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Effect of Entrepreneurial Orientation on Performance of non-life insurance in Kenya

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ABSTRACT

This research aimed to investigate the impact of entrepreneurial orientation on the performance of non-life insurance in Kenya. The research was based on the Schumpeter's Theory. The study used a survey research design. The study's target population included 35 non-life insurance businesses licensed by the insurance regulatory authority, serving as the unit of analysis. Two senior and six middle management officials from the 35 non-life insurance companies were selected as respondents. The study used a census research survey. The primary data was gathered using self-administered questionnaires. The study also collected secondary data using secondary data collection sheet. The data was examined by descriptive statistics, including mean, standard deviation, frequencies and percentages, while inferential statistics were assessed via correlation analysis and regression analysis to evaluate the hypothesis. Reliability and validity assessments were performed to ascertain the internal consistencies of the examined variables. The gathered data was edited, coded, classed, tabulated and input into Statistical Package for Social Sciences version 25 for analysis. The findings were shown in tables and models. The effect of Entrepreneurial Orientation on the performance of non-life insurance was found to be significant. The study concluded that entrepreneurial orientation plays a crucial role in enhancing the performance of non-life insurance in Kenya. Based on these findings, non-life insurance companies should cultivate a culture that embraces risk-taking, allowing employees to explore new ideas without fear of failure. Empowering employees by granting them decision-making autonomy can lead to increased creativity and problem-solving capabilities.

KEYWORDS: Entrepreneurial Orientation, Non-Life Insurance, Performance, Strategic Orientation.

INTRODUCTION

The insurance sector of a nation is important, therefore its advantages cannot be underscored. It strengthens people's risk-taking capacity as well as long-term financing for social and physical infrastructure. Should this vital industry be absent, the effects on the GDP would be catastrophic, wiping out billions of shillings from the economic index. Apart from offering a risk transfer mechanism, insurers also significantly help to channel money to promote economic activities. Nonetheless, Kenya's insurance industry has experienced more than fair share of performance down-turn even if it offers support to the economic growth and wealth generation via investments. Like every company, non-life insurance companies are influenced by many factors that together define the business environment. Strategic aspects are those factors that are absolutely essential for the success of businesses in their contexts. They define either the success or failure of commercial enterprises. The influence of entrepreneurial orientation on non-life insurance performance in Kenya is investigated in this paper.

Regarding a generally accepted definition of strategic orientation, researchers cannot agree on one. The fundamental idea of direction is debatable and different literary genres have generated many ideas. Orientation is the general, constant direction of thought, inclination, or interest. Strategic orientation is a notion that reflects strategy content (comparative technique) Cyfert (2019), allowing different strategies to be compared using certain traits common to all businesses and helps to operationalize strategy. If companies want to reach their objectives, they have to focus on their strategic orientation as it guides the direction a company follows to monitor its activities and enhance its performance.

The strategic direction of a corporation so reflects its marketing, operational and entrepreneurial posture. Thus, a firm that takes risks, invests in innovation, acts pro-actively, and develops insight into the future triumphs in the market. Strategic orientation will therefore help companies to forecast changes in the external business environment and enable them to adjust.

Entrepreneurial orientation (EO) has emerged as a framework for embedding entrepreneurial behaviour within firms. Two key approaches define EO: the one-dimensional approach, where a firm is entrepreneurial only if all entrepreneurial elements are highly developed (Covin & Sklevin, 2009), and the multidimensional approach, which allows firms to be entrepreneurial even if not all components are fully developed (Lumpkin & Dess, 2006). EO encompasses policies and practices that shape entrepreneurial decision-making (Rauch et al., 2009), with innovativeness, pro-activeness, and risk-taking being crucial for achieving a competitive advantage (Andendorff, 2004). Additionally, autonomy and competitiveness have been included in broader EO models. This study considers pro-activeness, risk-taking, and autonomy as key EO dimensions.

Pro-activeness measures a firm's ability to anticipate and act on future needs (Lumpkin & Dess, 1996; Miller, 1978). Entrepreneurial firms introduce new products or services quickly (Miller, 1983) and seek new opportunities, even beyond their current operations (Venkatraman, 1989). Proactive firms enter markets ahead of competitors and are attuned to market signals (Kropp et al., 2008; Hughes & Morgan, 2007). Risk-taking involves engaging in high-risk projects, making bold managerial decisions, and investing resources in uncertain ventures (Miller, 1983; Walter, Auer, & Ritter, 2006; Lyon, Lumpkin, & Dess, 2000). Risk does not always yield positive results due to its unpredictability (Baird, 1985), with organizations facing business, financial, and personal risks (Dess & Lumpkin, 2005). Autonomy, later added to EO (Lumpkin & Dess, 1996), refers to an individual or team's ability to act independently in executing entrepreneurial ideas. Strong leadership, team autonomy, and freedom from bureaucratic constraints facilitate entrepreneurial success (Certo et al., 2009; Rwigema et al., 2008; Coulthard, 2007). Autonomy enhances performance by encouraging innovation and entrepreneurial initiative.

The main law guiding the insurance sector in Kenya is the Insurance Act CAP 487 of the Laws of Kenya; enforced by the Insurance Regulatory Authority (IRA). The Kenyan insurance market is quite developed and controls insurance activity throughout the East Africa Community. Additionally, Kenyan insurance firms have branches in the Common Market in East and Southern Africa (COMESA). There were 52 insurance businesses in 2018, 38 of them engaged in non-life insurance industry. Between 2018 and 2022 there were significant mergers and acquisitions.

STATEMENT OF THE PROBLEM

Research on business and strategic management has examined the performance of insurance firms, particularly in relation to financial results (Taoub & Issor, 2019). In Kenya, non-life insurers face intense competition due to product similarity, leading some to engage in unethical practices such as under-pricing premiums and paying excess intermediary fees, which negatively impact their financial health (Alhassan & Biekpe, 2016). Fraud remains a significant challenge, particularly in auto, health, and workplace injury insurance, contributing to the collapse of several insurers (Insurance Fraud Investigation Unit Report, 2019; FRISS Insurance Survey, 2019). The total expenses increased from KES 36.85 billion in 2018 to KES 41.37 billion in 2022.

The industry's penetration rate, which measures performance relative to GDP, declined for non-life insurance from 1.38% in 2018 to 1.28% in 2022, with a continuous downward trend (IRA; AKI, 2022). Luvisia & Nzulwa (2018) identified macroeconomic, product, consumer, and institutional factors as key determinants of general insurance penetration. Additionally, underwriting results declined from a loss of KES (-) 2.87 billion in 2018 to KES (-) 3.99 billion in 2022, indicating structural performance issues. Murigu (2014) found that leverage, equity capital and managerial competency significantly impact the profitability of Kenya's general insurance firms.

Despite a favourable economic environment characterized by technological advancements, infrastructure development, political stability, and a growing middle class, the non-life insurance sector failed to capitalize on these opportunities (Bernard R. Katz, 2016). Studies emphasize the importance of aligning business strategies with resources for better outcomes (Raj Vayyavur, 2023; Abdulrahman Al-Surmi, 2019). Entrepreneurial orientation generally enhances performance across industries (Mwenda, 2020; Mwaura, 2018), yet findings on its impact in insurance remain inconclusive (Akpa, Falade & Adeyinka, 2020), necessitating further context-specific research in Kenya.

Objective of the Study

To examine the effect of entrepreneurial orientation on performance of non-life insurance in Kenya.

Research Hypothesis

The study tested the following null hypothesis:

H_0 There is no significant effect of entrepreneurial orientation on performance of non-life insurance in Kenya.

LITERATURE REVIEW

Theoretical Framework: Schumpeter's Theory

Joseph Schumpeter is believed to be the first scholar to introduce the world to the concept of the economic significance of entrepreneurship. He came up with the German word Unternehmergeist, meaning entrepreneur-spirit, adding that these individuals controlled the economy

because they are responsible for delivering innovation and technological change. Schumpeter in his book, The Process of Creative Destruction, offered a new, unique insight into how economies grow, sharply deviating from the traditional economic dictum of his day, which held that markets passively tend toward equilibrium until profit margins are wiped out. Instead, Schumpeter argued, economic progress is not gradual and peaceful but rather disjointed, abrupt, and sometimes unpleasant. The economist used the term "creative destruction" to describe the dismantling of long-standing practices in order to make way for new technologies, new kinds of products, new methods of production and new means of distribution. The Schumpeterian view of thinking has been carried forward by successive scholars and researchers (Drucker 1985; Shane, Kolvereid, & Westhead, 1991), Mintzberg (1973) and Danny Miller (1983) and Lumpkin & Dess (1996). The internet is one of the best examples of creative destruction.

The Schumpeter's theory is relevant to study because it provides a framework for investigating competitive aggression, which is the propensity to directly challenge rivals rather than try to avoid competition. Price reductions, increased marketing expenditures and the introduction of new insurance products like micro-insurance and agricultural insurance products are all examples of aggressive initiatives. The advent of the internet and mobile technology, the microprocessor, the laser, fibre optics, and satellite technologies which can be described as a process of creative destruction, have fundamentally altered the way that businesses are conducted. Entrepreneurial oriented insurance companies must strive to be ahead of the park in technology otherwise, they join those who lag behind.

Conceptual Framework

The hypothesized relationship between independent variable and dependent variable is summarized in figure 1.

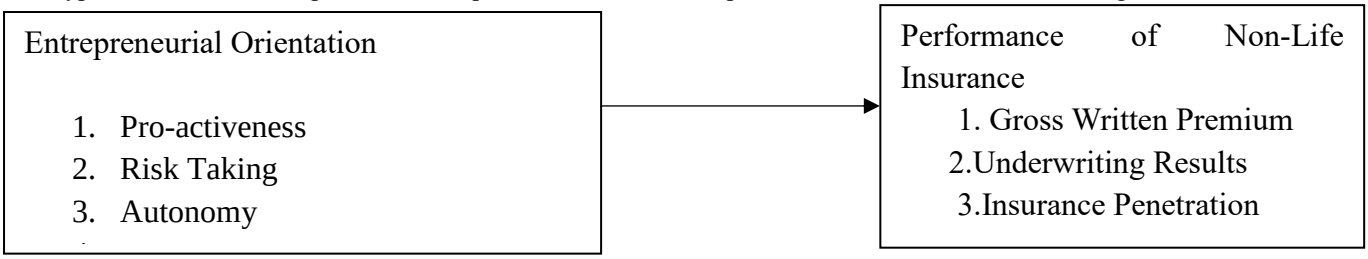

Figure 1: Conceptual Framework

Empirical Literature

Entrepreneurial orientation (EO) has been widely studied in different industries, with most research indicating a positive relationship between EO and firm performance. Kivuitu and Karugu (2020) focused on SMEs in Nairobi County, Kenya, and found that entrepreneurial orientation—comprising innovativeness, pro-activeness, and risk-taking—positively and significantly influences SME performance. Their study emphasized that these dimensions of EO collectively contribute to the growth and sustainability of SMEs, suggesting that fostering an entrepreneurial mind-set can enhance business outcomes in competitive environments. Similarly, Hussain et al. (2018) explored the role of EO in Jordanian SMEs and introduced market orientation (MO) as a moderating factor. Their findings revealed that MO strengthens the relationship between EO and organizational performance, indicating that a dual focus on market responsiveness and entrepreneurial behaviour can yield better results. This aligns with Kivuitu and Karugu's (2020) findings but adds a layer of complexity by highlighting the importance of external market dynamics in shaping the impact of EO.

Obuya (2016) shifted the focus to the banking sector in Kenya, demonstrating that entrepreneurial orientation enhances the performance of commercial banks. Specifically, EO practices led to increased profitability and a reduction in non-performing loans. This study underscores the applicability of EO beyond SMEs, showing that even established institutions can benefit from entrepreneurial behaviours. However, Obuya's (2016) findings also suggest that the implementation of EO strategies must be tailored to the specific operational and regulatory context of the industry, a point that resonates with Ngera's (2018) study on micro-insurance adoption by MSEs in Kenya. Ngera (2018) found that while risk-taking and pro-activeness positively influenced the adoption of micro-insurance, innovativeness had little impact. This divergence highlights that the relevance of specific EO dimensions may vary depending on the industry and the nature of the business.

Olowofeso (2019) examined the hospitality industry in Nigeria and found that innovativeness, pro-activeness, and competitive aggressiveness positively impacted performance, while risk-taking had a negative effect. This contrasts with Kivuitu and Karugu's (2020) findings, where risk-taking was beneficial for SMEs. Olowofeso's (2019) study suggests that in industries like hospitality, where customer satisfaction and service quality are paramount, excessive risk-taking may undermine performance. This industry-specific insight is

crucial for understanding how EO dimensions operate differently across sectors.

Olaniran (2016) explored the Nigerian stock exchange and reported mixed results. While innovation negatively affected returns on equity, risk-taking positively influenced returns on equity but negatively impacted returns on assets. This indicates that the relationship between EO and performance is not always straightforward and may depend on the performance metrics used. Wainaina (2017) reinforced the positive impact of EO, particularly innovativeness, on the growth of microfinance institutions in Nairobi. This study aligns with the broader consensus that EO drives performance but emphasizes that innovativeness is the most critical dimension in certain contexts.

Soares (2020) conducted a meta-analysis of 78 studies across multiple regions, including Brazil, and confirmed a direct positive relationship between EO and organizational performance. The study also identified innovativeness and learning orientation as partial mediators, suggesting that these factors amplify the impact of EO. This global perspective reinforces the findings of the other studies while providing a broader framework for understanding the mechanisms through which EO influences performance.

Studies such as those by Kivuitu and Karugu (2020), Hussain et al. (2018), Obuya (2016), Wainaina (2017), and Soares (2020) all support the notion that EO significantly enhances business performance across SMEs, banks, microfinance institutions, and manufacturing firms. The key EO dimensions—innovativeness, pro-activeness, and risk-taking—have consistently shown positive impacts on business growth, profitability, and strategic positioning. Additionally, research by Hussain et al. (2018) highlights the role of market orientation as a moderating factor in strengthening the EO-performance relationship, while Soares (2020) identifies learning orientation and innovativeness as mediators of this link.

Despite this general consensus, some studies present contrasting findings. Olowofeso (2019) and Olaniran (2016) report negative effects of certain EO dimensions, particularly risk-taking, which was found to be detrimental to the hospitality industry in Nigeria and negatively correlated with returns on assets in firms listed on the Nigerian Stock Exchange. These contradictions suggest that the effectiveness of EO is highly context-dependent and may vary by industry and market conditions. For instance, while innovativeness is a key driver of microfinance growth (Wainaina, 2017), it negatively impacts stock exchange firms' equity returns (Olaniran, 2016). Similarly, while banks benefit from EO through increased profitability and reduced non-performing loans (Obuya, 2016), the extent of EO's impact on non-life insurance remains unexplored.

A critical research gap emerges in the application of EO within Kenya's non-life insurance sector. Most existing studies have focused on SMEs, banking, microfinance, and stock markets, leaving a significant void in understanding how EO affects insurance firms. The insurance industry, particularly non-life insurers, faces unique challenges such as fraud, poor pricing strategies, and regulatory constraints. Unlike other industries where EO directly enhances performance, the role of EO in non-life insurance could be more complex, given the sector's exposure to high claims, underwriting risks, and compliance demands. Furthermore, market orientation has been shown to moderate EO's impact in SMEs (Hussain et al., 2018), but its influence on insurance firms remains unclear.

Another gap is the interaction between EO, market risks, and fraud in the insurance industry. The persistence of fraudulent claims, under-pricing, and middlemen exploitation has significantly affected the financial health of non-life insurers in Kenya (IRA, 2019). It remains uncertain whether an EO-driven approach could mitigate these challenges or exacerbate financial distress through excessive risk-taking. Additionally, while risk-taking and pro-activeness enhance micro-insurance adoption among SMEs (Ngera, 2018), their effects on non-life insurance performance have not been explored. Given the highly regulated nature of the insurance industry, it is also important to investigate whether compliance requirements moderate the EO-performance relationship in this sector. In conclusion, while existing research confirms the importance of EO in firm performance, there is a lack of empirical studies on its impact in Kenya's non-life insurance industry.

RESEARCH METHODOLOGY

Research Philosophy: This study adopted the positivism approach which advocates the application of methods of the natural sciences to the study of social reality and beyond (Clark, Foster, Bryman & Sloan, 2021). Positivism approach was used to collect all the facts and figures that are associated with the effect of entrepreneurial orientation on the performance of non-life insurance in Kenya.

Research Design: This study adopted the survey research design that enables the study to combine both quantitative and qualitative research approaches. Survey research can use a variety of data collection methods with the most common being questionnaires and interviews. Surveys can also elicit information about attitudes that are otherwise difficult to measure using observational techniques (Glasow, 2005).

Target Population: The population of insurance companies in Kenya in 2022 were 53 licensed insurers as per the Insurance Regulatory Authority 2022 Report from which the target and accessible population was drawn. However, for purposes of this study the target population comprised 35 non-life insurance companies. To ensure that all the information needed for the study was obtained; a census technique was adopted. The non-life insurance companies used in the study as unit of analysis were few 35 firms making

census feasible for the study. The study targeted eight respondents from each company; two senior managers- CEO, General Manager/ Chief Operating Officer and six middle level managers from underwriting, claims, marketing, finance, HR and ICT departments. These were the groups with information that is required for the study.

Instrumentation: This study used both primary and secondary data. Data collection tools used were questionnaires and secondary data collection sheet. Secondary data on gross written premium, underwriting results and insurance penetration were collected from the non-life insurance companies Website, IRA, AKI and Economic Survey of Kenya data. The primary data was collected using self-administered questionnaire which comprised of closed ended questions. A pilot study was conducted in 3 out of the 38 non-life insurance companies in Kenya. A pilot study was undertaken for the purpose of pre-testing the data collection instruments for reliability and validity. The researcher pretested on 10% of the sample population. Therefore, a total of 24 respondents from senior and middle management levels were selected for pilot- testing (8 respondents per each company). After confirmation of reliability and validity of the questionnaire full data of 280 was solicited but only 216 questionnaires were successfully filled and handed back to the researcher which generated a response rate of 77.14%.

The reliability of the questionnaire was tested using the Cronbach's Alpha correlation co-efficient with the aid of Statistical Package for Social Sciences (SPSS) software. Entrepreneurial orientation had a Cronbach alpha of 0.873 and Performance of Non-Life Insurance had an alpha of 0.827. The study used construct validity. All the items were retained based on the general rule of thumb for acceptable factor loading of 50%. The factor loading ranged from 0.675 for entrepreneurial orientation to 0.777for performance. The study used experts in the insurance industry and issued them with the questionnaires to assessed if the questionnaires were suitable, clear and relevant for the study.

Data Analysis and Presentation: The data was entered into a spreadsheet and analysed using frequencies and percentages obtained from SPSS version 25 (Ahmed et al 2019). Data presentation of the findings or results was in the form of frequencies, percentages, mean, median, mode, standard deviation, tables, graphs, and pie charts. The statistic measures were classified into two descriptive statistics and inferential statistics. Descriptive analysis was expressed as percentages, mean and standard deviation. The inferential statistics dealt with the populations based on results obtained from samples that include correlation analysis, coefficient analysis, Analysis of Variance (ANOVA) and regression analysis. Correlation Analysis measured the extent of interdependence where two variables are linearly related (Lucy, 1996). Pearson correlation co-efficient was used to determine the strength and the direction of the relationship between the dependent variable and the independent variables. The ANOVA was applied to test the goodness of fit of the models and significance of the relationship between the dependent variable and independent variables based on a 5 % level of significance. This study examined the effect of entrepreneurial orientation on performance of non-life insurance using simple regression analysis.

THE FINDINGS OF THE STUDY

Descriptive Statistics of Variables in the Study

To determine the level of performance of non-life insurance in Kenya, the respondents were asked to state their level of agreement with the following 6 statements. The results are as shown in Table 1.

Table 1: Table 1.0: Descriptive Analysis for Performance of Non-Life Insurance

5 Strongly agree; 4-Agree; 3-Neutral; 2- disagree;1- strongly disagree

Statement	5	4	3	2	1	Mean	S. D
1. There was consistent growth in gross written premiums (GWP) from the year 2018 to 2022	20.8 (45)	45.8 (99)	17.1 (37)	13 (28)	3.2 (7)	3.68	1.05
2. The company experienced increase in gross written premium over gross domestic product (insurance penetration) from the year 2018 to 2022	18.1 (39)	52.8 (114)	13 (28)	9.7 (21)	6.5 (14)	3.66	1.08
3. The company's profitability has been on an increasing trajectory from the year 2018 to 2022.	28.7 (62)	31.5 (68)	16.7 (36)	16.7 (36)	6.5 (14)	3.59	1.24
4. The company's market share had increased from the year 2018 to 2022.	28.2 (61)	28.7 (62)	17.1 (37)	16.2 (35)	9.7 (21)	3.50	1.32
5. The company was able to retain its customers from year 2018 to 2022.	25.5 (55)	55.1 (119)	6.5 (14)	9.7 (21)	3.2 (7)	3.90	1.00
6. The company's staff increased from the year 2018 to 2022 due to increase in demand for its services.	24.1 (52)	56 (121)	6.9 (15)	9.7 (21)	3.2 (7)	3.88	0.99
Overall						3.7014	1.113

The assessment of the performance of non-life insurance, particularly regarding the consistent growth in gross written premiums (GWP) from the year 2018 to 2022, yields insights from respondents. Regarding consistent growth in gross

written premium (GWP), 20.8% (45) strongly agreed, while 45.8% (99) agreed, reflecting a positive perception among a significant majority. However, 17.1% (37) were neutral, 13% (28) disagreed, and 3.2% (7) strongly disagreed, indicating some skepticism. The mean score of 3.68 and a standard deviation of 1.05 suggest moderate agreement with variability in responses.

On the increase in GWP relative to gross domestic product (insurance penetration), 8.1% (39) strongly agreed, and 52.8% (114) agreed, highlighting a majority acknowledging growth. However, 13% (28) were neutral, 9.7% (21) disagreed, and 6.5% (14) strongly disagreed, reflecting mixed perceptions. The mean score of 3.66 and a standard deviation of 1.08 indicate moderate agreement with some diversity in views. Regarding profitability, 28.7% (62) strongly agreed, and 31.5% (68) agreed, suggesting a majority perceived an increase. However, 16.7% (36) were neutral, 16.7% (36) disagreed, and 6.5% (14) strongly disagreed, showing notable dissent. The mean score of 3.59 and a standard deviation of 1.24 reflect moderate agreement with significant variability.

For market share, 28.2% (61) strongly agreed, and 28.7% (62) agreed, indicating a considerable proportion perceived growth. However, 17.1% (37) were neutral, 16.2% (35) disagreed, and 9.7% (21) strongly disagreed, revealing divided opinions. The mean score of 3.50 and a standard deviation of 1.32 suggest moderate agreement with considerable variability. On customer retention, 25.5% (55) strongly agreed, and 55.1% (119) agreed, demonstrating strong acknowledgment of the company's ability to retain customers. Only 6.5% (14) were neutral, 9.7% (21) disagreed, and 3.2% (7) strongly disagreed. The mean score of 3.90 and a standard deviation of 1.00 indicate high agreement with moderate variability.

Finally, regarding staff increase due to rising service demand, 24.1% (52) strongly agreed, and 56% (121) agreed, reflecting a majority perception of staff growth. Only 6.9% (15) were neutral, 9.7% (21) disagreed, and 3.2% (7) strongly disagreed. The mean score of 3.88 and a standard deviation of 0.99 suggest high agreement with moderate variability.

Table 2: Secondary data of non-life insurance performance in Kenya for the five years (2018 to 2022)

	Minimum	Maximum	Mean	Std. Deviation
Gross written Premium (GWP) Billion	128.80	170.80	143.2000	17.50586
Insurance Penetration (%)	1.24	1.38	1.2900	.05568
Underwriting Results- in Billion	-4.90	-2.30	-3.4380	1.02480

The Gross Written Premium (GWP) shows a positive growth trajectory, with a mean of KES 143.2 billion and a standard deviation of KES 17.506 billion. This indicates moderate variability in GWP across the years, suggesting steady growth in premium collection. The GWP ranged from a minimum of KES 128.8 billion in 2018 to a maximum of KES 170.8 billion in 2022, reflecting increasing uptake of non-life insurance products over time. This growth demonstrates the sector's resilience and its ability to attract more premiums, which is a critical indicator of performance. However, this growth in premiums does not fully translate into profitability, as reflected in the underwriting results.

Insurance penetration, a measure of the sector's contribution to the GDP, remains low, with a mean of 1.29% over the five years. The penetration rates ranged narrowly from 1.38 in 2018 to 1.28% in 2022, with a standard deviation of only 0.056. This minimal fluctuation suggests stagnation in market penetration despite the growth in premiums. The low penetration rates point to challenges in expanding the non-life insurance market, likely due to factors such as lack of awareness, limited affordability and competition from informal risk management mechanisms. This stagnation highlights the need for strategies to deepen market penetration, such as increasing awareness of the value of insurance and creating more accessible products.

The underwriting results reveal consistent losses, with a mean of -KES 3.438 billion and a standard deviation of KES 1.025 billion. The results ranged from a loss of -KES 4.9 billion in 2021 to -KES 2.3 billion in 2020, highlighting persistent challenges in underwriting profitability. These losses may arise from factors such as poor risk pricing, high claims ratios, fraud, and operational inefficiencies. The negative underwriting results undermine the sector's overall performance, as underwriting profitability is a key measure of operational efficiency and sustainability. Addressing these losses requires a focus on enhancing risk assessment, improving pricing models, and adopting cost-control measures.

Overall, the performance of Kenya's non-life insurance sector reflects a mix of growth and persistent challenges. While the increase in GWP is a positive indicator of sectoral growth, the low penetration rates and recurring underwriting losses suggest structural inefficiencies and missed opportunities for market expansion.

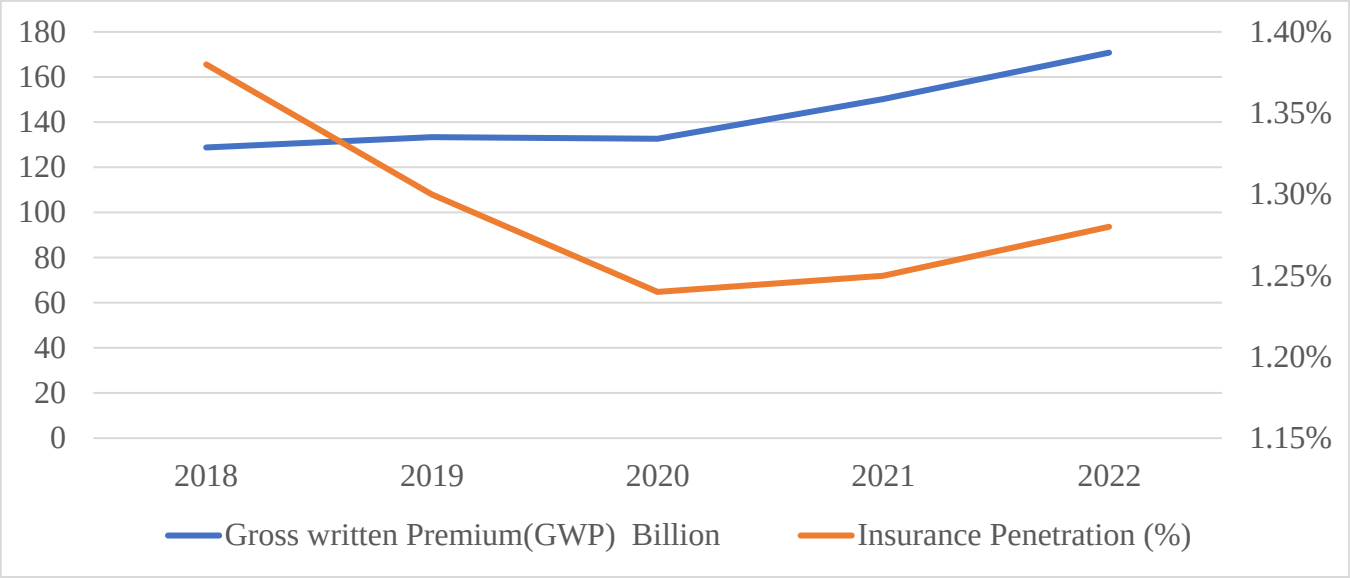

Figure 2: Gross written Premium and Insurance Penetration

The Gross Written Premium (GWP) in the non-life insurance sector has shown a steady increase over the five-year period. It grew from KES 128.8 billion in 2018 to KES 170.8 billion in 2022, representing a growth rate of approximately 32.6%. This trend suggests a growing demand for non-life insurance products and services in Kenya. The significant growth in 2021 (KES 150.3 billion) and 2022 (KES 170.8 billion) could indicate improved economic activity or increased awareness and adoption of insurance services. Insurance penetration, measured in percentage, experienced a gradual decline from 1.38% in 2018 to a low of 1.24% in 2020. It then slightly recovered to 1.28% by 2022. This downward trend, despite the rise in GWP, indicates that the growth in insurance premiums has not kept pace with the overall growth in the economy. The slight recovery in 2022 could suggest early impacts of initiatives to boost awareness and accessibility of insurance products.

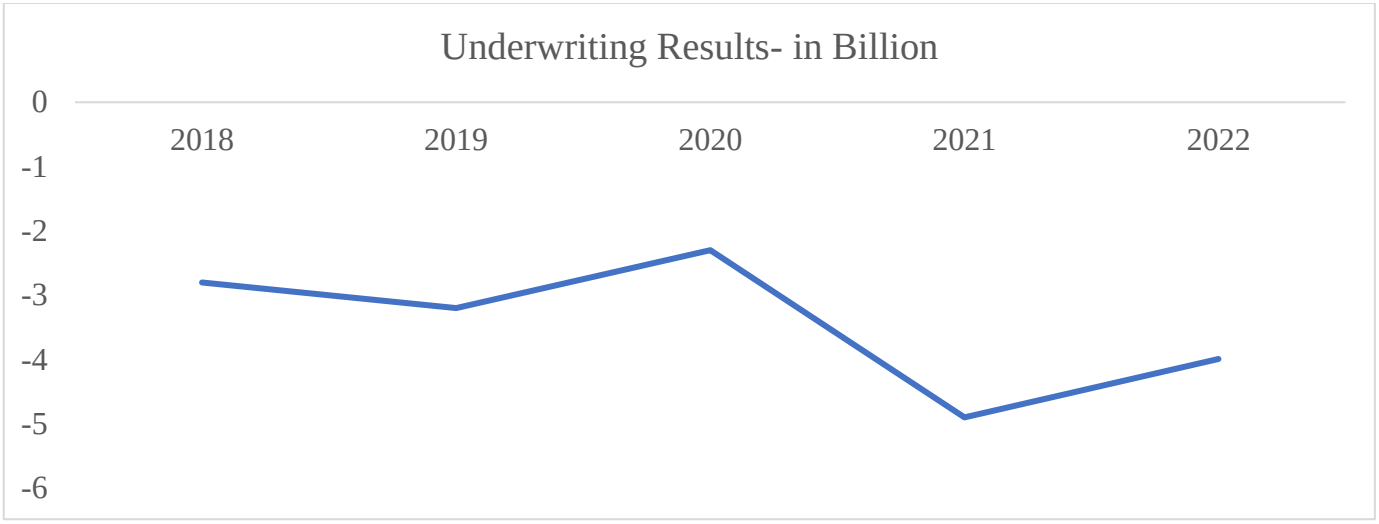

Figure 3: Underwriting Results- in Billion

The underwriting results for non-life insurance over the period consistently reflect losses, with negative figures each year. The results worsened from -KES 2.8 billion in 2018 to a peak of -KES 4.9 billion in 2021, followed by a slight improvement to -KES 3.99 billion in 2022. These losses highlight the challenges faced by non-life insurers, such as high claims ratios, fraudulent claims, and rising operational costs. The slight recovery in 2022 suggests efforts to improve underwriting performance, possibly through stricter risk assessments or cost management.

Table 3: Entrepreneurial orientation

5- Strongly agree; 4-Agree; 3-Neutral; 2- disagree;1- strongly disagree, S.D-Standard Deviation

Statement	5	4	3	2	1	Mean	S. D
1. The company invests in products and services where no one has ventured.	10.6% (23)	57.9% (125)	11.1% (24)	13% (28)	7.4% (16)	3.51	1.08
2. The company develops innovative products and services.	24.1% (52)	45.8% (99)	13.9% (30)	9.7% (21)	6.5% (14)	3.71	1.13
3. The company's business continuity plans are well communicated.	10.6% (23)	56.9% (123)	16.2% (35)	9.7% (21)	6.5% (14)	3.56	1.02
4. Employees are encouraged to promote new insurance ideas.	20.8% (45)	50% (108)	9.7% (21)	13% (28)	6.5% (14)	3.66	1.14
5. Risk-taking is always considered a positive attribute by staff in the company.	13.4% (29)	57.4% (124)	13% (28)	9.7% (21)	6.5% (14)	3.62	1.05
6. The company allows collaboration with its customers proactively to understand their needs.	44.9% (97)	32.4% (70)	9.7% (21)	6.5% (14)	6.5% (14)	4.03	1.18
7. Employees are allowed to deal with problems and opportunities in the company.	35.2% (76)	35.6% (77)	16.2% (35)	9.7% (21)	3.2% (7)	3.90	1.09
8. Staff in the company are given the freedom to act.	38.9% (84)	31.9% (69)	16.2% (35)	6.5% (14)	6.5% (14)	3.90	1.179
9. The company designs its own unique methods of operations to remain competitive.	10.6% (23)	56.9% (123)	19.4% (42)	6.5% (14)	6.5% (14)	3.59	0.989
10. The company proactively identifies future opportunities and responds appropriately.	42.6% (92)	25% (54)	16.2% (35)	9.7% (21)	6.5% (14)	3.88	1.246
Overall						**3.7347**	**1.1104**

The survey results indicate varying levels of agreement among respondents regarding different aspects of their company's entrepreneurial orientation. On the company's investment in unexplored products and services, 57.9% agreed, while 10.6% strongly agreed, yielding a mean score of 3.51 (SD = 1.08). Regarding innovation, 24.1% strongly agreed, and 45.8% agreed, with a mean of 3.71 (SD = 1.13). For business continuity communication, 56.9% agreed, while 10.6% strongly agreed, leading to a mean score of 3.56 (SD = 1.02). Encouraging employees to promote new insurance ideas saw 50% agreement, 20.8% strong agreement, and a mean of 3.66 (SD = 1.14). Risk-taking as a positive attribute was affirmed by 57.4% agreement and 13.4% strong agreement, with a mean score of 3.62 (SD = 1.05). Proactive customer collaboration had strong agreement of 44.9%, with a mean of 4.03 (SD = 1.18). Employees' autonomy in handling issues was supported by 35.2% strong agreement and 35.6% agreement, leading to a mean of 3.90 (SD = 1.09). Similarly, staff freedom to act had a mean of 3.90 (SD = 1.179). The company's unique operational methods had 56.9% agreement and 10.6% strong agreement, with a mean of 3.59 (SD = 0.989). Lastly, proactive identification of future opportunities had 42.6% strong agreement and 25% agreement, reflecting a strategic focus on anticipating industry changes.6.5% (14) strongly disagreed. The mean score for this aspect was 3.88 with a standard deviation of 1.246.

The findings indicate that entrepreneurial orientation enhances the performance of non-life insurance companies in Kenya. This aligns with Kim et al. (2018) and Wang (2020), who emphasize the benefits of entering new markets. Collett & Hillier (2018) and Lee et al. (2019) highlight the role of innovation in maintaining competitiveness. Research by Cetindamar et al. (2016) and Hwang & Kim (2018) links employee creativity to innovation in the insurance sector. Cummins et al. (2016) and Miller (2013) emphasize calculated risk-taking as a driver of growth, while Gebhardt et al. (2018) and Voorhees & Moriarty (2014) stress customer co-creation in product development. Kim et al. (2018) and Conger & Kanungo (1988) highlight employee empowerment's positive impact on innovation. Amabile (2016) and Deci & Ryan (2020) link autonomy to creativity, while Hitt et al. (2018) and Barney (2018) discuss resource-based competitive advantage. Zahra et al. (2018) and Dess & Lumpkin (2015) highlight the need for firms to anticipate emerging trends.

Linear Regression between Entrepreneurial orientation and Performance of non-life insurance in Kenya

The hypothesis of the study sought to establish the effect of entrepreneurial orientation on performance of non-life insurance in Kenya. R score of .653 indicated a significant positive correlation between entrepreneurial orientation and performance of non-life insurance in Kenya. The co-efficient of determination also known as the R square (R^2) was 0.427, the model (entrepreneurial orientation) therefore was able to explain 42.7% of the variation in improvement of performance of non-life insurance in Kenya while the rest of the score could be explained by other influences not included in the model. The findings in Table 4 for ANOVA test results were F (1,214) =159.178, p-value = 0.000< 0.05; an indication that the simple linear regression model was a good fit to our dataset hence statistically significant in predicting how entrepreneurial orientation influenced performance of non-life insurance in Kenya. The regression coefficient results in Table 4 were β= 0.827, t =12.617, p-value =0.000<0.05; therefore, β= 0.827, t =12.617, p-value =0.000<0.05; entrepreneurial orientation had a statistically significant influence on the performance of non-life insurance in Kenya. This indicates that holding entrepreneurial orientation at zero, the performance of non-life insurance was predicated to improve by 0.827 when the entrepreneurial orientation variable goes up by one unit. To predict the performance of non-life insurance in Kenya when given the level of entrepreneurial orientation, the study suggests the use of the following regression equation model;

$Y = .769 + 0.827\ X_1$

Where:

X_1 is Entrepreneurial Orientation

Y is performance of non-life insurance in Kenya

Table 4: Linear Regression analysis between Entrepreneurial orientation and Performance of non-life insurance in Kenya

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653[a]	.427	.424	.73834

a. Predictors: (Constant), Entrepreneurial orientation

b. Dependent Variable: Performance of non-life insurance in Kenya

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	86.774	1	86.774	159.178	.000[b]
	Residual	116.660	214	.545		
	Total	203.434	215			

a. Dependent Variable: Performance of non-life insurance in Kenya

b. Predictors: (Constant), Entrepreneurial orientation

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		β	Std. Error	Beta	T	Sig.
1	(Constant)	.769	.238		3.233	.001
	Entrepreneurial orientation	.827	.066	.653	12.617	.000

a. Dependent Variable: Performance of non-life insurance in Kenya

DISCUSSIONS

The results revealed that there is direct relationship between entrepreneurial orientation and performance of non-life insurance in Kenya. This implies that increase in entrepreneurial orientation would result to increase in the performance of non-life insurance in Kenya. Kivuitu, and Karugu (2020) concluded in their study that entrepreneurial orientation is a useful predictor of SME's performance. Innovativeness, pro-activeness and risk-taking are all aspects of an entrepreneurial attitude that have a positive, considerable impact on the performance of SME's. This suggests that, when considered as a whole, risk-taking, proactive and innovativeness behaviours may indeed aid in the expansion of SME's in Kenya. Hussain et al. (2018) established that EO and organizational performance are closely associated.

The coefficient of determination through the R square indicated that up to 42.7% of change in performance of non-life insurance in Kenya is significantly accounted for by entrepreneurial orientation (R2=0.427, P=0.000). This implies that entrepreneurial orientation is a significant predicator of performance of non-life insurance in Kenya. Obuya (2016) concluded that the actions of an entrepreneurial orientation boosted the earnings of the banks. Also, as a result of the banks' efforts to promote entrepreneurship, there was a decrease in the number of non-performing loans in the institutions. Olowofeso (2019) looked into the relationship between hotel industry success in Akure, Nigeria, and entrepreneurial orientation. According to the findings, the

success of the hospitality business was favourably and strongly correlated with innovation and competitive aggression. The findings also show that the performance of the hospitality business was considerably and favourably impacted by three factors, namely innovativeness, pro-activity and competitive aggressiveness.

Further, Ngera (2018) found out that while hostile competition has a detrimental effect on MSEs' decision to buy micro-insurance, taking risks and proactive behaviours improve the likelihood that MSE's will do so. Olaniran (2016) showed a negative relationship between innovation and returns on equity. The results also showed that risk-taking had a negative correlation with returns on assets but a positive correlation with returns on equity. Returns on assets and returns on equity were positively correlated with other entrepreneurial orientation factors including proactive posture and aggressiveness. Wainaina (2017) showed that the EO dimensions are positively and statistically significant in explaining the growth of MFIs. The regression coefficient shows that innovativeness is the most important variable. In Brazil, Soares (2020) show that EO has a direct and favourable effect on organizational performance. This effect is larger for multi-item performance measures and for performance measures based on revenue. Also, the researchers established that learning orientation and innovativeness had partial mediating effects on the association between EO and company success.

CONCLUSIONS AND RECOMMENDATIONS

The study established that entrepreneurial orientation plays a crucial role in enhancing the performance of non-life insurance companies in Kenya. The findings indicate that fostering innovation, encouraging risk-taking, and empowering employees contribute significantly to business growth and sustainability. Companies that proactively identify opportunities, collaborate with customers, and promote creativity among employees are better positioned to navigate industry challenges. The study also highlights the importance of effective communication of business continuity plans, as well as the development of unique operational methods to maintain a competitive advantage.

Based on these findings, insurance companies should also cultivate a culture that embraces risk-taking, allowing employees to explore new ideas without fear of failure. Empowering employees by granting them decision-making autonomy can lead to increased creativity and problem-solving capabilities. Furthermore, firms should strengthen customer engagement by proactively seeking feedback and collaborating to develop tailored insurance solutions. Finally, companies should enhance communication regarding business continuity strategies to ensure employees and stakeholders are well informed and prepared for potential disruptions.

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