

**INFLUENCE OF ENTREPRENEURIAL INNOVATIVENESS ON
MICROINSURANCE UPTAKE BY MICRO AND SMALL ENTERPRISES IN
KENYA**

Muthoga Ngera

Jomo Kenyatta University of Agriculture and Technology (JKUAT)

Professor Romanus Odhiambo

Deputy Vice Chancellor

Jomo Kenyatta University of Agriculture and Technology (JKUAT)

Dr. Patrick K. Ngugi (PhD)

Jomo Kenyatta University of Agriculture and Technology (JKUAT)

Dr. J. Karanja Ngugi (PhD)

Kenyatta University, Kenya

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ABSTRACT

Entrepreneurial orientation plays a critical role in success of an enterprises since it entails willingness of an entrepreneur to innovate, take risks, try out new products, services and markets and act more proactively than competitors when it comes to new opportunities in the marketplace. Thus the importance of entrepreneurial orientation cannot be underestimated. For instance, Micro and Small Enterprises (MSEs) comprise over 90 per cent of all businesses and contribute between 50 to 60 per cent to employment. In Kenya, MSEs are major contributors to Gross Domestic Product (GDP), economic development and employment. This suggests that lack of entrepreneurial orientation among entrepreneurs could have serious implications on an economy. Although MSEs play a very important role, they are characterized by high mortality due to the uncertain social-economic and environment in which they operate. MSEs are particularly vulnerable to risks many of which are insurable. However, there is very low microinsurance uptake products by MSEs. The low microinsurance uptake could be influenced by various factors among them entrepreneurial orientation. There is dearth of literature that focuses on the role of entrepreneurial orientation on uptake of microinsurance among owner managers of MSEs. This study sought to establish the influence of Entrepreneurial innovativeness on microinsurance uptake by MSEs in Kenya. The study adopted descriptive and explanatory research designs. The target population was 297,340 MSEs in Nairobi County. The study used a sample of 400MSEs. Stratified random sampling was utilised to select the sample from the population. A structured questionnaire

was used to collect data from owner managers of MSEs. The study utilised factor analysis, correlation analysis and multiple linear regression method to analyse the collected data. The study findings indicated that entrepreneurial innovativeness and regulatory framework were found not to significantly influence microinsurance uptake (number of policies). Regulatory framework did not significantly moderate the relationship between number of policies and entrepreneurial orientation. Innovativeness and regulatory framework did not significantly influence microinsurance uptake (renewal rate). The study recommends that although microinsurance companies may be original by introducing new products, or they may introduce something new or different but this will not influence the consumption of microinsurance products thus innovativeness should not be employed as a way of improving market position.

Key Words: Innovativeness, Microinsurance uptake, MSMEs

1.0 INTRODUCTION

1.1 Background of the Study

Extending the uptake of micro insurance to low income groups and MSEs can play a large role in ensuring that when a family faces a financial crisis, the household does not find itself further impoverished (Pant, 2012). Yet in developing countries, very little insurance is available for poor people and MSEs (Lloyd's, 2014). This is especially unfortunate, as the poor are the most severely impacted by the loss of crops, property, and business or by the loss of a member of a household (Jiang, Mori, Tatano, Yang & Shibutani, 2015).

Micro insurance deserves a place in both business strategies and national development agendas (Lloyd's, 2014). Insurance is emerging as an important strategy even for the low-income people engaged in wide variety of income generation activities, and who remain exposed to variety of risks mainly because of absence of cost-effective risk hedging instruments (Mathur, 2010). The benefits for financial services for the poor and the MSEs are now universally acknowledged and the practice of microcredit is becoming common in developing countries (Claessens, 2013). In comparison, micro insurance – insurance for the poor and MSEs – which has the potential to significantly aid millions of poor people and MSEs has received limited attention.

Micro-insurance is one segment of microfinance, the sector that provides financial services to the poor. In addition to the better known micro-credit, micro-insurance plays a significant role in the development efforts (Olaosebikan & Adams, 2014). Microinsurance provides risk protection for low income groups and MSEs and is part of the growing international micro-finance industry that emerged in the 1970s (Bhattacharya & Londhe, 2014). Approximately, 135 million people worldwide currently hold micro-insurance policies with annual rates of growth in some emerging markets estimated to be up to 10% per annum (Loewe & Zaccar, 2012).

However, this number of micro-insurance policies represents only about 2% to 3% of the potential market (Re, 2010). Microinsurance has been gaining recognition as a key component of financial inclusion, offering valuable risk management tools for low-income people and MSEs as well as a potential means for insurers to reach new markets and opportunities. However, until recently, little was known about the sector as a whole, and there was a general lack of data to aid industry actors in decision-making (McCord & Reinhard, 2013).

1.2 Statement of the Problem

Notably, MSEs, both in the developed and developing economies, have contributed significantly to economic growth, employment generation, innovation and poverty alleviation (Vega & Rojas, 2011; Venkateswarlu & Ravindra, 2012; ILO, 2013).

In Kenya, MSEs contributed over 70% of the GDP and 79.8% of new jobs in 2013 (RoK, 2014). However, 60% of MSEs fail within few months of operation leading to low economic development and loss of jobs (Ngugi, Gakure & Kahiri, 2013). In addition, MSEs continue to lose billions of shillings every year due to vulnerability and exposure to numerous risks, economic shocks and natural calamities (Chodokufa & Chiliya, 2014). MSEs are exposed to

risks such as death, illness, loss of property, natural disasters among others. These risks can be mitigated through microinsurance. Yet, microinsurance uptake among MSEs remains very low (Matul *et al.*, 2013).

Globally, approximately 135 million people hold microinsurance policies. This represents about 3% of the potential microinsurance market (Re, 2010). In Africa microinsurance penetration rate is low except in South African which has a rate of 40%. Namibia has a penetration rate of 11.2%, Seychelles (9.9%), Tunisia (7.3%), Uganda (6.9%), Senegal (4.9%) and Kenya at 8.1% (Matul, McCord, Phily & Harms, 2010).

However, there exists limited literature focusing on the influence of E.O on microinsurance uptake. Previous studies focused on microinsurance in the context of social protection (World Bank, 2011) and the nature of the uninsured markets in various parts of the world (Churchill *et al.*, 2011). Other studies focused on provision of micro-health (Gitonga, 2009) and the need for government to support microinsurance (Makove, 2011). This study sought to bridge this gap by examining how entrepreneurial innovativeness influences microinsurance uptake by MSEs in Kenya.

1.3 Research Objectives

- i. To explore how innovativeness influences microinsurance uptake by micro and small enterprises in Kenya.
- ii. To establish the moderating effect of the regulatory framework on relationship between entrepreneurial orientation and microinsurance uptake by micro and small enterprises in Kenya.

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Schumpeter's Innovation Theory

Schumpeter (1934) outlined the role of innovation in the entrepreneurial process. Accordingly, Schumpeter calls innovation the specific tool of entrepreneurs, the means by which entrepreneurs exploit change as an opportunity for a different business or a different service. Schumpeter (1942) stressed the role of entrepreneurs as primary agents effecting creative destruction, and emphasized to the entrepreneurs the need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation; as well as their need to know and to apply the principles of successful innovation.

Currie et al. (2008) posits that in an external setting that is ever changing, innovation and entrepreneurial conduct are processes that are holistic, vibrant and complementary fundamental to an organization's sustainability and success. Lumpkin & Dess (1996) saw the process of creative destruction as initiated by an entrepreneur, which makes innovation an important success factor within EO. Furthermore, the link between entrepreneurship and innovativeness is supported by the results of Shane, Kolvereid and Westhead (1991), who found that innovation is among the key motives to start a business. This theory instigate research hypothesis that: entrepreneurial innovativeness does not influence uptake of microinsurance by micro and small enterprises in Kenya.

2.2 Conceptual Framework

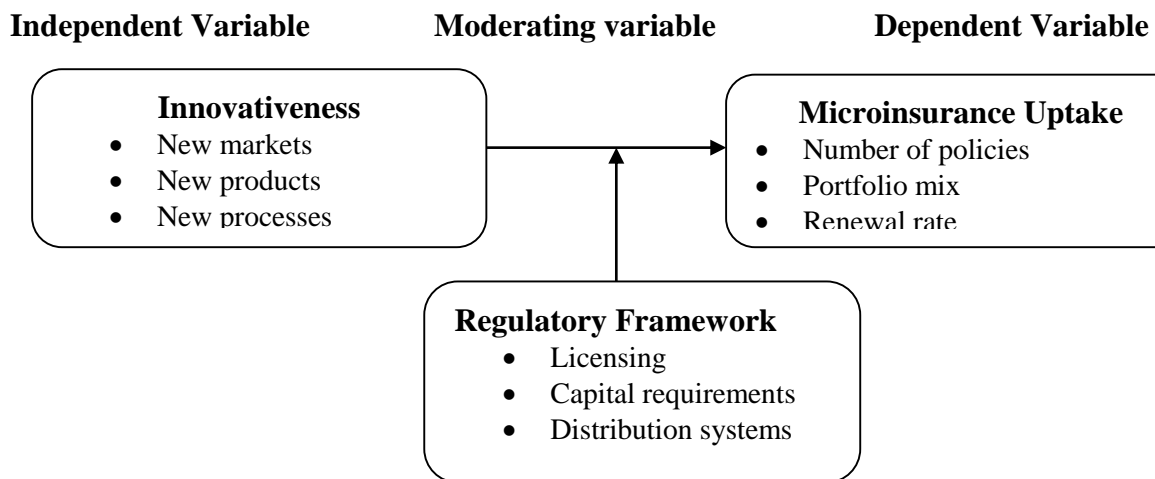


Figure 2.1: Conceptual Framework

2.3 Empirical Review

2.3.1 Innovativeness and uptake of microinsurance

In the United Kingdom, Cassia, De Massis and Pizzurno (2012) examined Strategic Innovation and New Product Development in Family Firms using a qualitative approach and found that family firms have a low level of propensity to innovation, while non-family firm has a high level of propensity to innovation, which proves that non-family firms are more successful than family firms in the development of new products.

In Canada, Rosenbusch *et al.* (2011) used meta-analysis to examine the relationship of innovativeness and performance in small businesses. The results showed that the relationship of innovativeness and small business performance is highly dependent on the particular situation. Under conditions of resource scarcity, small companies benefit from the innovation. They found an association of small business innovation and performance is moderated by factors such as age of the firm, the type of innovation, and the influence of cultural context. However, these studies were more inclined on the success and performance of small businesses while the current study dwells on the uptake of microinsurance.

2.3.3 Regulatory framework and uptake of microinsurance

Anane, Cobbinah and Manu (2013) conducted a study on sustainability of micro and small scale enterprises in rural Ghana by assessing the role of microfinance institutions. Both theoretical and empirical data were sourced from 93 MSEs in rural Ghana. The study found that regarding absorbing shocks and exposure, the MFIs expressed concern about the lack of insurance policies for the MSEs but were quick to indicate that educational programmes were being rolled out to educate MSEs on the importance of insurance to better cushion MSEs in event of natural disasters.

2.4 Research Gaps

Research on EO abounds, and the relationship between EO and firm performance has been most intensively studied (some recent empirical studies include Harms *et al.*, 2010; Grande *et al.*, 2011; Lechner & Gudmundsson, 2012; Eggers *et al.*, 2013; Kraus, 2013; Messersmith & Wales, 2013). Therefore, to be able to make a contribution to the literature one needs to identify certain gaps in the literature. The analysis of existing literature on entrepreneurship has shown that many researchers pay attention to the concept of entrepreneurial orientation (Harms *et al.*, 2010; Lee & Chu, 2011; Pratono *et al.* 2013; Saeed *et al.* 2014).

What is more, there are very few studies that consider antecedents of entrepreneurial orientation to influence the uptake of microinsurance by MSEs with very little documentation on insurance regulation framework affecting uptake of microinsurance as a moderating variable. Thus, despite the fact that entrepreneurial orientation is broadly studied nowadays, there are still many unexplored areas within this concept and this thesis on entrepreneurial orientation and uptake of microinsurance by MSEs fills in some of the research gaps stated above and makes contribution to the existing knowledge.

3.0 RESEARCH METHODOLOGY

3.1 Research Design

This study used both descriptive and explanatory research designs. On one hand, descriptive research design was used to describe various measures of entrepreneurial orientation and measures of microinsurance uptake. Descriptive statistics were also used to provide an understanding of the respondents. On the other, explanatory research design was used to estimate the relationship between various dimensions of entrepreneurial orientation and microinsurance uptake.

3.2 Population of the Study

In this case, the target population is the entire aggregation of micro and small enterprises in Nairobi County. This study sought to examine the role of entrepreneurial orientation on microinsurance uptake by small and micro enterprises in Nairobi County. Consequently, the target population of this study comprised of all licensed micro and small enterprises in Nairobi. According to Nairobi City Council (2014) there are 297,340 licensed micro and small enterprises in Nairobi County. Out of this, 243,964 are micro enterprises and 53,376 are small enterprises. Thus 297,340 formed the target population of this study.

3.3 Sampling

Yamane (1967) formula was utilized where the target population is 297,340 micro and small enterprises and a precision error of 0.05 then the sample size is determined thus the total number of MSEs to be interviewed is 400.

3.4 Data Collection Methods

Due to the size of the target population and the corresponding sample size used for micro and small enterprises, the most appropriate form of non-experimental study was the survey

method. The main instrument for data collection was a survey questionnaire whereby the respondents participated directly by filling the questionnaires.

3.5 Data Analysis and Presentation

Descriptive statistics enables the researcher to work out a number of statistical procedures, such as frequency distributions, frequency tables, percentages, minimum, maximum, sum and means, as well as graphical presentations of frequencies and values in order to describe and/or compare variables numerically (Procheş, 2015). On the other hand, inferential statistics involves testing hypotheses using bivariate analysis and regression models among others (Greene, 2012).

4.0 FINDINGS

4.1 Response Rate

The study collected data from 372 respondents representing a response rate of 93 percent. The study distributed 400 questionnaires and managed to get 372 responses back. This is as shown in Table 4.1. The implication is that the response rate of 93% is adequate for the study and is highly representative since it has a nonresponse bias of only 7%. High nonresponse bias can be a major setback to the reliability and validity of the study findings (Fincham, 2008).

Table 4.1: Response Rate

Response	Frequency	Percent
Returned	372	93
Unreturned	28	7
Total	400	100

4.2 Effect of Innovativeness on uptake of microinsurance

4.2.1 Frequency for Innovativeness and uptake of microinsurance

The study asked the respondents to indicate how much they agreed with statements on Innovativeness. Those who agreed that their firm frequently introduces new products and services were 43.6% whereas 2.8% disagreed with this statement. The study further established that 47.4% of the respondents agreed that their firm encourages and rewards new idea from staff regardless of their position in the firm. Only 2% disagreed. Forty nine percent (49%) of the respondents agreed that they emphasize on utilizing new technology while only 1.7% strongly disagreed.

Table 4.2: Frequency for Innovativeness and uptake of microinsurance

		Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
This firm frequently introduces new products and services	Frequency	10	10	15	41	58	153	64
	Percent	2.8	2.8	4.3	11.7	16.5	43.6	18.2
My firm encourages and rewards new idea from staff regardless of their position in the firm	Frequency	7	4	10	33	57	166	73
	Percent	2	1.1	2.9	9.4	16.3	47.4	20.9
We emphasize on utilizing new technology	Frequency	6	9	6	21	36	171	100
	Percent	1.7	2.6	1.7	6	10.3	49	28.7

4.2.2 Factor Analysis for Innovativeness

Factor analysis was conducted to reduce items of Innovativeness. Innovativeness construct was measured using 3 items thereby the construct was factor analyzed in order to come up with an appropriate measure. The study found that KMO had a value of 0.686 and Bartlett's test, $\chi^2 = 281.135$, $p = .000$. The KMO value is high (more than 0.5) and this indicates that a factor analysis will be useful with the study data. The value of Bartlett's test is less than 0.05 and this indicates that a factor analysis will be useful in the study. The results are presented in

Table 4.3: KMO and Bartlett's Test for Innovativeness

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.686
Bartlett's Test of Sphericity	Approx. Chi-Square	281.135
	df	3
	Sig.	.000

Table 4.4: Communalities for Innovativeness

	Initial	Extraction
This firm frequently introduces new products and services	1.000	0.621
My firm encourages and rewards new idea from staff regardless of their position in the firm	1.000	0.738
We emphasize on utilizing new technology	1.000	0.71

Total variance explained for Innovativeness showed that one component explained 68.958% of the total variability in the three items.

Table 4.5: Total Variance Explained for Innovativeness

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.069	68.958	68.958	2.069	68.958	68.958
2	.545	18.171	87.129			
3	.386	12.871	100.000			

The study used the component with the greatest factor loading which is “My firm encourages and rewards new idea from staff” to compute summated factor scores for innovativeness.

Table 4.6: Component Matrix for Innovativeness

	Component 1
This firm frequently introduces new products and services	0.788
My firm encourages and rewards new idea from staff regardless of their position in the firm	0.859
We emphasize on utilizing new technology	0.842

4.2.3 Correlation Analysis for Innovativeness

Innovativeness was not significantly correlated with Portfolio mix ($r = -.058$, p value = .579), purchased microinsurance policy ($r = -.058$, p value = .308), and renewal rate ($r = -.037$, p value = .726).

Table 4.7: Correlation Analysis for Innovativeness

		Portfolio mix	Renewal rate	Purchased microinsurance policy
Innovativeness	Pearson Correlation	-.058	-.037	-.058
	Sig. (2-tailed)	.579	.726	.308
	N	94	94	310

The findings of this study therefore mean that innovativeness has no significant influence on uptake of microinsurance as measured either by portfolio mix, Renewal Rate or renewal rate. These findings are in contradiction with findings by Rosenbusch *et al.* (2011) who used meta-analysis to scrutinize the correlation between innovativeness and performance in small businesses. The findings illustrated that the association between innovativeness and small business performance is highly dependent on the particular situation. In conditions of resource scarcity, small enterprises benefit from the innovation. An association of small business innovation and performance was found to be moderated by factors such as age of the firm, the type of innovation, and the influence of cultural context.

4.2.4 ANOVA for Innovativeness

The results for ANOVA shows that the sum of square is 0.001. The F-statistic of the model is 0.000 with a p-value of 0.983, which is greater than p-critical 0.05. Therefore, there is no statistically significant difference in the means between micro and small enterprises.

Table 4.8: ANOVA for Innovativeness

		Sum Squares	of df	Mean Square	F	Sig.
Innovativeness	Between Groups	.001	1	.001	.000	.983
	Within Groups	540.074	347	1.556		
	Total	540.074	348			

4.2.5 Regression analysis for Innovativeness

4.2.5.1 Effect of Innovativeness on Purchased Microinsurance

The Chi Square test for purchased microinsurance had a value of 1.027 and a *p* value of 0.311 which was greater than p-critical 0.05. Therefore, the model for estimating the effect of innovativeness on purchased microinsurance is statistically insignificant.

Table 4.9: Omnibus Tests of Model Coefficients on Innovativeness – Purchased Microinsurance

		Chi-square	df	Sig.
Step 1	Step	1.027	1	.311
	Block	1.027	1	.311
	Model	1.027	1	.311

The value of Cox & Snell R Square was 0.003 while the value of Nagelkerke R Square was 0.005.

Table 4.10: Model Summary on Innovativeness – Purchased Microinsurance

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	387.330	0.003	0.005

The model for estimating the effect of innovativeness on purchased microinsurance correctly predicted 68.1% of the cases. The result is shown in table 4.50.

Table 4.11 Classification Table on Innovativeness – Purchased Microinsurance

	Observed	Predicted			Percentage Correct
		Purchased microinsurance			
		1.00	2.00		
Step 1	Purchased microinsurance	1.00	211	0	100.0
		2.00	99	0	0.0
Overall Percentage					68.1

The p-value for Innovativeness is .308, which is greater than the significance level of 0.05. Therefore, the study accepted the null hypothesis that Innovativeness does not affect purchased microinsurance.

Table 4.12: Variable in the Equation for Innovativeness – Purchased Microinsurance

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1	Innovativeness	-0.095	0.093	1.040	1	0.308	0.910
	Constant	-0.229	0.529	0.188	1	0.665	0.795

4.2.5.2 Effect of Innovativeness on Portfolio Mix

The Chi Square test for portfolio mix had an insignificant p value of 0.57 since it is greater than 0.05 and therefore the model was statistically insignificant.

Table 4.13 Omnibus Tests of Model Coefficients on Innovativeness-Portfolio Mix

		Chi-square	df	Sig.
	Step	0.323	1	0.570
Step 1	Block	0.323	1	0.570
	Model	0.323	1	0.570

Cox & Snell R Square value was 0.003 and Nagelkerke R Square was 0.005.

Table 4.14: Model Summary on Innovativeness - Portfolio Mix

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	110.543	0.003	0.005

The model for estimating the effect of innovativeness on portfolio mix predicted 72.3% of the cases overall.

Table 4.15: Classification Table on Innovativeness - Portfolio Mix

	Observed	Predicted		
		Portfolio mix 1 or less	Portfolio mix More than 1	Percentage Correct
Step 1	Portfolio mix 1 or less	0	26	0.0
	Portfolio mix More than 1	0	68	100.0
	Overall Percentage			72.3

Innovativeness had a p value of 0.575 which is greater than 0.05 thus insignificant. The study hence accepted the null hypothesis that innovativeness does not significantly affect portfolio mix.

Table 4.16: Variables in the Equation for Innovativeness - Portfolio Mix

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1	Innovativeness	-0.147	0.262	0.315	1	0.575	0.863
	Constant	1.837	1.584	1.345	1	0.246	6.277

4.2.5.3 Effect of Innovativeness on Renewal rate

The R^2 statistic for innovativeness is 0.037. This means that 3.7% of the variations in the renewal rate is explained by innovativeness.

Table 4.17: Model Summary on Innovativeness – Renewal rate

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.037	0.001	-0.010	6.504

ANOVA results specified that the mean square of sum of regression was 5.217 and the mean square of sum of residual was 3892.272. The F-statistic of the model was 0.123 with a p-value of 0.726, which is greater than p -critical of 0.05. Therefore, the regression model in this case does not statistically significantly predict the outcome variable.

Table 4.18: ANOVA table on Innovativeness

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	5.217	1	5.217	0.123	0.726
1	Residual	3892.272	92	42.307		
	Total	3897.489	93			

The study found that innovativeness has a coefficient of -0.260 with a p-value of 0.726. Given that the p values for proactiveness was greater than 0.05, this suggested that innovativeness does not significantly influence microinsurance uptake.

Table 4.19: Coefficients on Innovativeness

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	99.026	4.426		22.371	0.000
	Innovativeness	-0.260	0.740	-0.037	-0.351	0.726

4.3 Regulatory framework and uptake of microinsurance

4.3.1 Frequency for Regulatory framework and uptake of microinsurance

Respondents were asked to indicate how much they agreed with statement regarding regulatory framework. Those who agreed that lack of separate regulation has hindered the growth and expansion of microinsurance (insurance) were 31.3% whereas just 2.9% strongly disagreed. The respondents who agreed that there is adequate regulation, policy and supervision to protect microinsurance (insurance) policyholders were 31.5% while just 2.6% strongly disagreed. Respondents who agreed that high capital requirements for microinsurance (insurance) providers limits distribution and access to insurance products were 36.8%, 20.8% strongly agreed whereas those who strongly disagreed were just 3.9%.

Table 4.20: Frequency for Regulatory framework and uptake of microinsurance

		Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
Lack of separate regulation has hindered the growth and expansion of microinsurance (insurance)	Frequency	10	26	29	48	58	109	68
	Percent	2.9	7.5	8.3	13.8	16.7	31.3	19.5
There is adequate regulation, policy and supervision to protect microinsurance (insurance) policyholders	Frequency	9	17	32	55	64	109	60
	Percent	2.6	4.9	9.2	15.9	18.5	31.5	17.3
High capital requirements for microinsurance (insurance) providers limits distribution and access to insurance products	Frequency	13	17	35	26	52	124	70
	Percent	3.9	5	10.4	7.7	15.4	36.8	20.8

4.2.2 ANOVA for Regulatory Framework

The results for ANOVA show that the sum of squares is 24.411. The F-statistic of the model is 10.445 with a p-value of 0.001, which is less than p-critical 0.05. Therefore, there was a statistically difference in the mean between micro and small enterprises.

Table 4.21: ANOVA for Regulatory Framework

		Sum Squares	of df	Mean Square	F	Sig.
Regulation	Between Groups	24.411	1	24.411	10.445	.001
	Within Groups	799.307	342	2.337		
	Total	823.718	343			

4.3.3 Regression Analysis for Regulatory Framework

Table 4.22: Model Summary on Regulatory Framework – Purchased Microinsurance

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	372.348 ^a	.041	.058

The model correctly predicted 69% of the cases of purchased microinsurance.

Table 4.23: Model Summary for Regulatory Framework – Portfolio Mix

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	112.531 ^a	.002	.003

The model predicted 71.3% of the cases of portfolio mix correctly.

The coefficient for Regulatory Framework was -0.073 with a p value of 0.654 which was greater than the p-critical 0.05 hence it was insignificant. The study thus accepted the null hypothesis that regulatory framework does not affect portfolio mix.

Table 4.20: Variables in the Equation on Regulatory Framework – Portfolio Mix

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1	Regulatory Framework	- 0.073	0.163	0.200	1	0.654	0.930
	Constant	1.290	0.886	2.120	1	0.145	3.631

4.3.4 Effect of Regulatory Framework on Renewal rate

The results showed that the value of R^2 statistic for Renewal Rate is 0.002. This means that 0.2% of the variations in the renewal rate.

Table 4.22: Model Summary on Regulatory Framework – Renewal Rate

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.048	0.002	-0.009	6.782

ANOVA results showed that the mean square of sum of regression was 9.626 and the mean square of sum of residual was 4231.012. The F-statistic of the model was 0.209 with a p-value of 0.648, which is greater than p-critical of 0.05. The regression model therefore does not significantly predict the outcome variable.

Table 4.23: ANOVA for Regulatory Framework

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	9.626	1	9.626	0.209	0.648
1	Residual	4231.012	92	45.989		
	Total	4240.638	93			

From the results, regulatory framework had a coefficient of -0.222 with a p-value of 0.648. This finding implied regulatory framework had no significant effect on microinsurance uptake.

Table 4.24: Coefficients for Regulatory Framework

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	98.559	2.619		37.630	0.000
	Regulation	-0.222	0.486	-0.048	-0.458	0.648

CONCLUSION

The study ascertained that innovativeness has no statistically significant effect on the uptake of microinsurance by MSEs in Kenya. The study concluded that innovativeness has no influence on microinsurance uptake by micro and small enterprises in Kenya. Kenyan MSEs may have the originality by introducing new ideas, or they may introduce something new or different but this will not influence their consumption of microinsurance products.

The study established that Regulatory framework did not significantly moderate the relationship between number of policies and entrepreneurial orientation. The study thus concluded that regulatory framework does not moderate the relationship between number of policies and entrepreneurial orientation. The existence of the essential framework which supports the control, direction or implementation of a course of action, rule, principle or law does not influence the relationship between number of policies and entrepreneurial orientation of MSEs in Kenya.

RECOMMENDATIONS

Findings from the study showed that innovativeness has no influence on the uptake of microinsurance uptake by MSEs in Kenya. Founded on this finding, the study recommends that although microinsurance companies may be original by introducing new products, or they may introduce something new or different but this will not influence the consumption of microinsurance products thus innovativeness should not be employed as a way of improving market position.

The study found that regulatory framework does not moderate on the relationship between entrepreneurial orientation and microinsurance uptake by micro and small enterprises in Kenya. Thus, it is recommended that although the companies will have to follow the existing

necessary infrastructure which supports the control, direction or implementation of a rule, principle or law, much focus should not be given to the regulatory framework to improve on market position as it does not contribute to the eventual uptake of microinsurance in Kenya.

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