Effect of Market Creation Strategy on Performance of Insurance Industry in Kenya

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ABSTRACT

Market creation is triggered by the problem or opportunity an organisation sets out to address, offering a breakthrough solution to the industry's existing problems or solving a brand-new problem, or seizing a brand-new opportunity outside the industry's existing boundaries. This study analyzed the effect of market creation strategy on the performance of the insurance industry in Kenya with firm size as the moderating variable. Market creation was operationalised by resource accumulation, stakeholders networking and customer acquisition. The study was anchored on the new venture creation model and resource-based theory. The study employed a descriptive cross-sectional research design. The target population was 504 top and middle managers from all 56 insurance companies licensed by the insurance regulatory authority by year 2023. The study adopted a stratified random sampling technique, with a sample size of 218. Primary data was collected using semi- structured questionnaires. Secondary data was collected on return on assets (ROA), return on equity (ROE), customer satisfaction index (CSI), total sales and total assets and market share. Pearson's correlation coefficient was used to indicate the direction of the relationship between variables. Simple regression analysis was used to explain the nature of the relationship between variables, the F-statistic was used to decide the suitability of the model and test hypothesis while R2 was used to determine the model's goodness of fit. The study findings indicated that the market creation strategy (MCS) had a positive statistical significance effect on the performance of the insurance industry ($p<0.05$). Firm size as a moderating variable had a positive significance effect on the relationship between market creation strategy and performance of the insurance industry ($p<0.05$). The study concluded that the market creation strategy contributed to industry performance. The study recommended the need for the firms to leverage on their resources and stakeholders' collaborations in order to create new markets for improved performance.

Keywords: Market Creation Strategy, Performance, resource accumulation, stakeholders networking, customer acquisition.

BACKGROUND OF THE STUDY

Kim and Mauborgne (2015) noted that the peculiarities of blue ocean strategy are a previously unexplored market field, a possibility to generate demand, and the opportunity to expand with the utmost profitability. The approach outlines a deeper, more expansive, and as-yet unexplored market space. It outlines that businesses should focus less on their competitors and more on creating new markets. Erin and Gatignon (2003) are of the argument that new markets do not emerge or just appear but are made by the activities of the firms. New markets are created when firms correctly sense a latent need and communicate their solutions to that need. Markets spring into being when economic actors shift resources to a firm's solution. The most visible method to make a new marketplace

is to offer products or service that is novel, thereby addressing needs that was not met leading to acquisition of customers.

Creating a market is a complex process since developing and maintaining it requires resources such as market information, finances, a multi-skilled workforce, customer data and partnership, collaborations and network cooperation from the team members in the industry (Astafyeva, 2022). Omezzine and Bodas- Freitas (2022) argued that new market creation is the result of managing a specific set of events and activities, which are identified in a grounded theoretic fashion that appear linear but are not. They include: generating application possibilities for the technology and choosing which to pursue, discovering the business model, stimulating the value chain, priming the market, initial market entry and managing market evolution.

Networking is gaining access to a wealth of knowledge and expertise. By connecting with individuals who have experience in the industry or related fields, the firm can tap into their insights, lessons learned and best practices. Networking provides opportunities for collaboration and partnership. By connecting with other entrepreneurs, firms and regulators the firm can explore potential joint ventures, strategic alliances, or co-marketing initiatives. Collaboration can lead to the sharing of customers, distribution channels and market reach, which is significant in creating new markets. Stakeholders' networks enable the firm to reach more users, investors, and collaboration options (Cole, 2019).

The growth in global insurance premiums is attributed to increased awareness, use of digitization, increased demand for life and health premiums, as well as stabilization of the US economy, more penetration in Europe, and emerging Africa and Asia (AKI, 2021). The insurance industry's performance is poor, according to a report from India's Insurance Regulatory and Development Authority (IRDA) published in 2023, as a result of low penetration and density rates, lower investment in insurance products, regulatory misunderstandings, troubling investment and solvency regulations, hectic settlement procedures, transparency and data clarity, market control by public sector insurers with deteriorating financial issues, and rising cost of living. According to the AKI report (2021), low insurance penetration rates in Africa is attributed to failure to embrace digital technology, lack of awareness, low-income levels, lack of infrastructure and distribution channels, lack of consumer trust, culturally related issues, regulatory issues, brain drain and weak companies.

Statement of The Problem

In contrast to other important economies (Asia and Europe), the global insurance uptake has an average of 7.2%; Kenya's insurance uptake rate is still low at 2.4%, with contributions to life insurance coming in at 1.03% and non-life insurance at 1.24%. This is according to the Central Bank of Kenya's (CBK, 2021) Financial Stability Report. Despite the efforts by the insurance regulatory authority (IRA) on investigation and prosecution of insurance fraud, enhancement of prompt settlement of claims, formulating and enforcing standards, as well as protecting the insurance policy holders, customer complaints against the insurance firms persist. Complaints related to the delayed settlement of claims, underpayment of claims, declined claims, and mis-selling of insurance products remain a threat (Osiga & Kimutai, 2023). Insurance firms have also been reporting losses; for instance, in the year 2019, the underwriting loss for the sector was Ksh 2.97 Million, Ksh 1.18 Million in the year 2020, Ksh 6.34 Million in the year 2021 and Ksh 3.71 Million in the year 2022. Total net premium income (NPI) declined by 33.8% to 418.81m in 2022 (IRA, 2023). It is against these challenges that necessitated the need to study the effect of market creation strategy and performance of the insurance industry in Kenya.

Objectives Of the Study

i. To examine the extent to which market creation strategy affects the performance of the insurance industry in Kenya.

ii. To evaluate the moderating effect of firm size on the relationship between market creation strategy and performance of the insurance industry in Kenya.

Research Hypothesis

H_{01}: Market creation strategy has no statistical significance on the performance of the insurance industry in Kenya.

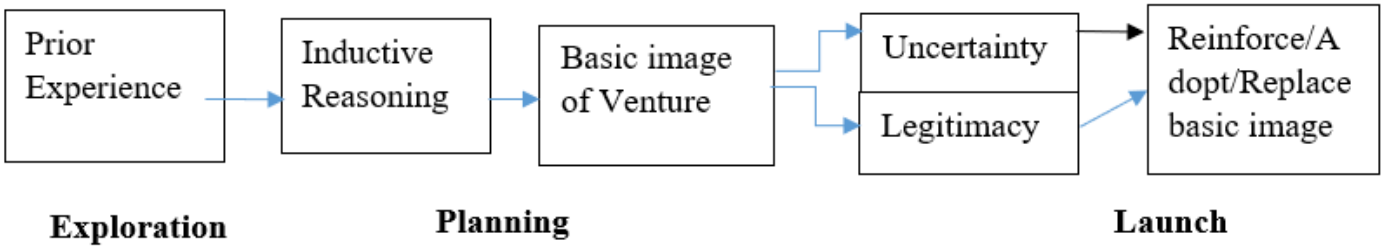
H_{02}: Firm size has no statistically significant moderating effect on the relationship between Market creation strategy and performance of the insurance industry in Kenya

THEORETICAL FRAMEWORK

New Venture Creation Model

According to Aidin (2018) the history of new venture creation domain is traced back from distinguished theories of Schumpeter in 1912. In essence, the new venture creation is assumed to be dependent on entrepreneur's opportunity recognition process, and leads to technological change. The proponents believe that innovations and creative destructions are the most important elements of creating new ventures, and new venture creation could be the engine for firm performance in a developing economy. This study has adopted a cognitive perspective to new venture creation as set out by Mehdivand and Mehdivand (2012) the venture creation process model involves three stages: exploration, planning and launch. Planning is conducted in three phases, as shown in the (figure 1). Cognitive factors are brought into consciousness and are used to develop an idea and substantiate the reasoning behind creating a new venture. This assists in designing the basic nature of the venture, whether it has a physical presence or is virtually situated. The uncertainties confronting the venture (the uptake of the solution by an identified market segment) and its legitimacy as a competitive player in the market are defined and explored. This model was useful in the study in explaining the variable on new market creation and the process that insurance industry needs to follow in order to realize a new market that led to sustainable performance. This model states that before creating a new venture or market it is important to understand the past experience of the firm, analyze and understand the current situation as well as visualize how to deal with uncertainty of the unknown and how legitimate the venture is.

Figure 1: Venture creation process.



Source: Mehdivand & Mehdivand. (2012).

Resource Based Theory

This theory was introduced by Penrose in the year 1959. The theory emphasizes how firm resources influence its growth and performance. Resources are defined as unique capabilities that are valuable, rare, inimitable and not substitutable. Company resources can be grouped into three categories, namely physical capital resources, human capital resources and organizational capital resources (Barney, 2020). The theory is concerned with resources that enable the firm to perform activities that create more value. These are resources and capabilities whose characteristics facilitate generation and capture of new markets and growth, (Barney, 2023). Firms should focus toward prudent resource utilization and development of capabilities, Proper resource integration, renewal, combination, and evolution would lead to stellar performance, (Ongeti & Machuki, 2018). This theory was applicable in the study in evaluating how the firm resources affected the performance. Resources are necessary for the firm to be able to create new markets.

Conceptual Framework.

Conceptual framework constitutes a pictorial depiction, which explains the way the key study variables relate with each other. In this study the independent variable was market creation strategy characterized by resource accumulation, stakeholders networking and customer acquisition. The dependent variable was performance characterized by return on equity (ROE), customer satisfaction index (CSI) and return on assets (ROA). The relationship between market creation strategy and performance was moderated by firm size.

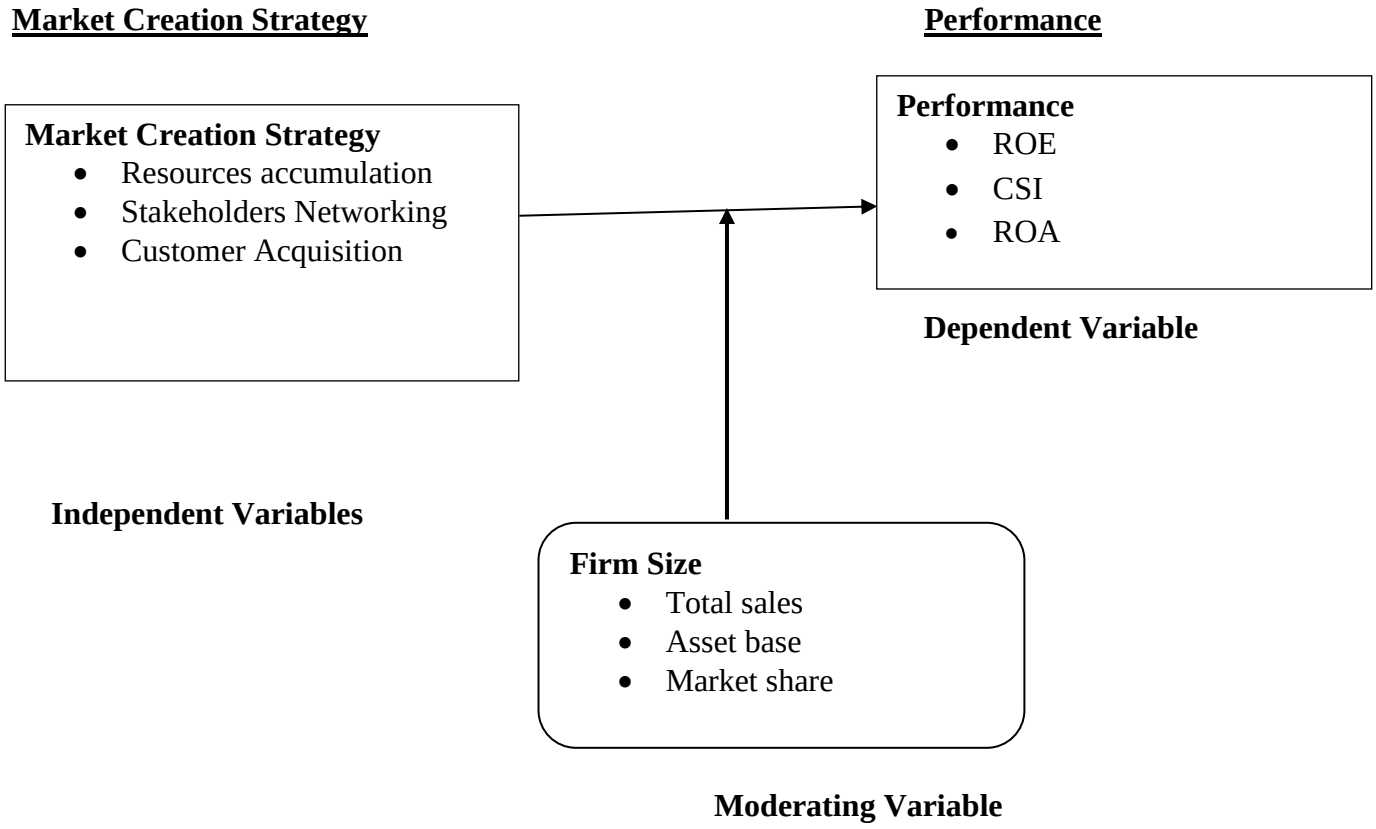


Figure 2: Conceptual Framework

THEORETICAL REVIEW ON VARIABLES

Market Creation Strategy

Dalhberg and Kubilay (2020) are of the opinion that new market creation requires management and implementation of the marketing mix elements which are important for handling new products, new prices, new places, new promotions, new physical environment, new processes and new people. It is a process involving a new network of stakeholders. The network is initiated through an effectual commitment that sets in motion two concurrent cycles of expanding resources and converging constraints that result in the new market.

According to Darroch, Miles and Jardine (2015), market can be created through innovation, resources and capabilities. To create sustainable performance, organizations should foster market creation strategies through generation of new products that reach on entirely new population of customers. Gaddefors and Alistair (2009), argues that firms could create new markets through identifying underserved or unaddressed segments within a broader market and creating products specifically designed for them. The study found that engaging customers directly in development of new products contributed to creation of new markets since the customer needs and preferences were considered.

New markets are created when the firm focus its effort in developing and commercializing new offerings/ products to the customers and assessing how they respond. New markets are also created when the firm cultivate

an underserved clientele with established products. Market creation is about how to bring new customers into a developed industry as opposed to rearranging market shares among existing customers (Krishman & Karl, 2002).

In addition, Fuchs and Ziegler (2024) argued that the benefits of creating and dominating markets include having time to get it right, being able to make and survive mistakes, achieving greater stock value, and pricing to the market instead of competitive pressure, that reduces prices in mature markets. In essence, markets start with a need and combining that need with a product is how new market is created. Creating a market is a complex process since developing and maintaining it require resources such as; market information, finances, multi-skilled workforce, customer data and partnership, collaborations and network cooperation from the team members in the industry (Astafyeva, 2022).

Firm size

Firm size can be measured by total assets, total sales, market value of equity and the number of employees. Generally, total assets measures total firm resources, market capitalization involves firm growth opportunities and equity market condition, and total sales measures product market competition (Karlsson, 2021). An increase in the size of the firm increases the total assets of that firm, leading to an increase in the financial leverage of the firm. Size significantly impacts the investment policy, rise in size demands more expansion of firms' operations either geographically or in its products or services its offering. Expansion of business means more investment expenditure that requires more financial resources. Large firms make more investment in the form of plants, property and equipment (Hashmi et al., 2020).

Performance

Firm performance refers to the degree to which the firm, with some informational, financial, and human resources, positions itself effectively on the business market. The firm's performance is obtained according to the achievement of the proposed and pre-determined objectives (Eleonora, 2020). Firm performance consists of two components, financial and non-financial performance. It is critical to control and combine the two types of performance for start-up development. Financial performance refers to a firm's performance that can be measured in terms of money value and financial operations, whereas non-financial performance refers to a firm's performance that cannot be measured in terms of money value, such as brand reputation, customer satisfaction, organizational performance, and innovation activities. (Bhem & Bintoro, 2023).

EMPIRICAL REVIEW

Market Creation Strategy and Performance

Singh and Joshi (2017) carried out research on new market creation via innovation: A Case Study on Tata Nano, Uttar Pradesh. The research focused on how innovations support new market creation emerging from latent opportunities and performance. The study findings highlighted the power of brand equity in new market creation and innovation sustainability. The case study reflected on how companies could successfully create products and at the same time position it for its market adoption. The study concluded that that the organizations must adopt 'blue ocean strategy' whereby organizations can generate high growths and profits by creating new demand in an uncontested market space. Dahlberg and Kubilay (2020) studied creation of new markets through value innovation. The study findings revealed that value innovation enables entrepreneurs to create new markets as its implementation removes the challenge of competing with incumbents, allowing the start-up to go beyond the boundaries of the traditional industry. Value innovation was a significant factor in findings since it indicated that its implementation prominently contributed to market creation.

According to Githui and Waswa (2023) organization performance can be improved through: identifying and exploiting opportunities in existing markets, exploring new markets, and diversifying product or service offerings with the aim of creating new markets through acquiring new customers who never used the products before and also introducing the products to new areas or regions. The market strategies adopted included: offering new products, collaboration with industry stakeholders and creating product awareness. Mutua, Yatich and Kibe (2024) recommended that firms should adopt customer acquisition as a strategy to improve overall organization performance and create new markets.

Min and Kim (2021) studied effect of opportunity seizing capability on new market creation on small and medium-sized enterprise performance. The finding of the study revealed that, new market creation was an important link between a firm's opportunity seizing capacity and relative performance. The positive effect of a firm's opportunity seizing capacity on new market creation was stronger under a highly uncertain business environment. Muga (2016) is of the opinion that implementation of market creation strategies contributed positively towards companies' performance through increased sales, new customer acquisition and profitability.

RESEARCH METHODOLOGY

The study adopted positivistic study philosophy, to address the research objectives, based on a descriptive cross-sectional research design. The study comprised of 56 insurance companies by 2023, with 218 respondents comprised of top management (CEOs/MDs) and Middle Management (Head of Departments) were engaged. Primary data was collected by use of questionnaire and data collection sheet was used to collect secondary data respectively.

The composite scores for market creation strategy was defined as:

$$MCS = \frac{x_1 + x_2 + x_3}{3}$$

Where x_1 is resource accumulation, x_2 is shareholder networking and x_3 customer acquisition to create a composite score for market creation strategy (MCS).

The performance variable was a conglomerate of return on assets (ROA), return on equity (ROE) and customer satisfaction index (CSI). The formula was given as;

For return on assets (ROA), the Z scores were given as;

$$Z_{\text{ROA}} = \frac{\text{x} - \bar{x}_{\text{ROA}}}{\sigma_{\text{ROA}}}$$

Where x are individual return on assets (ROA) for every insurance company.

$\bar{x}_{ROA}$: The average return on assets for all companies.

σ_{ROA} : The standard deviation of return on assets for all companies.

For return on equity (ROE), the Z scores were given as;

$$Z_{\text{ROE}} = \frac{\text{x} - \bar{x}_{\text{ROE}}}{\sigma_{\text{ROE}}}$$

Where:

x: Individual return on equity (ROE) for every insurance company.

$\bar{x}_{ROE}$: The average return on equity for all companies

σ_{ROE}: The standard deviation of return on equity for all companies

For customer satisfaction index (CSI), the Z scores were given as;

$$Z_{\text{CSI}} = \frac{\text{x} - \bar{x}_{\text{CSI}}}{\sigma_{\text{CSI}}}$$

Where x are individual customer satisfaction index (CSI) for every insurance company.

$\bar{x}_{CSI}$: The average customer satisfaction index for all companies.

σ_{CSI} : The standard deviation of customer satisfaction index for all companies.

Since the resultant values for Z were between -3 and +3, they were merged to get performance variable using mean to calculate each company's performance.

$$Performance = \frac{Z_{\text{ROA}} + Z_{\text{ROE}} + Z_{\text{CSI}}}{3}$$

The market share was also reconstructed using the z scores using the formula;

$$Z_{marketshare} = \frac{\text{x} - \bar{x}_{marketshare}}{\sigma_{marketshare}}$$

Where;

X : The individual market share observations for each company

$\bar{x}_{marketshare}$: The average market share for all companies

$\sigma_{marketshare}$: The standard deviation of market share for all companies

For the total assets, the Z scores were given as;

$$Z_{totalassets} = \frac{\text{x} - \bar{x}_{totalassets}}{\sigma_{totalassets}}$$

X : The individual total assets' observations for each company

$\bar{x}_{totalassets}$: The average total assets for all companies

$\sigma_{totalassets}$: The standard deviation of total assets for all companies

For total sales, the Z scores were given as;

$$Z_{totalsales} = \frac{\text{x} - \bar{x}_{totalsales}}{\sigma_{totalsales}}$$

X : The individual total sales' observations for each company

$\bar{x}_{totalsales}$: The average total sales for all companies

$\sigma_{totalsales}$: The standard deviation of total sales for all companies

Regression Analysis

To assess direct effect of market creation strategy on performance of insurance industry in Kenya as stated in the objectives (1), the study utilized simple linear regression analysis. The slopes of the equations were used to determine the operations strategy with greater influence on the performance of insurance industry. In this respect, the study assumed a linear relationship among the study variables, followed the regression model in the form:

Equation without a moderator: $P = \beta_0 + \beta_1 X_1 + \varepsilon$, ……... $equation\ 1$

Equation with a moderator: $P = \beta_0 + \beta_1 X_1 + \beta_2 M + \varepsilon$, ……... $equation\ 2$

Equation with an interaction term: $P = \beta_0 + \beta_1 X_1 + \beta_2 M + \beta_3 X_1 * M + \varepsilon$, …… $equation\ 3$

Where:

P = Performance

β_0 = Constant

β_1 = Regression Coefficients for MCS variable.

X_1 = Market Creation Strategy (MCS)

M = Moderator (firm size)

ε = Error term.

Each individual regression coefficients (β) was tested for significance at 95% confidence level using a two tailed ***t***-test, with significant differences recorded expected at $p < 0.05$. Researchers utilized adjusted R-squared to compare models with different numbers of predictors.

RESEARCH FINDINGS AND DISCUSSIONS

Table 1: Reliability Statistics

Variables	Cronbach's alpha	Items No.	Comment
Market Creation Strategy	0.873	9	Acceptable Reliability
Scale Combination	**0.873**	9	Acceptable Reliability

The analysis revealed that since the alpha value for all MCS items were above 0.8, the items were confirmed as having a very good reliability, hence acceptable for use in modelling.

Table 2: Descriptive statistics for Market Creation Strategy sub-constructs

Descriptive Statistics			
	N	Mean	Std. Deviation
Resources Accumulation			
The firm engages professional manpower who are creative to assist in discovering new markets.	169	3.82	.710
Financial capability has enabled the firm to venture into new markets.	169	4.29	.710
The firm engagement in research and information collection about the customers' needs has enabled the firm to create new market.	169	4.05	.830
Stakeholders Networking			
Engaging value chain agents has led to acquisition of new customers creating new market.	169	4.08	.831
The firm is constantly involved in intensive networking and building relationship with new stakeholders in order to gain their support in venturing into new markets.	169	4.18	.879
Customer feedback has enabled the firm to discover and create new demand for their products hence new markets.	169	4.09	.854
Customers Acquisition			
The firm has been able to gain new customers for the last five years.	169	4.08	.767
The firm is able to identify and attract new customers	169	4.15	.897
Through the firm products and services, it's able to retain potentially profitable customers.	169	4.14	.755

The accumulation of resources, particularly creative and professional manpower, was viewed as crucial for market discovery. The statement "The firm engages professional manpower who are creative to assist in discovering new markets" has a mean of 3.81 (M=3.82, SD=0.71), indicating that respondents agree with this statement, though with moderate variability. The firm's financial capability, which had allowed ventures into new markets, has the highest mean score of 4.29 (M=4.29, SD = 0.71), suggesting strong agreement with minimal dispersion among responses. Similarly, the firm engagement in research and information collection about customer needs scored a mean of 4.05 (M=4.05, SD = 0.83), reflecting consistent support for the importance of customer insights in market creation.

Networking with stakeholders plays a vital role in acquiring new customers and entering new markets. The statement "Engaging value chain agents has led to the acquisition of new customers creating new market" has a mean of 4.08 (M=4.08, SD = 0.831), indicated that respondents recognize the importance of value chain collaboration. The firm is constantly involved in intensive networking and building relationship with new stakeholders in order to gain their support in venturing into new markets has a mean of 4.18 (M=4.18, SD = 0.88), suggesting strong agreement but with a higher degree of variability compared to other items in this category. Customer feedback is also deemed critical (Customer feedback has enabled the firm to discover and create new demand for their products hence new markets), with a mean score of 4.09 (M=4.09, SD=0.85), underscoring the role of continuous interaction with customers in driving new demand.

Customer acquisition contribute significantly to market expansion. The ability of the firm to gain new customers for the last five years, had a mean score of 4.08 (M=4.08, SD = 0.77). The identification and attraction of new customers through the firms' products and services, was highly regarded, with a mean of 4.15 (M=4.15, SD = 0.89). The retention of potentially profitable customers, holds a mean of 4.14 (M=4.14, SD =0.76).

Hypothesis Testing

Market Creation Strategy and Performance of Insurance Industry

The first objective of this study was to examine the extent to which market creation strategy affects performance of insurance industry in Kenya. The study had hypothesized that market creation strategy has no statistical significance effect on performance of insurance industry in Kenya.

H_{01}: Market creation strategy has no statistical significance on performance of insurance industry in Kenya. Aggregate mean score for market creation strategy and performance of insurance industry were used to test the hypothesis and answer the objective.

Table 3: Market Creation Strategy and Performance Model Summary

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.633[a]	.401	.400	2.03326	
a. Predictors: (Constant), Market Creation Strategy (MCS)					
b. Dependent Variable: Performance of insurance industry					

The results showed that market creation strategy had a positive influence on performance of insurance industry (R = 0.633). The R-Square value was 0.401 this showed that the proportion of 0.401 or 40.1% of the variance in the performance as the dependent variable that was predictable from the independent variables (Market Creation Strategy). This was also echoed by the adjusted R-squared at 0.40 or 40.0%.

Table 4: Market Creation Strategy and Performance Model ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	48.595	1	48.595	11.755	.000
	Residual	690.402	167	4.134		
	Total	738.997	168			
a. Dependent Variable: Performance of Insurance Industry						
b. Predictors: (Constant), Market Creation Strategy (MCS)						

From the regression model ANOVA, F statistic indicated that the resultant regression model was considered statistically significant at 5% level of significance ($F(1,167) = 48.595$, $p<.05$). This means that the model was viable for explaining the effect of market creation strategy (MCS) on performance of insurance industry.

Table 5: Market Creation Strategy and Performance Model Coefficient

Coefficients[a]							
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
		B	Std. Error	Beta			VIF
1	(Constant)	11.185	1.367		8.456	.000	
	Market Creation Strategy (MCS)	1.224	0.332	1.226	3.881	.000	1.000

The effect of the market creation on performance can be explained by the equation;Performance = 11.185 + 1.224*Market Creation Strategy

The analysis indicated that market creation strategy had statistically significance positive effect on performance of the insurance industry ($\beta=1.224$, $p < 0.5$). The findings revealed that a rise in the ratings associated with market creation strategy translated to improvement in performance of the insurance industry. The results further indicated that the parameter was considered statistically significant at 5% level of significance since p – value was less than 0.05 (p-value = 0.000). The hypothesis criteria was to reject hypothesis one if p- value is less than 0.05 and $\beta \neq 0$ or else don't reject H_{01} in case p- value >0.05. Based on the study results, $\beta \neq 0$ and p-value < 0.05, the study rejected H_{01} and stated that market creation strategy had an effect on performance of insurance industry in Kenya.

The study results were supported by those of Peng, Qin and Tang (2021) who revealed that market innovation contributed to creating new markets for the business which in turn lead to sustainability of firm performance. Creating new markets through new ventures contributes to organization performance and sustainability. Shepherd, Souitaris and Gruber (2021) emphasized that creating new ventures is the way out of competition and assurance of good performance, this is in agreement to the study findings that market creation is statistically significant in performance of insurance industry.

The findings of this study are in agreement with the study results of Osuoha et al., (2023) who carried out a study on market development and selected product organization at Enugu state and found that new market development had significant relationship with firm performance and therefore managers should focus on creating new markets for their products. The study results don't agree with the study findings conducted by Narula et al., (2024) who argued that creating new markets does not contribute to firm performance but market orientation is highly effective in building marketing capability and sustaining firm performance and therefore firms should focus on building market development strategies.

Moderated Summary Model

H_{02}: Firm size has no statistically significant moderating effect on the relationship between market creation strategy and performance of insurance companies in Kenya.

The analysis entailed a multiple regression model:

$$P = \beta_0 + \beta_1 X_1 + \beta_2 M + \varepsilon$$

Table 6: Moderated model coefficients (Market Creation Strategy and Performance Model summary)

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	0.728	0.530	0.528	1.13432	
a. Predictors: (Constant), Market Creation Strategy, Moderator (Firm size)					
b. Dependent Variable: Performance					

The results indicated that the moderated model had a higher model R-Squared of 53.0% that the unmoderated model. This informed that the moderated model with 53.0% predictive power was a better model for predicting performance of insurance companies, than the unmoderated model with 40.1%.

Table 7: Moderated model coefficients (Market Creation Strategy and Performance Model ANOVA)

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	35.589	2	17.795	5.024	.000
	Residual	587.985	166	3.542		
	Total	623.574	168			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Market Creation Strategy, Moderator (Firm size)						

The moderated model ANOVA showed that F-calculated was 5.024, higher than F-critical value (5.024>F(2,166)=3.54)). The outcome showed that the model was statistically significant at 5% level of significance.

Table 8: Moderated model coefficients (Market Creation Strategy and Performance Model Coefficient)

Coefficients[a]							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	10.023	1.9431		5.158	.000		
Market Creation Strategy	1.542	0.1669	1.54	9.239	.000	1.000	1.000
Moderator (Firm Size)	4.116	1.1065	4.115	3.720	.000	1.000	1.000
a. Dependent Variable: Performance							

The moderated model is defined by the equation:

$P = 10.023 + 1.542X_1 + 4.116M$

When the moderator (firm size) is zero, the performance is +10.023. A unit increase in firm size (moderator) increases the firm performance by +4.116. Beta for the moderated model was 1.542 while that for the unmoderated model being 1.224 on market creation strategy, showing that introduction of the moderating factor increased firm performance. The moderator had a significant moderating effect on firm performance ($p<.05$).

Moderated (Interaction Effect) Summary Model

H_{02}: Firm size has no statistically significant moderating effect on the relationship between market creation strategy and performance of insurance companies in Kenya.

The analysis entailed a multiple regression model:

$$P = \beta_0 + \beta_1 X_1 + \beta_2 M + \beta_3 X1*M + \varepsilon$$

Table 9: Moderated model summary with interaction (MCS*Firm Size)

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	0.794	0.63044	0.6154	1.05621	
a. Predictors: (Constant), Market Creation Strategy, Moderator (Firm size), Firm size*MCS					
b. Dependent Variable: Performance					

The model with the interaction term had a considerably higher R-squared value of 63.04%, as compared to the past models. The findings showed that the moderated model including the interaction term between MCS and firm size had a better predictive power on performance of the Kenyan insurance companies involved in the study.

Table 10: Moderated Model ANOVA for interaction (MCS* Firm Size)

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	42.549	3	14.183	4.189	.000
	Residual	558.549	165	3.385		
	Total	601.098	168			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Market Creation Strategy, Moderator (Firm size), Firm size*MCS						

The findings showed that the model was statistically significant at 5% level of significance ($F(3,165)=4.189$, $p<.05$). This indicated that there was sufficient evidence that the F-calculated values were higher than the F(3,165) critical values.

Table 11: Moderated Model Coefficient (MCS* Firm Size)

Coefficients[a]							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	8.5813	1.8953		4.528	.000		
Market Creation Strategy	1.4593	0.2546	1.442	5.732	.000	1.000	1.000
Moderator (Firm Size)	3.229	0.714	3.218	4.522	.000	1.000	1.000
Firm size*MCS	2.1895	0.6013	2.1754	3.641	.000	1.000	1.000
a. Dependent Variable: Performance							

The moderated model is defined by the equation:

$P = 8.581+ 1.459X_1 + 3.229M+2.189*MCS*Firm\ size$

The outcomes showed that the inclusion of the interaction term between MCS and firm size increased performance by 2.189 when the multiplier increased by a unit ($\beta=2.189$). The analysis showed that the beta for the moderated model including the interaction term was lower at 3.229 ($\beta=3.229$) for firm size and 1.459 ($\beta=1.459$) for MCS, showing that the inclusion of the interaction term slightly reduced performance of the insurance firms. The moderator, interaction term and MCS each had a significant moderating effect on firm performance ($p<.05$).

Multicollinearity diagnostics

Table 12: Multicollinearity Results for MCS Variables

Constructs	**Collinearity Statistics**	
Market Creation Strategy	**Tolerance**	**VIF**
Resources Accumulation	.500	2.001
Stakeholders Networking	.507	1.971
Customer acquisition	.617	1.621
Average	**.541**	**1.864**

The VIF and tolerance values presented in Table 12 showed that the VIF values for market creation strategy was 1.864 with tolerance degree of 0.541. These values were less than 5.0 or 10.0, showing that there was no multicollinearity reported from the constructs used.

CONCLUSIONS AND RECOMMENDATIONS

The findings indicated that market creation strategy had a positive significant effect on firms performance. This study showed that resource accumulation involved securing and efficiently deploying diverse human, financial and information technological resources. The firms that emphasized on professional development and training of their employees led to increased productivity and creativity. Financial capability of the firm contributed towards the firm's investment in advanced technology and research leading to greater growth metrics. The study indicated that firms that focused on engaging the value chain agents through partnership and collaborations such us mobile money transfer platforms benefit more on attaining new markets. The insurers with intensive network gain more support from investors, regulators and customers. Further the study indicated that firms were able to acquire new customers through service delivery and customer engagement. Embracing digital platforms, simpler policy offers and micro-insurance products enabled the firms to access underserved markets especially in the informal sector.

Theoretical Implication

This paper presents strategies for companies to evaluate and implement as a means of improving performance through creating new markets or venturing into new products. This study proposes that to improve firm performance, it is important to evaluate the existing market and from within it create a new market with less competition that raise demand of the firms' products. The firms should analyze the strategy suitable for implementation based on its capabilities in terms of resources, innovation and level of networking. The study recommended that since networking is considered highly essential, insurance firms need to ensure that they collaborate purely on goals and strategy, to improve the general business objectives across different periods. This paper displayed that firms could adopt market creation strategies (stakeholders networking, resource accumulation and customer acquisition) as combined strategies or single strategy. Therefore, this paper gives a significant theoretical contribution to the firm performance through creating new market by adopting methods of accumulating resources, acquiring customers, collaboration and partnership. This will help the firms to focus on creating new markets instead of competing in a saturated market.

Managerial Implication

The insurance sector in Kenya is very dynamic as middle level population increases leading to more diverse need for insurance policies. To respond to these needs the firms should create new markets through

customization and standardization of their products, collaborations with stakeholders and leveraging on the resources at their disposal. Larger firms, with superior financial resources, technological infrastructure, and human capital, are better equipped to implement market creation strategy effectively while smaller firms should target niche markets effectively and respond swiftly to changing customer demands since they are more flexible.

Contribution To Theory And Existing Knowledge

The study contributes to bridging the research gap by providing empirical findings on market creation strategy through customer acquisition, stakeholders networking and resource accumulation. The advanced methodological approach such as adoption of composite scores and standardization in strategic management contributes to development of better modelling. The findings indicated how economic and environmental situations influenced the adoption and implementation of market creation strategy contributing to theoretical models.

The study findings contributes to the existing knowledge on how firms could create new markets to enhance performance. Regulatory bodies should encourage insurance firms to explore underserved markets by offering incentives for the development of affordable and inclusive insurance products, particularly targeting the informal sector. The study findings provide insight on how firms could leverage their resources and stakeholders network to create new markets through identifying the latent needs and offering solutions to the existing problems.

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