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Influence of market share determinants on the non-financial performance of insurance firms in Kenya.

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INFLUENCE OF MARKET SHARE DETERMINANTS ON THE NON-FINANCIAL PERFORMANCE OF INSURANCE FIRMS IN KENYA

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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DEDICATION

I dedicate this research work to my family, friends and colleagues for their words of encouragement and input that was immensely appreciated in the course of the research work.

ABSTRACT

The local insurance industry has been facing intense competition from foreign-firms entering the domestic market, banking institutions, and telecommunication firms in their service offering. This has resulted in some of the largest insurance firms facing financial challenges that have limited their overall non-financial performance. This study sought to find the influence of market share factors on the non-financial performance of the insurance firms. The study examined the effect of market segmentation, niche marketing, and market development on the Non-Financial Performance of insurance firms. The study was anchored on the dynamic capabilities and social penetration theory. The study adopted explanatory research, with the unit of analysis being the fifty-five registered insurance firms in Kenya and the unit of observation being three senior staff members in each of the fifty-five-insurance firms. The sample size for this study was one hundred and sixteen staff members drawn from the insurance firms. The study utilized a structured research questionnaire in the data collection. The research instrument was pretested, with twelve of the sample respondents. The collected research data were analyzed using quantitative techniques. The study presented the findings using means, standard deviation, correlation results, and regression summary to determine the strength of the relationship between the variables. The study relied on charts, bar graphs, and tables in the graphical presentation of the results. The study obtained a response rate of 82%. The study concluded that market segmentation, niche marketing, and marketing development positively influenced the non-financial performance of insurance firms. The study recommended that insurance firms should foster their product and service offering through aligning their practices to market demands to improve loyalty and brand image. Further, insurance firms should review their specialized market segmentation and niche practices to the market needs and market information available. Further, insurance firms should enhance new market acquisition and development through better strategic positioning.

Keywords: *Market Segmentation, Niche Marketing, Market Development, Performance, Insurance Firms*

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ABBREVIATIONS AND ACRONYMS

AIB	Afrika Investment Bank
AKI	Association of Kenya Insurers
ANOVA	Analysis of Variance
IRA	Insurance Regulatory Authority
KMO	Kaiser-Meyer-Olkin
MIP	Medical Insurance Providers
SPSS	Statistical Package for Social Sciences
USD	United States Dollar
VIF	Variance Inflation Factor

DEFINITION OF TERMS

Marketing The process of identifying, anticipating, and satisfying customer needs at a profit (Ajagbe, Long, & Solomon, 2014).

Market Development This refers to the growth strategy that recognizes examinations and grows new market fragments for firms existing products (Ramayah, Samat, & Lo, 2011).

Market Segmentation This refers to the continuous process of an advertising methodology that is inclusive of the isolation of an extensive target showcase into subclasses of buyers and groups (Kalibo, 2017).

Market Share This refers to the business's sales with regards to total manufacturing sales for a given timestamp (Toften & Hammervoll, 2009). In this study, this considered as the market under control from the various segmentation practices, niche marketing and market development strategies employed by the firm

Niche Marketing This refers to the native selection of the customers for the firm and making very few attempts to diversify their product placement (Musyoka, 2015).

Performance The real outcome of the output of a group as measured against its envisioned production both in financial and non-financial metrics (Rajapathirana & Hui, 2018).

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Background to the Study

This chapter comprised the introduction to the study. It contains the background to the study, explores market share determinants, non-financial performance measures and a review of Kenya’s insurance industry. It then proceeds to the statement of the problem, the general and specific objectives, the scope of the study and finally, the significance of the study to associated stakeholders.

In today’s competitive environment, the insurance industry has an essential role in countries' economic progress and expansion (Alomari & Azzam, 2017). The insurance industry plays a major role in the economy. It fulfils various functions that are indispensable for any modern economy and society. Insurers contribute significantly to the financial security of private households and take on risks from companies, laying the foundation for economic activities, innovation, and sustainable economic growth (Theis, 2015).

According to the Geneva Association Research Report (2015), the premium underwritten around the world reached 4.65 trillion USD and accounts for 6.3% of the global GDP in the same period. However, the same research suggests that there are momentous variances in the delivery of insurance business globally. The advanced economies account for approximately 83% of the premium above. In comparison, the emerging economies only account for the remaining 17% despite generating 40% of the global GDP in the same period. This shows that despite having a higher accounting for a chunk of the global GDP, the performance of the insurance sector within emerging economies has been below par (Hadush, 2015).

According to Africa-Re (2015), sustainable economic growth has seen poverty reduction, increasing the potential customer base for insurance. Nevertheless, even among Africa’s 18 largest countries’ economies, poverty is still a major obstacle to a more rapid insurance market development. In eight of these countries, more than 10% of the population has to live on less than US$ 1 per day. AIB Capital's (2018) review of the African insurance industry indicates that despite the continent accommodating, 10% of the world population contact to insurance is largely limited to the upper-middle-income bracket since most insurers target 5% of those qualified for insurance. The continents’ penetration stands at 3.5%, with South Africa at the forefront with 17% penetration.

Njenga (2012) posits that the Kenyan insurance industry is a key pillar of financial improvement in the country by encouraging exchange and outside trade next to giving individuals a bit of boost to complete their everyday operations. Its performance and development along these lines cannot be undervalued. The insurance industry players need to devise items that cut overall portions keeping in mind the end goal to guarantee a dominant part of the populace are protected and can get to the protection items without leaving an exceptionally large crevice (AKI, 2014). AIB Capital's (2018) report shows that the Kenyan insurance market is focused on the Nairobi urban areas governing 65.1% life insurance and 77% non-life insurance market premium, respectively. The report further shows that a 60% market share of gross written premiums by the end of 2017 is held by short term business which has fallen from 62.5% in the year ending 201 while log term business market share has grown from 37.5% to 40% in the year ending 2017. IRA report (2018) indicates that 75.6% of the insurance market in Kenya is controlled by seven large insurance firms in Kenya, with general insurers having a dominant position in the market.

1.1.1 Market Share Determinants

O'Regan and Ghobadian (2002) define market share as the sales of a business concerning overall sales of an industry for a given period. A similar description describes market share as sales volume in comparison to competitors (Pearce & Robinson, 2003). Akhtar (2018) define market share as the quantity of goods or services sold by a company during a particular time period. It is essential to determining the demand level for a company's products, market growth and customer selection among competitors, making it instrumental for policy and strategy formulation. It is useful in the determination of the level of customer satisfaction with a particular product, service, or brand. The expression of a competitive position is usually done using market share. Market share increase is easily equated to market success. In the same way, a decrease in market share can be equated to adverse actions by an organization, which leads to failure (Majumdar & Shaffer, 2009).

Farris (2010) indicates that market share is key to firm competitiveness and the overall performance of an organization. Sullivan and Abela (2011), however, indicate that an increased customer-focus approach towards the conceptualization of market share does not answer the question of whether high market share results in higher firm performance. Anderson and Greene (2009) note that the pursuit of the highest market share is engrained in attaining competitor-based objectives; however, achieving a higher market share relative to the competition will end up harming the performance of the firm. According to Cooper and

Nakanishi (2011), for one to understand the profitability of a company or business, they must view the size of the market share. Venkatraman and Ramanujam (1986) noted the importance of using functioning pointers as determinants of organizational performance. These measures include new product introduction, quality of product, manufacturing value-added and marketing effectiveness. These operational measures could reflect the competitiveness of the organization in comparison to other industry players and might have a significant impact on financial performance

The market competition is getting stiffer among firms in response to which many organizations intend to define strategies to achieve maximum performance and greater profit. The market share, cost, and sales growth are getting a management focus and academic attention in recent years (Uslay, Altintig, & Winsor, 2010). Mirzaei, Moore, and Liu (2013), in an examination of the connection between sales, market share, and productivity, concluded the presence of a positive association between market share and productivity. Dickson Pastory and Swai (2013), in their finding, revealed the presence of a positive association between the market share and the success of a firm. However, there is a limited amount of studies shown within the context of the current study hence the need for more pragmatic scrutiny of the connection between market share and output in Kenyan insurance companies.

Buzzell, Gale, and Sultan (1975) determined a strong relationship between market share and return on investment. The study found that an increase in market share results in an increase in management capabilities, high-profit margins, reduced marketing costs, higher quality of products and services, and receives better prices for their goods than their competitors. Al Arif and Rahmawati (2018) note that among Islamic banks, market share is among the key measures of performance. Further, a large market share is key to high returns from products that are purchased infrequently by a fragmented customer group. Market share is a factor of pricing, advertising expenditure, product characteristics, and retail availability, and they are key to determining a firm’s competitive positioning. They are influenced by a customer-centric approach to marketing and include market segmentation, niche marketing, and market development, and are key for the realization of long-term goals such as enhancing customer retention and loyalty (Gichuru & Limiri, 2017). The above factors are key to determining the effectiveness of the firm in accomplishing its non-financial goals in the insurance industry, which is dependent on providing services and products that customers purchase based on trust.

Market segmentation refers to the continuous process of an advertising methodology that comprises segregating an extensive mark showcase hooked on subsections of purchasers, businesses, or countries that have regular wants afterward that preparation and objectifying organizations to make them targets (Kihanya, 2013). Wedel and Kamakura (2012) note that market segmentation based on the geographical area, gender, and the physical market location is a key determinant of market share control.

Toften and Hammervoll (2009) indicate that niche marketing follows the firm tradition and philosophy in selecting the customers for the firm and make very few attempts to diversify their product placement. The researchers note that the firms rely on their resource capabilities, high product quality, and customer relationships to expand their market share and compete effectively. Ernst, Hoyer, and Rübsaamen (2010) posit that new sales strategies, niche marketing, and new market development were integral in positively increasing the market share of new organizations

Market development is termed as a growth strategy that recognizes examinations and grows new market fragments for firms existing products (Kotler, 2010). Organizations that have high market development can achieve customers' objectives adequately and efficiently (Zahay & Griffin, 2010). This may be through a discount or retail conveyance framework, coordinated through a business drive or employing an e-trade office (Adams & Buckle, 2010). Seung-chul, Chune, and Hong (2017) studied the determinants of market share and indicates that prospective payment systems, customer-centric products, and mode of product delivery were key determinants of firm market share.

This study sought to review how to market diversification, niche marketing, and market development impact the Non-Financial output of insurance firms in Kenya.

1.1.2 Non-Financial Performance

The performance of organizations in any commerce is extremely crucial to the administration since it depicts the level of accomplishment by an individual or a gathering of people in an association (Austin, 2013). Performance is a major construct in management as a good number of researchers and scholars have attempted to relate their constructs to business performance (Melchar & Bosco, 2010). To accomplish some of the objectives and goals, organizations conceptualize, outline, and execute different systems. Non-monetary measures incorporate ingenuity, client reliability, and market remaining, as highlighted by (Kaplan & Norton, 2008), and they have a significance on customer satisfaction levels within insurance firms.

An organization needs to decide the fundamental performance markers and how they identify with the organization's objectives and their reliance on the performed exercises (Timothy, 2012). Performance is mostly weighed in financial and non-financial terms, and it encompasses financial performance, customer satisfaction, employee performance, market performance, and shareholder returns (Austin, 2013). Venkatraman and Ramunujam (1986) note that non-financial indicators of performance include measures such as new product introduction, quality of the product, manufacturing value-added, and marketing effectiveness. New product development is the incorporation of new ideas into a firm to generate value to the firm (Gutierrez-Gutierrez, Barrales-Molina, & Kaynak, 2018). Abdel-Maksoud, Dugdale, and Luther (2005) pinion that non-financial measures are related to business growth and employee and customer satisfaction levels. Lau (2015) noted that non-financial performance is a factor of the quality of management among manufacturing firms. This study measured the Non-Financial outcomes in five components; new business acquisition, customer retention, innovation capacity, increased revenue growth, and employee performance.

Zahay and Griffin (2010) show that customer-based strategies that are focused on market segmentation and generic positioning are indirectly associated with firm performance, while differential strategies are associated with improved business growth. Cheng and Krumwiede (2012) note that market-oriented firms achieved improved organization performance. Alomari and Azzam (2017) opined that market share has a statically a constructive impact with significance on the productivity of the Jordanian insurance industry. Lee (2014) indicates that concentrated ownership has a substantial effect on productivity in working ratios and reoccurrence on asset models. Mazviona, Dube, and Sakahuhwa (2017) conclude that total market share, diversification, and market competitiveness improved the performance of insurance companies. The above studies allude to the influence of market share components on a firm's capacity to attain its objectives and goals. These factors are key to identifying customer needs and the level of satisfaction of a customer with a firm's products and services, their prices, and hence the company's corporate image. They are the bedrock of a company's marketing and pricing policies. Market development is key to ensuring penetration into new markets, the introduction of new products, and the management of brand reputation. Niche marketing is responsible for new customer acquisition and retention, thus ensuring long-term competitive positioning. The market segmentation is important in determining what a particular segment of the population needs and is key to enhancing service delivery. These factors improve the overall rate of efficiency of insurance firms, which improves both the financial and non-financial performance of insurance firms.

1.1.3 Insurance Industry in Kenya

The protection industry in Kenya is managed by the Insurance Act, 2007, which expresses that the primary goal for fortification administrative regulation is to safeguard the overall inhabitants as safety buyers and planning holders (Auma, 2013). It is lawful and managed via the Insurance Regulatory Authority (IRA). The insurance business in Kenya faces small insurance infiltration concerning market share, product variation, together with more factors that chip in (Association of Kenya Insurers, 2015).

The Insurance Regulatory Authority (2017) states that the insurance industry in Kenya has 55 insurance companies, 186 insurance brokers which operates under the umbrella of Association of Insurance Brokers (AIB), and 29 Medical Insurance Providers. The IRA report indicates that most of the insurance firms posted losses, with the top 5 market-share holders making losses. The above results show that despite UAP insurance having a positive market share in both immediate and lasting business, the firm experienced a significant loss before tax (-480), Britam, on the other hand, a loss before tax of (-2,296) despite being among the top market shareholder. Jubilee Insurance (5,410), CIC (852), and ICEA Lion (179) had similar positive group profits before tax to their market share control. This indicates there is a limited sign of any causal link amongst market share and Non-Financial outcomes of insurance firms hence the need for this study.

1.2 Statement of the Problem

The environment in which organizations operate is constantly changing, with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive (Pearce & Robinson, 2007). A large market has led to increased competition, which has seen the introduction of new operators in the insurance industry. However, some of the first players in the industry such as Invesco Assurance, CIC Insurance, and Blue Shield and Assurance Company, have collapsed due to various factors (Mumo, 2017). This has forced the remaining companies to rethink their marketing strategies in order to attain a higher market share and remain competitive and sustainable. The lack of capacity to meet shareholder demands is an indication of a failing company, and therefore, it is necessary to carry out an investigation to determine factors that influence a firm's non-financial performance.

The insurance sector is considered to be vital in wealth creation and economic growth as it is an integral part of the financial sector, and its benefits cannot be underestimated (Punnose, 2008). Contextually, there is inconclusive evidence of how market share has affected the performance of the Kenyan insurance industry; hence the current study sought to fill this contextual gap. According to Okulo (2015), the absence of competition within the insurance industry has left only ten insurance firms in control of 67.1% of the insurance market share. According to the IRA report (2018), 59.6% of the insurance activity within the country is controlled by the general insurers. The report further shows that seven insurance firms control more than 75.6% of the insurance market share, indicating that the insurance industry is largely dominated by very few players. This shows there is limited competitiveness within the sector; hence there is a need to examine if the large market share held contributes to the organizational performance of the firms.

Alhassan, Addisson, and Asamoah (2015) examined the market structure, efficiency, and profitability of insurance companies in Ghana and indicate that increasing competition in life and non-life insurance within the insurance industry has led to dismal performance within the largest insurance firms. Rajapathirana and Hui (2018) revealed that market orientation and market innovation were instrumental in improving insurance firm performance in India. In the Kenyan market, Giorgis, Tarus and Cheruiyot (2015) indicate that market efficiency has a positive correlation to firm performance within the financial sector in Kenya. Mokaya, M'Nchebere and Kanyagia (2017) reveal that market positioning improves the market share of a commercial institution which is a key determinant of organization performance. Despite the above empirical evidence indicating that market share improves performance, none of the studies have been conducted within the Kenyan insurance industry. This creates an empirical gap that the current research sought to fill by examining the effect of market share on the Non-Financial Performance of insurance firms in Kenya.

1.3 Research Objective

The general objective of the study was to examine the impact of market share determinants on the non-financial performance of insurance firms in Kenya

1.3.1 Specific Objective

The study sought to address the following questions:

To establish the effect of market diversification on the non-financial performance of insurance firms in Kenya

To examine the effect of niche marketing on the non-financial performance of insurance firms in Kenya

To establish the effect of market development on the non-financial performance of insurance firms in Kenya

1.4 Research Questions

The study sought to answer the following questions:

i. What is the effect of market diversification on the non-financial performance of insurance firms in Kenya?
ii. What is the effect of niche marketing on the non-financial performance of insurance firms in Kenya?
iii. What is the influence of market development on the non-financial performance of insurance firms in Kenya?

1.5 Scope of the Study

The background of the study was limited to the scrutiny of market share determinants and the non-financial outcome of Kenyan insurance firms. The geographical scope of the study focussed on the insurance firms functioning within Nairobi City County. The theoretical scope of the study reviewed the resource-based view theory and the shareholder wealth maximization theory. The sample scope of the study was limited to the people who work in the registered insurance firms operating in Kenya. The study further adopted a quantitative explanatory research methodology in explaining the research problem being investigated. The study was only limited to insurance firms that have witnessed improved profitability in the recent past; however this has not translated to positive non-financial outcome and competitiveness in the industry that is dominated by a few insurance firms. This is evidence by disparity in insurance uptake, lack of innovation, poor claims settlement and new market expansion. Hence, this study deemed it suitable to advance the available empirical evidence and examine the influence of market share determinants on the non-financial performance of insurance firms in Kenya.

1.5 Significance of the Study

1.5.1 To the management

The results of the research play a crucial role in influencing both managerial practice, the regulatory environment, and the academic literature. The results of the research are expected to play an integral role in supplementing the decision-making and managerial practice in the Kenyan insurance business firms. The findings of the study will help the management of insurance firm in identifying how various marketing share determinants can be streamlined within the firm to foster productivity and growth.

1.5.2 To Policy Formulation

The findings of the research are also anticipated to be of importance in policy formulation and driving execution of regulatory guidelines in the insurance industry. The results of the study are to foster the existing awareness within the insurance regulatory authority on how the current regulatory environment can be harnessed to promote the insurance firm's performance. The study results can also be key to the regulator in developing marketing-centric factors that can be applied within the insurance industry to stimulate competitiveness among the firms.

1.5.3 To scholars

The results are also anticipated to enhance the available knowledge on the causal link between the market share determinants and the Non-Financial Performance of insurance firms. The findings of the study are expected to form an essential reference material for future academic work. The study will also expand the available knowledge on the relevance of the employed theories in future studies on the non-financial performance and marketing aspects within the insurance industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter two of the study dwelt on a review of the literature associated with the research variables. The chapter presented the theoretical review of the overarching theories and the evaluation of previous empirical studies, and a summary of the literature and research gaps. The chapter also captured the conceptual framework indicating the interface among the research variables.

2.2 Theoretical Review

A theory is any statement that describes the cause-effect relationship (Frey et al., 2007) implicitly. According to McMillan and Schumacher (2006), a theory is a generalization about a phenomenon or a description of a relationship among phenomena. The study was anchored on the dynamic capabilities theory and the social penetration theory. The dynamic capabilities theory describes a firm's ability to implement, assess, and reassess both internal and external environments to address the fast-changing environments. It attempts to explain how firms adapt to changes in the environment to either sustain or acquire a competitive advantage. The dynamic capabilities theory was instrumental in explaining how the firm relies on its external and internal competencies to design strategies that enhance its market share levels. The social penetration theory, on the other hand, is used to understand the frameworks used by companies to develop a relationship with their existing and prospective clients. These two theories together will be key to determining how firm capabilities influence a firm's ability to attain its non-financial goals.

2.2.1 Dynamic Capabilities Theory

The Dynamic Capabilities Approach emerged in the 1990s from the work of Teece and Pisano and misplaced a progressive viewpoint to the Resource-Based View. The word 'dynamic' describes the capability to restart proficiencies to attain correspondence with a changing environment. The word 'capabilities' reinstates the essential role of tactical administration in suitably familiarising, assimilating, and changing interior and exterior business services, incomes, and useful proficiencies to contest the necessities of an altering environment.

According to Tashman and Marano (2013), dynamic capabilities theory describes the ability of a firm to implement, put together and reassess interior and exterior competencies to address the fast-changing environments. The theory tries to explain how organizations adapt to environmental changes to either sustain or acquire a competitive advantage. Eisenhardt and Martin (2000) described capabilities as routines procedures that firms use in the transformation of their resources to a modest advantage, while dynamism refers to the fast-changing environments.

Hitt (2011) indicates that the formation of capabilities by aligning the needs of a firm and the changing environment can provide knowledge used by the service firms aimed at building dynamic capabilities for high performance in a turbulent operating environment. According to Teece (2007), the strategic process mostly relates to sensing and seizing new opportunities in the dynamic environments, and that dynamic capabilities, innovations, interrelations all have an impact on the firm performance.

Barney (1991) affirmed this contention and stated that dynamic capabilities are the interior competencies that a firm uses to organize its resources in efforts to differentiate from industry competitors that face similar market constraints. According to Tashman and Marano (2013), the dynamic capabilities theory can explain performance in organizations resulting from organizational capabilities, quality, uniqueness, and organization competencies characteristics, which effective marketing strategies require. The success or failure of a company's strategies might be affected by the remote environment. Firms need to acclimatize to remote environment dynamics efficiently since they cannot control them to achieve a competitive advantage. The theory, however, fails to take into consideration industrial factors, which can be critical to firm performance, thus opening the theory to criticism of being biased only to organization factors (Hubbard, Zubac, & Johnson, 2008).

The main criticism of this theory is that while dynamic capabilities are valuable to all firms, they are not the ultimate source of competitive advantage, showing their limitation on effecting total organizational change. Aside from having dynamic capabilities, it is critical that firms develop these capabilities to gain a competitive advantage, thus ensuring sustainable and superior performance. Within the dynamics of the present study, the dynamic capabilities theory was instrumental in explaining how the firm relies on its external and internal competencies to design strategies that enhance its market share levels. Furthermore, most insurance firms have been leveraging on emerging digital platforms and technologies to expand their market development; hence based on the key assumptions of the theory, it was critical to examine how dynamism has helped insurance firms to develop new markets in the fast-changing environment.

2.2.2 The Social Penetration Theory

Altman and Taylor's (1973) theory of social penetration states that the groups that take part in an exchange relationship maintain and deepen the relationship provided the expected results surpass the anticipated costs. According to Altman and Taylor (1973), individuals make only a small part of themselves accessible to others at the initial stages of the relationship. As the relationship develops, they penetrate deeper and deeper into private and personal matters. Thus, the relationship becomes more intimate over time. This theory was used to understand better the framework of developing a marketing relationship between insurance firms and their customers.

Altman and Taylor (1973) developed a pattern that is broken into five stages of relational development: Orientation stage where the parties are beginning to interact, Exploratory stage where they begin to get personal, Affective stage where argument and criticism begin to occur, Stable stage where the relationship plateaus and finally the stage where the relationship begins to break down as costs exceed benefits. This theory supports the notion that a marketing relationship is a process which if well managed, can see the relationship mature profitably.

The social penetration theory has been criticized for having a limited scope in times of measuring the length taken to develop relationships. Further, the complex nature of relationships means that this theory may be limited in explaining relationship development. Additionally, since the theory is dependent on data collection, it fails to account for individual disclosure preferences. This theory plays both an explanatory and predictive role in this research. The theory explains how firms can build and command a market share through a development process and also predicts that if the marketing relationship is not beneficial to each party, it may fail to create any positive value.

2.3 Empirical Review

The following section presented an overview of the various empirical studies that have been conducted in relation to the study variables. The section presented the various gaps that have been identified in the previous empirical studies.

2.3.1 Market Segmentation and Non-Financial Performance

Ramayah, Samat, and Lo (2011) conducted a study on market orientation, service quality, and organizational performance in service organizations in Malaysia. The study considered 175 managers within service firms and indicates that market orientation, service quality, and behavioral segmentation positively influence the organization performance of service firms.

The study focused on general service firms, whereas the current study was limited to registered insurance firms in Kenya. In another study on successful business strategies for insurers entering and growing in emerging markets, Berry-Stölzle, Hoyt, and Wende (2010) noted that despite the developing economies being a key target for multinational insurance firms, executives have been facing a myriad of challenges in their market strategies decision making. The analysis of the collected research data shows that market segmentation enables firms to increase their growth enter, competitively enter new markets and increase size and demand for life insurance. The study was, however, limited to life insurance firms, whereas the current study focussed on general insurance firms.

Maroofi, Ardalan, and Tabarzadi (2017) studied the effect of sales strategies on the financial performance of insurance companies in the Kurdistan province. The study relied on quantitative data to answer the research questions. The results indicated that geographical market segmentation, target marketing, and employing indirect sales strategies were key to fostering customer satisfaction and the profitability of the insurance firms. The study, however, did not take into consideration other market share determinants such as niche marketing and market development strategies.

Upon investigating how organizational factors and customer' motivation influence firm performance among Portuguese and Spanish insurance firms, Felício and Rodrigues (2015) determined that demographic factors such as size and the age of the customers strongly affect the performance of insurance firms. The study had focussed on age and the size of the firm, and type of products, and their influence on firm performance. It also utilized factor and structural equation modelling in the analysis. The research, however, did not consider other customer factors such as demographic and behavioral segmentation aspects. In a local study, Kalibo (2017) sought to determine the association between forms of market segmentation and firm performance of insurance companies in Uasin Gishu County, Kenya. The study focused on 223 insurance firms' personnel selected from Eldoret Township. Data analysis involved the use of inferential analysis, with results showing that behavioral segmentation, geographical segmentation, and demographic segmentation had a positive association with the performance. The study indicates that, in general, there is a positive association between market segmentation and performance of insurance companies in Uasin Gishu County, Kenya. The study, however, focuses on segmentation as a predictor variable while this study examined niche marketing and market development effect on the non-financial performance of insurance firms in Kenya.

Muia (2017) studied the effect of competitive strategies on the performance of insurance companies in Kenya. The study adopted descriptive research and focused on the licensed 47 insurance firms listed under AKI. The study relied on a mix of descriptive and inferential analysis in the analysis of the research data. Results showed that the majority of insurance firms serve a specific geographical market and emphasize a marketing speciality product. Findings also established that many insurance firms deal with broad product serving the wider market while the majority constantly target a specific market. The findings indicated that geographical segmentation significantly improved organization performance. The study, however, did not take into consideration niche marketing and product development as predictors of insurance performance. Similarly, Oira, Bwari, Laura, Kiunga, and Kokonya (2017), on examining the influence of corporate strategy on the performance of insurance companies in Kenya, found an increase in the geographical expansion of insurance firms operating in the area. Further, sustainable market strategies and availability of market information positively influenced the Non-Financial Performance of insurance firms. The study, however, did not examine how segmentation affects insurance performance.

2.3.2 Niche Marketing and Non-Financial Performance

Klumpes and Schuermann (2011) studied the corporate, product, and distribution strategies in the European life insurance industry. The focus of the research was 150 insurers based in major cities in the European Union. The collected data was analyzed using data envelopment analysis and multiple regression analysis. The results show that customer focussed strategy, exclusive distribution strategy, and product focus strategy have a positive relationship with the efficiency of life insurance firms. The study only focussed on efficiency, whereas the current study was limited to the Non-Financial Performance of insurance firms.

Mousa and Zoubi (2011) analyzed the effect of relationship marketing on marketing performance success of Jordanian insurance companies. The study employed the triangulation method to collect primary data using a structured research questionnaire. The study relied on factor and regression analysis. The results of the study indicate that relationship marketing has a positive relationship with marketing performance. Findings indicate that client engagement, communication, customer loyalty, and trust was positively related to market performance. The study focused on market performance, and the current research examined the performance of Kenyan insurance firms.

Ahmad (2016) studied the marketing strategies of life insurance in the public and private sector in India with a focus on the two largest life insurance companies. The study employed a field survey research design with 1300 questionnaires being distributed among the respondents. The study relied on both primary and secondary data. The results of the study indicate that customer awareness, customer retention, and customer creation were key drivers of insurance performance. The results indicated that customer satisfaction within a particular niche had a moderate relationship with insurance performance. The study, however, conducted a comparative analysis of the private and public sectors, whereas the current research examines the insurance industry in general. In a similar study on the influence of marketing strategies on purchase behavior in the insurance industry, Musyoka (2015) found that it was necessary for firms to survey the industry situation, provide customers with their needs and deploy competitive manoeuvres in their niche market to command a larger market share. The study focussed on Jubilee Insurance Limited and relied on a qualitative approach, whereas the current research employed a quantitative approach.

Luvisia and Nzulwa (2018) studied the factors influencing the penetration rate of general insurance services in Nairobi, Kenya. The study focused on the 47insurance registered in Kenya and utilized both quantitative and qualitative data in the solving of the research problems. Results of the analysis indicate that increase purchasing of insurance policies was determined by the convenience of getting the product, consumer's knowledge of the products as well as the benefits associated with the insurance products. Further increased relationship marketing and concentration on a niche market fostered insurance penetration. The study was, however, focused on the penetration rate, whereas the current study scope is the performance of the insurance firms.

Thuo (2016) conducted a study on an evaluation of competitive strategies employed for competitive advantage among insurance firms in Naivasha Sub-County, Kenya. The study adopted a descriptive research design with the study targeting the 9-largest insurance firms in the country, with 30 respondents being selected in the research. The results of the analysis showed niche marketing at $(t) = 4.994$, $\beta = .465$ had a positive effect on the competitive advantage of the insurance firms. The research indicated that focusing on customer needs and enhancing the relationship management of their niche market was key to improved advantage. The study, however, focused on competitive advantage, and the current study examines insurance performance. Waithaka (2014) looked into the impact of client upkeep systems on client retention in insurance firms. The population comprised of the 48 insurance companies and a census was carried out. The study showed that customer retention was positively related to the performance of the companies. Further, the examiner concluded that organizations ought to reinforce their customer securities to expand customer maintenance, increment piece of the pie just as develop their business volumes. The investigation advocated that organizations ought to improve their market shrewdness to distinguish new patterns in business sectors only as a rivalry.

2.3.3 Market Development and Non-Financial Performance

Lee (2017) studied the product diversification, business structure, and firm performance in the Taiwanese property and liability insurance sector. The research relied on panel data with ordinary least squares being adopted in the analysis. The study finds that product diversification is significantly and negatively related to the performance of small P/L insurers. The results further show that product diversification significantly leads to higher performance within larger insurance firms. The study relied on panel data, whereas the current research relied on primary research data. Ajagbe, Long, and Solomon (2014), in their study, focussed on AIICO insurance in Nigeria to examine how sales promotion and product branding impact company performance. The research adopted a survey research design focusing on 60 insurance firms, and survey questionnaires were utilized in the data collection. The collected data were analyzed using chi-square, and the results show that branding, firm reputation and sales promotion had a positive effect on the performance of the insurance firm. The study conducted a case study, whereas current research examined all registered insurance firms in Kenya.

Makau (2011), in a study on Kenyan banks, found that most banks had a marketing mix for identifying and targeting the 'right' customers and would use customer information to develop new markets. The study also revealed that banks were able to categorize their potential customers and use differentiated communication channels to communicate with these potential customers, as indicated by a mean score of 3.632 out of five. The study, however, focused on commercial banks; hence findings may not be similar within the insurance industry in Kenya.

Muturi, Mwau, and Oloko (2017) examined the relationship between the growth strategies and the performance of firms within the Insurance Industry in Kenya. The study adopted a descriptive research design that sampled 125 respondents drawn from all the insurance firms. Results indicate that the growth strategies have a positive influence on the performance of the insurance firms within the insurance industry in Kenya, except for the market development strategy. The study indicates that insurance firms should resist expanding and opening branches

(Market development) because, in the long run, these branches do not create value for the shareholders. The study, however, did not take into consideration other market share determinants into consideration.

Matilu and K'Obonyo (2018) examined the competitive strategies and human resource management practices adopted by the insurance companies in Nairobi, Kenya. The study adopted a descriptive research design with a census of 42 insurance firms being utilized in the research. The findings of the analysis showed that low-cost leadership strategy and differentiation strategy by offering a wide range of products and services were adopted by insurance firms to foster their competitiveness. The study, however, fails to examine how new market development aspects influence the Non-Financial Performance of insurance firms in Kenya.

2.3.4 Non-Financial Performance

Richard (2009) indicated that organization performance envelops three viewpoints: financial performance, that is, financial benefits, return on resources, and quantifiable profit; the shareholder performance, which outlines the returns accruing to the shareholder; the third viewpoint addresses customer performance, which assesses the subjective and quantitative performance markers like a benefit, cost, and customers experience (Wamwati, 2007). Huerta and Villanueva (2006) note that using financial measures to measure firm performance is not adequate in the modern business environment. This is because these measures do not show the firm's success in the market place, where it is increasingly competitive. Kaplan and Norton (1992) noted that there are four viewpoints; financial, customer, internal business processes, organizational learning, and growth.

Arasa and Gathinji (2014) indicate that customer-focus strategies improved firm performance. Mbithi, Muturi, and Rambo (2015) show that extensions into new geographical areas were also positively related to firm performance. Mugisha (2016) posits that the price management approach, differentiation strategy, and focus strategy were key in refining the market share of insurance firms among university students. This research act on the non-financial performance of the insurance firms in Kenya. Kirimi (2014) observes that non-performance indicators could be objective and subjective and includes factors such as time spent on a product or service to reach a customer and the cost incurred. Competitive positioning is also another indicator of a firm's non-financial performance. It is reported that performance metrics can easily be linked to higher-level organization objectives by using a BSC approach. The BSC approach recognizes the limitations of using financial measures. It explains how firms align departmental goals to overall business strategy. The balanced scorecard is widely applied at the strategic level of organizations and is adapted as a means to measure firm performance in an organization. This study measured non-financial performance in five components; new business acquisition, customer retention, innovation capacity, increased revenue growth, and employee performance.

2.4 Summary of Literature and Research Gaps

The following section exhibits a summary of the literature review and the research openings in the empirical review of previous research studies;

Table 2.1 Summary of Research Gaps

Author	Title of study	Findings	Research Gap	How the current study addressed the gap
Ahmad (2016)	Marketing strategies of life insurance in the public and private sector in India	The results indicated that customer satisfaction within a particular niche had a moderate relationship with insurance performance.	The study, however, conducted a comparative analysis of the private and public sector, whereas the current research examines the insurance industry in general.	The current research examines the insurance industry in general.
Berry-Stölzle, Hoyt and Wende (2010)	Successful business strategies for insurers entering and growing in emerging markets	The results show that market segmentation enables firms to increase their growth and enter new markets	The study was, however, limited to life insurance firms, whereas the current study focussed on general insurance firms.	The present research focussed on general insurance firms.
Lee (2017)	Product diversification, business structure, and firm performance in Taiwanese property and liability insurance sector	The study finds that product diversification is significantly negatively related to the performance of P/L insurers.	The study relied on panel data, whereas the current research relied on primary research data.	The present research relied on primary research data in examining the non-financial performance

Maroofi, Ardalan and Tabarzadi (2017)	Effect of sales strategies in the financial performance of insurance companies	The results indicated that geographical market segmentation was key to fostering customer satisfaction and the profitability of the insurance firms	The study, however, did not take into consideration other market share determinants such as niche marketing and market development strategies.	This study examined niche marketing and market development strategies influence on non-financial performance
Muia (2017)	Effect of competitive strategies on the performance of insurance companies in Kenya	The findings indicated that geographical segmentation was positively related to organization performance	The study, however, did not take into consideration niche marketing and product development as predictors of insurance performance.	The current study incorporated niche marketing and product development in examining their influence on non-financial performance
Matilu and K'Obonyo (2018)	Competitive strategies and human resource management practices adopted by the insurance companies in Nairobi, Kenya	The findings show that a differentiation strategy by offering a wide range of products and services positively foster competitiveness.	The study, however, fails to examine how new market development aspects influence the Non-Financial Performance of insurance firms in Kenya.	The current study reviewed the non-financial performance of insurance firms
Thuo (2016)	Evaluation of competitive strategies employed for competitive advantage among insurance firms in Naivasha Sub-County, Kenya	The results of the analysis showed niche marketing at *(t)= 4.994, β= .465* had a positive effect on the competitive advantage of the insurance firms.	The study, however, focused on competitive advantage, and the current study examines insurance performance.	The current study examined the non-financial performance of insurance firms.

Source: Researcher (2020)

2.5 Conceptual Framework

Sekaran (2013) additionally shows that the conceptual framework is essential in inspiring research, whereas guaranteeing the allowance of knowledge by giving a course as well as transformed inspiration for the inquiry.

Independent Variables **Dependent Variable**

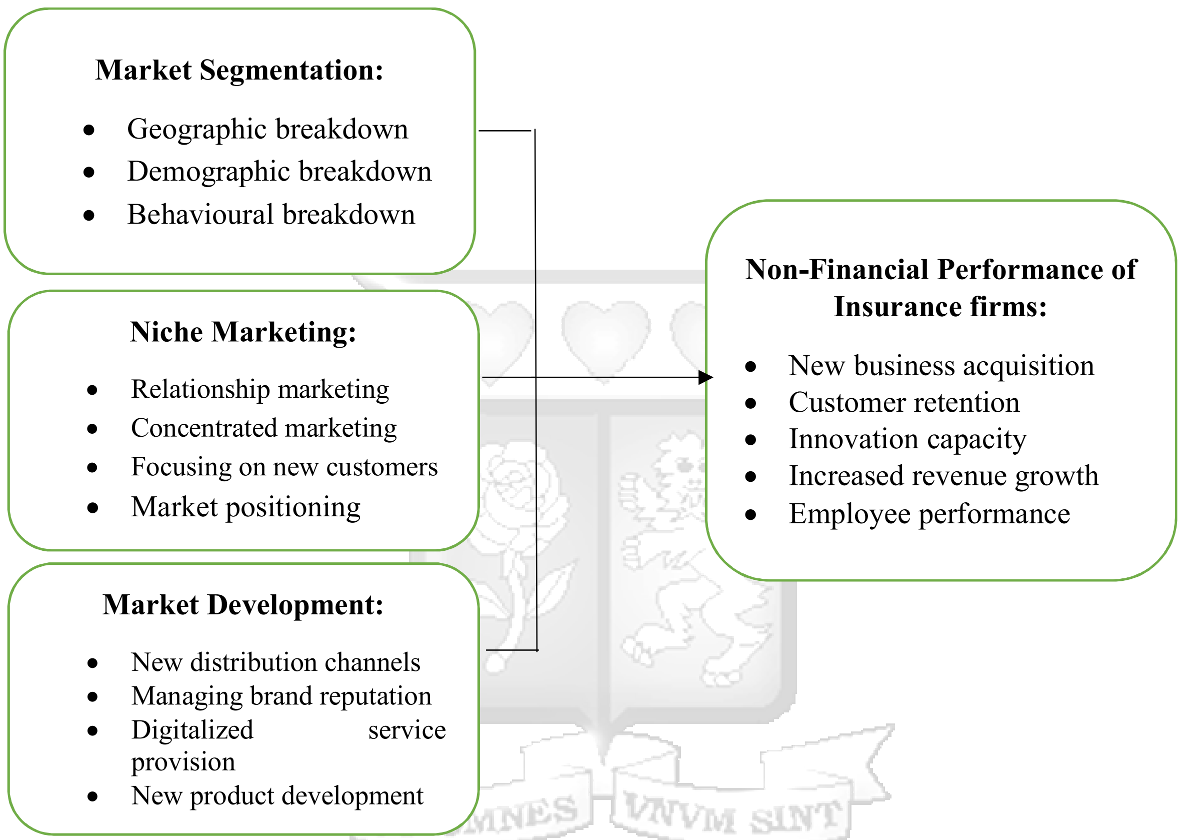

Figure 2.1 Conceptual Framework

Source: Researcher (2020)

The conceptual framework above depicts the interconnection between the determinants of market share and the Non-Financial Performance of insurance firms in Kenya. The determinants of market share are conceptualized as market segmentation, niche marketing, and market development. The performance of the study was measured using; ROA, ROE, new business acquisition, customer retention, innovation capacity, increased revenue growth, and employee performance.

Table 2.2 Operationalization of Study Variables

Variable	Indicators	Measurement	Data analysis	Supporting Literature
Market Segmentation	• Geographic Segmentation • Demographic Segmentation • Behavioural Segmentation	Market segmentation elements (5-point Likert Scale)	Descriptive analysis and inferential analysis	Berry-Stölzle, Hoyt and Wende (2010), Maroofi, Ardalan and Tabarzadi (2017), Kalibo (2017), Muia (2017)
Niche Marketing	• Relationship marketing • Concentrated marketing • Focusing on new customers • Market positioning	Niche marketing aspects(5-point Likert Scale)	Descriptive analysis and inferential analysis	Ahmad (2016), Musyoka (2015), Luvisia and Nzulwa (2018), Thuo (2016)
Market Development	• New distribution channels • Managing a brand reputation • Digitalized service provision • New product development	Market development concept(5-point Likert Scale)	Descriptive analysis and inferential analysis	Ajagbe, Long and Solomon (2014), Muturi, Mwau and Oloko (2017), Matilu and K'Obonyo (2018),
Non-financial Performance	• New business acquisition • Customer retention • Innovation capacity • Increased revenue growth • Employee performance	Level of non-financial performance(5-point Likert Scale)	Descriptive analysis and inferential analysis	(Austin, 2013); (Wamwati, 2007); Richard (2009), Zahay and Griffin (2010)

Source: Researcher (2020)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Chapter three of the study presented the blueprint for utilization in determining the research problem. The section precisely showed the research design, study population, the sample size and the sampling design, the data collection technique, the data collection process, the analysis and presentation, and the ethical deliberations that were observed in the study.

3.2 Research Philosophy

According to (Saunders, Lewis, & Thornhill, 2012), research philosophy is the method in which data concerning a theory should be collected, analyzed, and applied. In other words, philosophy is described as the purpose of how a researcher reasons out concerning the growth of information (Johnson & Christensen, 2017). This study relied on a positivist research philosophy. According to Cooper and Schindler (2014), the positivism viewpoint is based on quantifiable explanations that lead to numerical and statistical analysis. Positivism unlocks the door to several ways, varied world views, and various conventions, as well as different types of data collection and analysis. This philosophy was critical to this research study.

3.3. Research Design

A research design is an approach for research and the strategy in which the approach was made. It is a strategy on how the research goes through the answering of research questions (Berg, 2001). The study adopted an explanatory research design with the quantitative approach being employed in guiding the study. The explanatory research design was selected since the research problem in question has not been widely examined; hence there it was suitable in guiding the study (Krishnaswamy, Sivakumar, & Mathirajan, 2009). The study relied on an explanatory study to find out the association between market share determinants and the Non-Financial Performance of insurance firms.

3.4 Population and Sampling Technique

3.4.1 Target Population

According to Berg (2001), the term target population denoted the larger population from which the researcher generalizes the outcome of the research. It is the whole group of persons, events, or objects sharing a noticeable mutual feature. The unit of analysis for the study was the 55 registered insurance firms in Kenya (Insurance Regulatory Authority, 2019). The unit of observation for the research was three senior personnel within the insurance firms who were targeted for the study since they were assumed to hold vital information that was integral to solving the study problem. The target population for the study was 165 personnel drawn from the following departments;

Table 3.1 Target Population

Category	No of Insurance Firms	Target Population
Heads Marketing Department	55	55
Heads Finance Department	55	55
Heads Strategic Team	55	55
Target Population		**165**

Source: IRA (2019)

3.4.2 Sampling Design and Sample Size

Kothari (2004) deliberates diverse sampling designs amidst them systematic sampling, which makes the selection of every object in a list; stratified sampling, which is drawn when a population does not have a homogeneous group; sequential sampling whose size is resolute to mathematical decision rules. The research employed purposive sampling in purposely selecting respondents who are deemed to possess the data needed to resolve the research problem. The sampling frame for the study was drawn from the registered insurance firms. A sample is a proportion of a population designated for opinion and evaluation and used to make an inference to the population from which it was obtained (Kothari, 2008). The study utilized the Yamane formula in calculating the sample size as shown below;

n =sample size,

N = population size

e =level of precision (5%)

$$n = \frac{N}{1 + N(e)^2}$$

$$\frac{165}{1 + 165\ (0.05)^2} = 116$$

The sample respondents for the study were 116-respondents. To foster the response rate; the study utilized a mix of convenience and purposive approach to recruiting participants of the study. This ensured there was ease in data collection, and only participants who were willing to participate in the study were involved.

3.5 Data Collection Instruments

Cooper and Schindler (2012) define data collection procedures as instruments a researcher uses to gather information from respondents as a means of getting feedback for the research question. Sutrisna (2009) argues that the effectiveness of the use of questionnaires in data collection. She went head to identify that questionnaires can be used to find out about soft skills such as attitudes, accomplishments, inspirations, and moods that are not readily observable using naked eyes. A questionnaire tool in research is used to gather information in need of structured replies (Cox & Hassard, 2010). This research made use of a structured questionnaire tool to collect primary data. The researcher assumed a structured questionnaire with a scale. The research further utilized secondary data collected for the period 2013-2018 to examine the ROA and ROE of the insurance firms.

3.6 Data Collection Procedures

The research used both drop and pick a method and electronic media in the data collection. The method was conducted after making appointments with the respondents to enhance the convenience in data collection. The research further utilized Google forms to collect data for respondents who were not physically available to fill the questionnaire. The study further sought an ethical committee permit and NACOSTI license before undertaking the research study.

3.7 Research Quality

Kothari (2004) indicates that 10% to 30% of the sample respondents can be relied upon in conducting a pilot test of the research tool. The study further conducted a pretest of the research questionnaire, with 10% of the sample respondents. This assisted in the reliability and validity testing of the research instrument. The study conducted a pilot test of the research instrument with 12 participants drawn from 4 insurance firms that were not considered in the main research work.

3.7.1 Reliability Test of Research Instrument

Mugenda and Mugenda (2003) defined dependability as the degree a research instrument yields dependable outcomes after repeated attempts. Reliability in a study is influenced by random error, such that when random error increases, reliability decrease, and vice versa. The study utilized Cronbach's formula. The Cronbach Alpha standard requires that all study constructs with an alpha value of above 0.7 should be adopted within the research study. This was grounded on the succeeding criterion for interpreting reliability statistics. Golafshani (2003) provides the subsequent rule of thumb: **>0.9** Excellent, **>0.8** Good, **>0.7** Acceptable, **>0.6** Questionable, **>0.5** Unacceptable. The researcher was targeting a Cronbach alpha of 0.7 and above for each variable. The study undertook a pilot test with 9 staff members drawn from 4 insurance firms. The results of the reliability tests indicated; market segmentation **α= 0.746,** niche marketing **α= 0.715,** market development **α= 0.780,** and non-financial performance **α= 0.820.** The study thus, adopted the research instrument for the main data collection since the alpha values were above 0.7

3.7.2 Validity Tests of Research Instrument

Validity is the suitability, precision, significance, and practicality aligned to the exact implications that scholars come up concerning the data they gather using a particular instrument (Fraenkel & Wallen, 2006). For this research, both face and content validity of the questionnaire was tested through logic, where a conscious connection between the questions and the aims of the study was sought. The questionnaire was reviewed by the supervisor for appropriateness in answering the research questions. The views of the supervisor were incorporated, and the researcher ensured that the content of the questionnaire is in line with the conceptualization of the research variables.

3.8 Data Analysis and Presentation

After data has been collected, the data was revised to remove common errors and cleaned to guarantee uniformity (Krishnaswamy, Sivakumar, & Mathirajan, 2009). Questionnaires were substantially crosschecked for extensiveness and excellence of responses. The cleaned questionnaires were coded into SPSS 24 for successive quantitative analysis. Descriptive statistics such as frequencies and percentages were used to analyze data on demographic variables and the individual questionnaire items. Average scores and standard deviations were also computed for Likert scale questions which allowed for presentation of the tabulated responses from all the study participants. The research applied factor analysis to determine the dimensionality of the study variables prior to regression analysis. The inferential analysis, which included correlations and regression analysis, were used to test the correlation between the dependent and the independent variables. Data results were presented using figures and tables for ease in interpretation. The following regression analysis was adopted;

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon}$$

Where: Y = Dependent Variable (Non-Financial Performance of insurance firms)

Independent variables, which include:

X_1 is market segmentation

X_2 is a niche marketing

X_3 is market development

α = the constant

β_{1-3} = the regression coefficient or change included in Y by each X

ϵ = error term

3.8.1 Diagnostic Tests

3.8.1.1 Multicollinearity Test

Multicollinearity happens once two or more variables are incredibly correlated, thus creating shared variance between variables, Bryman, (2012). Multicollinearity reduces the efficiency of the estimates for the parameter; as Multicollinearity increases, the impact of every independent variable on the dependent variable decreases (Gujarati & Porter, 2009). To determine whether Multicollinearity levels would pose a challenge to the study, regression analysis was done to generate the Variance Inflation Factor (VIF) value. A VIF of above ten was interpreted as indicating problems with Multicollinearity in the study.

Table 3.2 Collinearity Results

Model		Tolerance	VIF
1	(Constant)		
	Market Segmentation	0.547	1.830
	Niche Marketing	0.552	1.810
	Market Development	0.583	1.716

a. Dependent Variable: Non-Financial Performance

The results indicate that the Variance Inflation Factor (VIF) results for the study variables were less than five. At the same time, Tolerance was greater than 0.2, which shows no multicollinearity between predictor variables adopted in the research.

3.8.1.2 Normality Tests

The function of a normality test is to find out if a data (set) is well modelled by a normal distribution and to calculate the probability of random variables controlling the data set (Park, 2015). A normally distributed sample portrays a normally shaped distribution in the population that was used for data collection, and an assumption of normality can easily be deduced from the research model. The study used the Shapiro-Wilk tests to tests for the normality of the data set.

Table 3.3 Normality Results

Variable	Kolmogorov-Smirnov[a]	df	Shapiro-Wilk
Market segmentation	0.771	94	0.752
Niche marketing	0.818	94	0.806
Market development	0.789	94	0.770
Non-financial performance	0.799	94	0.775

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

The data is considered to come from a normal distribution if the significance value is greater than 0.05. The table above shows that all our sample values were above 0.05. This is an indication that our data is normally distributed.

3.9 Ethical Considerations

Saunders, Lewis, and Thornhill (2015) indicate that ethics are the standards or norms that are adopted and guide the research. The study guaranteed the observation of ethical guidelines throughout the research. The study is meant to pursue initial authorization from the School of Business of Strathmore University. The researcher further acquired authorization from NACOSTI before boarding on the main research. The study ensured that all data is treated with utmost discretion and was only used for academic resolves. The study further ensured that participants were assured of their confidentiality in undertaking the study, and no personal information was sought in the data collection process.

CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The chapter focusing on the presentation of research findings, and the following was discussed; the demographic information of the respondents, descriptive statistics, correlational and regression analysis to determine the relationship between the independent and dependent variables.

4.2 Background Information

In this section, the study focussed on the response rate obtained in the research and the demographic information of the respondents. Various researchers have come up with select standard cut-off levels for appropriate response rate in quantitative research; to this end, Bryman and Bell (2011) indicate that for field surveys and online surveys, a response rate of above 40% is good for statistical analysis with Cooper and Schindler (2012) also noting that responses above 60% are generally viewed as statistically reasonable for analysis. The research distributed 116 questionnaires through both physical approach and Google forms. The study was able to obtain an 82% response rate (n=95) from personnel working within the insurance industry. The study was not able to obtain any response from 18% (n=21) respondents.

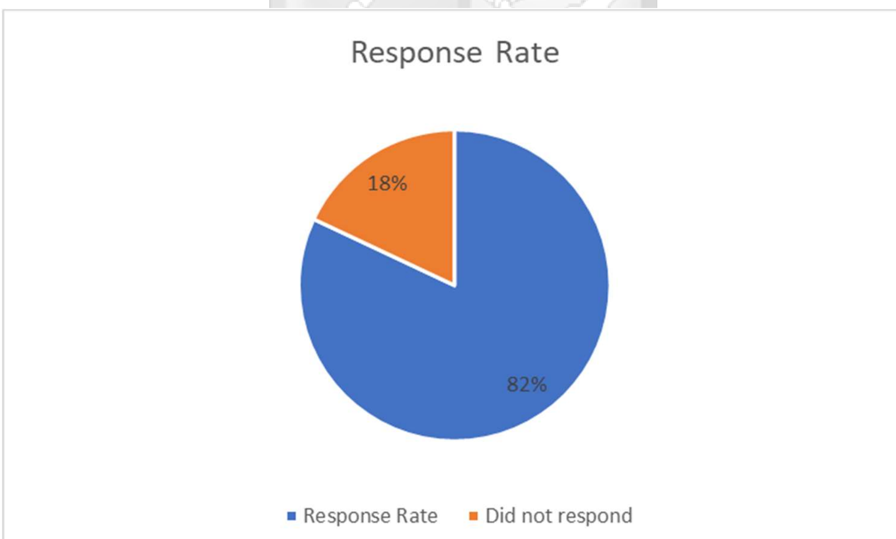

Figure 4.1 Response Rate

4.3 Demographic Information

The research reviewed the demographic characteristics of the study participants, and the results are presented in Table 4.1

Table 4.1 Demographic Characteristics

Characteristics	Grouping	Frequency	Percentage
Age of respondents	Below 35 years	43	45.3%
	36-45 years	39	41.1%
	46-55 years	13	13.7%
Gender	Male	46	48.4%
	Female	49	51.6%
Education level	Diploma	3	3.2%
	Graduate	57	60.0%
	Postgraduate	35	36.8%
Number of years	Less than 3 years	20	21.1%
	3-5 years	33	34.7%
	6-9 years	30	31.6%
	Over 9 years	12	12.6%
Position in the firm	Finance Manager	33	34.7%
	Marketing manager	62	65.3%

The study analyzed the age distribution of the respondents of the study. The findings indicate that 45% of the respondents were below 35 years of age, 41% were between 36-45 years of age, while 14% of the respondents were between 46-55 years of age, as shown in figure 4.2 below. The findings indicate that majority of the respondents, 52%, were female staff members within the insurance firms. In comparison, 48% of the research participants were male personnel within the insurance firms.

The study findings indicate that 60% of the participants of the study had attained graduate-level education, 37% had attained a postgraduate level of education. The results indicate that most of the respondents, 32% had 6-9 years of experience in the industry; 34 % had 3-5 years of experience. In comparison, 13% had more than nine years of experience within the insurance industry. The findings show that 37% of the respondents in the study were heads of the finance department; 33 % of the participants in the study were heads of the marketing team, while only 30% of the respondents were heads of strategy teams within the insurance industry in Kenya.

4.4 Descriptive Analysis

The findings were presented in the form of mean, standard deviations, and frequencies. Weighted mean was done to give a conclusion of the findings. The responses are in line with a 5 Point Likert-scale adopted in the structured instrument. The study examined the market share determinants (market segmentation, niche marketing, market development) and non-financial performance. The first objective examined market segmentation measured by geographic, demographic and behavioural segmentation; the second objective examined niche marketing which was measured using relationship marketing, concentrated marketing, focusing on new customers and market positioning. The third objective reviewed market development which was measured using new distribution channels, brand reputation, digitalized service provision and new product development. The dependent variable non-financial performance was measured using new business acquisition, customer retention, innovation capacity, increased revenue growth and employee performance.

4.4.1 Market Segmentation

The study analyzed the views of the respondents regarding the market segmentation within the firm, and the findings are shown below.

Table 4.2 Descriptive Statistics for Market Segmentation

	N	Mean	Median	Std. Deviation
The insurance firm develops product based on the various demographic profile of the target market	95	3.69	4.00	0.90
The insurance takes into consideration the economic profile of a location before rolling out a product	95	3.46	4.00	1.08
The insurance firm reviews product offering and distribution based on geographical segmentation	95	3.61	4.00	1.07
The insurance firm takes into consideration the behavioural profile of the potential customers before product development and provision	95	3.69	4.00	1.01

The results show that the respondents agreed with the statement that the insurance firm develops products based on the various demographic profile of the target market (M= 3.69, Dev = .90). Respondents were in disagreement (M= 3.46, Dev = 1.08) that the insurance takes into consideration the economic profile of a location before rolling out a product. Concerning the insurance firm reviews product offering and distribution based on geographical segmentation, there was agreement among respondents (M= 3.61, Dev = 1.07). Besides, respondents agreed (M= 3.69, Dev = 1.01) that the insurance firm takes into consideration the behavioural profile of the potential customers before product development and provision.

4.4.2 Niche Marketing

The study analyzed the views of the respondents concerning niche marketing within the firm, and the findings are shown below.

Table 4.3 Descriptive Statistics for Niche Marketing

	N	Mean	Median	Std. Deviation
The insurance firm has developed a clear relationship marketing guideline	95	3.74	4.00	1.06
The insurance firm concentrates on a particular market in launching new products	95	3.80	4.00	1.05
The insurance firm has developed clear policies for targeting new customers	95	3.62	4.00	1.08
Strategic market positioning by the firm has been integral in customer acquisition	95	3.79	4.00	0.94
Strategic market positioning by the firm has been integral in customer retention	95	3.77		0.98

Regarding the insurance firm has developed a clear relationship marketing guideline, there was agreement among respondents (M= 3.74, Dev = 1.06). Results also showed agreement (M= 3.80, Dev = 1.05) that insurance firm concentrates on a particular market in launching new products. The findings reveal agreement (M= 3.62, Dev = 1.08) that insurance firm has developed clear policies for targeting new customers. Concerning strategic market positioning by the firm that has been integral in customer acquisition, there was agreement among the respondents (M= 3.79, Dev = 0.94). Findings also showed agreement that strategic market positioning by the firm has been integral in customer retention (M= 3.77, Dev = 0.98).

4.4.3 Market Development

The study analyzed the views of the respondents concerning market development within the firm, and the findings are shown below.

Table 4.4 Descriptive Statistics for Market Development

	N	Mean	Median	Std. Deviation
The firm is constantly developing new distribution channels	95	3.80	4.00	1.00
The firm regularly undertakes a review of the firm's brand reputation in the market	95	3.82	4.00	1.07
The firm has integrated digitalized systems in the service provision	95	3.68	4.00	1.06
The firm has invested heavily in research and development to drive new product development	95	3.67	4.00	1.08
The firm is leveraging on digital transformation processes to enhance customer engagement	95	3.91		0.89

The study showed agreement (M= 3.80, Dev = 1.00) that the firm is constantly developing new distribution channels. Also, respondents agreed that the firm regularly undertakes a review of the firm's brand reputation in the market (M= 3.82, Dev = 1.07). The results showed agreement (M= 3.68, Dev = 1.06) that the firm had integrated digitalized systems in the service provision. The findings revealed the agreement that the firm has invested heavily in research and development to drive new product development (M= 3.67, Dev = 1.08). The study showed agreement (M= 3.91, Dev = 0.89) that the firm is leveraging on digital transformation processes to enhance customer engagement.

4.4.4 Non-Financial Performance

The research analyzed the views of the respondents about the non-financial performance within the firm, and the findings are shown below.

Table 4.5 Descriptive Statistics for Non-Financial Performance

	N	Mean	Median	Std. Deviation
The company has maintained a positive reputation in the market	95	4.03	4.00	0.75
The public is aware of the company brand offering	95	3.63	4.00	1.19
The firm has enhanced innovativeness in both product and service provision	95	3.79	4.00	0.93
The firm has been able to maintain stability in its growth	95	4.05	4.00	0.84
The firm has been able to sustain its market positioning	95	3.79		1.03
The firm can meet customer expectations in the product and service delivery	95	3.77		1.06
The firm has been able to retain a high-performing workforce	95	3.86		1.03
The firm can achieve operational efficiency in product and service provision	95	3.66		0.91

The study results indicate agreement (M= 4.03, Dev = 0.75) that the firm has maintained a positive reputation in the market. Respondents indicated agreement that the public is aware of the company brand offering (M= 3.63, Dev = 1.19). The findings show an agreement that the firm has enhanced innovations in both product and service provision (M= 3.79, Dev = 0.93). The firm has been able to maintain stability in its growth. The results showed agreement (M= 4.06, Dev =0.84). Findings revealed (M= 3.79, Dev = 1.03) that the firm has been able to sustain its market positioning. The study showed agreement that the firm can meet customer expectations in product and service delivery (M= 3.77, Dev = 1.06). The study also revealed (M= 3.86, Dev = 1.03) the firm has been able to retain a high-performing workforce. The research, besides, revealed that the firm could achieve operational efficiency in product and service provision (M= 3.66, Dev = 0.91).

4.5 Factor Analysis

Confirmatory factor analysis is a statistical technique used to verify the fact of the structure of a set of observed variables. Factor analysis was therefore expected to aid the researcher with the only items within the questionnaire that corresponded to the subject, dependent on their factor loading and ensure the fit of items. The study adopted Kaiser-Meyer-Olkin - KMO bartlett sphericity test, Eigenvalues and varimax rotation where more than one factor was loaded.

4.5.1 Diagnostic Checks on the Factor Analysis

The study utilized the Kaiser-Meyer-Olkin - KMO bartlett sphericity test as the main diagnostics tests prior to adopting factor analysis for the study variables. The findings are presented in the table below.

Table 4.6 Diagnostic Checks on the Factor Analysis

Variable	Diagnostics	Value
Market segmentation	KMO Measure of Sampling Adequacy	0.712
	Bartlett's Test of Sphericity	*Chi. Sq= 47.757, df = 6, Sig. = .000*
Niche marketing	KMO Measure of Sampling Adequacy	0.749
	Bartlett's Test of Sphericity	*Chi. Sq= 73.789, df = 10, Sig. = .000*
Market development	KMO Measure of Sampling Adequacy	0.701
	Bartlett's Test of Sphericity	*Chi. Sq= 79.967, df = 10, Sig. = .000*
Non-financial performance	KMO Measure of Sampling Adequacy	0.740
	Bartlett's Test of Sphericity	*Chi. Sq= 124.488, df = 28, Sig. = .000*

The results above indicate a KMO value of 0.712>0.05, thus indicating there is sampling adequacy for factor loading to be considered. Bartlett’s test of sphericity yielded a significance value = 0.000<0.05, thus indicating a correlation between the variables. This indicates that factor analysis can be utilized in the research. The results above indicate a KMO value of 0.749>0.05, thus indicating there is sampling adequacy for factor loading to be considered. Bartlett’s test of sphericity yielded a significance value = 0.000<0.05, thus indicating a correlation between the variables. This indicates that factor analysis can be utilized for variable niche marketing.

The research findings yielded a KMO value of .701>.05, thus indicating there is sampling adequacy for factor loading to be considered. Bartlett's test of sphericity yielded a significance value = .000<.05, thus indicating a correlation between the variables. This indicates that factor analysis can be utilized for variable niche marketing. The KMO and Bartlett's Test resulted in a value of 0.740>0.05, thus indicating there is sampling adequacy for factor loading to be considered. Bartlett's test of sphericity yielded a significance value = 0.000<0.05, thus indicating a correlation between the variables. This indicates that factor analysis can be utilized for the dependent variable.

4.5.2 Factor Analysis for Market Segmentation

The study utilized exploratory factor analysis on the variable market segmentation, and the findings are presented below.

Table 4.7 Exploratory Factor Analysis for Market Segmentation

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.969	49.237	49.237	1.969	49.237	49.237
2	0.796	19.904	69.140			
3	0.659	16.485	85.625			
4	0.575	14.375	100.000			

Extraction Method: Principal Component Analysis.

The findings of the research show that one the factor had eigenvalue, which was higher than 1. The main factor was responsible for 49.237% of the total variability in the dependent variable.

Table 4.8 Factor Rotation for Market Segmentation

	Component 1
The insurance firm develops product based on the various demographic profile of the target market	**.702**
The insurance takes into consideration the economic profile of a location before rolling out a product	**.621**
The insurance firm reviews product offering and distribution based on geographical segmentation	**.774**
The insurance firm takes into consideration the behavioural profile of the potential customers prior to product development and provision	**.701**

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

All the factor fitted into component 1 since all the factor loadings were above 0.4, as presented in the table above.

4.5.3 Factor Analysis for Niche Marketing

The study utilized exploratory factor analysis on the variable niche marketing, and the findings are presented below.

Table 4.9 Exploratory Factor Analysis for Niche Marketing

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.286	45.723	45.723	2.286	45.723	45.723
2	0.876	17.524	63.247			
3	0.737	14.737	77.984			
4	0.578	11.565	89.549			
5	0.523	10.451	100.000			

Extraction Method: Principal Component Analysis.

The study results indicated that only one factor had eigenvalue, which was higher than 1. The main factor was responsible for 45.723% of the total variability in the dependent variable. The factor loading for the variables is presented below.

Table 4.10 Factor Rotation for Market Segmentation

	Component 1
The insurance firm has developed a clear relationship marketing guideline	**.685**
The insurance firm concentrates on a particular market in launching new products	**.616**
The insurance firm has developed clear policies for targeting new customers	**.725**
Strategic market positioning by the firm has been integral in customer acquisition	**.759**
Strategic market positioning by the firm has been integral in customer retention	**.578**

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

All the factor fitted into component 1 since all the factor loadings were above 0.4, as presented in the table above.

4.5.4 Factor Analysis for Market Development

The study utilized exploratory factor analysis on the variable market development, and the results are presented below.

Table 4.11 Exploratory Factor Analysis for Market Development

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.267	45.344	45.344	2.267	45.344	45.344
2	0.941	18.818	64.162			
3	0.739	14.775	78.937			
4	0.638	12.767	91.703			
5	0.415	8.297	100.000			

Extraction Method: Principal Component Analysis.

The exploratory factor analysis results indicated that only one factor had eigenvalue, which was higher than 1. The main factor was responsible for 45.344% of the total variability in the dependent variable.

Table 4.12 Factor Rotation for Market Development

	Component 1
The firm is constantly developing new distribution channels	**.594**
The firm regularly undertakes a review of the firm's brand reputation in the market	**.680**
The firm has integrated digitalized systems in the service provision	**.776**
The firm has invested heavily in research and development to drive new product development	**.612**
The firm is leveraging on digital transformation processes to enhance customer engagement	**.688**

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

All the factor fitted into component 1 since all the factor loadings were above 0.4, as presented in the table above.

4.5.5 Factor Analysis for Non-Financial Performance

The study utilized exploratory factor analysis on the variable non-financial performance, and the findings are presented below.

Table 4.13 Exploratory Factor Analysis for Non-Financial Performance

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.781	34.763	34.763	2.781	34.763	34.763	2.336	29.203	29.203
2	1.048	13.098	47.862	1.048	13.098	47.862	1.493	18.659	47.862
3	0.949	11.864	59.726						
4	0.879	10.983	70.709						
5	0.821	10.257	80.966						
6	0.594	7.430	88.396						
7	0.512	6.396	94.792						
8	0.417	5.208	100.000						

Extraction Method: Principal Component Analysis.

The findings in the table above show that two of the factors had eigenvalues, which were higher than 1. The first factor was responsible for 34.763% of the variability, while factor 2 was responsible for 13.098% of the variability. The two factors resulted in 47.862% of the total variability. The factors that exhibited the standard characteristics that were accepted.

Table 4.14 Factor Rotation for Non-Financial Performance

	Component	
	Non-Financial Performance1	Non-Financial Performance 2
The company has maintained a positive reputation in the market	**0.465**	**0.663**
The public is aware of the company brand offering	**0.552**	-0.449
The firm has enhanced innovativeness in both product and service provision	**0.530**	-0.128
The firm has been able to maintain stability in its growth	**0.554**	**0.544**
The firm has been able to sustain its market positioning	**0.529**	0.064
The firm is able to meet customer expectations in the product and service delivery	**0.728**	-0.140
The firm has been able to retain a high-performing workforce	**0.584**	-0.070
The firm is able to achieve operational efficiency in product and service provision	**0.722**	-0.257

Extraction Method: Principal Component Analysis.
a. 2 components extracted.

The research employed varimax rotation after factor analysis. The factor loadings of the rotated component matrix present the correlations between the variables. The factor column shows the extracted rotated factors, namely Non-Financial Performance1 and Non-Financial Performance2, and the components are as shown above. The first factor was composed of the company brand offering, enhanced innovativeness, growth stability, sustained market positioning, meeting customer expectations, high performing workforce and operational efficiency. The second factor is composed of positive company reputation in the market.

4.6 Correlation Analysis

The study adopted a correlation analysis to measure the relation between the research variables. The study adopted the Spearman Correlation to determine the relationship with the presentation of the results between -1 and 1 inclusive. Result of 0 means that there is no correlation between the two variables (Cooper & Schindlers, 2014).

Table 4.15 Correlation Analysis

			Market Segmentation	Niche Marketing	Market Development	Non-Financial Performance
Spearman's rho	Market Segmentation	Correlation Coefficient	1.000			
		Sig. (2-tailed)	.			
		N	95			
	Niche Marketing	Correlation Coefficient	0.588**	1.000		
		Sig. (2-tailed)	0.000	0.000		
		N	95	95		
	Market Development	Correlation Coefficient	0.546**	0.512**	1.000	
		Sig. (2-tailed)	0.000	0.000	0.000	
		N	95	95	95	
	Non-Financial Performance	Correlation Coefficient	0.459**	0.519**	0.480**	1.000
		Sig. (2-tailed)	0.000	0.000	0.000	
		N	95	95	95	95

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

The findings of the study show that market segmentation has a positive and significant effect on non-financial performance (Rho= 0.489, Sig =0 .000<0.05). This indicates that market segmentation enhances the level of non-financial performance within insurance firms in Kenya. These findings are in agreement with Berry-Stölzle, Hoyt, and Wende (2010), who also found a positive association between market segmentation practices and firm growth within insurance firms.

The results reveal that show that niche marketing has a positive and significant effect on non-financial performance (Rho= 0.519, Sig = 0.000<0.05). This shows that niche marketing enhances the level of non-financial performance within insurance firms in Kenya. The results are in line with Klumpes and Schuermann (2011). They, in their investigation of insurance firms, found out that niche marketing adoption has been key to improved efficiency and productivity in life insurance firms.

The analysis results indicate that market development has a positive and significant effect on non-financial performance (Rho= 0.480, Sig = 0.000<0.05). This shows that market development enhances the level of non-financial performance within insurance firms in Kenya. The findings are supported in the literature by Muturi, Mwau, and Oloko (2017), who found out that adoption of the market development approach had a positive effect on the performance of insurance firms in Kenya.

4.7 Regression Analysis

The study adopted multiple linear regression in determining the magnitude of the association between market share determinants and non-financial performance within insurance firms. The study adopted simple linear regression to determine the magnitude of the relationship between individual predictor variables and non-financial performance while multiple linear regression was adopted to examine the effect of market share determinants on non-financial performance.

The main aim of this study was to determine the relationship between market share determinants and the non-financial performance of insurance firms. The results of the multiple linear regression analysis are shown in this section.

Table 4.16 Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.640[a]	0.409	0.390	1.10488

a. Predictors: (Constant), Market Development, Niche Marketing, Market Segmentation

The results of the coefficient of determination showed an $R^2 = 0.409$. The findings of the regression analysis show that market share determinants contribute to 40.9% changes in the non-financial performance of insurance firms. The results indicate that 59.1% of variations in the non-financial performance are determined by other factors not considered in the study.

Table 4.17 ANOVA Summary

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.911	3	25.637	21.001	0.000[b]
	Residual	111.089	91	1.221		
	Total	188.000	94			

a. Dependent Variable: Non-Financial Performance

b. Predictors: (Constant), Market Development, Niche Marketing, Market Segmentation

The test of the ANOVA analysis shows that the regression between market share determinants and non-financial performance was statistically significant (F= 21.001, Sig = 0.000<0.05). This indicates that market share determinants have a positive and significant association with the level of non-financial performance of insurance firms.

Table 4.18 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.380	0.113		3.022	0.000
	Market Segmentation	0.154	0.155	0.109	2.994	0.003
	Niche Marketing	0.564	0.154	0.398	3.664	0.000
	Market Development	0.323	0.148	0.229	2.183	0.032

a. Dependent Variable: Non-Financial Performance

The resulting regression equation was;

$$\mathbf{Y = 3.380 + .154X_1 + .564X_2 + .323X_3}$$

The beta coefficient ($\boldsymbol{\beta_1}$ = 0.154, Sig = 0.003<0.05). This indicates that market segmentation can contribute to 0.154 changes in the non-financial performance of insurance industry firms. These results are consistent with Felício and Rodrigues (2015), who opined that utilizing segmentation practices is critical to enhancing organizational performance. The beta coefficient ($\boldsymbol{\beta_2}$ = 0.564, Sig = 0.000<0.05). This indicates that niche marketing can contribute to 0.564 changes in the non-financial performance of insurance industry firms. The findings are consistent with Ernst, Hoyer, and Rübsaamen (2010), who revealed that niche marketing was a significant predictor of firm performance. The beta coefficient ($\boldsymbol{\beta_3}$ = 0.323, Sig = 0.032<0.05). This indicates that market development can contribute to 0.323 changes in the non-financial performance of insurance industry firms. Matilu and K'Obonyo (2018) noted that expanding to a new market through improved product and service innovation is vital to fostering organization performance.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

The fifth chapter of the study presented the summary of the study, discussion of the findings, the conclusions drawn from the study, the recommendations made, and the suggestions for further research.

5.2 Summary of Findings

The broad objective of this research was focused on determining the effect of market share determinants on non-financial performance. The study further sought to establish the association between market segmentation, niche marketing, and market development on the non-financial performance of the firms. The study relied on the dynamic capabilities theory and the social penetration theory as the theoretical tenets of the research. The review of select empirical studies enabled the researcher to identify the various gaps in the empirical literature and support the operationalization of the study variables.

The study adopted a positivism research philosophy with a quantitative methodology being utilized in solving the research problem. The collected research data was analyzed and summarized using measures of central tendency. The study further adopted both correlation and regression analysis to determine the association and magnitude effect of independent variables on the non-financial performance. The overall regression summary was further conducted to determine the extent of market share determinants effect on non-financial performance.

The research was able to obtain a response rate of 82% of the sample respondents drawn from the registered insurance firms in Kenya. The study results indicated that at least 40.9% variations in the level of non-financial performance within insurance firms in Kenya are determined by market segmentation, niche marketing, and market development (market share determinants). The study also established that the market share components-: market segmentation, niche marketing, and market development all had a positive and significant influence on non-financial performance.

5.3 Discussion of the findings

5.3.1 Market Segmentation and Non-Financial Performance

The study results indicated agreement that market segmentation has been instrumental in determining the level of non-financial performance of insurance firms in Kenya. The study results reveal that most of the firms have developed products that are designed to meet the needs of a specific demographic and utilize economic profiling in product rollout. These findings concur with Wedel and Kamakura (2012). They noted that for market segmentation processes to yield positive results, there is a need for the firm to leverage demographic profile aspects and the geographical coverage of the respondents. Felício and Rodrigues (2015) indicate that utilizing various demographic aspects in targetting consumers is a key determinant of the performance of insurance firms.

The findings further posit that insurance firms leverage geographical segmentation techniques in product distribution and offers. In line with the above results Maroofi, Ardalan, and Tabarzadi (2017) suggested that geographical marketing and targeting of new customers were key to enhancing the level of customer satisfaction within insurance firms. The research also noted that insurance firms had utilized behavioural profiling as the basis of attracting new customers and developing new products. These findings are in line with Ramayah, Samat, and Lo (2011), who found out that behavioural segmentation is a key predictor of the organizational outcome within organizations. Kalibo (2017) indicated that market segmentation had been a positive predictor of organizational outcomes within insurance companies in Kenya.

5.3.2 Niche Marketing and Non-Financial Performance

The study sought to analyze the effect of niche marketing on the non-financial performance of insurance firms. The results indicated that niche marketing significantly predicted non-financial performance. Ernst, Hoyer, and Rübsaamen (2010) similarly posit that niche marketing strategies have been critical in improving organizational performance. Ahmad (2016) also noted that niche marketing has a moderate effect on insurance performance through improved customer engagement and service provision.

The responses obtained show that the insurance firms have developed a clear relationship marketing guideline that focuses on a particular market in launching new products. The findings are consistent with Luvisia and Nzulwa (2018), who posits that improving relationship marketing within insurance firms has been key to improved market performance and penetration levels in insurance firms. The results further show that the firms have been effective in rolling out policies for targeting new customers within the market. The study responses indicate that the firms have been leveraging on a strategic market position to develop both customer acquisition and customer retention practices. The study results are in congruence with assertions by Thuo (2016), who indicated that meeting customer needs, improving niche marketing practices, and enhancing relationship management will improve the competitiveness of insurance firms in Kenya. Despite Musyoka (2015) indicating that various niche marketing approaches are key to enhancing the market share, the study fails to indicate any considerable causality with the performance of the insurance firms in Kenya.

5.3.3 Market Development and Non-Financial Performance

Overall, the findings of the study indicate that market development positively predicts the level of non-financial performance within insurance firms. Makau (2011), in their study, also revealed that various market development strategies are key to improving the performance of financial institutions. Muturi, Mwau, and Oloko (2017) held similar views that market development practices have been vital in driving firm performance within insurance firms in Kenya. The study responses show that the firm is constantly developing new distribution channels and reviewing the brand reputation to enhance market development goals. The results are in line with views held by Ajagbe, Long, and Solomon (2014) that firm reputation and brand image are integral to improving performance within insurance firms.

The respondents further indicated that insurance firms are leveraging on digitalized systems in service provision within the market. Matilu and K'Obonyo (2018), in their study, also indicate that relying on innovative approaches in product development and delivery is critical to fostering the performance of insurance firms. The results further show an agreement among participants that the firm has heavily invested in research and development to drive new product designs and enhance the level of customer engagement through digital transformation processes. Lee (2017) also holds that better product variation within insurance firms helps to drive organization performance within insurance firms. Seung-chul, Chune, and Hong's (2017) findings also revealed that developing customer-centric products, improving delivery channels, and digitalizing systems within the firm are vital to improving the market share and firm performance.

5.4 Conclusion

From the review of the results, the study found out that market share determinants have a positive influence on the non-financial performance of insurance firms. The research concludes that niche marketing practices within the insurance firms are key in driving the non-financial performance of the firms. The study concludes that focusing on customer needs and developing products to meet market demands is key in driving firm performance. The study concludes that the adoption of behavioural segmentation, demographic segmentation, and geographical segmentation of insurance consumers positively improves organization performance. The research further concludes that market development practices positively influenced the non-financial performance of insurance firms. The study found out that the adoption of digitalized systems, developing customer-centric products, and utilizing digital transformation practices are key to non-financial performance within insurance firms.

5.5 Recommendation

5.5.1 Recommendations for Policy

The research revealed that the utilization of various aspects of market share is key to the non-financial performance of insurance firms. The study recommends that policymakers within the insurance industry can utilize the result of this study in developing guidelines that can assist insurance firms in determining their selection of marketing practices that can help in fostering competitiveness within the industry. With a lag in the penetration levels in the insurance industry, the regulator can leverage the results of this study in developing training manuals that can be adopted by marketing managers in insurance firms in streamlining their marketing strategies. Further, the findings can help advance the debate within the industry among relevant players in identifying the bottlenecks leading to the dominance of the market performance by a few insurance firms. The results can help in identifying such gaps.

5.5.2 Recommendations for Practice

The study recommends that the management team within insurance firms should improve the organization outreach programs and development of new products and service offering focussed on the emerging customer needs. This was critical to expanding the market share of the insurance firm and its competitiveness. The study further recommends that insurance firms should leverage on the increased technology adoption in the country to offer digitalized services and products as this will foster the introduction of high-quality, unique products and services compared to other firms. The research further recommends that the firm needs to specialize in serving a special market segment, and this could involve targeting a low-priced segment. Thus, such moves can have an impact on the overall firm’s market share and brand loyalty.

The study further recommends that segmentation practices within the firm should focus on developing products and services to meet the needs of unserved customers. This will help in new customer acquisition within the insurance firm. The study further recommends that segmentation of the insurance firm's services will help in creating brand loyalty. The firm also needs to insist on offering outstanding customer service and relationship marketing that will help in improving the performance level within the insurance firm. Concerning market development, the research recommends that insurance firms should leverage the available market information to avoid replicating similar products with other insurance firms. The firm should utilize market information, emerging technologies, and research and development in guiding product development and service offering.

5.6 Suggestions for Further Research

The study was only limited to the examination of non-financial performance within the insurance industry. To improve the utilization of the findings, further research should be conducted to examine how market share influences the financial performance of insurance firms. With the increased competitiveness in the insurance industry, further studies can be conducted to examine the effect of firm size, and regulatory requirements affect performance in the industry. The study suggests that further research work should be conducted investigating the influence of market share on the performance of other financial industry institutions.

5.7 Limitations of the Study

The study was only limited to insurance firms operating within Nairobi City County, which may limit the generalizability of the research findings. Further, as a result of the ongoing public movement restrictions, the study was limited in the data collection process, which impacted the response rate and delayed data collection. The study was further limited to insurance firms and did not consider other financial sector institutions within the country this may limit the applicability of the study results in directing the application of market determinants to improve non-financial performance. The study only considered market share determinants and did not take into consideration other factors within the organization, which may impact the firm’s non-financial performance. This limits the generalizability of the study in directing other aspects not connected to market share determinants.

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APPENDICES

Appendix I: Market Share among Top Insurance Firms

Insurance Firm	Short-Term Business	Long-Term Business	Group profit before tax
Jubilee	9%	14%	5,410
CIC	8%	7%	852
UAP	7%	5%	-480
ICEA Lion	4%	14%	179
British American	6%	24%	-2,296

Appendix II: Research Questionnaire

PART A: GENERAL INFORMATION

1) Age Bracket

   56 and above [ ]

   46 – 55 years [ ]

   36 – 45 years [ ]

   Below 35 years [ ]

2) Gender

   Female [ ]

   Male [ ]

3) Education Level

   Post graduate [ ]

   Graduate [ ]

   Diploma [ ]

Others (Specify)…………………………………………………………………………

4) Number of years within the organization?

   Over 9 years [ ] 6-9 years [ ]

   3-5 years [ ] Less than 3 years [ ]

5) Which position do you hold within the company?

Heads Marketing Department	
Heads Finance Department	
Heads Strategic Team	

PART B: INFLUENCE OF MARKET SHARE DETERMINANTS ON THE NON-FINANCIAL PERFORMANCE OF INSURANCE FIRMS IN KENYA

Please tick the level of agreement of the following statements.

1) **THE FOLLOWING STATEMENTS SOUGHT TO ESTABLISH THE EFFECT OF MARKET SHARE DETERMINANTS ON THE NON-FINANCIAL PERFORMANCE OF INSURANCE FIRMS IN KENYA.**

Please indicate in the table with a tick (√) your level of agreement based on the below scale:

1= Neither Agree nor Disagree 2= Strongly Disagree 3= Disagree 4= Agree 5= strongly Agree

No	Market Segmentation	1	2	3	4	5
1.	The insurance firm develops product based on the various demographic profile of the target market					
2.	The insurance takes into consideration the economic profile of a location before rolling out a product					
3.	The insurance firm reviews product offering and distribution based on geographical segmentation					
4.	The insurance firm takes into consideration the behavioural profile of the potential customers prior to product development and provision					

Please indicate in the table with a tick (√) your level of agreement based on the below scale:

1= Neither Agree nor Disagree 2= Strongly Disagree 3= Disagree 4= Agree 5= strongly Agree

No	Niche Marketing	1	2	3	4	5
1.	The insurance firm has developed a clear relationship marketing guideline					
2.	The insurance firm concentrates on a particular market in launching new products					

3.	The insurance firm has developed clear policies for targeting new customers					
4.	Calculated market positioning by the firm has been integral in customer acquisition					
5.	Calculated market positioning by the firm has been integral in customer retention					

Please indicate in the table with a tick (√) your level of agreement based on the below scale:

1= Neither Agree nor Disagree 2= Strongly Disagree 3= Disagree 4= Agree 5= strongly Agree

No	**Market Development**	**1**	**2**	**3**	**4**	**5**
1.	The firm is constantly developing new distribution channels					
2.	The firm regularly undertakes a review of the firm's brand reputation in the market					
3.	The firm has integrated digitalized systems in the service provision					
4.	The firm has invested heavily in research and development to drive new product development					
5.	The firm is leveraging on digital transformation processes to enhance customer engagement					

PART C. NON-FINANCIAL PERFORMANCE OF INSURANCE FIRMS

Please indicate in the table with a tick (√) your level of agreement based on the below scale:

1= Neither Agree nor Disagree 2= Strongly Disagree 3= Disagree 4= Agree 5= strongly Agree

No	Performance	1	2	3	4	5
1.	The company has maintained a positive reputation in the market					
2.	The public is aware of the company brand offering					
3.	The firm has enhanced innovativeness in both product and service provision					
4.	The firm has been able to maintain a stability in its growth					
5.	The firm has been able to sustain its market positioning					
6.	The firm is able to meet the customer expectations in the product and service delivery					
7.	The firm has been able to retain a high-performing workforce					
8.	The firm is able to achieve operational efficiency in product and service provision					

Thank you for your time in answering the questionnaire.

Appendix III: NACOSTI Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **301362**

Date of Issue: **23/March/2020**

RESEARCH LICENSE

This is to Certify that Mr.. Frank Mumo Mweu of Strathmore University, has been licensed to conduct research in Nairobi on the topic: INFLUENCE OF MARKET SHARE DETERMINANTS ON THE NON-FINANCIAL PERFORMANCE OF INSURANCE FIRMS IN KENYA for the period ending : 23/March/2021.

License No: **NACOSTI/P/20/4423**

301362

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

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Appendix IV: Ethical Permit

Strathmore
UNIVERSITY

9th April 2020

Mr Mweu, Frank
frank.mweu@strathmore.edu

Dear Mr Mweu,

RE: Influence of market share determinants on the non-financial performance of the insurance firms in Kenya

This is to inform you that SU-IERC has reviewed and **approved** your above research proposal. Your application approval number is **SU-IERC0719/20.** The approval period is **9th April 2020 to 8th April 2021.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, MTA) will be used
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 72 hours of notification
iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 72 hours
v. Clearance for export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://oris.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely,

STRATHMORE UNIVERSITY INSTITUTIONAL ETHICS REVIEW COMMITTEE (SU IERC)
09 APR 2020
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P. O. Box 59857 - 00200
NAIROBI - KENYA

for: Dr Virginia Gichuru,
Secretary; SU-IERC

Cc: Prof Fred Were,
Chairperson; SU-IERC