

The Effect Of Value Innovation Strategies On Performance Of Insurance Companies, An Empirical Survey Of Selected Insurance Firms In Kenya

Omido, Milly K., Maina Samuel., Mary, Namusonge

Department Of Business Administration, School Of Business, Economics And Tourism, Kenyatta University,
Nairobi Kenya

Abstract

The purpose of the study was to establish the effect of value innovation strategy on performance of selected insurance firms in Kenya. The objectives of the study were: to investigate the effect of industry efficiency logic, knowledge intensive logic and network logic on performance of insurance firms in Kenya. The study was anchored on value innovation framework. The target population for the study was all the 53 insurance firms licenced by the insurance regulatory authority. Proportionate stratified random sampling technique was used to select a sample of 208 from a total population of 453 managers. The research findings established that value innovation strategies had a significant and positive effect on performance of insurance companies in Kenya. The study findings lead to the conclusion that there was high rate of adoption of value innovation strategies among the insurance companies in Kenya. Specifically, industry efficiency logic, knowledge intensive logic and network logic had significant effect on performance of insurance firms. Adoption of value innovation strategies was informed by the significant effect such strategies have on performance of these firms. The study recommends that companies should continue adopting and implementing value innovation strategies to significantly increase their performance.

Key Words: Industry efficiency logic, Knowledge intensive logic, network logic

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I. Introduction

In the last few decades, competition has been at the peak of all major industries, this has been heightened by globalisation, technological disruptions, industry convergence, emerging economies, increased customer demands and aggressive competitive behaviour. Subsequently, organisations have been forced to adopt strategic positions such as value innovation to enable them to attract, gain and retain market share to improve performance (Pearce & Robinson, 2011). Kiptoo, Kariuki and Ocharo (2021) indicate that the global insurance market has experienced substantial disruption over the last few years, particularly, the emergence of covid-19 which continue to impact the performance of insurance firms. Insurance firms across the globe were inclined to develop strategies to enable them adapt to changes in the environment in order to remain relevant and serve the changing needs (Ernest & Young, 2021). The African insurance sector experienced slowed growth over the last three years due to high inflation environment that affected global insurance markets due to the pandemic. In Kenya, although the industry experienced slow growth over the three years, 2021 posted improved performance with the country ranking fourth in Africa after South Africa, Morocco and Egypt (IRA report, 2021). It is expected that the industry will continue to experience growth as Covid recovery measures continue to be implemented. According to (AKI report, 2021), the Kenyan sector has experienced slow growth in insurance penetration rates within the last three years due to fall in disposable income resulting from high inflation during the pandemic. The current competitive landscape indicates a shift towards adoption of value innovation strategies in the insurance sector (Mutegi & Mutegi, 2018).

Value innovation strategies have been at the heart of key decisions of insurance companies aimed at sustaining their competitive advantage and enhancing firm performance (Lestari *et al.*, 2020). Previously, Low level value innovation characterised the industry resulting into products that did not reflect consumer needs and demands. Chang and Lee (2020) argue that more companies are attempting to create uncontested markets with focus on value innovation and customised products through use of technology, this has resulted into improved performance of insurance firms. The insurance industry is therefore breaking away from the conventional business models and embracing value innovation to create capabilities that drive profitability and consequently enhance performance (Mutegi & Mutegi, 2018). Value innovation is referred to as the foundation of blue ocean strategies; it is defined as the process of value creation for both buyers and the company by pursuing differentiation and low cost through disruptive quality and cost reduction (Hajar *et al.*, 2022). Firms focus on opening up new and

uncontested market space by making the competition irrelevant through creation of value for buyers and the organisation. Christa, Wardana, Dwiatmadja and Kristinae (2020) define value innovation as the process through which organisations integrate capabilities to stimulate innovation, this aides firms to develop competitive products and valuable assets. Hammer (2022) posits that organisations implement value innovation when management decisions focus on eliminating and reducing factors that do not provide growth opportunities for the company while creating and raising factors that provide growth opportunities for the company.

Earlier studies have identified culture, processes, people and resources as the key drivers of value innovation (Mohanty,1999). The author argues that organisations are able to achieve value innovation breakpoints by examining nine elements; process design, product design, reliability, flexibility, price, robustness, leadtime, reliability, service empathy and information system. Leavy (2018) argues that value innovation is arguably the most exciting development in the strategy field in the last two decades with emphasis on Shifting the primary emphasis in strategy development back onto the customer rather than the competition, defining how to create and capture new demand and aiming for a value breakthrough. Sheehan and Vaidyanathan (2009) argue that value is created through knowledge logics where the company uses knowledge to create value for customers, industrial efficiency where a firm engages in quality management, resource planning to reduce its operational costs and therefore lower prices and finally the network logics where the firm provides virtual platforms for the whole value chain to engage, network and even offer complementary services. This study has therefore conceptualised value innovation as industry efficiency logic, network logic and knowledge intensive logic.

Firm performance is the outcome achieved by organisations through leveraging on their resources to meet a set of goals and standards. Kaplan and Norton (1992) define firm performance in terms of financial performance, customer focus, internal business processes and learning and growth for the organisation's employees which the authors refer to as the balanced score card. Firm performance concept is important in strategic management ethos, literature reveals that various researchers use different aspects to define firm performance. Venkatraman and Ramanujam (1986) argue that Performance measurement framework is based on financial and operational performance as well as overall effectiveness. The definition of firm performance is complex and therefore continues to challenge scholars. Carton and Hofer (2006) considered financial aspects as a measure of firm performance. Simon, Osunsan and Byamukama (2022) define firm performance as utilising marketing practices which include product development, price, place and promotion to increase the volumes of sales, grow the market share and achieve profitability of the organisation. Rahman and Choudhury (2019) in their study conceptualise firm performance as the ability of the organisation to increase company profits. Firm Performance is simply an imperative idea that identifies ways in which all resources of the organization are prudently used to accomplish its strategic objectives to enable the organisation to remain in business (Taouab & Issor, 2019). Literature indicates that for any firm to survive in today's competitive market, it has to strategize in satisfying customers' needs more effectively and efficiently through marketing performances (Fuciu & Dumitrescu, 2018).

Firm performance is further defined as the use of market development strategies, cost leadership and differentiation strategies to improve the organisation's performance by growing the market share and being profitable (Odhiambo, 2020). Cantele and Cassia (2020) relate performance to subjective approaches where firms rate themselves along several measures in comparison to their main competitors on a Likert-type scale. Simon *et al.* (2022) define firm performance as utilising product, place, promotion, price to achieve customer satisfaction, to develop new products and to increase market share. This study borrowed from extant literature to conceptualise performance using non-financial measures which are customer satisfaction, market share and new product development.

Statement of the Problem

According to IRA (2021), the insurance industry in Kenya has experienced slow growth in the past five years with a huge decline in the year 2020 and 2021 due to the effects of Covid-19. In 2021, GDP grew in comparison to 2020 as a result of Covid economic recovery measures. High economic inflation created by the Covid pandemic has affected global insurance markets leading to slow growth of insurance firms. Value innovation strategies are at the core of insurance activities in the wake of repressed economic performance and heightened competition. To improve growth in the industry and enhance performance, firms must continue to adopt and implement value innovation strategies to enhance their performance. Various research work has already been done on the impact value innovation strategies on performance.

Hajar *et al.* (2022) conducted a study to investigate the impact of value innovation and sustainable growth on performance of telecommunications sector in Yemen. The study findings reveal that value innovation significantly effected performance and sustainable growth of these companies. The study conceptualised value innovation as business uniqueness, shareholder value and customer value. This current study considered investigation of additional factors of value innovation these are; industry efficiency, knowledge logics and network logics which provide additional literature on the construct of value innovation. Al-Ansari (2014)

additionally undertook a study on value innovation practices and business Performance among SMEs in the UAE market. The findings reveal that SMEs in the UAE adopted varied forms and functions of issues relating to current business ideas, strategic archetype and innovation strategy and practices. Additionally, innovation practices strongly and positively affected business growth performance and that management; customers, technology, employees and competition were the main innovation drivers. The current study aims to test the impact of value innovation in a different context which this provides additional literature in this area of study.

Kristinae, Wardana, Giantari, and Ganesha (2020) sought to investigate whether value innovation had a mediating role on entrepreneurial orientation and marketing performance during the covid-19 pandemic. The study considered value innovation as a mediating variable and the researchers conclude that value innovation has a mediating role on the relationship between entrepreneurial orientation and marketing performance. The current study has enhanced literature in this area by looking at the direct relationship between value innovation and performance of insurance firms in Kenya. This research also adopted both qualitative and quantitative research to enhance the accuracy since the previous research was quantitative in nature.

II. Literature Review

Theoretical Literature Review

This section consists of discussions and review of theories on which the study is anchored. More specifically the study was mainly anchored on value Innovation framework.

Value Innovation Framework

Value innovation Framework was authored by Kim and Mauborgne (2005), they describe value innovation as the cornerstone of blue ocean strategies. The authors further argue that Value innovation is achieved when firms pursue industrial efficiency logic, knowledge intensive logic and network logic to enhance the impact of blue ocean strategies on performance (Mutegi,2018). Buyer value is derived by utilising knowledge intensive logic to create value, efficiency where a firm uses resources planning and quality management to reduce the operational costs and be competitive. Buyer value is also derived by firms utilising their network to create platforms of engagement across the value chain and provide complementary services (Kristinae *et al.*, 2020).

The four actions framework for value innovation can be used to create value for companies in existing market (Amit & Zott, 2012). The framework proposes elimination of below the industry standard factors that have for a long-time cost companies high investment as competing factors yet they have no meaningful returns to the company's competitiveness and bring no profits. Reduce factors are those below the industry's standard that can be compared to overdesigned products and services that cause stress to the company's cost structure yet they translate into very minimal performance (Kim &Mauborgne, 2005). Raise factors are those to be raised above the industry's standard and have important meaning for customers yet competition been ignored them. Create factors are those that the industry has never offered yet they can create new customer demand and new markets (Myllymaki, 2010). The Eliminate-Reduce-Raise-Create Grid can be applied to identify the new markets, refer to Figure 2.1.

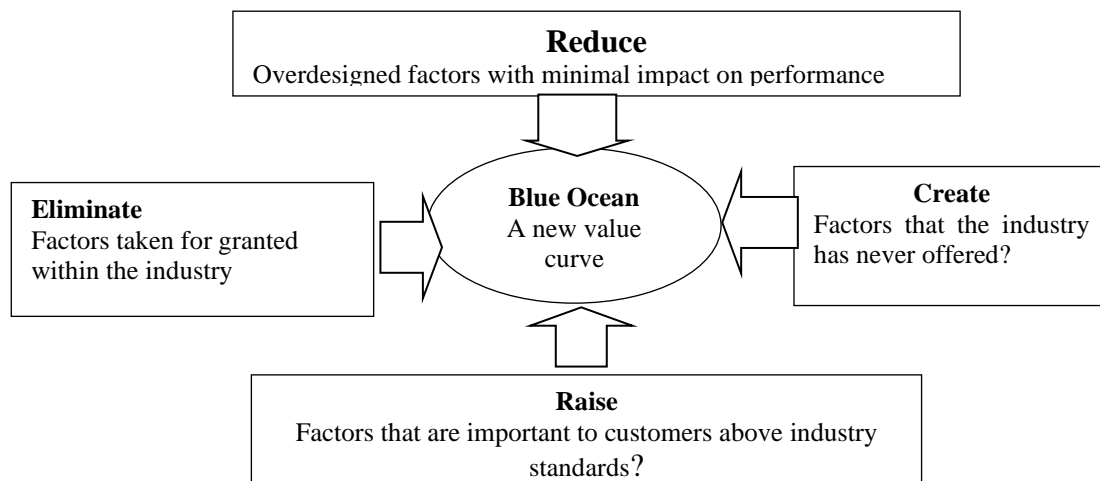


Figure 2.1: Four Actions Framework of value Innovation

Source: (Kim and Mauborgne, 2005, p.16)

Conceptual and Empirical Review

This section reviews past research articles related to this study. The review incorporates articles knowledge intensive logic, network logic and industry efficiency logic and their impact on performance.

Firm Performance

This is the outcome achieved by organisations through leveraging on their resources to meet a set of goals and standards. Kaplan and Norton (1992) define firm performance as the organisations focus on customers, its financial position, internal processes designed for business and the learning curve and subsequent growth of employees which the authors refer to as the balanced score card. Firm performance concept is important in strategic management ethos, literature reveals that various researchers used different aspects to define firm performance. Venkatraman and Ramanujam (1986) argue that Performance measurement framework is based on financial, operational performance and overall effectiveness. Scholars have continued to experience challenges due to complexity in defining performance. Carton and Hofer (2006) considered financial aspects as a measure of firm performance. Simon, Osunsan and Byamukama (2022) define firm performance as utilising marketing practices which include product development, price, place and promotion to increase the volumes of sales, grow the market share and achieve profitability of the organisation. Literature indicates firms must develop strategies that effectively meet customer needs in an efficient manner through marketing performances so that they can survive in the competitive market (Fuciu & Dumitrescu, 2018).

Firm performance is also defined as the use of market development strategies, cost leadership and differentiation strategies to improve the organisation's performance by growing the market share and being profitable (Odhiambo, 2020). Otto, Szymanski, and Varadarajan, (2020), trading firms that seek to meet the needs of customers should not rely on previous techniques because customers are becoming more choosers and traditional marketing solutions are no longer sufficient. The researchers further argue that firms are facing high competition and to run successful business activities need to expand the range of services and products to ensure quality goods that will satisfy the desired buyers and reduce costs (Isoraite, 2016). Cantele and Cassia (2020) relate performance to subjective approaches where firms rate themselves along several measures in comparison to their main competitors on a Likert-type scale. Simon *et al.* (2022) defines firm performance as utilising product, place, promotion, price to achieve customer satisfaction, to develop new products and to increase market share. This study borrowed from extant literature to conceptualise performance using customer satisfaction, market share and new product development.

Industry Efficiency Logics

Industry efficiency logic is created by the company through making use of tools and systems that ensure low cost, standardised products that are of high quality, thereby increasing organisational performance. Sheehan and Vaidyanathan (2009) posit that industry efficiency creates value for customers by producing high volume, low-cost standardised offerings by reducing costs and passing the savings in form of lower prices. Managers may use various tools to increase industry efficiency including Lean Production, Six Sigma, Supply Chain Management, Total Quality Management, Just-in-Time Inventory, and Enterprise Resource Planning Systems. Chauhan, Gauri and Nema (2017) defined total quality management as an integrated organizational approach in delighting both internal and external customers by continuously meeting their expectations. Cummins and Weiss (2013), argue that this satisfaction can be achieved on a continuous basis through continuous improvement of all products, services and processes along with proper problem-solving methodology. Prajogo (2003), compared the relationship between total quality management and innovation performance with quality performance. The findings of the study suggest that total quality management has a positive and significant relationship with quality of the product and product innovation. The studies also reveal that with improvement in the performance of quality, innovation performance also improves.

Sandner *et al.* (2020), six Sigma is a business strategy and methodology that increase process performance resulting into enhanced customer satisfaction and improved bottom line results. According to Antony *et al.* (2017), it is one of the most popular and proven business process improvement methodologies ever witnessed by organizations. Industry logic requires that organisations develop a framework that can integrate six sigma in the requirements for the insurance industry in order bring research and business practice together. Additionally, Yan *et al.* (2009), argues that enterprise resource planning has been identified as one of the investments organisations require in order to enhance efficiency. Adoption of enterprise resource planning system reorganizes operational activities leading to process reengineering which impacts firm performance. The research result shows the business process, process efficiency, and profitability were improved for the first five years of implementation of the enterprise resource planning system (Lea, 2007).

Knowledge intensive Logics

Knowledge intensive logic creates value by using expertise to tailor offerings to match the customer’s unique specifications (Aakar, 2007). Firms employing knowledge intensive logic create buyer value by customizing the offering to fit the buyers’ needs. A basic way to achieve this is through maintaining an accurate customer relationship database. Customer relationship marketing allows the firm to better serve its customers before, during, and after sales (Sheehan & Stabell, 2007). A higher level of customization permits customers to customize their offerings; ultimately, knowledge intensiveness is having a complex value chain to produce for a market of one, this concept is known as co-creating unique customer value (Prahalad, Coimbatore & Ramaswamy, 2004). The key co-creation value building blocks are dialogue, access, risk assessment and transparency. Dialogue emphasizes on shared learning and communication customer to customer and customer to the company with an objective of solving problems. Iglesias *et al.* (2020), access requires that the customers are given visibility to customer processes, design and quality processes. Risk assessment refers to the probability that the product or service will harm the consumer. Transparency requires information asymmetry between the company and its customers with regards to the products, prices, costs and profit margins. Organisations are continuously looking for new levels of transparency (Prahalad and Coimbatore, 2009). A basic way to improve the purchase experience is to invest in closer relationships with buyers using a customer relationship database. Arup *et al.* (2017) Customer relationship marketing allows the firm to better serve its customers before, during, and after sales and hence drives increase performance of these organisations.

Network Logics

Network logic creates value for customers by connecting them to other members within the firm’s network. Borgiani *et al.* (2012), a positive network effect occurs when increasing numbers of people who purchase the offering and participate in the system, thus increasing the offering’s value. Companies can create direct and indirect network effects for its buyers through various ways including after-sales service and creating strategic partnerships with other entities to offer complementary services this may include brokers and agents incase the of insurance industry.

Network logics can also be provided by creating virtual and physical communities of users by taking advantage of the Internet to create value (Sheehan & Vaidyanathan, 2009). After sales service can be referred to as supplementary service elements provided by organisations as value adding service after the purchase decision has been made. This service ensures long term mutually beneficial relationships that can provide uncontested market space to organisations (Shokouhya and Safari, 2020). Companies may realise value innovation through network logics by creating virtual communities, this may be through customer relationship management metaverse. The metaverse consists of virtual realities that enable user interaction, socialization, and business, n transforming how companies connect with their customers. Rane *et al.* (2023) suggests that as the digital frontier evolves, businesses are exploring inventive approaches to enrich customer relationships by utilizing advanced technologies, models, and platforms to facilitate meaningful interactions, gain customer insights and nurture brand loyalty.

Conceptual Framework

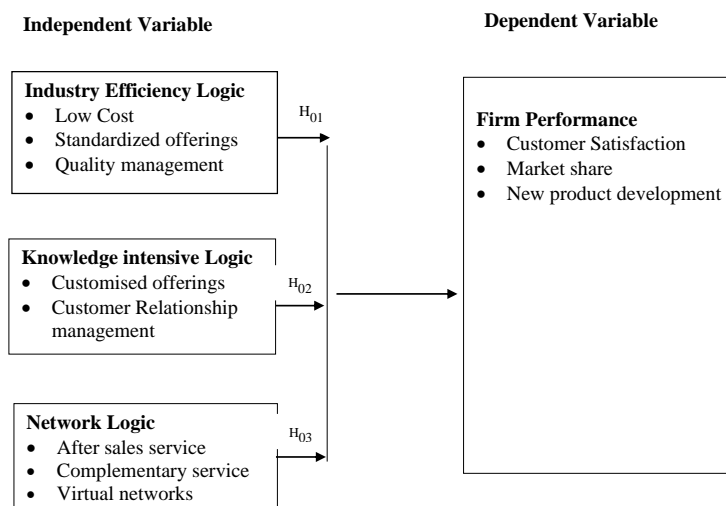


Figure 1: Conceptual Framework

Value innovation has been operationalised as industrial efficiency logic, knowledge intensive logic and network logic; while performance has been operationalised as customer satisfaction, market share held by companies and new product developments that a company engages in. The study proposes that when companies implement value innovation strategies, performance is enhanced leading to enhanced customer satisfaction, new product developments and growth in market share. Specifically, the study proposes the following; -

Hypothesis one: Industry efficiency logic has a significant effect on performance of selected insurance companies in Kenya.

Hypothesis two: Knowledge intensive logic has a significant effect on performance of selected insurance companies in Kenya.

Hypothesis three: Network logic has a significant effect on performance of selected insurance companies in Kenya.

III. Research Methodology

Research Design

The study adopted positivism philosophy because the philosophical foundation was based on real facts, objectivity, neutrality, measurement and validity of results (Saunders, 2011). Literature for the study on hypothesis testing in relation to various theories was based on observation and measurement of social realities using data collected (Thornhill, 2008). Quantitative data was used in determining the relationships between the variables. Cross Sectional research design was adopted by use questionnaires. Explanatory research design was also adopted to identify the strength and nature of cause-and-effect relationship existing between the study variables (Glesne, 2015). This study design seeks to determine the extent to which variation in value innovation strategy cause changes in performance of insurance companies in Kenya and shows the patterns of relationships that exist between the study variables (Cooper & Schindler, 2010).

Study Context and Population

The target population for this study comprised of insurance companies registered by the insurance regulatory authority in Kenya. The firms were stratified into large, middle and small based on the authorised business classes. The unit of observation was lower, middle and top management staff in the insurance companies because they are involved in development and execution of company strategies. The targeted sample size was 195 managers, a total of 139 questionnaires were correctly filled which represents 71.3% response rate. According to Mugenda and Mugenda (2003), a response of 50% is adequate, 60% is good and 70% is very good. This response rate was therefore considered very good based on this assertion and hence satisfactory to infer and draw conclusions from the research data collected.

Research data and Analysis

The study utilised primary and secondary data and the research instrument constituted closed and open-ended questions which were used to collect data. Research instruments were developed, pilot study undertaken and the instrument improved in line with the pilot study findings. Closed-ended questions were formulated on a five Point Likert scale. Face, content and construct validity of the research instrument were conducted. Content validity was done by comprehensive literature review (Cohen, Manion, & Morrison, 2013). Construct validity was done using confirmatory factor analysis and face validity was achieved by review of the instrument by supervisors and industry practitioners. Reliability of the research instrument in this study was tested using Cronbach's alpha reliability coefficient and the values were all greater than 0.7. The researcher undertook various diagnostic tests to establish validity of the results this included normality test, multicollinearity, homoscedasticity, autocorrelation.

Table 1

Diagnostic Test	Test	Observation	Conclusion
Normality	Kolmogorov-Smirnov	P > 0.05	Normally distributed
Multicollinearity	Variance inflation factor	VIF < 0	No Multicollinearity
Homoscedasticity	Breusch-Pagan test	p ≥ 0.05	No heteroskedasticity
Autocorrelation	Durbin- Watson	Values 1.5 to 2.5	No Autocorrelation

IV. Research Findings

Response Rate

The study targeted 53 insurance companies with 404 managers in Kenya. The questionnaires returned are as shown in Table 2.

Table 2: Response Rate

Management level	Target Sample	Actual Response	Response Rate
Top level	28	20	71.4%
Middle level	47	34	72.3%
Lower level	111	85	76.6%
Total	195	139	71.3%

From the 195 questionnaires which were distributed for data collection, 139 were dully filled and returned representing a response rate of 71.3%. In the specific categories it was observed that 71.4% of the targeted top-level managers responded, 72.3% of the middle level managers responding translating into 34 questionnaires and 76.6% of the lower-level managers also responded. According to Mugenda and Mugenda (2003), a response of 50% is adequate, 60% is good and 70% is very good. This response rate is therefore considered very good based on this assertion and hence satisfactory to infer and draw conclusions from the research data collected.

Respondents Characteristics

The respondents` characteristics were analysed according to the positions held in the organisation, education level achieved and years worked in the current institution. Table 3 indicates the various characteristics of the respondents including education level and number of years they have been working with their current organisations

Table3: Demographic Information of the respondents

Level of education	Frequency	Percent
Certificate	6	4.3%
Diploma	19	13.7%
Undergraduate	86	61.9%
Postgraduate	28	20.1%
Total	139	100%
Tenure	Frequency	Percent
Utmost 5	88	63.3
6-10	36	25.9
11-15	11	7.9
16-20	4	2.9
Total	139	100%

The results in Table 3 indicate that the highest number of respondents, 86 have obtained undergraduate qualification representing 61.87%, followed by 28 respondents at postgraduate qualification representing 20.14%, 19 at diploma level representing 13.67% and 6 at certificate level representing 4.32%. From the analysis, the highest number of respondents, 88 have worked for their current organisation for utmost 5 years, this represents 63.3%, 25.9% respondents have worked for 6-10 years while 11 and 4 respondents representing 7.9% and 2.9% have worked for their current organisations for 11-15, 16-20 years respectively. The findings therefore indicated that a huge percentage of the respondents are well educated with a minimum of undergraduate degree and have also worked with their organisations for sometime therefore enabling them to accurately respond.

Descriptive Characteristics

Discussions herein contain analysis of all variables; these are the independent variables consisting of industry efficiency logic, knowledge intensive logic and network logic. The respondents were expected to select the strength with which their opinions represented by the options as contained in the questionnaires.

Table 4: Descriptive Statistics

Variable	Reliability Statistics (α)	Aggregate Mean	Aggregate std. Deviation
Industry Efficiency Logics	.872	3.81	0.97
Knowledge Intensive Logic	.798	3.87	0.94
Network Logic	.883	4.02	1.02
Firm Performance	.836	3.90	1.0

The results indicate that industry efficiency logic had a Cronbach's Alpha coefficient of 0.872, Knowledge intensive logic 0.798, network logic 0.883, while the performance of elected insurance firms had a coefficient of 0.836. All the variables had a Cronbach's Alpha coefficient greater than 0.7. Therefore, based on the recommendations of Field (2009), the research instrument was found to be reliable. Industry efficiency logic had an aggregate mean score of 3.81 and a standard deviation of 0.97. This implies that industry efficiency logics was implemented by insurance companies and that the respondents generally agreed on its impact on performance. The overall mean score for knowledge intensive logic was 3.87 with a standard deviation of 0.94. These results lead to the conclusion that most of insurance firms implement knowledge intensive logic to enhance their performance in the market. Additionally, the mean score for network logics was found to be 4.02 and a standard deviation of 1.02 which showed that network logics have been deployed by various insurance firms including virtual networks, after sales service and other complementary services. The aggregate results for firm performance showed a mean score of 3.90 and a standard deviation of 1.0. The results show that the respondents generally agreed on the fact that implementation of value innovation strategies resulted into enhanced performance of insurance companies across the insurance sector.

Test of Hypothesis

Multiple Regression Analysis was used to test the five hypotheses for this study at 5% significance level as a statistical basis to draw conclusions. Composite scores derived from the responses of individual research variables were used in this analysis. The empirical analysis involved investigation of direct relationships.

Table 5 Model Summary

		Unstandardized Coefficients		Standardized Coefficients	t		
		B	Std. Error	Beta		Sig.	
(Constant)		1.141	0.133		8.763	.000	
Industry efficiency logic		0.76	0.174	.678	4.426	.000	
Knowledge Intensive Logic		0.94	0.074	.342	11.923	.000	
Network Logic		0.471	0.092	.453	4.957	.000	
R	R Square	Adjusted R Square	Std. Error of the Estimate		Durbin Watson		
.986 ^a	.973	.968	3.15548		2.035		
		Sum of Squares	df	Mean Square		F	Sig.
Regression		3532.573	6	588.762		230.887	0
Residual		336.62	132	2.55			
Total		3869.193	138				
a. Predictors: (Constant), Industry Efficiency logic, Knowledge intensive logic Network Logic							
b. Dependent Variable: Performance							

$$\text{Performance} = 1.141 + 0.76 X_1 + 0.94 X_2 + 0.471 X_3 + \epsilon$$

The analysis indicates adjusted coefficient of multiple determination (adjusted R square) is 0.968, this implies that 97.2 % of variations in performance are brought about by variations in value innovation strategies. The results demonstrate that holding value innovation strategies at zero, Performance (*PF*) = 1.141. The regression model proposed is statistically significant and therefore fit for purpose since the p value is less than 0.05, F (6,132) = 230.887; P = 0.00. Durbin Watson test was conducted to check whether the observations were independent, DW = 2.035 which is within the acceptable range of 1.5 – 2.5 implying the observations were not auto correlated. Analysis of variance, ANOVA was used to compare means to establish whether there were significant relationships between the dependent and independent variables, P= 0.00, this is less than 0.05 implying there were statistically significant relationships between the dependent and independent variables and therefore

the data was suitable for making inferences about the population. The findings confirmed that industry efficiency logic, knowledge intensive logic and network logic predicted performance.

V. Discussions And Implications For Theory

The first objective of the study was to investigate whether industry efficiency logic has a significant effect on performance of selected insurance companies. The regression model in table 5 indicates industry efficiency logic is statistically significant; $\beta = 0.76$, $t = 4.426$, $p = 0.000$, at 0.05 significance level. The P value is less than 0.05 therefore this implies that industry efficiency logic has a significant effect on performance of selected insurance companies in Kenya. Additionally, $\beta = 0.76$ meaning, 76% of changes in performance are attributed to a unit change in industry efficiency logic.

These findings therefore lead to the conclusion that there is a significant relationship between industry efficiency logic and performance of insurance companies. The findings are consistent with those of other researchers; Sheehan and Vaidyanathan (2009) in their theoretical review study conclude that industry efficiency logic has a positive effect on performance. The findings also corroborate Hawdon (2003) who concluded that industry efficiency had a significant impact on performance of international gas industry. Similarly, Ivinger (2000), study on industry performance and structural measures concludes that efficiency in an industry has a significant relationship with performance.

The second objective was to assess whether knowledge intensive logic has a significant effect on performance of insurance companies. From the results tabulated in Table 5, knowledge intensive logic is statistically significant, $\beta = 0.93$, $t = 11.923$, $p = 0.000$ at 0.05. The P value is less than 0.05 therefore this implies that knowledge intensive logic has a significant effect on performance of insurance companies. Additionally, $\beta = 0.93$ meaning, 93% of changes in performance can be attributed to a unit change in knowledge intensive logic, leading to the conclusion that knowledge intensive logic significantly influences performance.

The findings in the study are consistent with Iglesias *et al.* (2020), the results show that knowledge intensive logic through co-creation activities and developing customer trust can make it easier for corporate social responsibility practices to enhance customer loyalty. Additionally, co-creation has a direct effect on customer trust and therefore performance. The findings also collaborate those of Moraes, *et al.* (2023), the researcher had the objective of disentangling the effects of scientific capabilities and strategic research and development on knowledge intensive entrepreneurship performance; and how the constituent elements of these dimensions can be configured to generate conditions for high performance. Findings indicate a strong association between scientific capabilities and knowledge intensive entrepreneurship performance.

The third objective sought to determine the effect of network logic on performance of selected insurance companies. From the results tabulated in Table 5, network logic is statistically significant, $\beta = 0.461$, $t = 4.957$, $p = 0.000$ at 0.05 significance level. The findings as analysed show that, $p = 0.00$, < 0.05 , meaning network logics has a significant effect on performance of selected insurance companies. Additionally, $\beta = 0.461$ meaning, 46.1 % changes in performance can be attributed to a unit change in network logic. This study findings therefore imply that network logics significantly affects performance of insurance companies.

The findings of the study are consistent with the findings of Shokouhya and Safari (2020) in a study on after sales service and improved organisational performance. The findings also corroborate those of Rane, Choudhary and Rane (2023) who conducted a study on Metaverse for enhancing customer loyalty: effective strategies to improve customer relationship, service, engagement, satisfaction, and experience. The studies affirm that the Metaverse offers a dynamic and immersive environment that captivates the attention of customers and maintains their engagement. Through gamification, augmented reality, and virtual events, businesses can create interactive experiences that are both entertaining and educational. Engaged customers are more likely to remain loyal to a brand, as they develop a strong emotional connection with the products or services offered

VI. Conclusions And Recommendations

The study also sought to establish the effect of value innovation strategy on performance of selected insurance companies in Kenya. The findings of this study show that value innovation strategy has a positive and significant effect on performance of selected insurance companies in Kenya. Insurance companies in Kenya have adopted value innovation strategies and that subsequently their performance had improved. Knowledge intensive logics contributed to the highest change in performance compared to other variables under study, this underscores the critical role played by this variable in enhancing performance. Insurance companies employ value innovation by leveraging on industry efficiencies which contribute to process engineering thus creating value. Insurance organisations have equally invested in building network logics by investing in after sales service, developing complementary services and investing in virtual realities and networks to ensure seamless engagement with clients.

Further, the firms have enhanced efforts towards building capacity for employees to acquire knowledge that is relevant towards enhancing performance.

Arising from the study findings, the researcher made the conclusion that there was high rate of adoption of value innovation strategies among the insurance companies in Kenya. Value innovation strategies substantially enable companies to maintain customer loyalty through continuous improvement of service and product quality and development of customized products that meet market demands. Value innovation ensures that firms are able to build and leverage on industry efficiencies to create value for the customers, value can also be enhanced by constantly building the knowledge capacity of their employees and customers through training, participation in various industry forums and benchmarking with other players.

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