


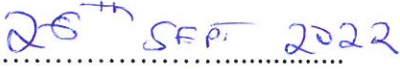
**KNOWLEDGE OF INTERNATIONAL NETWORKS AND INTERNATIONAL
PERFORMANCE OF KENYAN INSURANCE FIRMS**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION DEGREE, FACULTY OF BUSINESS AND MANAGEMENT
SCIENCES, UNIVERSITY OF NAIROBI**

2022

DECLARATION


This research project is my original work and has not been submitted for examination in any other university.

Signature.......... Date

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This research project has been submitted for examination with my approval as the university supervisor.

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Signature Date

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DEDICATION

I dedicate this Research Project to my Husband and Son whose support and encouragement was overwhelming. Thank you for your prayers, encouragement, understanding, patience and moral support throughout the entire MBA program.

ACKNOWLEDGEMENTS

I would like to thank the Almighty God for the good health and strength freely granted to me, and for keeping me focused through the entire MBA program.

Special thanks to my supervisor Prof. M. Ogutu for his continuous guidance, patience, constructive criticism and encouragement at each stage in the preparation and execution of this Research Paper.

I would also like to thank my family members, friends and colleagues at GA Insurance particularly my General Manager Mrs Helen Omiti Machora for their support, resource input and encouragement throughout the Research Project period from the execution stage to the end.

I wish all God's Blessings and Prosperity.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
LIST OF TABLES	vii
ABBREVIATION AND ACRONYMS	viii
ABSTRACT	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 International Networks	2
1.1.2 Foreign Market Knowledge	3
1.1.3 International Performance	4
1.1.4 Insurance Firms in Kenya with International Presence	5
1.2 Research Problem	6
1.3 Research Objective	8
1.4 Value of the Study	9
CHAPTER TWO: LITERATURE REVIEW	10
2.1 Introduction	10
2.2 Theoretical Foundation	10
2.2.1 Institution-Based View	10
2.2.2 International Entrepreneurship Theory	11
2.2.3 Resource Based View	12
2.3 Foreign Market Knowledge and Firm Performance	13
2.4 Chapter Summary and Knowledge Gaps	17
CHAPTER THREE: RESEARCH METHODOLOGY	21
3.1 Introduction	21
3.2 Research Design	21
3.3 Population of the Study	21
3.4 Data Collection	22
3.5 Data Analysis	22
CHAPTER FOUR: RESULTS AND FINDINGS	24

4.1 Introduction.....	24
4.2 Response Rate.....	24
4.3 Demographic Information.....	25
4.3.1 Age of the Respondents.....	25
4.3.2 Departmental Designation	26
4.3.3 Management Designation	26
4.3.4 Respondents Industry Experience	27
4.3.5 Highest Level of Education Attained	27
4.3.6 Organization Ownership Structure	28
4.4 Descriptive Statistics.....	29
4.4.1 Foreign Institutional Knowledge.....	29
4.4.2 Foreign Business Knowledge	30
4.4.3 Internationalization Knowledge	31
4.4.4 Foreign Market Knowledge and International Performance	32
4.7 Regression Analysis.....	33
4.7.1 Summary model.....	33
4.7.2 Analysis of Variance	34
4.7.3 Coefficients of regression analysis.....	35
4.8 Summary of the Findings.....	36
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	38
5.1 Introduction.....	38
5.2 Summary of the Findings.....	38
5.3 Conclusion	40
5.4 Recommendations.....	41
5.5 Limitations	41
5.6 Suggestions for Further Studies	42
REFERENCES.....	43
APPENDIX I: QUESTIONNAIRE.....	47
APPENDIX II: KENYAN INSURANCE COMPANIES IN EAST, SOUTHERN AND CENTRAL AFRICA REGION	50

LIST OF TABLES

Table 4. 1 Response Rate.....	24
Table 4. 2 Age of the Respondents	25
Table 4. 3 Departmental Designation	26
Table 4. 4 Management Designation	26
Table 4. 5 Respondents Industry Experience.....	27
Table 4. 6 Highest Level of Education Attained.....	28
Table 4. 7 Organization Ownership Structure	28
Table 4. 8 Foreign Institutional Knowledge	29
Table 4. 9 Foreign Business Knowledge	30
Table 4. 10 Internationalization Knowledge.....	31
Table 4. 11 Foreign Market Knowledge and International Performance	32
Table 4. 12 Summary model.....	34
Table 4. 13 Analysis of Variance.....	34
Table 4. 14 Coefficients of regression analysis	35

ABBREVIATION AND ACRONYMS

AIBK	-	Association for Insurance Brokers of Kenya
AKI	-	Association of Kenya Insurers
CKD	-	Completely Knockdown Kits
CMA	-	Capital Markets Authority
IBT	-	Institutional based Theory
IRA	-	Insurance Regulatory Authority
MIPK	-	Medical Insurance Practice Association of Kenya
NCBD	-	Nairobi Central Business District
RBV	-	Resource Based View Theory
SME	-	Small and Medium Enterprises
TQM	-	Total Quality Management

ABSTRACT

A major challenge that global firms face is how much planning should be directed towards preparing before they enter a foreign market and whether they should enter alone or as partners. The internationalization of firms is associated with uncertainty and risk filled that come about due to information asymmetry concerning the foreign country. The aim of the study was to determine the role of international foreign market knowledge on the performance of Kenyan insurance firms with regional presence. The specific objectives were to determine the role of foreign business knowledge, foreign institutional knowledge and internationalization knowledge on performance of Kenyan insurance firms with regional presence. The study was guided by the Institution Based theory, International Entrepreneurship Theory and Resource based view theory. Descriptive research design was used because the research was univariate problem and thus the researcher did not interfere in the data collected. The population of the study comprised of all the Insurance firms operating in Kenya but have expanded their operations outside the country. This research used primary data that was collected using structured questionnaires and thus consisted of closed-ended questions. After collecting the data, the researcher aligned the responses to meet completeness, consistency and accuracy expectation which are presumed to provide precise findings in line with the objective of the study. According to the descriptive statistics, the study established that in the insurance companies studied, foreign institutional knowledge, foreign business knowledge and internationalization knowledge have been inculcated in the institutions considerably given the average means of the variables above 3.8. Based on inferential statistics, the study established that foreign institutional knowledge has a positive and significant relationship with international performance of the companies under investigation. With a beta coefficient of 0.310 and significance value of 0.021 (less than 0.05), the findings imply that implementing additional unit of foreign institutional knowledge significantly improves international performance by 0.310 units. According to the findings, foreign institutional knowledge has ensured that information on strategies employed by competitors on foreign market as well as information on the foreign culture and how it determines the firm products is made available. Furthermore, the study found a positive ($\beta=0.287$) and significant ($\alpha=0.024$) relationship between foreign business knowledge and international performance of insurance firms. With effective foreign business knowledge, the study found that internationally applicable knowledge and technology is gained which results to improvement in performance. From the third specific objective, the study established that effective implementation of internationalization knowledge leads to increase in international performance. According to the findings, a unit advancement in internationalization knowledge leads to a positive improvement in international performance by a significant factor of 0.423 units. As a result, there is a positive and significant relationship between internationalization knowledge and international performance of Kenyan insurance firms that have regional presence. Based on the overall effect of foreign market knowledge on international performance, the study found that the three dimensions of foreign market knowledge explains 74.4% of international performance with a strong correlation effect of 0.863. As a result, the study recommends that effective strategies that support efficient implementation of foreign business knowledge, institutional business knowledge and internationalization knowledge should be implemented. Secondly, the study recommends that Kenyan insurance firms that have regional presence should establish effective organization culture that supports foreign market knowledge acquisition and implementation. An ample and favorable organization culture will allow implementation of acquired foreign market knowledge with ease and efficiency.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

A major challenge that internationalizing firms face is how much planning should be directed towards preparing before they enter a foreign market and whether they should enter alone or partners. This is because the decision to invest in foreign markets is faced with inadequate information and thus high level of uncertainty is associated with the decision (Hilmersson & Jansson's, 2018). Therefore, the success of a firm in its internationalization process will depend on its capacity to gain adequate information on a foreign market and in turn, on their capability to use knowledge gained to enter successfully the market. According to Lasagni (2012), foreign networks provide the necessary knowledge about local markets and share the same markets information with organizations that will wish to enter the foreign market in a collaborative arrangement or at a fee. The need for having knowledge about a potential foreign market is important in the context of firms that operate in developing countries, like Kenya, that often lack adequate information in a foreign market due to a lack of adequate resources to undertake market survey, either at individual level or through the use of formal research agencies (Jin & Jung, 2016). It is therefore anticipated that through structural and relational embeddedness with foreign networks, the ability to enter the foreign market would be influenced.

The research was based on three theories namely the Institutional based Theory (IBT) theory (Meyer & Nguyen, 2005), the International entrepreneurship theory (IET) Morrow (1988 and the Resource Based View Theory (RBV) (Barney, 1991).

The insurance industry in Kenya has experienced changes over the last two decades in both the number of players as well as the product range. With the entry of foreign

insurance firms into the local market by buying stakes in the existing firms or by setting new outfits, the Kenyan insurance market is becoming more competitive and this has necessitated diversification of operations into foreign markets, mostly in the East Africa Community market. According to the Insurance Regulatory Authority (IRA, 2019), most insurance firms in Kenya command between 4 – 12% of the local market and the same trend has been the same for the last decade which calls upon local insurance firms to expand their market reach outside their current market domain and to grow their product sales and market share. However, according to Shikwe (2016), the inability of the insurance firms in Kenya to enter foreign markets is due to a lack of adequate resources by virtue of their size and these firms should consider adopting different strategies – including alliance building to improve their operational performance in the foreign market.

1.1.1 International Networks

Information about foreign networks for a firm engaged in internationalizations is considered as an expensive exercise and towards mitigating this challenge, establishment of international networks is a critical strategy to receive foreign market information (Jackson & Young, 2016). This foreign market entry strategy is perceived to have beneficial impact in the sense that it will help reduce the level of uncertainty associated with penetration into foreign markets. According to Chetty and Blankenburg (2010) international network partner is a set of interconnected relationship established and carried out through a social exchange between individuals in different country firms with the aim of sharing business ideas. Further, Zain and Ng (2016) assert that international network describes a relationship between management teams in two firms and employees with the intention of sharing information with regard to the characteristics of customers,

government, distributors, bankers, or any other parties in the foreign country with the aim of fostering internationalization business that enable the firm to internationalise its activities. The network view therefore suggests that the success of a firm in a foreign market is largely dependent on the capacity of the firm to establish a vibrant network of associates in the foreign country and thus create specific competitive advantages. A firm that has its presence in a foreign market is expected to generate benefits as a result of the wide array of information available (Alcácer, Cantwell & Piscitello, 2016).

Subramaniam and Venkatraman, (2011) assert that foreign network collaboration enhance knowledge from around the world to a business venture that wants to expand its operations outside the country through launching of new products. In addition, through the foreign business collaborations, local firms are able to identify opportunities to expand internationally. For the local insurance firms, foreign network collaboration can help build a pathway for accessing knowledge necessary to enter foreign markets and to comply better to the foreign country laws and market demands unlike a situation where the firms enter without any knowledge (Ojala, 2015).

1.1.2 Foreign Market Knowledge

For a company, decision-making that is informed is a key source of sustainable competitive advantage and positive performance results (DeCarolis & Deeds, 2009). Indeed, Loane and Bell (2006) acknowledges that with regard to foreign knowledge it represents both a barrier and an opportunity to a firm that is internalizing its operations. Foreign market knowledge has been advanced by Chetty and Blankenburg Holm (2000) as representing having requisite information about a potential foreign market that will help a local firm gain a foothold in the market with far many challenges as opposed to

absence of the information. Indeed, Wincent, Anokhin, and Ortqvist (2017) asserts that establishment of international networks provides an important source of foreign country information which will have otherwise been expensive for a firm to source on their own and similarly enables a firm in overcoming of foreign country liabilities.

In accessing foreign knowledge for a firm that is internalizing, one of the strategies applied is the through forming a collaboration with foreign firms. Chen and Tan (2016) identify that new ventures can gain important information on a foreign market that can help in making proper strategies that relate potential customers, government regulations and norms as well as the resources that are required for the internationalization venture. Ellis's (2000) submits that business networks provide valuable connection and interpersonal relationship with other firms such that foreign opportunities can easily be identified. Similarly the social networks identified produce market information that generates a nexus between internationalization and firms' performance.

1.1.3 International Performance

International business concept has been defined by different scholars engaged in the foreign country market domain. Oviatt and McDougall (2018) submit that international performance refers to the extent to which firm sales objective is realized in a foreign market. Consequently, Moon (2010) opine that the international performance arises when a firm enters a global market and is a multidimensional construct that is measured through the level of market share enjoyed by a firm, growth in international sales, profitability in the foreign market, return on foreign investment and foreign customer satisfaction. Also supporting the stance taken by the preceding researcher is the definition of export performance by Martin, Javalgi, and Cavusgil (2017), who define it as the degree to which a firm's export objectives are realized in a foreign market via

execution of a certain strategy and approaches. Thus, the success of a firm's export performance may be measured in terms of factors such as success in entering a foreign market, attaining a new client segment in a foreign market, higher revenues as a result of exports, and also a gain in market share.

Ibrahim, Abdullah, and Ismail (2016) argue that the external export environment and internal business specific variables drive the performance of exports when discussing the corporate practices that impact its export performance. They point out that company's internal elements such as the selected strategy, organizational structure, competencies, and resources available; as well as the business's direction and export environment and market circumstances, are important considerations to make. Export success is also determined by critical firm abilities and resources such as connections, building skills, customer management, and the efficient use of readily accessible information, among other factors. The amount to which a nation has participated in economic blocs will also have an impact on its export performance, since such participation provides an advantageous environment for the export of products and services to other countries. Additionally, Brandi, Schwab, Berger, and Morin (2020) believe that a country's overall educational attainment, as well as its use of information technology, have a direct impact on the success of its exports.

1.1.4 Insurance Firms in Kenya with International Presence

One of the integral sectors in Kenya is the insurance industry due to its significant role in the economic development. The explanation is that due to its ability to mobilize savings and redistribution of risk, a well-developed insurance market is a lever for an effective deployment of capital. In Kenya, the insurance sector is regulated under the Cap 487 of

the Kenya Insurance Act and operates under the IRA which regulates, licenses and develops the insurance industry. By the end of 2019, a total of 55 insurance companies, 28 health insurers, 211 insurance brokers, 5579 insurance providers and 129 service providers and cost adjusters, several compensation officers, policy analysts, hazard managers or life insurance inspectors (IRA, 2019). In addition, the Association of Kenya Insurers (AKI), the Association for Insurance Brokers of Kenya (AIBK) and the Medical Insurance Practice Association of Kenya (MIPAK), are also some of the active associations that are also part of the insurance players. Currently, there are 17 Kenyan insurance companies have expanded to the regional market (Appendix II).

When it comes to the general insurance business, the insurance sector contributed slightly more than 62 percent of the total premium in 2019, while the motor insurance and medical insurance segments accounted for 66.8 percent of the gross premium income under the general insurance business in 2019. In Kenya, the performance of insurance companies over the last few years has registered mixed fortunes in terms of financial performance. Out of the 8 listed insurance companies, three issued a profit warning in 2019 while out of the 55 insurance companies, eight had issued a profit warning in the same period (CMA, 2019). Profit warnings represent cautionary statements by listed firms to the public and its investors over the expected dismal performances arising from either the business environment or the internal firm factors such as financial risks and competition.

1.2 Research Problem

The internationalization of firms is associated with uncertainty and risk filled that comes about due to information asymmetry concerning the foreign country. The goal of any firm that is considering internationalization of its operations is to gain enough

information about the foreign market to the extent that the level of uncertainty is minimized and the firm realises positive returns from the investment (Hilmersson & Jansson's, 2018). Indeed the extent of uncertainty in the internationalization process influences a firm's willingness to invest limited resources and consequently the importance of having adequate information before entering a new market is critical determinant to a firm's success in the international market. Knowledge and learning process for a firm that plans to venture into the international market play a significant role in the internationalization of firms because through the same, they are able to interact with international actors and gain the requisite experiential knowledge on the foreign market (Swoboda & Olejnik, 2016). Consequently, it is important that a firm gathers adequate knowledge about the foreign market target before venturing into but what has been in contention is the effect foreign country knowledge on the performance of the firms (Ojala, 2015). Due to the interest that international business has attracted globalization, a number of studies have been undertaken by scholars.

Stoian, Rialp, and Dimitratos (2017) investigated the influence of networking by manufacturing SMEs based in United Kingdom but with presence in the EU market. The findings suggest that inter-organizational networks affect the performance of the SMEs in the international market indirectly while knowledge in the foreign market positively affect the innovative behaviour of the firms. Kampouri, Plakoyiannaki and Leppäaho (2017) investigated what determines the network node for Swedish SMEs that had internationalized using a sample of 203 firms that operate in Southern Sweden but with operations in Chinese and Russian markets. The study findings is that customer-specific knowledge in a specific market had a dyadic network node configuration to firms establishing network connections but general knowledge significantly affects international performance of the SMEs.

Locally, Osoro (2013) researched on entry strategies to the COMESA region by Kenyan Insurance companies. The study findings reveal that many Kenyan Insurance firms prefer entry strategies that enable them retain ownership and control of the expansion process of which the predominantly used Greenfield strategy is favoured. Alokpo (2016) investigated the internationalization of operations and competitive advantage by the Kenyan commercial banks. The findings were that more than one entry strategy can be used by a firm depending on firm specific competencies and new unpredictable opportunities encountered during internationalization process. Maleche (2016) examined how the export performance of SMEs operating in Gikomba is affected by the internationalization and export performance. The findings suggest that building of key competencies to enter the foreign market and recommends collaboration as the better avenue for the Kenya firms to achieve internationalization objective.

From the above studies, though various studies with regard to the internationalization of firms have been undertaken on Kenyan insurance firms, majority of the studies investigated entry mode strategies being used by the firms to enter foreign market. However, the performance of the firms is not only dependent on the entry mode but also the knowledge that these firms have with regard to the foreign market. As a result, it is imperative that an investigation is carried out to establish how knowledge on foreign market influences performance of insurance firms in Kenya. This therefore results to the following research question: how does the international networks market knowledge affect the performance of insurance firms in Kenya with regional presence?

1.3 Research Objective

The objective of this study is to determine the role of international foreign market knowledge on the performance of insurance firms with regional presence in Kenya.

1.4 Value of the Study

Because of its results, it is possible to make significant progress in understanding the theoretical foundations of the internationalization of enterprises in developing markets. In terms of empirical research, this study contributes to the growing body of knowledge on the internationalization of enterprises in African nations, which are characterized by inadequate institutional practices in the majority of their countries. Further, different studies have enumerated the challenges faced by business units in Africa in attempting to spread their business tentacles to foreign firms and this research helps in identifying strategies that can be used to improve their international performance.

The Insurance companies also are able to device better internationalization strategies, specifically networking, that will result to better outcomes in the international trade. The research also of benefits researchers who will be able to identify the role of networking and at the same time identify ways of linking the different models developed to networking as a strategy. Further, the study has identified areas of research that can be pursued by researchers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Previous studies that relate on the role of network knowledge on the performance of export firms is covered in this section. The section also discusses the theoretical framework anchoring the study, a discussion on the influence of foreign knowledge on firm performance is also covered. Further, the section covers empirical studies relating to the study area and the research gap.

2.2 Theoretical Foundation

The study was guided by the Institution Based theory, International Entrepreneurship Theory and Resource based view theory. These theories are thought to explain how stakeholder involvement influences firm performance.

2.2.1 Institution–Based View

Institutional Based Theory (IBV) finds its origin from the work of Meyer and Nguyen (2005) and attempts to explain how the socio-cultural structures in an organization define the norms, schemes, rules, and routines that are going to operate in the organization behaviour. The theory opines that the way an organization operates does not arise without rationalized institutional rules which come out to the public as myths that that are upheld by all members in the institution. As a consequence, institutional theory has been advocated by many scholars as a relevant anchorage in emerging economies to explain the working of organization in situation where there is a weak legal framework and that law and order institutions are weak, just like the informal institutions (Cuervo-Cazurra, Mudambi, & Pedersen, (2019).

The institutional based theory suggests that well-developed institutions facilitate an effective and efficient performance of duties by an organization because of its capability to reduce operational costs in the market. on the other hand, underdeveloped institutions will incur higher operational costs, a situation that results in a market being in efficient. Consequently, the institutional based theory is of the opinion that an organizational structure is the main link in the firm's performance - such that when there is a well established structure, then the firm will be able to operate more efficiently (Chu, Yang, Lee & Park, 2017). Firms in developed countries tend to move out of their country of origins and set up operations in countries with less regulation due to the stifling regulatory environment in their home country (Kotabe & Kothari, 2016). The institutional theory therefore asserts that internationalization take place with the sole reason of reducing uncertainty in the mew business location. It therefore means that in the process of internationalization, firms need to pay particular attention to the institutional factors of the country in which they intent to move to. This is because the institutional development of a country vary from one another and thus influencing the movement of firm to another country (Dunning & Lundan 2008)

2.2.2 International Entrepreneurship Theory

The international entrepreneurship theory (IET) was advanced by Morrow (1988) and states that the main driver of a firm engagement in export activity is motivated by a fair trade program to the entrepreneur. An entrepreneur is characterized by diverse body of skills and sufficient information to analyze any opportunities that present themselves in the market and also has the ability to make stable associations with suppliers, local and international government, media and other firms (Bolzani& Der Foo, 2018). Being a risk-taker an entrepreneur will use the appropriate commodity more efficiently to gain

competitive advantage over the other market players. The International Theory of Entrepreneurship often notes that an entrepreneur must have appropriate foreign knowledge and experience and also must always try market expansion to benefit from suitable opportunities that exists in the market (Dana & Wright, 2009).

Morrow (1988) aver that technological advancements, general decline in cultural barriers and an increase in awareness of culture has resulted to the opening of foreign markets that were once considered remote to all types of firms that is small companies, well established companies and also new entrants. Not long after that McDougall's (1989) conducted an empirical study that compared both international and local new businesses, which opened up the way for the international entrepreneurship academic study. McDougall and Oviatt's (2000) also defined international entrepreneurship as encompassing innovativeness, risk seeking and proactive behavior that surpasses national boundaries and aims at creating value in firms. This is the most widely accepted definition. Later they embraced a more in-depth idea of entrepreneurship in defining it as the enactment, discovery, exploitation and evaluation of any opportunity that presents itself across national boundaries that result in creation of future services (McDougall & Oviatt, 2005). Therefore combining entrepreneurship as discussed by the international entrepreneurship theory with foreign knowledge network competence, might lead to increased performance of a foreign firm.

2.2.3 Resource Based View

The Resource Based View (RBV) theory was first established by Penrose (1959) and Wernerfelt (1984), and further advanced by Barney (1999). Business is seen by the RBV as a vital collection of both physical and intangible assets controlled by the customer and which enable the organization to create, implement, and measure strategic initiatives that

improve its productivity and efficiency. However, according to Barney (1991), a resource will be a source of competitiveness if it has specific distinguishing characteristics that separate it from the resources of other competitors in the marketplace. A resource's value, scarcity, and imperfection as a source of future and present rivals are all traits that are vital in establishing a sustained competitive advantage. It should also not give technically similar alternatives to existing commodities, among other requirements. However, since resources cannot be moved or entirely duplicated, it is assumed that the product marketplaces would remain steady and consistent across time (Barney, 1991, Kraaijenbrink et al., 2010).

As a result, regardless of how strong a company's competitive position is presently, it is necessary to support the strategy by employing accessible core competencies, customer-driven initiatives, and the continual development of current product and service advancements. Due to the fact that the existing capabilities will not serve as a source of competitive advantage unless and until management is able to successfully integrate these internal talents in order to produce synergy, as Boyer, Swink, and Rosenzweig (2005) point out, in the export sector, these controllable capabilities and resources determine the business's competitive advantage. As Styles and Lages (2016) noted, customer-oriented sensitivity and product-innovation capacities are specific and socially dynamic, and they are capable of producing specific export market positions. As a result, the organization will be willing to develop internal skills that will promote their long-term sustainability and construct their operational strategy. One of these internal skills is the internationalization process, which is now underway.

2.3 Foreign Market Knowledge and Firm Performance

Subramaniam and Venkatraman (2011) established that foreign network collaborations avails new information on product development since information from the prospective

new market will be accessible to the firm. This information that will help in product development, product design, available substitute products in the market and facilitate the development of an institutionally legitimized product and a product that is able to measure to the prevailing culturally adaptable product for the global marketplace since the input of the foreign customer will have been incorporated. This advantage of foreign country knowledge and networks is further highlighted by Mort and Weerawardena (2006) who noted that Australian venture firms that have expanded their operations to the foreign market have adopted environmentally friendly air conditioning systems that suit their prospective markets courtesy of establishing appropriate networks with the foreign market.

Mudambi et al., (2014) emphasize the important role of international knowledge transfer in gaining an organisations' competitive advantage. They found that international knowledge transfer induces internationalisation because of the associated benefits such as improved technological and organizational competencies, a wider knowledge base and improved organisational embeddedness. Internationalization of firms results in gaining of cluster-based knowledge that a specific country is endowed with such as diverse industries, technical support from the academic world, well-educated work force, operations of the local institutions and distributions networks of their products (Porter & Sölvell, 1998).

Musteen, et al., (2014) investigated the effect of the acquisition of the foreign market knowledge resulting from the international networks developed by the 169 SMEs in the Czech Republic that had internalized. The findings were that firms with a wider pool of international networks developed a larger stock of foreign market knowledge in the

prospective country of business and consequently resulted in reduced risk on their first international venture. The findings supports the views of the social network theory which postulates that a wider spectrum of international networks has a direct effect on the quantity and quality of information available to the new venture and thus less redundant knowledge will be used in making decisions (Burt, 2002). This finding further support the view that an internationally diverse network is able is to generate improved firm performance.

The importance of firm internal factors and characteristics has been shown to affect the Kenyan SME export performance. Kitonyi, Yabs, Kibera and Gathungu (2020) investigated how a combination of firm resources and macro environment affect the export performance of the SMEs operating in the Nairobi CBD. By measuring firm resources through use of financial and human capital, and raw materials, it was found that firm resources positively and significantly affect the export performance of SMEs. Organizational characteristics as measured by firm size, managerial skills and age of the firm were found to moderate the effect of firm resources on export performance. Therefore, as found by Okeyo (2013) and Kithusi (2015), the export performance of a firm is not affected solely by one or few factors, but rather a combination of different variables.

Stoian, Rialp, and Dimitratos, (2017) investigated the influence similar sector SMEs firms in United Kingdom and how their performance is affected by networking in a foreign country. Foreign country knowledge improve the innovative behaviour of a firm as a result of better understanding of a foreign market business environment, the better marketing techniques and appropriate distribution channels. In the same vein, effective

network strategy has been associated to improved export performance because of the ability to share technological and human resources knowledge emanating from the interaction within the network (Beamish & Lupton 2009). In order for the network relationship to result in better internationalization process, Musteen, Datta and Butts (2014) opines that there need to be a strong network relationship in the sector in which the firm operates. A high network density represents a situation in which there are several members in a network through which they can liaise with one another as a bridge between disconnected parties.

Argote, McEvily and Reagans (2008) identified the strength of the foreign network ties as another important dimension that defines the closeness of the members in the relationship. Strong ties come about after a long period of interaction while weak ties represent the absence of such relationships and are characterized by limited emotional investments. While the long held view is that strong ties are beneficial, Poppo, Zhou and Zenger, (2008) hold a contrary opinion that building and maintaining strong ties is very expensive and thus ends up being costly. Despite the possible cost of building the strong ties, Freeman, Hutchings, Lazaris, Zyngier (2010) emphasize that the benefits result in improved trust, willingness to help of partners and mutual confiding of members.

Kirunga (2016) investigated the role of international network management as a source of competitiveness among SMES within the NCBD. The research findings were that local SMEs enter into partnerships with foreign partners in order to increase the firm's capacity to compete at the international market and also to be able to enhance the firm's productive capacities and access external relations with new knowledge. Among the operational areas that were found to be positively affected by the networking process

include enhancement of employees' tacit knowledge and organizational knowledge capacity as well as management of organizational costs that the SMEs incur in their trade.

Nyaga (2016) researched on international market entry strategies used by Stantech Motors Limited in Kenya. The study established that Stantech Motors Ltd entered international business as a franchise with licenses to import completely knockdown kits (CKDs) and assemble on behalf of four Chinese manufacturing companies. SML also currently sells brands under the franchise arrangement locally and exports to Uganda and Tanzania. The study further revealed that the company encountered various challenges in implementing the international strategy. Their greatest challenges at inception were raising the capital required to establish the international collaboration, perception on quality of the Chinese vehicles by Kenyans and cultural differences.

2.4 Chapter Summary and Knowledge Gaps

In reference to the above studies undertaken, both locally and internationally, it can be established that majority of the studies suggest that foreign firm networking has a positively affect performance of firms engaged in foreign market business. Locally, the studies that have delved into the internationalization of firms have looked at the role of networks and entry modes of internationalization on the organization outcomes. These studies show that foreign knowledge is valuable both in a foreign firm being able to identify opportunities and also those firms engaged in establishing new ventures in foreign countries. The studies have linked foreign networks knowledge to improved firm outcome as measured by growth, survival and profitability.

As a result of their foreign market knowledge, businesses with international market experience and understanding are more willing to commit to international markets,

resulting in a less uncertain internationalization process and a higher commitment to international markets. Businesses should evaluate their previous foreign market entry (FME) knowledge, which accounts for a significant portion of their overall international market experience and knowledge, and their current foreign market entry (FME) knowledge before making a decision on whether or not to pursue new foreign market entry. If early FMEs were beneficial in subsequent FMEs for reasons such as better understanding the market and learning from prior operations, as well as developing new technical knowledge, it is likely that the extent to which early FMEs were beneficial will be reflected by the extent to which they were beneficial in subsequent FMEs. Being well-versed in FMEs is essential because it not only results in less uncertainty in future FMEs, but it also has the potential to assist SMEs in terms of FME success as a consequence of the information acquired.

Research on internationalization of organizations has evolved over the last two decades from a more rationalistic perspective, in which market knowledge is prominent, to a more pragmatic approach, in which firms' relationships and ties with other businesses, as well as their position within business networks, are considered to be the most important drivers of internationalization for a company. Especially in the context of multinational enterprises (MNEs), where difficulties in transferring information and knowledge from subsidiaries to headquarters, as well as difficulties in transferring decisions from headquarters to subsidiaries, necessitate and call for a more realistic view of the modern MNE. Small and medium-sized enterprises (SMEs) are different from multinational enterprises in terms of their structure (for example, their size and ownership) and behavior (for example, their flexibility). It is believed that internationalizing SMEs represent another appropriate context in which we must understand the relevance of

international market knowledge, in particular the role of FME knowledge, and business networks, among other things.

According to the network method, markets are not constrained by geographical boundaries, and internationalization occurs inside a network framework as a consequence of globalization, as opposed to the traditional approach. In many firms, customer satisfaction is the most essential unit of study, rather than overall customer satisfaction or national satisfaction. It is likely that the previously adopted country-based worldwide market selection approach will become inapplicable in the near future, given the present economic climate and business environment. When organizations operate in a networked environment, insider knowledge is more effective in discovering and developing opportunities than running after what has historically been seen as theoretical prospects that are predicated on questionable market potential information, as has been the case in the past. Many experts believe that network and effectuation theories are particularly advantageous for organizations that are just getting started with their internationalization efforts.

Comparatively to using a planned goal and a set of plans in place before attending the networking event, the use of an effective resource-driven approach in networking enhances the possibility that businesses will be able to adapt to changing circumstances. The findings of a number of empirical studies have revealed that, in the early stages of internationalization, organizations are more likely to use network and effectuation approaches in order to acquire relevant resources and new opportunities that will aid them in their internationalization endeavors than large corporations. Internationalization approaches that are based on effectuation have the potential to assist a wide range of businesses that use more traditional and older internationalization strategies, as well as

multinational organizations. Traditional and older organizations face hurdles that are almost equal to those faced by new businesses when entering new overseas markets, according to the World Bank. This is due to the fact that they are loaded with liabilities of modest size, have overstretched resources, and are subjected to a high degree of unpredictability in their business operations.

By reviewing the above studies, two issues come to the foreground which forms the basis of the study gap. One majority of the studies have been undertaken in European countries with developed economies that are characterized by well established regulatory framework as legal system that is more protective to business agreements. Secondly, only a few firms have investigated how foreign market knowledge affect firm performance during the internationalization process. Hence this research sought to fill in the gaps by investigating how foreign knowledge influences the performance of Kenyan foreign insurance firms.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

It is discussed in this part how the methodology used in the research was successful in achieving the study's goal. The research design of the study, the target population, and the techniques involved in data collection are all subjects covered in this chapter, among others. Furthermore, the methodology and statistical data metrics that was used is also discussed.

3.2 Research Design

The study design offered information regarding the sort of approach that was used in order to attain the aims and objectives that were set forth in the research. It is referred to as a blue print, a master plan that details strategies, methods, and processes for acquiring and analyzing the information necessary, or simply a framework or action plan for research and development projects (Collis & Hussey, 2017).

Descriptive research design was used because the research was a univariate problem and thus the researcher did not interfere in the data collected. This research design was used in establishing the effect of international network knowledge on the export performance of insurance firms with regional presence.

3.3 Population of the Study

In the words of Hancock and Algozzine (2016), a study population is a collection of study components that may be either living or non-living items that a researcher has formed an interest in researching during the course of a certain hypothesis. It is selected which of these parts of research, the target population, will be studied depending on a variety of considerations such as geographical limitations of study scope, availability of

resources, and time constraints. It was decided that all insurance firms operating in Kenya that have extended their business outside of the country would be included in the research. Insurance Regulatory Authority (IRA) estimates that there were 32 insurance companies in Kenya with operations in the regional market as of the end of the calendar year 2020 (Appendix II). This comprised the study population, and since the number of enterprises was limited, the research was conducted as a census of the industry.

3.4 Data Collection

That study used primary data that was collected via structured questionnaires, which resulted in the usage of closed-ended questions. Quick responses were received courtesy of closed ended questions. Section A of the questionnaire examined the demographics of respondents and target groups, while Section B sought to determine the impact of internationalization network expertise on the performance of insurance companies with a regional footprint. Section C linked the relationship between international network practices and performance of the insurance firms. The questionnaire was administered through a combination of the e-mail and the “drop and pick” latter strategy. The target respondents were business development and strategy managers, marketing managers and finance managers of the insurance firms.

3.5 Data Analysis

In order to give exact results in accordance with the study's purpose, after collecting data, it was necessary for the researcher to align the responses in order to fulfil the expectations of completeness, consistency, and accuracy, all of which were met. Following that, data cleaning was carried out in order to remove any missing values that may have had a detrimental impact on the results, and data entry was carried out using the completed questionnaire.

The questionnaires that were deemed to be properly filled and suitable for analysis were coded numerically. The mean and standard deviation were two descriptive statistics that were used. Regression analysis was used to determine the strength of the relationship between international network knowledge and performance for insurance companies with operations outside of the country. The findings were presented in tables, and to determine the strength of the relationship between international network knowledge and performance for insurance companies with operations outside of the country, tables were used.

The model of analysis took the following form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where,

Y	-	Performance
$\beta_1 - \beta_3$	-	Regression Coefficients
X ₁	-	Foreign Institutional Knowledge
X ₂	-	Foreign Business Knowledge;
X ₃	-	Internationalization Knowledge
ε	-	Error term

CHAPTER FOUR: RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the findings of a data analysis carried out in accordance with the technique described in the preceding chapter. Respondents and demographic information about the organization are two of the particular sub-topics discussed in this chapter. On the measurements of the advantages and hurdles to international knowledge adoption, descriptive findings is presented. In contrast, inferential statistics was used to establish a link between the predictor and the outcome variables in this study. Tables were used to present the results, which included both descriptive and inferential analyses.

4.2 Response Rate

The response rate is used to determine a test's statistical power; the higher the response rate, the greater the test's statistical power. A total of 64 questionnaires were issued having distributed 2 questionnaires to each to the 32 firms with 56 being filled and returned. The response rate outcome is presented in Table 4.1.

Table 4. 1 Response Rate

Questionnaires	Number	Percentage
Filled and collected	56	87.5
Non-responded	8	12.5
Total	64	100

It is deemed sufficient when the rate of response is 50%, acceptable when the rate response is 60%, and excellent when the rate response is 70% or above, according to Mugenda & Mugenda (2003). According to Bailey (2000), a response rate of 50 percent is deemed sufficient, whilst a response rate of more than 70 percent is considered

exceptional for representative findings. Consequently, 87.5 percent response rate was deemed sufficient for drawing inferences and drawing conclusions with regard to the study topic.

4.3 Demographic Information

More information about the study topic may be gleaned from demographic information. Because they give a wide overview of the diverse features of a population, demographics are very significant.

4.3.1 Age of the Respondents

Age of the respondents is an important demographic characteristic that tells more about thinking perception of the respondents. Different age groups have different ways of handling issues with older people referred to as conservative compared to the “digital generation”.

Table 4. 2 Age of the Respondents

Category	Frequency	Percent	Cumulative Percent
18-30 years	4	7.1	7.1
31-40 years	15	26.8	33.9
41-50 years	27	48.2	82.1
51-60 years	10	17.9	100.0
Total	56	100.0	

In relation to the age of the respondents, it was established that nearly half of the respondents (48.2%) were aged 41-50 years, 26.8% were between 31 and 40 years old, while 17.9% and 7.1% fell under the age bracket 51-60 years and 18-30 years respectively. The findings shows that there was diversity as far as age of the respondents is concerned implying that the responses came from diversified age background that is characterized by different way of thinking.

4.3.2 Departmental Designation

The respondents were asked to indicate the departments that they belong in their respective organizations. Foreign market penetration is related with different departments in an organization that deals with coordination of various activities that relates to marketing, distribution as well as research and development.

Table 4. 3 Departmental Designation

Category	Frequency	Percent	Cumulative Percent
Business development and strategy	17	30.4	30.4
Marketing	28	50.0	80.4
Finance	11	19.6	100.0
Total	56	100.0	

From the findings, it was established that half of the respondents were from marketing department, 3.4% from business development and strategy while 19.6% from finance. The findings imply that majority of the respondents were informed on international network knowledge since the departments mentioned deals with marketing and strategy development.

4.3.3 Management Designation

The study sought to establish the level of management and cadre of the respondents involved under study so as ascertain whether they take part in the decision making process.

Table 4. 4 Management Designation

Category	Frequency	Percent	Cumulative Percent
Top management	17	30.4	30.4
Middle level management	28	50.0	80.4
Supervisory	11	19.6	100.0
Total	56	100.0	

The study established that half of the respondents (50.0%) were middle level managers, 30.4% were top managers while 19.6% were supervisors in various departmental tasks. As a result, the implication drawn from the findings is that the respondents actively participated in decision making as far as international network knowledge is concerned. Therefore, the respondents were informed in the relationship between international network knowledge and performance.

4.3.4 Respondents Industry Experience

The research sought to determine the respondents' degree of expertise in order to assess their understanding of organizational foreign market knowledge and the impact of this understanding on international performance.

Table 4. 5 Respondents Industry Experience

Category	Frequency	Percent	Cumulative
0-3 years	7	12.5	12.5
4-5 years	32	57.1	69.6
Over 5 years	17	30.4	100.0
Total	56	100.0	

The findings in relation to industry experience of the respondents shows that 57.1% of the respondents had 4-5 years of experience, 30.4% had been in the industry for over 5 years while 12.5% indicated that they have 1-3 years of experience in the insurance sector. The findings implies that majority of the respondents had adequate experience in the sector and therefore they were adequately informed on the subject of the study.

4.3.5 Highest Level of Education Attained

Respondents' level of education informs the researcher about questionnaire understandability of the respondents.

The more the learned the respondents, the higher the understanding capacity and thus credibility of the responses is enhanced.

Table 4. 6 Highest Level of Education Attained

Category	Frequency	Percent	Cumulative Percent
Diploma	14	25.0	25.0
Degree	34	60.7	85.7
Post graduate	8	14.3	100.0
Total	56	100.0	

Based on the findings, the study established that majority of the respondents, 60.7% have attained undergraduate degree qualifications, a quarter of the respondents (25%) have diploma qualifications while 14.3% have post graduate qualifications. The findings imply therefore that the respondents were educated and hence understanding of the questionnaire items was not a problem.

4.3.6 Organization Ownership Structure

The ownership structure is important in corporate governance because it influences the incentives of managers and as a consequence, the efficiency of the company. The ownership structure is determined by the distribution of equity in terms of votes and capital, as well as the identification of the equity owners. The study is therefore aimed to establish whether the organizations of interest are locally, foreign or partially foreign and locally owned because ownership structure will influence foreign market penetration.

Table 4. 7 Organization Ownership Structure

Category	Frequency	Percent	Cumulative Percent
Locally owned	31	55.4	55.4
Foreign ownership	13	23.2	78.6
Partially foreign and locally owned	12	21.4	100.0
Total	56	100.0	

From the findings, it was established that 55.4% of the respondents indicated that the insurance firms they are working for have local ownership, 23.2% indicated that they

work for foreign insurance company while 21.4% indicated that they work for insurance firms that are partially foreign and locally owned. This imply that majority of insurance firms with regional presence in Kenya are owned locally.

4.4 Descriptive Statistics

This section sought to find out whether the statements on foreign market knowledge dimensions varies or are in agreement with the current operating environment of the insurance firms studied. The range was from 1 to 5 Where, 5 = strongly agree; 4 = agree; 3 = neutral; 2 = disagree; 1= strongly disagree. The means that are greater than 3.5 imply that majority of the respondents agreed with the statement while the means less than 2.5 shows that there was disagreement among majority of the respondents on the view of the statement. In both cases, a standard deviation greater than one indicates a significant degree of variation among respondents in their responses to the rating of the statements, and vice versa.

4.4.1 Foreign Institutional Knowledge

Table 4. 8 Foreign Institutional Knowledge

Statement	N	Mean	Std. Deviation
Information on strategies employed by competitors on the foreign market are made available	56	4.036	.80824
Network partners facilitate timely availability of knowledge	56	4.018	.52192
Information on the foreign culture and how it determines the firm products is made available	56	3.893	.77878
The capability of the insurance firm search is enhanced by the foreign network partners	56	3.857	.84053
Information relating to foreign competitors in the country is made available	56	3.804	.92283
Political and legal environment requirements is made available in to the insurance firm	56	3.786	.82494
Information relating to prevailing trends in the foreign market is readily made available	56	3.696	.73657
The firm has access to diverse information about foreign knowledge	56	3.339	.74533
Overall mean	56	3.803	

In regard to the findings on foreign institutional knowledge, majority of the respondents agreed that information on strategies employed by competitors on the foreign market are made available (mean=4.036) and that network partners facilitate timely availability of knowledge (mean=4.018). In addition, the respondents agreed on the fact that information on the foreign culture and how it determines the firm products is made available (mean=3.893) whereby capability of insurance firms in searching for international market knowledge is enhanced by the foreign network partners (mean=3.857). Further, the study established that information relating to foreign competitors (mean=3.804) and political and legal environment requirements (mean=3.786) is made available to the insurance firm. Further, the study also established that information relating to prevailing trends in the foreign market is readily made available (mean=3.696) and in summary, the study established that the insurance firms under study have access to diverse information about foreign knowledge (mean=3.339). From the findings, it is evident that insurance firms with regional presence in Kenya have attained considerate foreign institution knowledge as indicated by the overall mean of the statements. The low standard deviation shows that the responses inclined within the mean value with majority of the respondents agreeing with the statements.

4.4.2 Foreign Business Knowledge

Table 4. 9 Foreign Business Knowledge

Statement	N	Mean	Std. Deviation
Business relationship has resulted as a source of business knowledge	56	4.268	.75054
Business relationship has resulted in new products	56	4.125	.71510
Information on the future nature of the relationship	56	4.054	.79589
The business relationship has resulted in new technology	56	4.054	.67203
Information on competitor products is gained	56	3.946	.64441
Customer production processes is gained	56	3.839	.65441
Information on the customers cooperation is gained	56	3.482	.78604
Overall mean	56	3.967	

In relation to foreign business knowledge, the study established that business relationship has resulted as a source of business knowledge (mean=4.268) with majority of the respondents also agreeing that business relationship has resulted in new products (mean=4.125). With increased organization forecasting ability, the study found that information on the future nature of the relationship with different international stakeholders is available (mean=4.054) whereby business relationship has resulted in new technology (mean=4.054). As a result of good business relationship from regional dimension, information on competitor products (mean=3.946), customer production processes (mean=3.839) and information on the customers cooperation (mean=3.482) are acquired efficiently. The results shows that insurance firms have enhanced strategies that ensures foreign business knowledge from different dimensions is acquired with strategic intention of enhancing performance.

4.3.3 Internationalization Knowledge

Table 4. 10 Internationalization Knowledge

Statement	N	Mean	Std. Deviation
The firm has ability to analyze costs better courtesy of the foreign partners	56	4.143	.67227
Transportation facilities and distribution has been facilitated by the foreign networks	56	4.143	.77292
The firm has gained knowledge on formation of foreign subsidiaries	56	4.089	.51440
The firm has been able to gain unique knowledge on the foreign market	56	4.000	.78625
The firm has gained for knowledge on foreign experience	56	3.929	.82808
Networking on knowledge about foreign knowledge	56	3.875	.78769
The firm has gained for knowledge on foreign knowledge	56	3.786	.67995
Overall mean	56	3.995	

The study aimed to establish the extent at which insurance firms under study have gained adequate internationalization knowledge. From the findings, it was established that as a result of gained internationalization knowledge, the firms have the ability to analyze

costs better (mean=4.143) and that transportation facilities and distribution networks have been facilitated by the foreign networks (mean=4.143). In addition, the respondents agreed on the fact that the firms investigated have gained knowledge on formation of foreign subsidiaries (mean=4.089) and have also been able to gain unique knowledge on the foreign market (mean=4.000), knowledge on foreign experience (mean=3.929) as well as access to networking on knowledge about foreign knowledge (mean=3.875). From the findings, it implies that the firms under study have considerably enhanced acquisition of internationalization knowledge with a view of creating international knowledge and networking.

4.4.4 Foreign Market Knowledge and International Performance

Table 4. 11 Foreign Market Knowledge and International Performance

Statement	N	Mean	Std. Deviation
The managers are able to avoid costly mistakes from the new markets	56	4.482	.63220
The insurance firm can better position its products in the foreign market	56	4.268	.61765
The insurance firm is able to cope with the disadvantage of small size in the foreign market due to the established	56	4.250	.71985
Manager's ability to deal with risk in the foreign market is better enhanced	56	4.125	.78769
The firms' managers are able to spot business opportunities in the foreign market much faster	56	4.107	.80178
The liabilities of foreignness in the new market is limited due to the network knowledge	56	4.054	.44393
The lack of legitimacy in the foreign market is reduced due to the network	56	3.946	.67203
The cost of operating in the foreign country is reduced due to the networks formed	56	3.786	.77961
Overall mean	56	4.127	

Based on the descriptive statistics on the effect of foreign market knowledge on international performance of insurance firms with regional presence in Kenya, it was established that the managers are able to avoid costly mistakes from the new markets (mean=4.482) due to experience gained from foreign market knowledge. The study

respondents also agreed that insurance firms can better position their products in the foreign market (mean=4.268) with majority of the firms being able to cope with the disadvantage of small size in the foreign market due to the established knowledge of competing with firms enjoying economy of scale (mean=4.250). According to majority of the respondents, manager's ability to deal with risk in the foreign market is better enhanced (mean=4.125) and are able to spot business opportunities in the foreign market much faster (mean=4.107). On the other hand, the study established that lack of legitimacy in the foreign market is reduced due to poor network (mean=3.946) but again, the cost of operating in the foreign country is reduced due to the networks formed (mean=3.786). The study findings imply that foreign market knowledge has greatly enhanced international performance of insurance firms with regional presence in Kenya.

4.7 Regression Analysis

In order to obtain the linear equation that would statistically link the variables under investigation, regression analysis is done. When the coefficients of one or more independent variables are set at a certain unit value, the resultant linear model may be used to help forecast the value of the dependent variable by predicting the value of the independent variable. The statistical program for social sciences was used to perform the multiple regression analysis for the variables under consideration in this research (SPSS V 26.0). The model summary, ANOVA, and regression coefficients table are the three subsections of the regression analysis that are used for interpretation.

4.7.1 Summary model

Table 4.12 shows the summary of regression findings for the model, which includes the coefficients of correlation (R), coefficients of determination (R square), adjusted R square, and standard error of estimate. The coefficient of determination reflects the

amount to which differences in the outcome variable can be explained by variations in the independent variables or the ratio of variation in the dependent variable, which in this instance is international performance.

Table 4. 12 Summary model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.863 ^a	.744	.729	.56507

a. Predictors: (Constant), Internationalization Knowledge, Foreign Business Knowledge, Foreign Institutional Knowledge

The research findings presented in Table 4.12 demonstrate that the dimensions of international networks knowledge (internationalization knowledge, foreign business knowledge, foreign institutional knowledge) have a positive and significant correlation ($r=0.863$) with the international performance of insurance firms operating in Kenya's sub-regional market. With a R squared of 0.744 (also known as the correlation coefficient), it can be deduced that independent factors evaluated in the current research accounted for 74.4 percent of total international performance of the companies under examination. This implies that additional variables other than those included in the current research are responsible for 25.6 percent of the international success of the companies.

4.7.2 Analysis of Variance

Using the probability of F-statistic and the significance value of F statistic, Table 4.13 gives statistical findings from an analysis of variance that explains model fitness based on the likelihood of F-statistic and significance value of F statistic.

Table 4. 13 Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.253	3	16.084	50.373	.000 ^b
	Residual	16.604	52	.319		

Total 64.857 55

a. Dependent Variable: International performance

b. Predictors: (Constant), Internationalization Knowledge, Foreign Business Knowledge, Foreign Institutional Knowledge

Using ANOVA as a model, the researcher discovered that the F statistic was 50.373 and that the level of significance was 0.000, which was less than 0.05. Given the results, it is reasonable to conclude that the model was statistically appropriate for demonstrating the association between knowledge about internationalization, foreign business knowledge, foreign institutional knowledge, and the international success of insurance companies with a regional presence in Kenya are all important factors to consider.

4.7.3 Coefficients of regression analysis

The coefficients of regression are useful in determining the degree to which each independent variable may have an influence on the outcome variable (the dependent variable). One of the outcomes of regression analysis is the regression coefficient table. The table has constants that are fixed in the model to give a relational aspect of the variables under consideration.

Table 4. 14 Coefficients of regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			
(Constant)	.080	.261			.308	.760
Foreign Institutional Knowledge	.310	.130	.300		2.384	.021
Foreign Business Knowledge	.287	.123	.275		2.328	.024
Internationalization Knowledge	.423	.113	.382		3.739	.000

a. Dependent Variable: International performance

It has been shown by statistical modeling that by holding constant foreign institutional knowledge, foreign business knowledge, and internationalization knowledge, the international performance of insurance enterprises will have a constant improvement in performance by a value of 0.08 percent each year. However, enhancing foreign

institutional knowledge by a unit value increases international performance by a positive value of 0.310 which, according to the findings, is statistically significant ($\alpha=0.021$). On the other hand, establishment of strategic foreign business knowledge in the insurance firms increases international performance by a constant figure of 0.287 which the study established to be significant ($\alpha=0.024$). Similarly, the study found that inculcating efficient internationalization knowledge enhances international performance by a significantly ($\alpha=0.000$) positive factor of 0.423. In other words, a growth in all dimensions of foreign market knowledge has a positive and substantial link with international performance, in the sense that an increase in all areas of foreign business knowledge leads to an increase in international performance.

The resulting linear model is therefore presented as;

$$Y = 0.080 + 0.310(\textit{foreign institutional knowledge}) + 0.287(\textit{foreign business knowledge}) + 0.423(\textit{internationalization knowledge}) + \textit{Error term}$$

4.8 Summary of the Findings

The study's main goal was to determine the influence of internationalization knowledge on the international performance of insurance businesses, which have a regional presence in Kenya. The research focused on three important areas of internationalization knowledge: foreign institutional knowledge, foreign business knowledge, and internationalization knowledge. The findings were presented in three parts. An association between foreign institutional knowledge and the international performance of the insurance companies under investigation was discovered, according to the findings of the research. Thus, increased integration of foreign institutional knowledge improves the international performance of the enterprises under investigation. The findings are in support of Musteen, et al., (2014) that foreign institutional knowledge improves efficiency of institutional operations which increases service delivery locally and internationally.

Similarly, the study established that foreign business knowledge positively and significantly affect international performance of insurance firms. According to the findings, increase in implementation of strategies that improves the state of foreign business knowledge in the organization improves methodologies that international business is applied thus enhancing efficiency of international business operations. The study supports earlier findings by Patel, et al., (2014) that foreign business knowledge improves acquisition of innovative procedures for product development for international customers thus improving international performance.

Based on the relationship between internationalization and international performance of insurance firms, the study found a positive and significant relation between the variables. In essence, advancement in internationalization knowledge enhances international performance significantly. The findings are in tandem with Fernhaber and Li (2013) that new ventures internationalization is enhanced through geographically proximate firms and alliance partners that provide important local and international information which is connected to increased international performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary, conclusion and recommendations of the findings in accordance with the analysis results in the previous chapter. The recommendations provided in this chapter are for theory and application in firms in equivalent sector that the present study focused on. The chapter also presents the limitations and suggestions for future studies.

5.2 Summary of the Findings

With this study, the researcher hoped to determine the effect of foreign market knowledge on international performance of Kenyan Insurance companies with regional presence. The study included four dimensions to effectively examine foreign market knowledge: foreign institutional knowledge, foreign business knowledge, and internationalization knowledge. This allowed for more efficient research on foreign market knowledge. A combination of descriptive and inferential statistics were used in the current research to analyse the data. Using descriptive statistics, you may figure out what the distribution of data values looks like when the data values are categorized according to the variables of interest. Inferential statistics, on the other hand, is used to determine the link between the dependent and independent variables by computing the correlation coefficient. The study found that foreign institutional knowledge, foreign business knowledge, and internationalization knowledge were all well-implemented, as shown by average means of the variables above 3.8.

Based on inferential statistics, the study established that foreign institutional knowledge has a positive and significant relationship with international performance of the companies under investigation. With a beta coefficient of 0.310 and significance value of 0.021 (less than 0.05), the findings imply that implementing an additional unit of foreign

institutional knowledge significantly improves international performance by 0.310 units. According to the findings, foreign institutional knowledge has ensured that information on strategies employed by competitors on foreign market as well as information on the foreign culture and how it determines the firm products is made available. Thus, organizations are able to strategize their performance to suit international market and surpass the quality and designs of competitors hence creating a competitive edge at the international market.

Furthermore, the study found a positive ($\beta=0.287$) and significant ($\alpha=0.024$) relationship between foreign business knowledge and international performance of insurance firms. In response to enhancing foreign business knowledge, the study established that business relationship has resulted to business knowledge thus enhancing development of new products that are marketable in international business arena. With effective foreign business knowledge, the study found that internationally applicable knowledge and technology is gained which results to improvement in performance.

From the third specific objective, the study established that effective implementation of internationalization knowledge leads to increase in international performance. According to the findings, a unit advancement in internationalization knowledge leads to a positive improvement in international performance by a significant factor of 0.423 units. As a result, there is a positive and significant relationship between internationalization knowledge and international performance of insurance firms that have regional presence in Kenya.

Based on the overall effect of foreign market knowledge on international performance, the study found that the three dimensions of foreign market knowledge explains 74.4% of international performance with a strong correlation effect of 0.863. The findings thus imply that in general, there is a strong correlation between; internationalization

knowledge, foreign business knowledge, foreign institutional knowledge; and international performance is statistically strong.

5.3 Conclusion

Foreign market knowledge, according to the findings, play a significant role in enhancing insurance firms' performance. According to the findings, information on strategies employed by competitors in foreign market are made available as a result of effective foreign institutional knowledge. Other factors held constant, foreign institutional knowledge enhances international performance significantly. The study concludes that appropriate implementation of institutional foreign knowledge enhances international performance of Kenyan insurance firms that have regional presence significantly.

Additionally, the study established that foreign business knowledge and international performance have a positive and significant relationship. Consequently, it is concluded that availability of adequate foreign business knowledge in a firm acts as a source of business ideas and knowledge in foreign market. The study also concludes that foreign business knowledge leads to creation of new products in the firms that are available internationally. Foreign business knowledge also enhances gaining of new information regarding product development as a result of new technologies gained from foreign developed countries.

On the other hand, the study found that internationalization knowledge positively and significantly affects international performance of Kenyan insurance firms that have regional presence. With effective implementation, the study concludes that insurance firms will have the ability to analyze costs of service delivery effectively. In addition, the firms will have appropriate foreign networks that facilitates distribution and

transportation. Therefore, internationalization knowledge plays a significant role in creating international perspective within a local and regional firm.

5.4 Recommendations

From the findings, the study established that foreign market knowledge dimensions have a positive and significant relationship with international performance. As a result, the study recommends that effective strategies that supports efficient implementation of foreign business knowledge, institutional business knowledge and internationalization knowledge should be implemented. Secondly, the study recommends that Kenyan insurance firms with regional presence should establish effective organization culture that supports foreign market knowledge acquisition and implementation. An ample and favorable organization culture will allow implementation of acquired foreign market knowledge with ease and efficiency.

In addition, the study recommends that the management of insurance firms to devote more resources towards research and development. This is meant to harness innovative ideas and make employees gain appropriate knowledge that will spearhead development of effective insurance products for customers. Employees can also be equipped with foreign market knowledge via effective training in the organization.

5.5 Limitations

The study encountered a few setbacks although the researcher devised proper ways that ensured achievement of study objectives was not haltered. First, the aim of the study was to establish the effect of foreign market knowledge on international performance of insurance firms that have regional presence in Kenya. As a result, the study was limited to insurance firms of Kenyan origin that have regional presence.

Secondly, the study faced a challenge in data collection since the interviewees were busy however, the researcher took time to convince them to fill in the questionnaire. Moving from one insurance firm to another was also a big challenge in data collection. To mitigate this limitation, research assistants were hired and deployed in some insurance companies. The study was also limited to descriptive statistics and not longitudinal although it was not a threat in achievement of study objectives.

5.6 Suggestions for Further Studies

The study focused on the effect of foreign market knowledge on international performance of Kenyan insurance firms that have regional presence. As a result, the study recommends that future studies be done on the topic while focussing on different sector of economy in order to establish whether there is different view of the findings. The study used descriptive statistics and whether the findings can be generalized in different designs is subject to confirmation by future scholars.

The study incorporated three major foreign market strategies as independent variables in the study. It is therefore suggested that future scholars should consider incorporating more dimensions of foreign market knowledge to establish whether there is more or reduced effect on international performance.

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APPENDIX I: QUESTIONNAIRE

This questionnaire aims at collecting data relating to influence of International networks knowledge on the performance of insurance firms in Kenya. The data to be collected will solely be for academic. Kindly provide information to the questions contained herein by ticking (✓) on one of the options.

SECTION A: GENERAL INFORMATION AND BIO DATA

1. What is your age bracket?
a) 18-30 years [] b) 31 - 40 years [] c) 41 - 50 years []
d) 51-60 years []
2. What is your department
3. What is your current designation?
4. For how long have you been working at the current insurance firm?
a) 0-3 years [] b) 4-5 years [] c) Over 5 years []
5. What is your highest academic qualification?
a) Diploma [] b) Degree [] c) Post Graduate []
6. The type of ownership of the insurance firm?
a) Local ownership [] b) Foreign ownership [] c) Partially local and foreign []

Section B: Network Knowledge and Firm Performance

7. Please complete this part by ticking (✓) the appropriate response to each statement:
The following five-point Likert-Scale is used:

(1) Strongly disagree ; 2) Disagree ; 3) Neutral; 4) Agree; 5) Strongly agree

a) Foreign Institutional Knowledge

	Statement	1	2	3	4	5
1	Network partners facilitate timely availability of knowledge					
2	The firm has access to diverse information about foreign knowledge					
3	Information relating to prevailing trends in the foreign market is readily made available					
4	Information relating to foreign competitors in the country is made available					
5	Information on the foreign culture and how it determines the firm products is made available					
6	Political and legal environment requirements is made available in to the insurance firm					
7	Information on strategies employed by competitors on the foreign market are made available					
8	The capability of the insurance firm search is enhanced by the foreign network partners					

b) Foreign Business Knowledge

	Statement	1	2	3	4	5
1	Customer production processes is gained					
2	Information on the customers cooperation is gained					
3	Information on competitor products is gained					
4	Information on the future nature of the relationship					
5	Business relationship has resulted in new products					
6	The business relationship has resulted in new technology					
7	Business relationship has resulted as a source of business knowledge					

c) Internationalization Knowledge

	Statement	1	2	3	4	5
1	The firm has gained knowledge on formation of foreign subsidiaries					
2	Networking on knowledge about foreign knowledge					
3	The firm has gained for knowledge on foreign knowledge					
4	The firm has gained for knowledge on foreign experience					
5	The firm has been able to gain unique knowledge on the foreign market					

6	The firm has ability to analyze costs better courtesy of the foreign partners					
7	Transportation facilities and distribution has been facilitated by the foreign networks					

Section C: Foreign Market Knowledge and International Performance

8. The following are measures that seek to evaluate the performance of your organization as a result of foreign market knowledge accessibility through the network partners. Please indicate the extent to which the measures have been realised in your institution.

Where, 1= Not at all; 2 = Remotely; 3 = Moderately; 4 = Considerately; 5 = Greatly

	Statement	1	2	3	4	5
1	The liabilities of foreignness in the new market is limited due to the network knowledge					
2	The cost of operating in the foreign country is reduced due to the networks formed					
3	The lack of legitimacy in the foreign market is reduced due to the network					
4	The insurance firm is able to cope with the disadvantage of small size in the foreign market due to the established					
5	The firms managers are able to spot business opportunities in the foreign market much faster due					
6	Managers ability to deal with risk in the foreign market is better enhanced					
7	The insurance firm can better position its products in the foreign market					
8	The managers are able to avoid costly mistakes from the new markets					

THANK YOU SO MUCH FOR YOUR TIME

**APPENDIX II: KENYAN INSURANCE COMPANIES IN EAST, SOUTHERN
AND CENTRAL AFRICA REGION**

	Insurance Company	Country of Presence
1	AAR Insurance Co.	Tanzania, Uganda, Burundi
2	APA Insurance Co.	Uganda, Rwanda
3	Britam Insurance Co	Tanzania, Uganda, Rwanda, S/Sudan, Mozambique, Malawi
4	BTB Insurance Brokers	Uganda
5	Chancery Wright Insurance Brokers	Uganda
6	CIC Insurance Co.	Uganda, Malawi
8	Clarkson Insurance Brokers	Uganda, Tanzania
9	Diamond Trust Insurance Agency	Uganda, Tanzania
10	Eagle Africa Insurance Brokers	Uganda, Tanzania
11	Equity Insurance Agency	Uganda, Tanzania
12	First Assurance	Tanzania
13	GA Insurance Co.	Tanzania, Uganda
14	Heritage Insurance Co.	Tanzania
15	Housing Finance Insurance Agency	Uganda
16	H.S. Jutley Insurance Brokers	Uganda
17	ICEA Lion Insurance	Uganda, Tanzania
18	Jubilee Insurance Co.	Uganda, Tanzania, Burundi

19	KCB Insurance Agency	Uganda, Tanzania,
20	Kenya Reinsurance Co	Uganda
21	Kenbright Insurance Brokers	Uganda
22	Liberty Life Assurance Co.	Uganda, Malawi, Botswana
23	Liaison Group Insurance Brokers	Tanzania, Rwanda, South Sudan, Uganda
24	Mayfair Insurance Co.	Tanzania, Rwanda, Zambia
25	Metropolitan Cannon Insurance Co.	Tanzania, Uganda
26	Minet Insurance Broker	Uganda
27	MUA Insurance Co.	Rwanda, Uganda
28	Pioneers Life Assurance	Tanzania
29	Prudential Life Assurance Co.	Uganda, Zambia
30	Resolution Insurance Co.	Tanzania
31	Sanlam Insurance Co.	Uganda, Tanzania
32	UAP- Old Mutual	Tanzania, Uganda, Rwanda, South Sudan, Botswana