

Strategic Leadership and Insurance Penetration in Kenya

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ABSTRACT

The insurance system is essential for economic stability and growth by offering financial protection, yet Kenya's low insurance penetration rate of 2.3% as of FY 2022 poses significant challenges for individuals, businesses, and the broader economy. The study was guided by Strategic Leadership Theory. Utilizing a cross-sectional survey design, the research targeted 58 licensed insurance companies in Kenya, employing a census sampling method to survey 232 participants, and data analysed through descriptive and inferential statistics following a pilot study to refine the questionnaire. The objective of the study sought to determine the relationship between strategic leadership and insurance penetration in Kenya. The study results show the correlation coefficient (R) of 0.639 which indicates a strong positive relationship between strategic leadership and insurance penetration. This suggests that as strategic leadership practices improve, insurance penetration is likely to increase. The R Square value was 0.408 meaning that approximately 40.8% of the variance in insurance penetration can be explained by strategic leadership. This indicates a moderate level of explanatory power, suggesting that while strategic leadership is an important factor, other variables not included in the model also contribute to insurance penetration. The study recommends that Kenyan insurance companies prioritize the development and implementation of robust strategic leadership practices to further boost insurance penetration. Investing in leadership training programs focused on vision setting, change management, and innovative market strategies is a key action. While strategic leadership is a significant driver, accounting for a notable portion of the variance in penetration, it is also crucial for companies to conduct further research to identify and address the other factors contributing to the remaining variance.

Keywords: Strategic Leadership, Insurance Penetration

INTRODUCTION

According to KPMG (2020), an insurance policy is a financial arrangement that provides protection against potential future losses or damages. It involves a contract, known as an insurance policy, between an individual or entity (the insured) and an insurance company (the insurer). In this contract, the insured pays a premium in exchange for the insurer's promise to cover certain risks, such as health issues, property damage, or liability claims. The primary purpose of insurance is to mitigate financial risks by pooling resources from many policyholders. When a loss occurs, the insurer compensates the insured according to the terms of the policy. This system helps individuals and businesses manage uncertainties and provide peace of mind (KPMG, 2020). Insurance penetration is a key metric used to assess the development of the insurance sector within a country. It is defined as the ratio of total insurance premiums collected to the country's Gross Domestic Product (GDP), expressed as a percentage. This measurement indicates how much of a country's economic activity is covered by insurance (Insurance Information Institute, 2023). Today, global insurance premiums account for 7.1% of the world's economic activity, and the industry's weight has increased by one percentage point in the last ten years. Translating this percentage into absolute figures reveals that premiums exceeded USD 6.8 trillion in 2021.

In East Africa, Kenya stands out as a major player in the insurance sector, boasting a relatively developed market compared to its neighbors (FSD Africa, 2023). The Kenyan insurance industry has experienced notable growth in recent years, fueled by increasing awareness of insurance benefits, a growing middle class, and supportive government policies (IRA, 2021). However, despite this progress, the insurance penetration rate in Kenya

remains significantly below the global average, as indicated by the Kenya National Bureau of Statistics (KNBS, 2023). This low penetration rate suggests that a large portion of the population remains uninsured, exposing them to various risks and hindering their financial well-being.

Strategic leadership is a management skill of a company to anticipate, forecast, maintain adaptability, and empower others to create strategic transformation and a viable future for the company (Teece, 2018). It encompasses the capacity to influence and motivate team members, aligning their efforts with the organization's long-term goals. This type of leadership is essential in navigating complex and dynamic business environments, where adaptability and foresight are crucial for success. It is therefore the capability of the leadership to keep on reinventing motives for the organization's sustained presence. The leader must have the ability to focus on the organization's operational activities and at the same time monitor the changes that affect the organisation, both internally and externally. Such changes are bound to determine the existence of the organisation in the future and they are prospects to grow the firm.

According to Hitt et al. (2020), strategic leadership includes CEOs, business unit heads, TMTs, boards of directors, and dominating coalitions. Strategic leadership, according to Carpenter et al., (2019), encompasses the complete range of actions and strategic decisions of top executives. Relations are emphasized in strategic and symbolic operations. When strategic leadership is effectively implemented in public institutions, it ensures that rules and procedures are successfully embedded in the organisation. Strategic direction is a shared understanding of the organization's goals and objectives, and it is essential for the successful implementation of any strategic plan. Hambrick and Pettigrew (2019) distinguish between leadership and strategic leadership, arguing that the former is concerned with all levels of management in an organisation, while the latter is focused on the top leadership team.

Statement of the Problem

The insurance system plays a crucial role in helping an economy maintain stability and grow by providing individuals or entities with financial protection or compensation for losses through insurance firms (Aisedomi & Chijuka, 2024). The insurance industry in Kenya is growing in importance and it has been identified in the Vision 2030 as critical in the country's transformation under the economic pillar. The low insurance penetration rate in Kenya, stagnating at a mere 2.3% as of FY 2022 (KNBS, 2023), presents a complex and multifaceted issue with significant ramifications for individuals, businesses, and the nation's overall economy. The relatively lower level of insurance penetration in Kenya has been attributed to a number of factors including lack of awareness on available insurance products, low income levels among the key consuming public, perceived low rate of returns for life policies, cumbersome claim settlement procedures, lack of trust of insurance players, and expensive premiums among others (Mutanda, 2021).

Despite the insurance sector experiencing growth in gross premiums (Cytonn Investments, 2023), the stagnant penetration rate underscores a critical failure to extend the protective umbrella of insurance to a broader segment of the population. This leaves a significant portion of Kenyans, particularly those in the informal sector, vulnerable to the financial shocks of unforeseen events like accidents, illnesses, or natural disasters. For individual citizens, the lack of adequate insurance coverage can lead to devastating financial consequences due to unexpected medical bills, property damage, or loss of income, uninsured individuals and families are often forced into debt, poverty, or both (IRA, 2021). The most significant risk for small and medium firms in Kenya, resulting from lack of insurance coverage, would have a substantial influence on the business's performance. The potential business risk arises from factors such as theft, competition, operational expenses, and the possibility of asset loss from fire incidents, loan availability, political influences, drought conditions, and occupational health risks (IRA, 2021).

Research Specific Objectives

- (i) To assess the relationship between strategic leadership and insurance penetration in Kenya

LITERATURE REVIEW

Strategic Leadership Theory

Strategic leadership theory (SLT) emphasizes the role of effective leaders in shaping organisational outcomes through vision, strategic thinking, and transformative change (House & Baetz, 1979). Leaders anticipate changes, align resources, and promote innovation to achieve competitive advantage. While SLT offers valuable insights, it has been criticized for its individualistic focus and challenges in isolating leaders' specific contributions (Zia-ud-Din et al., 2017). In the Kenyan insurance industry, strategic leadership is crucial to addressing low penetration. Leaders must navigate challenges like low financial literacy, limited trust, and the informal sector's dominance (IRA, 2021; World Bank, 2022). They need innovative strategies such as tailoring products to the informal sector, leveraging digital technologies, and building trust through transparent services.

Strategic Leadership Theory is particularly relevant in this context for several reasons. The first one is that strategic leadership is essential for guiding organizations through digital transformation, which is increasingly critical in the insurance industry. Leaders who adopt a strategic approach can effectively leverage technology to enhance operational efficiency, improve customer experiences, and innovate product offerings (Bharadwaj et al., 2013). As the insurance sector in Kenya faces pressures to modernize and adapt to digital trends, strategic leaders are tasked with creating a vision that aligns digital initiatives with the overall business strategy. This alignment is crucial for ensuring that digital transformation efforts contribute to increased insurance penetration and market competitiveness.

Strategic Leadership Theory underscores the importance of creating and sustaining a competitive advantage. Leaders who can identify unique market opportunities and align their organizations' resources and capabilities accordingly are better positioned to thrive in competitive environments (Muriuki et al., 2020). In Kenya's insurance market, where penetration rates are still developing, strategic leaders can capitalize on emerging trends and consumer needs to differentiate their offerings and attract more customers.

Strategic Leadership and Insurance Penetration

The study by Wang, and Chen, (2020) assessed CEO personality and its impact on business performance. The study applied social media text mining approaches into the research stream that empirically inquires and extends upper echelons theory. Then, we investigate the CEO personality's impact on both operational and financial performance. Results show that CEO Extraversion, Emotional Stability, and Agreeableness improve Cost Efficiency and Profitability, while CEO Conscientiousness reduces them. CEO Openness to Experience negatively influences Profitability, and all facets of CEO personality improve Employee Productivity except for CEO Conscientiousness. The contribution of our research is multi-sided: (1). methodologically, we introduce a text mining approach to measure CEO personality; (2). theoretically, we provide empirical evidence for upper echelons theory; (3). practically, our results help companies evaluate CEO candidates from a personality perspective. The current study will assess the relationship between strategic leadership and insurance penetration in Kenya using empirical quantitative data collected through questionnaire.

The study by Nyakundi, M. (2022) sought to determine the effects of the five CEO personality traits (Emotionality, Extra-version, Agreeableness, Conscientiousness, and Openness to Experience) on the financial performance of insurance companies in Kenya. A descriptive correlation research design was employed and primary data was gathered using structured or closed ended questionnaires from a sample of 34 CEOs and 88 other senior management staff. Descriptive statistical analysis, factor analysis, correlational analysis and ordinal regression techniques were also employed. The results from the 34 CEOs show that CEO Openness and CEO Agreeableness had a significant positive effect while CEO Extroversion had a significant negative effect on the financial performance of Insurance companies in Kenya. The results from the 88 senior management staff show that except for CEO Openness and CEO Agreeableness, which had a significant positive effect the other 3 CEO personality traits had no significant effect on financial performance of insurance companies in Kenya. The study recommended effective top management training to improve personality traits crucial in the achievement of the organisation goals and objective. Additionally, the management of the Insurance companies can develop appropriate CEO appraisal mechanisms to identify, develop and apply effective personality traits with significant

positive influence on performance to precisely promote financial performance among insurance companies in Kenya. The current study will assess the relationship between strategic leadership and insurance penetration in Kenya.

A study conducted by Langat, Linge and Sikalieh, (2019) assessed the influence of idealized influence on employee job performance in the insurance industry in Kenya. This study adopted the positivism research philosophy and correlation research design. The target population of the study was 676 lower-level managers from 52 insurance companies operating in Kenya as of 2017. A sample size of 245 was drawn using a stratified random sampling technique and systematic sampling. 245 questionnaires were distributed out of which 211 were completed and returned representing a response rate of 86% which was deemed as adequate for a correlation research design. The analysis of variance was used to test the hypothesis. The study concluded that idealized influence significantly predicted employee job performance. The study recommended that leaders should observe values that are congruent with that of their organisation and socialize their employees on the same so that there is enhanced transformational leadership effectiveness. The current study will assess the relationship between strategic leadership and insurance penetration in Kenya.

The study by Mose Stellah (2022) examined how micro-insurance is being used a strategy to enhance insurance penetration in Kenya. The research adopted cross sectional descriptive survey as a research design. Data was collected by use of semi-structured questionnaires that were emailed to operation managers of 14 insurance companies that deal with microinsurance in Kenya. The collected information was analysed via descriptive statistics and content analysis, where use of percentages, mean and standard deviation was applied. The data was tabulated and classified in order to achieve deductions and inferences. Some of the micro-insurance strategies that were used to enhance its penetration by the insurance companies in this study included financial literacy education, use of technology, improved customer service, innovation and product differentiation and availing affordable and flexible premium payment modes. The study established that with proper implementation of micro-insurance strategies, this class of insurance played an important role in enhancing the penetration of insurance. The study's recommendation is that insurance companies should form more partnerships in order to onboard affordable channels of micro-insurance distribution that will lead to enhanced micro-insurance consumption. The policy makers should also be more supportive of micro-insurance by putting in place policies that encourage the invention of innovative micro-insurance products.

RESEARCH DESIGN AND METHODOLOGY

Research Design

Research design, as defined by Rubi and Babbie (2011), is the systematic arrangement of frameworks to establish causal relationships in quantitative research. This study adopts a cross-sectional survey design, ideal for determining the prevalence of a phenomenon at a specific point in time (Kumar, 2014). This approach efficiently collects data from a large sample using a single questionnaire, ensuring consistency and reducing bias (Bhattacharjee, 2012). This study aims to determine the effect of strategic leadership, digital transformation, government regulations, and insurance penetration in Kenya. The cross-sectional survey design will provide insights into the prevalence of these factors and their associations, informing future research and recommendations. Focusing on a single organisation, the cross-sectional approach will examine multiple variables simultaneously. By administering a structured questionnaire to key stakeholders within the insurance industry, data will be collected on strategic leadership, digital transformation, government regulations, and insurance penetration, revealing their prevalence, associations, and potential impacts.

Target Population

According to Newing (2011), the term "population" refers to a collection of objects, individuals, or events that share similar characteristics and constitutes the unit of study. Kothari (2014) similarly defines it as all items or observations relevant to the researcher's area of inquiry. In this study, the population consisted of 58 insurance companies operating in Kenya as of December 31, 2024 (Appendix III). The target population, also known as the theoretical population, encompasses the entire group of objects or individuals whether firms or persons that the researcher is interested in for making generalized conclusions about the findings (Kothari, 2014). A census

was conducted on this target population, including all 58 insurance firms listed by the Insurance Regulatory Authority as operating in Kenya as of 31st December 2024.

The unit of observation for this study were the 4 top-level executives and senior managers at the head offices of these insurance companies. These individuals are responsible for strategic decision-making, implementation of digital transformation initiatives, and ensuring compliance with government regulations. Therefore, their perspectives and insights are crucial for understanding the factors influencing insurance penetration in Kenya. This choice is justified because these individuals are directly involved in strategic decision-making processes, including the formulation and implementation of strategies related to digital transformation and adherence to government regulations. They also have a comprehensive understanding of the challenges and opportunities facing the insurance sector in Kenya, making their perspectives invaluable for this research.

Sample Frame and Sampling Technique

Kabir (2016) defines a sampling design as a systematic approach and methodology used to choose a sample from a specified target population, together with the corresponding estimate formula used to calculate sample statistics. A sample is a subset drawn from a population using a defined procedure (Saunders, Lewis, Thornhill & Bristow, 2015). The study adopted a census sample method to meet its objectives by focusing on all the 58 insurance companies in Kenya. The unit of observation in this study representing the respondents were the 4 top-level executives and senior managers in each of the 58 insurance companies in Kenya who includes, the Chief executive Director, Finance manager, and ICT manager. The study had a total of 232 respondents who were selected from each insurance company using a purposive sampling technique (Afifah & Daud, 2018) to obtain key and rich information on strategic leadership, digital transformation, and government regulations regarding insurance penetration in Kenya.

Data Collection Instruments and procedures

Data collection is a methodical procedure of collecting data with the purpose of generating information that may be used to validate or invalidate study conclusions, as stated by Kombo and Tromp (2013). The researchers will use a closed-ended survey questionnaire as their data collecting instrument, as suggested by Mugenda and Mugenda (2013) and Kothari and Gaurav (2014). The researcher will implement a pick-and-drop method, utilizing four trained research assistants to distribute and collect the questionnaires from respondents for completion. This choice was made due to the questionnaire's cost-effectiveness, convenience, and non-intrusive nature. The present study used a closed-ended questionnaire that was partitioned into five distinct parts.

Pilot

This study utilized 6% of the target population for the pilot study. Specifically, three licensed insurance companies were involved, with four respondents from each company participating. Thus, the total number of participants in the pilot study was 16. The four licensed insurance companies selected for the pilot study were located in Nairobi, where the majority of licensed insurance companies have their headquarters and where the primary study respondents were employed. These individuals participated in the pilot test by completing the questionnaire. However, it was important to note that these participants were excluded from the main study to mitigate potential biases in outcomes and replications, as recommended by Kothari and Garg (2014). The selected individuals were informed about their participation in the pilot test and their exclusion from the main study to ensure transparency and ethical conduct in research practices. Additionally, their feedback and responses during the pilot test were used to refine and improve the questionnaire before its administration to the larger sample of respondents. The questionnaire for the pilot project was sent to the chosen respondents using a drop-off and pick-up method, followed by telephone follow-ups to optimize the response rate.

Reliability

Reliability refers to the degree to which a data collection instrument consistently produces the same results when administered across different locations, populations, or times. As noted by Cooper and Schindler (2014), the focus of reliability in a data collection tool is on estimating the extent to which measurements are free from

unstable or random errors. This means that a reliable instrument allows researchers to have greater confidence that external factors, whether situational or transient, are not influencing the results. Cooper and Schindler (2014) further assert that a reliable tool is robust; it performs effectively across various times and conditions. The distinction between differing conditions and times forms the foundation for commonly referenced concepts of reliability, including equivalence, stability, and internal consistency. In this study, reliability was assessed based on the internal consistency of the research data collection tool, specifically a closed-ended questionnaire. The evaluation was conducted using Cronbach's alpha, which, according to Bryman and Bell (2015), is one of the most widely used coefficients for assessing the reliability of a research instrument. The value of Cronbach's alpha ranges from 0.00 to 1.00, with a conventional acceptance threshold set at 0.70 or higher. This means that for a study instrument to retain an item, question, or statement on a scale, it should achieve a Cronbach's alpha of at least 0.70. This study will adhere to this established criterion.

Validity

The concept of validity pertains to the extent to which a research accurately assesses the construct it claims to assess. According to Cooper and Schindler (2014), the primary ideas pertaining to validity include internal and external validities. The external validity of study results refers to the extent to which the research data may be generalized to diverse contexts, time periods, and individuals. The concept of internal validity pertains to the extent to which a research instrument accurately measures the intended construct or phenomenon in a given study. The salient inquiry in this context is whether the research instrument effectively assesses the intended construct as asserted by its creator. Sekaran and Bougie (2016) assert that validity is a crucial indicator that assesses the extent to which a research instrument accurately measures the intended construct. There are four distinct types of validity, namely face validity, concurrent validity, predictive validity, and content validity. According to Mugenda (2013), the primary measure of the extent to which the data gathered in a research accurately reflects the content of the idea being investigated is content validity. Therefore, content validity is used in the current study. The questionnaire underwent expert evaluation with the involvement of colleagues and supervisors to evaluate the coherence and comprehensiveness of the questionnaire.

Diagnostics Tests

Diagnostic tests was carried out by the researcher before the multiple regression analysis. Testing statistical issues and ensuring adherence to the classical linear regression model (CLRM) was beneficial. Homoscedasticity, multi-collinearity, normality, linearity, and autocorrelation are among the diagnostic tests. These techniques were used to make sure that drawn conclusions do not violate any of the multiple regression analysis's assumptions.

Model for the Study

The significance of the independent variable (strategic leadership) on the dependent variable (Organizational performance) was tested using the following empirical model. According to Kent State University Libraries (2021), statistical mean function is used by a researcher to compute a subscale score from items on a survey or applying a computation conditionally, so that a new variable is only computed for cases where certain conditions are met and thus each statement contributes equally to the final mean (variable). To form a composite variable strategic leadership (Independent Variable) a weighted average for the four constructs of the independent variable was computed using the following equation:

SL = Strategic Leadership (Composite index of Strategic thinking, Strategic direction, Leading change and Core competencies development)

P = Insurance penetration (Composite index of financial performance, efficiency, and customer satisfaction)

The model for the study:

$$P = \beta_0 + \beta_1 SL + \epsilon \dots \dots \dots (1)$$

Where: P = Insurance Penetration; SL = Strategic Leadership; B_0 = Constant; β_1 = Beta coefficients; ε = Error term

RESEARCH FINDINGS AND DISCUSSIONS

Demographic Characteristics

The results in table 1 shows that 19.4% of the respondents indicated they had worked for the organisation below 1 year, while 21.4% indicated that they had worked between 1-5years. Those who had worked for 6-10years were 33.3% and finally those with work experience of over 10 years were 25.9%. The results indicate a diverse range of experience levels among respondents, with a significant portion (59.2%) having between 6 years and above of experience. This group represents a critical segment of the workforce that likely possesses a solid understanding of the industry, including its challenges and opportunities. The presence of respondents with less than one year of experience (19.4%) suggests that there is also a fresh perspective being brought into the industry, which can be valuable for understanding current trends and the impact of digital transformation.

Table 1: Demographic characteristics

Demographic Profile		Frequency	Percentage
Experience of Respondents	Less than 1 year	39	19.4
	1- 5 years	43	21.4
	6 – 10 years	67	33.3
	Over 10 years	52	25.9
Level of Education	Diploma	8	4
	Bachelor's Degree	112	55.7%
	Master's Degree	72	35.8%
	Doctorate or PhD	9	4.5%
Position in the organisation	Chief Executive Director	37	18.4
	Finance manager	53	26.4
	Risk and compliance manager	56	27.9
	ICT manager	55	27.4

It is evident from the results presented in table 1 that majority of the registered insurance companies in Kenya staff have bachelor's degree as the highest academic qualification at 55.7% of the respondents, while 35.8% of the respondents had Master's degree as their highest qualification and 4.5% had Doctorate or PhD as their highest education qualification.

This indicates that individuals with undergraduate and postgraduate degrees (91.5%) possessed a solid understanding of the organisational structure and leadership, making them well-qualified to respond to the study's questions. Employees with higher educational attainment tend to perform their roles more effectively, as advanced education equips them with the necessary knowledge and skills, along with the capacity and expertise to guide the organisation toward success. The demographic analysis reveals that Chief Executive Directors (18.4%) hold significant leadership roles, providing valuable insights into strategic leadership and its impact on organisational performance, particularly regarding insurance penetration and digital transformation initiatives. Finance Managers (26.4%) play a crucial role in understanding the financial implications of strategic decisions

and regulatory compliance, which are essential for the sustainability and growth of insurance products. The largest group, Risk and Compliance Managers (27.9%), is vital for navigating the regulatory landscape, ensuring adherence to regulations while identifying barriers to insurance penetration and best practices for compliance. Lastly, ICT Managers (27.4%) are critical in driving digital transformation, enhancing operational efficiency, and facilitating the adoption of innovative insurance products, making their perspectives essential for assessing the effectiveness of technology initiatives in the sector.

Hypothesis Testing

Strategic leadership and insurance penetration

The objective of the study sought to determine the relationship between strategic leadership and insurance penetration in Kenya. This was achieved by testing of the hypothesis as follows: *Ho₁: There is no significant effect of strategic leadership and insurance penetration in Kenya.* The statistical significance of the hypothesis was tested using simple linear regression which generated the regression coefficients; coefficient of determination (R^2) and analysis of variance (ANOVA) and model coefficients. The test covered goodness of fit overall significant, individual significance and diagnostic test. These findings are presented in table 2, table 3 and table 4.

Table 2: Model Summary for strategic leadership and insurance penetration

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. Change
.639 ^a	.408	.405	.37694	.408	137.171	1	199	.000

a. Predictors: (Constant), *strategic leadership*

The results in table 2, shows the correlation coefficient (R) of 0.639 which indicates a strong positive relationship between strategic leadership and insurance penetration. This suggests that as strategic leadership practices improve, insurance penetration is likely to increase. The strength of this correlation implies that strategic leadership is a significant factor influencing insurance penetration in Kenya. The R Square value of 0.408 means that approximately 40.8% of the variance in insurance penetration can be explained by strategic leadership. This indicates a moderate level of explanatory power, suggesting that while strategic leadership is an important factor, other variables not included in the model also contribute to insurance penetration. It also implies that 59.2% of the variations in insurance penetration in Kenya are because of other factors not captured in this model.

The Adjusted R Square value of 0.405 adjusts the R Square value for the number of predictors in the model. It provides a more accurate measure of the model's explanatory power, especially when multiple independent variables are involved. The slight decrease from R Square to Adjusted R Square indicates that the model remains robust even after accounting for the number of predictors. This suggests that the model is well-specified and that the inclusion of strategic leadership as a predictor is justified.

Table 3: ANOVA of the Relationship between strategic leadership and insurance penetration

	Sum of Squares	df	Mean Square	F	Sig.
Regression	19.490	1	19.490	137.171	.000 ^b
Residual	28.275	199	.142		
Total	47.766	200			

a. Dependent Variable: *insurance penetration*

b. Predictors: (Constant), *strategic leadership*

To determine the statistical insurance penetration of the overall regression model for the study, the analysis of variance (ANOVA) test was carried out as shown in table 3. The ANOVA results ($F = 137.171$, $p\text{-value} = 0.000$) indicates that the regression model was significant and worked properly in predicting the relationships between strategic leadership and insurance penetration in Kenya. The ANOVA results provide robust statistical evidence of the significant relationship between strategic leadership and insurance penetration in Kenya. The analysis reveals that strategic leadership is a critical factor in explaining variations in insurance market penetration, with a highly significant statistical model. Insurance companies and policymakers can leverage these insights to develop targeted strategies for improving market penetration through enhanced leadership practices.

Table 4: Model Coefficients of the Relationship between strategic leadership and insurance penetration

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	2.158	.149		14.494	.000	1.864	2.451
strategic leadership	.437	.037	.639	11.712	.000	.363	.510

a. Dependent Variable: *insurance penetration*

The regression coefficients table 4 provides critical insights into the relationship between strategic leadership and insurance penetration in Kenya. This analysis focuses on the unstandardized and standardized coefficients, significance levels, and confidence intervals for the regression model. The constant term represents the expected value of insurance penetration when the predictor variable, strategic leadership, is held at zero. This indicates a baseline level of insurance penetration that exists independently of strategic leadership practices. The value of 2.158 suggests that even in the absence of any influence from strategic leadership, there is a foundational level of insurance penetration.

The unstandardized coefficient for strategic leadership indicates that for every one-unit increase in strategic leadership, insurance penetration is expected to increase by 0.437 units, assuming all other factors remain constant. This positive relationship suggests that enhancing strategic leadership practices within insurance companies can significantly contribute to improving insurance penetration rates. The t-statistic of 11.712 for strategic leadership suggests a highly significant effect, reinforcing the importance of strategic leadership in influencing insurance penetration. The p-value for both the constant and strategic leadership is 0.000 ($p < 0.001$), indicating that the results are statistically significant. This means that the likelihood of observing such a relationship by chance is extremely low, providing strong evidence that strategic leadership positively affects insurance penetration in Kenya.

The confidence interval for the coefficient of strategic leadership ranges from 0.363 to 0.510. This interval suggests that we can be 95% confident that the true effect of strategic leadership on insurance penetration lies within this range. Since the entire interval is above zero, it further supports the conclusion that strategic leadership has a positive impact on insurance penetration. This can be expressed by the following equation, $Y = 2.158 + 0.437X$. The relationship is positive.

(i) Insurance penetration in Kenya = $2.158 + 0.437(\text{strategic leadership})$

RESULTS DISCUSSIONS

These results are in line with the study by Wang, and Chen, (2020) who assessed CEO personality and its impact on business performance. The study applied social media text mining approaches into the research stream that empirically inquires and extends upper echelons theory. Then, we investigate the CEO personality's impact on both operational and financial performance. Results show that CEO Extraversion, Emotional Stability, and Agreeableness improve Cost Efficiency and Profitability, while CEO Conscientiousness reduces them. CEO Openness to Experience negatively influences Profitability, and all facets of CEO personality improve Employee Productivity except for CEO Conscientiousness. The current study regression coefficients analysis reveals a strong and statistically significant relationship between strategic leadership and insurance penetration in Kenya. The findings highlight the importance of strategic leadership as a key driver of market performance, suggesting that enhancing leadership practices can lead to improved insurance penetration rates. This analysis provides valuable insights for insurance companies, policymakers, and researchers aiming to understand and improve the dynamics of the insurance market in Kenya.

Additionally, the results are in agreement with results by Mutegi, (2018), who examined the role of innovation strategy on insurance penetration in Kenya by reviewing four study variables namely product innovation strategy, market innovation strategy, technological innovation strategy, and scenario plan strategy. From the study findings, majority of the respondents thought product innovation analyses and identifies what customers want. On the Contribution of Market Innovation to Insurance Penetration, the study found out that majority of the respondents was in agreement that market innovation contributes to insurance penetration. Results of the study indicated that all the respondents were of the opinion that technological innovations and process innovation contribute to Insurance Penetration in Kenya. The study also concluded that all the independent variables (Product innovation strategy, market innovation strategy, technological innovation strategy and scenario planning contribute significantly to insurance penetration. Based on the findings, study recommended that insurance companies should lay out procedures and strategies such as product innovation, market innovation, technological innovation, and process innovation so as to enhance their penetration in the market.

CONCLUSIONS AND RECOMMENDATIONS

The study conclusively established a strong and statistically significant positive relationship between strategic leadership and insurance penetration in Kenya, leading to the rejection of the null hypothesis. The correlation coefficient of 0.639 indicates that as strategic leadership practices improve, insurance penetration is likely to increase. Furthermore, the significance level of 0.000 confirms that this relationship is not due to random chance. While strategic leadership is a key factor, the coefficient of determination ($R^2=0.408$) reveals that it accounts for approximately 40.8% of the variance in insurance penetration, suggesting that other unexamined factors are also critical in influencing this metric.

It is recommended that Kenyan insurance companies prioritize the development and implementation of robust strategic leadership practices to further boost insurance penetration. Investing in leadership training programs focused on vision setting, change management, and innovative market strategies is a key action. While strategic leadership is a significant driver, accounting for a notable portion of the variance in penetration, it is also crucial for companies to conduct further research to identify and address the other factors contributing to the remaining variance. This holistic approach will ensure a more comprehensive and sustainable increase in insurance adoption across the country.

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