MARKETING INNOVATIONS AND PERFORMANCE OF INSURANCE COMPANIES IN NIGERIA: MODERATING ROLE OF INSTITUTIONAL SUPPORT

Yinka Calvin Ojeleye[1]*, Hauwa Abdullahi Mustapha[2], Saheed Adesunkanmi Oyede[3]

[1,2] Department Of Business Administration, ABU Business School Ahmadu Bello University, Nigeria
[3] Department of Insurance, University of Jos, Nigeria

e-mail: calojeleye@gmail.com
(Corresponding Author indicated by an asterisk *)

ABSTRACT

The adoption of marketing innovations can contribute to the sustainability of a firm. However, research on the types of marketing innovations and their effects is limited. The study examined the dimensions of marketing innovations, their effects on performance of insurance firms, and how institutional support moderates those effects. The population of the study 504 management staff from 56 insurance companies, a sample size of 223 was determined using the Taro Yamane formula for finite population. Empirical data were collected and used to validate the model. Significant positive relationships are identified among each dimension of marketing innovation and performance. The findings are explained through the theoretical lens of resource-based view. Results show that both product and process innovation significantly contribute to the performance of insurance companies. Moreover, the relationship between process innovation and firm performance is significantly moderated by institutional support this is because with a favorable regulatory framework and activities aimed at encouraging innovation in the insurance business, institutional support is critical in easing the adoption and implementation of process changes. Whereas institutional support did not moderate the relationship between product innovation and firm performance. The study recommends that to maximize the significant positive effect of product innovation, Nigerian insurance firms should prioritize market research and client feedback. This study contributes to the literature because it elaborates the conceptualization of marketing innovation and presents the dynamics of institutional support and firm performance. It also provides practical implications on how insurance firms can utilize marketing innovations to achieve business sustainability.

Keywords: Product Innovation; Process Innovation; Institutional Support; Performance; Resource-Based View

INTRODUCTION

The insurance business is essential in every economy. It is a critical component of the financial services industry in practically all emerging and developed nations. Insurance, as a financial middleman, contributes significantly to any country's economic development and encourages businesses to perform efficiently (Oloyede et al., 2023). It is built on the notion of risk, and risk is present in all aspects of human existence. Risk and insurance are inextricably linked, since insurance cannot exist without risk. Insurance is in business to help other companies survive. Behind the need for risk coverage, the insured agrees to pay a premium to the insurer. Depending on the length and breadth of the insurance market, premium savings may represent a significant portion of capital creation, increasing the amount of credit in the economy and facilitating financial intermediation. The insurance industry has thus become a veritable sub-sector for financial intermediation, as industry operators use premium income collected from policyholders to extend loans to deficit economic units such as governments, corporate organizations, and other borrowers with interest payments due at maturity. As a consequence, these activities boost the insurance sub-sector's contribution to GDP as well as a nation's economic growth (Apergis & Poufinas, 2020).

In light of this, Oloyede et al. (2023), argued that the value of insurance to any nation's economy cannot be underestimated. They stressed that no nation could achieve significant progress without the existence of a robust insurance sector. The size and maturity of an

economy's insurance industry is one of the indices for measuring its progress (Oloyede et al., 2023). Under the umbrella of the financial sector, the insurance sector plays a pivotal role in regulating funds to different industries, thereby contributing significant inflows to economic and financial growth (Shawar & Siddqui, 2019). This makes the insurance industry in any country necessary (Takon et al.,2020). Sadly, in Nigeria this industry faces several challenges, including poor penetration rate, market distortion, high inflation rates, varied government laws, unethical activities, and fraudulent inclinations on the part of both the insured and insurance practitioners. No wonder, the sector contributes little to the nation's GDP (Takon et al., 2020). Hence, it is vital to conduct a thorough investigation of the industry's operations. Moreover, Garcia et al. (2023), stressed that a systematic study is required in this domain owing to the requirement for organizations to innovate and capture more and more territory in the face of globalized competition and greater contribution to the economy. Therefore, insurance firms should recognize the need of exploring, exploiting, and deploying marketing innovation and inventive tactics in order to grow and remain competitive in a changing business environment, since this puts into question the role of innovation strategies taken by insurance companies.

The insurance industry is crucial to every economy, playing a significant role in financial intermediation. Despite its importance, the Nigerian insurance sector faces numerous challenges including low penetration rates, market distortions, and regulatory issues (Oloyede et al., 2023). These challenges have limited the sector's contribution to Nigeria's GDP and overall economic growth. In light of these issues, innovation within the insurance industry becomes essential. Marketing innovations, in particular, hold potential for enhancing firm performance. However, research into the specific impacts of marketing innovations, such as process and product innovations, on the performance of insurance firms remains sparse. This gap in the literature underscores the need for a systematic investigation into how these innovations can be leveraged to improve firm performance in the Nigerian context. This study aims to investigate the dimensions of marketing innovations and their implications on the performance of insurance firms in Nigeria. Additionally, it explores how institutional support moderates these relationships, providing a comprehensive understanding of the dynamics at play. By focusing on the Nigerian insurance industry, this research seeks to provide actionable insights for industry practitioners and policymakers to enhance firm performance through strategic innovations and supportive institutional frameworks.

LITERATURE REVIEW

This section discusses the concepts, empirical review and theoretical framework.

Concept of Firm Performance

Schütz et al. (2020), defined firm performance as the process by which an organization accomplishes its objectives by the calibre and volume of excellent work produced by people and groups. To Le & Ikram (2022), it is the degree to which a company meets its objectives. It was defined by Alvarez & Fuentes (2018) as a company's capacity to earn a profit, optimise returns on investments, and uphold a sound financial position. According to Taouab & Issor (2019), generating value for stakeholders includes a company's ability to make money, satisfy customers, engage employees, and practice corporate social responsibility. It was further defined by Taouab & Issor (2019), as the capacity to function effectively and efficiently while optimizing resource utilization and attaining desired results. According to this study, an organization's success is measured by its capacity to satisfy goals, reach targets, and maintain its competitive edge in the market. All of these definitions emphasize that an organization's

capacity to develop new ideas and put them into practice will determine how well it performs overall and how long it can remain competitive in the market.

Concept of Market Innovation

Marketing innovation is a key aspect in increasing a company's profitability (Yulianto & Supriono, 2023). Market innovation is actively implementing new marketing tactics, company models, or distribution channels to reach clients in fresh or unique ways (Jeong & Chung, 2023). To quantify innovation, a company must break down its marketing function into component elements and provide a system for analyzing the interplay between those parts. By doing so, decision-makers will finally be able to connect marketing costs to shareholder value and understand how to link marketing activities back to the value generated for the firm.

Marketing innovation is described as the implementation of new marketing methods that need considerable modifications in packaging, design, placement, product promotion, and price strategy (Yelmi et al., 2021). Marketing strategy is essential in every corporate organization, and in order to compete in a global market, resources must be accessible and effectively employed. Marketing innovation for a company aims to meet market requirements, improve market share, and boost shareholder value (Yelmi et al., 2021). Thus, helping businesses grow faster and more successfully, eventually making them more profitable than non-innovators (Surya et al., 2021). This study defines marketing innovation as the process of creating and implementing new and effective marketing strategies, tactics and tools to reach and engage with target audiences.

Although, the Organization for Economic Co-operation and Development [OECD] (2005) categorized innovation being implemented by firms into four (4): product, process, organizational, and marketing. Furthermore, the scope of change associated with innovation may be expressed in terms of entire newness or considerable improvement. In accordance with the paper's purpose, this empirical research employs two aspects of innovation: process innovation and product innovation as two dimensions of marketing innovations.

Concept of Process Innovation

Ojenike (2024), defined process innovation as changes in the ways of producing or developing products, including new logistics, new raw material, new production lines, new production processes/methods, and new technology. Process innovation is viewed as a change in the delivery and manufacture of commodities that significantly increases the value contributed to investors (Oanh, 2019). It is a method for increasing organizational efficiency and effectiveness of a procedure to achieve set goals. To achieve process innovation, a company may embrace new technology, purchase new equipment, educate its personnel, and reorganize its processes. Specifically, it is concerned with how production or service activities are carried out; it alters or enhances the way organization's function (Yulianto & Supriono, 2023). Process innovation generates further productivity increase at all levels. Furthermore, technology-based product quality enables firms to generate better achievements in innovation (Yulianto & Supriono, 2023). Research repeatedly shows that organizations with greater levels of inventive aptitude actively participate in process innovation, which leads to increased operational efficiency, cost savings, and productivity (Raimi & Tariq, 2022; Jeong & Chung, 2023). It involves the process of carrying out sequential activities or task of transforming creative ideas to products/services (Mashal, 2018). Process-oriented innovativeness is concerned with the creation of or improvement in techniques and the development in process or system. Its dimensions involve innovativeness in technology, skill, techniques, systems and procedures, which are used in the process of transforming inputs into outputs (Ekeh, 2023).

This study defines process innovation as the implementation of new or significantly improved processes, methods or techniques to enhance the efficiency, effectiveness and quality of an organization's operations. By embracing process innovation, organizations can achieve operational excellence, stay competitive and drive growth.

Concept of Product Innovation

Product innovation is a critical success driver because it allows businesses to grow into new markets and helps them find ways to earn a lot of money. Bagna et al. (2021) claim that product innovations have a positive long-term impact on stock market performance. Furthermore, the impact persists over time. Product innovation may be defined as either the introduction of a new product unique to the company or the introduction of a new product into the market (Ramadani et al., 2019). Additionally, this innovation is seen as a possible cause of inconsistency between competing enterprises functioning in a market and organizational performance (Imran & Jingzu, 2022). According to Ramadani et al. (2019), product innovation may enhance the efficiency of businesses' resource utilization, raise return on investment and sales, generate new markets, and boost corporate value. Firms can also consider pursuing continuous complete product or service changes, legacy structures, and business processes to boost sales growth, assure financial stability, improve customer experience, and combat rising competition (Ramadani et al., 2019). This study defines product innovation as the development and launch of new products, services or improved versions of existing ones which provide unique value to customers and differentiate a company from its competitors.

Meanwhile, plethora of studies (Ayinaddis, 2023; Okundi & Muchemi, 2022; Fiiwe et al., 2022; Ismanuat et al., 2021; Onogwu & Ja'afaru, 2020; Horvat et al.,2019; Akpoviroro et al., 2019) found that process innovation had significant effect on firm's performance., among others, revealed that process innovation had a favorable and substantial influence on company performance. On the contrary, Yulianto & Supriono (2023) and Issau et al. (2021) discovered no significant association between process innovation and company performance. Thus, establishing contradictions in literature. In the same vein, several studies, including Ayinaddis (2023); Okundi & Muchemi (2022); Bari et al. (2022); Ismanu et al. (2021); Onogwu & Ja'afaru (2020); Horvat et al. (2019); Herman et al. (2018), discovered that product innovation had a favorable and substantial influence on business performance. In contrast, Yulianto & Supriono (2023) and Issau et al. (2021) discovered no significant association between product innovation and firm performance. As a result of the aforementioned inconsistencies in the relationship between product and process innovation and firm performance, as well as the need to fill this literature gap, this study introduced institutional support as a moderator to strengthen the relationship, as proposed by Baron & Kenny (1986).

Concept of Institutional Support

Igalla et al. (2021) defined institutional support as a wide reflection of government and agency support, which includes established policies, programs, financial support, technical support, and other types of help. According to institutional theory, the efficiency of business innovation is affected by both the organization's internal resources and the external institutional environment (Lee & Yoo, 2019). It plays an essential role in resource allocation and other economic activities inside the company's social interaction network (Ji et al., 2019). Yang et al. (2022) contended that the more institutional backing enterprises have, the more likely they are to dedicate resources to innovative, aggressive, and risky activities. At the same time, institutional support may have a signal influence both inside and outside the organization, enhancing members' confidence and companies' proclivity to engage in creative activities,

increasing management's readiness to follow a performance-based approach. This research defines institutional support as the resources, policies, and services that an organization or institution provides to help its entity succeed. Organizations may encourage success, innovation, and growth by providing institutional support.

Process Innovation and Firm Performance

In relation to process innovation and firm performance, a study conducted by Horvat et al. (2019) in various industrial sectors in Malaysia revealed that process innovation is positively related to firm performance. Process innovation stems from internal production goals, and that includes reducing production costs and increasing the quantity and quality of output (Yulianto & Supriono, 2023). Process innovation has a significant influence on corporate performance (Torfing, 2019). Sometimes a company's creative operations are carried out completely by the organization, and other times enterprises must work with other firms (Torfing, 2019). According to Yulianto & Supriono (2023), process innovation is a concept applied to both the production and distribution sector, achieved through significant changes in the techniques, materials and or computer programs used by a firm. These aim to reduce production or distribution costs, improve quality, or produce or distribute new or significantly improved products and firm performance. Akpoviroro et al. (2019), found that process innovation had significant effect on firm's performance. Process innovation results in extra productivity growth at every level. Moreover, technology-based product quality makes it easier for businesses to achieve superior results in innovation. Considering the information presented above, we recommend the hypothesis stated below:

H1: Process innovation has a significant effect on Insurance firms' performance in Nigeria.

Product Innovation and Firm Performance

Product innovation can be categorized as either the launch of a new product exclusive to the firm or the launch of a new product in the marketplace (Ramadani et al., 2019). In addition, these innovations are considered a potential resource of inconsistency between the competing firms operating within a market and organizational performance (Imran & Jingzu, 2022). Product innovation can be used to strategically differentiate an organization's product offerings in the marketplace, thereby meeting market demand, building customer loyalty, and improving firm performance (Yulianto & Supriono, 2023). According to the findings of Harjadi et al. (2020), product innovation positively influences firm performance. Studies conducted similarly and demonstrated the same related results were conducted by Lee et al. (2019), who concluded that organizations that innovated new products and had significant growth in sales from those products were less likely to be affected by the phenomenon known as cannibalization, and those firms also noticed an improvement in their performance. Several researchers, like Christa & Vivy (2021); Liu & Atuahene-Gima (2018); Su (2023); Herman et al. (2018), concluded that product innovation has a beneficial influence on the performance of the firms. Therefore, product innovation creates continuous profit, thereby improving the related performance measures of an organization. In addition, creativity is seen as essential, and its relationship to leadership and business entrepreneurship cannot be overstated (Skare et al., 2022). Considering the information presented above, we recommend the hypothesis stated below:

H2: Product innovation has a significant effect on Insurance firms' performance in Nigeria.

Institutional Support as a Moderator

Moreover, Moreira et al. (2022), suggested that institutional support can be employed as a moderation or mediation variable. Nuseir et al. (2022), found that institutional support moderates E-learning, M-learning, D- learning and students' performance in educational institutions. Similarly, Ojeleye et al. (2023), discovered that institutional support moderates the effect of gender diversity on firm performance. Thus, the current study posited that, while marketing innovation I.E., process and product innovations positively drive firm performance, the inclusion of institutional support as a resource for insurance companies may accentuates the interaction between product and process innovation and firm performance based on the moderation typology of Baron & Kenny (1986) and Gardner et al. (2017). However, despite the study's assumption that market innovation is positively associated to firm performance, there is no agreement on the direction of this connection, and previous research has shown inconclusive findings. The link between market innovation and firm performance is not straightforward; rather, it is complicated. Market innovation has been extensively identified in numerous studies, although the existing data seems to concentrate mostly on the direct influence of innovation on firm performance (Ayinaddis, 2023; Yulianto & Supriono, 2023; Okundi & Muchemi, 2022; Bari et al., 2022). However, the purpose of this research is to fill this gap. As such, the research investigated the role of institutional support in moderating the connection between product innovation, process innovation, and insurance firms' performance.

H3: Institutional support significantly moderates the relationship between process innovation and Insurance firms' performance in Nigeria

H4: Institutional support significantly moderates the relationship between product innovation and Insurance firms' performance in Nigeria.

The Resource-Based View

The study is underpinned by the Resource-Based View (RBV) theory. According to the RBV theory, a firm's competitive advantage and performance are largely driven by its unique set of resources and capabilities (Peng, 2001; Bogodistov & Wohlgemuth, 2017). In the instance of Nigerian insurance businesses, this theory indicates that organizations might attain higher performance by effectively using innovation-related resources and competencies. This might involve expenditures in technology, human capital development, and strategic alliances to foster both product and process innovation (Bari et al., 2022). Furthermore, the RBV theory underscores the significance of matching these resources and skills to the firm's strategic goals and external market circumstances (Hanggraeni et al., 2019). By applying the RBV theory to the study of innovation in Nigerian insurance companies, researchers can investigate how firms use their internal resources and capabilities, as well as external institutional support, to drive innovation initiatives and, ultimately, improve their market competitiveness and performance.

Conceptual Framework

Figure 1 diagrammatically displays the study's conceptual framework. The moderator and predictor variables are institutional support (IS), process innovation (PCI), and product innovation (PDI), which influence the criterion variable firm performance (FPER).
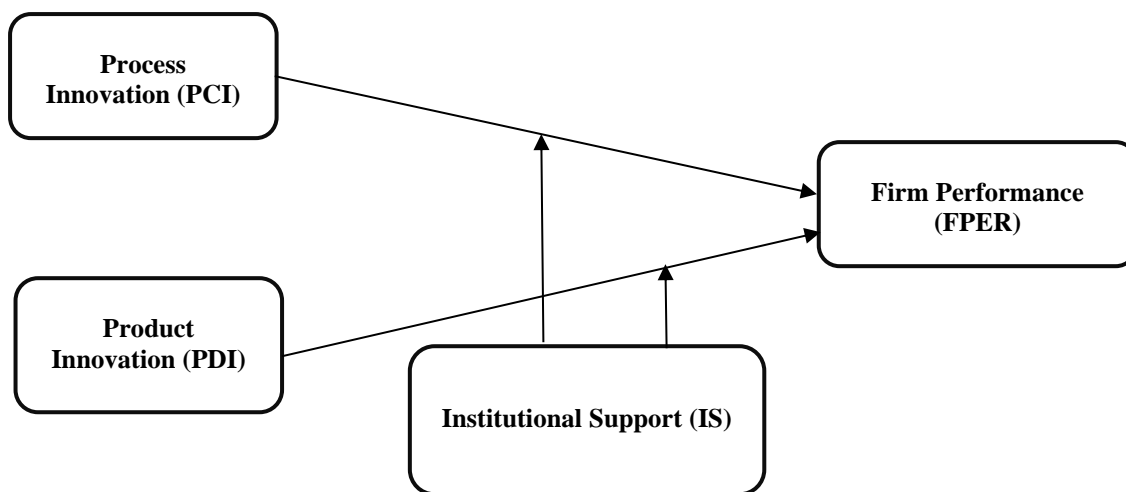
Figure 1: Conceptual Framework

RESEARCH METHOD

The methodology of a study gives a picture of the processes and techniques employed by the researchers to collect, clean and process the data.

Research Design

The study adopted a quantitative research design, using both survey and cross-sectional research methods. The study is quantitative research because analyses and investigates linkages, behaviors, or occurrences using a systematic approach using numerical data. It depends on systematic procedures such polls or experiments and finds patterns, test ideas, and generates generalizations about larger populations using statistical methodologies (Hair et al., 2022). This approach offers measurable insights that might direct theory development and decision-making since it aims for correctness and objectivity.

Data from players in Nigeria's insurance industry was gathered via questionnaires, enabling for quantitative examination of issues such as process innovation, product innovation, institutional support, and performance. The cross-sectional approach allowed for the evaluation of correlations between variables at a certain moment in time, allowing the research to make conclusions regarding the impact of these factors on insurance business performance in Nigeria during the specified period.

Population of the Study

According to the National Insurance Commission (NAICOM) website, Nigeria has fifty-six (56) listed insurance businesses that were in existence as of January 31, 2023. In this study, the population consists of the managerial employees from insurance companies in Nigeria. These include Managing Director, Executive Director Technical, Head of Technical Underwriting, Head of Reinsurance, Chief Financial Officer, Head of Audit, Head of ERM, Chief Risk Officer (CRO) (Risk and Compliance) and Head of Human Resource/Admin. As a result, this study focused on the managerial level as the unit of analysis since the researchers considered they would be in the greatest position to have appropriate knowledge about the firm's performance and marketing strategies. The population consisted of 504 executives from 56 insurance firms, determined by choosing 9 management staff from each company: (9 management staff * 56 insurance companies = 504).

Sample Size

Furthermore, the sample size of 223 was calculated using Taro Yamane's finite population formula. Meanwhile, to account for partial questionnaire completion, non-response or invalid questionnaire, Israel (2013) proposed expanding the sample size by 10% to 30%. As such, the research raises the previously calculated sample size of 223 by 10% (1.10*223=245) to 245 based on the discretion of the researchers. Additionally, the study employed a simple sampling technique to distribute questionnaires to respondents, ensuring that everyone had an equal chance of being chosen. Only 216 (88%) of the 245 questionnaires sent were returned, with 203 (83%) correctly filled out and used in the study.

Instruments

Instruments from previous studies were adapted and used in the study. In other words, the study employed validated scales from scholars with excellent psychometric properties to measure the study's constructs. First, Process Innovation was measured employed Preciso (2021) Innovation Process Scale. Sample of item is "Our firm works according to a documented and efficient innovative process". The reported Cronbach's alpha is 0.912. depicting that the instrument is consistent and appropriate for the study. Product Innovation was measured using modified 10-item scale of Alegre et al. (2006). Sample of item is "We are constantly replacing products being phased out". The Cronbach's alpha ranges between 0.772 to 0.857. It shows that the instrument is reliable and appropriate for this study. Institutional Support was measured using O'Driscoll (2000) 4-item Social Support Scale. Sample of item is "Government provides helpful information about proving our business". The reported Cronbach's alpha is 0.89. Lastly, performance was measured utilizing 8-item Firm Performance Scale of Spillan & Parnell (2006). Sample of item is "Our sales goals have been achieved" with reported Cronbach's alpha of 0.764. showing the internal consistency and appropriateness of the instrument. Meanwhile all the instruments were measured on a 5-point Likert Scale (5-strongly agree to 1-strongly disagree).

RESULTS AND DISCUSSION

Data Analyses

To ensure that the data was correct, preliminary evaluations were performed using Statistical Software for Social Sciences (SPSS) version 24, which included replacing missing values, common method bias, multicollinearity, checking for normality, and reducing non-response bias. In a nutshell, the dataset was found eligible for further investigation. SmartPLS 3.3.8 was also used to calculate the measurement and structural models, which are the two core models of PLS path modelling.

Measurement Model

Hair et al. (2019), reported that building a measurement model entails identifying constructs and creating indicators that fairly represent these constructs. The approach begins with precisely specifying and spotting the latent variables to measure. After that, researchers choose observable indicators for every construct and indicate the interactions among them in the measuring model. Statistical tests such as Confirmatory Factor Analysis (CFA) help to evaluate the validity and reliability of these indicators thereby guaranteeing their proper measurement of the desired constructs. These tests help to improve the model by means of which its fit and validity are enhanced, therefore producing a strong measurement model supporting correct and reliable research results.

The measurement model includes an investigation of item loading for the reflective constructs, reliability (Composite reliability and Cronbach's alpha), and validity (convergent and discriminant tests). Items that loaded 0.500 or above were maintained after the item loadings were reviewed and those below were deleted as suggested by Hulland (1999). Items FPER2, PD15, PDI7 and PDI10 were deleted owing to loading below 0.5 threshold. They were deleted because they had no variance of the model.
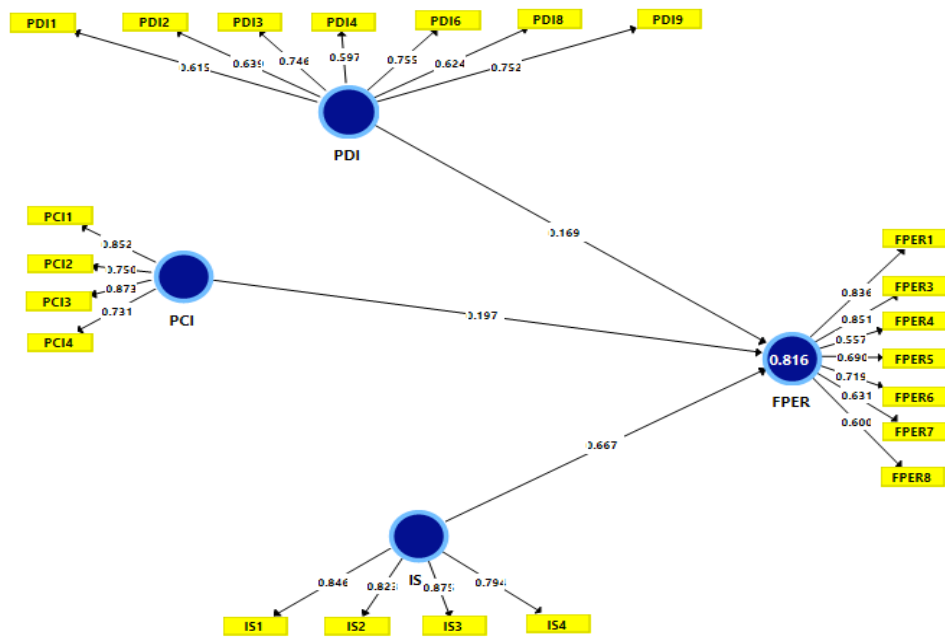

Figure 2. Measurement Model
Source: Authors' systemization of SmartPLS output (2024)

The composite reliability (CR) used to assess internal consistency fulfilled the satisfaction requirement of 0.70, with the lowest result being 0.856 and the highest being 0.902. Similar to this, Cronbach's alpha (CA) ranged from 0.803 to 0.855. Table 1 shows a list of these:

Table 1. Item Loadings, Reliability and Convergent Validity (Average Variance Extracted)

Constructs	Indicators	Loadings	Cronbach's Alpha	Composite Reliability	AVE
Firm Performance	FPER1	0.836	0.826	0.871	0.518
	FPER3	0.851			
	FPER4	0.557			
	FPER5	0.690			
	FPER6	0.719			
	FPER7	0.631			
	FPER8	0.600			
Institutional Support	IS1	0.846	0.855	0.902	0.697
	IS2	0.823			
	IS3	0.875			

	IS4	0.794			
Process Innovation	PCI1	0.852	0.817	0.879	0.646
	PCI2	0.750			
	PCI3	0.873			
	PCI4	0.731			
	PDI1	0.615			
	PDI2	0.639			
Product Innovation	PDI3	0.746	0.803	0.856	0.531
	PDI4	0.597			
	PDI6	0.755			
	PDI8	0.624			
	PDI9	0.752			

Source: Authors' systemization of SmartPLS output (2024)

Furthermore, in research, discriminant validity is crucial as it guarantees that a measurement instrument or concept is unique from other variables, therefore verifying that it faithfully measures what it is meant to without overlap (Hair et al., 2021). Since it helps to avoid the confining of several constructs and supports the credibility and integrity of the measuring instrument, this validity is absolutely essential for guaranteeing the correctness of study results (Hair et al., 2022). Discriminant validity strengthens theory development and increases practical applications by proving that constructions are distinctively different from one another, therefore producing more exact and successful treatments or solutions. Henseler et al. (2015) Heterotrait-Monotrait (HTMT) ratio was used in this research to confirm discriminant validity. The HTMT ratio for empirically dissimilar constructs is 0.85, which is lower than the conservative figure of 0.90 for conceptually comparable constructs. Table 2 shows that the values of intercorrelation are smaller than the criteria. As a result, the study's results support the claim that discriminant validity may be proved using any threshold.

Table 2. Discriminant Validity using Heterotrait-Monotrait Ratio

Constructs	FPER	IS	PCI	PDI
FPER				
IS	0.620			
PCI	0.731	0.607		
PDI	0.811	0.738	0.492	

Source: Authors' systemization of SmartPLS output (2024)

Structural Model

To evaluate the study's hypotheses, a structural model was used. To test the relationship, 5000 bootstrapping tests were run in total. Furthermore, the predictive relevance and effect size were also examined. Predictive relevance was utilized to determine the study model's practical value. The effect size was used to determine how each individual predictor variable contributed to the variation in the dependent variable.
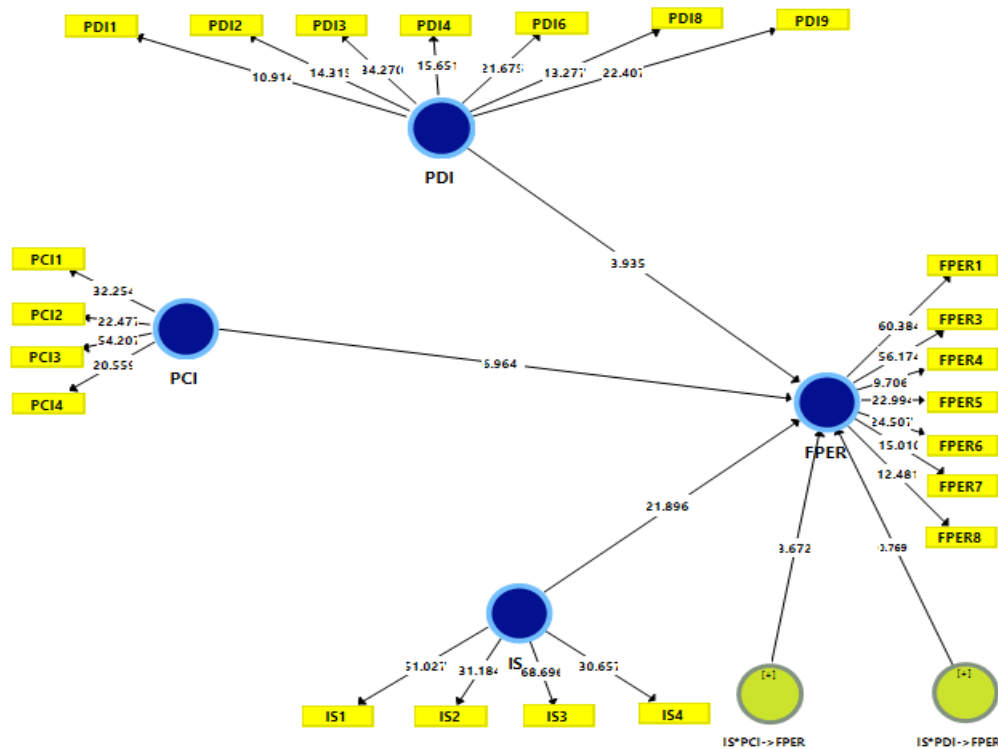
Figure 3. Structural Model
Source: Authors' systemization of SmartPLS output (2024)

Test of Hypotheses

Table 3. Test of Direct and Moderating Effect

Hypotheses	Relationship	Beta	STDEV	T-statistics	P Values	Decision
H_1	PCI -> FPER	0.217	0.031	6.964	0.000	Supported
H_2	PDI -> FPER	0.158	0.040	3.935	0.000	Supported
H_3	IS*PCI->FPER	-0.094	0.026	3.672	0.000	Supported
H_4	IS*PDI-> FPER	0.018	0.027	0.769	0.442	Not Supported
	R^2=0.816		Q^2= 0.371			

Source: Authors' systemization of SmartPLS output (2024)

The first hypothesis (H_1) shows that there is a significant positive effect of process innovation (PCI) insurance firm performance (FPER), as demonstrated by a beta value of 0.217, a T-statistics of 6.964, and a p-value of 0.000. This suggests that increased process innovation has a favorable influence on the performance of Nigerian insurance businesses. Therefore, the first hypothesis is supported. Similarly, the second hypothesis (H_2) shows a positive and significant influence of product innovation (PDI) on performance (FPER), with a beta of 0.158, a T-statistics of 3.935, and a p-value of 0.000. This implies that increasing product innovation has a beneficial impact on the performance of insurance businesses in Nigeria. As such, the second hypothesis is likewise supported. The third hypothesis (H_3) investigates the moderating role of institutional support (IS) on the relationship between process innovation (PCI) and performance (FPER). The beta value of 0.094, T-statistics of

3.672, and p-value of 0.000 all suggest a substantial positive moderating impact. This suggests that institutional support significantly moderated the relationship between process innovation and the performance of Nigerian insurance businesses. As a consequence, the third hypothesis is also supported. However, the fourth hypothesis (H$_4$), which examines the moderating effect of institutional support (IS) on the relationship between product innovation (PDI) and performance (FPER), yields a beta value of 0.018, a T-statistics of 0.769, and a p-value of 0.442, indicating a nonsignificant moderating effect. This implies that, although institutional support may have a good effect on the link between process innovation and performance, it has no meaningful effect on the association between product innovation and performance. Hence, the fourth hypothesis was rejected.

R-square (R^2) is a statistic that gauges the degree of variability of the dependent variable (FPER) under explanation by the independent variables. An R2 value of 0.816 suggests that around 81.6% of the variation in insurance company performance can be explained by the variables in the model—process innovation, product innovation, and institutional support. This suggests that the model has a strong degree of explanatory power, thereby suggesting that the performance of Nigerian insurance companies is much influenced by these elements. Chin (1998) claims the R2 value to be high.

Additionally, Q-squared (Q^2) is a measure of the model's prediction accuracy (Hair et al., 2019). It determines how effectively the model predicts the dependent variable (performance) given the independent factors (process innovation, product innovation, and institutional support). A Q^2 score of 0.371 implies that the model's predicted accuracy is about 37.1%. In other words, using the factors included in the research, the model may somewhat correctly predict insurance firm performance in Nigeria.

Effect Size

The research assessed the independent variables' effect size (f^2) on the dependent variable. This is undertaken to ascertain which of the predictor factors best fits the dependent variable. Cohen (1988) defines small, medium, and large effects as (f^2) values of 0.02, 0.15, and 0.35. According to the study in Table 4, process innovation and institutional support moderating process innovation have small effect size. Process innovation has medium effect size whereas institutional support has large effect size while moderating influence of institutional support towards product innovation has no effect size.

Table 4. Effect Size (f^2)

Constructs	f^2	Effect Size
IS	0.679	Large
PCI	0.152	Medium
PDI	0.091	Small
IS*PCI	0.101	Small
IS*PDI	0.012	Nill

Source: Authors' systemization of SmartPLS output (2024)

Discussions

Process innovation has had a significant beneficial effect on the performance of Nigerian insurance companies. This is consistent with the previous studies of (Onogwu & Ja'afaru, 2020; Okundi & Muchemi, 2022; Fiiwe et al., 2022). Insurance companies in Nigeria have improved their efficiency, cut operating expenses, and raised client satisfaction by using

innovative procedures such as digitization of operations, task automation, and the use of sophisticated analytics. These innovations reduce internal operations, speed up claims processing, and allow for faster replies to client concerns, all of which contribute to better service delivery (Fiiwe et al., 2022). Moreover, process innovation allows insurance companies to respond more quickly to market developments, efficiently manage risks, and retain a competitive edge in Nigeria's dynamic insurance industry. As a result, the adoption of innovative procedures has become critical in generating development, profitability, and sustainability for insurance businesses in Nigeria.

Product innovation has had a significant and positive influence on the performance of Nigerian insurance companies. This is in tandem with past studies of (Onogwu & Ja'afaru, 2020; Okundi & Muchemi, 2022; Bari et al., 2022). Insurers have expanded their market reach, attracted new clients, and fostered stronger customer loyalty by introducing groundbreaking insurance products customized to fit consumers' changing requirements and preferences. Innovative insurance products, such as micro-insurance designed for low-income earners, health insurance packages with complete coverage, and customizable plans targeted to certain demographics, have helped to reach previously neglected portions of Nigeria's population. Diversifying product offerings not only improves the value proposition for clients, but it also helps insurance firms expand their revenue and compete in the market. Furthermore, product innovation promotes distinction in a competitive market environment, establishing insurance companies as industry leaders and fostering long-term sustainability and profitability in Nigeria's insurance business.

In the case of Nigerian insurance businesses, institutional support, although beneficial, did not significantly moderate the relationship between product innovation and performance. Despite supportive legislative frameworks and activities aimed at encouraging innovation in the insurance industry, institutional support's influence as a moderating factor remains minimal. While regulatory assistance may help with the deployment of novel goods to some level, its impact on improving the performance results of such innovations may be statistically insignificant. This suggests that, while institutional support fosters product innovation, other factors such as market dynamics, organizational capabilities, and competitive pressures are more important in determining the performance outcomes of innovative endeavors in Nigeria's insurance industry. As a consequence, although institutional support is good, its moderating influence on the relationship between product innovation and performance may not be statistically significant, showing the complexity of variables affecting the innovation-performance nexus in Nigeria's insurance industry.

However, in the context of Nigerian insurance companies, institutional support plays an important and beneficial role in strengthening the relationship between process innovation and performance. With a favorable regulatory framework and activities aimed at encouraging innovation in the insurance business, institutional support is critical in easing the adoption and implementation of process changes. Regulatory frameworks that foster digitalization, automation, and efficiency gains help insurance companies overcome hurdles to innovation and accept radical changes in their operational operations. Additionally, institutional support offers access to resources, experience, and incentives, encouraging insurance firms to engage in process innovation. As a result, institutional support's synergistic effect amplifies the positive impact of process innovation on performance outcomes such as operational efficiency, cost reduction, customer satisfaction, and competitive advantage, resulting in sustained growth and profitability for Nigerian insurance companies.

Implications

The favorable and considerable benefits of both product and process innovation on insurance company performance in Nigeria have important practical implications for the sector. Product innovation, which involves developing fresh insurance offers customized to consumers' different demands, may boost market competitiveness, attract new clients, and create higher customer satisfaction and loyalty. At the same time, process innovation allows insurance companies to simplify operations, save costs, and enhance customer delivery by using efficient processes and smart technology. Furthermore, the moderating influence of institutional support on the connection between process innovation and performance enhances these advantages. With supporting regulatory frameworks and incentives, insurance businesses may better traverse innovation hurdles, get access to resources, and align innovation activities with strategic goals. This mix of product and process innovation, aided by institutional support, enables Nigerian insurance businesses to not only adapt to changing market circumstances, but also flourish, resulting in sustained industry growth, profitability, and client value.

Applying the Resource-Based View (RBV) theory to the study of innovation in Nigerian insurance businesses has various theoretical implications. First, the RBV viewpoint emphasizes the relevance of internal resources and competencies in promoting organizational innovation. In this context, the research might look at how Nigerian insurance companies use their particular resources, such as technology infrastructure, human capital, and organizational culture, to drive product and process innovation. Second, RBV highlights the importance of competitive advantage in obtaining higher performance. The research might look at how innovative activities help insurance businesses establish unique skills that allow them to distinguish themselves from rivals and successfully seize market possibilities. Furthermore, RBV highlights the dynamic character of resources and capabilities, implying that they must be constantly developed and adjusted to changing market circumstances. Thus, the research may investigate how Nigerian insurance companies develop their innovation strategies over time in order to remain competitive and perform well in a changing insurance business environment. Overall, the study's RBV approach may provide light on the processes by which innovation promotes competitive advantage and performance outcomes for Nigerian insurance businesses.

CONCLUSION

This research highlights the importance of innovation, both in processes and products, in driving performance in the Nigerian insurance sector. The study found that process and product innovation significantly influence firm performance. Particularly, while process innovation improves operational efficiency and lowers costs, product innovation broadens offers and attracts new customers, hence increasing market competitiveness. Furthermore, the research underscores the role of institutional support in moderating the connection between process innovation and performance but did not strengthen the relationship between product innovation and firm performance. The Nigerian insurance sector may capture the full potential of innovation by collaborating with regulatory agencies, industry stakeholders, and insurers to traverse shifting market environments, answer changing client requirements, and achieve long-term success. As the sector evolves, insurance businesses will need to rely on innovation and supporting regulatory frameworks to compete in Nigeria's fast changing economic climate. Based on the research findings, the study recommends the following:

1. To capitalize on the beneficial and significant effect of process innovation on performance, Nigerian insurance companies should prioritize digital transformation. Firms that embrace

modern technologies such as AI and automation may simplify processes, decrease costs, and improve customer service, earning a competitive advantage in the market.

2. To maximize the positive and substantial effect of product innovation, Nigerian insurance firms should prioritize market research and client feedback. Understanding client wants and preferences enables organizations to create bespoke insurance products that connect with the target market, resulting in enhanced customer satisfaction and loyalty while retaining industry competitiveness.

3. To take advantage of the favorable and a significant moderating influence of institutional support on the relationship between process innovation and insurance company performance in Nigeria, collaborative efforts across regulatory agencies, industry stakeholders, and insurers should be prioritized. Clear standards, incentives, and expedited clearance procedures for innovative activities may be implemented, creating an atmosphere that promotes process innovation adoption. This collaborative strategy would allow insurers to increase operational efficiency, save costs, and, ultimately, improve performance in the Nigerian insurance industry.

Limitations and Suggestions for Further Studies

Firstly, employing a cross-sectional design restricts the investigation to a single point in time, impeding the ability to establish causal relationships or track changes over time. This limitation hinders the depth of understanding regarding the dynamics within the insurance industry, as it fails to capture the temporal nuances influencing performance and practices.

To address these limitations and advance the understanding of the Nigerian insurance industry, future research endeavors should consider alternative methodological approaches and broaden the scope of investigation. Longitudinal studies would enable researchers to track changes in insurance practices and performance over time, offering a more nuanced understanding of industry dynamics.

In addition, researchers could conduct comparative analyses to identify variations in performance and practices across different regions or sectors within the Nigerian insurance industry. Qualitative research methods, such as interviews and focus groups, could complement quantitative data by providing deeper insights into the underlying factors influencing insurance practices. Moreover, in-depth case studies on specific insurance companies would offer valuable insights into unique challenges, strategies, and performance indicators. Finally, international comparisons could provide valuable benchmarks and identify best practices from other countries, informing policy and industry reforms in Nigeria.

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