

EFFECTS OF FRAUD MANAGEMENT STRATEGIES ON MARKET
PENETRATION IN THE INSURANCE INDUSTRY IN KENYA: A CASE OF
JUBILEE INSURANCE COMPANY

by

Winfred Mutunge Octavy

A thesis presented to the school of Business and Economics

of

Daystar University
Nairobi, Kenya

In partial fulfillment of the requirement for the degree of

MASTER OF BUSINESS ADMINISTRATION
in Strategic Management and Marketing

October, 2022

APPROVAL

EFFECTS OF FRAUD MANAGEMENT STRATEGIES ON MARKET PENETRATION
IN THE INSURANCE INDUSTRY IN KENYA: A CASE OF JUBILEE INSURANCE
COMPANY

by

Winfred Mutunge Octavy
19-0185

In accordance with Daystar University policies, this thesis is accepted in partial fulfillment of requirements for the Master of Business Administration degree.

Sign

Date

Michael Bowen, PhD
1st Supervisor

Joanes Kyongo, PhD
2nd Supervisor

Joseph Munyao, MSc.
HoD, Commerce Department

Evans Amata, PhD
Dean, School of Business and Economics

DAYSTAR UNIVERSITY

Copyright ©2022 by Winfred Mutunge Octavy

DECLARATION

EFFECTS OF FRAUD MANAGEMENT STRATEGIES ON MARKET PENETRATION
IN THE INSURANCE INDUSTRY IN KENYA: A CASE OF JUBILEE INSURANCE
COMPANY

I hereby declare that this thesis is my original work and has not been submitted to any other university or college for academic credit.

Signed: _____
Winnie Mutunge Octavy
(19-0185)

Date: _____

DAYSTAR UNIVERSITY

ACKNOWLEDGEMENT

First of all, I would like to thank God for the superb health and strength that He accorded me to handle this study throughout the process. I praise Him abundantly give back all glory and honor.

Secondly, I wish to thank my supervisor Professor Michael Bowen and Dr. Joanes Kyongo for their guidance and support during this study. Their constant discerning reviews, determined encouragement and untiring efforts helped significantly in making this study what it is now.

Thirdly, my gratitude goes to Jubilee Insurance Company for offering me the chance to conduct this research at the company. My heartfelt gratitude goes out to my family particularly my husband and our children.

DAYSTAR UNIVERSITY

TABLE OF CONTENTS

<u>APPROVAL</u>	ii
<u>DECLARATION</u>	iii
<u>ACKNOWLEDGEMENT</u>	v
<u>TABLE OF CONTENTS</u>	vi
<u>LIST OF TABLES</u>	viii
<u>LIST OF FIGURES</u>	ix
<u>LIST OF ABBREVIATIONS AND ACRONYMS</u>	x
<u>ABSTRACT</u>	xi
<u>CHAPTER ONE</u>	1
<u>INTRODUCTION AND BACKGROUND TO THE STUDY</u>	1
<u>Introduction</u>	1
<u>Background to the Study</u>	3
<u>Statement of the Problem</u>	13
<u>Purpose of the Study</u>	16
<u>Objectives of the Study</u>	17
<u>Research Questions</u>	17
<u>Assumptions of the Study</u>	17
<u>Justification for the Study</u>	18
<u>Significance of the Study</u>	19
<u>Scope of the Study</u>	20
<u>Limitations and Delimitation of the Study</u>	20
<u>Definition of Terms</u>	21
<u>Summary</u>	22
<u>CHAPTER TWO</u>	23
<u>LITERATURE REVIEW</u>	23
<u>Introduction</u>	23
<u>Theoretical Framework</u>	23
<u>General Literature</u>	31
<u>Empirical Literature</u>	42
<u>Conceptual Framework</u>	47
<u>Discussion</u>	48
<u>Summary</u>	49
<u>CHAPTER THREE</u>	50
<u>RESEARCH METHODOLOGY</u>	50
<u>Introduction</u>	50
<u>Research Design</u>	50
<u>Population of the Study</u>	51
<u>Target Population</u>	52
<u>Sampling Procedure</u>	52
<u>Sample Size</u>	54
<u>Data Collection Instruments</u>	55

<u>Data Collection Procedure</u>	56
<u>Pretesting</u>	57
<u>Data Analysis Plan</u>	59
<u>Ethical Considerations</u>	60
<u>Summary</u>	61
<u>CHAPTER FOUR</u>	62
<u>DATA ANALYSIS, PRESENTATION, AND INTERPRETATION</u>	62
<u>Introduction</u>	62
<u>Data Analysis and Interpretation</u>	63
<u>Summary of the Key Findings</u>	81
<u>CHAPTER FIVE</u>	82
<u>DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS</u>	82
<u>Introduction</u>	82
<u>Discussions of Key Findings</u>	82
<u>Conclusions</u>	87
<u>Recommendations</u>	88
<u>Recommendations for Further Studies</u>	89
<u>REFERENCES</u>	91
<u>APPENDICES</u>	97
<u>Appendix A: Questionnaire</u>	97
<u>Appendix B: Ethical Clearance</u>	103
<u>Appendix C: Research Permit</u>	104
<u>Appendix D: Plagiarism Report</u>	105

DAYSTAR UNIVERSITY

LIST OF TABLES

<u>Table 3.1: Target Population</u>	52
<u>Table 3.2: Sample Size</u>	54
<u>Table 4.1: Reliability Statistics</u>	62
<u>Table 4.2: Response Rate</u>	63
<u>Table 4.3: Gender</u>	64
<u>Table 4.4: Respondents Age Groups</u>	64
<u>Table 4.5: Education Level</u>	65
<u>Table 4.6: Management Level</u>	66
<u>Table 4.7: Departments of Engagement</u>	67
<u>Table 4.8: Fraud Management Strategies Adopted by Jubilee Insurance Company</u>	68
<u>Table 4.9: Market Penetration of Jubilee Insurance</u>	70
<u>Table 4.10: Fraud Management Strategies have effect on Market Penetration</u>	72
<u>Table 4.11: Fraud Management Strategies and Market Penetration</u>	73
<u>Table 4.12: Correlation Analysis</u>	78
<u>Table 4.13: Insurance Regulatory Authority on Fraud Management & Market Penetration</u>	80

DAYSTAR UNIVERSITY

LIST OF FIGURES

Figure 2.1: Conceptual Framework 48

DAYSTAR UNIVERSITY

LIST OF ABBREVIATIONS AND ACRONYMS

CO	Company
ERB	Ethical Review Board
ICT	Information Communication Technology
IFIU	Insurance Fraud Investigation Unit
IRA	Insurance Regulatory Authority
NACOSTI	National Commission for Science, Technology and Innovation
SPSS	Statistical Package for Social Sciences

DAYSTAR UNIVERSITY

ABSTRACT

This study aimed at understanding effects of fraud management strategies on market penetration in the insurance industry specifically at Jubilee Insurance Company, Kenya. The specific objectives of the study were; to identify the various fraud management strategies used at Jubilee Insurance Company, assess the market penetration of Jubilee Insurance Company and to determine effects of fraud management strategies on market penetration of Jubilee Insurance Company. The study used descriptive research design. The population of the study was 354 respondents and the sample size of 106 employees. Purposive and simple Random sampling were employed. Questionnaire was used to gather data from Jubilee Insurance Company. The findings revealed that fraud Management strategies were adopted at Jubilee insurance Company. It was revealed that market share, sales volumes and distribution channel positively affect the level of market penetration. Findings also revealed that Insurance Regulatory Authority have moderating effect on the relationship between fraud management strategies and market penetration. Set policies, laws and procedures of the Kenyan government affect the extent to which the fraud strategies of the company have impact on the market. This therefore translates to the extent of market performance. The study recommends that Jubilee Insurance Company should incorporate and improve fraud management strategies of fraud governance, fraud prevention, fraud assessment and fraud detection in this recommended order. This would enable the company to avoid resource wastage as well as to improve its market performance.