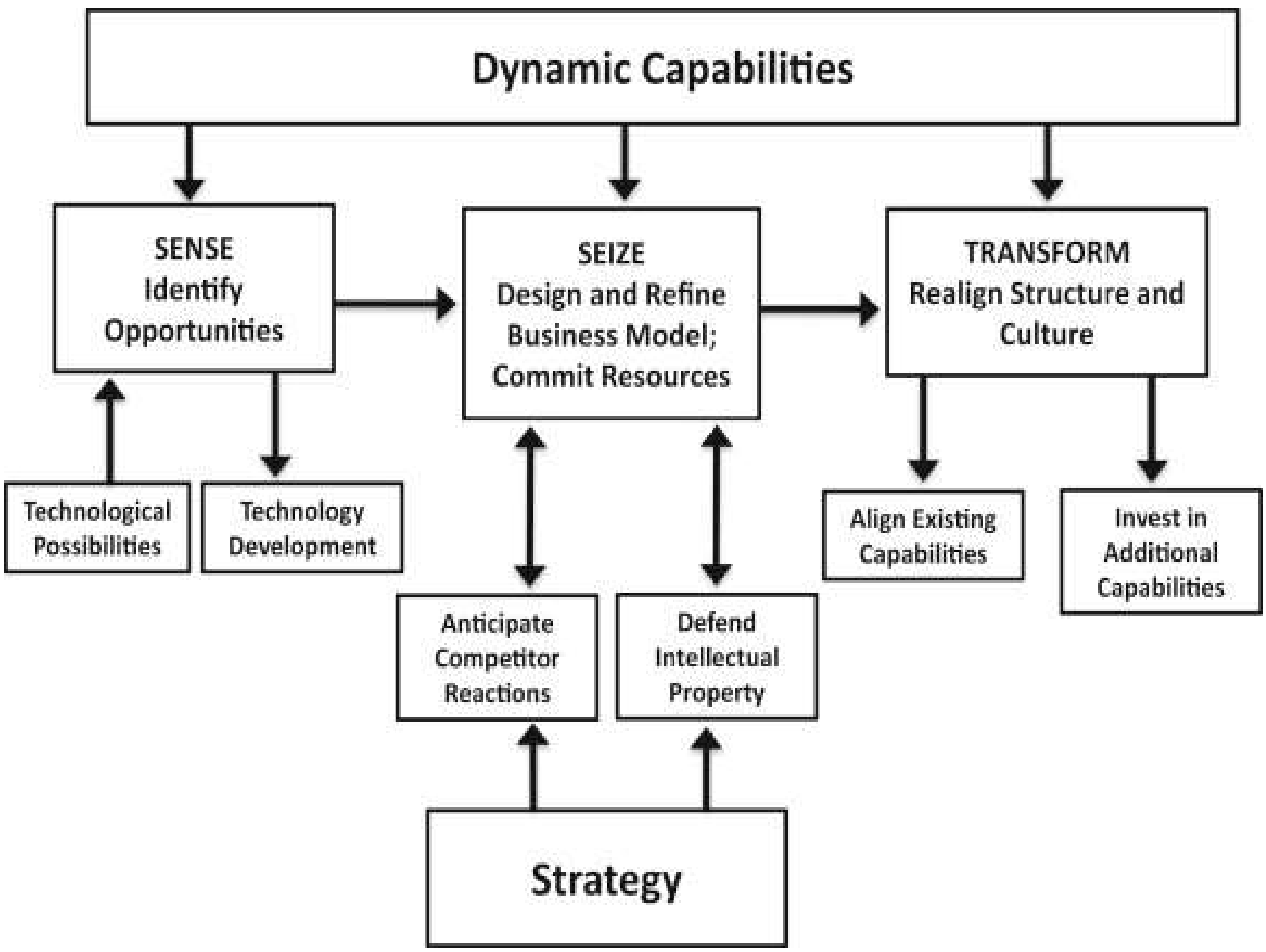
technological advances and technical expertise is used in tandem with available resource (both tangible and intangible in nature) to ensure profitability (Teece, 2018).
Teece (2018) describes the model being a craft of developing value, dissemination and an apprehension contrivance [a firm] employs. Its (model) importance is how it promises value to clientele and finally delivers the same to existing clientele while also looking attractive to potential customers by ensuring they pay top dollar for the quality they receive thus ensuring a steady stream of profit.

According to Eisenhardt and Martin (2000), insurance firms can use DCT to align the firm's resources with the present realities to highly manage the changing conditions. Their mere existence is dependent on how competitive they are within their environment. The market is very dynamic which means they have to change with it to survive. To survive in a dynamic environment requires that insurance companies to adopt various innovative measure such as new technologies. King and Tucci (2012) state that insurance companies can trace their history by analyzing their previous performance over the years thus utilizing the experience of previous markets to attain current success within emerging markets. This they can also achieve through use of technology in product development.

The dynamic capabilities theory was applicable in this study as it played a crucial role in delving into the variables of this study which are in relation to innovative products, distribution models, their market sensing capabilities and its strategic partnership. This theory was instrumental in explaining and expounding on the dynamic nature in regards to the strategic capabilities of Kenyan insurance organizations. Insurance organizations have dynamic capabilities in relation to how they utilize both the external and internal resources that they have.

Figure 2.1

Dynamic Capabilities, Business Model and Strategy



2.2.2 Institutional Theory

Institutional theory has its foundations in 1948 when Philip Selznick wrote what is commonly referred to as the old institutional theory. He concluded that organizations are adaptable to threats in their external environment. He further propagated that the informal and formal structures in the organization are in a constant state of pressure and therefore to maintain legitimacy and survive, the organizations do everything possible to neutralize the threat and adapt to their environment. The new institutional theory has its foundations in 1977 through the works of Meyer and Rowan. They propagated that an organization's formal structure emerges from their adherence to institutional norms and beliefs from the larger environment in which it exists and that an institution has goals that drive and that it is also formalized and rational (Association of Religious Data Archives [ARDA], 2018).

The institutional theory strives to understand how institutions operate. It centers on the effect of a business surrounding also the business environment around it and how they work together. Over the years it has been improved to have 'old' and 'new' institutional theory. Though they both deal with adaptations to institutional environments to sustain undisputed credibility (Schuler, 2014); the old institutional theory is deemed as reactive to its adaptation in that the organization is the conduit through which resources are garnered to facilitate adaptation. The new institutional theory on the other hand perceives the organization as a rational, formalized and goal driven entity (ARDA, 2018).

This adoption of industry institutional norms with time reinforces these perceived rules and beliefs to not only compose its structure but to earn legitimacy. DiMaggio and Powell (1983) further strengthened the argument by focusing on other pressures that demand conformity in the institution in a bid to be isomorphic. The institutional theory purports that the environment within the institution greatly influences the progress of the organization largely than the external environment more specifically the market.

Innovations within institutions help create and maintain legitimacy thus ensuring survival of the organization. When adopted early, innovation creates technical efficiency and therefore failure to morph with the dynamic environment is deemed irrational or even negligent to some extent (Meyer & Rowan, 1977).

The pursuit of legitimacy is seen through the adoption of expected structure within the industry environment like procedure, organizational roles and job titles. At times, these legitimization tactics do not result in efficiency and therefore inhibit the so desired competitive advantage in the industry. Despite the fact that legitimization ensures survival, organizations are seen to separate technical aspects from the structural aspects due to the numerous inefficiencies experienced. This is further evidenced by the fact that coercive, mimetic and normative pressures are the key drivers to creating sameness or similarity in institutions (Meyer & Rowan, 1977).

Coercive pressure results from formal or informal pressures exerted to the institution by key stakeholders like the government, partner organizations or cultural expectations within the environment of existence. Mimetic pressure refers to how organizations adopt well performing company strategies to cope with the uncertainty in goals (Seyfried et al., 2019), technology and market dynamics while normative pressure is the expectations that a firm must meet based on professional bodies that set standards and frameworks for individuals in a particular field. This understanding is on how the formal and informal sets of regulations are made, the prescribed behavior roles, activities and the expectations are met and fulfilled. Its foundations allow it to anchor this research as it allows researches with mixed methodology, as it is compatible with different perspectives and does not have common hypotheses, research paradigms or methods (Lawrence & Shadnam, 2008).

The study used institutional theory to explain the manner in which insurance companies operate within four important construct which are also interrelated. These are: attenuated consciousness; external environment; limited rationality; and functionalism. The functioning of an insurance firm is highly dependent on the environment in which it operates such as competitors, changes in legislation and change in client preferences. All this has to be done within the resources that the insurance firm has, which is limited.

2.3 Empirical Review

An empirical review entails the compilation of gained as well as long standing information on a given topic such as the results of a study and any conclusions drawn from it and it is a scholarly paper text encapsulating current knowledge and the substantive findings (Marshall et al., 2013). Empirical explorations utilized subsidiary sources, not documenting the latest or primal experimental studies. The empirical exploration is critical as it highlights the relationship shared by previously done studies on the field and the ongoing study showcasing the originality of the study. Specifically a research that is deferent from other studies justifies the proposed methodology and it demonstrates that one is prepared to complete the research. The empirical review is an in depth look into statistical literature that relates to the field of study or just generally (Marshall et al., 2013).

2.3.1 Dynamic Capabilities

According to literature, there are six capabilities that are attributed to the advantage a company holds over its competitors such as managerial capability which enables a firm to survive in an increasingly dynamic business environment (Helfat & Martin, 2014). Management is vital in the growth dynamic abilities and reconfiguring resources. Another source is Marketing capability. Barral-Molina et al. (2014) argue that this is the prowess in generating a knowledge base about the market and using it so as to successfully overcome shifts in the business landscape is very essential when determining customer needs.

Research and Development (R&D) is another core capability which generates innovation potential and is the ability to identify and make use of information. Technological capability is another dynamic capability and is related to R&D capability (Babelytė-Labanauskė & Nedzinskas, 2017). It is particularly essential for technological firms and organizations keen on having technology help to improve its processes. Innovation is also critical and requires a company to constantly search, identify and implement new opportunities both internally and externally. Innovation would result into new products that are responsive to customer needs as well as new processes that would make the current operations effective and efficient. Finally there is human resource capability which is another widely studied source (Barrales-Molina et al., 2014). This capability has an essential role to play in delivering the results of an organization and helps organizations achieve good quality output which in turn gives the organization a competitive advantage over its peers.

Dynamic capabilities can be broken down in identifying (sensing), making use (seizing) and changing abilities (reconfiguring) in a firm. Sensing capability enables a firm to identify chances whether within or outside the company (Mu et al., 2018). Searching for new investors, exploring market needs, creation of new knowledge and understanding technological transformation are some of the activities that comprise a firms sensing capability. When a niche has been identified (sensed) in the market, it must be made use of (seized) in order to recognize their value and potential. Reconfiguring implies to revitalize and reorganize as well as recombine available resources to yield benefits even when there are shifts in the market (Breznik & Lahovnik, 2016).

Dynamic capabilities allow a firm to shift its focus towards more profitable endeavors and which would be different from its ordinary capabilities. This requires orchestrating the resources of the organization to address or even direct changes in the market place. An organization's dynamic capabilities determine its prowess in adequately satisfying its clientele. In order to beat their competitors as well as satisfy their clientele, firms must be on top of their game constantly and shift with the trends in the market so as to remain relevant (Teece, 2018).

While Dynamic capabilities are versatile, it is not concurrent that firms will be robust across the board. An organization may be successful in one capability and at the same time be weak in another. However to excel in a dynamic business environment, organizations need to be strong in all relevant areas of sensing, seizing and transforming, relative to its competitors (Teece, 2018). To be innovative and bring changes to the market an organization must have strong dynamic capabilities. This means that it should be able to create and renew their resources at their disposal and effectively use them despite shifts in the market. Its resources and activities must be coordinated with those of other organizations so as to deliver value to customers (Teece, 2018).

Managerial competence for coming up and reconfiguring business models is critical to a firm noticing a niche (sensing and seizing) in the market and satisfy it efficiently. Managerial competences are dynamic managerial capabilities that involve coming up and using new business models (Helfat & Martin, 2014). Dynamic capabilities are anchored on the eccentric traits of entrepreneurial managers and the unique habits of a firm and are therefore difficult for competitors to replicate (Teece, 2014). The further down it runs the command chain, than just resident in the top management, the more these capabilities provide a firm with competitive advantage.

Dynamic capabilities are rooted in asset positions, processes and paths. Asset positions refer to the knowledge, technical, organizational competencies that a firm possesses and they shape the firm's capability options to expand in the future. Processes are the interventions by management to reconfigure its resources. These activities depend majorly on leadership, optimization of use of resources, leadership mechanisms that shape adaptability and capacity to reconfigure the imitable, rare, valuable and non-sustainable resources (VRIN's). Paths are the coordinated efforts to ensure that the capabilities identified are orchestrated to create competitive advantage (Pisano, 2016).

Management is expected to not only select but also reconfigure available resources that will bring about the distinction with other firms. The Dynamic Capabilities Framework (DCF) has both evocative and normative inferences as it expressly shows firm's differences. It informs managers on making better capability decisions (Pisano, 2016). Strategic management is largely focuses on the pursuit of competitive advantage. Strategic management scholars concern themselves with defining organizational performance. Making strategic choices is important for organizations if they are to raise their success rate and gain competitive advantage. Part of the many decisions strategic managers have to make is to decide which markets to participate in.

2.3.2 Transient advantage

Transient Advantage implies that competitive advantages are temporary. The focus of transient advantage is on innovation which will constantly offer an advantage in the market (Mar, 2013). Rather than maintaining the current advantage which may turn out cumbersome and hard to defend, transient mechanism seeks to constantly offer an advantage. Transient advantage involves speed in innovation that results into a pipeline of competitive advantages. Resurg (2015) states that innovation and strategy is taking short cycle strategy and innovation rather than long cycle strategy. Businesses then have to adopt a heavier focus on rapid and targeted evolution as opposed to longer term and broad planning.

Transient advantage premised on the presuppositions that competitive advantage is temporary. The core argument in McGrath (2013) book is that the business world has for some time, in the past, been solely focused on building a competitive advantage that is sustainable. Based on this notion, firms have been picking the 'right' advantage and fortifying their position. However, the modern business world is characterized by forces that make it impossible for a firm to hold a permanent advantage. According to McGrath (2013), strategy is still useful in business. However, it is no longer practical for businesses to stick to unilateral long-term plan in a business environment where competitive advantage disappears before twelve months are up. So as to remain on top, firms must seek out and pursue several strategies even if it is at the same time. Even though they are temporary when used singly but when used together they can keep a firm in the lead for several years. McGrath contends that it is essential to set aside the notion that they should only have one mechanism and that they can sustain it to remain in the lead.

The previously held notion that an enterprise can survive competition through a single competitive advantage is not sensible. The theory and practice of traditional strategy cannot keep pace with today's boundary-less and barrier-free markets (Kinni, 2014). McGrath (2013) indicates that companies need to compete on the wave of transient advantages by taking advantage of temporary advantages. They have to remain fluid and innovative enough to remain competitive as transient advantages lean on the five phases (launch, ramp up, exploit, reconfigure, and disengage) that exists in each wave of advantage. She notes that each wave of advantage has 5 phases as shown in the figure 2.1.

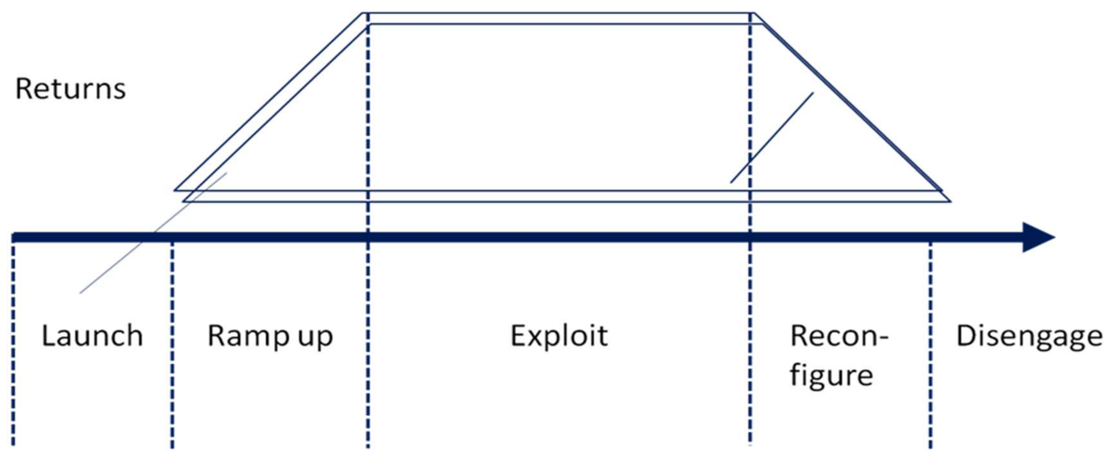


Figure 2. 1: Transient Advantage (McGrath, 2013, p. 13)

According to McGrath (2013), no matter how long a competitive advantage lasts, it has to go through the same phases as others. However, when advantages are in transition mode, businesses have to go the phases at a faster rate. They therefore need to have a comprehension of the first and last stages “than they would if they were able to maintain one strong position for many years”. The early stage of competitive advantage is the launch process which involves “identification of opportunities and mobilization of resources so as to make use of it”. The needed employees at this stage are those that can experiment and iterate rather than being able to “manage large, complex organization. In this stage, the organization has to invest on research and development for the organization to be innovative. Without innovation and innovative products, it is impossible to have the transient advantage wave take off.

Next comes the ramp up where life is breathed into the idea. In this stage a company needs “a labor force that can assemble the appropriate resources with the best available quality to ensure objectives are met”. This stage involves the distribution of the innovated product to the clients to create place value. The distribution models will vary depending on the kind of the product or service being provided. A good product which remains in the company warehouse without being distributed cannot be gauged on whether it is a good or poor product. Various distribution models deliver the product to the consumers who will become ‘repeat customers’ if they like the product. This ultimately affects the success of the firm.

If a business is successful it enters the exploration phase where it attains profitability that forces an answer from competitors. At this stage a company needs personnel that are skilled in mergers and acquisitions, analytical decision making and efficiency. This is quite common with most traditional established companies. The exploration stage requires that the organization takes advantages of existing relationships or puts efforts to establish business relationships either horizontally or vertically. Strategic partnerships then come into play where two organizations while retaining their identities, come into an agreement with the aim of achieving/realizing their mutually beneficial strategic objectives by exploiting each other’s capabilities and strong areas.

Success, more often than not, generates competition which leads to “weakening of the advantage”. This places demand on the business to reconfigure so as to prolong the advantage. At this stage a business needs a labor force that thinks outside the box. Sometimes there is complete erosion of the advantage, forcing a business to begin disengagement. Here resources are withdrawn and reassigned to another possible advantage. This stage needs a labor force that are blunt, “steadfast in the choices they make be it emotional ones” (McGrath, 2013).

An organization will be made aware of the need to ‘reconfigure’ of ‘disengage’ by being in touch with its client base. Organizations will reconfigure the allocation of their resources or redesign its products or processes in response to the expectations of the clients based on the formal and informal feedback received from the clients. Reconfiguring enables the organization to make changes to meet client needs while disengaging ensures that the organization drops from its list of products what the clients no longer want (Zaeh, 2013). Market sensing does then play a key role in the reconfiguring and disengaging.

Most established businesses tend to be oriented towards the exploitation phase. They however need to have a variety of skills in its labor force so as to effectively survive each stage. She indicates that companies need to compete on the wave of transient advantages by taking advantage of temporary advantages. They have to remain fluid and innovative enough to remain competitive as transient advantages lean on the five phases (Mansoori & Lackeus, 2019) (launch, ramp up, exploit, reconfigure, and disengage) that exists in each wave of advantage. Today, most of the advantage is not held in such high regard as it is temporary and firms can only sustain it if they have several of them for a foreseeable future.

Rita McGrath in her publication titled “The End of Competitive Advantage” refer to the advantage being attained by businesses as “Transient Competitive Advantage” and not

"Sustainable Competitive Advantage". Rita states that it is vastly losing relevance and being replaced by flexibility and that sustainable competitive advantage has since been long replaced. Strategy too has to be fast moving if we wish to retain the edge. No set of rules and systems can help firms retain their good positions (McGrath, 2013). She argues it is time for most firms to give up on getting a sustainable advantage seemingly because markets are not restricted by borders or barriers these days.

Companies that want to create a portfolio of transient competitive advantage require a shift from thinking about industries to thinking about arenas when devising strategies for their business. In other words, it involves thinking beyond the industry a business is operating in to what the business can do to meet customer's needs (McGrath, 2013). Transient advantage also calls for experimentation by trying of different approaches and business models. Entrepreneurial growth should also be the focus when developing metrics. In addition, businesses should focus on experiences and solutions to problems rather than product/service features which can easily be duplicated by competitors.

McGrath (2013) posits that good customer relations is a source of transient advantage. Helping the society and creating networks is a thoughtful way of building deep ties with customers. Another important quality of businesses that effectively operate in the transient advantage economy is that they practice healthy disengagement by continually adjusting and readjusting their resources rather than restructuring, downsizing and mass firings (McGrath, 2013). The idea is to always disengage from a business in a way that caused the least disruption while ensuring profitability. Concurrently transitioning from one fading advantage to another requires a systematic and well-orchestrated process.

In other words, new innovations should not fight with the current enterprises whilst being able to fit into the larger portfolio. Lastly transient advantage businesses should focus on experimentation and learning rather than setting up new enterprises with the same approaches employed by current market players. To be skilled at exploiting transient advantage, companies need to consider the outcomes they are trying to achieve from a customer's perspective and this calls for market sensing. They must learn how to innovate fast by speedily developing, launching, iterating and reinventing new ideas (Maier, 2013).

Leavy (2014) looks at the proponents of transient advantage. According to him McGrath's strategy tools include making innovation a day to day activity; healthy differentiation of normal and regular actions; and constant restructure of use of resources to allow for a steady relationship between stability and flexibility. The conversion of innovation into a process requires creating the behavior of utilizing resources effectively and in line with the shifting market in sight of available opportunities (McGrath, 2013). Healthy disengagement will involve frequently, formally and systematically ending fading sources of advantage while making deliberate effort to retain the learning and to reuse the potential assets and capabilities (McGrath & MacMillan, 2009).

Leavy reiterates McGrath saying that continuous reconfiguration allows the smooth transition from one advantage to another rather than a hectic shift. According to Leavy

(2014), there must be a balance to achieve between stability and agility in an environment of accelerated pace of change. According to Kotter (2014), the current challenge is that leading companies are geared towards efficiency rather than remaining afloat in the ever dynamic market and established chains of command and mechanisms that have been in place for years are no longer relevant in a more dynamic world. Kotter proposes a dual system for designing and implementing strategy which combines a pecking order that is focused on proper leadership and a network that seeks to make the rate of strategy use faster.

The management hierarchy concentrates on the present challenges in running the business while flexibility (innovation), coming up with new products (agility) and new development mechanisms are left to the strategy acceleration network which resembles the beginning of new business where initiatives combine and split up (as and when necessary) with habits and actions vary and change until they finally settle. Kotter system may seem novel but probably most successful and prominent organizations have applied it in a certain point in time (Gilbert et al., 2012). New enterprises begin by working with network properties but as time in the market increases the focus changes to a chain of command that is driven by management.

Badaracco (2013) looks at the challenge of leading in a transient advantage environment. The 20th century was characterized by corporate management being the main means of deciding how resources will be used. Scale, hierarchy and control determined competitive success. Today, however, markets are the most powerful force and have replaced religion, government and even family. The world is now characterized by immense chances, difficulty and a fear of the unknown which has resulted in firms becoming more and more flexible and agile so as to adapt to any shifts in trends and efficiently make use of resources in the way they deem necessary due to current conditions. The world of business is now characterized by Vulnerability, Uncertainty, Complexity and Ambiguity in what has now famously been given the acronym VUCA

Motsenbocker (2015) looks at the characteristics of two sequential paradigm shifts in today's business environment. He observes that both marketing strategy and competitive advantage are undergoing changes from firm centric to customer centric and from sustainable to transient competitive advantage. He further notes that the two concepts are "sequential and interrelated, in that, they both require an outside in approach and continuous, as well as, instantaneous action, they inevitably must intersect and synergize." Being customer centric and maintaining transience is recommended as the solution to creating and maintaining value in a dynamic and technologically advanced world. Motsenbocker (2015) conceptualizes a model through which co-creative concepts and the transient advantage lifecycle are merged. This model is recommended as the igniter and manager of transient advantage.

In the discussions on transient advantage this study identifies diverse components of business strategy that affect the success of private health insurance firms. The study focuses on four major contributing factors (Innovation, distribution models, market sensing capability and strategic partnerships)

2.3.2.1 Innovation

Innovation is coming up with latest thought to assist enhance the efficiency of process but in this case firm specifically insurance companies (Owuor, 2018). With the recent low turn -over in profits in insurance firms, it has forced a new way of thinking whereby they decided innovation was the key to saving the dying enterprise (Mbogo, 2017). For example, even though technology was actually seen as being out to replace traditional insurance practices, firms in Asia have actually been able to link technology with insurance strategies and the development of Insur-tech and Fintech. This marriage of sorts provides clients with background information on an insurance firm, what bouquets they offer and what it actually entails and this assists them in making decisions that are not only beneficial and cost effective but also well informed. This prevents the well circulated notion that insurance companies actually are scams seeking to swindle their clients rather than offer quality service from the benefits that they have paid for, in times of need (Cullen, 2016).

Insurers in Kenya have not been left behind especially in the health insurance sector. According to research carried out Kiarie and Lewa (2019), innovation positively affects the health insurance industry ,this is because the integration of innovation for example in market innovation enables insurance firms to carve out the niche in the market that wasn't previously fulfilled and builds customer loyalty and on the other hand it enhances competitiveness among insurance firms for which in the long term the outcome is improvement in quality of service provided and subsidization of costs in order to cater for low income households.

Although innovation has brought benefits to the insurance sector, there have been some hindrances to the flourishing of new ideas such as the need by most executives to maintain the status quo just because their strategies worked before and the lack of foresight that the world is constantly changing and therefore the insurance sector must move with the times or lose relevance. Second is the globalization of financial services which has resulted in new laws that are set up to control the banking sector but actually end up limiting the insurance industry, there is also a lack of urgency to set up innovation budgets as the sector is not changing as fast the rest of the world and therefore it's not seen as a priority to enact changes. The decision by big firms to set their prices on stone on their websites and applications actually results in failed price optimization and thus it causes services offered to become lack-luster (Boyd, 2017). Further, requirements by the insurance regulator that all products offered by insurance companies must be approved for distribution by IRA has ended up stifling innovation and delaying innovation where products have to be send back to the developers for refinement or redesign as per the regulator guidelines.

Every business owner has a desire or vision to grow. Companies including the people who run them, the stakeholders and the employees have a desire for the company to grow bigger and maintain a certain level of stability. However, in reality companies are sometimes faced with volatile conditions and at these times companies still, have to grow. Innovation is one of the factors that prominent managers believe to affect company growth. Innovation enables firms to make a name out of themselves in the market to grow whether the conditions are stable or volatile (Couto et al., 2016).

Innovation is defined as coming up with out of the box ideas on products and mechanisms that allow for the growth of the community. Innovation involves information into economic activities. It is a process that involves creativity, comprehension and application of acquired cutting edge information and technology that results in higher productivity and better economic performance. During stable times innovation can be directed towards improving quality provided. In transient times, innovation can be directed at creating new business opportunities. However, innovation is not useful to a company if it is just an idea. It is a driver of transient advantage only when it becomes a reality (Perumal & Wilson, 2017).

Innovation as a transient advantage is the successful utilization of a state of the art idea or product on any stage be it within the firm or the market (Ramdani et al., 2016). The concept of innovation is that of creativity that further bolsters the growth of communities. Innovation involves turning knowledge into economic activity. It is a process of creativity, comprehension and use of new technologies and techniques from a number of sources to improve productivity and economic performance. Innovation entails coming up with new ideas or even improving one's that already exist. This entails coming up with a new concept or improving on a previous one through technology and technical expertise (Luong et al., 2017).

In a given surrounding different firms have varying view points on the level of competition they face. This explains why some firms push for more innovation than their counterparts even though they are all in the same market. Whereas some experts in business management Gupta and Singh (2015) believe that superior supply chain management is the key to winning business competition, McGrath (2013) contends that some competitive advantage strategies no longer work in dynamic surroundings. It is more effective to employ innovative strategies in building transient competitive advantage.

The financial sector has in the recent past experienced immeasurable efficiency gains because of innovation through new technologies. Technological innovations in the financial sector have enabled the lowering of transaction costs and the expediting of the delivery of services. Although this is not novel in the history of finance, the burgeoning of internet mobile has resulted the reduction in market entry requirements leading to turbulence and competition in the financial industry (OECD, 2017b).

New technology has brought in new techniques to offer services and more chances for data collection and therefore better risk identification and mitigation. Some technological developments and innovations that have impacted the insurance industry include mobile technology and applications; artificial intelligence, algorithms and robo-advice; smart contracts and block chain/distributed ledger technology. According to CB Insights (2017) Insurance technology resulted in increase in US insurance funding from 28 ($B0.04) in 2011 to 122 ($B2.67) in 2015.

In the ever evolving consumer market innovation remains a powerful tool. In the insurance market, start-ups that are well-founded and technology-based pose a real threat to industrial giants. This is to say that innovation holds the largest share of responsibility towards guaranteeing the sustainability of insurance providers. With the advent of digital technology, smartphones and other software developments insurance companies that take advantage of these technological advances will continue to perform better than those who are oblivious to the dynamic changes in the market they are in. Technology provides opportunities that are exciting and convenient to customers (Kokonya, 2018).

Data, which informs decision making in industries has been made more accessible and analyzable by technology. It is now easier to create, capture, analyze and store data helping insurance companies to create important and personalized products that help in the management of risk. According to Ford (2018), there is rapid digitalization across the globe with more and more people being able to handle use of digital services in all aspects of their lives. This applies for their interaction with insurance as well. What this implies for insurers who intend to capture the digital generation market is that they have to become much more "digital" themselves or lose their clientele to firms that are more innovative and adequately satisfy their needs.

This sector is widely recognized for innovation, but is also highly competitive, new opportunities are being created by changing demographics, technology, business models and channels. It is now more critical to embrace innovation, all in all at a faster rate (Ford, 2018). Obura (2016) in an interview with Alice Mwai, Managing Director of Resolution Insurance Kenya, stated that innovation has become critical for the growth of the industry in the country. This is because more customers are becoming enlightened and are seeking value for their money. Creativity, which are the capabilities to develop the latest good and distinct schemes, is in tandem with innovation, which is "the implementation of creativity". This leads to introduction of new ideas, solutions, processes and products.

While innovation is understandably valuable, it requires one to clearly comprehend how to incorporate it efficiently into the business model of the firm. Innovation is a gamble between adversely affecting the existing business and substantially improving it (Mills & Tubina, 2013). Innovation refers to an integration of actions and advancements in technology to change previous habits so as to achieve what has been deemed unachievable in the past and also in the ways that have been deemed impossible. Trade-offs encompasses all the things that are within the ability of a firm to carry out and once these norms are broken, it then becomes easier for firms to beat their rivals.

Christensen (2013) states existence of 3 categories of innovations: strengthening, Sustaining and Efficiency innovations. Empowering innovations expand the market of a product, sustaining innovations involve replacing a product with another one of similar utility and efficiency innovations reduce the cost of production and distribution. Innovation allows a business to go beyond the realm of the possible and to do what no one could do before. It is no longer an option in a rapidly changing world. It ensures a high survival rate, profitability and prominence of a business during downturns. The use of innovation alongside the business plan of the firm guarantees success (Stewart, 2012).

Research in innovation has been prolific in the recent past and has had its importance reinforced by the surge in globalization. The distinct and diverse customer needs in different markets and knowledge scopes demand firms to continually assess their innovation output and its impact on the competitive environment. Stimuli to innovation within firms range from political-legal environments to socio-economic factors. The innovation process is highly dependent on organizational capabilities, tacit knowledge, processes and controls that control the flow of resources (Aniruddha & Mital, 2016). Research plays a key role and allows for the discovery and testing of new ideas which in return would result into new products and or improved processes. When new products are the introduced, the costs incurred would be able to recouped from the additional sales and profits made as long as the pricing is right and the new products are attractive to the customers and responsive to their needs. The new processes that would be innovated whether supported by technology or otherwise should lead to cost savings and happier clients from shorter turnaround times.

Zhang et al. (2013) explored the independent and complementary effects of the capability of developing products and the functional capability on market achievement base on the resource based view and capability perspective of innovation. The study was conducted on 2971 Chinese firms. Industry dynamism was explored as a mediating variable linking innovation capability and market performance. The finding revealed that both functional capability and development of product positively affected market achievement within industrial sector in China.

It was also found out that functional capability strongly market achievement that development of product. The supportive impact of functional development on capability to develop product was confirmed to increase market achievement. It was further suggested the capability to develop product strongly impacted market achievement when the degree of industry dynamism was reduced while the effect of functional capability was stronger when industry dynamism was high.

Kafetzopoulos and Psomas (2015) sought to find out how innovation influenced aspects of an organizations achievements. An evaluation of exploratory factor was initially utilized then an analysis of confirmatory factor followed together with structural equation modeling to study link between the elements of the proposed paradigm. The sample comprised manufacturing organizations in Greece totaling two hundred and thirty three. The research showed a direct benefaction of innovation to quality of the service and level of productivity in operations.

Although there isn't any direct impact on the financial success of manufacturing businesses, an indirect effect was observed by mediating it with operational performance. It thus allows firms the chance to improve their productivity. Olughor (2015) sought to find out the manner in which innovation was affecting the performance of business categorized as small and medium sized enterprises within Nigeria with a focus on emerging markets. The sample size was 200 respondents from 6 SME organizations within the nation of Nigeria. OECD Oslo scale was used to measure innovation and the findings divulged that the performance of businesses was influence by innovation.

According to Sobei (2017) Product innovation is a rejuvenation activity for the operations of a firm to ensure objectives are satisfied. By improving competency, marketing strategy and pushing for growth allows organizations to be able to achieve their performance goals. Product innovation allows firms to beat their rivals by offering higher quality. Hassan et al. (2013) conducted a study to prospect how different types of innovations such as organizational, marketing, process and product affected various types of business achievement including financial performance, marketing, production and innovation within manufacturing businesses in Pakistan.

Product innovation is implied by Hassan et al. (2013) as two things; either coming up with a new product or improving on ones that are already in the market. Product innovation is instrumental in raising the market share and success of the firm. When it comes to innovation in systems it implies improving processes such as purchasing, accounting and computing as well as distribution. The study revealed a positive connection uniting types of innovation with performance of business.

Through the use of a practical approach, a survey was conducted by Som et al. (2012) on potentials and drawbacks of marketing and organizational innovation in health insurance and found that the two are used by a large number of European health insurance so as to improve performance as well as beat their rivals. But due to complexity when it comes to innovation especially in the health sector and difficulties in creating new cutting edge systems in firms the benefits that occur in terms of the economy are not directly seen. The findings showed that some direct economic benefits can be seen due to innovation such higher sales and improved productivity. Based on the studies on different tenets of firms, different approach yields different economic results across firms.

Preissl (2016) administered a survey focusing on health insurance in Germany and what makes innovation unique and found that a substantial piece of the poor comprehension of better service provision is due to the amount of Research and Development (R&D) in New Service Development (NSD). Measuring innovation is frequently done by viewing R&D efforts, for instance uses on R&D, number of representatives, licenses, offers of imitative and imaginative items and new item declarations. These estimations are horrible for deciding the level of development in administrations.

As Preissl (2016) calls attention to, the R&D office is regularly not the greatest imaginative supporter in an administration driven organization. A R&D division may not by any means exist in most organizations except those have already reaped the benefits of R&D in the past. Licensing and administration is conceivable to a changing degree in various nations and is not broadly used to ensure protected innovation in numerous services ventures. Therefore, it is natural to see that there is a discontent between patents given to innovations on products than those for service provision.

Aziz and Theuri (2016) examined measures used by schemes to improve performance with use of pricing, customer communication, product innovation, and market research as the elements. The target for the study was to find out the approaches used by insurance schemes to attract and retain their customer base. It took up a descriptive research design. The outcome of correlation divulged that cost of products, marketing plan and customer feedback, innovation on product approaches and the scheme on market research were considerably and positively connected and were influential in building brand loyalty in NHIF.

According to Carlsson (2012), innovative products in the sector will include biometric designs that can be worn and will allow health schemes to have data on their members. With the increased amount of data the scope and nature of how health insurance works will vastly improve. Such innovative measures will make health care to be personalized, protective and informative. Insurers are already using it to sensitize industry stakeholders to adopt healthy living in their day to day lives. Product innovation involves the creation state of-the-art products or improvement of current ones (Miles, 2011) which will either occur as a step by step process or as an immediate process. According to Veugelers (2012), in the insurance sector, there can be an upheaval in what the firms offer and how they offer them to their clientele.

However, however there is no clear cut distinction when it comes to both types of innovation because of the fact that sometimes it occurs concurrently when there are improvements in both service offered and the manner in which those services were offered. However, this relies on the individual firms and they can choose whether they will adopt a dualistic approach or not (Bitran & Pedrosa, 2013). For example, in insurance industry, a firm can come up with a new products that consists of additional offers such as trips to other nations which can be classified as product novelty and also it can come up with new ways to process claims thus cutting down on service time and this can be termed as process innovation.

Bowonder et al. (2015) notes that innovation gives an organization an edge by exciting and satisfying its customers as well as beating its rivals and launching a new product line. Insurance companies have to be innovative if they are to retain their customers otherwise their existing customers will move to competition and it will be hard to attract new customers hence stifling growth. While disruptive ideas remain important, insurance businesses may also change by taking current products to markets that are emerging or developing products for currently existing customers (Goodman, 2019). Innovation would also mean tweaking the existing products in response to client feedback to ensure those that have been consumers continue to consume the same product only with higher satisfaction levels hence resulting to better client retention. Client retention is important in an organization's performance as it is cheaper than acquiring new clients and the clients retained are also a key source of referrals as long as they are happy with the service offered.

Globally, the healthcare situation in several countries is dire and begging for assistance. Despite advances in medical treatment over the past decades, how that has been packaged and delivered has in more cases been ineffective, inefficient and very consumer unfriendly. Zweifel and Manning (2000) opine that the healthcare sector may be improved by the utilization of health insurance which affects the changes in the mix between process and product of innovation. Innovation is thus a powerful tool that can be used within the health insurance firms in the ever dynamic environment. While Kokonya (2018) is quick to acknowledge its importance, he points out that innovation alone cannot ensure the sustainability of insurance firms. The insurance sector has for a while been an island, virtually in terms of incorporating changes in technology. Other industries have been adopting disruptive innovations but it took a while for the insurance sector to catch up.

Hocking et al., (2014) opine that at the moment, the insurance sector is at the heart of global innovation. This is due to developing technologies currently being adopted at various levels in the process of providing insurance services. The insurance landscape will continue to be impacted by expectations of clients, their behavior and their demographics. Innovation therefore will be the key ingredient in ensuring insurance companies remain competitive in a dynamic market. Innovation particularly in insurance often relates to digitization.

According to Catlin, Paliath and Segey (2014), a well-executed digitization program can lead to a cost reduction of up to 65% and turnaround reduction time of 90% in essential insurance processes and enhanced rate of conversion by 20% or more. According to Social Innovative Europe (SIE) (2016), innovation in insurance point to five areas: latest types of resources, new governance styles, latest delivery forms, latest services and latest form of evaluation. Insurance firms in Kenya have since continued to adopt innovative ways to better serve their clients. According to Kokonya (2018), a number of private insurance firms in Kenya have utilized smartphones and adopted several software tools as innovative platforms to serve and offer their users efficient and effective services. The use of apps has also taken shape within the insurance sector. Insurance firms have taken up social media, television and smart phones to invest in the insurance market.

Broeders and Khanna (2015) list some types of innovations within the insurance as: digital platforms (smartphones, internet), telemetry (data receiving, processing & transmitting remote sensors), Internet of Things (smart devices that are connected and capable of data collection), data analytics and big data (modeled data for making decisions). Private insurance firms are able now more than ever to interact with their clients using various channels. This has assisted them to increase their client base through new forms of marketing technologies such as customer relationship management software's including Chartbots, Snapsure and Cover (Klapkiv & Klapkiv, 2017). Others have put in place affordable, dynamic, and speedy and error free claim process. Innovations have cut down on agents and middlemen. Insurers have become tech savvy due to increased competition. They have therefore taken up new interactive services that allows clients to directly interact with the firm's services and goods though online services, which they can use to monitor their policies and confirm their status online (Judd et al., 2017).

2.3.2.2 Distribution Models

Distribution models refer to the manner in which firms are able to avail their products to their clients from the point of distributions. Distribution models are constantly changing in order to suit the company and also to move with changing times (La Rocca & Snehota, 2017). There are a number of ways goods can be availed to clients and they are referred to as distribution channels. There are a number of channels but these three are used in most business models: Direct end distribution which involves selling to companies and by setting up a product line in small business and encompassing your sales team and secondly it can be carried out through a dealer network: This is where you create a sort of franchise with the dealers being your actual customers as they have access to a certain geographical area and understand the needs of the clientele cutting down cost of research and marketing. Lastly, VAR (Value-Added Reseller) who actually bundles it with other products and resells it. Now for any distribution model to work the entire team involved must be in-sync and a framework set up to resolve any issues that might actually come up because self-interest among members may cause the distribution chain to fail (Kiran et al., 2012). In distribution, it is critical for every party involved to have total believe on the product being sold in the network/channel.

Strategically, executives need to pick a distribution model or create their own that meets the firm's needs. There are many determinants that are critical which include sustainability of the system of delivery of goods or services to a client, unity and allocation of duties whereby the responsibilities of everyone in the distribution chain are clear cut to allow for the system to run efficiently, this also does not preclude the fact that the control of the flow of goods must be either in the hands of the distributer or the actual manufacturer and that there is no middle ground (Babic et al., 2010). While selecting a distribution model, businesses will consider the costs of such model as this would have an impact on margins which in turn affects performance. They would also consider how efficient and effective the model is to ensure that the expectations of the customers are met and that the products/services on offer are available and accessible to the customers.

It is currently a difficult and not an easy thing for management to develop a successful distribution strategy. Due to globalization and deregulation of markets competitive rivalry has intensified and this has then prompted business owners to take a second glance into their approaches as well as to make every attempt to address any current challenges and opportunities (Stern & Sturdivant, 2012). According to Myers (2014), the uniqueness of a distribution channel can differentiate a company and build competitive advantage especially in industries like the financial services industries where services are difficult to differentiate. How strong a distribution model is and how robust it is can result into an organizations ability to control a significant portion of the market.

Private insurance companies are presented with a line of various options in terms of their distribution channels. Sanders (2018) broadly categorizes them as direct and indirect channels, highlighting some of the channels to include call centers, agents, appointed representatives, mutual organizations, insurance brokers, reinsurance brokers, financial organizations affinity groups and peer to peer groups. All these distribution channels have their merits and demerits assigned to them for consideration by private insurance firms before settling on them. Others such as the Micro Insurance Network (MIN) (2018) categorize the distribution channels as: partner agent model, mutual, cooperatives and other community based models, all in one insurance model, franchise model and supplier model.

Within the financial institution channel Churchil et al. (2012), client with low incomes get financial services from commercial banks, cooperative and micro financial institutions. In community based organizations channel, members of these organizations (trade unions, cooperative, faith based organizations) are provided with the necessary insurance. These insurance models are based on the size of these organizations and their different degree of formality. Insurance services being provided include a range of products that are either voluntary or mandatory.

According to Smith (2013), the retail chain model basically exists in several emerging markets such as clothing lines, appliance stores and supermarkets. The clients are offered insurance on their agricultural products, disability, life and other voluntary insurance products. Another key distribution channel that has been adopted majorly because of the spread and acceptance of technology is the mobile network operator model. Zetterli (2013) posits that mobile network operators either take up the role of a passive distributor by enabling the use of mobile phones to individuals to register themselves for insurance products or as an active distributor through provision of insurance coverage. Private insurance firms are therefore adopting a mix in the distribution channel as they seek a share in the dynamic insurance market.

In Kenya, Safaricom has dominated the mobile money transfer market. The Mpesa agency network in Kenya is very robust and this single ability has made it easy for clients to withdraw or deposit their money within close proximity (near their house, school, college, market place) across the country. The inability to have such a robust network has made it hard for other players like Telkom and Airtel to have any significant market share in the mobile money transfer market in Kenya. That Safaricom has also been able to innovate around its distribution network by having strategic linkages with for example Western Union has made the network global and robust. This has given Safaricom a competitive advantage which has resulted into great performance by the organization.

The effectiveness and cost of bringing the product to the market can create a great advantage over other companies that do not have the same distribution channel. Factors like channel conflict and cost of building the channel can serve as deterrents to competing companies. While it is lucrative to own a distribution channel, not owning one makes running and succeeding in a business much more difficult. According to Prajogo (2012), a differentiation strategy creates entry barriers and is therefore more likely to generate higher profits. In present times, a product with a good design may not have the expected utility if it is not available at the suitable time and place to its consumer. Place value creates an advantage for the product owner.

Marketing managers, therefore always try to find the more efficient and modern methods of distribution which will lead to the enhancement of transfer speed, convenience to customers and reduction of cost. An efficient distribution system is therefore one of the main tools of marketing (Fayaz & Azizinia, 2016). Distribution models are determined by what they offer in the distribution mechanism and how much they are willing to part with as well as the cost of different distribution mechanisms (Rosca et al., 2017).

The distribution mechanism should account for a client's viewpoint and the results of a number of other delivery systems and make sure it aligns with the cost that the client incurs as well as the outcome of the service offered across the board in all its distribution mechanisms. Stuart (2016) states that rigorous models offer the best chance of a firm to make sales but this is hinged on whether there is sufficient demand creation. This however does not mean that a firm should have a plethora of models as this can hurt its brand and the advantage it holds over its competitors. This is however appropriate for firms whose quality of service is not top notch and can therefore bank on convenience as its main marketing point.

According to OECD (2017a), while negotiation process in the insurance sector has traditionally been through the agent/broker or bancassurance models, many insurance start-ups are proposing new models of distribution for their insurance products. For low penetration markets, the use of agents simply does not cut it, the new methods are offering better coverage. According to Goldman Sachs Global Investment Research (2016), many young people prefer to use digital means when carrying out transactions. This has resulted in many firms reconsidering their distribution and claim management approach. The internet and the mobile phones have played a key role with people seeking for products online, filling proposal and application forms online as well as filing their claims online.

According to the Insurance Governance Leadership Network (2017,) the advancement in technology, shifting customer preferences, government policies and changing market conditions are causing major shifts in the insurance distribution landscape. Though the need to deliver insurance products directly to the customer and at lower costs is not new, the demand for change is greater today than it was before. The sentiments that "distribution is taking too much money out of premiums" without "adding any value" are causing the demand for change. According to Varadarajan and Raheem (2015), to survive and grow in the Indian market health insurance companies require multiple strategies for distribution. In the health insurance industry, in India, there is need for new ways to manage distribution of products that support sales without creating unmanageable rise in the cost of distribution.

The insurance distribution scenario is dynamic and complex. Agent-driven distribution is the dominant method. However alternative channels are emerging, enabling companies to expand their customer reach. This has created demand for insurers to find ways of coping with multiple distribution channels, multidimensional relationships and hierarchies. Automation of distribution channel seems like the way to deal with the challenges of labor intensive management of a large sales force, compliance with regulations, monitoring performance and motivation initiatives. This requires agility without sacrificing compliance (Varadarajan & Raheem, 2015). According to FRISS (2018), there is rapid change in the insurance distribution channels. This follows even more rapid changes in technology and concurrently consumer demands.

Major shifts in the distribution channels are being caused by the internet, mobile devices, real-time data handling technology, mobile applications and the lack of desire by consumers to pay more for the same simple solutions that are camouflaged as being made specifically for them According to Bashir et al. (2013), distribution influences the success of insurance companies. Better management of the channels of distribution eventually leads to better channel performance. Apart from previously used mechanisms such as agents (bank assurance and insurance agencies), digital channels through the internet and mobile networks have emerged.

Bashir et al. (2013) examined the insurance distribution channels in India and proposed channels that are mutually beneficial to firms and the customers. Their research collected data on the approaches used by firms in distribution and the effect they had on performance. A SWOT analysis of each channel concluded that most approaches used in Indian insurance market place and some insurance providers make use of these channels. The study also concluded that the number of channels used had a significant implication on a set of fundamental channel outcomes.

Bhattad (2012) reports that "insurance firms no longer use the traditional methods but are diversifying their channels of distribution so as to achieve growth and cut costs". Driving sales, cost saving and customer convenience is leading to the search for alternative channels like call centers, mobile networks and the internet. The use of the internet, integrating technology in the sales cycle to quicken the rate, and making the distribution mechanism in the sector computerized is serving to increase capability and profits gained. This allows firms to improve their efficiency by making sure their internal mechanisms ensure utmost customer satisfaction.

According to Canadian Institute of Financial Planning (CIFP) (2018), it is futile for an insurer to restrict themselves to the same old strategies. They need to be aggressive by adopting a multi-faceted distribution mechanism that makes the firm more agile to come up with policies that can incorporate technological advances to expand their distribution domain. To gain competitive advantage insurers have to ensure that their strategies are in harmony with what their consumers want. Lifestyle changes and customer needs will determine future models of distribution, as well as maintain previous strategies. The insurance industry is today combining distribution channels with other financial services such as banks and capital markets.

This coming together has led to immense development of markets as well as related markets such as bank Assurance, work site marketing, post office, retail outlets, microfinance and Islamic finance. According to CIFP (2018), the era of use of the same product line is over in the sector with the new approach of either developing new ones or improving on the existing ones which are more often than not removed from the production line for some time. They also discontinue existing ones periodically. Customer preferences, demand for products, changes in regulation and rivalries are the main determinants of innovation in products distribution

Customer expectations are unique with the demographics rapidly evolving. Several economic elements including increase in income, rate of savings, inflation, interest rate, stock market performance etc.; also influence customer attitudes and requirements. Distributors also seek to uniquely brand themselves in the market and thus require tailor-made products for them. They are searching for avenues to enhance the size of a customer's funds that is used in purchase of their goods by providing more products so as to adequately satisfy market needs such as in investment. Rivalries in the sector stem from both industry and non-industry players. The more innovation yields positive results for firms the more other companies want to adopt the strategies (CIFP, 2018).

To prevent entry and success of non-industry players in the market, insurance firms are coming up with products that efficiently cover all the needs of the market by providing tailor made solutions in terms of coverage and cost. This rivalry keeps industry players on their toes forcing them to come up with innovative product lines that satisfy the market adequately. The sector is often under scrutiny and therefore firms have to make constant appraisals of their products and systems to ensure compliance .Since most scrutiny results in policy changes it allows innovative firms to carve out more opportunities in the market. Regulations affect the entire process of coming up with a product and its grooming to final version (CIFP, 2018).

Kalubanga et al. (2012) sought to investigate how the achievement of an organization can be affected by multifaceted strategies. Mixed design was utilized in the cross-sectional survey strategy that was adopted. Scientific determination of sample was conducted on a population comprising of both junior and senior staffers undertaking sales and distribution, retailers, wholesalers, and their agents of distribution. It was found that coherence within the distribution paradigm contributed to the entire achievement of the organization, performance was affected by various mechanisms of distributions adopted and several obstacles were faced by the several distribution mechanism applied such as challenge of various channel actions cooperation emerging in conflict within internal mechanism and intra mechanism competition shaking the power of pricing for the organization. According to Kalubanga et al. (2012), changes in the market coupled with the fact that customer preferences constantly shift has resulted in firms taking on mechanisms to distribute their products. The number of distribution channels is an organizational agility ploy to increase market control.

Kuswantoro et al. (2012) sought to find out how an organizations achievement are impacted by innovation focused distribution mechanisms within export focused, agro dealing Small and Medium Enterprises (SME's). Samples totaling one hundred and twenty were selected within manufacturing SME's that are agro focused and export oriented within Yogyakarta and adjacent location. The outcome of the study were shown having performed regression analysis. It divulged that innovation in particular, co-ordination of transport and sharing of information had a considerable and positive connection with performance of an organization. The survey also divulged that the effectiveness of distribution mechanisms had mediated the relationship connecting innovation in an array and co-ordination of transport and performance of a business.

Dumm and Hoyt (2013) on their study on Insurance distribution models state that shifts in the needs of customers as well as high competition in the industry has caused creation of cost effective models. This can be attributed to technological advancements that have improved the time taken to attend to a client, showcase the positive impact of the products and serve as many customers as possible. The new distribution models also allow comparison of products which enables firms to satisfy customer preferences. These models have enabled higher penetration rates across older markets.

Muteti (2007) conducted research on the role of insurance brokers and agent in insurance distribution. It was found that Insurance brokers are crucial as they work for both the firms by showcasing their products to prospective clients as well as getting quotes on the suitable products and the client by presenting them with all possible variations of the products they want irrespective of the parent company. Additionally, these brokers act as the middlemen by helping potential clients pick out the best cover in terms of their need and they do so having made prior agreement with insurance firms on the cost of each product. These agents work under an agreement they have with the insurance provider with a wide range of variations on how insurer's and agents work together.

Muteti (2007) noted that insurance broking companies controlled over 60% of the business in Kenya. He noted that most corporate organizations preferred to use insurance brokers while government and quasi government institutions preferred to deal directly with the insurance companies. He noted that the complex nature of some risks meant that some organizations would not have the expertise to determine the structure of the cover and who to place such insurance with. He further noted that brokers however faced challenges in collections of insurance premiums resulting mostly from the fact that they would raise invoices to the clients and insurance companies would on the other hand raise an invoice to the broking firms. This would eventually result in differences in the premium rates used making it hard to collect the premiums. Ultimately, the insurance companies would end up making provisions for bad debts for such amounts. In 2019, the president of Kenya assented to law a bill (Insurance (amendment) Act No. 11 of 2019) requiring clients to make payments directly to insurance companies and before the risk could be placed. This was an attempt to cure the challenge of uncollected premiums that had burdened the insurance industry affecting its performance.

Maina et al. (2016) noted that bancassurance which is a distribution channel controlled by the banks has become a serious area of focus by the financial services organizations like banks and savings and credit cooperatives (Saccos through Saccoassurance). This is because of the incomes received as commissions by placing businesses with insurance companies. They have resulted into a stiff competition with brokers especially for individual clients who happen to have bank accounts with the banks. This channel opens an array of opportunities for insurance companies as individual members would be allowed by the banks to finance their premiums through insurance. This has helped tap a market that would otherwise have remained untapped. In addition, some products from the banks like property loans require that the property must be insured to safeguard the bank interests.

A study conducted by Abaluck and Gruber (2016) on the choices of quality in regards to distribution of markets of health insurance showed that customers have customized their approach by making use of both agents and internet based solutions. A common trend is whereby consumers seek out relevant information on the internet such as on social media platforms and then approach the agents. This has resulted in insurance providers streamlining all their services across the board. A number of clients with issues touching on the trust levels on insurance intermediaries would then prefer dealing with insurance companies directly.

Such broken trust would emanate from fraudulent activities by the intermediaries as noted by Abaluck and Gruber (2016) where they would collect money from clients and not submit to insurance companies. It would also touch on instances where clients would oversell and misguide the clients on the products they sell only for clients to know the truth at the time of making a claim. To serve such clients, insurance companies would have business development officers and call centers to attend to quote request and inquiries. The insurance companies would also have business retention officers or customer service officers whose mandate would then be to relate with the clients and ensure that such direct clients renew their business with the company. The retention officers would have the target of achieving the required retention/renewal rates by premium count or policy count (also known as persistency).

According to Eina and Levin (2015), higher rates of competition and the fact that consumers have moved away from traditional approaches has led to innovation in the health insurance sector. The new approaches were developed by insurers to enable them to easily relate with their consumers. On previous occasions, channels only provided relevant product information but this approach has faded over the years with the use of these models to adequately talk to prospective clients and showing all relevant products coming to the fore.

Maina et al. (2016) examined distribution models and insurance uptake in rural areas in Kenya and used income levels, level of awareness and accessibility to outlets as variables. In a district in Kenya and within the confines of a level 5 health facility, pregnant women totaling one hundred and thirty nine were sampled in this cross-sectional survey. A considerable connection was established linking the uptake of insurance and their status of marriage. The adjusted odds ratio (AOR) 6.4(1.4-28.8). The insurance uptake was more likely among those having attained tertiary level of education AOR 5.1 (1.3-19.2). The insurance uptake increased for those with knowledge on how insurance claims are settled, insurance limits and basic knowledge on gains of insurance AOR 7.6(2.3-25.1), AOR 6.4(1.5-28.3) respectively. However, the uptake on insurance was not affected by the size of the household and monthly income. The study established that medical insurance had an uptake that was occasioned by knowing how payment of insurance premiums was done, tertiary education and being married. The generated information from this survey may be used to assist in the comprehension regarding the reason behind the low coverage of insurance and might furnish a premise for policy revolution within the insurance sector on enhancing uptake.

Shi et al. (2017) conducted a study on adjustable assessment of distribution algorithm for several insurance policy investment strategies. The study stated that distribution models of insurance products and efficient service delivery are the cornerstone of insurance business. The growth in the sector can be attributed to the efficiency of distributors. A particular aspect that has stood out is that the multi-faceted approach has not only yielded better results for the firm but also for the consumer base. The process of channel diversification and expansion has accelerated in India since insurance liberalization.

There has been a major push to improve affordability and quality of service in recent times Cappiello (2018) examined the new frontiers of insurance distribution. The study finds that the corporate customers and institutional investors are interested in liability insurance, group insurance and health insurance. These can be found in metropolitan centers and cities which requires an alternative approach since the consumer base is well versed in the relevant information about products and cost. Corporate agents, brokers and direct marketing are ideally suitable to attract these customers. Due to rivalries in the sector, distribution strategies have been adjusted so as to include agility and professionalism in the face of problems affecting the sector across the globe.

A distributor who understands the industry is able to be an efficient marketing tool. Growth in the market, customer loyalty, customer needs and competitor rivalries among the life and health insurers will stimulate innovation especially in distribution mechanisms. This will result in distributors that are competent enough to correctly present facts and prevent miss-selling. Even though there has been notable improvement in marketing strategies used, the change has not been felt in terms of quality surroundings. But it is certain that these new approaches have increased the penetration rate in the country.

2.3.2.3 Market Sensing Capability

Market sensing refers to a type of research on the market by a company or firm into what makes the particular firm tick: the things that actually influence a consumer in choosing a certain product. It seeks to answer the questions on why certain brands resonate with a buyer over others even though they both might be offering the same good (Likoum, 2018). It differs from conventional market research in that it not only focuses on technology and processes but actually offers an in-depth analysis on what even makes a client build emotive links to a brand while being influenced by what most would consider mundane as a deciding factor such as the corporate social responsibility (CSR) of the company and how they treat and remunerate their workers (Mason, 2012).

The difference between market sensing and market research is that market research focuses more on the statistical point of view and is therefore limited to the research criteria decided upon by a firm whereas market sensing is not controlled or limited but seeks to go all out and find out what actually appeals to the market niche and is not regulated by standard tools but rather chooses to go into an out of the box creative solution driven tools that will most definitely boost a firm's sale portfolio. This is because the goal of any business should not only be to edge out its closest competitors but to cater for the customer's needs to the best of any firm's ability and once this is carried out then the firm can reap huge profits (Piercy, 2016).

There are a number of tools that are used in market sensing which include interviews and questionnaires .Even though these tools are also used in market research they also can be set up in such a way that they offer the needed analysis including but not limited to the statistical viewpoint (Bharadwaj, 2013). There are three stages that are integral to the success of market sensing and they include sensing: this refers to and all out collection of data on the market and client's needs without any bias or criteria in limiting the results. Then after this comes sense making whereby researchers look at the information they have collected and how it applies to their particular firm e.g. their competitive environment and what their closest and highest competitor is offering the market, their needs and how it differs from their firm, the customers' needs, what other businesses are doing not exactly limited to their field of operation but the success factors of other companies (Prince & Priporas, 2014).

After the second stage, the third and final stage is the "reflection stage" where the researcher's focuses on the re-examination of already established market strategies and distribution models, comparing them to the results and finding a way to integrate them to ensure optimum performance (Prince & Priporas, 2014). The downward spiral experienced by insurance companies in the recent past is due to among other factors; poor marketing strategies (Mbogo, 2017). Insurance executives do not have an understanding of what the market needs. This is why it is no longer a shock that most citizens do not have a comprehensive apprehension of insurance firms and the forms of bouquets they offer and those who do have insurance do not even know of the policies that govern the sector making it easier for firms to deceive them. In order for the penetration rate to increase, insurance firms have resorted to market sensing as a form of research into their client needs.

According to research carried out by Ardyan (2016), the SI unit measure for success for any given firm is the performance it has and insurance companies are no less. There are a number of benefits emanating from marketing sensing including the understanding of what clients' needs and becomes a driver of finding new and innovative ways to reach out and being able to educate the general public on what insurance entails. It also offers the firm an insight into which particular bouquets that they offer that are not getting the traction they need to be successful but also how to find out the factors that led to dismal results. Market sensing enables the insurance company to understand and appreciate the aspects of the current product offering that clients may not be happy with. This would help them tweak their products to meet such needs and in line with the feedback received. The feedback may also point to existing opportunities which can be addressed by the creation of completely new products as opposed to just tweaking the existing product offering.

Market sensing is the assessment of opportunities and customer needs that may be existing outside the organization. The particular assessment is driven by the organizations desire to meet the client expectations and as such retain as well as grow the customer base profitably. According to Day (2002), it is the habit of an organization to find out what makes the market tick. It also grows the firm's ability to predict future market shifts and have an insight into opportunities available due to the acquired information from the market (Mu, 2015). The strategy of an organization defines how the organization engages the market in relation to customers, competition and its human resource in order to deliver success (Lockery et al, 2015).

To be affective in strategic planning organizations should understand its strengths in shaping the situation and forming a marketing strategy that will leverage it across multiple markets. This is beneficial to a company as it reduces the effort and resources used and maintains consistency in the market which helps in growing an organization's brand. To attain this, companies should be excellent in marketing. Marketing capabilities have an enormous role in ensuring that companies achieve better performance (Kanibir et al., 2014). Marketing capabilities impact a company's decision to choose entry modes.

Marketing capabilities can help a business to sense and react appropriately in order to make changes in the market, leverage the capabilities of partners, anticipate competitor's moves, foresee technological revolutions and predict what their consumers want. This can help in product innovation that will satisfy customer needs and help the firm to overcome competition and guarantee survival and stability. To be able to serve customers better, organizations should be able to adopt to certain customer segments. They need to integrate information and insight into a changing external environment. Marketing capabilities, for instance market sensing has been positively associated with a firm's outcome. Such capabilities are essential in forming marketing strategies ensuring superior performance and adding value to the organization (Kanibir et al., 2014).

Today's business environment is flanked by uncertainty which leads to changes in business organization and strategy. According to Wong et al. (2012), competition, government regulation, economic environment, rapid technology growth, globalization, and customer demands create challenges in the market. In the midst of this turbulence a company must be able to make quick action and develop responsive strategies for its survival. Growing economic instability, worldwide rivalry, increase in the availability of information and high innovation rates create a demand for market sensing capabilities in business organizations. An organizations market sensing abilities is also known as its ability to acquire relevant information (from the market/industry/environment), analyze it and then store it in a manner that makes it easily accessible.

Realizing and sensing the fact that there are customers who need their services and can be able to afford as long as it can meet their need is the initial step towards transient competitive advantage. Technological developments, like the internet, create opportunities to monitor how customers utilize products which might enable an organization to develop a model based on periodic usage rather than a one-time sale. The possession of information is in itself a form of capital that allows for innovation (Teece, 2018). The acquisition of such information would start with the desire to sense what the customer wants as well as what is happening in the market place.

Marketing strategies allow firms to realise shifts in the markets as well as actions being taken by their rivals, technological advancements which help them use their available resources for better performance. These, in turn enable innovations that will result in appealing to their current customer base as well as attract new clientele which will help the firm survive aftershocks of constant competition in the market (Nijssen, 2014). Market sensing is the ‘ear’ on the ‘ground’ in relation to the customer, completion, environment and technology in view of an ever changing client expectation and shifts in client preference, changes in the legal and political as well as governance environment and a fiercely competitive environment that knows no borders or boundaries in a world where technology revolutionized the globe in the global society. This would mean that competition would come from anywhere in the world and also from very unlikely quarters.

Marketing capabilities are nurtured after the labor force and human capital make it a habit to be desirous of consistently transforming the market. The knowledge and skills need to be combined with tangible resources and used to satisfy market requirements resulting in better value of goods and services, market adaptability and overcoming competitive threats. Marketing capabilities enable a business to shift its services and products within the value chain and superior capabilities provide an organization with the ability to outperform its competitors. Marketing capabilities for instance, network capabilities, functional capabilities, customer capabilities, partner connection and market sensing have been associated with some positive results for the organization (Mitrega, 2015).

Such capabilities can either create new approach or optimize the current productivity. As such, the scale of market sensing capability comprises the perspective of organizational systems to obtain and translate into organizational learning the market information, but also includes the human experiential and relational factor. As such, the sensing scale is composed by four dimensions: analytical processes for market sensing, organizational articulation supporting market sensing, business knowledge sensing capabilities and customer relational sensing capabilities (Dias & Lages, 2013).

Market sensing is an integral part of dynamic capabilities that are instrumental in seizing chances. Market sensing is divided into gaining information, sharing and dissemination of the same information which is then analyzed and is linked to market learning theory and organizational learning (Bailey, 2014). It is highly beneficial to a firm when it is observant of market shifts and trends (Mu, 2015). It focuses on information about clients, rivals, events and shift in the markets also to gain market intelligence and establish a strategic course of action. It involves gathering and filtering of information, breaking it down to increase comprehension and appreciation and then implementing it into profitable actions (Lin & Wang, 2015).

Lam (2015) contends that competitive intelligence is an important part of organizational market sensing. The market sensing process involves scanning, interpreting and responding to information and is at the core of marketing. While competitive intelligence may be perceived as a strategic approach to improve firms' competitiveness, it can also be conceptualized as a process through which competitive information from various sources is collected, interpreted, and disseminated. Lam (2015) contends that market-sensing capability includes learning orientation, organization system, market information, and organization communication. Competitive intelligence not only represents an important component of market information capability but also has a mutually influential relationship with the other components of the firm's market-sensing capability.

Research suggests that the ultimate goal of marketing strategy should be anticipating and meeting as well as exceeding customers' needs and expectations through rigorous market research rather than trying to beat the competition. However it is critical to point out that customers' evaluation of the businesses offerings is often correlative to the competitors. Therefore, in the market-sensing process, competitor-oriented learning should be balanced with customer-oriented learning. In technologically turbulent industries, like the insurance industry, firm's competitive intelligence has to be constantly enhanced so as to be able to learn from the competition and predict the competitors' possible course of action. Competitive intelligence is important to market sensing because the information gained can be translated into important insights that might lead to planned and calculated difference in the firm's approaches (Lam, 2015). Competitive intelligence can be critical in enabling organizations improve, copy products (from competition) or simply develop new products based on the feedback and information received.

Ren et al. (2014) examined how marketing capabilities and investigation and development capabilities including level of globalization affected the performance of innovation on SME's. The results indicated globalization positively impacted the performance of innovation in cases where R & D and marketing capabilities is high. The effect of internationalization is negative when R&D and marketing capabilities are low. Also marketing capability not only empowers research and development on the performance of innovation but also empowers the effects of globalization on the performance of innovation. Internalization helps the organization appreciate what is working well and what is not working. It further enables the firm to assess the client loyalty levels.

Ahmed et al. (2017) sought to find out the mediating impact of internal provision of information in the connection linking innovation and market sensing and the manner in which innovation moderated the connection linking performance of market and market sensing among 166 firms operating in Sudan. According to the researchers, market sensing and internal information dissemination and the effect they have on competitive advantage and productivity of companies is rarely investigated. The outcome divulged that there existed a positive link associating market sensing and firm performance. It also revealed that innovation partially moderated the connecting linking market sensing and firm performance. It further recommends that firms craft market sensing as an adaptive strategy for performance and innovation. They however noted that many organizations are deeply involved in the day-to-day and hardly find time to review the feedback from customers unless there is a crisis.

Afzal (2009) attempted reveal the positive connection linking strategy and marketing capabilities through Porters framework and firms achievement in a new/ upcoming Pakistani market. A hypothetical theory and a sequence of hypothetical presuppositions were used to abstract the discussions of various studies suggesting that approaches used in Porters framework and marketing capabilities were affecting the performance of business. It revealed that strategy frame and marketing capabilities are present in the Pakistan business surrounding though the performance of a firm was weakly linked to it. He found that organizations hardly invested in market sensing and this in turn cost them opportunities to innovate and improve existing products while missing the opportunity to get loyalty from existing clients.

A study on the performance of organizations and marketing sensing capabilities was conducted on retail entrepreneurs by Lindblom et al. (2013) and set out to scrutinize how performance of business was being affected by market sensing capabilities within retail entrepreneurs. A conceptual structure focused on an assessment of literature was dispensed, it was then succeeded by an online review of two hundred and twenty six K-retailers drawn from the K-alliance in Finland. The conceptual structure was tested using Structural Equation Modelling (SEM) and to enquire about how profitability and growth is influenced by marketing sensing capabilities. The survey revealed that a majority of the investigations on retail entrepreneurs had market sensing capabilities that were somewhat better developed. A very slight connection was found to connect growth of an organization to market sensing capabilities.

Ardyan (2016) noted that while many organizations would do surveys to establish the levels of customer satisfaction and internally calculate the net promoter score which is used to determine how many existing customers were happy and likely to refer others (promoters) customers, or those who were not happy and would not refer other customers (detractors) or simply those were undecided, the results would on many occasions not be reliable as many customers would not give negative feedback. Organizations would then continue to lose customers although they would have very good statistics on net promoter scores. His investigation divulged an existence of a connection linking market sensing to performance of an organization. Nonetheless, there lacked a positive connection linking profitability and market sensing capabilities. Elements apart from market sensing capabilities were not scrutinized in the current survey. Nevertheless, other elements that could influence the performance of business in the current milieu were identified and debated. The practitioners were sensitized in the article to expand their horizon on the conceptualization of marketing sensing capabilities by entrepreneurs and growth within the backdrop of retail chain. A unique and novel empirical enquiry was presented by the paper on the connection linking performance of organizations and marketing sensing capabilities by entrepreneurs within the surrounding of retailing found no relationship.

Alvaro (2013) conducted a study on measures of market sensing capability and stated that market sensing is important to firms to weigh their options against their competitors. Although research on market sensing capabilities has been performed in several managerial disciplines, there is no common agreement about its measurement. The study develops a scale that measures market-sensing capabilities as a micro foundation of dynamic capabilities. Results support a four dimensional scale: analytical processes for market sensing, organizational articulation supporting market sensing, business knowledge sensing capabilities, and customer relational sensing capabilities. Findings also revealed that all four dimensions are positively and significantly associated with product development.

Ardyan (2016) carried out a study on the market sensing capability and SMEs achievements to analyze both the indirect and direct influence of market sensing capabilities on performance of SME's that is the success of product innovation being the moderating variable. Further, the study tested the indirect and direct achievement of SME's as being influenced by entrepreneurial orientation while the success of the product innovation was the mediating variable. This was done to analyze how market speed is affected by market sensing capabilities. Managers and owners of SME's were picked in the total study sample of one hundred and sixty eight. The theory was tested using structured equation model while the data was evaluated using AMOS 21. Entrepreneurial orientation is shown in this survey, together with innovation of product to be affecting performance of SME's in a significantly positive way even though there is no significant effect exhibited between market speed and market sensing capabilities. The success of product innovation and entrepreneurial orientation are affected significantly by market sensing though the success of product innovativeness is not affected significantly by entrepreneurial orientation. When considering performance of SME's, market sensing capabilities is considered the best moderating element than entrepreneurial orientation in regards to the success of product innovation.

2.3.2.4 Strategic Partnerships

They are based on legal and binding contracts. A strategic partnership is actually a kind of a partnership entity, agency, or corporate affiliate relationship. It can take various forms such as word of mouth agreements, agreements based on contracts, equal partnerships and joint enterprises. The underlying goal of these partnership is to ensure mutually beneficial results. These strategic alliances include inter-firm collaboration like collaborating in R&D, partnering in marketing, co-production, subcontracting accords, networking organizations and collaborative ventures as well as where firms in related industries/sectors come together and bring together combined strengths to gain competitive advantage (Culpan, 2014).

Partnerships are formed when one firm has resources at its disposal that another one needs to improve its performance. So as to increase competitive advantage, some other businesses within the same market. These strategic alliances capture a number of small business alliances such as collaborating in R&D, partnering in marketing, co-production, subcontracting accords, networking organizations and collaborative ventures (Culpan, 2014). The partnerships have been an emerging trend where businesses seek opportunities to collaborate with other business with an aim of achieving a particular mutual goal.

According to Serrat (2012), “Self-reliance is extremely difficult to have in the current market that requires flexibility and agility at the same time”. Firms have to partner with other ones so as to achieve their objectives. Global competition, meeting customer expectations, shortened product life cycles, increased specialization of skills and the internet and communication technologies are some of the factors that have led to companies being unable to run business by themselves and hence calling for collaboration as a solution. It has become more difficult for companies to maintain advantage over their rivals in all levels of the value chain. Traditional methods of doing business are fast becoming obsolete, therefore the need for modern ways of surviving in the current market.

This can be seen in the complexity involved in gaining an advantage across the value chain. In markets and the global stage have caused firms to set aside previous strategies and adopt modern ones so as to succeed in the current day and age. Strategic partnerships are seen as one of the methods that can be used to maintain an advantage in the industry as well as remain productive (Dze & Soldi, 2012). This is because it is assumed that taking control of the value chain does give an organization some advantage of its peers as it can enable an organization to distribute wider even in areas it lacks presence, reduce costs and increase efficiency as well as white label products that make the organizations product offering even wider.

According to Zamir et al. (2014), Strategic Alliance is a partnership between firms in the same performance level formed in order to pool resources with the aim of meeting their goals and mostly occurs with firms that share objectives. They are a premeditated association aimed at increasing market competitive advantage for both organizations leading them to their anticipated growth and operational excellence through achievement of their respective goals. Strategic alliances can lead to high market share for a company, which would be difficult to achieve alone. Whereas not all alliances are successful, a prosperous alliance can lead to great opportunities for growth and success as well as anchoring the venture in the market place due to a more competitive advantage. Alliances provide opportunity for learning, new markets, more resources and better technology.

This concept is based on the need to attain the objectives of a firm while making use of another's resources and thus serves to boost competitive advantage but since they are a number of variations of partnerships (between two firms, those between a private and public firm, those involving a number of stakeholders or a firm with an NGO), it is up to the firms to decide based on the prevailing market conditions.). Public private partnerships and multi-stakeholder affiliations are customary in tackling economic and social growth obstacles (Maurrasse, 2013). This is premised on the realization that the government needs the private sector to succeed and also the realization that the private sector cannot succeed without the support of the government hence the now famous Public-Private Partnerships (PPP).

Due to the increased competition worldwide, firms make strategic alliances so as to improve productivity and market share. Firms utilize their collective resources to support the competitiveness of the activities and resources concerned. The factors that lead to partnerships vary but the most common according to Zamir et al. (2014), are either due to prevailing market conditions or advancements in technology or even both. The benefits of strategic alliances include challenge sharing, entry to new markets, globalization, subsidization of costs, interest in entry or exit to a business and favorable regulatory framework that offers support unlike in merger situations. Mergers and acquisitions require a number of regulatory requirements to be met but this may not be the case in strategic partnerships since the agreement to collaborate can even be verbal (although it is best when it is formalized).

These partnerships are either contractual or equity forms. Contractual forms do not require a formal structure of management and incorporate subcontracting, turn-key scheme, collaborative developments and studies, licensing, concessions and such other contractual concessions. On the other hand equity develops agreements with shares and this would include paying for an equity share and exchange of equity for existing entities (Zamir et al., 2014). They are critical to a firm's survival in today's dynamic economic environment because they provide access to critical resources and permit businesses to acquire and sustain competitive advantage (Cobeña et al., 2017).

It has been highly likely for firms to form partnerships so as to survive the current competitive climate in the market. The battlefield in the market is slowly drifting from individual companies to partnerships between firms due to inadequate resources needed for maintaining competitive position in the market because of the external market conditions. Through alliances firms are therefore able to overcome internal shortfalls and cope with the difficulties in the market. They are important instruments to ensure sharing of information and availability of needed resources (Russo & Cessarani, 2017).

Although strategic alliances have been considered important it has been reported that there has been a failure of 50% or more (Li et al., 2017; Madhok et al., 2015). This implies that successful strategic alliances are difficult to build and that not all firms can optimize results of the said partnerships. This is because, usually competition and cooperation often exist simultaneously therefore the sharing of a common project often conflicts with achievement of personal objectives. When competition supersedes cooperative behavior, there is failure in the strategic alliance and loss of value to the involved firms. Opportunistic behavior can disrupt harmony leading to failure in the strategic alliance (Varma et al., 2015).

Consequently lack of compatibility among partners can cause potential conflict leading to failure of the alliance. Compatibility helps firms that have partnered to cut down on costs of duplication as well boosting advantage over competitors. Partnerships should therefore be between firms that want to increase their profitability and not just cutting down on potential competition. Although it may occur in firms that are in the same industry, it is not limited by that fact since companies that have a point of mutual industry can work together even if they are from different sectors (Varma et al., 2015). When the goals are not aligned, it then becomes very hard to have a strategic partnership working well.

Russo and Cesarani (2017) posit that because of the complexity of strategic alliances, no single theory is sufficient in explaining the issue. They reviewed different theoretical perspectives each identifying a potential reason for formation of partnerships and what contributes to their positive performance. They concluded that a combination of all the theories will offer sufficient understanding of the effect of partnerships. They identified four theories that are fundamental in understanding the alliance success phenomenon in the global market. The transaction cost theory divulges the manner in which organizations pick the most suitable structure of governance with the aim of cutting down the amount of production and cost of production while limiting the threat of opportunistic behavior. It however does not provide an answer on how to tackle opportunistic behavior. The Social exchange theory, on the other hand provides for development of functional reserves as a defense against opportunistic exploits

Russo and Cesarani (2017) further contend that the resource based view looks at partnerships as a way to make use of available resources while attaining the highest profitability despite prevailing market conditions. The dynamic capability view contends that the market is ever shifting and thus profitability can only be obtained by partnerships when resources are used in a manner that yields maximum value according to the current market conditions with those resources that are best suited. Strategic partnership can be used for competitive advantage which is intended to enhance performance of organization through the synergy that is derived from combined efforts of the partnering organizations.

Emanating from the potential risks of coping with increasing complex environment, entrepreneurs opt to spread risk and gain other array of benefits through strategic partnerships. However, partners have to comprehend any potential challenges that, may arise and be willing to find middle ground. These differences might be too many on the global stage resulting in failure (Russo & Cesarani, 2017). Strategic alliances are inter-firm voluntary and collaborative relationships which are meant to bring value to the two firms by creating advantages through information sharing, market influence, cost efficiencies and abilities to develop new products and positively impact the market standing and performance of the two firms (Ferreira et al., 2014).

Ahuja and Narang (2015) contend that Banc assurance has emerged as an important strategic partnership of insurance across the globe but more so in European states. Accomplishment of the banc assurance partnership in various markets and also products was largely helped by financial institutions. Fronting a complex market surrounding of their own, financial institutions now to seek to attain an income that has no interest by selling products and services that are more focused on risk for instance selling insurance to those in need. Insurance businesses now seek creation of alternate means of working with commercial industry players through collaborative enterprises or sales within the store. This ensures a wider exposure of their products at a cheaper price, and by being able to latch on the brand recognition of established ventures. This trend is mostly observed in the insurance market of North America.

In Kenya, many banks have significant interest by way of shareholding in insurance companies. The opposite is also true where many insurance companies have interests in banking institutions (MIN, 2018). This is because the organizations are in the finance sector and serve clients whose interests are shared and it is easy to cross sell. A client taking a mortgage would need insurance while some of the heavy insurance premiums may require financing through insurance premium financing agreements (Smith, 2013). Jubilee insurance is affiliated to Diamond Trust Bank (DTB) because they share common shareholders. UAP insurance belongs to the same group with Faulu bank and they are under the Old Mutual group. Barclays banks does have a stake in First Assurance while Cooperative Bank is a key stakeholder in CIC insurance. For a long time, Equity bank has had a significant shareholding in Britam as well.

Butigan and Banic (2017) Sought to determine effect of these partnerships on productivity of firms in the retail sector within 8 nations (Estonia, Hungary, Poland, Slovakia, Czech Republic, Bosnia & Herzegovina and Croatia). According to the researchers within the retail industry, strategic collaborations range from branding, sharing knowledge, marketing and supply. They contend that these alliances are a way in which members attain competitive advantage. The study outcome indicated that taking part in strategic collaborations affected the performance of organization in a positive manner.

Pervan et al. (2015) sought to establish the consequences of M &A on the achievement of businesses operating within Croatia in the period from 2008 to 2011. A sample of 116 companies was created. The divulged outcome basically statistically projected variations in the targeted business achievement prior to and following activities of M&A. The same results were divulged even as the achievements of the targeted organizations were collated to other peer organizations. This indicated that mergers and acquisitions did not automatically result in improved performance.

A survey was conducted by Rashid and Naeem (2017) to examine how financial performance of corporations are affected by mergers regarding risk position, solvency and profitability. Data was obtained from non-financial businesses within Pakistan based on the agreements that took place within the period of 1995 to 2012. The study in a bid to carry out empirical evaluation used empirical estimations of Bayesian and the method of ordinary least squares. The study revealed that an organizations leverage position, liquidity and profitability was not significantly influenced by the deals that took place in the mergers. Nevertheless, the estimations indicated the quick ration of the organizations that were acquired or merged were statistically significantly and negatively affected by the deals that took place during the mergers.

Nkirote (2014) conducted a study on how competitive advantage could be gained through adoption of marketing approaches. The study stated that the joint cost management leads to the value creation through information sharing among the strategic partners leading to the sharing of capabilities and expertise. The strategic partnership leads to the pursuit of strategic targets through current and future programs, where the skills and expertise are extremely critical. The firms therefore adapted business processes leading to mutual process and product innovation leading to the firms' control of the related costs to ensure the competitive advantage. The partnership also enabled improved customer service aspects as there was faster cooperation services and goods production leading to improved customer service elements.

The information sharing between the strategic partners leads to new products, process improvement, gaining of new skills and identification of new opportunities (Waema, 2013). Free movement of relevant information allows industry players to find ways to save on unnecessary costs and have a competitive advantage. The strategic cost management among the firms supports better choice making mechanisms and evaluation, assist create objectives, enhance competitive advantage for an organization whose outcome is more improved resource allocation. Several methods can be used to support the strategic partnerships including parties cost management techniques. The cost management increases the organizational competitive advantage among the firms.

Kasina (2012) conducted a study to how competitive advantage can be achieved through strategic partnership. Data was collected through interview guides in this case study investigation while the data was evaluated through content analysis. The study contended that there are several business factors leading to the need of the strategic partnership such as regulatory requirements, basic economic setting and organizational structure in nations of operation, for instance legal needs, policies of macro-economic, control of price, mechanisms of applying contracts, channels of distribution and capital markets. Other factors leading to the strategic partnership include industrial and institutional factors.

The firms may seek organizational coherence and competitive advantage while steering clear of market variability and hierarchical inflexibility. The organizational factors that lead to the need for the strategic partnership include specific features of the organization such as size, penetration of markets using channels of distribution, share of the market, diversity and range of products, corporate social capital networks, types of ownership, history of cooperation, tacit and visible assets. Creation of a partner is influenced by corporate social capital, when new bonds solidify current relations within the organization. The strategic partnerships make critical offering to the organizational performance in regards to profitability and productivity.

Mohr and Spekman (2014) conducted a study on the characteristics of partnership success and partnership attributes. The focus of the survey was on the vertical connection linking dealers and manufacturers and contended that these partnerships develop advantage in markets for participants. In as much as the history of collaborative formations and facets of the outcome of collaborative working relationship may have been ventured in the literature, an appreciation of the facets related to collaborative success is required.

Such a comprehension is critical in harmonizing the instructions to form collaboration with the truth being that most alliances do not even yield results. The study hypothesized that collaborative facets, conduct of communication, and techniques used in resolving conflict are connected to pointers of collaborative success (contentment and amount of sales in the collaboration). The hypothesis was tried through vertical collaboration between dealers and manufacturers. The outcome indicated that the major facet of collaborative success are collaborate aspects of dedication, harmonization and trust; quality of communication and engagement.

Ekawati (2014) sought to find out how the achievement of garment making organization were being affected by capabilities of innovation and strategic collaboration. This study happened in Indonesia within the West Java province. Among the objectives of the study was to find the direct and indirect effect of strategic partnership on business performance. The study collected data from 250 garment companies and analysed using inferential methods. The study revealed that strategic partnerships had an impact on innovation capabilities. The study also divulged that strategic partnerships directly had a significantly positive effect on business performance.

2.3.3 Firm Size and Age

According to research carried out by Navaretti et al. (2013), newly formed firms or ones that have been in operation for only a few years' experience low performance rates are they are said to still be in the learning phase but as time goes by the performance actually improves this is due to the significant experience and understanding that older firms possess. This phenomenon only goes on for a given amount of time as the firms reach a certain age and start performing poorly. This shows that firms that are in the hiring and start-off phase experience a lag in their profit maximization activities while there is uniform improvement in performance when there is laying off of workers.

Gitau (2013) conducted a research on the steps taken by insurance firms in tackling the issue of low penetration rates while our study will focus on health insurance thus presenting a contextual gap as the study looked into general insurance while this study will look into health insurance. Mohammed (2016) studied how Nigerian health insurance companies were evaluating performance. It was based on optimal use of resources. Mayumana et al. (2017) examined health insurance payment for performance. These studies present geographical gaps since they were conducted in different counties. From the previous studies reviewed, it is evident that there exists conceptual, contextual and geographical gaps and thus, this study was conducted to bridge the gaps

Age of firms also affects their readiness to go into what others may in their view term as volatile, with a higher percentage of firms that are involved in innovation projects being the older ones. This is because younger firms are driven by getting capital and meeting their clients' needs while mature firms focus on the long term goals and are more adaptable to market shifts and seek out new strategies and are confident of the capabilities in withstanding the obstacles that are attributed to change (Mazzarol et al., 2010).

According to research carried out on firms in the Croatian Food Industry by Pervan et al. (2017), the older firms get the more rigid their organization becomes specifically their structure because the executives are less inclined to new ideas and would prefer to stick with their original ideas as they have been tried and tested over time and have not failed them. These older firms do not want any disruptions in their system and prefer to keep the status quo going. It appears that researchers are split down the middle on whether experience favors older firms or youth favors newly formed companies as they are more flexible to new ideas. On the contrary, there is a certain threshold past which younger firms perform poorly and; before which older firms do not outperform their younger rivals (ÇELİK, 2018).

When this context is applied to insurance firms it shows that that firms are capable of high performance despite their age if both executives take advantage of resources at their disposal, since older firms have experience and thus can attract clients based on loyalty to an established brand whereas younger firms appeal to the youth as they have new innovative ideas that show that they are moving with the times (Derbali & Jamel, 2018). Ilaboya and Ohiokha (2016) sought to demonstrate the connection linking a firm's age, size and profitability. The study employed regression analysis on data collected from a 30 organizations as its sample. The organizations were trading on the stock exchange market in Nigeria. The study findings revealed a positive link connecting profitability, size of an organization, and its age.

Similarly an investigation was conducted by Dogan (2013) how profitability is affected by the organizations size. Data on 200 organizations listed within the Istanbul stock exchange was used. Return on assets was used as a measure of profitability while total assets, total sales and number of employees was used to measure firm size. The results revealed a positive relationship between firm size and profitability. Oyelade (2019) examined the impact of firm size on firm's performance in Nigeria. Annual data was collected from firms in the building industry. Return on assets and return on equity was used to measure financial performance. Two of the four variables used to measure size had positive impact on performance.

Coad et al. (2013) analyzed the performance of organizations in the manufacturing sector within Spain from 1998 to 2006. Evidence was found by the study that the firm performance improves as the years go by since organizations that age are firmly enhancing the productivity level, gaining more profit, reducing ratio of debt and increasing the ratio of equity. Older organizations also are capable of transforming growth of sales to productivity and profits. In contradiction they also found out that older organizations have a reduced anticipated growth rate of productivity, profits and sales. When size is controlled they have lower profitability. They also challenges of transforming increase of employment into sales and profit growth.

Haykir and Celik (2018) conducted an investigation to find out the connection linking performance to an organizations age. The study analyzed family owned businesses in Turkey. It employed least square estimation on 38 listed, non-financial companies. Profitability was used to measure firm performance. Profitability was calculated as earnings before interest and tax divided by the value of total assets. The findings revealed that younger firms realized high profits until they reached a certain threshold age from which older firms performed better than younger ones. Similarly, Akben-Seluk (2016) conducted a similar study using a sample of 302 non-financial firms revealed that there was a negative relationship between firm age and performance. Young firm realized a decline in their profitability as they grew older but the profits later began to increase.

According to Isik et al. (2017), the relationship between success of a firm and its size is mostly a linear one. The more a firm grows the more substantial its performance becomes. This conclusion was put forward when all market factors are held constant and it showed that the size of a firm affected its profitability. This due to larger firms having more resources available to them and the workforce at their disposal and make use of their size to control the market in terms of market strategies and traction they receive (Dogan, 2013).

The efficiency with which a firm carries out its day to day activities is enhanced for a large firm as they deal with larger economies of scale than small firms (Abbasi & Malik, 2015). This occurs when affirm grows it moves into its long run course of action where the executives point of view is to implement decisions that will actually be beneficial and allow for profit maximization in both the short and long run. Now just because a firm is small it does not necessarily mean that it is doomed to have low performance rates, because there are a number of ways either internally or through mergers and acquisitions. In the first method the firm actively seeks to use its resources to grow within a given time frame whereas mergers and acquisitions involve the consolidation of resources and work force of two or more firms resulting to a larger firm that can cut down on its spending and enhance competitiveness.

Although the large size of firms may actually seem to give them a competitive edge in the market, small firms can also expect high performance rates by ensuring that they develop a market niche where consumers can actually differentiate them from their competitors and building a brand that is recognizable for quality, developing networks with both local and international players in their sectors so as to reach markets that may have been previously unavailable to them, they can also establish e-commerce platforms and although it has its pitfalls such as added high cost of maintenance of the system and the danger of being overrun by multinational firms.

According to the research, insurance firms can make use of what they have and still have high performance rates regardless of whether they are small while larger firms that have been in existence for more years actually can make use of their vast resources, work force and carved out market niche to build the industry to become more successful (Kumar et al., 2012).

Ilaboya and Ohiokha (2016) sought to exhibit the connection linking a firm's age, size and profitability. The study employed regression analysis on data collected from a sample of 30 Nigerian organizations within the stock exchange market. The study findings revealed a positive relationship between firm age, firm size and profitability. The relationship between firm age and profitability was a confirmation of the learning by doing hypothesis. Elsewhere, Leite and Carvalhal (2016) sought to determine the relationship between firm age, value and performance. They hypothesized that in the life cycle of a firm their performance resembles an inverted 'U' shape. As firms grow, they reach an optimal level where they begin to decline because of inflexibility and inability to adopt to market changes. There searchers analyzed 250 Brazilian companies but found that older firms recorded better performance. This was a rejection of the hypothesis of their study.

The relationship between firm age and performance has not always been found to be positive. There are studies that have revealed different results from those hypothesized. Pervan et al. (2017) sought to find out the relationship between firm performance and firm age. The study employed dynamic panel analysis on a sample of 956 Croatian food firms. They found out that as firms get older, the benefits of experience and learning are counteracted by the company's acquired rigidity due to rules, routines and organizational structure. It could therefore be said that age does not always contribute positively to a company's performance. However this could be because there are many factors, apart from age, that contribute to firm performance.

2.3.4 Performance

The performance of a firm consists of its results compared to the expected results. The profitability of insurance firms is based on its overall performance and specifically its results of underwriting, the income invested and the premiums (Kearney, 2010). Insurers make money in two ways; the premiums they set for their products and the margins (referred to as underwriting margins) they make from such premiums after paying claims and management expenses and how they reinvest those funds since they receive funds in advance (Kearney, 2010). Positive underwriting results are achieved when the gross written premiums are earned and exceed the claims that are incurred by the insured as well as the expenses like salaries, rent and other overheads that are incurred when running a business. A negative underwriting result or a loss is incurred when the claims incurred and the costs of expenses exceed the gross written premiums earned.

One of the determinants of performance within the insurance industry is the share of the market and growth of premiums. It has to be noted that nevertheless the success on insurance is not consistently positively gauged by its growth of premiums. According to Kearney (2010), an increase in the rate of insurance should result in the growth of premiums instead of new policies. Measuring of market share is done by taking the percentage contribution of a particular organization in relation to the gross written premium for a certain market. Another way of measuring the performance of insurance is by looking at the satisfaction of its customers. Occasional surveys should be conducted by insurance companies to find out the customers level of satisfaction. A contented customer will normally come back to make policy renewals, share with others of their experiences and will likely make payments for the opportunity of being insured with a certain insurer (Hartarskaa et al., 2014).

The cost of maintaining customers was suggested to be a tenth of getting a new client. Consequently, after winning a client, organizations need to maintain them. Client needs are dynamic and progress. This requires progressive advancement of the existing products and development of other products that are innovative to sustain competition and content the client. The common performance measures are feasibility and viability. It is at this level that if insurance organizations can reach then they are capable of sustaining an extended profit period, expanded share of the market, growth and expansion and they can diversify. Muogbo (2013) notes that every state needs a strategy in place.

Within insurance organizations, financial performance is considered in terms of underwriting profitability, what it has earned as net premium, return on both investment and equity and yearly turnover hence the basic categorization of measures as investment performance and profit performance. Profit performance is the achievement in terms of financial measure. The variation is expressed between expenses and revenues yet performance on investment is categorized in to two; the first is the employed assets within the firm other than cash while the second is the return on investment functions of the excess finances at different categories earned on the functions (Ledgerwood, 2009).

Measuring of non-financial achievements may also be done within insurance firms and include both indicator, within and outside. Some of the predictors that are internal are: training of agents and employees, morale of staff, researching the market, handling dropouts and pace of processing policies. Indicators of external non-financial performance incorporates: increase in branch numbers, contentment of customers, share of the market and increase in policy numbers (Schimmer & Brauer, 2012). The performance of the firm was its dependent variable. Non-financial and financial indicators were utilized by the study to understand the performance of a firm.

According to Selvam et al. (2016), performance of a business is pertinent contrive in strategic management research. When the variable eliciting curiosity is multiplex and not noticeable, it is particularly important, for the advancement of science, to have rigorous construct measurement. Selvam et al. (2016) suggest a detailed internal measurement model for organizational performance, focused on indicators and outcomes of previous investigative studies. Their internal model included social achievement, performance on corporate governance, performance on environmental audit, staff contentment, customer contentment, an organizations value performance on the market, performance on growth and performance related to profitability. These nine dimensions constitute various facets of an organizations performance and various stakeholders of an organization have various need that require independent management. They can therefore not be used interchangeably.

In an attempt to provide empirical evidence of the linkages between the firm's dynamic capabilities and performance in internationalization and innovation activities, Ringov (2017) sought to provide realization and increase apprehension of the organizational aspects that elucidate inter-firm performance differences. While most past studies on dynamic capabilities was structural in essence or adopted case study model, Ringov (2017) introduced empirical ways of evaluating the various features of dynamic capabilities and used large scale sampling to investigate the relationship between them and performance indicators. The study provided reinforcement for the facets of dynamic capabilities view. The outcome demonstrated that the ability of an organization to restore its knowledge base among other non-physical assets, its visionary entrepreneurial conduct and constructs and operations that reinforce functional flexibility are positively linked to indicators of performance.

Sobei (2017) provide an expansion of earlier investigations conducted on dynamic capabilities and how necessary they are in accomplishing the goals of an organization. The research consulted an assortment of studies from various researchers and hypothesis on the area of dynamic capabilities and its impact on dynamic environment, performance of an organization and innovation of products. It revealed that the existence of dynamic capability implies that an organization can be shielded from negative effects of a dynamic environment and advance in attaining its goals.

2.3.5 Research Gaps

Aziz and Theuri (2016) examined approaches used by health insurance scheme to improve performance with use of pricing, customer communication, product innovation, and market research as the variables. The target population of the study were external customers totaling one hundred and seventy-five, sampled from the military forces, civil service and within the comprehensive outpatient scheme. The correlation outcome divulged that the strategy of pricing, strategy of communicating with customers, strategy for innovating products and strategy for market research were significantly and positively related. The investigation however did not consider the relationship between transient advantages and performance and it was also focused on the entire health insurance and not just private health insurance companies.

Through the use of a practical approach, a survey was conducted by Hollander and Evangelista (2012) on potentials and drawbacks of marketing and organizational innovation in health insurance and found that the two are used by a large number of

European health insurance so as to improve performance as well as beat their rivals. But due to complexity when it comes to innovation especially in the health sector and difficulties in creating new cutting edge systems in firms the benefits that occur in terms of the economy are not directly seen. The findings showed that some direct economic benefits can be seen due to innovation such higher sales and improved productivity. Based on the studies on different tenets of firms, different approach yields different economic results across firms. This study did not however look at how health insurance works in Africa and specifically in Kenya especially considering both regulatory and market dynamics. The social dynamics and the ability to finance insurance is also dependent on many factors amongst them the poverty levels which is different when you compare one country to another and indeed one continent with the other(s).

Kituku and Amata (2016) focused on causes of health insurance performance within workers in the informal sector. These studies present conceptual gaps, as this study will focus on drivers of transient advantage to enhance performance in health insurance with the use of variables such as innovative products, distribution models, market sensing capability, and strategic partnerships. Gitau (2013) conducted an investigation on the approaches embraced by insurance organizations in Kenya to relieve the low insurance uptake while our study will focus on health insurance thus presenting a contextual gap as the study looked into general insurance while this study will look into health insurance and will also not just focus on penetration but also performance in terms of profitability (and consequently sustainability) and the possible answers to improving the same.

Maina et al. (2016) examined distribution models and insurance uptake in rural areas in Kenya and used income levels, level of awareness and accessibility to outlets as variables.

The Adjusted Odds Ratio (AOR) 6.4(1.4-28.8). The insurance uptake was more likely among those having attained tertiary level of education AOR 5.1 (1.3-19.2). The insurance uptake increased for those with knowledge on how insurance claims are settled, insurance limits and basic knowledge on gains of insurance AOR 7.6(2.3-25.1), AOR 6.4(1.5-28.3) respectively.

A study on the performance of organizations and marketing sensing capabilities was conducted on retail entrepreneurs by Lindblom et al. (2013) and set out to scrutinize how performance of business was being affected by market sensing capabilities within retail entrepreneurs. A conceptual structure focused on an assessment of literature was dispensed, it was then succeeded by an online review of two hundred and twenty six K-retailers drawn from the K-alliance in Finland. The conceptual structure was tested using structural equation modelling (SEM) and to enquire about how profitability and growth is influenced by marketing sensing capabilities. The survey revealed that a majority of the investigations on retail entrepreneurs had marketing sensing capabilities that were somewhat better developed. A very slight connection was found to connect growth of an organization to market sensing capabilities.

Gitau (2013) conducted an investigation on the approaches embraced by insurance organizations in Kenya to relieve the low insurance uptake while our study will focus on health insurance thus presenting a contextual gap as the study looked into general insurance while this study will look into health insurance.

From the studies above, none of them concentrated on the transient advantages and dynamic capabilities in the health insurance sector in Kenya and it is evident that there exists conceptual, contextual and geographical gaps and thus, this study will be conducted to bridge the gaps. Therefore this study seeks to determine how innovation, distribution channels, market sensing capabilities and strategic partnerships work together to drive transient advantage to performance in Kenya's health insurance.

2.4 Conceptual Framework

Kombo and Tromp (2009) defined a concept as a hypothetical or global construct or acquired after certain occurrences. A conceptual premise is an array of extensive reflection and standards acquired from relevant domains of investigations and utilized to develop an emerging introduction. Figure 2.1 is a display of the facets that are being scrutinized by this study.

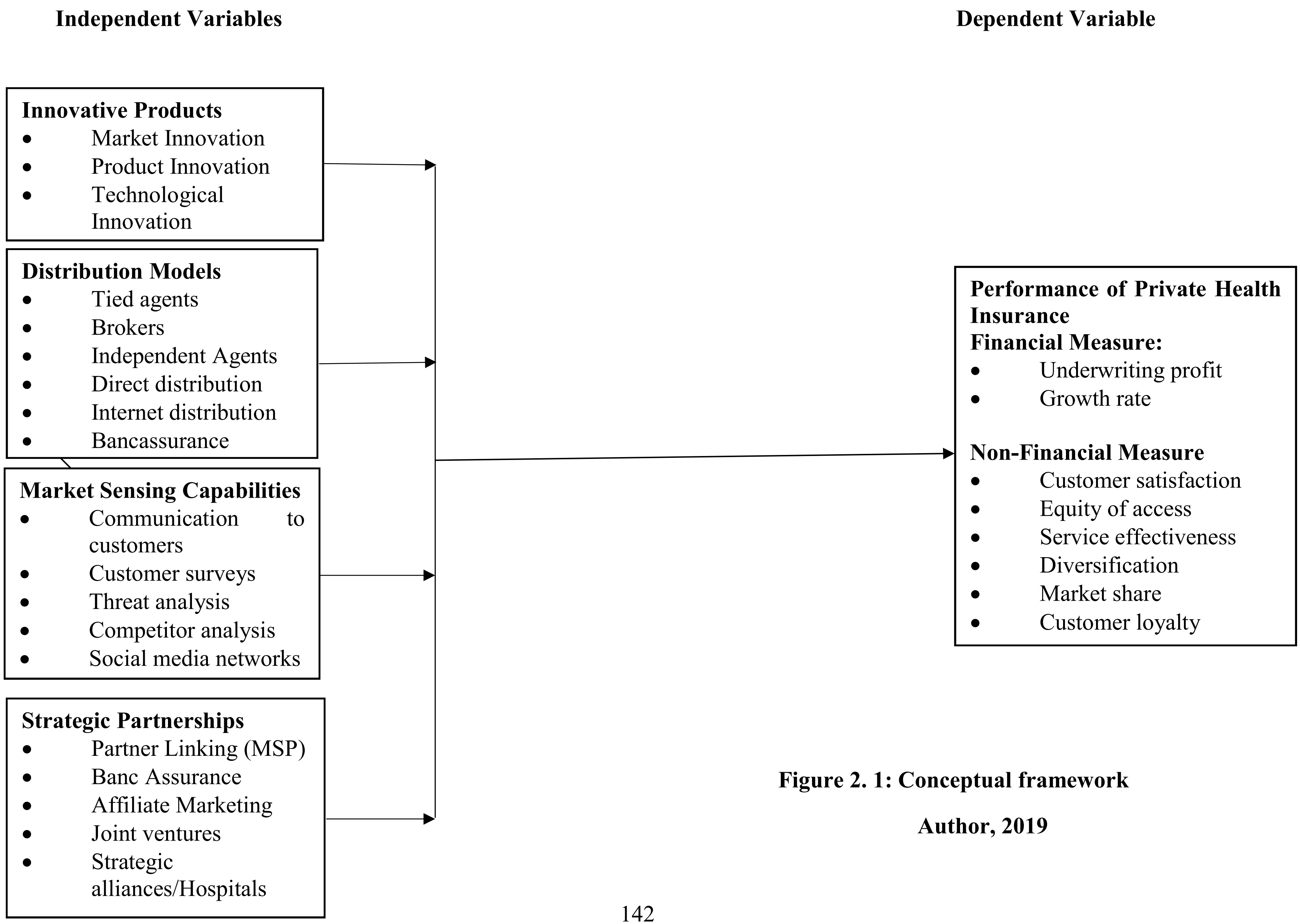


Figure 2. 1: Conceptual framework

Author, 2019

2.4.1 Innovative Products

Innovative products may be in the form of either getting new markets or just developing new products that were no in existence in the market as well as tweaking the existing products by enhancing their features to meet customer needs. Innovation may also be in the form of the technology deployed either to support the operations of an organization or at the points of service. This stage involves the sensing of opportunities as stipulated in the Dynamic Capabilities View and. This is the point at which the organization launches new products and processes to ensure they remain relevant and sustain good performance

2.4.2 Distribution Models

Insurance products are distributed through brokers, tied agents who only sell for a specified insurance companies, independent agents who sell for a number of companies (but unlike brokers are not allowed to receive premiums from clients and are agents of the insurance companies while brokers are agents of the clients buying insurance. Insurance is also distributed directly by the insurance companies to the clients or clients reach out through technological enablers like mobile applications. The Dynamic Capabilities view considers the model used as an important aspect of seizing the opportunities that present to the organization. Transient advantage theory holds that such models help an organization to ramp up and distribute its new products

2.4.3 Market Sensing

The success of a product depends on how the clients feel about it or how they perceive the service. The information on how they feel can be gotten through communication and surveys, gathering information from social media networks as well as doing a competitor analysis. Dynamic Capabilities view requires the alignment of existing capabilities and investment in additional capabilities so as to be able to align to what the customer expects. The transient advantages require an organization to reconfigure its products and processes in line with what the customer wants by continuously getting feedback from clients and responding to such feedback. The ability to sense also helps organizations to either innovate or discontinue/disengage from a particular product.

2.4.4 Strategic Partnerships

Other organizations which have goals and objectives which are aligned to those of the firm can help it realize its strategic objectives. Health Insurance companies have opportunities to exploit their potential by getting into strategic partnerships with financial institutions like banks or medical service providers like hospitals to exploit on the opportunities that exist. Banks through their bancassurance can help to distribute the products as well as help in financing of insurance premiums for their client base. Medical Service providers can come in by giving volume discounts to insurance companies who have their insured treated at the hospitals/facilities

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the philosophical assumptions, research approach and the empirical techniques that were applied. It gives an elaborate elucidation of the research design, targeted population, sampling techniques, sample size, data collection method, research instruments, data analysis and presentation and ethical considerations.

3.2 Philosophical Assumptions

This study made use of pragmatism as its philosophical underpinning. Pragmatism is an approach to life where complex theories that offer no practicability are discarded for ones that are not just plain theories but can actually be implemented. Classical pragmatists have most of their influence from Darwinian writings but the approach has not always been a unified one with debates spanning from its inception. Many brilliant minds over the course of history have given their take on the subject matter but the most influence has been from Charles Pierce and John Dewey who argued that understanding of topics cannot be derived by just providing baseless arguments but actually focusing not only on the knowledge but the behavior due to the theories or the habits formed (Nungesser, 2017). Pragmatism was chosen for this study due to its ability to develop a system of questioning the perspectives which can be utilized as a basis this study. This philosophy was settled on so as to provide a way of thinking and making sense of the complexities of the real world. The study's aim was not on the metaphysical concept of reality and truth but rather on accepting multiple or single realities that are open to empirical enquiry.

Proponents of pragmatism reiterated that scholars should show not only the practicability of a theory but the effect on the social wellbeing on mankind and aid in easing the problems facing humanity. This drove the basis of the theory to become one of developing a system of questioning viewpoints which can be used as a basis for research. More so in the modern age where free will of people was applied which allowed for researchers to accept the views of their interviewees despite the fact that they might be against their theory. Thereby creating a free and proper dissemination of information and open enquiry to the relevant sources and authorities (Harney et al., 2016).

A philosophical assumption though hidden forms the basis on which a research approach, design, and the overall methodology; in collecting, analyzing, interpreting and validating of research data is undertaken. According to Korte and Mercurio (2017), pragmatism is the actual meeting point between seeking to better the world on how it currently works and not through a perfectionist viewpoint decided upon by idealistic scientists. This research takes a pragmatic worldview. This worldview is mainly concerned with not only finding solutions to problems but applying all possible solutions to the problem. Its main contrast from other philosophies is that it focuses on actions, situations and consequences rather than causal conditions. Its mixed approach allows it to be instrumental in social science research (Creswell, 2014).

3.3 Research Design

A research design is a procedure that a study embraces and prepares for if it is to be carried out. It is a scheme of how questions that are pertinent to the study are to be answered

(Saunders & Lewis, 2012). The motive of a research design is to ease the collected and provide responses for distinct questions in a study (Cooper & Schindler, 2014). It includes precise objectives extracted from study objectives, stating sources where data was amassed from, manner in which data was gathered and an evaluation of ethical considerations and challenges that were encountered during the study.

This study used the descriptive research design. It assisted in the apprehension of the facets of a category in a certain situation, helping in systemized reflection on certain characteristics of a given situation. Additionally, it provided thoughts for advance probing and investigation and assisted in arriving at definite simple decisions. Descriptive studies are those used to delineate phenomena linked with specific population or to approximate segments of the population with specific elements. A descriptive design dissects the occurrence responding to analytical questions, for instance, whom, what and when as well the manner in which one variable is connected to the other (Cooper & Schindler, 2014).

This study benefited from descriptive design since it incorporated; crafting of objectives, adopting strategies of gathering data, identification of a sample, gathering of data and evaluation of an outcome. Due to constraint of time, this research took a cross sectional approach where fresh set (sample) of people are interviewed every time and also because it would be difficult to take a longitudinal study which requires the study of the same subject be done repeatedly over time. This design increases the capabilities of the researcher to designate the independent and dependent facets investigated.

3.3 Target Population

The target population of the study was all the 19 insurance companies that offer health insurance products as at end of December 2017. The study population was drawn from five departments namely strategy, finance, operations, customer service and sales in the 19 private insurance companies. This is because these particular departments were considered key in driving aspects that would result in transient advantages and performance and also because they were deemed to have information that would be useful to the research. Four respondents for each department that is managers, assistant managers and two supervisors were surveyed since they are informed about their departments. This research demanded both qualitative and quantitative data therefore the qualitative data was collected through semi-structured questionnaires which were filled by the managers, assistant managers and supervisors from the five departments in the 19 companies. The quantitative data was collected through close-ended 5-point Likert scale questionnaires that were filled by employees in the respective identified departments.

Table 3. 1

Target Population

Department	No. of Staff	No. of Private Health Insurance Companies	Total Population
Sales	1-Manager 1-Assistant Manager 2- Supervisors	19	76
Operations	1-Manager 1-Assistant Manager 2- Supervisors	19	76
Finance	1-Manager 1-Assistant Manager 2- Supervisors	19	76
Customer Service	1-Manager 1-Assistant Manager 2- Supervisors	19	76
Strategy	1-Manager 1-Assistant Manager 2- Supervisors	19	76
Total			**380**

3.4 Sampling Techniques, Sample Size and Sampling Frame

It is noted by Orodho and Kombo (2002) that a sample is a restricted agreeable number of objects drawn from a population that the study will observe. According to Kothari and Garg (2014), a sample is a category of people or units that provide an observable insight. A census approach was adopted by this study because of small population. The respondents were purposefully selected from Managers, Assistant Managers and Supervisor from the Strategy, Operations, Finance, Customer service and Sales departments for each of the 19 private health insurance companies. Therefore, the study used 380 respondents as the sample in the study.

3.5 Data Collection Instrument

A questionnaire are enquiries that have been earlier arranged for which suitable responses are to be provided by the respondents within the study without consultation. The questionnaires were developed to gather primary data once administered. Questions were systematically arranged to acquire the relevant ideas from the respondents. The design of the semi-structured questionnaires permitted for the gathering of qualitative data from the Managers, Assistant Managers and Supervisors of Strategy, Finance, Operations, Customer service and Sales departments in all the 19 private health insurance companies. Likert-type questions are beneficial due to their ability to confine responses to the questions asked. The Likert scale was coded as follows, 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=strongly agree.

3.5.1 Reliability of the Instruments

Reliability is considered to be the capabilities of a research tool to provide similar outcome on the same individual at various periods. Reliability is stated by Blischke and Murthy (2011) as a measure of the level at which tool of research consistently produces an outcome or data every time a trial is repeated. It is verified by the consistency of the observation of an outcome. In this study, the methodology of test-retest was adopted to evaluate the instruments reliability. The technique includes having the same tool being administered to the same category of units twice. After the first test, the same instrument was administered to the same subjects after one week. This was preceded by a calculation of reliability coefficient using Cronbach‘s alpha formula below to test reliability;

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N-1) \cdot \bar{c}}$$

N= Number of items

C-bar = the average inter-item covariance among the items

V-bar = the average variance

According to Mugenda and Mugenda (2010), many researchers consider acceptable a study with a 0.70 correlation coefficient and a 0.05 level of significance. Although, as stated by Hinton et al. (2004), a generally acceptable alpha score falls between 0.5 to 0.75 because that on a scale is an indication of moderately reliable while on the same scale <0.5 alpha score is considered to be a low reliability.

Instruments that gave a co-efficient of above 0.5 were used in this study because they imply an acceptable reliability level in regards to the data and hence relevant to the instrument of research. The reliability results were as shown in table 3.2

Table 3. 2

Reliability statistics

	Reliability Statistics	
Variable	Cronbach's Alpha	N of Items
Product Innovation	0.718	9
Distribution model	0.701	10
Market sensing	0.703	8
Strategic partnerships	0.703	9
Performance	0.758	10

3.5.2 Validity

Validity is the level at which a test measures what it is supposed to be measuring. Validity is also the level at which the outcome is acquired from an evaluation of data and it basically depicts the phenomenon under investigation (Orodho, 2009). According to Mugenda and Mugenda (2010), validity is the level at which the outcome divulged from the analysis basically represent the result obtained or represent variables under study. Face analysis and content analysis was applied in this study.

Content validity in essence is qualitative. It determines if the content on the research tool is suitable and relates to the purpose of the investigation. Content validity was measured by logically comparing the test task with the content of the behavior. Face validity ensures that, the appearance of the questionnaire in terms of feasibility, readability, and consistency of style, formatting and the clarity of the language used (Parsian, 2009).

3.6 Methods of Data Collection

This study used primary data that was collected using a questionnaire, which was developed and prepared by the researcher. Questionnaires were decided on because of their ability to acquire data from a large sample size within a considerable amount of time. Also because the researcher is able to maintain the responses within the variables of the study. The questionnaire was hand delivered to all the respondents after seeking permission from the human resource managers of the health insurance firms. Drop and pick procedure was adopted. The follow up was done through telephone calls and personal visits in order to facilitate the response rate. Data for the control variable, age and size of the respective insurance companies was collected and analyzed from secondary data. Secondary data was also included from similar studies globally so as to provide direction for this study and also to help approve or disapprove the findings of this study.

3.7 Test of Assumptions

Before making conclusions from the parametric tests conducted on the data in this study, several assumptions about the data were made. It was assumed that the results from the data were normally distributed. It was also assumed that there was no multicollinearity in the data. The study also assumed that there was monoskedasticity in the data. Violation of these assumptions would mean that the researcher would have to change the conclusion of the research and the interpretation of the results (Garson, 2012).

3.7.1 Test for Normality

The collected data was tested for normality before analysis. Normality was tested using Kolmogorov-Smirnov[a] and Shapiro-Wilk. The results of the tests are presented in chapter four.

3.7.2 Test for Multicollinearity

According to William et al. (2013), multicollinearity is about the existence of correlations within predictor variables. In extreme situations where predictor variables and correlation is perfect, multicollinearity may infer a lack of computation of a unique least square solution to a regression analysis (Field, 2009). The confidence intervals and standard errors are increased in multicollinearity resulting in unstable approximation of the coefficients for solitary predictors (Belsley et al., 1980).

Table 3. 3

Test for Multicollinearity

	Tolerance	**VIF**
Innovative products	0.643	1.246
Distribution models	0.760	1.416
Market sensing capabilities	0.617	1.694
Strategic partnerships	0.694	1.859

Multicollinearity was evaluated in this investigation through the use of variance inflation factors (VIF). A value of more than 10 for VIF according to Field (2009) is a depiction of the existence of multicollinearity. According to table 3.3 the variance inflation factor results were established to be 1.3548. This is less than 10 hence depicts a lack or multicollinearity (Field, 2009). The acceptable thresholds for no multiconeality which are tolerance of above 0.2 and VIF of less than 5 were achieved.

3.7.3 Heteroscedasticity test

The error process may be homoscedastic within cross-sectional units, but its variance may differ across units: a condition known as group wise heteroscedasticity (Stevenson, 2004). The hettest command calculates Breuch Pagan for group wise heteroscedasticity in the residuals. Heteroscedasticity test was run in order to test whether the error terms are correlated across observation in the panel data. To test for heteroskedasticity a macro written in SPSS syntax to test for the homogeneity assumption in OLS regression, covering the Breusch-Pagan test developed by Tiwari et al. (2018), was used and the results were as shown in the generic output below.

Table 3. 4

Heteroskedasticity Test

------- Breusch-Pagan and Koenker test statistics and sig-values --------		
	LM	Sig
BP	10.285	.068

Null hypothesis: heteroskedasticity not present (homoskedasticity).

If sig-value is less than 0.05 in the test, the null hypothesis is rejected.

It is noted that the Breusch-Pagan test is a large sample test and assumes the residuals to be normally distributed.

According to the Breusch-Pagan test results in table 3.4, the p-values for both the Breusch-Pagan were greater than 0.05 thus the data did not suffer from heteroscedasticity and the null hypothesis was rejected. In this regard, all the variables of Innovative products, Strategic Partnerships, Market Sensing and Distribution Models were used in the analysis.

3.8 Data Analysis and Data Presentation

Data analysis involves searching and arranging of data collected from the study in groups or classes on the basis of common characteristics (Orodho, 2009). McKinney (2017) points out that data analysis involves data capturing, preparation, analysis and presentation. In this study, it entailed questionnaire checking, editing, coding and testing any assumptions and finally analysis. Quantitative data was analyzed by calculating the response rate with descriptive statistics such mean, median, standard deviation and proportions using statistical package for social sciences (SPSS). Age and size of the firm was analyzed using secondary data. The analyzed data was presented by use of bar charts, graphs and frequency tables. Inferential statistics were done including correlation regression and ANOVA. They were used to establish the relationship that exists between the independent variables and dependent variable. ANOVA analysis measured the goodness fit and further determined whether the overall model was statistically significant

3.8.1 Analysis of Qualitative Data

The qualitative data was analyzed using content analysis where common themes were placed together. The responses of each respondent on a particular variable were grouped together and common themes extracted which were then combined with the quantitative results. The contents resulting from the respondent's feedback in the form of text, were examined and their content analyzed according to patterns then grouped into themes of the study. The researcher examined the communication patterns and interpreted the messages communicated into content that was relevant within the themes of the study

3.8.2 Analytical Models for Quantitative Data

From the study, two analytical models were used. These were the logit regression for the relationship between transient advantages and performance and linear regression for testing the control variables. The control variables were age and size of the private health insurance firm

Model 1: Influence of drivers of transient advantages on performance

$$Logit, L_P = ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \mu_i \quad \ldots Equation\ 1$$

Where

x_i is the i[th] driver of transient advantage,

β_i the coefficient of x_i

μ_i $the\ rand\ error\ term$

p is the propbaility that peromance is $good$

$1 - \mathrm{p}$ is the probability that the perfomanace is $poor$;

L_P is the logit for perfomanace

Model 2: Test for Control Variables; Age and Size

The relationship between the control variables (age and size) and performance is represented in the equation 2 below

$$P = \beta_0 + \beta_1 * Age + \beta_2 * Size + \varepsilon \ \ldots Equation\ 2$$

While the other variables have their previous meanings ε is the random error term.

3.9 Ethical Considerations

Research ethics is the use of professional rules, regulations and code of conducts in collections, analysis, reporting and publication of the findings (Rani & Sharma, 2012). The researcher was ardent on ensuring that ethical research practices were observed while doing data collection, analysis and interpretation. Authority to collect data was sought and granted from the National Commission of Science, Technology and Innovation (NACOSTI) and the KeMU ethics board. Voluntary participation in the research was the guiding principle and the research results were reported objectively, honestly and with utmost respect for intellectual property. The researcher ensured highest confidentiality of the data collected and it was only used for academic purposes as intended.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the results obtained from the research which sought to determine the transient advantages and their effect on the performance of the private health insurance sector in Kenya. The study was conducted in an endeavour to assess the influence of innovative products, distribution models, market sensing capabilities and strategic partnerships on the performance of the private health insurance sector in Kenya. Further, the effect of the control variables age and size on the relationship between its drivers and performance was assessed. The results in this chapter start with response rate and characteristics of respondents; this is followed by descriptive results which show the extent of manifestation of transient advantages and performance. The third set of results comprises the strength of the relationship between transient advantages and performance which are then followed by regression results. The last set of results are those of the controlling effect of age and size on performance in health insurance.

4.2 Response Rate, Demographics and Reliability of Instruments

The study first sought to find out the response rate and the demographic distribution of the respondents.

4.2.1 Response Rate

Lack of response to the questionnaire by potential respondents in a sample or population is referred to as non-response bias. Non-response bias is a blow to both the reliability and validity of survey study findings (Draugalis, Coons & Plaza, 2008).The total number of questionnaires and that were distributed and the number that was collected is presented in the Table 4.1. The number of questionnaires that were administered to the managers, assistant managers and supervisors of private health insurance companies were 380. The responses and non-responses are presented in Table 4.1.

Table 4. 1: ***Response rate***

Response	Frequency	Percentage
Returned	308	81.05%
Unreturned	72	18 .95%
Total	**380**	**100%**

A total of 308 were properly filled and returned. This represented an overall successful response rate of 81.05% as shown on Table 4.1. This agrees with Maxfield and Babbie (2014) who asserted that return rates of 50% are acceptable to analyse and publish, 60% is good and 70% is very good. Based on these assertion 81.05%response rate is adequate for the study.

4.2.2 Companies that respondent to the survey

The responses were almost evenly distributed at between 5.5 and 6.5%. The Insurance companies which are bigger in size based on the Gross Written Premiums like Jubilee, UAP and organizations like UAP, Jubileee, AAR had a higher response rate at 6.5% each while the smaller organization by Gross Written Premiums like Takaful, Kenindia, Tausi

& Trident had a lower response rate where less than 3% of the respondents participated. Larger firms would naturally have a higher staff component in the various sections hence more managers, assistant managers and supervisors. The distribution of respondents from the insurance firms is presented in Table 4.2.

Table 4. 2

Distribution of responses

Company	Frequency	Percent
AAR Insurance Kenya	19	6.2
APA Insurance Company	17	5.5
BRITAM General Insurance	19	6.2
CIC General Insurance Company	20	6.5
First Assurance Company	19	6.2
GA Insurance Company	17	5.5
Heritage Insurance Company	19	6.2
ICEA Lion General Insurance	15	4.9
Jubilee Insurance Company	20	6.5
Kenindia Assurance Company	5	1.6
Madison Insurance Company	19	6.2
PACIS Insurance Company	19	6.2
Resolution Insurance Company	19	6.2
Saham Insurance Company	19	6.2
Sanlam Insurane Company	20	6.5
Takaful Insurance Of Africa	5	1.6
Tausi Assurance Company	9	2.9
Trident Insurance Company	8	2.6
UAP INSURANCE COMPANY	20	6.5
Total	**308**	**100**

4.2.3 Characteristics of Respondents

The characteristics of the respondents by gender, age and job position in the company are presented in detail as follows;

Table 4. 3

Gender of respondents

		Frequency	Percent	Valid Percent
Valid	Male	155	50	50.5
	Female	152	49	49.5
	Total	**307**	**99**	**100**

The results in Table 4.3 show that the gender spread of the respondents was almost evenly spread with 49.5% being female and 50.5% being female. One respondent did not however indicate their gender. The focus on the girl child has seen the earlier gaps between male and female leadership reduced as more ladies train and rise through the ranks.

These findings agree with those of Karanja et al. (2014) that most employees of insurance firms in Kenya are men. However, the number of men and women in private health insurance firms is statistically the same with the less than 1% difference. The gap between the two genders is not significant and therefore fair gender diversity in the private health insurance firms is healthy for sustained performance of the health insurance sector. This contradicts the study by the Institute of Economic Affairs (IEA) 2018) which indicated that women constitute 30% of the overall wage employment with education having the highest percentage at 45%. While the number is still below that of men, at 49.5%, Private health insurance would then appear to be one of the highest in the county according to this study. The results further agree with the World bank group indicators (WBG) (2018) that 48.7% of the work force in Kenya as at the end of 2017 is female.

Age of respondents. The study further sought to find out the age distribution of the respondents. This is presented in Table 4.4.

Table 4. 4

Age of respondents

		Frequency	Percent	Valid Percent
Valid	Below 30 years	135	43.5	44.3
	31-40	118	38.1	38.7
	41-50	44	14.2	14.4
	Above 50	8	2.6	2.6
	Total	**305**	**98.4**	**100**

Most of the respondents (44.3%) were below the age of 30 with 38.7% of them ranging from 31 to 40 years. Respondents above 50 years were the least consisting of around 3% of the respondents. This result suggests that the insurance firms` employees are young and have a long time to continue working in the sector. The results agree to the Kenya Institute of Public Policy Research and Analysis (KIPPRA) report on a comparative study on Public-Private Sector wage differential (KIPPRA, 2013) that the private sector attracts younger employees more than the public sectors because it provides more opportunities as a result of job advertisements which attract young graduates.

Job Position: The study also sought to find out the job position of the respondents. Data on the position occupied by the respondents in the insurance firms is presented in Table 4.5

Table 4. 5

Job position in the organization

Job position	Frequency	Percent	Valid Percent
Manager	64	20.6	21
Assistant Manager	74	23.9	24.3
Supervisor	167	53.9	54.8
Total	**305**	**98.4**	**100**

Results in Table 4.5 showed that majority of the respondents (54.8%) were Supervisors, 21% were Managers while 24.3% were assistant mangers. This distribution of respondents indicate that they occupied high positions in the firms and could therefore provide accurate information on the variables that were studied, namely innovation, business model, market sensing and strategic partnerships because they occupied positions that required them to make decision on the study variables. According to Prosci (2018) indicates that a key responsibility is to mentor the assistant managers and supervisors and that a single manager may be responsible for a number of assistant managers and supervisors which validates the results. The bigger organizations by the size as indicated by gross written premiums however had higher number of supervisors and assistant managers responding as an indicator of the number of staff in the various sections who needed to be supervised.

Factors influencing performance. Further the respondents were asked to provide their opinion on factors that would influence performance. Their responses on innovative products, distribution models, market sensing, strategic partnerships and transient advantages are summarized in Table 4.6.

Table 4. 6

Factors influencing performance of health service insurance providers

Factor	**Whether factor has influence on performance**	**Frequency**	**Percent**	**Valid Percent**
Innovative products	Yes	302	97.4	98.4
	No	5	1.6	1.6
	Total	307	99	100
Distribution models	Yes	287	92.6	93.2
	No	21	6.8	6.8
	Total	308	99.4	100
	No	80	26	26
Market sensing	Yes	228	74	74
	Total	308	100	100
Strategic partnerships	Yes	274	88.4	89
	No	34	11	11
	Total	**308**	**99.4**	**100**

Innovative products. The results showed that the majority of the respondents (98.4%) agreed that innovative products had an influence on performance. This is consistent with earlier studies (Som et al., 2012; Hassan et al., 2013; Kafetzopoulos &

Psomas, 2015) which agree that innovative products have an influence on firm performance. It is also consistent with the research (Sood, 2017) which stated that innovative products enable an organization to survive turbulent times as well as thrive during good times as a result of being able to consistently provide solutions to the clientele.

This further agrees with Kiarie and Lewa (2019) that innovation has a positive effect on health insurance industry especially in relation to penetration and enabling firms to develop a niche for particular uninsured markets especially the bottom of the pyramid. It helps organizations defend their market share and get their clients to stick with them and be loyal because of the products they offer the market.

Distribution models. With regard to distribution models, that the majority (93.2%) agreed the models influenced on firm performance. These findings agree with previous studies (Kalubanga et al., 2012; Kuswantoro et al., 2012) which found that distribution models significantly influence on firm performance. The findings further agree with previous studies (Kumar et al., 2017) that even new organization can improve on their performance by adopting innovative distribution models and that organization who adopt robust distribution models have a huge reach to clients while reducing costs which significantly influences on firm performance.

This further agreed with Myers (2014) who noted that the uniqueness and robustness of a distribution channel can make an organization be at a differentiated position and this gives it a significant advantage over its competitors and also affords an organization the opportunity to swiftly take advantage of opportunities as they present. A strong and unique distribution model would enable a firm to have control over a significant market share.

Market sensing. It was further found that majority (74%) of the respondents agreed that market sensing had an influence on firm performance. These findings do not agree with some previous studies (Afzal, 2009; Ardyan, 2016) that find that market sensing has no influence on firm performance. Some studies (Ahmed et al., 2017; Lindblom et al., 2013), however, agree that market sensing has influence on firm performance. These findings further agree with Mu (2015) and Lockery et al. (2015) that a firm's ability to predict the future lies in its ability to sense trends, client needs, technological and competitor moves and this is dependent on the levels of engagement that a firm has with its customers.

Strategic partnerships. Majority (89%) of the respondents agreed that strategic partnerships had influence on firm's performance. Existing literature is contradictory over whether strategic partnerships have influence on firm performance or not. While some (Butigan & Banic, 2017; Ekawati, 2014) find that strategic partnerships influence firm performance, some (Pervan et al., 2015; Rashid & Naeem, 2017) don't find strategic partnerships influential to firm performance.

In summary, the majority reported that innovative products (98.4%) followed by distribution models (93.2%) then strategic partnerships (89%) and lastly market sensing (74%) influenced performance of provable health insurance firms.

4.3 Status of Transient Advantage and Performance

4.3.1 Extent of Transient Advantage and Performance

Descriptive statistics were used to establish the disposition transient advantage and performance. The summary of the status of the transient advantages and performance is as shown in Table 4.7

Table 4. 7

Transient Advantage

	N Statistic	Mean Statistic	Std. Deviation Statistic	Skewness Statistic	Kurtosis Statistic
Innovative products	308	3.90	0.527	-0.876	0.601
Distribution models	308	4.06	0.447	-1.069	1.847
Market sensing	308	3.51	0.583	7.112	98.715
Strategic partnerships	308	3.85	0.440	-1.066	1.981
Performance	308	3.68	0.476	-1.268	1.679
	308				

The most prevalent transient advantages were distribution models (M=4.06, SD=0.447) and innovative products (M=3.90, SD=0.527). The least prevalent transient advantage was market sensing (M=3.51, SD=0.583) which also had the highest variation in the responses that were obtained from the 308 cases. Further, the respondents' perception of transient advantage and performance was moderate (M=3.68, SD=0.476).

4.3.2 Perception of Respondents on the effect Transient Advantage on Performance

In order to treat a set collected from different groups of respondents (in this study, managers, assistant managers and supervisors) as one sample, it is necessary to test from the homogeneity of responses from the three categories of respondents (managers, assistant managers and supervisors). This was done by performing independent t-test on the aggregate means across the three groups of respondents.

First, an independent t-test was performed to ascertain whether the three groups of respondents had similar perceptions regarding the effect of transient advantages on performance. The results indicated that there was homogeneity in responses as Table 4.8 and Table 4.9 shows the results in detail.

Independent T-Test on Perception of employees

Transient advantage and performance across groups

The null hypothesis for the Levene's test of equality of variance is that:

H_0: The variance of responses is different across groups

In this study the groups were the different categories of respondents: managers, assistant managers and supervisors cutting across the various departments of finance, customer service, operations, strategy and sales distribution in the 19 private insurance (health) in Kenya. In this test, if the p-value of the Levene statistic is less than 0.05 the null hypothesis is accepted. However, if $p>0.05$, the null hypothesis is rejected and a conclusion made that the variance across the groups is homogenous, this is to say there would be no significant difference in the variance of the responses on the variables across the three groups.

From the obtained results, the mean responses on the variables were not significantly different across the three groups of the respondents. From Table 4.8 results, the managers and assistant managers had similar responses as shown by the insignificant difference in the mean responses on transient advantage variables and on performance in the health insurance firms in Kenya.

Table 4. 8

Independent t test Managers vs Assistant Managers

Independent Samples Test (Managers vs Assistant Managers)

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Innovative products	Equal variances assumed	0.992	0.321	-0.516	137	0.606	-0.0436	0.0844	-0.2105	0.1233
	Equal variances not assumes			-0.515	131.7	0.608	-0.0436	0.0847	-0.2111	0.1239
Distribution model	Equal variances assumed	0.26	0.611	1.108	137	0.27	0.0771	0.0695	-0.0604	0.2146
	Equal variances not assumed			1.119	136.7	0.265	0.0771	0.0689	-0.0592	0.2133
Market sensing	Equal variances assumed	0.003	0.960	0.725	137	0.47	0.0503	0.0694	-0.087	0.1876
	Equal variances not assumed			0.713	121.0	0.477	0.0503	0.0706	-0.0894	0.19
Strategic partnership	Equal variances assumed	1.284	0.259	0.364	137	0.716	0.0287	0.0788	-0.1272	0.1845
	Equal variances not assumed			0.367	136.7	0.714	0.0287	0.0781	-0.1257	0.1831
Performance	Equal variances assumed	0.47	0.494	0.365	137	0.716	0.0286	0.0784	-0.1264	0.1836
	Equal variances not assumes			0.363	130.9	0.717	0.0286	0.0787	-0.1272	0.1843

Table 4. 9

Independent t-test group statistics for Managers vs. Assistant managers

Group Statistics

	Position	**N**	**Mean**	**Std. Deviation**	**Std. Error Mean**
Innovative Products	Manager	64	3.915	0.5066	0.0633
	Assistant Manager	75	3.959	0.4870	0.0562
Distribution Model	Manager	64	4.144	0.3825	0.0478
	Assistant Manager	75	4.067	0.4297	0.0496
Market Sensing	Manager	64	3.516	0.4519	0.0565
	Assistant Manager	75	3.465	0.3663	0.0423
Strategic Partnerships	Manager	64	3.905	0.4329	0.0541
	Assistant Manager	75	3.876	0.4874	0.0563
Performance	Manager	64	3.749	0.4744	0.0593
	Assistant Manager	75	3.72	0.4486	0.0518

Results of analysis on perceptions on the influence of transient advantage on performance implied that the views were homogeneous meaning that the managers and supervisors did not have a significantly different view on transient advantage (innovative products, distribution models, market sensing and strategic partnerships) and performance except on the distribution models which yielded ($t=2.131$, $p=0.035<0.05$) implying that there was a significant difference between managers and supervisors regarding the effectiveness of distribution models. Tables 4.10 and 4.11 show these results in detail.

Table 4. 10

Independent t-test group statistics for Managers vs Supervisors

Group Statistics

Variables	Position	N	Mean	Std. Deviation	Std. Error Mean
Innovative products	Manager	64	3.915	0.5066	0.0633
	Supervisor	168	3.865	0.5504	0.0425
Distribution model	Manager	64	4.144	0.3825	0.0478
	Supervisor	168	4.015	0.4741	0.0366
Market sensing	Manager	64	3.516	0.4519	0.0565
	Supervisor	168	3.474	0.3625	0.028
Strategic partnerships	Manager	64	3.905	0.4329	0.0541
	Supervisor	168	3.816	0.4192	0.0323
Performance	Manager	64	3.749	0.4744	0.0593
	Supervisor	168	3.63	0.4874	0.0376

Table 4. 11

Independent t-test for Managers vs. Supervisors

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Innovative products	Equal variances assumed	0.073	0.787	0.63	230	0.529	0.0499	0.0791	-0.1061	0.2058
	Equal variances not assumed			0.654	123.03	0.514	0.0499	0.0762	-0.1011	0.2008
Distribution model	Equal variances assumed	3.813	0.052	1.937	230	0.054	0.1283	0.0662	-0.0022	0.2588
	Equal variances not assumed			2.131	140.209	0.035	0.1283	0.0602	0.0093	0.2473
Market sensing	Equal variances assumed	0.757	0.385	0.721	230	0.471	0.0412	0.0571	-0.0714	0.1538
	Equal variances not assumed			0.654	95.503	0.515	0.0412	0.063	-0.0839	0.1663
Strategic partnership	Equal variances assumed	0.329	0.567	1.426	230	0.155	0.0886	0.0621	-0.0338	0.211
	Equal variances not assumed			1.406	110.71	0.163	0.0886	0.063	-0.0363	0.2135
Performance	Equal variances assumed	0.236	0.627	1.67	230	0.096	0.1187	0.0711	-0.0213	0.2588
	Equal variances not assumed			1.691	116.75	0.094	0.1187	0.0702	-0.0204	0.2578

Further analysis was done to test the variance on perceptions of transient advantage and performance between assistant managers and supervisors. The results are presented in Tables 4.12 (means) and Table 4.13 (variance) these results indicated that there was homogeneity in responses thus the conclusion that there was no difference in their views on transient advantage and performance.

Table 4. 12

Independent t-test group statistics: Assistant Managers vs. Supervisors

Assistant managers vs supervisors

Group Statistics					
	Position	N	Mean	Std. Deviation	Std.Error Mean
Innovative products	Assistant manager	75	3.959	0.4870	0.0562
	Supervisor	168	3.865	0.5504	0.0425
Distribution model	Assistant manager	75	4.067	0.4297	0.0496
	Supervisor	168	4.015	0.4741	0.0366
Market sensing	Assistant manager	75	3.465	0.3663	0.0423
	Supervisor	168	3.474	0.3625	0.028
Strategic partnerships	Assistant manager	75	3.876	0.4874	0.0563
	Supervisor	168	3.816	0.4192	0.0323
Performance	Assistant manager	75	3.72	0.4486	0.0518
	Supervisor	168	3.63	0.4874	0.0376

The results are presented in Tables 4.12 (means) and Table 4.13 (variance) and these results indicated that there was homogeneity in responses thus the conclusion that there was no difference in their views on transient advantage and performance.

Table 4. 13

Independent t-test on Assistant Managers' vs Supervisors

Independent Samples Test3		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Innovative product	Equal variances assumed	1.88	0.172	1.265	241	0.207	0.0934	0.0738	-0.052	0.2389
	Equal variances not assumed			1.326	159.488	0.187	0.0934	0.0705	-0.0457	0.2326
Distribution model	Equal variances assumed	1.975	0.161	0.8	241	0.425	0.0512	0.064	-0.0749	0.1773
	Equal variances not assumed			0.83	155.874	0.408	0.0512	0.0616	-0.0706	0.173
Market sensing	Equal variances assumed	1.329	0.25	-0.18	241	0.858	-0.0091	0.0505	-0.1086	0.0904
	Equal variances not assumed			-0.179	140.897	0.858	-0.0091	0.0507	-0.1093	0.0912
Strategic partnerships	Equal variances assumed	0.911	0.341	0.978	241	0.329	0.0599	0.0613	-0.0608	0.1806

	Equal variances not assumed			0.923	124.916	0.358	0.0599	0.0649	-0.0685	0.1884
Performance	Equal variances assumed	1.854	0.175	1.364	241	0.174	0.0901	0.0661	-0.04	0.2203
	Equal variances not assumed			1.408	153.667	0.161	0.0901	0.064	-0.0363	0.2166

4.3.3 Homogeneity of variance on the distribution of transient advantage responses regarding performance

In order to test for homogeneity of views on how transient advantage variables influenced performance of health insurance firms, ANOVA was performed on the views on how transient advantages influenced performance across employee position (managers, assistant managers, and supervisors) and the results are shown on Table 4.14.

Table 4. 14

ANOVA of perception across employee positions

ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Innovative products	Between Groups	0.906	3	0.302	1.088	0.354
	Within Groups	84.313	304	0.277		
	Total	85.218	307			
Distribution model	Between Groups	0.974	3	0.325	1.634	0.181
	Within Groups	60.424	304	0.199		
	Total	61.398	307			
Market sensing	Between Groups	0.278	3	0.093	0.629	0.597
	Within Groups	44.734	304	0.147		
	Total	45.012	307			
Strategic partnerships	Between Groups	0.736	3	0.245	1.27	0.285
	Within Groups	58.732	304	0.193		
	Total	59.468	307			

The results on Table 4.12 show that there were no significant variance responses across the employee position in regard to how transient advantages influenced performance.

The results on perception of the three categories of respondents (that employee position) on influence of drivers of transient advantage on performance allowed conclusions on the hypothesis as summarized in Figure 4.15.

Hypothesis test summary between transient advantage performances performed on that basis (That is one sample).

Table 4. 15

Hypothesis test summary on perception of transient advantage on performance

	Null Hypothesis	Test	Sig	Decision
1	The distribution of Innovative Products is the same across categories of Position	Independent Samples Kruskal-Wallis Test	.636	Retain the null hypothesis
2	The Distribution Model is the same across categories of Position	Independent Samples Kruskal-Wallis Test	.258	Retain the null hypothesis
3	The distribution of Market Sensing is the same across categories of position	Independent Samples Kruskal-Wallis Test	.201	Retain the null hypothesis
4	The distribution of Strategic Partnerships is the same across categories of Position	Independent Samples Kruskal-Wallis Test	.075	Retain the null hypothesis
5	The distribution of Performance is the same across categories of position	Independent Samples Kruskal-Wallis Test	.074	Retain the null hypothesis

Asymptotic Significances are displayed. The significance level is .05.

Hypothesis Test Summary

With the independent t-tests and the ANOVA test results indicating homogeneity, all the responses were treated as one sample and the analysis of the relationships proceeded.

4.4 Relationship and Association between Transient Advantage and Performance

The strength of the relationship between transient advantages and performance and the association between transient advantages and performance are presented in this section.

4.4.1 Strength of the relationship between transient advantage and performance

The strength of the relationship between transient advantages and performance was examined using correlation analysis. The results are presented in the Table 4.16.

Table 4. 16

Relationship between pairs of variables

Correlations

	1	2	3	4	5
1. Innovative products	1				
2. Distribution model	0.077	1			
	0.176				
3. Market sensing	0.013	0.104	1		
	0.826	0.068			
4. Strategic partnerships	0.016	.182**	.116*	1	
	0.785	0.001	0.042		
5. Performance	0.076	-0.068	0.054	0.011	1
	0.182	0.233	0.344	0.853	
	308	308	308	308	308

From the results in Table 4.16, there was no significant relationship between performance and the transient advantages. This result suggests that in case there is a relationship, then it would not be linear. The results also suggest that there is no significant relationship between transient advantage capability and performance of health insurance firms in Kenya. Further, it appears that transient advantage capability has no significant relationship with performance because the correlation coefficient of all the transient advantages variables are insignificant at 5% significance level (P<0.05). An analysis on the possibility of non-linear relationship between transient advantages and performance was investigated.

The above results are in contrast with earlier studies that show that there is a positive relationship between innovation and performance that is statistical significant (Som *et al*., 2012; Hassan et al., 2013; Kafetzopoulos & Psomas, 2015). However according to Bitran and Pedrosa (2013), this might vary from one industry to another. The above results/findings are also in contradiction to earlier studies which find a positive relationship between distribution models (Kalubanga et al., 2012; Kuswantoro et al., 2012), market sensing capabilities (Ahmed et al., 2017; Lindblom et al., 2013), strategic partnerships (Butigan & Banic, 2017; Ekawati, 2014) and performance. They are however in agreement with Afzal, (2009), Ardyan, (2016), Pervan et al., (2015) and Rashid and Naeem (2017) who find that there is no significant relationship between market sensing capabilities, strategic partnerships and performance. They are also in agreement with Lindblom et al. (2013) that there is no relationship between market sensing and profitability of organizations.

Earlier studies posit that distribution models and innovative products are significant drivers of transient advantage (Som et al., 2012; Hassan et al., 2013; Kafetzopoulos & Psomas, 2015; Kalubanga et al., 2012; Kuswantoro et al., 2012) which is confirmed by their prevalence in this study. There is also contradicting results in relation to market sensing, strategic partnerships and performance. While Ahmed et al. (2017), Lindblom et al. (2013), Butigan and Banic, (2017) and Ekawati, (2014) agreed that there is a significant relationship, Afzal, (2009), Ardyan, (2016), Pervan et al., (2015) and Rashid and Naeem (2017) do not.

4.4.2 Association between Transient Advantage and Performance

The association between transient advantage variables and performance of the private health insurance sector was assessed using Fisher's exact test procedure. The scores for transient advantages were coded into binary and cross tabulated as presented in Table 4.17 a, b, c and d. The associated Fisher exact test p-value, are also indicated. The null hypothesis was:

H_0 : There is no association between transient advantage and Performance.

In order to examine the association between transient advantages variables and performance, the data was coded as below

$$y* = \begin{cases} 1\ for\ y > 3.4\ \ represeinting\ the\ chances\ of\ \ good\ perfomanace \\ 0\ for\ y \leq 3.4\ representing\ the\ chance\ of\ poor\ perfomanace \end{cases}$$

Where y* are binary versions of transient advantages and performance.

The results of the cross-tabulation are shown in the table 4.17

Table 4. 17

Cross-tabulation of performance versus innovation, distribution model, market sensing and strategic partnerships

a) Performance versus Innovative Products

perf_bin * innov_bin

Crosstab

Count

		innov_bin		Total	
		Low	High		
perf_bin	Poor	11	41	52	60403728840
	Good	37	219	256	6.00359E+44
Total		48	260	308	4.75634E+56
					p= 0.076243316

The results show that there was a slight significant ($p<0.1$) association between performance of private health insurance companies in Kenya and innovative products.

b) **Performance versus Distribution Models**

perf_bin * dismod_bin

Crosstab

Count

		distmod_bin		Total	
		Low	High		
perf_bin	Poor	2	50	52	1326
	Good	16	240	256	1.00788E+25
Total		18	290	308	5.85637E+28
					p= 0.228203133

The results show that there was no significant (p=0.2282 >0.1) association between distribution models and performance of private health insurance companies in Kenya.

Performance versus Marketing Sensing

perf_bin * MktSen_bin

Crosstab

Count

		MktSen_bin		Total		
		Low	High			
perf_bin	Poor	15	37	52	4.48138E+12	
	Good	76	180	256	2.26464E+66	
Total		91	217	308	7.69271E+79	
					p=	0.13192606

This shows that there was no significant (p=0.13192 >0.1) association between market sensing and performance of private health insurance companies in Kenya.

c) **Performance vs Strategic Partnerships**

perf_bin * stratpart_bin

Crosstab

Count

		stratpart_bin		Total	
		Low	High		
perf_bin	Poor	9	43	52	3679075400
	Good	29	227	256	1.50166E+38
Total		38	270	308	6.49039E+48

p= 0.085121625

The results show that there was a slight significant ($p<0.1$) association between performance and strategic partnerships.

The Fisher's exact test suggested that innovation (innovative products) and strategic partnerships were moderately and significantly ($p<0.1$) associated with performances of the health insurance firms. The significance is at 90% confidence interval (perf_bin*innov_bin: $p=0.0762<0.1$; perf_bin*stratpart_bin: $p=0.0851<0.1$). However, there was no significant association between performance and market sensing (Perf_bin*mktsen_bin:$p=0.1319>0.1$); and between performance and distribution models (perf_bin*dismod_bin:$p=0.2282>0.1$)

4.5 Influence of Transient Advantage and Performance

Prior to the examination of the influence of transient advantage on performance of private health insurance companies in Kenya, diagnostics were performed on possible analytical models that would be used to model the relationship. The assumptions of the classical linear regression model were tested as discussed in the following parts. The results of this analysis are as follows:

Kurtosis and skewness. From the values of kurtosis and skewness, all variables appeared to be normally distributed except market sensing with skewness of 7.112 and kurtosis with 98.715.

Table 4. 18

Kurtosis and Skewness Statistics

		Innovative product	Distribution model	Market sensing	Strategic partnerships	Performance
N	Valid	308	308	308	308	308
	Missing	0	0	0	0	0
Mean		3.90	4.06	3.507	3.847	3.677
Std. Deviation		0.527	0.450	0.583	0.440	0.476
Skewness		-0.876	-1.07	7.112	-1.066	-1.268
Std. Error of Skewness		0.139	0.14	0.139	0.139	0.139
Kurtosis		0.601	1.85	98.715	1.981	1.679
Std. Error of Kurtosis		0.277	0.28	0.277	0.277	0.277

However, to be sure that the data were not significantly different from a normal distribution the Kolmogorov-Smirnov[a] and Shapiro-Wilk tests were carried out.

Test for normality of distribution of study variables. Normality of the distribution of data in study variable was assessed using both Kolmogrov-Smirnov and Shapiro-Wilk statistics. On testing to determine whether the distribution of data on the variables was different from a normal distribution, the results on Table 4.19 were obtained.

Table 4. 19

Normality tests results

Tests of Normality

	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Innovative products (IP_sum)	0.13	308	<0.001	0.943	308	<0.001
Distribution models (DM_sum)	0.107	308	<0.001	0.937	308	<0.001
Market sensing (MS_sum)	0.15	308	<0.001	0.911	308	<0.001
Strategic partnerships (SP_sum)	0.152	308	<0.001	0.903	308	<0.001
Performance (PF_sum)	0.147	308	<0.001	0.898	308	<0.001

a Lilliefors Significance Correction

This results in table 4.19 suggests that the data presents itself as non-normal. The data showed significant levels at $P<0.05$ hence indicating that the study pursued a non-parametric path for analysis.

The null end alternative hypothesis that were tested were as follows:

H0: Data is not significantly different from a normal distribution ($p>0.05$)

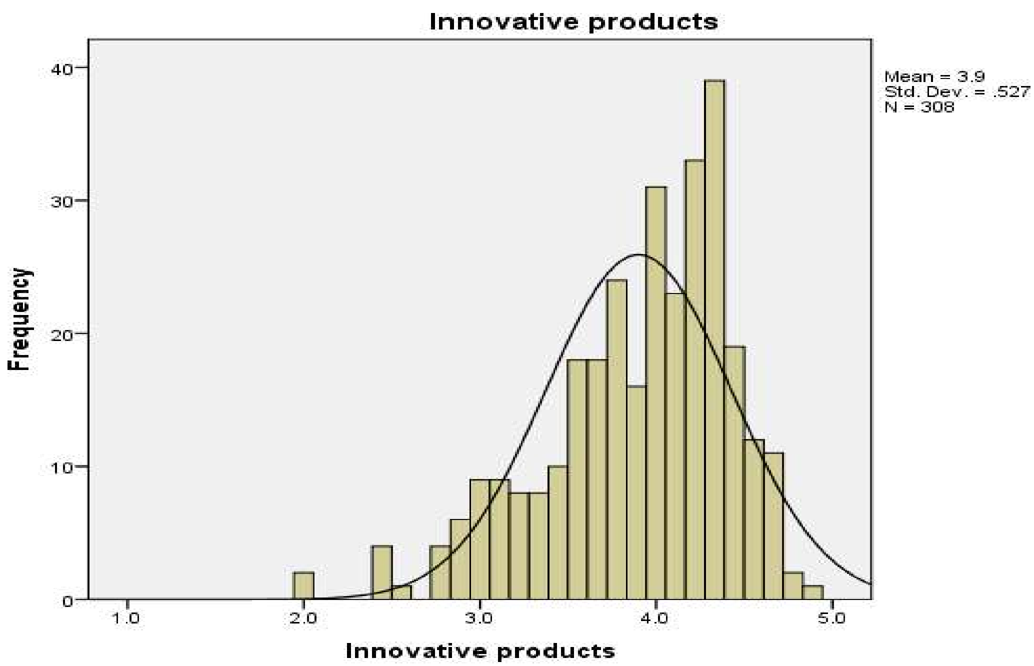
H1: Data is significantly different from a normal distribution ($p<0.05$)

The results in Table 4.10 show that the data was significantly different from a normal distribution ($p<0.05$). This fact was further confirmed by the histograms shown as Figures 4.1 to 4.5.

The Normality Histograms are show in Figured 4.1, 4.2, 4.3, 4.4 and 4.5.

Figure 4. 1

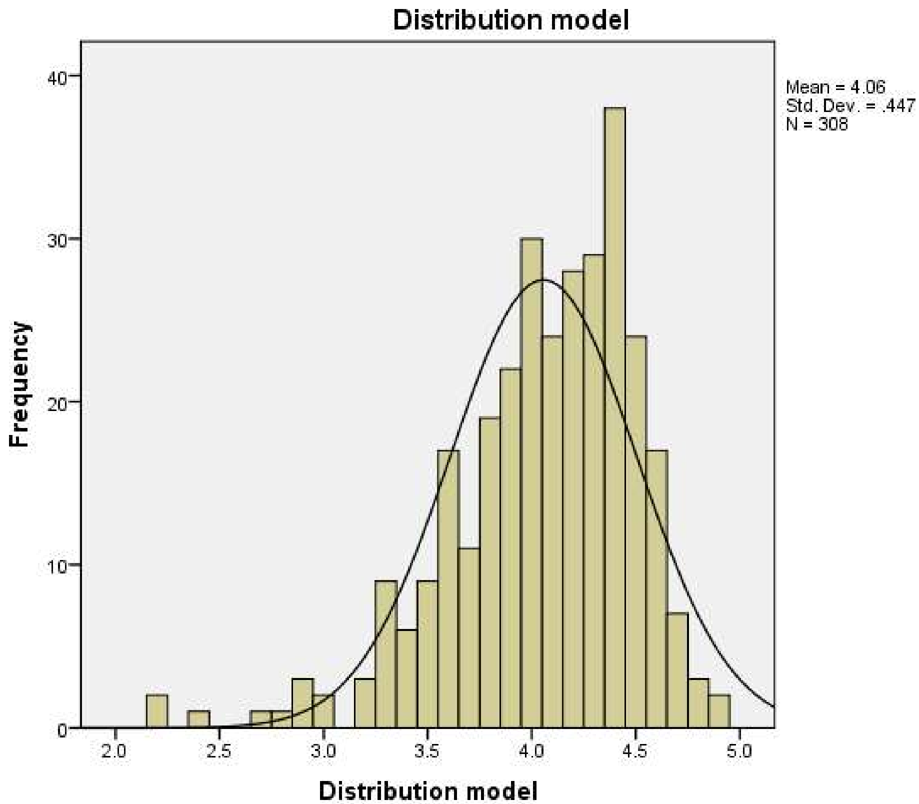
Innovative products normality histogram



The distribution of data on Innovative products is skewed and hence not normally distributed.

Figure 4. 2

Distribution model normality histogram



As seen in figure 4.2, the distribution of data on Distribution models appears different from a normal distribution.

Figure 4. 3:

Market Sensing normality histogram

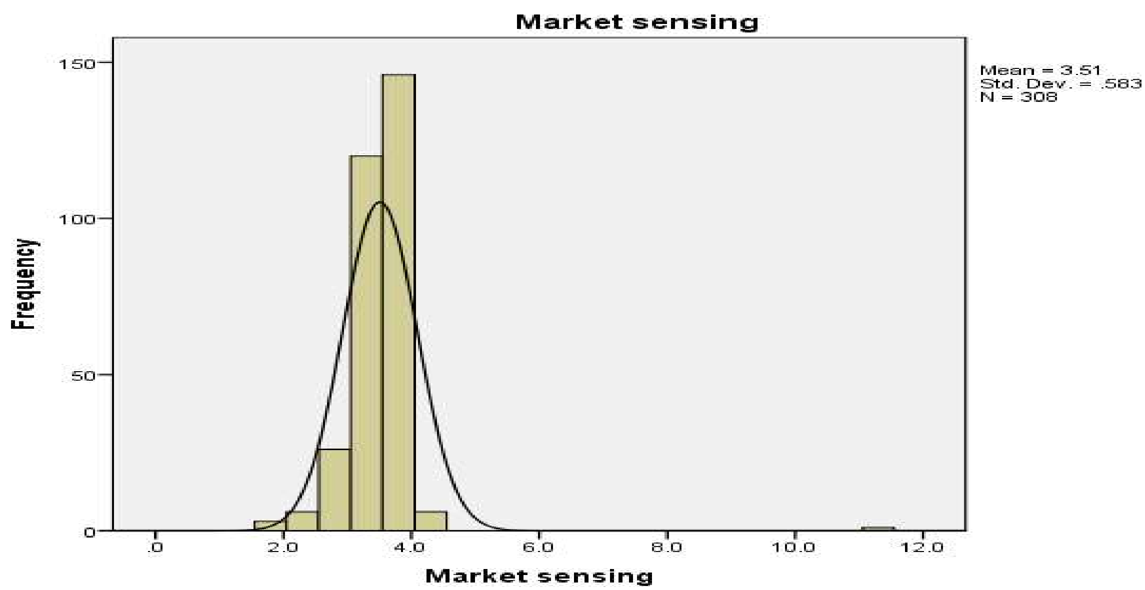
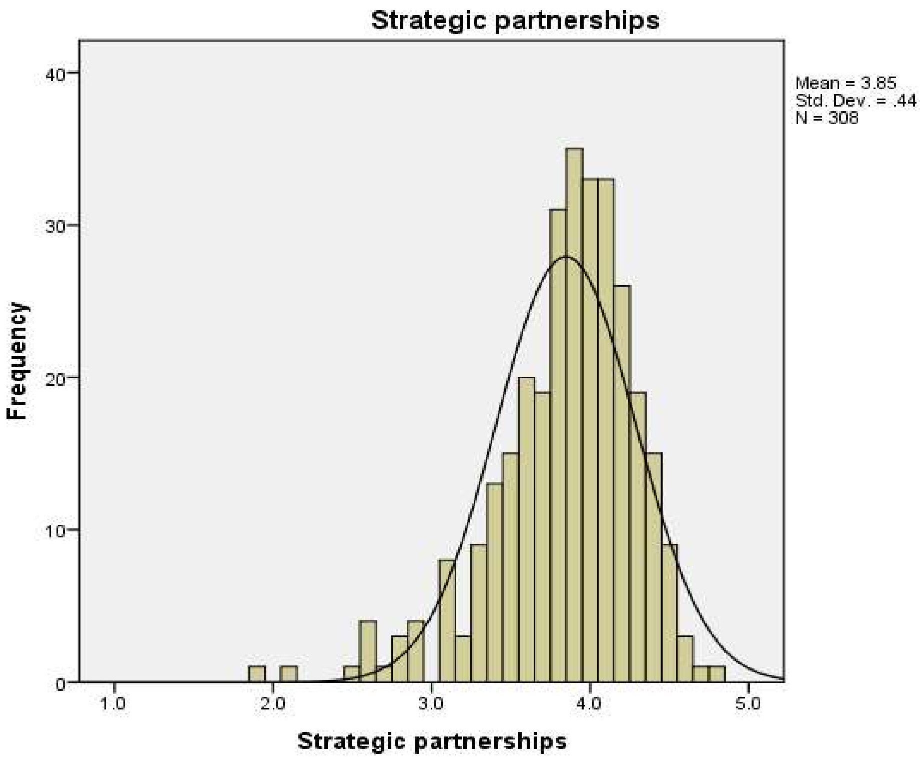


Figure 4.3 on market sensing shows a distribution which is different from a normal distribution.

Figure 4. 4:

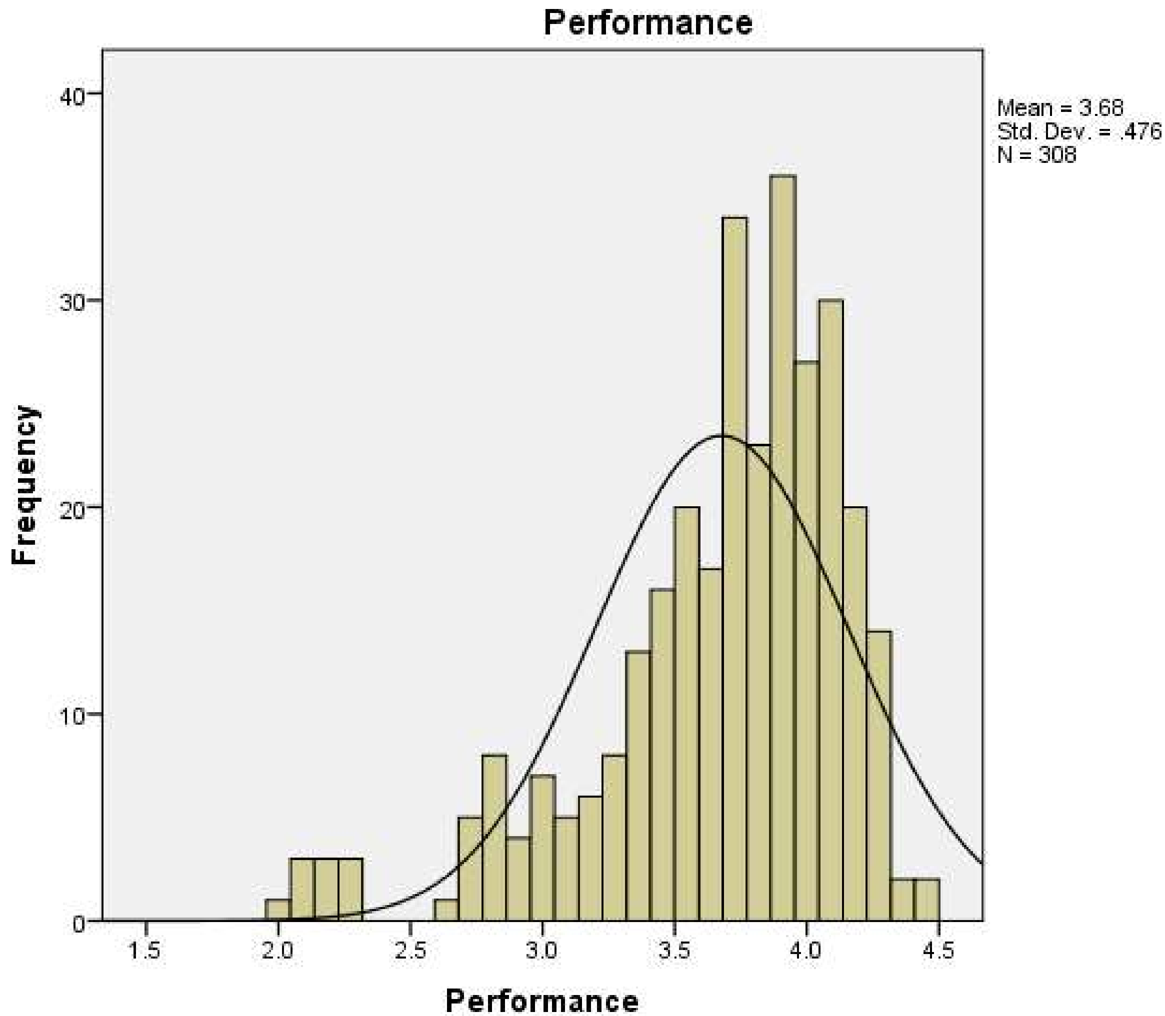
Strategic partnerships normality histogram



The data on strategic partnerships as shown in figure 4.4 is skewed and hence not normally distributed.

Figure 4. 5

Performance Normality Histogram



The data from figure 4.5 on performance also shows a skewness hence not normally distributed.

The test for the assumptions underpinning classical linear regression models of indicated that the linear models would not be used to analyze the relationships between transient advantage and performance. A decision was therefor made to use logistic regression but before that the sample was tested for homogeneity of responses as presented in part 4.3.3 which showed that the data was homogeneous and as a result it was treated as one sample

The normality histograms for transient advantage variables comprising innovative products (Figure 4.1), distribution model (Figure 4.2), market sensing (Figure 4.3) and strategic partnerships (Figure 4.4) showed that the distribution of the data was significantly different from a normal distribution. Further, the distribution of data on the performance was not a normal distribution. Consequently, non-linear regression model (logit) was used to study the relationship between transient advantage and performance. In order to perform this analysis, performance scores were coded into binary as follows:

$$y *= \begin{cases} 1\ for\ y > 3.4\ \ represeinting\ \ good\ perfomanace \\ 0\ for\ y \leq 3.4\ representing\ poor\ perfomanace \end{cases}$$

Where ***y**** = binary representation of performance with ***1= "good"*** and ***0= "poor"*** while ***y*** represents the actual aggregate means scores of performance as reported by the respondents.

The results of the logistic regression of the transient advantage and performance of private health insurance companies in Kenya are presented in Table 4.20:

Table 4. 20

Model summary of transient advantage and performance

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	307.564a	0.032	0.049

[a] Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Classification Table[a]					
			Predicted: perf_bin		Percentage Correct
			Poor	Good	
Step 1	Observed: perf_bin	Poor	0	65	0
		Good	0	243	100
	Overall Percentage				78.9

a The cut value is .500

Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1[a]	Innovative products	0.52	0.261	3.964	1	0.046	1.683
	Distribution model	-0.77	0.366	4.419	1	0.036	0.463
	Market sensing	0.58	0.358	2.634	1	0.105	1.787
	Strategic partnerships	0.07	0.328	0.045	1	0.832	1.072
	Constant	0.174	2.100	0.007	1	0.934	1.189

[a] Variable(s) entered on step 1: Innovative products, Distribution model, Market sensing, Strategic partnerships.

The results presented in Table 4.20 imply that innovative products and distribution model significantly influence the probability of satisfactory performance (good) performance in the health insurance sector in Kenya. Specifically, innovative products significantly (β= 0.12, wald=3.964, p=0,046<0.05) increased the odds of good performance by about two fold (a factor of 1.683 [exp (B) = 1.683, p=0.046]) while the distribution model significantly (wald=4.419, p=0.036<0.05) reduced the odds of good performance by about one half (50%: [xp (B) = 0.463, p=0.036]) at 5% significance level. This finding suggests that whereas innovative products developed by the health insurance firms improved performance of the firms, the distribution models used by the firms negatively affected performance and therefore needed improvement. This was further supported by respondents' comments on some channels like brokers having bargaining power to push for much lower prices as a result of the huge business volumes they hold with insurance companies as well as their inability to submit the premiums on time which results in huge debt provisions.

They further indicated that while digital and mobile distribution was more profitable and preferred, it was not popular as the populace had not embraced it and the bigger portion of the insured were corporate clients consisting of employee whose employers had given them health as a benefit in their employment terms. Further, market sensing and strategic partnerships did not significantly predict good performance of health insurance firms. Respondents noted that ability to sense the services offered at the points of care (hospitals, doctors, specialists, consultants, chemists and other medical service providers) was not possible owing to the fact that these were third parties.

These findings of the influence of transient advantages on performance concur with Som et al. (2012), Hassan et al. (2013) and Kafetzopoulos and Psomas, (2015) who also found a positive relationship between innovative products and firm performance. They also agree with Lindblom et al. (2013) who found that there was an insignificant relationship between market sensing capabilities and performance. Various studies have however produced contradicting results (Kalubanga et al., 2012; Kuswantoro et al., 2012; Afzal, 2009; Ardyan, 2016; Ahmed et al., 2017; Butigan & Banic, 2017; Ekawati, 2014; Pervan et al., 2015; Rashid & Naeem, 2017) with some of the studies indicating that there was no positive relationship between market sensing and performance of retail organizations as indicated by (Lindblom et al., 2013). A detailed discussion of these findings is presented in the parts that follow for each transient advantage variable.

4.5.1 Innovative products and performance

The study by Kafetzopoulos and Psomas (2015) on the impact of innovation on three dimensions of a firm's performance found out that "innovation capability" directly contributes to product quality and operational performance. Although it has no direct impact on manufacturing firms' financial performance, it has an indirect impact through the moderator of operational performance. However the sample of the responding manufacturing companies is limited to small and medium-sized enterprises from one country. Also firms from different sectors have different resources, capabilities and performance.

The study by Olughor (2015) regarding how innovation affects business performance in small and medium-sized enterprises (SMEs) revealed that innovation had an influence on business performance. However, the study was limited to small and medium-sized enterprises from one country. Concurrently firms from different sectors have different resources, capabilities and performance therefore the need to investigate whether the same can be concluded about private health insurance firms in Kenya.

In the study by Hassan et al. (2013) seeking to explore the effect of innovation types on firm performance in Pakistani manufacturing companies, it was found out that innovation types had a positive effect on firm performance. However, innovation and innovative performance in organizations vary depending on which sector therefore need to carry comparative research on the basis of sector. There is also a need to consider cross-cultural differences.

The study by Som *et al*. (2012) on promises and pitfalls of organizational and marketing innovation found that that organizational and marketing innovation could also contribute to firms' direct economic performance in terms of sales growth and increases in productivity. However the study was conducted in Europe which is a highly developed continent and therefore the need to establish whether the same findings would be realized in Africa which is far less developed in terms of technology and which has a different social economic background.

Preissl (2016) also conducted a study in Europe seeking to find out what makes service innovation in health insurance unique and found out that it is natural to find a large discrepancy between the numbers of patents awarded to product innovations in relation to service innovations. He however noted that licensing an administration is conceivable to a changing degree in various nations therefore the need to establish whether the same can be concluded about the health insurance industry in Kenya.

The study by Aziz and Theuri (2016) sought to establish strategies undertaken by health insurance scheme to enhance customer loyalty and found that pricing strategy, customer communication strategy, product innovation strategy and market research strategy all enhanced customer loyalty in NHIF. This being a social insurance scheme it was important to find out whether the same could be concluded about private health insurance schemes.

4.5.2 Distribution models and performance

The study by Kalubanga et al. (2012) seeking to determine the effect of multi-channel distribution on firm performance revealed that multi-channel distribution management practices have an effect on the performance of a firm. There is however need to carry comparative research on the basis of sector. There is also a need to consider cross-cultural differences as these would vary from one culture and country to the other.

The study by Kuswantoro et al., (2012) seeking to find out the Impact of innovation in distribution channel functions on firm performance among export-oriented, agro-based small and medium enterprises (SMEs) found that distribution channel effectiveness mediated the relationship between innovation in assortment and transportation coordination and firm performance. It was however recommended that future studies consider many other factors that may influence firm performance.

The study by Dumm and Hoyt (2013) found that multiple low-cost distribution models facilitate the ability to illustrate product benefits, shorten customer response time, and simultaneously serve multiple customers. They also note that penetration of these new distribution models has been the highest in mature insurance markets therefore the need to investigate less mature insurance markets.

Muteti (2007) study on the role of insurance brokers and agent in insurance distribution and noted that Insurance brokers are crucial as they work for the policyholder in the insurance process and act independently in relation to insurers. The study however only considered one channel of insurance distribution hence the need to investigate multiple channels which would include independent agents, tied agents, digital platforms and Bancassurance.

Abaluck and Gruber (2016) investigated the quality of choices in health insurance markets distribution and showed that customers are also using multiple channels for buying health insurance products. It was however important to establish whether this trend is evident in Kenya.

Maina et al. (2016) examination of distribution models and insurance uptake in rural areas in Kenya revealed that marital status, level of education and having some knowledge on how insurance premiums are paid are associated with uptake of medical insurance. It was however important to find out the factors that are characteristic to insurance firms that are associated with uptake of medical insurance.

In a study on an adaptive estimation of distribution algorithm for multi-policy insurance investment planning, Shi et al. (2017) stated that distribution models of insurance products and efficient service delivery has been an important element of insurance business. Cappiello (2018) examined the new frontiers of insurance distribution and found out that the corporate customers and institutional investors required altogether a different distribution strategy

4.5.3 Market sensing and performance

The study by Ahmed et al. (2017) seeking to investigate the moderating effect of internal information dissemination in the exchange between market sensing and innovation and how innovation mediate the relationship between market sensing and market performance revealed that there was a positive relationship between market sensing and firm performance. The study however presents possibilities of cross-sector and cross-cultural differences.

The study by Afzal (2009) seeking to find out the relationship between marketing capabilities and Strategy and corporate performance in Pakistan found a weak relationship between marketing capabilities and firm performance. The study however found insignificant results due to a considerable variation in responses as data was collected from different industries.

In a study on market-sensing capability and business performance of retail entrepreneurs in Finland, Lindblom et al. (2013) revealed that most of the studied retail entrepreneurs have relatively well-developed market-sensing capabilities. However weak positive relationship was found to exist between market-sensing capability and company growth. Also no positive relationship is found between market-sensing capability and profitability. Factors other than market-sensing capability were not considered in the present study. It was however considered important to find out whether the same findings would reflect in a different field of trade like the health insurance sector of a less developed society like Kenya.

4.5.4 Strategic partnerships and performance

The study by Butigan and Banic (2017) seeking to determine the influence of participation in strategic alliances on profitability of firms found out that participation in strategic alliances positively influences a firm's performance. However, there is need to carry comparative research on the basis of sector as well as considering cross-cultural differences.

In the study by Pervan et al. (2015) seeking to establish the consequences of M&A on the performance of companies operating within Croatia the findings indicated statistically insignificant differences in target companies' performances before and after M&A

activity. The study however suggested that further studies be conducted in different countries and in different industries.

The study by Rashid and Naeem (2017) seeking to examine the impact of mergers on corporate financial performance in Pakistan found no significant impact on the profitability, liquidity, and leverage position of the firms. The study however focused on non-financial companies and therefore a need to investigate the case of financial companies as well as companies in a different social cultural background like Kenya.

The study by Nkirote (2014) on marketing strategies adopted to gain a competitive advantage found that information sharing between the strategic partners leads to new products, process improvement, gaining of new skills and identification of new opportunities.

To determine the role of strategic partnerships as a source of competitive advantage Kasina (2012) found that there are several business factors leading to the need of the strategic partnership such as regulatory requirements, general economic conditions and the institutional frameworks in countries of operation, including legal requirements, macro-economic policies, price controls, financial capital markets, distribution channels, and methods of contract enforcement. The study found out that strategic partnerships make critical contribution to the organizational performance in terms of profitability and productivity. However these claims were theoretical and were not empirically tested.

The study on the Characteristics of partnership success and partnership attributes by Mohr and Spekman (2014) revealed that the primary characteristics of partnership success are partnership attributes of commitment, coordination, and trust; communication quality and participation. However these findings were a result of theoretical study rather than empirical testing of data collected from organizations.

Business performance can be enhanced through strategic partnerships. However, for this to be realized there are some factors to be considered. These factors include resource availability, absorptive capacity and type of partnership (Jabar et al., 2011). Companies should look for partners with different yet complementary resources when seeking alliances. Alliances may also be formed to broaden the range of a company's unique resources so as to acquire knowledge and learning from the partnering company and combine it with their own and therefore develop technological competency (Jabar et al., 2011).

To ensure successful organizational learning companies need to consider their absorptive capacity to embrace new business practices and technologies (Dussauge et al., 2000). When forming alliances companies need to absorb a great deal of information quickly. The firm needs to absorb, internalize and exploit the knowledge so as to improve its revenue and profit performance.

How well the company's learning experience is also depends on the nature and type of alliance being formed. Non-equity alliances require no resource commitment apart from the organizations effort (Kurokawa et al., 1997). However equity alliances and joint ventures require investment of an organizations resource to show commitment to the collaboration. According to Simonin (2004) joint ventures and equity alliances offer greater learning opportunities than non-equity alliances.

Knowledge sharing between collaborating companies however needs there to be consideration of several factors. Companies should be careful to avoid unintended divulgence of confidential information (Oxley & Sampson, 2004). The cost of collaboration and culture of the company should also be considered (Cravens et al., 2009). Companies should weigh the cost and benefit of partnering. The culture of the collaborating companies should also be compatible for their alliance to be beneficial.

4.6 Control variables: Age and Size on Performances

Insurance firm size and age were used as control variables in the study. Control variables are those variables that a researcher keeps constant so that they to prevent confounding with the independent variable. They are also called controlled or constant variables because the researcher controls them and wants them to remain the same. Carpi and Egger (2008) notes that control variable is important because any slight variation in the experimental set-up may affect the outcome being measured in a strong way. To test for these control variables, cross tabulation was performed and the results showed that both age and size accounted for significant variation in the performance of the health insurance firms.

This finding compares with that by (Kioko, 2013) who also asserted that the Net Assets of an organization does has a positive coefficient when used as a predictor to Return on Assets and profitability (B = 0.0356) and has a t-statistic of 2.093 which is significant at 5% level of significance. The study then indicated that net assets are a significant predictor of Return on Assets and hence it has a positive coefficient indicating that increase in net assets by an organization which results from increase in sales as a result of increase in the customer base and market share in Kenya increases the return on assets and hence its performance

4.6.1 Size of Firm and Performance

A description of the performance of health insurance firms across size and the relationship between size and performance results are as shown in Table 4.21.

Table 4. 21

Descriptive for all the insurance firm sizes

Report

Size		LN(GWP)	U/Wx10^-4	GWP	U/W Results
Large	Mean	15.221	-5.86	4,114,874	5,744
	N	56	56	56	56
	Std. Deviation	0.1393	7.165	563,796	7,777
Medium	Mean	14.572	-6.35	2,140,426	14,952
	N	77	77	77	77
	Std. Deviation	0.0975	8.73	208,772	26,295
Small	Mean	12.939	-0.65	638,749	5,853
	N	136	136	136	136
	Std. Deviation	1.3029	2.51	387,522	8,640
Very Large	Mean	15.632	19.45	6,173,819	194,492
	N	39	39	39	39
	Std. Deviation	0.084	13.961	516,042	139,646
Total	Mean	14.103	-0.48	2,347,061	31,994
	N	308	308	308	308
	Std. Deviation	1.3906	10.925	1,975,004	80,525

The results show that performance as indicated by the Gross Weighted Premiums (GWP) and Underwritten results (U/W) or profits significantly varies with the size of insurance firms. The larger the size of the firm, the higher and the better the performance of the firm.

This is in line with the core assumption of the critical mass in insurance which is anchored on the concept of pooling of risks. The results agree with earlier studies (Ilaboya & Ohiokha, 2016; Dogan, 2013) that the size of a firm predicts its performance. Based on empirical literature, these finding compares with that by Isik et al. (2017) who asserted that the larger the firm, the better the performance due to the advantage of economies of scale and ability to utilize and allocate the realized resources to realize better performance and get to expand even further in size. Bigger companies would have a better chances to have their brands recognized because of the ability to finance marketing and promotional campaigns. Larger companies also inspire confidence to potential clients hence attracting new clients who would result into bigger market share and bigger top-line.

Further cross-tabulation was used to examine the association between firm size and performance. The results are shown in Table 4.22.

Table 4. 22

Size of Firm and Performance

ANOVA

			Sum of Squares	df	Mean Square	F	Sig.
GWP * size	Between Groups	Combined	1.14631E+15	3	3.821E+14	2269.269	<0.001
	Within Groups		5.1188E+13	304	1.6838E+11		
	Total		1.1975E+15	307			
U/W Results * size	Between Groups	Combined	1.1837E+12	3	3.9457E+11	148.637	<0.001
	Within Groups		8.06989E+11	304	2654570651		
	Total		1.99069E+12	307			
Performance * size	Between Groups	Combined	1.39	3	0.463	1.64	0.18
	Within Groups		85.928	304	0.283		
	Total		87.319	307			

.

Table 4.22 shows that there was significant difference in financial performance across the firm sizes though the perception of the employees (respondents) of performance was similar across all the firms (F=1.64, p=0.18 >0.05). Similar results were obtained for the log Gross Weighted Premiums and for U/W scaled down by 10^{-4}.

Though there was no significant variation in qualitative performance assessment and size, the variation was significant for quantitative performance measuring GWP and U/W ($p<0.001$). This finding suggested that size very significantly accounts for the variation in performance of private health insurance for performance.

The firms that had a larger gross written premium had higher and better results as indicated by the underwriting results. Specifically, Jubilee Insurance which had significantly higher gross written premiums and a market share of 17.3% as at the end of 2017 (IRA, 2017) and also had consistent positive underwriting results through the years. It is important to note that Jubilee is also one of the oldest insurance companies in Kenya and has had operations in Kenya since 1937

Table 4. 23

Variation in performance by size of insurance firm

ANOVA Table[a]

			Sum of Squares	Df	Mean Square	F	Sig.
LN(GWP) * size	Between Groups	Combined	362.458	3	120.819	158.856	<0.001
	Within Groups		231.21	304	0.761		
	Total	S	593.668	307			
U/Wx10^-4 * size	Between Groups	Combined	19770.608	3	6590.203	118.739	<0.001
	Within Groups		16872.542	304	55.502		
	Total		**36643.15**	**307**			

The grouping variable size is a string, so the test for linearity cannot be computed.

There was significant variation of performance with size of health insurance firm

4.6.2 Age of firm and Performance

Descriptive statistics were used to determine the effect of age on firm performance and the findings were as shown in table 4.24.

Table 4. 24

Descriptive for Age and Performance

	Mean	Std. Deviation	N
Age of firm	16.61	9.44	308
GWP	2,347,060.523	1,975,004.077	308
U/W Results	-340.46	186.544	34

Table 4.24 shows that the mean age of health insurance firms in Kenya was 16.61 years with a variation of 9.44. This implies that insurance firms in Kenya vary widely in their age. The table also shows that the mean GWP was Kes 2,347,060,523 and U/W was Kes-340M. These results are in line with IRA's 5 year analysis (2017) which reports that the health insurance industry in Kenya has experienced consistent losses across the industry for the past five years.

Correlation analysis was also used to examine the strength and direction of the relationship between firm age and performance. The result are shown on Table 4.25.

Table 4. 25

Relationship between performance and age of insurance firm

Correlations

Variable		LN(GWP)	U/Wx10^-4	Age_firm
LN(GWP)	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	308		
U/Wx10^-4	Pearson Correlation	.173**	1	
	Sig. (2-tailed)	0.002		
	N	308	308	
Age_firm	Pearson Correlation	.714**	.465**	1
	Sig. (2-tailed)	<0.001	<0.001	
	N	308	308	308

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

Table 4.25 shows that firm performance varied significantly with age.

Firm age is strongly and positively connected with both GWP (r= 0.714, p<0.001) and U/W (r= 0.465, p=0.001). These results suggests that as size increases so does the GWP and the U/W. This finding agrees with previous studies by Mwangi and Murigu (2015); Haykir and Celik (2018); who also found that age positively affects performance of a firm. A particular look at Jubilee which is the oldest firm studied indicates a significant positive correlation between the firm's age and performance. The organization has consistently reported profits and is also the largest in market share and with a significant gap between the Jubilee and the number two.

4.6.3 Size, Age and Performance

According to Mwangi and Murigu (2015), the more a firm ages, the more it gains experience and learning and is not prone to the liabilities of a start-up. Older firms also have the advantage of reputation which enables them to gain more profit. However older firms are prone to bureaucracy and mediocrity. They may develop systems and routines that are not consistent with market changes. This leads to a negative relationship between age and performance. Older firms have the experience and brand visibility that gives them significant advantage over their peers.

Haykir and Celik (2018) conducted an investigation to find out the link between the age of a firm and its performance. The study analyzed family owned businesses in Turkey. It employed least square estimation on 38 listed, non-financial companies. Profitability was used to measure firm performance. Profitability was calculated as earnings before interest and tax divided by the value of total assets. The findings revealed that younger firms realized high profits until they reached a certain threshold age from which older firms performed better than young ones. Younger firms also realized higher growth rates than the older firms because the older firms would be at the maturity stage and with a slower growth rates. The younger firms are agile and able to adapt as well as act swiftly to take advantage of opportunities.

Similarly, Akben-Seluk (2016) conducted a similar study using a sample of 302 non-financial firms revealed that there was a negative relationship between firm age and performance. Young firm realized a decline in their profitability as they grew older but the profits later began to increase. This would happen as they gained experience and expertise in their areas of operation.

Ilaboya and Ohiokha (2016) sought to find out the relationship between a firm's age, size and profitability. The study employed regression analysis on data collected from a sample of 30 firms listed in the Nigeria Stock Exchange Market. The study findings revealed a positive relationship between firm age, firm size and profitability. The relationship between firm age and profitability was a confirmation of the learning by doing hypothesis. In another related study, Leite and Carvalhal (2016) sought to determine the relationship between firm age, value and performance. They hypothesised that in the life cycle of a firm their performance resembles an inverted 'U' shape. As firms grow, they reach an optimal level where they begin to decline because of inflexibility and inability to adopt to market changes and the diminished agility. The researchers analyzed 250 Brazilian companies but found out that older firms recorded better performance than their younger peers. This resulted into a rejection of the hypothesis of their study at the time.

The relationship between firm age and performance has not always been found to be positive. There are studies that have revealed different results from those hypothesised. Pervan et al. (2017) sought to find out the relationship between firm performance and firm age. The study employed dynamic panel analysis on a sample of 956 Croatian food firms.

They found out that as firms get older, the benefits of experience and learning are counteracted by the company's acquired rigidity due to rules, routines and organizational structure. Rigidity and reduced and diminishing agility played a key role in the poor/diminishing performance. It could therefore be said that age does not always contribute positively to a company's performance. However, this could be because there are many factors, apart from age, that contribute to firm performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter deals with the summary of the findings, the conclusion and recommendations. This was done in line with the objectives of the study which was to investigate the effect of dynamic capabilities factors namely *innovative products, distribution models, market sensing strategic partnerships* as well as the effect of transient advantage on the performance of private health insurance firms in Kenya. Areas of further research were suggested.

5.2 Summary of Findings

This section summarizes the findings obtained in chapter four in line with the study objectives. A total of 380 questionnaires were distributed but only 308 were returned. This represents a response rate of 81.05%. This is an acceptable response rate in conducting social research. The findings were from managers, assistant managers and supervisors drawn from finance, operations, customer's service, sales and strategy sections of the 19 private insurance companies offering medical insurance. The responses from supervisors were higher constituting 54.8% while assistant managers and managers constituted 24.2% and 21% respectively. Normality tests found the responses on all variables to be skewed and hence not normally distributed. A t-test to test to check on whether managers, assistant managers and supervisors had similar perceptions regarding transient advantages and performance indicated that there indeed was homogeneity and that responses were similar and consequently the data was treated as one sample.

Further, the instruments had acceptable reliability results at Chronbach's alpha of 0.718 for innovative products, 0.701 for distribution models, 0.703 for market sensing capabilities and 0.703 for strategic partnerships. Organization's performance had a Chrnobach's Alpha of 0.758 indicating high levels of reliability. The test for construct validity for the study implies that there was a significant correlation between the parameters measuring aspects of transient advantage and performance of private health insurance sector.

The study equally sought to determine the demographic profile of the respondents. There was a fairly equal proportional representation of each gender in the study with 49.5% being female and 50.5% male. The study further sought to investigate the distribution of the respondents according to their age which revealed that majority of the respondents were aged below 30 years of age 44.3% followed by those aged between 31-40 years at 38.7% Employees above 50 years were the least at 2.6% while the age bracket of 41-50 years constituted 14.4%. This shows that majority of the respondents were newly employed staff members who had become either supervisors, assistant managers or managers.

The study sought to find out the education level of the respondents and the findings revealed that majority of them were university graduates. The study also sought to find out the respondent's employer's years of operation in the insurance industry and the findings revealed that majority of them had operated for more than 6 years. The study also sought to establish the position of the respondent in their organizations and found that the respondents were fairly distributed among supervisors, assistant managers and managers. These findings confirmed that the respondents were well able to give fairly accurate and knowledgeable information on the insurance industry.

The level of agreement on the influence of innovative products on performance stood at 98.4% while the respondents who agreed that distribution models had an influence on performance were 93.2%. Compared to other variables, market sensing had a lower percentage of 74% agreeing that it did influence the performance of private health insurance companies. 89% of the respondents agreed that strategic partnerships played a key role in influencing the performance of private health insurance companies.

The descriptive statistics were analyzed to establish the extent of transient advantage and performance indicated that distribution models and innovative products were the most prevalent and were well developed at a mean statistic of 4.06 and 3.90 respectively. Market sensing and strategic partnerships were not well developed at M=3.51 and M=3.85 respectively. The respondents' perception on performance was moderate (M=3.68). Further, correlation results indicated that the relationship between transient advantages and performance was not significant and that in case a relationship existed, then it was not linear

5.2.1 Innovative Products and Performance of Private Health Insurance Sector

The study was aimed at determining the relationship between innovative products and performance of private health insurance firms. The results indicated that an increase in innovative products resulted to an improvement in firm's performance. Correlation results revealed that innovative products and firm's performance were positively and significantly related. Regression further showed that innovative products have a positive and significant relationship with firm's performance. There was also a slightly significant correlation between innovative products and performance of private health insurance companies based on cross-tabulations. Innovation significantly predicted satisfactory performance with an odds ratio of about 2 (a factor of 1.683). Innovative products were found to be easy to sell as they responded to client needs. Those products that clients found to address a particular need like affordability, ease of access and well-structured benefits that would suffice in the event of sickness were found to be innovative by clients. This would help in realizing more premiums and hence grow market share and profitability.

5.2.2 Distribution Models and Performance of Private Health Insurance Sector.

The study set to find out the relationship between distribution models and performance of private health insurance firms. The results indicated that distribution models have a negative effect on performance of private health insurance companies. The correlation results indicated a very weak relationship existed between distribution models and the performance of private health insurance companies. Data further revealed that for a unit increase in distribution models further predicted the firm performance was significantly reduced by 50%. Further, it was found that most insurance companies got business from insurance brokers who had bargaining power and hence not as profitable as a channel as the direct and digital channels which were preferred by most insurance companies though their adoption was very low. As such, distribution models as currently applied reduced performance as the channels considered by the insurance companies as profitable (direct and digital) were the least developed while the channel considered as least profitable (brokers as a result of bargaining power and poor debt collection) was the most used.

5.2.3 Market Sensing Capabilities and Performance of Private Health Insurance Sector.

The study investigated the relationship between market sensing capabilities and performance of private health insurance firms. The results indicated that market sensing capabilities had no significant influence on the performance of private health insurance companies in Kenya. The correlation results found that market sensing capabilities and firm's performance relationship was positive but weak. Regression analysis further affirmed that market sensing capabilities were insignificant to firm performance. Insurance companies indicated that while some of them did market surveys and monitored the net promoter scores, they did not act on the feedback especially on items that called for action that required approval by the insurance regulator. They further indicated that access to the insured's feedback at the points of care (at the medical service providers who provide a key linkage to the realization of the insurance 'promise') was not easy

5.2.4 Strategic Partnerships and Performance of Private Health Insurance Sector.

The study investigated the relationship between strategic partnerships and performance of private health insurance firms. The results indicated an increase in strategic partnerships did not result to an improvement in firm's performance. There was a slightly significant relationship (P=0.085) between strategic partnerships and performance from cross tabulation and that strategic partnerships did not have a positive or significant relationship with firm's performance. While banks presented an opportunity for strategic partnership, it (the partnership) did not seem to succeed in distributing health insurance products as it did on non-health related insurance products like life and general insurance policies like asset insurance. Medical service provider's interest only converged with those of insurance companies at the point of offering service since they desired to grow revenues which translated to higher claims costs to insurance companies making strategic partnership difficult since the performance interests could not be aligned.

5.2.5 Age and Performance

The study investigated the relationship between the age and firm performance and found out that there was a positive relationship between age and firm performance that was statistically significant. The older firms were found to have a consistent better performance than the younger firms.

5.2.6 Size and Performance

The study investigated the relationship between age and firm performance and found out that there was a positive relationship between age and firm performance that was statistically significant. As the firm's GWP increased so did the probability of good performance as indicated by Underwriting Results

5.3 Conclusion

The findings from reliability test, construct validity test, normality test, multicollinearity test and test of heteroscedasticity showed that the findings of this study could be relied upon to make fairly accurate conclusions and therefore give meaningful recommendations.

5.3.1 Innovative Products and Performance of Private Health Insurance Sector.

Innovative products have a significant and positive statistical influence on performance of health insurance industry. Product, market and technological innovations though industry specific, are seen to play a significant role in performance of health insurance companies in Kenya. From the findings drawn from the research it can be concluded that incorporation of technology cultivates organizational capabilities than enhances efficient service delivery.

The study also concluded that developing products for special segments in the market improves firm's performance as there is an increase in market share. Further, it was concluded that adoption of social media technology to reach out to customers results to overall organizational effectiveness as a large number of clientele can be reached. In addition, it was concluded that firms engage in product innovation training and workshops to promote health insurance innovation. The approval process for new products by the insurance regulator (IRA) was however found to inhibit innovation by insurance companies. It is a requirement that all products offered by the insurance companies should be approved by the regulator before they are offered in the market.

Innovative products will not only improve the organizational performance of private health insurance companies but it will also help in improving the insurance penetration in the country. An improved insurance penetration will play a key role in improving the quality of care accessed as well as ensuring that the access to affordable healthcare as enshrined in the president's big four agenda of 2018 is realised. This would be achieved by ensuring that the products that are offered by insurance companies are affordable to the various segments, accessible and attractive to the potential customers. They should be also easy to understand and the benefits so offered should respond to and resonate with the needs of the potential clients. As such, it is important for insurance companies to undertake customer value proposition research so as to be able to develop products based on client needs and not merely their own assumptions on what the client needs.

5.3.2 Distribution Models and Performance of Private Health Insurance Sector.

Tied agents, brokers, independent agents, direct distribution, internet distribution and banc assurance being the major methods of distributing health insurance products to the Kenyan market, seem to create a negative and significant influence on performance of health insurance industry. This meant that a unit increase in the distribution models utilized resulted in a unit decrease in performance of the health insurance sector. This was attributed to the high bargaining power that the distributors enjoy in the sector.

The study found that brokers controlled a big proportion of the business insurance companies have yet they were the least preferred because of their bargaining power as a result of the size as well as administrative challenges which resulted into bad debts as a result of inadequate credit control measures and the fact that they would administer the client schemes in platforms (systems) that were different from those used by the insurance companies. Big corporate organizations also had a preference of using brokers as their intermediaries especially where the structuring on the insured benefits was complex and required a certain level of expertise.

Further, the study found that insurance companies preferred digital and mobile distribution because it increased the margins as a result of the reduction in management/administrative expenses as well as a result of the fact that it is cheaper as no commissions/business acquisitions costs are paid. The challenge for this model was that while the insurance companies preferred it, they hadn't developed products that could be digitally distributed. The insured clients from the private health insurance companies were mostly staff members who enjoyed medical insurance as a benefit from their employer. As applied currently, the distribution models then result into a negative performance.

The findings drawn from this research allow the conclusion that despite the negative influence on health insurance, adequately and skilled Corporate Agents and brokers promote firm's product and services. It was also concluded that marketing network and service centres/branches' proximity attracts more customers. It was also concluded that Omni channel capabilities provide a seamless and responsive customer experiences. In addition, it was concluded that companies equip corporate insurance agents with adequate knowledge on how to incorporate the latest technology in insurance to attract new clients thus giving them an edge over competitors. It was further concluded that hiring tied agents who offer after sale services to customers increases their willingness to subscribe to the company's policies. It was further concluded that mobile and digital/online distribution results in better margins as a result of the lesser administrative costs and as a result of the fact that no acquisition costs/commissions are payable. The digital and mobile distribution would however require the refinement of policy documents as well as the refinement of administrative processes so as to be able to offer an end to end solution. It was also concluded that there is need to refine the process between insurance companies and brokerage firms to a level where the technology in use can be integrated as well as reduce the dependency on brokerage firms in distributing insurance products.

5.3.3 Market Sensing Capabilities and Performance of Private Health Insurance Sector.

Market sensing is built upon communication to customers, customer surveys, threat analysis, competitor analysis and use of social media networks to sustain the relationship between the health insurance companies and it´s client base. Health Insurance Companies sell a promise which they rely on third parties to actualise. Hospitals, clinics, doctors, chemists and consultants play a key role in offering the actual service that insurance customers consume which is treatment in the form of doctor's consultation, admissions, laboratory tests, diagnostics (like X-ray, imaging and ultrasound) as well as the provision of medication. The insurance regulator does not allow insurance companies to also operate as medical service providers. This then means that while a client may have a good insurance cover, they still may end up getting poor services from third party. This would then mean an insured may be happy with the insurance company but unhappy with the services they receive when they are sick.

It can be concluded that firms that communicate to customers relating to change in policies/benefits, interest rates /service charges, drastically reduces uncertainties among the customers. The study also concluded that firms should conduct customer satisfaction surveys so as to gauge the quality of their products and as a result improve the satisfaction on the various touch points in the course of giving services. Furthermore, it was concluded that firms engage employees in gathering information regarding competitors and potential threats in the market thus giving them an insight for service improvement. It was also concluded that firms should utilize social media networks to gain insights on customer demands and expectations on products and make efforts to get meaningful and reliable feedback but most importantly act on such feedback which can result in innovation, tweaking of existing products as well as improvement of existing processed to meet customer expectations. This would in turn result into higher retention and more client referral which would improve the performance of private health insurance firms.

5.3.4 Strategic Partnerships and Performance of Private Health Insurance Sector.

This study concluded that indeed bancassurance plays a key role in the distribution of insurance but as structured at the moment does not seem to respond to health specific issues. Bancassurance presents the client with an opportunity to pay the premiums through premium financing lessening the financial burden of having to pay huge sums at a go. Sacco's which have been gaining ground also present opportunities for strategic partnerships that would boost distribution, joint product development, insurance financing options as well as product white labelling opportunities with insurance companies.

The findings of this study concluded that formation of joint ventures with other firms helps in expanding scope of reach and customer base. The study further concluded that forming partnerships with other firms is essential for cheaper resource outsourcing. It was also concluded that firm have established banc assurance partnerships in order to penetrate in areas where the banks have been well represented. In addition, it was found that bancassurance arrangements still remain underutilized especially in regard to the distribution of health insurance products. Insurance companies forming strategic partnerships with other insurance firms in order to underwrite particular risks based on size, complexity or tender requirements was found to enhancing operational effectiveness and competitiveness of their bid.

The study noted that the health insurance company's biggest costs relates to the costs of treatment (claims) from various medical service providers like doctors, consultants, hospitals, clinics, chemists and diagnostic centres. This would mean that what is a cost to the insurance companies is a revenue to the medical service providers. Consequently, a plan to grow revenue (by price reviews or marketing activities) by a medical service provider would result in an increase in costs which would affect the profitability of the insurance company. The insurance regulatory authority does not allow insurance companies to be engaged in any other business other than that which is stipulated in their license. There however exists an opportunity for strategic purchasing of healthcare to reduce on costs as well as getting into discount programs from early payments as well as volume discounts with the hospitals which will improve the cash flows of the medical service providers (through early payments) while growing their business (by getting more business from the insurance companies). The insurance companies would on their side pay much less than they would have paid saving on claims costs and hence enhancing performance. Strategic partnerships with other organization in the health space like hospitals as well as technology companies offering platforms for the delivery of medication as well as virtual consultation (telemedicine) would give the insurance companies control of the value chain bringing significant improvement in performance.

5.3.6 Age and size on Performance

Because of the high risk nature of medical insurance, coupled with challenges of the macro-economic environment, many private health insurance companies and the entire sector as a whole have been experiencing huge losses in their business. Few companies have been able to maintain their performance above the average industry performance. They have also been able to realize profits where others have recorded losses. Another performance indicator that can be identified in this study is the gross written premiums of the companies since 2013.

As evidenced by the findings in this research, investigation into the high performers reveals qualities that make them leaders in their class. It has been observed that companies that have been in operation for long tend to have a higher market share than their younger compatriots. Although this has no significant relationship with the profitability, market share is a desirable quality in any business and it can be a capability that gives a company competitive advantage.

Age of a company is a quality that has been identified in this study as a factor which enables a company to gain capabilities which give it competitive advantage. It has been observed that the age of a company enables it to gain experience and learning which makes it able to overcome the effects of a rapidly changing business environment. With time these companies also gain a reputation placing them above their competitors. Age, alone, may however not guarantee the performance of a company. Other factors have to accompany longevity for the firm to have competitive advantage and improve its performance. This can be proven by the fact that there are firms that been in the sector for over three decades yet they control a small amount of the market share. This may be because the benefits of accumulated knowledge can be overcome by the inertia, inflexibility and bureaucracy brought about by routine, rules and organizational structure. While the controls established through years of operations are good, the same must be well balanced with agility to avoid bureaucracy becoming a key inhibitor of performance.

5.4 Recommendations

The study recommends that firms should establish marketing network and service branches' in customer's proximity and accessibility to increase operational effectiveness.

The study also recommended that firms should develop products for special market segments such as low and high income earners and across various age brackets in order to increase market share. Firms are also recommended to adopt social media and technology platforms through which customers have access to the information they want without the hustle of seeking agents.

Additionally, an emphasis must be put on innovation due to its proven effect of improved performance as well as competitive advantage. Innovation once anchored on a client's needs becomes a source of competitive advantage. Organizations should therefore design their policies to address horizontal concerns and generate inducement for innovation activities. Innovation must be from the point of what the client needs and should result into the tweaking of existing products, development of new products as well as improvement of processes to serve the customer better.

The study also recommends the employment of multiple channels of distribution of insurance product rather than relying on traditional channels of agent/broker and bancassurance. Mobile applications and internet technology could be used to make access to insurance products more convenient, reaching potential customers where and when they can be found while at the same time cutting the cost of availing these services. To be able to achieve this, there will be need to invest in R&D and as such insurance companies must have budgets for R&D. New distribution avenues like through Saccos should also be pursued. Distribution channels selected must be those that enable insurance companies to achieve their profitability and penetration objectives.

Costs that are linked to distributions make it difficult for firms to gain profits and therefore strategies must be put in place to improve distribution mechanisms. Such as enhanced multifaceted product and channel operations that tackles the issue of revenue targets of the firm and the profits gained. Insurers can attain profitability by creating distribution mechanisms that ramp up sales and reduces expenditure.

Insurers can make use of available chances by managing distribution not as just a small part of their firm but as an integral one. This can be done through use of technology and strategic partnerships with proper flow of information, improvement in marketing strategies which in turn causes better sales, as well as a keen eye on performance through a vast system of brokers and agents.

Insurers can be able to reach all social classes through strategic partnerships. They can reduce buying costs, increasing the number of clients they maintain, and increase opportunities for cross-selling. It is becoming increasingly important for firms to work with particular distributors that ensure profitability. Firms that make use of strategic partnerships can be able to sustain it with long term ripple effects. In administering their distribution partnerships insurers need to ensure commitment from all stake holders with a business model that is both fair and equitable in all markets. There is also need for shared targets by both firms that includes aiding each other, mutual respect, and cultural compatibility and a product line that supports customer loyalty and satisfies the niche in the market that the firms are targeting. Performance metrics should include sales and marketing and customer feedback. Furthermore, there should be a chain of command that sustains proper flow information so as to mitigate risks to the venture. These principles help to manage conflicting objectives that may arise.

A key cost of doing business for both Private Health insurance companies in Kenya and the medical service providers are the costs of billing, invoicing, invoice submission and ultimately the claim/cost payment. The process involves receiving (by the medical service provider) authorization documents and claims forms from the insurance companies. The invoices are later delivered to the insurance companies for processing. A working strategic partnership would shorten the process by making the submission of claim forms, invoices and the subsequent remittances between the organizations electronic. This would reduce the time it takes to pay and subsequently result to early payment discount or the waiver of the loadings that providers may do to take care of credit risk. It will also reduce administrative costs of stationery as well as the staff whose work is to capture physical claims.

Insurers must also follow strict financial guidelines in their practices to build trust and ensure profitability both now and in the future. They should also make sure they are in business with partners that ensure profitability with low costs incurred. For insurers to benefit from their venture they must differentiate profitable channels from those that are not and direct resources to the former. It would also be important for health insurance companies to be allowed to have stronger relationships (and which could include shareholding) with medical service providers just like banks and insurance companies currently have. While banks own insurance companies and insurance companies own banks, no health insurance provider currently owns a medical service provider as the law does not allow. This is why when AAR Insurance changed from an HMO, a new company had to be formed to independently run their chain of clinics.

To ensure profitability insurers must optimize certain parts of their distribution channels such as enhanced operations to support a multiproduct, multi-channel distribution model which will marry the insurer's goals as well as nail profitability targets. Firms have a complex distribution mechanism that must be continually monitored, improved and changed so as to meet the needs of the firm and that of the client. A supportive and highly agile environment that takes into account technological advances helps firms to switch up their distribution mechanisms without cutting into their profits.

Furthermore, the study recommends that firms should always communicate to customers relating to changes in services in order to increase customer loyalty and eradicate uncertainties among them. Firms are also recommended to conduct regular customer satisfaction surveys in order to establish customer satisfaction with their products/services. Managers also need to company engage employees in gathering information regarding competitors and potential threats in the market in order to establish competitive operational strategies. This study recommends continuous market sensing and implementations of the feedback received from the clients. Health Insurance companies also need to find a way of getting feedback from the clients on the quality of service received from the medical service providers that they are third parties in the engagement notwithstanding.

It was further recommended that firms should form partnerships with other firms to enhance cheaper resource outsourcing thus increasing firms' profitability. It was also recommended that strategic partnerships should be adopted to enhance new market penetration and faster growth due to pooling of resources. Even so, it is important that firms have a "game plan" to ensure profitability of partnerships. To governments, industry associations and entrepreneurs in the insurance industry it is recommended that there be facilitation to permanently institutionalize a variety of strategic partnerships and reduce any risks associated with it. In addition, it was concluded that firms should encourage a resilient working culture among all employees that enhances scanning the horizon for the next competitive battle in the market; thus enabling the company to prepare adequately. Lastly, it was recommended that managers should encourage innovative culture in organizations so as to enhance on organizational capabilities and overall success of the company.

5.5 Area of Further Studies

Company personnel must be capable of learning and adopting new knowledge and skills while being innovative at the same time. By staying on the cutting edge the company will be able to take advantage of its longevity and ensure great performance even in a rapidly changing business environment.

The study sought to establish the influence of transient advantage on performance of private health insurance sector in Kenya. This study, therefore, narrowed down on private health insurance sector only. Thus area for further studies could consider other insurance areas like the long term insurance like life and other short term classes of General insurance sectors and specifically motor insurance which is has had consistent losses for the purpose of making a comparison of the findings with those of the current study. The study on strategic partnerships could be narrowed down to how the health insurance companies can work better with the medical service providers to increase penetration. While regulation of business is important, a study on the impact of the current requirements to have the regulator approve products before they are rolled out into the market would shed some light on the relationship between regulation and innovation in the insurance space.

Key to the success of the UHC agenda is a collaboration between Public Insurer (NHIF) and the private health insurance companies. As such, a further study should be undertaken on how best this can be achieved and what structures need to be refined/implemented both at the operational and regulatory level. The study could also be extended to other sectors of the economy like construction, manufacturing, trade and other service industries. Besides, the study was conducted in Kenya and thus an extensive research could be carried out in the neighboring East African countries to establish a relational and comparison in performance of East African countries.

REFERENCES

AAR Insurance. (2018, October 1). *AAR Insurance rolls out new SME medical cover [Press release]*. https://aar-insurance.ke/ke/download/54004-aar-insurance-kenya-aar-release---smes.pdf

Abaluck, J. & Gruber, J. (2016). *Improving the quality of choices in health insurance markets* (No. w22917). National Bureau of Economic Research. 10.3386/w22917

Abbasi, A., & Malik, Q. A. (2015). Firms' size moderating financial performance in growing firms: An empirical evidence from Pakistan. *International Journal of Economics and Financial Issues*, *5*(2), 334-339. http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.989.6516&rep=rep1&type=pdf

Abuya, T., Maina, T. & Chuma, J. (2015). Historical account of the National Health Insurance Formulation in Kenya: Experience from the Past Decade. *BMC Health Service Research,* *15*(1), 56-80. https://bmchealthservres.biomedcentral.com/articles/10.1186/s12913-015-0692-8

Adema, W., Fron, P., & Ladaique, M. (2014). How much do OECD countries spend on social protection and how redistributive are their tax/benefit systems? *International Social Security Review*, *67*(1), 1-25. https://onlinelibrary.wiley.com/doi/pdf

Afzal, S. (2009). Marketing Capability, Strategy and Business Performance in Emerging Markets of Pakistan. *IUB Journal of Social Sciences and Humanities, 7*(2), 88 – 102. https://mpra.ub.uni-muenchen.de/23642/1/MPRA_paper_23642.pdf

Ahmed, A. M., Ibrahim, S. B. & Asaballah, A. H. A. (2017). Market sensing, innovation capability and market performance: The moderating role of internal information dissemination. *International Journal of Applied Sciences*, *4*(8), 56 – 67. https://pdfs.semanticscholar.org/8938/781a367c560e69c1bf881a4827fff18abded.pdf

Ahuja, R., & Narang, A. (2015). Emerging trends in health insurance for low-income groups. *Economic and Political Weekly,* 4151-4157. https://www.jstor.org/stable/4417171

Akben-Seluk, E. (2016). Does firm age affect profitability? Evidence from turkey, *International Journal of Economic Sciences, 5*(3), 1-9. 10.20472/ES.2016.5.3.001

Ambrosini, V., & Bowman, C. (2003). Managerial consensus and corporate strategy: why do executives agree or disagree about corporate strategy? *European Management Journal*, *21*(2), 213-221. https://doi.org/10.1016/S0263-2373(03)00016-1

Aniruddha, K., & Mital, A. (2016). Role of dynamic capabilities in innovation output of high-technology firms. *Strategic Change*, *25*(4), 401-425. https://doi.org/10.1002/jsc.2071

Ardyan, E. (2016). Market sensing capability and SMEs performance: The mediating role of product innovativeness success. *DLSU Business & Economics Review*, 25(2), 79-97. https://www.researchgate.net/profile/Elia_Ardyan2/publication/292984938_Market_Sensing_Capability_and_SMEs_Performance_The_Mediating_Role_of_Product_Innovativeness_Success/links/56f238ef08ae1cb29a3d2579/Market-Sensing-Capability-and-SMEs-Performance-The-Mediating-Role-of-Product-Innovativeness-Success.pdf

Association of Kenya Insurers (2014). *Association of Kenya insurers report*. Act Press.

Association of Kenya Insurers (2014). *Insurance industry annual report 2014*. https://www.akinsure.com/images/industry_report/AKI%20Annual%20Report%202014.pdf

Association of Kenya Insurers (2016). *Association of Kenya insurers report*. Act Press.

Association of Kenya Insurers (2017). *AKI insurance industry annual report*. Act Press.

Association of Religious Data Archives. (2018). *Yearbook of international religious demography 2018*. BRILL. https://books.google.co.ke/books?id=c-t5DwAAQBAJ&pg=PA171&lpg=PA171&dq=Association+of+Religious+Data+Archives,+2018).&source=bl&ots=OLtjIEvkmt&sig=ACfU3U1wFc99drTTveFufrtkxEJ79v-ocw&hl=en&sa=X&ved=2ahUKEwjEzsvqweXpAhUYaRUIHSmBAGMQ6AEwBHoECAcQAQ#v=onepage&q=Association%20of%20Religious%20Data%20Archives%2C%202018).&f=false

Aziz, S. A., & Theuri, F. (2018). Strategies undertaken by health insurance scheme to enhance customer loyalty: a case study of national hospital insurance fund, Ukunda branch office. *European Journal of Business and Strategic Management*, *3*(2), 59-80. https://www.iprjb.org/journals/index.php/EJBSM/article/download/619/751

Babelytė-Labanauskė, K. & Nedzinskas, Š. (2017). Dynamic capabilities and their impact on research organizations' R&D and innovation performance. *Journal of Modelling in Management, 12* (4), 603-630. http://doi.org/10.1108/jm2-05-2015-0025

Babic, D., Bajor, I., & Babic, M. I. (2010). Choice factors of distribution channels. *J. Transp. Logist*, *1*, 5-13. http://journals.vstecb.cz/wp-content/uploads/fullissue/35.pdf

Badaracco, J. L. (2013). *The good struggle: responsible leadership in an unforgiving world*. Harvard Business Review Press.

Bailey, C. J. (2014). *Competing in low-income markets using dynamic and adaptive market sensing capabilities*. Gordon Institute of Business Science, University of Pretoria.

Barrales-Molina, V., Martínez-López, F. J., & Gázquez-Abad, J. C., (2014). Dynamic marketing capabilities: Toward an integrative framework. *International Journal of Management Reviews*, 16 (4), 397-416. https://doi.org/10.1111/ijmr.12026

Bashir, I., Madhavaiah, C. & Naik, J. R. (2013). Traditional & modern channels: critical analysis of traditional and modern insurance distribution channels in India. *The Journal of Iinsurance Institute of India, 1*(2), 59 -68. https://books.google.co.ke/books?id=zaHGDwAAQBAJ&pg=PA137&dq=The+Journal+of+Insurance+Institute+of+India+2013

Béland, D., & Ridde, V. (2016). Ideas and policy implementation: understanding the resistance against free health care in Africa. *Global Health Governance*, *10*(3). http://www.equitesante.org/wp-content/uploads/2016/12/Pages-de-2016-Winter-Special-Issue.pdf

Belsley, D. A., Kuh, E., & Welsch, R. E. (1980). *Identifying influential data and sources of collinearity.* Wiley.

Berg, M. (2015). Feasibility first: developing public performance indicators on patient safety and clinical effectiveness for Dutch hospitals. *Health Policy*, *75*(1), 59-73. www.elsevier.com/locate/healthpol

Bharadwaj, N., & Dong, Y. (2014). Toward further understanding the market-sensing capability–value creation relationship. *Journal of Product Innovation Management*, *31*(4), 799-813. https://doi.org/10.1111/jpim.12124

Bhattad, M. (2012). *Trends in insurance channels*. Capgemini

Binder, S. & Mubhoff, J. (2017). *Global industry insight: an in-depth perspective* (7th ed.). McKinsey & Company. https://www.mckinsey.com/~/media/mckinsey/industries/financial%20services/our%20insights/global%20insurance%20insights%20an%20overview%20of%20recent%20trends%20in%20life%20p%20and%20c%20and%20health/global-insurance-industry-insights-an-in-depth-perspective-may-2018.ashx

Bitran, G. & Pedrosa, L. (2013). A structured product development perspective for service operations. *European Management Journal*, 16(2), 169-189. http://www.producao.ufrgs.br/arquivos/disciplinas/508_bitran_barbosa_1988.pdf

Blischke, W. R., & Murthy, D. P. (2011). *Reliability: modeling, prediction, and optimization* (Vol. 767). John Wiley & Sons.

Bogdan, T. (2016, March). *The role of health on economic growth*. In International Finance and Banking Conference (p. 29). http://www.academia.edu/download/60838835/International_Finance_and_Banking_Conference_FIBA_2016_XIV.pdf#page=29

Bowonder, B., Dambai, A., Kumar, S., & Shirodkar, A. (2015). Innovation Strategies for Creating Competitive Advantage. *Research- Technology Management, 53*(3), 19-32. https://doi.org/10.1080/08956308.2010.11657628

Boyd, C. (2017). *The 4 biggest insurance innovation challenges*. Upskill.

Brage, S., Krohg, M., Klockars, M., Mikaelsson, B., Permin, H., & Thorlacius, S. (2002). Health and social insurance in Nordic countries. *Tidsskrift for den Norske laegeforening: tidsskrift for praktisk medicin, ny raekke*, *122*(15), 1486-1491. https://europepmc.org/abstract/med/12190052

Breznik, L., & Hisrich, R. (2014). Dynamic capabilities vs. innovation capability: are they related? *Journal of Small Business and Enterprise Development*, 21(3), 368-384. https://www.researchgate.net/profile/Lidija_Breznik/publication/264657070_Dynamic_capabilities_vs_innovation_capability_Are_they_related/links/53ea37bd0cf28f342f418a74.pdf

Breznik, L., & Lahovnik, M. (2016). Dynamic capabilities and competitive advantage: Findings from case studies. *Management: Journal of Contemporary Management Issues*, *21*(Special issue), 167-185. https://hrcak.srce.hr/file/228563

Broeders, H., & Khanna, S. (2015). *Strategic choices for banks in the digital age*. McKinsey & Company. https://www.mckinsey.com/industries/financial-services/our-insights/strategic-choices-for-banks-in-the-digital-age

Burca, M. & Batrinca, G. (2014). The determinants of financial performance in the Romanian insurance market. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 4 (1), 299-308. http://hrmars.com/hrmars_papers/Article_34_The_Determinants_of_Financial_Performance.pdf

Burke, B. J., Peterson, W. T., Beckman, B. R., Morgan, C., Daly, E. A., & Litz, M. (2013). Multivariate models of adult Pacific salmon returns. *PloS one*, *8*(1), 54134. 10.1371/journal.pone.0054134. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3543311/

Butigan, N. & Banic, D. (2017). The impact of membership in strategic alliances on the profitability of firms in the retail sector. *Croatian Economic Survey*, 19(2), 47-82. https://hrcak.srce.hr/file/283794

Byishimo, B. (2017, January 06). Developments that shaped the health sector in 2019. *The New Times.* https://www.newtimes.co.rw/lifestyle/developments-shaped-health-sector-2019

Canadian Institute of Financial Planning. (2018). *Insurance Distribution Models of the Future*. Knowledge series. http://www.actuary.org.ph/wp-content/uploads/2015/11/11.2-Additional-Insurance-distribution-models-of-the-future.pdf

Cancellier, E. L., Junior, E. J. & Rossetto, A. (2014). Environmental scanning, strategic behavior and performance in small companies. *Information system technology management (JISTEM)*, *11*(3), 611-628. https://web.a.ebscohost.com/abstract?direct=true&profile=ehost&scope=site&authtype=crawler&jrnl

Cappiello, A. (2018). The new frontiers of insurance distribution. in *technology and the insurance industry*. Palgrave Pivot, Cham. https://link.springer.com/chapter/10.1007/978-3-319-74712-5_4

Carlsson, B. (Ed.). (2012). *Technological systems in the bio industries: An international study* (Vol. 26). Springer Science & Business Media.

Carpi, A., & Egger, A. E. (2008). Experimentation in scientific research. Vision learning, *POS, 1*(7). https://www.visionlearning.com.

Catlin, T., Patiath, P., & Segev, I. (2014). Insurance companies untapped digital opportunity. *Harvard Business Review*, *24*. https://hbr.org/2014/03/insurance-companies-untapped-digital-opportunity

CB Insights (2017a, September 25) Insurance Tech Start-ups Raise $1.7B Across 173 Deals in 2016 www.cbinsights.com/blog/2016-insurance-tech-funding/.

Çelik, Ö. H. (2018). *The effect of age on firm's performance: evidence from family-owned companies.* Ömer Halisdemir Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi,. 10.25287/ohuiibf.403257

Central Intelligence Agency. (2020). *The world fact book.* https://www.cia.gov/library/publications/the-world-factbook/

Chache, M. (2016). The Effect of Product Pricing on the Growth of Microinsurance by Insurance Underwriters in Kenya, *International Journal of Humanities and Social*

Science *6*(10). http://www.ijhssnet.com/journals/Vol_6_No_10_October_2016/27.pdf

Charumathi, B. (2012, July). *On the determinants of profitability of Indian life insurers–an empirical study.* In Proceedings of the world congress on Engineering (Vol. 1, No. 2, pp. 4-6). London.

Christensen, C. M. (2013, January 21). *Christensen: We are living the capitalist's dilemma*. CNN International Edition*:* http://edition.cnn.com/2013/01/21/business/opinion-clayton-christensen/index.html.

Chuma J. & Maina T. (2012). Catastrophic health care spending and impoverishment in Kenya. *BMC Health Service Research*, *12*(1), 413-430. https://bmchealthservres.biomedcentral.com/articles/10.1186/1472-6963-12-413

Churchill, C., Dalal, A. & Ling, J. (2012). *Pathways towards greater impact: Better microinsurance models, products and processes for MFIs.* ILO. http://www.impactinsurance.org/sites/default/files/mpaper18.pdf

Client Global Insight. (2014). *Healthcare Challenges and Trends*: *The patient at the heart of care.* CGI Group Inc.

Coad, A., Seggara, A. & Teruel, M. (2013). Like milk or wine: Does firm performance improve with age?. *Structural Change and Economic Dynamics,* 24(C), 173-189. http://www.urv.cat/media/upload/arxius/catedra-innovacio-empresarial/Like%20milk%20or%20wine.pdf

Cobeña, M., Gallego, Á., & Casanueva, C. (2017). Heterogeneity, diversity and complementarity in alliance portfolios. *European Management Journal*, *35*(4), 464-476. https://doi.org/10.1016/j.emj.2016.12.005

Cooper, D. R. & Schindler, P. S. (2014). *Business research methods*. McGraw-Hill Companies.

Couto V., Plansky J. & Caglar D. (2016). *Fit for growth: a guide to strategic cost cutting, restructuring, and renewal.* Willey, Business and Economics.

Cravens, D. W., Piercy, N. F., & Baldauf, A. (2009). Management framework guiding strategic thinking in rapidly changing markets. *Journal of Marketing Management*, *25*(1-2), 31-49. https://www.researchgate.net/profile/Nigel_Piercy/publication/233448218_Management_Frameworks_Guiding_Strategic_Thinking_in_Rapidly_Changing_Markets/links/5641f87f08aebaaea1f89ec7.pdf

Creswell, J. W. (2014). *A concise introduction to mixed methods research*. SAGE Publications.

Cruz-Ros, S. & Gonzalez-Cruz, T. F., (2015). Service firm capabilities and performance: Contingent analysis of customer contact. *Journal of Business Research, 68*(7), 1612-1621. 10.1016/j.jbusres.2015.02.005

Cullen, M. (2016, August 04). InsureTech firms look to disrupt, but not to overtake incumbents. LSE Business Review. http://blogs.lse.ac.uk/businessreview/2016/06/14/insuretech-firms-look-to-disrupt-but-not-to-overtake-incumbents/

Culpan, R. (2014). *Open innovation through strategic alliances; approaches for product, technology, and business model creation*. Palgrave McMillan.

Dao, M. Q. (2014). Drivers of economic growth in developing countries. *Studies in Economics and Econometrics*, *38*(1), 75-85. https://thekeep.eiu.edu/cgi/viewcontent.cgi?article=1009&context=economics_fac

Day, G. S. (2002). Managing the market learning process. *Journal of Business & Industrial Marketing,* 17(4), 240-252. https://doi.org/10.1108/08858620210431651

Derbali, A., & Jamel, L. (2018). Determinants of performance of Tunisia insurance companies: Case of life insurance. *International Journal of Productivity and Quality Management*, *24*(4), 531-542. https://hal.archives-ouvertes.fr/hal-01695997/document

Dias, A. (2013, June 4-7). *A measure of market sensing capabilities*. [Conference session]. EMAC 2013 42nd annual conference. Istanbul, Istanbul Technical University. https://www.researchgate.net/publication/296679371_A_MEASURE_OF_MARKET_SENSING_CAPABILITIES

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American sociological review*, 147-160. https://www.jstor.org/stable/2095101?seq=1#metadata_info_tab_contents

Dogan, M. (2013). Does Firm Size Affect The Firm Profitability? Evidence from Turkey. *Research Journal of Finance and Accounting, 4*(4), 53 – 60. https://pdfs.semanticscholar.org/5360/29a44ed8dd384cbcde67f9d60bc10cf5c775.pdf

Donev, D., Kovacic, L., & Laaser, U. (2004). The role and organization of health care system. *Health system and their evidence based development. Lage: Hans Jacobs*

Publishing Company, 19-46. https://www.researchgate.net/profile/Ulrich_Laaser/publication/235246377

Dumm, R. E., & Hoyt, R. E. (2013). Insurance distribution channels: markets in transition. *Journal of Insurance Regulation*, *22*(1), 27-48. http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.105.6400&rep=rep1&type=pdf

Dussauge, P., Garrette, B., & Mitchell, W. (2000). Learning from competing partners: Outcomes and durations of scale and link alliances in Europe, North America and Asia. *Strategic Management Journal*, *21*(2), 99-126. https://d1wqtxts1xzle7.cloudfront.net/43414308/Learning_from_Competing_Partners_Outcome20160306-21971-13mugtr.pdf.

Dze C. J. & Soldi A. (2012). *Strategic Alliances: Performance Measurement in the Financial Service Industry. Case study: The Beneficial Life Insurance S. A. and Microfinance Institutions in Cameroon* [Master's Thesis, Linkonping University]. http://liu.diva-portal.org/smash/record.jsf?pid=diva2%3A544821&dswid=-5801

Einav, L. & Levin, J. (2015). Managed competition in health insurance. *Journal of the European Economic Association,* *13*(6), 998-1021. http://web.stanford.edu/~leinav/pubs/JEEA2015.pdf

Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: what are they? *Strategic Management Journal*, *21*(10-11), 1105-1121. https://doi.org/10.1002/1097-0266(200010/11)21:10/11<1105::AID-SMJ133>3.0.CO;2-E

Ekawati, R. S. (2014). The Effect of Strategic Partnership on Innovation Capability and Business Performance of Garment Industry in West Java – Indonesia. *International Journal of Scientific and Technology Research*, *3*(12). https://pdfs.semanticscholar.org/9f14/f58599019e3180b40e2f24096bf41b4ddb5c.pdf

Ellis, T. J., & Levy, Y. (2010). Framework of problem-based research: a guide for novice researchers on the development of a research-worthy problem. *International Journal of an Emerging Transdiscipline,* *11*,17. http://www.inform.nu/Articles/Vol11/ISJv11p017-033Ellis486.pdf

Escobar, M., Griffin, C. C. & Shaw, R. P. (2012). The impact of health insurance in low- and middle-income countries. *Journal of International Development*, *24*(4), 529 – 530. https://www.jstor.org/stable/10.7864/j.ctt12638q

EY (2018). *Global analysis of health insurance in Sub-Saharan Africa*. Oxford Economics. https://www.ey.com/Publication/vwLUAssets/EY-global-analysis-of-health-insurance-in-sub-saharan-africa/%24File/ey-global-analysis-of-health-insurance-in-sub-saharan-africa.pdf

Fayaz, R. & Azizinia, M. (2016) Current challenges in distribution channels of cultural goods and services. *Marketing and Branding Research*, 3(16), 75 – 85. https://pdfs.semanticscholar.org/2da8/b4c190cdf0ab7fb259e15f28f646b73fbd6f.pdf

Ferreira, M. P., Storopoli, J. E. & Serra, F. R. (2014). Two Decades of Research on Strategic Alliances: Analysis of Citations, Co-citations and Themes Researched. *Revista de Administração Contemporânea*, *18*(SPE), 111-127. http://www.scielo.br/scielo.php?pid=S1415655520140007001 09&script=sci_arttext

Field, A. (2009). *Discovering Statistics Using SPSS.* SAGE Publications.

Figueroa, C. A., Harrison, R., Chauhan, T. & Meyer, L. (2019). Priorities and challenges for health leadership and workforce management globally: a rapid review. *BMC health services research*, 19(1), 239. https://bmchealthservres.biomedcentral.com/articles/10.1186/s12913-019-4080-7

Ford, N. (2018, December 13). The future of insurance: product innovation opportunities right under carriers' noses. https://www.mendix.com/blog/future-of-insurance-digital-insurance/

Frieden T. R. (2014). Six components necessary for effective public health program implementation. *American Journal of Public Health*, *104*(1), 17–22. https://doi.org/10.2105/AJPH.2013.301608

FRISS. (2018). *Comparing Insurance Distribution Channels: 5 key take-aways*. https://www.friss.com/news/comparing-insurance-distribution-channels-5-key-take-aways/

Garson, D. (2012). *Testing Statistical Assumptions*. Statistical associates publishing.

Gathungu, J. M., & Mwangi, K. (2012). Dynamic capabilities, talent development and firm performance. *DBA Africa Management Review*, *2*(3), 83-100. https://pdfs.semanticscholar.org/13f6/b077e4d5976d86cb1a9c75d7273f527249b7.pdf

Gilbert, C., Ewing, M. & Foster, R. N. (2012). Two routes to resilience. *Harvard Business Review*, 90(12), 65-73. https://www.billsynnotandassociates.com.au/images/stories/documents/two_routes_to_resilience.pdf

Giniuniene, J., & Jurksiene, L. (2015). Dynamic capabilities, innovation and organizational learning: interrelations and impact on firm performance. *Procedia-Social and Behavioral Science, 213*, 985-991. https://www.sciencedirect.com/science/article/pii/S187704281505870X/pdf?md5

=8d10076dfc4e417739f9b6abfa461ac8&pid=1-s2.0-S187704281505870X-main.pdf

Gitau, B. N. (2013). *Strategies adopted by Kenyan insurance companies to alleviate low insurance penetration* [Thesis, University of Nairobi]. UON Institution Repository. http://erepository.uonbi.ac.ke/bitstream/handle/11295/60847/BEATRICE_NJERI_GITAU_MBA_2013.pdf?sequence=6

Goldman Sachs Global Investment Research (2016). *Millennials coming of age*. www.goldmansachs.com/our-thinking/pages/millennials/index.html#intro.

Goodman, D. (2019, February 15). The Future of Insurance: Product Innovation Opportunities Right Under Carriers' Noses. https://www.mendix.com/blog/future-of-insurance-digital-insurance/.

Govender, V., McIntyre, D., & Loewenson, R. (2008). *Progress towards the Abuja target for government spending on health care in East and Southern Africa.* EQUINET Discussion Paper 60. https://www.researchgate.net/publication/253991420_Progress_towards_the_Abuja_target_for_government_spending_on_health_care_in_East_and_Southern_Africa/citation/download

Government of Kenya (2007). *Vision 2030.* Government of Kenya. http://www.vision2030.go.ke/about-vision-2030

Gupta T. K. & Singh, V. (2015) A systematic approach to evaluate supply chain management environment index using graph theoretic approach. *International Journal of Logistics Systems and Management*, 21(1), 1-45. https://www.researchgate.net/profile/Tarun_Gupta9/publication/276125805_A_systematic_approach_to_evaluate_supply_chain_management_environment_index_using_graph_theoretic_approach/links/565fcbc308ae1ef929856ab9.pdf

Gurel, E. & Tat, M. (2017). SWOT analysis: A theoretical review. *The Journal of International Social Research*, *10*(51), 994 – 1006. http://sosyalarastirmalar.com/cilt10/sayi51_pdf/6iksisat_kamu_isletme/gurel_emet.pdf

Harney, L., McCurry, J., Scott, J., & Wills, J. (2016). Developing 'process pragmatism'to underpin engaged research in human geography. *Progress in Human Geography*, *40*(3), 316-333. https://journals.sagepub.com/doi/pdf/10.1177/0309132515623367

Hartarskaa,V., Merslandb, R., & Nadolnyakc, D. (2014, January 5-7). *Are women better bankers to the poor? evidence from rural microfinance institutions.* [Paper Presentation]. 2014 ASSA Meeting, Philadelphia.

file:///C:/Users/julie/AppData/Local/Temp/Hartarska_%20Mersland_%20Nadolnyak.pdf

Hassan, M. U., Shaukat S., Nawaz, M. S. & Naz, S. (2013). Effects of innovation types on firm performance: an empirical study on Pakistan's manufacturing sector. *Pakistan Journal of Commerce and Social Sciences, 7*(2), 243-262. https://www.econstor.eu/bitstream/10419/188088/1/pjcss121.pdf

Haykir, O. & Celik, M. S. (2018). The effect of age on firm's performance: evidence from family owned companies, *Ömer Halisdemir Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi, Nisan, 11(*2), 129-137. . 10.25287/ohuiibf.403257

Heerwagen, J., Kelly, K. & Kampschroer, K. (2016, May, 10). *The changing nature of organizations, work and workplace*. https://www.wbdg.org/resources/changing-nature-organizations-work-and-workplace

Helfat, C. E. & Martin, J. A. (2014). Dynamic managerial capabilities: Review and assessment of managerial impact on strategic change. *Journal of Management*, *41*(5), 1281-1312. https://doi.org/10.1177/0149206314561301

Hinton, P. R., Brownlow, C., McMurray, I., & Cozens, B. (2004). *Using SPSS to analyse questionnaires: Reliability. SPSS explained*. Routledge.

Hocking, J., Wood, A., Dally, N., Pan, K., Lin, B., Ban, H., Toohey, P., Wang, X. Meunier, F., & Lee, S. (2014). *Insurance and technology: evolution and revolution in a digital world.* Morgan Stanley/Boston Consulting Group. https://www.bcgperspectives.com/Images/evolution_revolution_how_insurers_stay_relevant_digital_world.pdf

Hollanders, H. & Evangelista, R. (2012). *Organizational and marketing innovation – promises and pitfalls.* European Commission.

Holmes, R. & Scott, L. (2016). '*Extending social insurance to informal workers –A gender analyses*, ODI Working Paper. London: ODI. https://www.odi.org/sites/odi.org.uk/files/resource-documents/10511.pdf

Ilaboya, O. J. & Ohiokha, I. F. (2016). Firm age, size and profitability dynamics: a test of learning by doing and structural inertia hypotheses, *Business and Management Research, 5*(1), 29-39. https://oer.sau.edu.ng/uploads/journals/firm-age-size-and-profitability-dynamics-a-test-of-learning-by-doing-and-structural-inertia-hypotheses.pdf

Institute of Economic Affairs. (2018). *Annual Report 2018.* https://www.ieakenya.or.ke/publications/reports

Insurance Governance Leadership Network (2017). *The future of distribution: insurers' grapple with a rapidly changing landscape.* Tapestry Networks. https://www.tapestrynetworks.com/publications/the-future-distribution-insurers-grapple-with-a-rapidly-changing-landscape

Insurance Regulatory Authority (2012). *Assessment of adequacy of information disclosed to insurers by insurance customers*. www.ira.go.ke%2Findex.php%2Fpublications%2Fresearch-surveys%3Fdownload%3D130%3Aan-assessment-of-adequacy-of-information-disclosed-by-insurance-industry-s-customers

Insurance Regulatory Authority (2017). *Insurance industry annual report for the year ended 31st December, 2017.* https://www.ira.go.ke/images/docs/2017annual/Insurance-Industry-Annual-Report-2017.pdf

Insurance Regulatory Authority (2017). *Q2 Statistics*. https://www.ira.go.ke/

Insurance Regulatory Authority (2018) *Insurance Industry Annual Report 2017*. https://www.ira.go.ke/images/docs/.../Insurance-Industry-Annual-Report-2017.pdf

International Finance Corporation. (2016). *The business of health in Africa: partnering with the private sector to improve people's lives*. UNIDO. https://www.unido.org/sites/default/files/2016-01/IFC_HealthinAfrica_Final_0.pdf

Isik, O., Unal, E., & Ünal, Y. (2017). The effect of firm size on profitability: evidence from Turkish manufacturing sector. *Journal of Business, Economics and Finance. 6*, 301-308. 10.17261/Pressacademia.2017.762.

Jabar, J., Othman, N. A., & Idris, M. A. (2011). Enhancing organizational performance through strategic technology alliances: A study on Malaysian manufacturers. *International Journal of Innovation, Management and Technology*, *2*(6), 506-511. https://pdfs.semanticscholar.org/187c/6f98b0316ceffb0d2b0315a08aa2a86004e4.pdf

Judd, C. M., Westfall, J., & Kenny, D. A. (2017). Experiments with more than one random factor: Designs, analytic models, and statistical power. *Annual review of psychology*, *68*, 601-625. https://www.annualreviews.org/doi/abs/10.1146/annurev-psych-122414-033702

Kafetzopoulos, D. & Psomas, E. (2015). The impact of innovation capability on the performance of manufacturing companies: The Greek case. *Journal of Manufacturing Technology Management*, *26*(1), 104-130. https://www.emerald.com/insight/content/doi/10.1108/JMTM-12-2012-

0117/full/html?casa_token=fegywj1kUewAAAAA:p2XmzZvmVf0XNzEfuP5rnOg6-SV1FBnx2blqR98qE8-gYMrFY3Sng8fYlNcVs_oeInoOCrMKSZRWp7lx_O4-ZEPQS28c0-iBY2HGT6kbwWvh6Xqo5DWTqA

Kalinichenko, O., Amado, C. A., & Santos, S. P. (2018). Performance assessment in primary health care: a systematic literature review. *European Journal of Operational Research*, *3,* 1-18. http://www.cefage.uevora.pt/content/download/3466/45683/version/1/file/2013_03.pdf

Kalubanga, M., Tumwebaze, S. & Kakwezi, P. (2012) Examining the effect of multi-channel product distribution on firms' performance. *International Journal of Economics and Management Sciences, 1*(12), 90-103. https://pdfs.semanticscholar.org/176c/d5a4b5c4a8b4aa8b48de2a772321868bbd8c.pdf

Kampire, C. (2013). *Competitive strategies adopted by insurance companies in Rwanda*. [Master's thesis, University of Nairobi]. UON Institution Repository. http://erepository.uonbi.ac.ke/handle/11295/14655

Kanibir, H., Saydan, R., & Nart, S. (2014). Determining the antecedents of marketing competencies of SMEs for international market performance. *Procedia-Social and Behavioral Sciences*, *150*, 12-23. https://doi.org/10.1016/j.sbspro.2014.09.003

Karanja, S. C., Sma, M., & Thuo, J. (2014). The effect of marketing capabilities and distribution strategy on performance of MSP intermediary organizations in Nairobi County, Kenya. *Business Management and Strategy*, *5*(1), 197. 10.5296/bms.v5i1.5723

Kasina, N. K. (2012). *Strategic alignment as a source of competitive advantage at equity bank (K) Ltd.* [Master's thesis, University of Nairobi]. UON Institutional Repository. http://erepository.uonbi.ac.ke/bitstream/handle/11295/13525/Abstract.pdf?sequence=3&isAllowed=n

Kazungu, J. S., & Barasa, E. W. (2017). Examining levels, distribution and correlates of health insurance coverage in Kenya. *Tropical Medicine & International Health*, *22*(9), 1175-1185. https://onlinelibrary.wiley.com/doi/pdf/10.1111/tmi.12912

Kearney, S. (2010). *Measuring Insurer Profitability*. American Institute for Chartered Property and Casualty Underwriters. http://www.aicpcu.org

Keleshtery, F. P. & Ashkiki, M. F. (2016). The impact of the capabilities of insurance companies of Gilan province on their organizational performance. *International*

Journal of Humanities and Cultural Studies, (special issue), 1936 – 1949. https://ijhcs.com/index.php/ijhcs/article/download/1781/1667

Kenya Institute of Public Policy Research and Analysis. (2013). *Kenya economic report: Creating an Enabling Environment for Stimulating Investment for Competitive and Sustainable Counties.* https://www.google.com/search?client=firefox-b-d&q=%28KIPPRA%2C+2013%29

Kiarie, A. N., & Lewa, E. (2019). Effect of innovation practices on organizational performance in health insurance service providers in Kenya. *The Strategic Journal of Business & Change Management*, *6*(1), 623-636. https://pdfs.semanticscholar.org/d15f/a822cdf1f3bdc0da9a1eb4a998c4b9517b2f.pdf

Kibicho, P. M. (2015). *Determinants of strategy implementation in the insurance industry in Kenya* [Thesis, Jomo Kenyatta University of Arts and Techology]. JKUAT Institution Repository. http://ir.jkuat.ac.ke/bitstream/handle/123456789/1756/Kibicho%2C%20Paul%20Mwangi-%20PhD%20Business%20Administration%20_STM_-2015.pdf?sequence=1&isAllowed=y

Kieny, M. P., Bekedam, H., Dovlo, D., Fitzgerald, J., Habicht, J., Harrison, G....& Travis, P. (2016) *Strengthening health systems for universal health coverage and sustainable development*. WHO. https://www.who.int/bulletin/volumes/95/7/16-187476/en/

Kimathi, L. (2017). Challenges of the Devolved Health Sector in Kenya: Teething Problems or Systemic Contradictions?. *Africa Development, 42*(1), 55 – 77. https://www.ajol.info/index.php/ad/article/viewFile/163620/153098

King, A. & Tucci, C. (2002). Incumbent entry into new market niches: the role of experience and managerial choice in the creation of dynamic capabilities. *Management Science. 48.* 171-186. 10.1287/mnsc.48.2.171.253.

Kinni, T. (2014). Rita Gunther McGrath on the end of competitive advantage. *Strategy & Business, 2*(74). https://www.strategy-business.com/article/00239?gko=8e54d

Kioko, U. M. (2013). *Health sector efficiency in Kenya: implications for fiscal space* World Bank. https://openknowledge.worldbank.org/handle/10986/20806

Kiran, V., Majumdar, M., & Kishore, K. (2012). Distribution channels conflict and management. *Journal of Business Management and Social Sciences Research*, *1*(1), 48-57. https://www.academia.edu/download/52001399/124-1613-1-PB.pdf

Kitenga, G., & Thuo-Kuria, J. (2014). Theoretical underpinnings of dynamic capabilities. *European Journal of Business and Social Sciences*, *3*(9), 181-190.

https://www.academia.edu/download/39992178/EJBSS-1502-14-THEORETICAL_UNDERPINNINGS_OF_DYNAMIC_CAPABILITIES.pdf

Kituku, A. M., & Amata, E. (2016). Determinants of the uptake of NHIF medical cover by informal sector workers: a case of Unaitas Sacco members in Murang'a county. *Journal of Public Policy and Administration, 1*(1), 17-31. https://iprjb.org/journals/index.php/JPPA/article/download/36/35

Klapkiv, L., & Klapkiv, J. (2017). Technological innovations in the insurance industry. *Journal of Insurance, Financial Markets & Consumer Protection, 4*(26), 67-78. https://www.ceeol.com/search/article-detail?id=602247

Kokonya, E. (2018). *Why Innovation is Key to Growth of Insurance Industry.* Jubilee Insurance. https://jubileeinsurance.com/ke/why-innovation-is-key-to-growth-of-insurance-industry/

Kollie, G. J. (2017). *Determinants of performance of insurance companies in Kenya* [Unpublished Thesis, University of Nairobi]. UON Institution Repository. http://hdl.handle.net/11295/102877

Kombo, D. K., & Tromp, D. L. (2009). *Introduction to proposal writing.* Pauline publications.

Korte, R., & Mercurio, Z. A. (2017). Pragmatism and human resource development: Practical foundations for research, theory, and practice. *Human Resource Development Review*, *16*(1), 60-84. https://doi.org/10.1177/1534484317691707

Kothari, C. R. & Garg, G. (2014). *Research Methodology* (3rd ed.). New Age International Publishers.

Kotter, J. (2014). *Accelerate (XLR8): Building strategic agility for a faster moving world*. Harvard Business Review Press.

Kumar, K., Boesso, G., Favotto, F., & Menini, A. (2012). Strategic orientation, innovation patterns and performances of SMEs and large companies. *Journal of Small Business and Enterprise Development*. *19*(1), 132-145. https://doi.org/10.1108/14626001211196442

Kumar, V., Anand, A., & Song, H. (2017). Future of retailer profitability: An organizing framework. *Journal of Retailing*, *93*(1), 96-119. https://doi.org/10.1016/j.jretai.2016.11.003

Kurokawa, S. Hiramoto, K., & Fujisue, K. (1997). *An analysis of internal R&D resources and technological alliances in Japanese SMEs from the Knowledge-Based View.* https://pdfs.semanticscholar.org/13eb/0e8c73ea424cfaaef96348d4863847dd6ae6.pdf

Kuswantoro, F., Rosli, M. M., Abdul, R., & Ghorbani, H. (2012). Impact of distribution channel innovation on the performance of small and medium enterprises. *International Business and Management*, *5*(1), 52-61. 10.3968/j.ibm.1923842820120501.1025

Kwon, W. J. & Wolfrom, L. (2016). Analytical tools for the insurance market and macro-prudential surveillance. *OECD Journal: Financial Market Trends, 1*(6), 1 – 47. http://www.oecd.org/daf/fin/financial-markets/Analytical-tools-insurance-market-macro-prudential-surveillance.pdf

La Rocca, A., & Snehota, I. (2017). Business models in business networks–how do they emerge?. *IMP journal, 11*(3), 398-416. https://doi.org/10.1108/IMP-07-2017-0039

Lam, S. K. (2015). *Market Sensing and Competitive Intelligence System*. Business Expert Press.

Lawrence, T. B., & Shadnam, M. (2008). *Institutional theory.* The international encyclopedia of communication. https://onlinelibrary.wiley.com/doi/abs/10.1002/9781405186407.wbieci035

Leavy, B. (2014). Strategy, organization and leadership in a new "transient-advantage" world. *Strategy and Leadership, 42*(4), 3-13. https://doi.org/10.1108/SL-05-2014-0038

Lebas, M. J. (2015). Performance measurement and performance management. *International Journal of Production Economics*, *41*(1-3), 23-35. 10.1016/0925-5273(95)00081-X

Ledgerwood, J. R. (2009). An analysis of the intra-regional trade in the Middle East and North Africa region. *The International Journal of Business and Finance Research*, *3*(1), 19-29. http://commons.erau.edu/cgi/viewcontent.cgi?article=1114&context=publication

Leite R. & Carvalhal A. (2016). Firm age, value, performance and corporate governance in Brazil. *Corporate Ownership and Control, 13*(4), 7-11. https://bibliotecadigital.fgv.br/dspace/handle/10438/25498

Li, D. Y. & Liu, J. (2014). Dynamic capabilities, environmental dynamism, and competitive advantage: Evidence from China. *Journal of Business Research*, *67*(1), 2793-2799. https://doi.org/10.1016/j.jbusres.2012.08.007

Li, L., Jiang, F., Pei, Y., & Jiang, N. (2017). Entrepreneurial orientation and strategic alliance success: The contingency role of relational factors. *Journal of Business Research*, *72*, 46-56. http://ir.nsfc.gov.cn/paperDownload/ZD12113640.pdf

Likoum, S. W. B., Shamout, M. D., Harazneh, I., & Abubakar, A. M. (2018). Market-sensing capability, innovativeness, brand management systems, market dynamism, competitive intensity, and performance: an integrative review. *Journal of the Knowledge Economy, 1*(1), 1-21. https://41.89.31.26:2265/s/

Lin J. H. & Wang M. Y. (2015). Complementary assets, appropriability, and patent commercialization: Market sensing capability as a moderator. *Asia Pacific Management Review*, *20*(3), 141-147. https://www.academia.edu/download/38909858/Complementary_assets__appropriability__and_patent_commercialial._market.pdf

Lindblom, A., Olkkonen, R., Kajalo, S., & Mitronen, L. (2013). Market-sensing capability and business performance of retail entrepreneurs. *Contemporary Management Research, 4*(3), 219-236. https://doi.org/10.7903/cmr.1042

Lockery, J. E., Collyer, T., Woods, R., & McNeil, J. (2015). *The ASPREE trial: data quality by design.* In Australian clinical trials alliance 2015 International clinical trials symposium. https://research.monash.edu/en/publications/the-aspree-trial-data-quality-by-design

Long M., Rae, M., Claxon, G. & Damico, A. (2016). *Trends in employer-sponsored insurance offer and coverage rates, 1999-2014*. Henry J. Kaiser family Foundation. https://www.kff.org/private-insurance/issue-brief/trends-in-employer-sponsored-insurance-offer-and-coverage-rates-1999-2014/.

Luenendonk, M. (2014). *Porter's five forces model: strategy framework. Cleverism*. https://www.cleverism.com/porters-five-forces-model-strategy-framework/

Luong, H., Moshirian, F., Nguyen, L., Tian, X., & Zhang, B. (2017). How Do Foreign Institutional Investors Enhance Firm Innovation? *Journal of Financial and Quantitative Analysis*, *52*(4), 1449-1490. https://ideas.repec.org/a/cup/jfinqa/v52y2017i04p1449-1490_00.html

Madhok, A., Keyhani, M., & Bossink, B. (2015). Understanding alliance: Adjustment costs and the economics of resource value. *Strategic Organization, 13*(2), 91-116. https://journals.sagepub.com/doi/pdf/10.1177/1476127015580309?casa_token=ZrFqE50AL_cAAAAA:PfhcmN7eAFrhydhFMY9L8oo4Ta4ks14l1SYXiVowS3M5RCXW6yVTVhxwMmfAq9QLcGZKz0UxBP1Htwg

Maier, E. (2013). *Transient Advantage*. Guidewire. http//www.Guidewire.com/TransientAdvantage.html

Maina, J. M., Kithuka, P., & Tororei, S. (2016). Perceptions and uptake of health insurance for maternal care in rural Kenya: a cross sectional study. *Pan African Medical Journal*, 23(1). https://www.ajol.info/index.php/pamj/article/download/139008/128710

Mansoori, Y. & Lackéus, M. (2019). Comparing effectuation to discovery-driven planning, prescriptive entrepreneurship, business planning, lean startup, and design thinking. *Small Business Economics*. https://doi.org/10.1007/s11187-019-00153-w

Mar, A. (2013). *Transient advantage explained*. Simplicable. http//www.TRANSIENT ADVANTAGE/transient advantage/Transient-Advantage-Explined-Simplicable.html

Marshall, B., Cardon, P., Poddar, A., & Fontenot, R. (2013). Does sample size matter in qualitative research?: a review of qualitative interviews in is research. *Journal of Computer Information Systems. 54*. 11-22. 10.1080/08874417.2013.11645667.

Mason, K. (2012). Market sensing and situated dialogic action research (with a video camera). *Management Learning*, *43*(4), 405-425. 10.1177/1350507612442047

Maurrasse, D. (2013). *Public Private Partnerships*: *Innovation and Development.* Edward Elgar Publishing Ltd.

Maxfield, M. G., & Babbie, E. R. (2014). *Research methods for criminal justice and criminology*. Cengage Learning.

Mayosi, B. M. & Benatar, S. R. (2014). Health and health care in South Africa—20 years after Mandela. *New England Journal of Medicine*, *371*(14), 1344-1353. https://www.nejm.org/doi/full/10.1056/nejmsr1405012

Mayumana, I., Borghi, J., Anselmi, L., Mamdani, M., & Lange, S. (2017). Effects of health insurance payment for performance on accountability mechanisms: evidence from Pwani, Tanzania. *Social Science & Medicine, 179*, 61-73. https://www.sciencedirect.com/science/article/pii/S0277953617301119

Mazzarol, T., Reboud, S., & Volery, T. (2010). The influence of size, age and growth on innovation management in small firms. *International Journal of Technology Management (IJTM)*, *52*(1/2), 98-117. https://www.alexandria.unisg.ch/69745/1/Mazzarol_Reboud_Volery.pdf

Mbogo, S. (2017, January 16). Kenya: Drop in Insurance Buyers Puzzles Industry. *Business Daily*.

McGrath, R. G. (2013). *The end of competitive advantage: how to keep your strategy moving as fast as your business*. Harvard Business Review Press.

McGrath, R. M. & MacMillan, I. C. (2009). *Discovery-driven growth: a breakthrough process to reduce risk and seize opportunity*. Harvard Business Press.

McKinney, W. (2017). *Python for data analysis: data wrangling with pandas, numpy, and ipython* (2nd ed.). O'Reilly Media.

Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, *83*(2), 340-363. https://www.journals.uchicago.edu/doi/abs/10.1086/226550

Micro Insurance Network. (2018). *Distribution models*. https://microinsurancenetwork.org/microinsurance/key-concepts/models-microinsurance-provision

Miles, I. (2011). Patterns of innovation in service industries. *IBM Systems journal*, *47*(1), 115-128. https://www.researchgate.net/profile/Ian_Miles/publication/272487598_2008_miles_as_published/links/54e5e9ce0cf2bff5a4f1ced7/2008-miles-as-published.pdf

Mills, H. & Tubina, B. (2013). *Innovation in insurance: the path to progress*. Delloite University Press

Ministry of Health (2018). *Kenya prioritizes universal health coverage*. Government of Kenya. http://www.health.go.ke/kenya-prioritizes-universal-health-coverage/

Ministry of Health. (2014). *2013 Kenya Household Health Expenditure and Utilization Survey*. Government of Kenya.

Mitrega, M. (2015). Business relationship process management as company dynamic capability improving relationship portfolio. *Industrial Marketing Management*, *46*, 193-203. https://doi.org/10.1016/j.indmarman.2015.02.029

Mohamed, A. A. S. (2015). The role of marketing capabilities in firm's success. *International Journal of Management Science and Business Administration, 2*(1)*,* 56-65. 10.18775/ijmsba.1849-5664-5419.2014.21.1006

Mohammed, S. (2016). Performance evaluation of a health insurance in Nigeria using optimal resource use: health care provider's perspectives. *BMC Health Services Research, 14*(1), 127. https://link.springer.com/article/10.1186/1472-6963-14-127

Mohr, J. & Spekman, R. (2014). Characteristics of partnership success: partnership attributes, communication behavior, and conflict resolution techniques. *Strategic Management Journal*, *15*(2), 135-152. https://www.jstor.org/stable/2486868

Morrisey, M. A. (2016). *Turmoil in the health insurance marketplaces*. Leonard Davis Institute of Health Economics.

Motsenbocker, A. (2015). *Co-creation and transient advantages: marketing strategy for short-lived opportunities* [Undergraduate Honors Thesis, Metropolitan State

University of Denver]. Metropolitan State University of Denver repository. http://digital.auraria.edu/content/AA/00/00/63/23/00001/Motsenbocker,%20Aaron.pdf

MRM-MGU (2018). A Short History of Medical Insurance. http://www.mrm-mgu.com/StopLoss101/AShortHistoryofMedicalInsurance

Mu, J. (2015). Marketing capability, organizational adaptation and new product development performance. *Industrial Marketing Management, 49*, 151-166. http://tarjomefa.com/wp-content/uploads/2017/03/6366-English-TarjomeFa.pdf

Mu, J., Bao, Y., Sekhon, T., Qi, J., & Love, E. (2018). Outside-in marketing capability and firm performance. *Industrial Marketing Management*, *75*(1), 37-54. https://doi.org/10.1016/j.indmarman.2018.03.010

Mugenda, O. M. & Mugenda, A. G. (2010). *Research Methods: Quantitative and Qualitative Approaches*. Arts Press.

Muiya, B. M., & Kamau, A. (2013). Universal health care in Kenya: Opportunities and challenges for the informal sector workers. *International Journal of Education and Research*, *1*(11), 1-10. https://ijern.com/journal/November-2013/38.pdf

Munge, K. & Briggs, A. H. (2014) The Progressivity of health-care financing in Kenya. *Health Policy and Planning, 29*(7), 912 – 920. https://academic.oup.com/heapol/article/29/7/912/557544

Munge, K., Mulupi, S., Barasa, E. W., & Chuma, J. (2018). A critical analysis of purchasing arrangements in Kenya: the case of the National Hospital Insurance Fund. *International Journal of Health Policy and Management, 7*(3), 244–254. https://doi.org/10.15171/ijhpm.2017.81

Muogbo, U. S. (2013). The Impact of strategic management on organizational growth and development: A study of selected manufacturing firms in Anambra State. *Journal of Business and Management, 7*(1), 24-32. https://www.researchgate.net/profile/Uju_Muogbo2/publication/314834917_The_Impact_of_Strategic_Management_on_Organisational_Growth_and_Development_A_Study_of_Selected_Manufacturing_Firms_in_Anambra_State/links/5d1782e7458515c11c02b0b5/

Muteti, J. K. (2007). Small enterprises development in kenya: opportunities and challenges. *Eastern African Journal of Humanities and Sciences. 1*(5), 1-20. http://www.academia.edu/download/39057839/Muteti__J.K_-_Small_Business_Enterprises_in_Kenya_-_Opportunities_and_Challenges.pdf

Mutura, G. W. (2012). *Stakeholder involvement in strategic change management process within the insurance industry in Nairobi, Kenya* [*Unpublished Thesis*]. University of Nairobi.

Muya, M. C. (2013). *An investigation into factors that determine financial performance of insurance companies in Kenya* [Master's Thesis, University of Nairobi]. UON institution repository. http://erepository.uonbi.ac.ke/bitstream/handle/11295/59503/Mwangi_An%20Investigation%20Into%20Factors%20That%20Determine%20Financial%20Performance%20Of%20Insurance%20Companies%20In%20Kenya.pdf?sequence=3

Mwangi, M. & Murigu J. W. (2015). The determinants of financial performance in general insurance companies in Kenya. *European Scientific Journal, 11*(1), 288-297. https://doi.org/10.19044/esj.2015.v11n1p%25p

Myers, M. (2014, October 9). Competitive Advantage by Distribution Channels. http://masonmyers.com/competitive-advantage-by-distribution-channels

National Bank of Rwanda (2018). *Annual report 2017/2018*. https://www.bnr.rw/news-publications/publications/annual-reports/

National Hospital Insurance Fund (2017). *NHIF operations. http://www.nhif.or.ke/healthinsurance/Operations*.

National Museum of American History. (2018). *Philadelphia contributionship fire mark.* http://americanhistory.si.edu/collections/search/object/nmah_1341446.

Navaretti, G. B., Castellani, D., & Pieri, F. (2014). Age and firm growth: evidence from three European countries, Small Business Economics. *Springer, 43*(4), 823-837. 10.1007/s11187-014-9564-6.

Ndungu, T. W. (2013). *Factors affecting profitability of private health insurance in Kenya: a case of heritage insurance company* [Master's Thesis, University of Nairobi] UON institution repository. http://erepository.uonbi.ac.ke:8080/xmlui/handle/123456789/52380

Neto, M. & Caiado, J. C. (2013). *Business intelligence admission to hospital emergency.* In Information Systems and Technologies (CISTI), 2013 8th Iberian Conference on (pp. 1-5). IEEE. https://ieeexplore.ieee.org/abstract/document/6615824

Nganga, R. N. (2016). *Review of regulatory framework for micro-insurance: a survey of insurance companies in Kenya* [Unpublished Thesis, United States international university – Africa]. http://erepo.usiu.ac.ke:8080/xmlui/bitstream/handle/11732/2832/ROSE%20NJERI%20NG%E2%80%99ANG%E2%80%99A%20MBA%202016.pdf?sequence=1&isAllowed=y

Nijssen, E. J. (2014). *Entrepreneurial marketing: An effectual approach* (2nd ed.). Routledge

Nkirote, M. (2014). Marketing Strategies Adopted to Gain a Competitive Advantage by Supermarkets in Kakamega Town, Kenya. *International Journal of Business and Social Research*, 3(4), 78-85. http://erepository.uonbi.ac.ke/bitstream/handle/11295/75871/Muchere_Marketing%20Strategies%20Adopted%20To%20Gain%20A%20Competitive%20Advantage%20By%20Supermarkets%20In%20Kakamega%20Town,%20Kenya.pdf?sequence=4

Nungesser, F. (2017). The evolution of pragmatism: on the scientific background of the pragmatist conception of history, action, and sociality. *European Journal of Sociology / Archives Européennes de Sociologie, 58*(2), 327-367. https://static.uni-graz.at/fileadmin/_Persoenliche_Webseite/nungesser_frithjof/Nungesser_2017_The_Evolution_of_Pragmatism_final_draft.pdf

Nyaberi, J. N., & Mwangangi, P. (2014). Effects of logistics management practices on organization performance in Kenya: A case of Rift Valley Bottlers Limited in Uasin Gishu County. *International Journal of Social Sciences and Entrepreneurship*, 1(12), 458-473. https://pdfs.semanticscholar.org/4ad3/cb78ac16b4b06ca362d5df2239270371fee8.pdf

Nyaberi, J. N., & Mwangangi, P. (2014). Effects of logistics management practices on organization performance in Kenya: A case of Rift Valley Bottlers Limited in Uasin Gishu County. *International Journal of Social Sciences and Entrepreneurship*, 1(12), 458-473. https://pdfs.semanticscholar.org/4ad3/cb78ac16b4b06ca362d5df2239270371fee8.pdf

Obura F. (2016, November 14). *The role of innovation in growing local insurance industry.* The standard. https://www.standardmedia.co.ke/business/article/2000223360/the-role-of-innovation-in-growing-local-insurance-industry

Ochanda, R. M. (2014). *The local development dynamics of the third sector in Kenya: The empowerment dimension* [Doctoral Thesis, University of Trento]. http://eprints-phd.biblio.unitn.it/1295/1/Dissertation_Submission_June_23rd_2014.pdf

Odeyemi, I. A., & Nixon, J. (2013). The role and uptake of private health insurance in different health care systems: are there lessons for developing countries? *Clinico Economics and Outcomes Research, 5*, 109–118. https://doi.org/10.2147/CEOR.S40386

Olughor, R. J. (2015). Effect of innovation on the performance of SMEs organizations in Nigeria, *Management, 5*(3), 90-95. 10.5923/j.mm.20150503.02

Omasete, C. A. (2014). *The effect of risk management on financial performance of insurance companies in Kenya* [Unpublished Thesis, University of Nairobi]. UON institution repository. http://erepository.uonbi.ac.ke/bitstream/handle/11295/74732/Omasete%20Catherine%20Asemeit_The%20effect%20of%20Risk%20Management%20on%20financial%20performance%20of%20Insurance%20companies%20in%20Kenya.pdf?sequence=3 =3

Organization for Economic Co-Operation and Development. (2017a). *Global insurance market trends*. https://www.oecd.org/daf/fin/insurance/Global-Insurance-Market-Trends-2018.pdf

Organization for Economic Co-Operation and Development. (2017b). *Technology and innovation in the insurance sector.* https://www.oecd.org/pensions/Technology-and-innovation-in-the-insurance-sector.pdf

Orodho, A. & Kombo, D. (2002). *Research Methods*. Kenyatta University, Institute of Open Learning

Orodho, J. A. (2009). *Elements of education and social science research methods*. Kanezja Publisher.

Owuor, E. (2018). Impact of disruptive technology on insurance firms in Kenya. . *Journal of Strategic Management*, *3*(1), 72-82. https://www.ajpojournals.org/journals/index.php/JSM/article/download/367/492

Owusu-Oware, E., Effah, J. & Boateng, R. (2018). Biometric technology for fighting fraud in National Health Insurance: Ghana's experience. *Biometric Technology For National Health Insurance*, 1-10. https://www.academia.edu/download/57108618/Owusu-Oware___Effah_2018_NHI_AMCIS.pdf

Oxley, J. E., & Sampson, R. C. (2004). The scope and governance of international R&D alliances. *Strategic Management Journal*, *25*(8-9), 723-749. https://deepblue.lib.umich.edu/bitstream/handle/2027.42/34617/391_ftp.pdf%3Bjsessionid%3D60D205DF822F9AFF477C58262EE7712A?sequence%3D1

Oyelade, A. (2019). The impact of firm size on firm's performance in Nigeria: a comparative study of selected firms in the building industry in Nigeria. *Asian Development Policy Review*, *3*(6), 1-11. https://irejournals.com/formatedpaper/1701806.pdf

Pacific, P. (2018, June 30th). *International health insurance.* https://www.pacificprime.com/country/africa/rwanda-health-insurance/

Parsian, N. (2009). Developing and validating a questionnaire to measure spirituality: A psychometric process. *Global Journal of Health Science, 1* (1), 2-11. http://dro.deakin.edu.au/eserv/DU:30019516/dunning-developingandvalidating-2009.pdf

Perumal, A. & Wilson, S. A. (2017). *Growth in the Age of complexity: Steering your company to innovation, productivity, and profits in the new era of competition*. McGraw Hill Professional.

Pervan, M., Pervan, I. & Curak, M. (2017). The influence of age on firm performance: evidence from the Croatian food industry, *Journal of Eastern Europe Research in Business and Economics, 1*, 9. 10.5171/2017.618681

Pervan, M., Visic, J. & Barnjak, K. (2015). The impact of M&A on company performance: Evidence from Croatia. *Procedia Economics and Finance*, 23 (2015) 1451 – 1456. www.sciencedirect.com

Peter, B. & Viggo, H. N. (2012). *World Insurance: The Evolution of a Global Risk Netwokr.* Oxford.

Piatti-Fünfkirchen, M., Lindelow, M., & Yoo, K. (2018). What are governments spending on health in East and Southern Africa? *Health Systems & Reform, 4*(4),284-299. https://doi.org/10.1080/23288604.2018.1510287

Piercy, N. F. (2016). *Market-led strategic change: Transforming the process of going to market*. Taylor & Francis. https://books.google.co.ke/books?hl=en&lr=&id=MTIlDwAAQBAJ&oi=fnd&pg=PP1&dq=Piercy,+N.+(2016).+Transforming+the+process+of+going+to+the+market&ots=Tvi5SMT8AU&sig=Ub5v1-ReIjF2nQYmQqV42bv2LGk&redir_esc=y#v=onepage&q=Piercy%2C%20N.%20(2016).%20Transforming%20the%20process%20of%20going%20to%20the%20market&f=false

Pisano, G. (2016). *Towards a perspective theory of dynamic capabilities: connecting strategic choice, learning and competition*. Harvard Business School.

Prajogo, D. I. (2012). The relationship between competitive strategies and product. *Quality Industrial Management and Data Systems*, *107,* 69-831. https://www.emerald.com/insight/content/doi/10.1108/02635570710719061/full/html#loginreload

Preissl, B. (2016). *Service innovation: what makes it different? Empirical evidence from Germany*. Springer. https://link.springer.com/chapter/10.1007/978-1-4615-4425-8_7

Price Waterhouse Coopers (2015). *Shaping our future: Global Annual Review 2015*. https://www.pwc.com/gx/en/about-pwc/global-annual-review-2015/campaign-site/pwc-global-annual-review-2015.pdf

Prince, M., & Priporas, C. V. (2014). Industry applications of market sensing. *Journal of Marketing and Management*, *1*(1), 1-5. https://search.proquest.com/openview/ec75841089b15e87b55b6851ff0d5b05/1?pq-origsite=gscholar&cbl=2032031

Private Sector Innovation Programme for Health. (2014). *Comparing Kenya's private health markets with neighbouring markets; A focus on health financing*. PSP4H. https://healthmarketinnovations.org/sites/default/files/Comparing-Kenyas-Private-Health-Markets-with-Neighbouring-Markets.pdf

PROSCI. (2018). *Best practices in change management*. https://www.prosci.com/resources/articles/change-management-best-practices

Ramdani, D. & Azis, Y. & Kaltum, U. (2016). Innovation as a driver for enhancing transient competitive advantage in volatile environment - A literature review. *Academy of Strategic Management Journal*, *15*, 24-34. http://electronic-businessjournal.com/images/2016/12/5.pdf

Rani, R., & Sharma, R. K. (2012). Ethical consideration in research. *International Journal of Nursing Education*, *4*(1), 45-48. http://www.indianjournals.com/ijor.aspx?target=ijor:ijone&volume=4&issue=1&article=015

Rashid, A., & Naeem, N. (2017). Effects of Mergers on Corporate Performance: An Empirical Evaluation using OLS and the Empirical Bayesian methods. *Borsa Istanbul Review*, *17*(1), 10 -24. https://doi.org/10.1016/j.bir.2016.09.004

Rejda, G. E., & McNamara, M. (2014). *Principles of risk management and insurance* (12th ed.). Pearson Education.

Ren, S., Eisingerich, A. B., & Tsai, H. T. (2015). How do marketing, research and development capabilities, and degree of internationalization synergistically affect the innovation performance of small and medium-sized enterprises (SMEs)? A panel data study of Chinese SMEs. *International Business Review*, *24*(4), 642-651. https://doi.org/10.1016/j.ibusrev.2014.11.006

RESURG. (2015). *Business innovation: the transient advantage*. http://resurg.com.au/2015/09/30/business-innovation-the-transient-advantage/

Ringov, D. (2017). Dynamic capabilities and firm performance. *Long Range Planning*, *50*(5), 653-664. https://www.sciencedirect.com/science/article/pii/S0024630117300638

Rono, I. J. (2013). *The determinants of public health care expenditure in Kenya*. [*Master's Dissertation*, University of Nairobi] UON Digital repository. http://hdl.handle.net/11295/63453

Rosca, E., Arnold, M., & Bendul, J. C. (2017). Business models for sustainable innovation–an empirical analysis of frugal products and services. *Journal of Cleaner Production*, *162*, S133-S145. https://www.sciencedirect.com/science/article/pii/S0959652616002122

Rossi, M. (2016). The Impact of Age on Firm Performance: A Literature Review. *Corporate Ownership and Control,* 13(2), 217 – 223. https://www.virtusinterpress.org/IMG/pdf/10-22495_cocv13i2c1p3.pdf

Rubogora, F. (2017). Analyzing Challenges Associated with the Implementation of Community Based Health Insurance (CBHI) in Rwanda. *Arts and Social Sciences Journal*, *1,* 2-3. https://pdfs.semanticscholar.org/5f64/0d7757f9f006c653500d92643f189ab0ab13.pdf

Russo, M. & Cesarani, M. (2017). Strategic Alliance Success Factors: A Literature Review on Alliance Lifecycle. *International Journal of Business Administration*, *8*(3), 1 – 9. https://boa.unimib.it/bitstream/10281/151272/1/11490-39480-1-SM.pdf

Salge, T. O. & Vera, A. (2012). Hospital innovativeness and organizational performance: Evidence from English public acute care. *Health Care Management Review*, 34(1), 54-67. https://www.researchgate.net/profile/Oliver_Salge/publication/23685835_Hospital_Innovativeness_and_Organizational_Performance_Evidence_from_English_Public_Acute_Care/links/5ccdecdca6fdccc9dd8d452b/Hospital-Innovativeness-and-Organizational-Performance-Evidence-from-English-Public-Acute-Care.pdf

Sanders, D. (2018). *Insurance distribution channels: factsheet*. https://www.cii.co.uk/learning-index/articles/insurance-distribution-channels/46267

Sandy, H. A. (2015). The affordable care act and insurer business practices. *AMA Journal of Ethics*, *17*(8), 754-759. https://journalofethics.ama-assn.org/article/affordable-care-act-and-insurer-business-practices/2015-08

Saunders, M. N., & Lewis, P. (2012). *Doing research in business & management: An essential guide to planning your project*. Pearson.

Schimmer, M., & Brauer, M. (2012). Firm performance and aspiration levels as determinants of a firm's strategic repositioning within strategic group structures. *Strategic Organization*, *10*(4), 406-435. https://journals.sagepub.com/doi/pdf/10.1177/1476127012457983

Schoen, C., Osborn, R., Squires, D., Doty, M. M., Pierson, R., & Applebaum, S. (2010). How health insurance design affects access to care and costs, by income, in eleven countries. *Health Affairs*, *29*(12), 2323-2334. https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2010.0862

Schuler, B. (Ed) (2014). *Environmental and climate change in South and Southeast Asia: How are local cultures coping*?. Brill. https://www.researchgate.net/profile/Monika_Arnez/publication/265605712_Shifting_Notions_of_Nature_and_Environmentalism_in_Indonesian_Islam/links/5a86db630f7e9b1a954b2b9e/Shifting-Notions-of-Nature-and-Environmentalism-in-Indonesian-Islam.pdf

Selvam, M., Gayathri J., Vasanth. V., Lingaraja, K. & Marxiaoli, S. (2016). Determinants of Firm Performance: A Subjective Model. *International Journal of Social Science Studies,* 4(7), 90 – 100. http://www.redfame.com/journal/index.php/ijsss/article/viewFile/1662/1714

Serrat O. (2012). *Learning in Strategic Alliances*. Asian Development Bank, Knowledge Solutions.

Seyfried, M., Ansmann, M. & Pohlenz, P. (2019). Institutional isomorphism, entrepreneurship and effectiveness: the adoption and implementation of quality management in teaching and learning in Germany. *Tertiary education and management*, *25*, 115–129. https://doi.org/10.1007/s11233-019-09022-3

Shi, W., Chen, W. N., Lin, Y., Gu, T., Kwong, S., & Zhang, J. (2017). An adaptive estimation of distribution algorithm for multipolicy insurance investment planning. *IEEE Transactions on Evolutionary Computation*, *23*(1), 1-14. https://ieeexplore.ieee.org/iel7/4235/4358751/08187672.pdf

Simonin, B. L. (2004). An empirical investigation of the process of knowledge transfer in international strategic alliances. *Journal of International Business Studies*, *35*(5), 407-427. 10.1057/palgrave.jibs.8400091.

Sing'ombe, N. O. (2016). *The effect of reinsurance programmes on financial performance of general insurance companies in Kenya.* [Master's Thesis, University of Nairobi). repository.uonbi.ac.ke/bitstream/handle/11295/98821/Sing'ombe_The Effect of Reinsurance Programs on Financial Performance of General Insurance Companies in Kenya.pdf?sequence=1

Smith, H. (2013). *What Motivates Retailers to offer Financial Services*? South Africa case study [Conference session]. 9th International Microinsurance Conference, Jakarta. http://cenfri.org/documents/9th%20IMC/9th_IMC_Business%20Case%20for%20Retailers.pdf

Sobei,. (2012). Dynamic capability and its effects on firm performance. *American Journal of Applied Sciences. 9*(1), 107-110. 10.3844/ajassp.2012.107.110.

Social Innovative Europe. (2016). *Co-creating a social innovation research agenda for Europe: Report - July 2016.* Social Innovative Europe. https://emes.net/content/uploads/research/social-innovation-europe-sie/SIE-CoSIRA-report_July2016.pdf

Som, O., Diekmann, J., Solberg, E., Schricke, E., Schubert, T., Jung-Erceg, P., Stehnken, T., & Daimer, S. (2012). *Organizational and Marketing Innovation - Promises and Pitfalls?* PRO INNO Europe: INNO-Grips II report. European Commission, DG Enterprise and Industry.

Sood, A., & Kumar, V. (2017). Analyzing client profitability across diffusion segments for a continuous innovation. *Journal of Marketing Research*, *54*(6), 932-951. https://doi.org/10.1509/jmr.16.0209

Spaan, E., Mathjisen, J. Tromp, N., McBain, F., Have, A. & Baltussen, C. (2012). The impact of health insurance in Africa and Asia: a systematic review. *World Health Organization*. *90*(9), 685 – 692. https://www.scielosp.org/article/bwho/2012.v90n9/685-692/en/

Stanleigh, M. (2015). *Measuring your Organization's Performance.* Business Improvement Architects. https://bia.ca/measuring-your-organizations-performance/.

Stern, L.W. & Sturdivant, F. D. (2012). *Customer-driven distribution systems.* Harvard Business Review.

Stevenson, J. (2004). Developing technological knowledge. *International Journal of Technology and Design Education. 14*(1), 5-19. 10.1023/B:ITDE.0000007361.62177.07.

Stewart, M. (2012). *Understanding learning: theories and critique.* Routledge. https://www.researchgate.net/publication/258441417_STEWART_M_2012_'Understanding_learning_theories_and_critique'_in_LHunt_and_D_Chalmers_eds_University_teaching_in_focus_a_learning-centred_approach_London_Routledge/citation/download

Stuart, E. A. (2016). Causal mediation analysis with a binary outcome and multiple continuous or ordinal mediators: Simulations and application to an alcohol intervention. *Structural Equation Modeling: A Multidisciplinary Journal*, 23(3), 368-383. https://www.tandfonline.com/doi/pdf/10.1080/10705511.2015.1062730

Teece, D. J. (2012). Dynamic capabilities: Routines versus entrepreneurial action. *Journal of Management Studies*, 49(8), 1395-1401. https://onlinelibrary.wiley.com/doi/full/10.1111/j.1467-6486.2012.01080.x

Teece, D. J. (2014). The foundations of enterprise performance: Dynamic and ordinary capabilities in an (economic) theory of firms. *Academy of Management Perspectives*, *28*(4), 328-352. https://www.jstor.org/stable/pdf/43822373.pdf

Teece, D. J. (2017). Towards a capability theory of (innovating) firms: implications for management and policy. *Cambridge Journal of Economics*, *41*(3), 693-720. https://academic.oup.com/cje/article-pdf/doi/10.1093/cje/bew063/17504712/bew063.pdf

Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, *51*(1), 40-49. https://www.sciencedirect.com/science/article/pii/S0024630117302868

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, *18*(7), 509-533. https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z

Thomas, C. P., Ritter, G. A., Harris, A. H., Garnick, D. W., Freedman, K. I., & Herbert, B. (2018). Applying American society of addiction medicine performance measures in commercial health insurance and services data. *Journal of addiction medicine*, *12*(4), 287-294. http://ohsam.org/wp-content/uploads/2020/04/applying_american_society_of_addiction_medicine.pdf

Tiwari, S., Wee, H. M., & Daryanto, Y. (2018). Big data analytics in supply chain management between 2010 and 2016: Insights to industries. *Computers & Industrial Engineering*, *115*, 319-330. https://doi.org/10.1016/j.cie.2017.11.017

Trenerry, C. (2009). *The Origin and Early History of Insurance: including the contract of Bottomry*. The Lawbook Exchange, Ltd

Tulenko, K. (2016). *The worlds health sector is expanding. can it heal our economies?* World Economic Forum. https://www.weforum.org/agenda/2016/05/the-worlds-health-sector-is-expanding-but-will-it-heal-our-economies/

Turin, D. R. (2013). Health care utilization in the Kenyan health system: challenges and opportunities. *Inquiries Journal*, *2*(9), 2-3. http://www.inquiriesjournal.com/articles/284/2/health-care-utilization-in-the-kenyan-health-system-challenges-and-opportunities

United Nations. (2019). *Report of the Secretary-General on the Work of the Organization* (A/74/1, 74th session). https://www.un.org/annualreport/files/2019/09/Annual-report-SG-2019-EN-Complete-Web.pdf

United Nations. (2019). *World Population prospects 2019: highlights.* https://population.un.org/wpp/Publications/Files/WPP2019_Highlights.pdf

United States Agency for International Development/Health Finance Governance. (2018). *Health finance and government project final report; September 30, 2012 - September 29, 2018.* https://www.slideshare.net/HFGProject/health-finance-and-governance-project-final

Varadarajan, R. & Raheem, A. (2015). *Distribution challenges for stand-alone health insurance companies in India*. https://www.linkedin.com/pulse/my-latest-article-rajesh-varadarajan

Varma, S., Awasthy, R., Narain, K., & Nayyar, R. (2015). Cultural determinants of alliance management capability – an analysis of Japanese MNCs in India. *Asia Pacific Business Review*, *21*(3), 424-448. https://doi.org/10.1080/13602381.2015.1022332

Veugelers, R. (2012). The role of SMEs in innovation in the EU: a case for policy intervention? *Review of business and economics*, *53*(3), 239-262. https://www.researchgate.net/profile/Annelies_Renders/publication/227433977_Corporate_Governance_and_Earnings_Management_Evidence_from_Europe/links/09e41513701f3ee5f3000000.pdf#page=23

Waema, M. (2013). *The effects of competitive strategies on performance of dairy firms in Kenya.* [MBA Project, Kenyatta University]. Kenyatta university digital repository https://ir-library.ku.ac.ke/bitstream/handle/123456789/7202/Maluku%20Waema.pdf?sequence=1

Watt, H. (2015, September). *Life and health: a value in itself for human beings? In HEC forum* (Vol. 27, No. 3, pp. 207-228). Springer Netherlands. https://link.springer.com/article/10.1007/s10730-015-9288-2

Wilson, T. (2016). *How great fire London kindled the home insurance industry*. Moneywise. https://www.moneywise.co.uk/opinion/how-great-fire-london-kindled-home-insurance-industry

Wong, C. Y., Boon-Itt, S., & Wong, C. W. Y. (2012). The contingency effects of environmental uncertainty on the relationship between supply chain integration and operational performance. *Journal of Operations Management, 29*(6), 604–615. http://www.dl.ediinfo.ir/The%20contingency%20effects%20of%20environmental%20uncertainty%20on%20the%20relationship%20between.pdf

World Bank Group. (2018). *World development indicators: World Development Indicators (WDI) is the World Bank's premier compilation of cross-country comparable data on development.* http://datatopics.worldbank.org/world-development-indicators/

World Bank. (2017). *Audit Report for the year ended December 31, 2017 - Health Service Delivery System Support Project - P153064.* http://documents.worldbank.org/curated/en/356081534796818877/Audit-Report-for-the-year-ended-December-31-2017-Health-Service-Delivery-System-Support-Project-P153064

World Health Organization. (2010). *World Health Report: - Health Systems financing: the path to universal coverage*. https://www.who.int/whr/2010/en/

World Health Organization. (2011). *World health statistics 2011. https://www.who.int/whosis/whostat/EN_WHS2011_Full.pdf?ua=1*

World Health Organization. (2012). *World health statistics 2012.* https://www.who.int/gho/publications/world_health_statistics/EN_WHS2012_Full.pdf?ua=1

World Health Organization. (2013). *World health report 2013: Research for universal health coverage.* https://www.afro.who.int/publications/world-health-report-2013-research-universal-health-coverage

World Health Organization. (2014). World health *statistics 2014.* https://apps.who.int/iris/bitstream/handle/10665/112738/9789240692671_eng.pdf;jsessionid=3442F3409C26C17B2F56C80BC86F5EF3?sequence=1

World Health Organization. (2016). *World health statistics 2016: monitoring health for the SDGs sustainable development goals*. https://www.who.int/gho/publications/world_health_statistics/2016/en/

World Health Organization. (2018). *Universal Health Coverage (UHC) and World Health Day*. https://www.who.int/news-room/fact-sheets/detail/universal-health-coverage-(uhc)

Yaman, K. (2013). The importance of health sector in economies of countries: The case of Germany. *Journal of Applied Finance & Banking, 3*(4), 181-198. https://pdfs.semanticscholar.org/67a0/2a1ca4d7ab35fef5d438c3649cfa2e4beb60.pdf

Zaeh, M. F. (2013). *Enabling manufacturing competitiveness and economic sustainability*. [Conference proceding]. 5th international conference on changeable, agile, reconfigurable and virtual production (CARV 2013), Munich, German, October 6th – 9th 201.

Zamir, Z., Sahar, A. & Zafar, F. (2014). Strategic alliances; a comparative analysis of successful alliances in large and medium scale enterprises around the world. *Educational Research International*, 3(1), 25 – 39. http://www.erint.savap.org.pk/PDF/Vol.3(1)/ERInt.2014(3.1-03).pdf

Zetterli, P. (2013, February 15). Can phones drive insurance markets? Initial results from Ghana, CGAP Blog. http://www.cgap.org/blog/can-phones-drive-insurance-markets-initial-results-ghana

Zhang, J. A., Garrett-Jones, S. & Szeto, R. (2013). Innovation capability and market performance: the moderating effect of industry dynamism. *International Journal of Innovation Management*, *17*(2). https://doi.org/10.1142/S1363919613500047

Zlate, S. & Enache, C. (2015). The interdependence between human capital and organizational performance in higher education. *Procedia – Social and Behavioral Science*, *180*, 136 – 143. 10.1016/j.sbspro.2015.02.096

Zweifel, P., & Manning, W. G. (2000). Moral hazard and consumer incentives in health care. In *Handbook of Health Economics*, *1*(A), 409-459). https://doi.org/10.1016/S1574-0064(00)80167-5

Appendix I: Letter of Introduction

Dear Respondent,

I am carrying out an important research on "***Drivers of Transient Advantage and Performance of Private Health Insurance Sector in Kenya: Dynamic Capabilities View***". This is in a requirement in the partial fulfillment for the doctor of philosophy degree in business administration and management of Kenya Methodist University.

Attached is a questionnaire, please answer all the questions with your own true agreement to each. There are no wrong responses for any of these statements. All information given in the questionnaire will be treated with strict confidentiality and used for the purpose of this research only.

Thank you for taking your time to fill in the questionnaire.

Yours sincerely,

Kang'e N. McDonald

Reg. No: BUS-4-1742-1/2014

Appendix II: Questionnaire

This questionnaire is divided into three short sections that should take only a few moments of your time to complete. Please respond by ticking the appropriate box or filling in your answers in the blank spaces provided. This is an academic exercise and all information collected from respondents will be treated with strict confidentiality.

Thank you very much for your cooperation

SECTION A: GENERAL INFORMATION

Name of Private Health Insurance__________________________________ (Optional)

1. Gender of respondents (Tick as appropriate)

Male ☐

Female ☐

2. What is your age bracket? (Tick appropriately)

Below 30 years ☐

31-40: ☐

41-50: ☐

Above 50: ☐

3. What is your highest level of education?(Tick appropriately)

Primary ☐

Secondary ☐

College ☐

University ☐

4. How long has your company been in operation?(Tick appropriately)

Less than 1 year ☐

2 to 5 years ☐

6 to 10 years ☐

more than 10 years ☐

5. What is your position in your department?(Tick appropriately)

Manager ☐

Assistant Manager ☐

Supervisor ☐

SECTION B: INNOVATIVE PRODUCTS

Please rate the following statements used to assess innovative products on performance of private health insurance sector in Kenya on a scale of 1-5,

Where, 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
Our companyhas introduced a variety of new, unique and competitive products into the market					
Adoption of new technologies has cultivated organizational capabilities that have enhanced efficient service delivery to our clients					
Our firm has developed products for special market segments such low and high income earners and across various age bracketswhich has enabled us to penetrate into new markets					
Our insurance company engages in product innovation training and workshops to promote health insurance innovation.					

Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
Our health insurance has an innovative platform to assess future health insurance coverage on emerging diseases					
Our company has adopted big data technology which enhances the analysis of information about customer segmentation, demographics, product usage and transaction behavior					
Our firm has adopted the click strategy which has enabled e-payment of premiums by customers thus reducing transaction costs					
Our firm has adopted operations management automations for underwriting and claims					

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
Our firm has adopted social media technology through which our customers get access to information concerning our products					

In your opinion, do innovative products influence performance of private health insurance sector in Kenya?

- Yes ☐
- No ☐

If Yes, how?

……………………………………………………………………………...

....

....

....

Apart from increasing revenues, how else do you think innovative products are beneficial to a health insurance company?

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

………………………………

SECTION C: DISTRIBUTION MODELS

Please rate the following statements used to assess distribution models on performance of private health insurance sector in Kenya on a scale of 1-5,

Where, 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
	1	**2**	**3**	**4**	**5**
• Our insurance company has adequate and skilled Corporate Agents and brokers that promote our product and services					
• Our health insurance company regularly improves broker and agents' logistics, delivery and distribution methods for our products.					

Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
• Our health insurance company has marketing network and service centres/branches' proximity and accessibility					
• Our health insurance company uses Omni channel capabilities to provide a seamless and responsive customer experience across all channels					
• Our insurance company has engaged on improving agents' advisory skills with regard to complex products, and enhancing their sales interactions with customers across multiple channels.					

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
• Our company equips corporate insurance agents with adequate knowledge on how to incorporate the latest technology in insurance to attract new clients thus giving us an edge over other insurance firms.					
• Our company has hired tied agents who offer after sale services to our customers which increases their willingness to subscribe to our policies					
• Our company utilizes online platform distribution models					

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
whereby clients fill insurance forms and pay premiums for the adopted policies online					
• Our company has recruited tied agents who conducts personal selling of policies to potential customers in languages that they can easily understand					
• Our company utilizes the Net Promoter Score (NPS) in gauging how our customers feel about our service					

In your opinion, do distribution models influence performance of private health insurance sector in Kenya?

i. Yes ☐

ii. No ☐

If Yes, how?

…………………………………………………………………………...
....
....
....

In your opinion, are some models more profitable if used than others hence influencing the performance of private health insurance sector in Kenya?

i. Yes ☐

ii. No ☐

If Yes, which is the most profitable and which is least profitable and why?

…………………………………………………………………………...
....
....
....

SECTION D: MARKET SENSING CAPABILITY

Please rate the following statements used to assess market-sensing capability on performance of private health insurance sector in Kenya on a scale of 1-5,

Where, 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
• Our insurance company communicates to customers relating to change in policies, interest rates /service charges					
• The management staff in our company is quick in addressing customer grievances					
• Our insurance company conducts customer satisfaction surveys to establish the quality of their insurance products					
• Our company conducts research to identify new market opportunities					

Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
• Our firm organizes exclusive events through which customers express their opinions and suggestions regarding our products					
• Our company engages employees in gathering information regarding competitors and potential threats in the market					
• Our company utilizes social media networks to gain insights on customer demands and expectations on health insurance products					

Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
• Our company communicates to customers in order to establish their satisfaction with the company's products and service delivery					
• Our company conducts proactive customer interviews so as to find out what can be done to improve utility of our products					

In your opinion, does market sensing capability influences performance of private health insurance sector in Kenya?

- Yes ☐
- No ☐

If Yes, how?

………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………

SECTION E: STRATEGIC PARTNERSHIPS

Please rate the following statements used to assess strategic partnerships on performance of private health insurance sector in Kenya on a scale of 1-5,

Where, 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
	1	**2**	**3**	**4**	**5**
• Our health insurance company has adopted banc assurance partnerships with banks to sell products.					
• Our company has formed joint ventures with other firms in order to expand our scope of reach and customer base.					
• Our insurance company has partnerships with Financial Technology and Insurance Technology sectors (FinTech) to expand their scope					
• Our insurance has been building alliances with other firms and					

Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
institutions to increase product coverage					
• Our company has formed partnerships with other firms for cheaper resource outsourcing					
• Our firm has entered into strategic partnerships with other insurance firms in order to underwrite particular risks based on size, complexity or tender requirements					
• Our firm has entered into strategic marketing partnerships with banks in order to share the cost of marketing activities					
• Our firm has established banc assurance partnerships in order to penetrate in areas where the banks have been well represented					

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
• Our firm has reciprocal business agreements with key suppliers where a number of suppliers are also customers • Our firm has partnerships with medical service providers to attain favourable costs of treatment and reduce claims costs					

In your opinion, do strategic partnership influence performance of private health insurance sector in Kenya?

- Yes ☐
- No ☐

If Yes, how?

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………….

Apart from increasing the profits, how else does strategic partnership affect the performance of health insurance firms in Kenya?

…………………………………………………………………...
....
....
....

SECTION F: PERFORMANCE OF HEALTH INSURANCE

Please rate the following statements used to assess performance of private health insurance sector in Kenya on a scale of 1-5,

Where, 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
	1	**2**	**3**	**4**	**5**
• This health insurance company has sustained a high client base that has enhanced a high performance.					
• Our insurance company has effected affordability and equity of access of health insurance products and services in the market					

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
	1	**2**	**3**	**4**	**5**
• The underwriting profits in our company have been increasing					
• The number of strategic partnerships in our business have been increasing					
• This health insurance company has been growing through increase in market share					
• This insurance company has improved on health insurance penetration					
• Our company has improved on its public image due to its friendly products in the market					

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
• Our company has experienced improvement in customer loyalty due to satisfaction with our products					
• Our company has been successful in enhancing service effectiveness					
• Our company has successfully launched a wide variety of products for clients					

Kindly indicate the percentage increment in **gross total premium** (income) for the last three years?

Year	< 5%	5%-10%	10%-15%	>15%
2017				
2016				

2015				

Kindly indicate the percentage increment in total assets, for the last three years?

Year	**< 5%**	**5%-10%**	**10%-15%**	**>15%**
2017				
2016				
2015				

Kindly indicate the growth in **underwriting profits** for the last three years?

Year	**< 5%**	**5%-10%**	**10%-15%**	**>15%**
2017				
2016				
2015				

Secondary Data Template for Performance: Financial Measure

Year	Underwriting profits	Growth rate
2017		
2016		
2015		
2014		
2013		
2012		
2011		
2010		

Appendix III: List of Private Health Insurance Companies

S/No.	Company
1	AAR INSURANCE KENYA
2	APA INSURANCE COMPANY
3	BRITAM GENERAL INSURANCE
4	CIC GENERAL INSURANCE COMPANY
5	FIRST ASSURANCE COMPANY
6	GA INSURANCE COMPANY
7	HERITAGE INSURANCE COMPANY
8	ICEA LION GENERAL INSURANCE
9	JUBILEE INSURANCE COMPANY
10	KENINDIA ASSURANCE COMPANY
11	MADISON INSURANCE COMPANY
12	PACIS INSURANCE COMPANY
13	RESOLUTION INSURANCE COMPANY
14	SAHAM INSURANCE COMPANY
15	SANLAM INSURANE COMPANY
16	TAKAFUL INSURANCE OF AFRICA
17	TAUSI ASSURANCE COMPANY
18	TRIDENT INSURANCE COMPANY
19	UAP INSURANCE COMPANY

Appendix IV: KEMU Introduction Letter

Kenya Methodist University

P. O Box 267 - 60200, Meru, Kenya, Tel: (+254-020) 2118423-7, 064-30301/31229 Fax: (+254-064) 30162 Email: info@kemu.ac.ke , Website: www.kemu.ac.ke

August 2, 2018

Executive Secretary

National Council for Science and Technology

P.O Box 30623 – 00100

NAIROBI

Dear Sir/ Madam,

RE: KANG'E MCDONALD – BUS-4-1742-1/2014

This is to confirm that the above named is a bona fide student of Kenya Methodist University pursuing a Doctor of Philosophy Business Administration and Management.

Mc Donald is undertaking a research study on "**Drivers of Transient Advantage and Performance of the Private Health Insurance Sector in Kenya. Dynamic Capabilities View**". To successfully complete his research work, he requires relevant data in his area of study.

In this regard, we kindly request your office to issue him a research permit to enable him collect the data for his academic research work.

We thank you in advance for your cooperation.

Yours faithfully,

Dr. Evangeline Gichunge

for

Associate Dean, Research Development & Board of Postgraduate Studies

Nairobi Campus: Koinange Street, P.O. Box 45240-00100 Nairobi - Tel: +254-20-2118443/2248172/2247987/0725-751878. Fax: 254-20-2248160. Email:nairobicampus@kemu.ac.ke
Nakuru Campus: Mache Plaza, 4th Floor. P.O. Box 3654-20100, Nakuru. Tel +254-51-2214456 Fax 051-2216446. Email:nakurucampus@kemu.ac.ke
Mombasa Campus: Former Oshwal Academy, P.O. Box 89983, Mombasa. Tel: +254 - 041-2495945 / 8, Fax 041-2495946. Email: mombasacampus@kemu.ac.ke
Nyeri Campus: Lware Building, 4th Floor. Tel: +254-61-2032904. Fax: 254-61-2034100 Email. nyericampus@kemu.ac.ke

The Future is Here!

Appendix V: NACOSTI Letter

NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471, 2241349,3310571,2219420
Fax:+254-20-318245,318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/18/70161/24593**

Date: **23rd August, 2018**

Mcdonald Nzesa Kange
Kenya Methodist University
P.O. Box 267- 60200
MERU.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Drivers of transient advantage and performance of private health insurance sector in Kenya: Dynamic capabilities view"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **23rd August, 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.

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

Copy to:

The County Commissioner
Nairobi County.

Approved for
24/8/18

COUNTY COMMISSIONER
NAIROBI COUNTY
P. O. Box 30124-00100, NBI
TEL: 341666

The County Director of Education
Nairobi County.

Appendix VI: Research Authorization Letter

Republic of Kenya
MINISTRY OF EDUCATION
STATE DEPARTMENT OF BASIC EDUCATION

Telegrams: "SCHOOLING", Nairobi
Telephone: Nairobi 020 2453699
Email: rcenairobi@gmail.com
cdenairobi@gmail.com

When replying please quote

REGIONAL COORDINATOR OF EDUCATION
NAIROBI REGION
NYAYO HOUSE
P.O. Box 74629 – 00200
NAIROBI

Ref: RCE/NRB/VOL .1

DATE: 24th August, 2018

Mcdanald Nzesa Kange
Kenya Methodists University
P.O. Box 267-60200
MERU

RE: RESEARCH AUTHORIZATION

We are in receipt of a letter from the National Commission for Science, Technology and Innovation regarding research authorization on **"Drivers of transient advantage and performance of private health insurance sector in Kenya: Dynamic capabilities view" in Nairobi County.**

This office has no objection and authority is hereby granted for a period ending **23rd August, 2019** as indicated in the request letter.

Kindly inform the Sub County Director of Education of the Sub County you intend to visit.

JAMES KIMOTHO
FOR: REGIONAL COORDINATOR OF EDUCATION
NAIROBI

Cc:

Director General/CEO
National Commission for Science, Technology and Innovation
NAIROBI

Appendix VII: NACOSTI Permit

THIS IS TO CERTIFY THAT:
MR. MCDONALD NZESA KANGE
of KENYA METHODIST UNIVERSITY,
35090-100 Nairobi,has been permitted
to conduct research in *Nairobi County*

Permit No : NACOSTI/P/18/70161/24593
Date Of Issue : 23rd August,2018
Fee Recieved :Ksh 2000

on the topic: *DRIVERS OF TRANSIENT ADVANTAGE AND PERFORMANCE OF PRIVATE HEALTH INSURANCE SECTOR IN KENYA: DYNAMIC CAPABILITIES VIEW*

for the period ending:
23rd August,2019

....
Applicant's Signature

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