Exploring enablers and hinders to business model innovation in the insurance industry

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ABSTRACT

The South African life insurance industry has traditionally operated the same way over centuries. However, given the volatile environment that is characterised by uncertainty, complex and ambiguous in recent times, the insurance industry must find other ways to survive.

To demonstrate the need, there has been growing interest in understanding Business Model Innovation in a Dynamic Capability lens. To fill the gap, this study explored enablers and barriers of Business Model Innovation in the South African life insurance Industry. Further aimed to understand what key internal capabilities are needed to enable an effective Business Model Innovation process. At the same time, unpacking key initiatives that were implemented during the COVID-19 pandemic. To under answer these objectives a qualitative study was conducted to get deeper insights through 15 semi-structured interviews held with experts in the industry. A thematic approach to research design where themes were assigned to the data gathered was conducted.

The findings from the study were that the main enablers and barriers to business model innovation were structured at multifaced levels: individual, organisational, and institutional. In addition, specific finding on internal capabilities that were needed at an organisational level related to the ability to deploy new structures in organisations. Finally, digitalise the business model to be future ready.

Keywords: insurance; barriers; enablers; dynamic capability; business model; innovation

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Mandla Mahlangu

1 November 2020

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CHAPTER 1: PROBLEM DEFINITION AND PURPOSE

1.1. Background to the research problem

Over the past decade, the life insurance industry struggled with development and profitability globally (McKinsey & Company, 2022). The challenges were evident even before the emergence of the COVID-19 pandemic. Deloitte (2022) reports that the gross written premium (GWP) in emerging markets, excluding China, decreased by 2,4% over 10 years; however, most were attributed to the exogenous changes relating to the COVID-19 pandemic. The Association for Savings and Investments, ASISA (2022) reported that claims increased by a third in 2021 alone to of value of R315 billion. These were mainly coming from additional Covid-19 mortality claims, which directly affects life insurance companies. Besides these losses from mortality, the industry suffered other losses from economic influence as more people lost their jobs, with an unemployment rate of 34% (Stats SA, 2022).

The life insurance industry may not recoup these losses through increasing premiums or other changes to existing policies. The policyholder protection rules (2021) prohibit these changes, as these would disadvantage existing policies; however, the life insurance industry may change their contracts on new business or experience claims experience. The challenges directed by the COVID-19 pandemic increased the need to make life insurance a lot more accessible than it is. Accessibility may mean that companies must reconfigure their business models (BMs).

Further concerns relate to the increased need to approach environmental, sustainability and governance (ES&G) (World Economic Forum, 2021). At the forum, top-rated risks were expressed by international delegates on climate change and the social challenges directed by the COVID-19 pandemic. Some also remarked that 80% of executives thought their BMs were at risk, whereas another 60% thought their models needed to be transformed during the post-COVID-19 pandemic.

In South Africa, the insurance industry shares similar concerns over ES&G, increasing relevancy in how insurance companies operate (Deloitte, 2022). South African insurers

are encountering bottom-line challenges owing to the long-lasting influence caused by the COVID-19 pandemic (KPMG, 2021). Insurers struggle to retain talented capabilities owing to increased competition opened by remote working and accessibility of talented resources (KPMG, 2021). To approach these challenges, companies must consider making ES&G a core feature of their BMs (McKinsey & Company, 2022); therefore, reinvigorating their business model innovation processes.

Bocken and Geradts (2020) contend that business model innovation is a critical element in transforming an organisation's way of doing things. Dynamic capabilities (DCs) are needed to ensure sustainable business model innovation as this balances sustainability and environmental needs with shareholder needs; however, while dynamic capabilities were an important element in transforming organisations for environmental and sustainable considerations, the authors established there may be barriers and enablers within multinational organisations; therefore, further research should be conducted in specific industries to assess how dynamic capabilities affect business model innovation.

It is expected that the need for protection cover will accelerate the need for insurance. As stimulated by the COVID-19 pandemic (Deloitte, 2022), more awareness of potential future risks would be expected. These would be transferred to insurers for protection as insurance cover; therefore, the need for insurers to reconfigure their BMs to maintain profitability levels would be critical (Price Waterhouse Coppers, 2022). The areas that should be reconfigured to ensure that the industry can leverage future demand for insurance are reinventing skills and capabilities, improving the sustainability of their business model, and improving customer experience.

1.2. Relevance and motivation of the research

There are increasing challenges around the sustainability of BMs adopted by life insurance companies (McKinsey & Company, 2022), and companies will need to be geared to transform their BMs beyond once-off events (Schneider, 2019). Once-off changes in an environment may reoccur in a distinct form; this would require some dynamism within the company to remain competitive and relevant, post the COVID-19 pandemic.

The motivation for the research came from the need to explain barriers and enablers of business model innovation, as called by Bocken and Geradts (2020). These enablers and barriers can be incorporated into the transformation of BMs and maintain sustained competitive advantage.

The disruption caused by the COVID-19 pandemic, although potentially a once-off, has also created an opportunity for companies to adapt dynamically to their BMs (Bagnoli, Dal Mas, Biancuzzi & Massaro, 2021). A call by Bocken & Geradts (2020) was made for more research to understand barriers and enablers of sustainable BMs in other industries. Another call was made by Iheanachor et al. (2021) to understand how BMs have been involved in financial services; therefore, in response to these calls, this research will contribute to understanding how to improve business model innovation through dynamic capabilities.

1.3. Theoretical anchor

The theory of dynamic capabilities was established by Teece et al. (1997). The scholar contended that for a company to have a competitive advantage in an ever-changing environment, it must deploy static and dynamic capabilities. Dynamic capabilities refer to the company's ability to sense threats and opportunities in an internal and external environment, seize them as they arise, and transform the company when required (Teece, 2018).

COVID-19 created an unprecedented threat to the insurance industry (World Economic Forum, 2021); therefore, requiring that insurance businesses transform their BMs to remain competitive and sustainable (Roper & Turner, 2020 Schneider, 2017). An increasing number of scholars are calling for a better understanding of how dynamic capabilities can provide a better understanding of business model innovation (Bocken & Geradts, 2020; Fjeldstad & Snow, 2018; Teece, 2018).

1.4. Objectives/purpose of the research

From a practical perspective, the concerns around ES&G have sparked interest in how

companies gear their capabilities to transform their BMs (KPMG, 2021). The research aimed to understand actual experiences of how dynamic capabilities affect the business model's innovation process within the life insurance industry. From an academic perspective, a call by (Lanzolla & Markides, 2021; Foss & Saebi, 2017) on research to understand what internal activities should be connected to ensure that BMs are reconfigured successfully and are sustainable in the future. The objective is to understand the following:

- The research aimed to understand the actual experiences around barriers and enablers of business model innovation within life insurance companies.
- It understands how dynamically capable life insurance companies can influence business model innovation.
- How life insurance companies have transformed their BMs post an unusual event.

1.5. Research question(s)

- Research Question 1: What are the experiences around the barriers and enablers of business model innovation within life insurance companies?
- Research Question 2: What are the key dynamic capabilities that life insurance companies need to enable an effective business model innovation process?
- Research Question 3: How have life insurance companies attempted to transform their business models post an unusual event?

1.6. Research settings

The South African economy depends on the financial service industry for growth, with finance, real estate, and business service making up the largest contribution to the gross domestic product at 23% (Statistics South Africa, 2022); therefore, the significant of the insurance industry and how it is contributing to economic development as part of the requirement of sustainable development goal 7 cannot be ignored. The importance of enabling innovation in the business model in the industry to enhance sustainability is an area of interest (Price Waterhouse Coopers, 2022).

The insurance industry is still operating as it has over decades (McKinsey & Company, 2022). Insurance risks are transferred to insurance companies for a premium (charge) to protect against losses; however, insurance costs have increased over time. They are mainly driven by the increase in insurance regulation across the globe, with the introduction in inter-alia, the international financial reporting standard 17 (IFRS 17), Solvency Assessment and Management (SAM) and policyholder protection rules. An increasing need exists to incorporate ES&G in conducting business within the insurance industry (KPMG, 2021); therefore, calling for life insurance companies to innovate their BMs to reduce these risks (Molloy & Ronnie, 2021). A study to elucidate why the concept of insurance has not changed over time will be useful in reconfiguring BMs in the future.

1.7. Contributions of the research

1.7.1 Practical contributions

Business model renewal is an essential element for sustaining competitive advantage within companies (Schneider, 2019). By understanding the barriers and enablers of the business model innovation process, companies can implement strategies to improve how they seize opportunities within the industry, therefore, improving access to insurance protection and increasing value for stakeholders.

Schneider (2019) contends that BMs deteriorate over time; therefore, insurers will need a toolkit to implement it. This study will, therefore, equip insurance companies with a toolkit to remain dynamic during turbulent times; therefore, insurers can reconfigure their BMs.

1.7.2 Theoretical contributions

The study of dynamic capabilities and how they may affect sustainable business model innovation within multinationals was conducted (Bocken & Geradts, 2020); however, this study focused on multinationals across various industries. Further research was recommended to understand how dynamic capabilities explain the business model innovation process within specific industries. The focus was, therefore, on the barriers and enablers of dynamic capabilities and how this explained business model innovation within

the insurance industry. The findings from the study showed that individual factors such as entrepreneurial flair, organisational factors such as culture and institutional factors such as regulation have an influence of business model innovation.

1.8 Definitions of key concepts

Dynamic capabilities are classified as higher-order capabilities that a company needs to be competitive in an uncertain environment (Teece, 2007). First, this involves scanning the environment by sensing threats and opportunities, seizing these opportunities, or defending against the threats as they arise, and transforming the company to ensure that the strategy can be implemented.

A *business model* represents a structured approach to how life insurers create value, delivers value to clients, and captures part of the value as profit to the company (Baden-Fuller & Morgan, 2010). Business model innovation (BMI) is defined as a company's new way of creating and capturing value (Schneider, 2019).

1.9 Outline of the remainder of the document

The remainder of the document discusses the literature review on dynamic capabilities and other factors that affect business model innovation. Then also explains the choice for the research questions selected. In addition, then discusses the research methodology and results from the research. Then finally, ends of with a discussion on the findings and recommendations for management. The appendix of the document outlines the measurement device used in the research; a consistency matrix to map the literature review, research questions, and measurement instrument; an interview brief and consent form that was used to inform the participants; language editing certificate that shows that the document was edited and a code book showing the codes that were used in the data analysis.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The chapter discusses dynamic capability as a theocratic anchor of this study and its emergence from the resource-based view (RBV) theory. The chapter compares how it occurs at an individual against an organisation level. It also explains the business model and innovation, including the various BMIs. The chapter discusses how dynamic capabilities can be involved in the innovation of a business model. Finally, the chapter summarises research divergences identified by various authors in the literature.

2.2 Dynamic capabilities

2.2.1 History of dynamic capability

The RBV theory contends that an organisation's competitive advantage is gained through the managerial allocation of strategic resources of the organisation (Teece et al., 1997), and that unique resources are allocated through operational capabilities within the organisation (Eisenhardt & Martin, 2000). The RBV relies on valuable, inimitable, rare, and non-substitutable resources to build a competitive advantage (Badrinarayanan et al., 2019; Bigelow & Barney, 2021); an organisation with these resources will be ahead of competitors within the industry. These resources will be operated and directed by managers and through ordinary capability.

The valuable, inimitable, rare, and non-substitutable resources are identified through observing superior performance that can be attributed to the unique resources within the organisation (Eisenhardt & Martin, 2000); individuals within an organisation can orchestrate internal and external resources to ensure that the right initiatives are focused on (Badrinarayanan et al., 2019); therefore, optimising the value generated within the organisation. External resources refer to assets generated from influencing suppliers, the new business generated from the client or potential assets from investors to work in the company. The RBV does not explain why certain firms have competitive advantages during rapid and unpredictable environmental changes.

Teece et al. (1997) contend that the RBV helps an organisation to have a competitive advantage in a static environment; however, sustained competitive advantage within companies needs dynamic capabilities to be deployed over and above ordinary capabilities. They define ordinary capabilities as static capabilities covered by the RBV theory. Conversely, changes in the environment require capabilities to be agile and not be static (Teece, 2007; Teece et al., 1997); therefore, competitive advantage comes from resources and how an organisation can align its capabilities when the internal and external environment changes. This ability to alignment capabilities according to needs is called dynamic capabilities; therefore, dynamic capabilities are superior capabilities needed by an organisation to remain competitive. Examples provided for these higher capabilities include market research and new product development. The subsequent section provides more insights into the components of dynamic capability.

2.2.2 Sensing capability

According to Teece (2018), dynamic capability involves sensing, seizing, and transforming the organisation. The sensing construct refers to identifying opportunities that might exist in an industry and could be captured by an organisation. Threats may constantly be encountered by the organisation and could be uncovered by the sensing process; therefore, risk mitigation processes could be implemented.

The sensing process can be conducted internally by assessing the data insights from the organisational data to ensure that the organisation understands what is happening in the data. Other ways to obtain insights through the internal sensing process could be through customer research to understand what the organisations' stakeholders are reasoning regarding how the organisation generates or could generate value.

The sensing process can also be conducted by assessing the organisation's external environment. According to Teece (2018), the sensing element of dynamic capabilities involves performing market research on external factors that may cause opportunities or pose challenges to the organisation.

2.2.3 Seizing capability

The seizing construct refers to executing the opportunities identified to ensure that the organisation remains relevant (Teece et al., 1997). The organisation may have identified the opportunity through the sensing capability and would need to execute the initiatives. To create value for stakeholders, the organisation needs to design and refine its business model. This might involve creating new value models, financial models, and products to offer value to customers and retain some of the value for other stakeholders (Li and Liu, 2014; Teece, 2018). For the organisation to do this, there must be a commitment to resources to ensure that these initiatives are supported from a human capital perspective and concerning the budget allocations.

The seizing capability can also implement risk mitigation processes to defend against the threats encountered by the organisation. First, these risk mitigations could involve transferring the risk of encountering the organisation to another party; this could be through reinsurance or securities. Second, risk mitigation could involve implementing risk management policies and frameworks to ensure that the organisation can understand the risk so these can be reduced to levels; however, these may cause significant delays in implementing initiatives within the organisation. The last risk mitigation could be to avoid the risk completely by not executing the initiative that may have undesirable risks.

2.2.4 Transforming capabilities

The *transforming construct* refers to the organisation's ability to reconstitute its business model by changing its tangible and intangible assets (Teece, 2007). The transformation process can be made to BMs, products, or innovation processes by changing the organisational design. According to (Kump et al., 2019), in their study on measuring dynamic capabilities, the authors contend that transformation capabilities need to make an allowance for management capabilities. This allowance is needed because changing structures, routines, and infrastructures and creating new skills require the involvement of management to rearrange assets.

Teece (2007) maintains that organisations must realign operating models and structures

to transform the business model. This action is linked to the organisation's strategic alignment by reconfiguring the resources, structures, policies, and frameworks. According to (Li and Liu, 2014), transforming the organisation involves changing the culture or the organisation to facilitate strategic changes. The business model transformation can only materialise post-implementation. The business model will be renewed once it is executed and communicated to the rest of the organisation.

2.2.5 Criticism of dynamic capability

Dynamic capabilities are not without criticism. First, dynamic capabilities cannot recommend the capabilities needed to provide a competitive advantage (Bitetti & Gibbert, 2022). The argument made by Teece et al. (1997) is that when an organisation succeeds, it must owe to dynamic capabilities; however, Kurtmollaiev (2020) contends that this definition causes circular reference and does not mention which abilities help the organisation have super performance. He further contended that to avoid this is not to link dynamic capabilities with superior performance.

Second, while dynamic capabilities are necessary for a company to compete, these are not the only sufficient conditions for sustainable competitive advantage (Eisenhardt & Martin, 2000). There could, therefore, be other reasons organisations have a competitive advantage; Eisenhardt et al. (2000) iterate that dynamic capability can collapse in a rapidly changing environment. Organisations will, therefore, not adapt quickly enough in fast pacing this environment, making dynamic capabilities unviable for defending the organisational threats.

Third, if dynamic capabilities were a higher-order capability than ordinary capabilities, there is a possibility that there are other capabilities higher than dynamic capabilities (Kurtmollaiev, 2020). Dynamic capabilities are classified as first-order capabilities, and ordinary capabilities are classified as at zero.

Last, the value of dynamic capability is in the resource configuration and not in their functionality (Eisenhardt & Martin, 2000); therefore, creating a need to understand how organisations acquire the skills to improve dynamic capabilities, Teece (2018) claims a

deeper understanding of how organisational design can influence dynamic capabilities within specific industries.

2.2.6 Conclusion

In summary, the literature above discussed Dynamic Capabilities and its emergence from the Resource Based View theory. However, has involved to include capabilities at a higher order called dynamic capabilities. These are sensing, seizing, and transforming capabilities. Although, there is criticism on dynamic capabilities, this is still relevant to offer organisations competitive advantage.

2.3 Business model innovation

2.3.1 History of business models

The origin of BMs comes from the booming e-commerce and the Internet (Amit & Zott, 2001). This was defined as how a company creates and captures part of the value for itself. There are still various definitions of what makes up a business model. Another definition of a business model is that it represents a structured approach to how an organisation creates value, delivers this value to its clients, and captures part of the value as profit for the company (Baden-Fuller & Morgan, 2010). According to Teece (2018), a business model "… describes the design or architecture of the value creation, delivery, and capture mechanisms [a company] employs. The essence of a business model is in defining how the enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit".

Various researchers have defined BMs depending on the context in which they are being used (Iheanachor et al., 2021). A business model can be defined according to 1) resources: defined as capabilities needed to create economic or social value 2) structure: as an architecture or a system that aggregates resources for the success of the business or 3) description: as a company's role, responsibility, resources, and actions that the company takes. This study focused on the definition, emphasising the architecture and system and aggregating resources for the business' success.

2.3.2 Definition of business model innovation

Business model innovation is an organisation's new way of creating and capturing value (Schneider, 2019). Other definitions of BMI refer to a change in a single part of the business model or multiple changes in the business model with a considerable influence (Foss & Saebi, 2017). According to (Teece, 2018), the reconfiguration of the business model should significantly influence the organisation. BMI is an innovative source and complements traditional product, process, and organisational innovation (Foss & Saebi, 2017). There is no set definition of what constitutes BMI, but the expectation is that the reconfiguration of the existing business model should affect the value created, delivered, and captured (Teece, 2018).

The level of BMI can occur at industry, company, and revenue stream levels (Giesen et al., 2007). Innovations that can affect how the entire industry operates are involved in the industry. At a company level, BMI involves innovations that can affect the company's entire value chain. At a revenue stream level, innovation is how the company generates value to ensure its revenue increases.

This study focused on innovations influencing the entire value chain within the company; BMI requires an understanding of how a change in the business model will affect the entire system (Amit & Zott, 2001; Foss & Saebi, 2017). BMI, therefore, requires a holistic change to the value chain, altering the company's structure by conducting the activities differently and changing the parties involved. The question remains: what should be restructured to ensure an effective BMI process?

It should be established for whom innovation is new and a novelty (Schneider, 2019). BMI topologies can be divided into four categories, according to Schneider (2019): 1) Evolutionary - the innovation is modular and new to the company 2) Focused – the innovation is modular and new to the entire industry 3) Adaptive - the innovation is architectural and new to the company and 4) Complex - the innovation is architectural and new to the company. This study focused on innovations, adaptive and new to the company.

According to Fjeldstad & Snow (2018), the review should occur in the future. How businesses can innovate their BMs will differ by industry (Iheanachor et al., 2021). For example, in the financial services industry, onboarding new clients have moved rapidly from face-to-face to end digital servicing (Molloy & Ronnie, 2021); therefore, removing brick-and-mortar costs from the system and passing the savings to the consumer. Iheanachor et al. (2021) further contend that there remains a divergence in innovative BMs to improve access to financial services, therefore, improving the sustainability of the industry.

To have BMI, companies must have unconventional thinking to disrupt the existing business model (Snihur & Tarzijan, 2018). Innovating an existing business model is more challenging. This is because this required the company to elude inertia on how and when to make changes (Schneider, 2019; Fjeldstad & Snow, 2018; Snihur and Tarzijan, 2018). Authors further note that creating, delivering, and capturing value within the value network to sustain an organisation or industry is unconventional. This makes BMI unconventional by default.

BMI is described as a set of innovations that occur within the value chain with a material change in the business model (Foss & Seabe, 2017). The definition of BMI implies the following: 1) it is designed as it requires top management's involvement; 2) it should be novel to avoid imitating other company's business models; 3) it is nontrivial as it excludes minor changes, such as value proposition/product offering; 4) It involves an architecture to integrate value creation, delivery and capturing throughout the value chain with non-linear consequences within the system. What is being innovated is, therefore, the architecture of the business model rather than the individual component that improves the model.

2.3.3 Business Model Innovation in the Life Insurance Industry

According to (Fjeldstad & Snow, 2018), the review should occur on an ongoing basis. How businesses can innovate their business models would differ by industry (Iheanachor et al., 2021; Molloy & Ronnie, 2021). For example, in the life insurance industry, onboarding new clients has been moving rapidly from face-to-face servicing to end to end digital servicing

(Molloy & Ronnie, 2021; Muley, 2015). Therefore, removing brick and mortar costs from the system and being able to pass the saving to the consumer. Iheanachor et al. (2021) further argues that there remains a gap to Innovate Business Models to improve access to life insurance. Therefore, improving sustainability of the industry would require novel thinking and innovation. This makes BMI a viable topic to research in literature.

2.3.4 Sustainable Business Model innovation

Sustainable business model innovation refers to the business model innovation incorporating societal issues in the BMI process (Bocken & Geradts, 2020). Sustainable BMI regards not only economic value from the shareholder perspective but also other stakeholders' perspectives (Bocken & Geradts, 2020); therefore, this is expanded to BMI, including societal and environmental value; however, the fundamental definition of BMI and sustainable BMI does not differ other than that there is a focus on environmental and Sustainability in the BMI process.

2.3.5 Conclusion

In summary, there are many definitions of Business Model. However, the definition the definition used above was how an organisation creates value and what part of the value is capture for the business. Furthermore, BMI was explored based on this definition. It was also assessed that the literature on business model innovation is scanty. In addition, BMI in the life insurance industry is even more rare.

2.4 Influence of Dynamic capability on business model innovation

An organisation must explore and exploit its capabilities to remain competitive after an exodus event like COVID-19 (Schneider, 2019). To ensure long-term survival, a company will need to have the capability to reconfigure its business model when the environment requires it (Bocken & Geradts, 2020). COVID-19 is an event that disrupted several insurance companies in South Africa (KPMG, 2021); therefore, organisations must remain dynamic in how they sustainably innovate their BMs.

Research on business models focuses on the formation of new companies and not on

how to create capabilities that will enable BMI (Teece, 2018); since dynamic capabilities are the antecedent for strategic routine, this can be linked to the business model as both are not stable overtime (Spieth et al., 2016). The business model is subjected to constant threats from new rivals and opportunities from external factors (Schneider, 2019), aligned with the need to sense the construct of dynamic capabilities.

The literature on dynamic capabilities and BMI is mainly concerned with value creation at a company level (Bitetti & Gibbert, 2022); therefore, this study builds on that BMI creates a competitive advantage for a company, even following an external event (Schneider, 2019); however, as expressed by Teece (2018), literature on how dynamic capabilities explain the BMI process remains scanty; therefore, calling for a need to understand how barriers and enablers of dynamic capabilities explain BMI in companies.

Dynamically enabled organisations can quickly evaluate, learn, and refine BMs (Teece, 2018) sensing and recognising opportunities to illuminate business model aspects. The strength of a business model is seen when the changes translate into organisational transformation; therefore, resources must be strategically channelled to innovate the business model when the business environment changes (Amit & Zott, 2020).

Internal factors within a company may enable or hinder changes needed during the BMI process (Teece, 2018). Individuals involved in a company are important to ensure the company is dynamic (Bitetti & Gibbert, 2022; Iheanachor et al., 2021; Badrinarayanan et al., 2019). Individuals control the allocation of internal resources and the channelling of resources and influence the strategic route which the company should take (Eisenhardt & Martin, 2000); however, these changes will need to be adapted depending on the context (Bocken & Geradts, 2020); therefore, understand how these can influence the BMI process.

Dynamic capabilities are enabled or disabled by business choices, such as outsourcing new product development in a manufacturing organisation against building a factory (Teece et al., 1997). Conversely, the greater experience of individuals and processes also relates to the ineffectiveness of launching new features during the renewal of the business model (Ener, 2019). A claim by Teece (2018) is that having shallow organisational

hierarchies with decentralised authority levels may affect the innovation produced by the business. Especially on innovating the value chain part of BMI.

A request to research how companies' transformational capabilities can influence the BMI process is needed (Bitetti & Gibbert, 2022). An understanding is needed of what activities should be connected to ensure that organisations transform their BMs. Such understanding would help clarify the influence of dynamic capabilities on BMI. Another call by Iheanachor et al. (2021) was made to discuss a divergence to improve BMI in the financial services industry; therefore, a need to research how the insurance industry has innovated its business model in recent times and how these can be improved.

2.4.1 Dynamic managerial capability

Although dynamic capabilities are defined by Teece et al. (1997) to be at an organisational level, these can also be defined at an individial managerial level, referred to as dynamic managerial capabilities (DMCs). There's growing literature on dynamic managerial capabilities (Adner & Helfat, 2003; Badrinarayanan et al., 2019; Huy & Zott, 2019). DMC refers to the capabilities of individuals responsible for orchestrating resources within the organisation Badrinarayanan et al. (2019). The authors defined this as the individual's intent, routines, and capabilities in influencing the company's sensing, seizing, and transformation. The unit of analysis for DMC was defined at an individual level instead of dynamic capabilities at an organisational level.

Dynamic managerial capabilities focus on the managers' function in directing resources to ensure that positive outcomes are achieved. According to (Badrinarayanan et al., 2019) and (Bailey and Helfat 2003), management's cognition, human capital, and social capital are important to ensure that management achieves the desired results or outcomes. Managerial intent, resources, and capabilities, therefore, influence organisations' execution of the value created for stakeholders during the BMI process. By inference, it would be plausible to assume that executive support would be critical in ensuring the effectiveness of the BMI process.

2.4.1.1 Human capital

Decision-making requires constant sensing of the environment and implementing decisions enabling the business; however, according to (Ener, 2019), management's prior experience was associated with not executing BMI. Using experience in some initiatives could hinder BMI; therefore, making human capital part of dynamic managerial capability is a hindrance.

Dynamic managerial capability should focus on strategic change that management would have implemented to align the resources within an organisation (Huy & Zott, 2019). This clarifies that DMC should align with managers' belief of what strategy should be; therefore, implying that management would have to balance short-term objectives with long-term goals(Randhawa et al., 2021). Therefore, strategic ambidexterity is important to ensure that a dynamic manager can focus on both elements.

2.4.1.2 Social capital

Social capital capabilities allow the manager to apply their internal and external relations to enable the manager and the business to achieve its objectives. This requirement is beyond the capabilities that allow managers to apply the education skills learnt through their careers (Adner & Helfat, 2003). Managers can, therefore, leverage their networks to transform the business model within organisations further through collaboration or relationships.

2.4.1.3 Cognition

The manager's cognition allows the manager to find solutions that can better be predicted through their hunch and experience from the past (Badrinarayanan et al., 2019; Ener, 2019). This cognition will be difficult for managers to explain but will enable effective decision-making and the execution of BMI. The cognition element also allows the manager to focus on what should be executed; however, this was also a hindrance for management, as the manager is inclined to reject business model changes not aligned with their mental models; therefore, resulting in a lack of support for initiatives that did not align with the

executive concerned.

2.4.2 Organisational design

Organisational design is the process of configuring business processes such as strategy, people, processes, incentives, and structure (Mintzberg, 1980). The literature on how organisational design can affect business model innovation is not well developed (Fjeldstad & Snow, 2018). However, there's has been some focus on how organisational incentives as a construct of organisational structure, affects dynamic capabilities (Bocken & Geradts, 2020; Fjeldstad & Snow, 2018; Leih et al., 2015; Teece, 2018). This is known to affect business model innovation. Therefore, making organisational structure and business model innovation potentially intertwined. Although, that's the case, as mentioned by (Fjeldstad & Snow, 2018), there exist a gap in literature to explore how organisational design influence business model innovation

Organizational structure can be defined as the coordination, task allocation and supervision directed toward the achievement of organizational goals (Ahmady et al., 2016). Research has found that organisational design is crucial for dynamic capabilities needed for Business model innovation (Bocken & Geradts, 2020; Fjeldstad & Snow, 2018; Teece, 2018). Having an appropriate structure can assist an organisation to be able to explore and exploit opportunities (Foss & Saebi, 2017; Pheysey et al., 1971). Therefore, the organisational design construct can reinforce business performance if managed appropriately, as result reinforce dynamic capabilities.

2.4.2 Conclusion

The section above explored two factors suspected to influence BMI in literature, being dynamic managerial capabilities and organisational design. Although, there was literature on how organisational incentives influence BMI, research was lacking on how other organisational design constructs may influence BMI. Therefore, creating a need to understand barriers and enablers of business model innovation in the life insurance industry.

Furthermore, capabilities of individuals responsible for the orchestration of resources called Dynamic managerial capabilities were discussed. These capabilities were attributed to human capability, social capabilities, and cognitive capabilities. Therefore, making a manager successful through deploying any of the above capabilities.

2.5 Strategy

The below section focused on how the theory on strategy can be intertwined with BMI. Furthermore, unpacking the effect of digitalisation on BMI.

2.5.1 Strategy and business model innovation

There is still confusion between BMI and strategy and the importance of strategy execution. To that effect, business model and strategy are seen to be similar but distinct concepts that always confuses scholars (Bigelow & Barney, 2021; Lanzolla & Markides, 2021). According to Amit et al. (2021), a business model refers to how the organisation creates value for stakeholders. Meanwhile strategy, on the other end, refers to how the organisation will compete in the market. Furthermore, involves question such as how the organisation will position itself and ensure that it has competitive advantage. Therefore, changes in the business model can be made while deploying the same strategy. On the other hand, however, the same business model can be applied to multiple strategies e.g selling the same offering to different distribution channels.

2.5.2 Digitalisation

At the forefront of innovating distribution channels is digitalisation. According to Rachinger et al. (2019), digitalisation refers to exploiting digital opportunities to optimise the value captured for the organisation. There has been a growing focus on digital transformation in the insurance industry (Karimi & Walter, 2015; Mihardjo et al., 2019). This focus aimed at reducing cost to the customer and creating more value as a result.

Digitisation can be done through creating a framework that digitises the digitalisation process, implementing artificial intelligence or enhancing platforms such as quantum

computing (Mihardjo et al., 2019). In the life insurance industry, digitalisation tends to happen within the distribution part of the value chain (Iheanachor et al., 2021; Lin et al., 2017; Molloy & Ronnie, 2021; Muley, 2015). This is because life insurance is sold rather than bought. Therefore, needing effective and efficient ways to reach the customer. However, this has also disrupted the life insurance industry with most leaders in the industry struggling to adjust to the rampant change (Molloy & Ronnie, 2021). The process to transform the way organisation operate is something that must be driven from the top.

The below figure shows how dynamic capability process moves from sensing to seizing to transforming the business model. Furthermore, this also shows how the elements are linked to strategy.

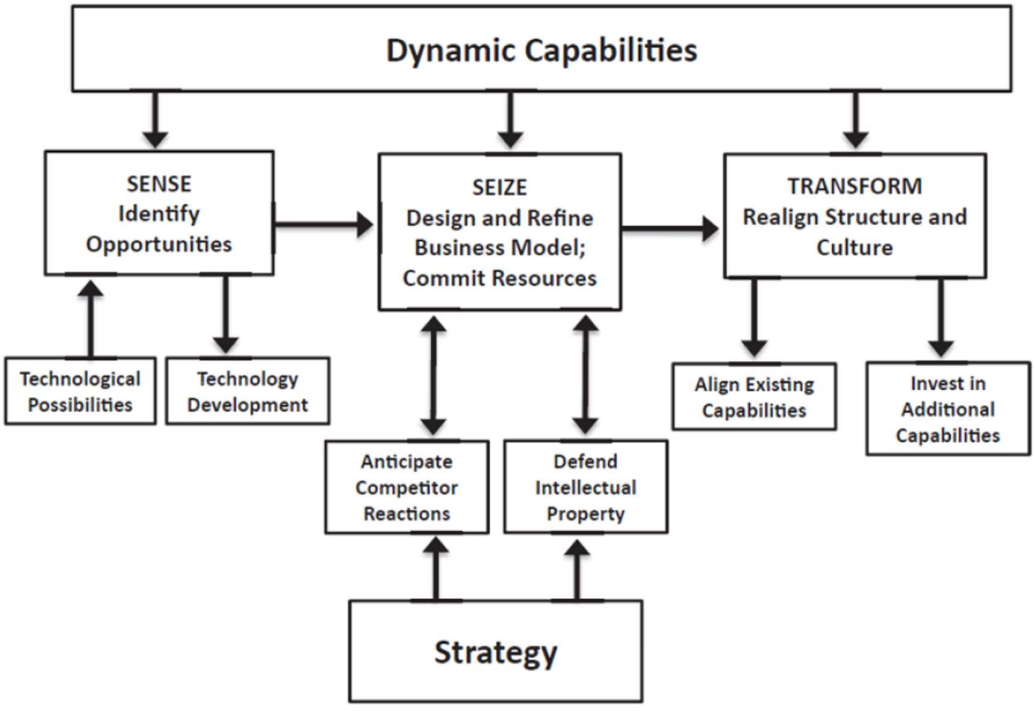

Figure 1: How dynamic capabilities are linked to the business model and strategy (Author: Teece, 2018).

2.6 Conclusion

The literature discussed dynamic capabilities and their emergence from the RBV theory. The definition of business model and BMI and how these are linked to dynamic capabilities are discussed; however, considerable definitions exist of what constitutes a business model and BMI. An assumption was made on a certain definition involving how an organisation creates value and what part is captured for the business. Finally, several authors suggest further research to understand how enablers and barriers to dynamic capabilities may explain the BMI process.

CHAPTER 3: RESEARCH QUESTIONS

The subsequent research questions uncovered insights into barriers and enablers of BMI in the insurance industry. Each research question was directed to participants with experience in the life insurance industry.

3.1 Research Question 1

What are the experiences around the barriers and enablers of business model innovation within life insurance companies?

The question aimed to establish participants' experiences on how the BMI process unfolds. This question specifically focused on uncovering the internal and external factors enabling and hindering BMI (Bocken & Geradts, 2020).

3.2 Research Question 2

What are the key dynamic capabilities that life insurance companies need to enable an effective business model innovation process?

This question aimed to establish how internal capabilities can effectively enable life insurance companies to transform their business model innovation process. This in line with the research by Bocken & Geradts (2020) that found operational factors and institutional factors that influenced of sustainable business model innovation.

3.3 Research Question 3

How have life insurance companies attempted to transform their business models post an unusual event?

The question aims to establish how organisations have transformed their BMs in response to an unusual event that affected them. According to (Schneider, 2019), a business model will need to be kept in check whenever there's a scarce event. Therefore, creating an interest in understanding how companies would have transformed their business models post an unusual event e.g., Covid-19.

CHAPTER 4: RESEARCH METHODOLOGY AND DESIGN

4.1 Purpose of research design

The research intended an improved understanding of the barriers and enablers of dynamic capability in BMI. It also probed around crucial dynamic capabilities that life insurance companies need to enable an effective BMI process (Iheanachor et al., 2021). The phenomenon was studied Bocken & Geradts (2020) at a multinational level, focusing specifically on sustainability; however, the concept of BMI remained nascent in life insurance (Iheanachor et al., 2021). A call was made further to study the literature on BMI in specific industries. An explorative study would be recommended when there is a lack of theory on a certain phenomenon Saunders & Lewis (2018). Provided the lack of theory on how dynamic capabilities affect BMI in the life insurance industry, an **explorative approach** was implemented.

Inadequate literature existed on how agile capabilities enable and hinder BMI in the life insurance industry (Iheanachor et al., 2021). Studies also lacked remedies needed to have an effective BMI process (Schneider, 2019); however, the responses to the questions were a matter of subjectivity that depends on the study's perception. The experience of the phenomenon was the lived experience of the participants interviewed. According to Saunders & Lewis (2018), an **interpretivism method** would be the best approach to gain more context on a phenomenon, as this would accord to the participant's views.

An **inductive approach** was selected to expand knowledge on how agile capabilities can enable or hinder BMI. The research approach was the most appropriate for interpreting participants' organisational experiences (Lo et al., 2020). An inductive approach would enable a framework from the data analysis to emerge (Saunders & Lewis, 2018). This method was used whenever a theory was underdeveloped. Since the definition of BMI was not widely accepted, the study observed the research outcomes using their own judgement. The research outcomes were unknown and could take the research in any direction. According to Saunders & Lewis (2018), an inductive approach allows for freedom so that theory can be developed; therefore, making it appropriate to analyse the data using the inductive method.

Prosek and Gibson (2021) contend that ontological assumptions imply that “researchers who ascribe to the principles of social constructivism may view multiple truths”. (p.163). For this research, the aim was to uncover the perceptions of the individuals that would participate in the study. Since the researcher would obtain the observations of these individuals, it would be possible that their lived realities and perceptions would be based on the researcher’s realities (Prosek & Gibson, 2021). Therefore, the research would assume ontological assumptions.

The required solutions drove the choice of the methodology for the research questions (Saunders & Lewis, 2018). Since the literature on BMI was scanty (Teece, 2018), to uncover further insight into the theory of BMI, a qualitative study would be recommended (Noy, 2008). A qualitative study was appropriate for observing social sciences as this included people’s perceptions or attitudes. A mono-study was implemented, provided there were time constraints relating to completing the study over a long period; therefore, the study deployed this approach as recommended by the literature.

Semi-structured interviews were conducted to enable the probing of more questions about the phenomenon. For example, similarly, Sandberg & Werr (2011) argues that when conducting semi-structured interviews, an exploration of the unknown phenomenon is plausible. A narrative inquiry approach was conducted to interpret the information according to the beliefs derived from the themes (Prosek & Gibson, 2021); however, the researcher had their own biases, which they would need to be aware of during the interview process.

A cross-sectional study involved observing the phenomenon at a snapshot point (Saunders & Lewis, 2018). The study is often used to make inferences around relationships among the phenomena. Since inferences will be made around the barriers and enablers of BMI, a cross-sectional study was deployed. A cross-sectional study was further motivated by the time constraints involved in dealing with the research, as there was no time to observe the phenomenon over a longer time; therefore, made the cross-sectional time horizon a pragmatic approach.

4.2 Population

To acquire a holistic understanding of the barriers and enablers of BMI and the key factors for an effective BMI process, the study was done on top management and senior and lead specialists with experience in the BMI insurance industry. This was intentionally done to ensure multiple perspectives on the topic.

4.3 Unit of analysis

The research questions aimed to uncover the barriers and enablers of BMI and the key factors for an effective BMI process (Lo et al., 2020). This study evaluated individual experiences in the South African life insurance industry. The unit of analysis was on individuals with experience on the BMI process in the South African life insurance industry. Individuals also needed to understand key capabilities that influence business model generation. Anyone without this experience within South African life insurance landscape was excluded from the study. For example, top management with intense knowledge in life insurance but operating in other markets outside South Africa were excluded from the study. Furthermore, this was studied at an insurance industry level, with the unit of analysis being at an individual level.

4.4 Sampling method and size

The sample selection included individuals sharing insights into how the BMI process can be affected. Also, understand the success factors of an effective business model. This information can emanate from anyone that can generate value within the organisation (Boddy, 2019); however, information on the effective execution of the BMI process requires individuals to understand how their organisation creates value for customers and retains some for itself.

The study aimed to engage life insurance experts and leaders who could share their insights within the South African life insurance industry. This research focused on their insights within their organisation. Not everyone in the industry had an overview of the BMI process or access to understanding dynamic capabilities (Groskovs & Ulhøi, 2019); therefore, receiving insights from South African life insurance experts provided a more in-depth understanding. Further to note that diversity of the sample selected enhanced the credibility of the study (Boddy, 2019; Sandberg & Werr, 2011); therefore, for this reason, the researcher ensured there was diversity in the participants. This was done by ensuring that participants had experiences, job responsibilities or sufficient job rankings to support any decision on business model changes.

According to Prosek & Gibson (2021), the participants' lived experiences may offer broader insights into the phenomenon being researched, irrespective of the participants representing a smaller population group. Based on the insights provided by Saunders and Townsend (2016), a sample size of 15 participants provided reasonable credibility. The study targeted this sample size (Table 1).

Table 1: Criteria for participant selection

Research question	Context	Who?
Enablers and hinders of business model innovation?	An individual who understands the dynamics of business and how these affect value generation.	Top management, middle management, and innovation specialists.
Dynamic capabilities needed for effective business model innovation?	Individuals with knowledge of how decisions are made to influence the business model innovation process.	Top management and middle management.
Transformations made to business models post an unusual event?	Individuals with an understanding of how business changes were made	Top management and middle management.

Research question	Context	Who?
	within their organisations.	

4.5 Measurement instrument

Interview guidelines help to focus on the research questions that need to be answered. According to Sanders & Lewis (2018), a semi-structured interview guide is appropriate when the phenomenon is poorly understood, as the questions would need to flow. This is also confirmed by Given (2012) in their article, providing a guide on how to apply a semi-structured interview guide. This study aimed to allow participants to provide insight on the phenomenon without the examiner imposing ideas. A semi-structured questionnaire was used during the data collection process to provide more insights.

The measuring instrument is important to ensure the data quality is according to the research question (Given, 2012). A pilot study was undertaken before the main study could ensure quality. For access reasons, this pilot study was conducted using two of the researcher's colleagues. The participants were senior managers that understood business model innovation and were readily accessible. One of the participants was interviewed virtually using Microsoft teams. And the other participant, was interviewed face to face.

The pilot provided valuable insights about the interviewing process, measurement instrument and the consent form as provided under APPENDIX 3. Some of the feedback provided on these elements is detailed below.

4.5.1 Clarity of what needs to consent

Feedback was provided on the consent form that needed to be signed by the participant after completing the interview. The feedback provided by the pilot was that the form could help the reader understand what they were consenting to; therefore, as part of the interview guide, a disclosure statement was implemented while reading out the consent for sending to the ethical committee; however, additional disclosures around why it is

important to sign the consent form and that failure to sign the form would render the data collected invalid.

4.5.2 Clarifying stakeholder questions to be direct

Concerning the measuring instrument itself, it was established that one question quoted, "*how organisations effectively use external stakeholder*" did not flow well from the previous question on internal capabilities. This question was also related to the stakeholder and not customers; this confused participant as they did not know which stakeholder to refer to as there are several stakeholders they approach regularly; therefore, this was changed to "*external capabilities*" and elaborated on during the interviews as can be seen in question 5 under APPENDIX 1.

4.5.3 The stakeholder can be multifaceted

The original interview guide aimed to obtain more feedback on how stakeholders are affected by the transformation of the business model. The feedback was that the questions directed at stakeholders were too broad, as these range from the policyholder to the communities. A further challenge was that some participants would not know how to answer this question; therefore, they avoid asking stakeholders and customers the same question. A recommendation was that the question could be used effectively by referring customers. This made sense, as the business model definition refers to creating value for the customer and retaining some of that value for the company. After consideration, the question was altered from "stakeholders" to "customers".

4.5.4 How many stakeholders would be affected?

The question of how many stakeholders were influenced by some initiatives implemented in the past was removed. The feedback was that this question answered none of the

research questions directly; therefore, it was removed the previous time from the interview.

4.5.5 Business model innovation definition

Further feedback was provided that the participants may not understand BMI; therefore, a recommendation was made to consider changing the questions to make it easier for the participants to understand the business model in their own contextual form. Consideration was given on providing a definition upfront of a business model or attempt to understand what the participant's perception of BMI. After trialling the option of giving a definition upfront, the researcher noted that a definition upfront helped to ground the participants. Therefore, changed the introduction note to define BMI upfront as can be seen under APPENDIX 3. As a result, this simplified the questions around the value created for stakeholders to focus on the customer.

Table 2 below displays how the questions in the measuring matrix align with the research questions. The comparison between the original measuring instrument against the new measuring instrument was summarised under Table 3. After implementing these changes, the interview time was reduced from 65 minutes to 44 minutes within the promised time. The time recorded during the interview was displayed on Figure 3.

Table 2: Aligning the questions in the measuring matrix with the research questions

Research question	Data collection tool
Research Question 1: What are the experiences around the barriers and enablers of business model innovation within life insurance companies?	Q4. How does your organisation use internal capabilities to seize opportunities? How can this be improved? Q5. How is your organisation using external capabilities used to seize opportunities? How can this be improved? Q7. What major enablers allow you to change how your organisation creates value for stakeholders? Q8. What are some major challenges hindering you from creating value for stakeholders?
Research Question 2: What are the key dynamic capabilities that life insurance companies need to enable an effective business model innovation process?What are the key dynamic capabilities that life insurance companies need to enable an effective business model innovation process?	Q3a. How does your organisation ensure that employees are aware of industry trends affecting existing business models? Q3b How do you ensure execution on the ground? How can this be improved? Q6. How do the capabilities mentioned above ensure the sustainability of the business model innovation process?
Research Question 3: How have life insurance companies attempted to transform their business models post an unusual event?	Q1. How would you say your organisation creates value for customers before capturing it? Q2. Explain some unconventional changes in the value chain process to create value for customers. If yes, how were these changes affected by the COVID-19 environment?

Table 3: comparison of questions that changed after the pilot rollout

	Old data collection tool	New data collection tool
Research Question 1	Q4. How does your organisation use internal stakeholder to seize opportunities? How can this be improved? Q5. How is your organisation using external stakeholder used to seize opportunities? How can this be improved?	Q4. How does your organisation use internal capabilities to seize opportunities? How can this be improved? Q5. How is your organisation using external capabilities used to seize opportunities? How can this be improved?

4.6 Data collection process

The data collected during the research was conducted through virtual interviews using Microsoft teams. Participants were invited through email with a consent form to ensure they understood their right to decline the inter. During the interview, a recording and transcription functionality was used during this process to refer to these notes when necessary and enable the participant to access the information they provided. This enabled access to more participants across various locations. For example, some participants were in Europe but could still participate in the research; however, not all the participants were interviewed online. A fifth of the participants preferred to do the interviews face-to-face. Where face-to-face interviews were conducted, body language was observed, as recommended. This allowed more themes to emerge from the responses (Saunders & Lewis, 2018).

In both instances, notes were taken during the interview to probe more questions. This was conducted non-judgemental to make the participants feel comfortable sharing their

experiences. As recommended by Bonvicini & Perlin (2003), several interview strategies were implemented, such as neutrally asking questions but still showing interest in the topic being shared by the participant and ensuring that the participant chose a location suitable to them and not that of the researcher.

For online interviews, video cameras were kept on, ensuring a connection with the participants. In both cases, handwritten notes were kept, ensuring engagement with the interview content (Holstein & Gubrium, 2003). For face-to-face interviews, body language was also observed to ensure that probing questions were directed to the participant to share more information.

The data collection process continued until 15 interviews were reached, as recommended by (Saunders & Townsend, 2016); however, the data collection process saturated after the 12 interviews. In Figure 2 below, the data collected were coded with certain themes to determine the verbatim of the data collected. No more new codes emerged after the 12th participant.

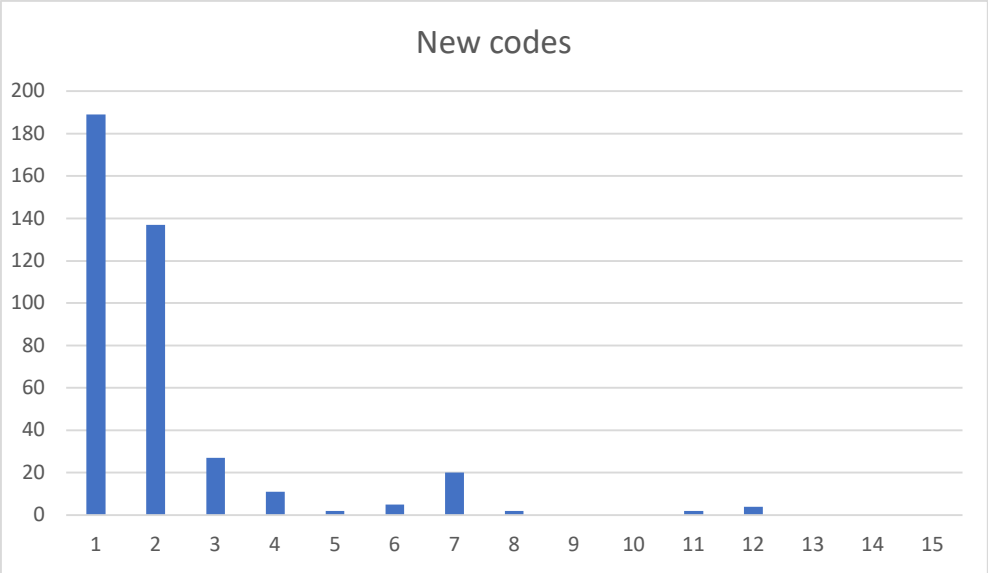

Figure 2: New codes

The figure below shows the length of the call per participant in minutes. On average the calls took 44 minutes, ranging from 28 minutes to 57 minutes depending on the amount

of detail provided by the participants.

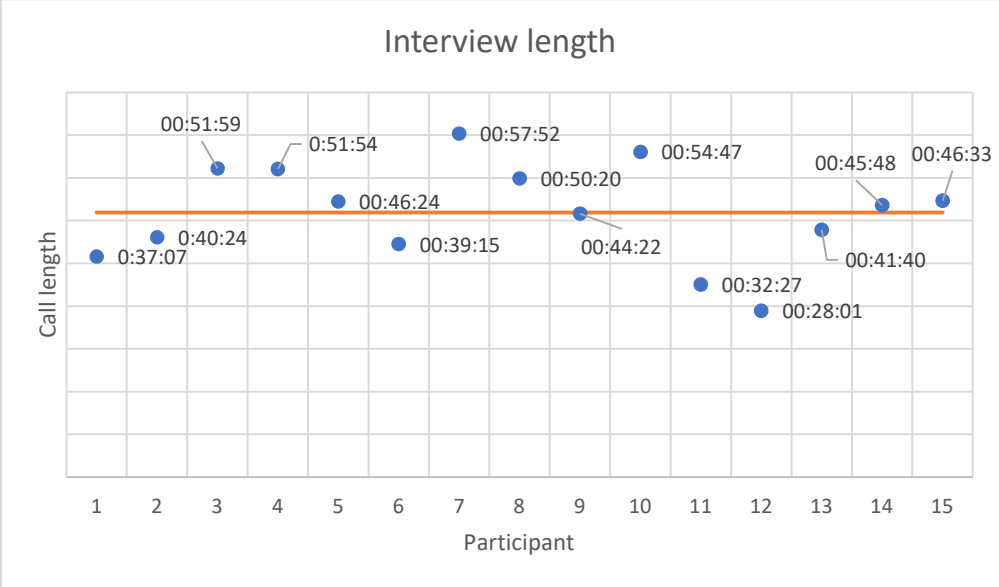

Figure 3: Call length

4.7 Analysis approach

The data from the teams' meetings were recorded automatically after receiving permission from the participants. These transcriptions were later perused while listening to the recording to ensure that these transcriptions were correct. Where these were incorrect, the transcripts were edited to ensure accuracy. For face-to-face interviews, a voice recording was put in place. However, this was done after the participant gave consent, agreeing to the voice recording. These recordings were later transcribed by the researcher using Microsoft office dictate functionality; the recordings were also transcribed manually.

After the data was converted to text format, this data was manually coded into free codes using Atlas ti 22. The same themes were emerging, and codes were repeated as the interviewer went through several interviews. The codes were further merged to ensure that there was no duplication with the codes used and that each shared a unique message. The codes were grouped into similar responses (codes) to form a group of codes. A

thematic analysis approach was conducted to ensure that emerging themes were grouped better to understand the barriers and enablers of BMI, key capabilities needed to enable BMI, and the initiatives implemented by the insurance industry to counter the adverse effects of COVID-19. The focus was on themes that answered the research questions listed above.

4.8 Quality controls

4.8.1 Validity control

The research was piloted using two participants to test the sequence of the measuring instrument and to maintain the validity of the data collected. The recording device was tested for functionality, and the researcher could gauge how long it took to direct the full set of questions. The sequence of questions had to be changed to ensure that the participants did not feel like they questions were not repeating the questions. During the study, it was also observed that some participants did not understand what BMI or dynamic capabilities were; therefore, these were changed to easier components of BMI and dynamic capability to enable a better flow of the conversation with the participant.

To further maintain the validity of the data collected, notes were taken during the interview to ensure that the data was validated by cross-checking the automated transcripts from Microsoft teams with the manual notes. These transcripts were compared to the video recording from Microsoft teams to ensure accuracy of the information. Where the recording was incorrect, the transcript had to be manually altered to ensure the correct interpretations. These changes were implemented during the coding stage in Atlas ti. In other cases, a recording was not available. In this case, the notes were retyped in Microsoft word and served as transcripts for face-to-face interviews. Another layer of quality control was to repeat back some of the responses provided by the participants during the interview. This was ensured that the researcher's understanding put down in the notes was accurate.

A pilot study was conducted with the researcher's colleagues in a relaxed setting. The test was conducted with both Microsoft teams and zoom to ensure that the recording functionality was working. It was discovered that the recording and transcription functionality was not working, as the device used to record the interview was blocked by third-party cyber security software. This error in functionality was corrected during the piloting phase by ensuring that cyber security protection was reduced to allow recordings to take place. A timer was kept ensuring that the interviews did not exceed the allocated time, as most delegates lacked time to spend on the study. It was found at this stage that the interviews were longer than expected.

4.8.2 Bias control

The second consideration regarding the quality of the research design was the researcher's biases. According to Prosek and Gibson (2021), a researcher's bias in qualitative research is inevitable. Every researcher would have biases regarding their perception of the research topic. The researcher had experience in risk management and actuarial sciences in the life insurance industry. Kitto et al. (2008) recommends that the researcher disclose these biases so the reader can peruse the report with an understanding of these biases. Furthermore, the reader can analyse the report, understanding that they have their own biases.

To maintain the quality of the data and to manage these biases, semi-structured questionnaires ensured that all participants were directed to similar types of questions. These questionnaires ensured that the study could attempt to obtain the same insights from the participants without being selective. The researcher reflected through their notes and regularly observing the influence of their biases or potential conflicts of interest. Furthermore, being cognisant of how perceptions may have been affected by the researcher's own experience. According to Saunders & Lewis (2018), the researcher should regularly reflect on their own biases to ensure that these are kept in-check. This would ensure that the influence on the data analysis process was limited. This technique assisted the researcher in not taking some of the participants' criticism of the researcher's

profession being part of the hindrance of BMI.

4.8.3 Triangulation (reliability)

To further enhance the quality, the findings from the data were triangulated to ensure that multiple sources were used to collaborate on these findings from the study (Saunders & Lewis, 2018). This ensured an understanding of the extent of the bias on the pespectives of both the researcher and the participant. The triangulation was conducted by bringing in insights from other studies performed in the past. One such study was from Bocken & Geradts (2020) that studied barriers and hinders of business model innovation for multi-national companies.

4.9 Limitations

These limitations were experienced from the data collection process:

- The research covered the life insurance industry; however, more context can be sought by interviewing more participants in the industry, such as reinsurers.
- The sample had 14 Males and 1 Female. However, there could be better diversity in approach of business model innovation by gender.
- Some participants considered the researcher to be working for the competition, so there may be a limitation regarding data contribution.
- The research sample had five actuaries participating in the research; however, this was five of the few samples investigated. These actuaries were interviewed as general managers instead of specialists in the actuarial field. Be that as it may, it could be that actuaries have the same bias regardless of the nature of work.
- There is a potential difference between traditional insurers and bank assurers. This may require further research at that level.
- The research only considered manager of managers and technical leads. However, BMI can come from anywhere (Snihur & Wiklund, 2019). Therefore, there could be more insights from general employees.

4.10 Ethical considerations

Ethical considerations are important regardless of the nature or size of the study (Hossain & Scott-Villiers, 2019). For this reason, together with the prescribed requirement to receive ethical clearance from ethics committee of the University of Pretoria, the data collection only commenced post approval of the ethics clearance. The ethical clearance ensured that participants were protected from confidential breaches and potential reputation caused by the researcher and their affiliations. This clearance was granted as noted under APPENDIX 4.

Once the ethical clearance to conduct the interviews was approved, the researcher engaged their network to set up Microsoft teams interviews and some face-to-face

interviews for participants that wanted to meet face-to-face. Using Microsoft teams made it easier for the participants to make themselves available.

In both cases, a recording was kept in place to ensure that participant had a copy of the recording. Before, recording the interview, confidentiality was guaranteed to the participants, but not anonymity as the researcher had access to the participants identity. Furthermore, all the interviews recorded were conducted after requesting authorisation from the participants. None of the participants elected not to be recorded as they understood the importance of having an automatic transcription document when performing the data analysis. It was also disclosed to the participants that they could withdraw from the interview at any time with no penalties. In all cases, the data captured was recorded without identifiers. This was also removed from sections where participants mentioned their company or competition by name. Therefore, ensuring that confidentiality was kept as promised to the participants.

CHAPTER 5: RESULTS

5.1 Introduction

The study was to gain a deeper understanding of the enablers and hinders of BMI. Further, understand key capabilities enabling the organisation to execute BMI effectively. The below chapter presents key findings from the data collected in the study. The findings were summarised into key themes, and these were aligned to the research questions directed in Chapter 3. These themes are categorised to provide the relevant verbatim.

5.2 Description of the sample

5.2.1 Analysis of the sample

The sample comprised 15 participants with various experiences in the life insurance industry. The participants were top managers, specialists in BMI and middle management with exposure to the strategy. Top management controlled the resources and priorities affecting which business model initiatives were executed by the business. However, middle management and specialists in strategic roles also understood how organisations created value for customers while capturing this value for itself.

A snowballing technique was applied to reach saturation on the 15 participants interviewed. The participants were grouped by their job level, years of experience, and the insurer's size.

5.2.2 Job level

Job level demonstrates the level at which the participants would have exposure to the entire value chain, including strategy documents, and a better understanding of how things connect within their organisation. Top management would have at least an entire business unit reporting to the participant and would be part of the directors of that business unit. Everyone else who is a manager of managers, or a manager of specialists was classified under middle manager which would refer to participants with managers and other specialists reporting to them. Finally, lead specialists in this context referred to participants

with no general management responsibility but who were exposed to how value is created in the organisation across a significant part of the value chain.

5.2.3 Years of experience

The participant's years of experience in the industry enabled an understanding of how they can link the various areas on the value chain; this further helped to understand to what extend years of experience in the industry can be a hindrance or enabler of BMI.

5.2.4 Size of the insurer

The issues and opportunities identified were different depending on the size of the insurer. So, the bigger the insurance company, the easier or more difficult it was to implement certain things. In the same breath, the size of the insurance company also gave context of the seniority. For example, a senior person in a big insurer may have a top management role in a smaller insurer. The strategy implemented by a larger insurer may be set at a much higher level than is the case with a smaller insurer; therefore, the size of the insurer was relevant.

Small firms are more innovative in their BMs when they reflect existing resources rather than investing in sensing and seizing or transformation. These were the arguments raised by Heider et al. (2021) the authors argued that small organisations should approach BMI differently to larger organisations. Therefore, if this is sensible, there was merit to analyse the data considering size of the organisation.

5.2.5 Insurer type

This study classified three types of insurance companies between life insurers, bancassurers (life insurers distributing through a bank) and non-life insurers. Owing to the researcher working in the life insurance industry, there were three participants with experience in both non-life and life insurance industry. However, these participants were kept in the data for the life insurance research. Table 4 below gives more detail on the participants that were interviewed.

Table 4: Participants' experience

Participant	Job level	Years of experience	Size of insurer	Insurance type
1	Top management	25 years	Medium	Life Insurer
2	Top management	38 years	Large	Bancassurer
3	Middle management	15 years	Large	Life Insurer
4	Middle management	13 years	Large	Bancassurer
5	Middle management	12 years	Large	Life Insurer
6	Specialist	10 years	Medium	Life Insurer
7	Middle management	25 years	Large	Life Insurer
8	Specialist	25 years	Large	Life Insurer
9	Specialist	16 years	Large	Life Insurer
10	Top management	20 years	Small	Life Insurer
11	Top management	16 years	Medium	Bancassurer
12	Middle management	14 years	Medium	Life Insurer
13	Top management	35 years	Large	Life Insurer
14	Top management	42 years	Medium	Life Insurer

5.3 Analysis of transcripts

5.3.1 Ensuring confidentiality during the transcription phase

Besides the three face-to-face interviews being manually transcribed, Microsoft teams were employed to transcribe all the interviews conducted automatically. The transcripts were cleaned by comparing the automated documents with the notes manually captured. During this process, it emerged that Microsoft teams stored the name and the name of their organisation in the transcripts. To ensure confidentiality, as promised to the participants, the participants' details from the transcript were replaced with generic names, such as "participant". This also included the removal of the participant's company name and any other details that would compromise the confidentiality of the data. The data was also cross-checked with the video recording kept for making notes.

Some data shared by participants were manually removed from the automatic transcription for confidentiality reasons. The reason was that the participants requested that this information not be shared as it was disclosed in error or confidence.

5.3.2 Data coding

The transcripts were loaded and coded in Atlas ti 22 to provide broader meaning to the data collected, allowing deeper engagement with the data collected. After this, the codes were merged to reduce duplication, where the codes have the same meaning. The codes were grouped into various categories to determine various code groups. These code groups were coloured in Atlas ti and used to determine super categories formed into themes. These themes were directly answering the research questions directed in Chapter 3.

5.3.3 Merging the codes to reduce duplicate

The codes were further merged to ensure that there was no duplication with the codes used and that each shared a unique message. The codes were grouped into similar responses (i.e., codes) to form a group of codes. A thematic analysis approach was conducted to ensure that emerging themes are grouped to better understand the barriers

and enablers of BMI, key capabilities needed to enable BMI, and the insurance industry implemented some initiatives to counter the adverse effects of COVID-19. The focus was on themes that answered the research questions listed above.

During the transcription phase, each automated transcribed data from Microsoft teams was perused, and the manual transcription was compiled. The data were manually coded into free codes, with 111 codes created in Atlas ti 22. These codes repeated as the interviewer went through several interviews, but with various names meaning the same thing. For example, key points, such as customer needs, customer demands or pain points, were merged into the same name to avoid duplication; similarly, codes, such as prototyping, testing and learning, mean the same thing. The codes were merged to have 67 unique codes in the data. These codes continued to be merged to ensure that there were no duplicates in the codes used and that each described a unique context.

The codes were grouped into similar responses (i.e., codes) to form a group of codes with similar characteristics. An example of these code groups was around barriers of BMI where codes, such as "*barriers: legacy systems*", "*barriers: capabilities*", and "*barriers: decision delays*", were grouped into the "*barriers"* group with a forescript of barriers. This strategy enabled the study to group the barriers to BMI in the required analysis quickly. Further analysis was conducted on the enablers of BMI; these were contrary to the barriers to BMI; however, there are some barriers to BMI, which also present an opportunity for some participants in the industry. Enablers are expected to be a barrier to BMI; however, the two were incompatible.

A thematic analysis approach was conducted to ensure that emerging themes were grouped from the coded groups to better understand the barriers and enablers of BMI, key capabilities needed to enable an effective BMI process and initiatives expected to counter any adverse effects on long-term insurers owing to an unusual event. The group codes were summarised below (Table 5) to align with the research questions directed in Chapter 3.

Table 5: An analysis of the interview data

	Code group	Unique frequency	All code frequency	Research question
Enablers	Enablers: leadership	9%	8%	RQ1
	Enablers: other	14%	19%	RQ1
	External challenges	8%	7%	RQ1
Barriers	Internal challenges	14%	21%	RQ1
	Improvement areas	3%	2%	RQ1
	Execution	13%	11%	RQ2
Key success factors	Financial matrix	6%	3%	RQ2
	Scanning the environment	9%	6%	RQ2
	Strategic alignment	6%	5%	RQ2
Initiatives post an unusual event	Digitalisation	8%	5%	RQ3
	Types of innovations	10%	13%	RQ3
All	Totals	100%	100%	

Above Table 5 demonstrates themes that emerged during the data analysis process. The frequency summarised the number of times the codes were uniquely mentioned in the total sample. This does not duplicate the number of times the same individual mentioned the codes. Any duplicated code was not repeated in the count used in the frequency. Duplicating the themes that occur from a single participant may observe the experience of the entire sample; however, for qualitative research, this was not a concern as the research does not generalise the findings (Noy, 2008). The main idea behind qualitative research was to explore the abnormal variables that are usually excluded from quantitative research.

The same idea applied to code groups. For example, the internal challenges code group occurred as frequently as other enablers code groups of BMI in the transcripts; however,

when considering all the verbatim mentioned by the participants, the internal challenges code group became more prevalent than any other code group. This implied that a few participants experienced significant internal challenges; this increased in the internal code group when the entire code set was also considered, including duplicated codes from the same participant. This was explored to understand the internal challenges encountered by some organisations.

Based on the frequency from the interview data analysed above, the themes with the highest frequency were assumed to be important for the study.

5.4 Research Question 1: What are the experiences around the barriers and enablers of business model innovation within life insurance companies?

5.4.1 Introduction

The enablers and hinders of BMI to be uncovered aim to align to the sensing construct under the model from Teece (2007); the model refers to identifying opportunities and threats in the internal and external environment encountering the organisation. The research question aims to elucidate the experiences around how the BMI process can unfold. This was specifically directed so the study could uncover the internal and external factors enabling and hindering BMI at an organisational level.

The participants' responses were divided into four categories: internal or external enablers and internal or external barriers to BMI. Some barriers also appeared as enablers for some of the insurance companies in the industry, such as regulation and culture. These were also categorised as opportunities for the industry to explore. Below are responses to questions on enablers and barriers to BMI. The transformational construct refers to changes that can be made to the organisational design when required to ensure opportunities are seized.

5.4.2 Internal capabilities enabling business model innovation

The factors mentioned below are important internal enablers of BMI. These were categorised according to the frequency of mentions, as revealed by the letter "G" in Figure 4 below. These were kept at a primary level to ensure that the right details were revealed from the themes.

From Figure 4: Internal capabilities, enabling business model innovationFigure 4 below, culture, having skilled individuals and the right leadership were mentioned as the most important factors. This was followed by leadership as executive support, effective communication and showing recognition are some of the factors driven by leadership. A summary of the details mentioned during the interviews is in the primary codes in Figure 4 below.

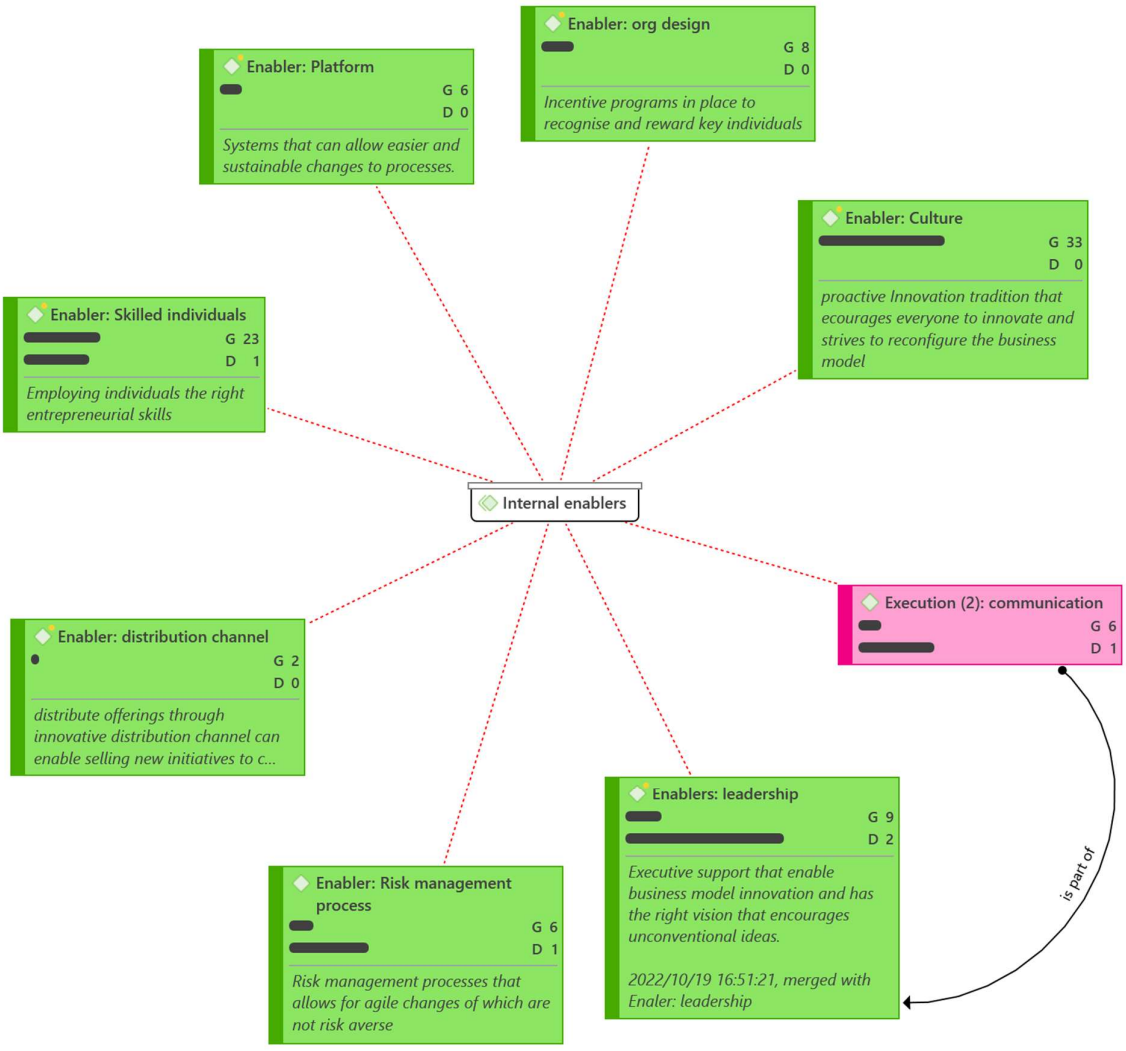

Figure 4: Internal capabilities, enabling business model innovation

5.4.2.1 Culture

The largest enabler of BMI, from the participants' perspective, was culture. This appeared (33 times and was mentioned by 75%). All top management participants mentioned that culture was important in enabling BMI. Some comments from top management were:

"*For our company, finding innovative solutions is part of our culture. This is because our*

objectives are clear: customer service is at the heart of what we do. So, I would say culture is the biggest enabler in our case".

Executive support was believed to be the most important by a lead specialist. Other participants also mentioned this as the participants felt that without management support then, the possibility of executing innovations would fail. This implies that the culture of having the leader driving action was necessary to execute ideas. Some quotes on this related to:

"… *that cultural aspect is a huge thing, and it comes right from the top-down. If you try and idea and it fails, then if the culture is right then you are motivated to try again and not shot down".*

For ideas to be followed, culture must be there to allow people to be emotionally invested in ideas. Some quotes provided from the interviews were:

"*The business relies on people being emotionally invested in the business and hence pushing their own ideas and getting people excited about their ideas".*

The people would push their ideas beyond the usual effort, hoping to obtain some reward or recognition; however, in some cultural environments, this was expected to be part of what employees do. The respondents felt that more support is needed for the BMI. Otherwise, any changes to the way things work will not acquire traction. Some quotes provided from the interviews were:

"*If you showcase innovations that people, come up with then you celebrate ideas. That motivates those with ideas to also try to implement their initiatives".*

5.4.2.2 Skilled individual

Individuals within the organisation are critical to ensuring adequate BMI. There were 23 mentions of the importance of critical skills to seize and transform BMs. Some quotes on having the right skills to execute the ideas were:

> "*It's great to come up with ideas but at the end of the day you actually need someone with the skill to not only come up with the ideas but to also execute those ideas".*

Even when the ideas are not coming from the individuals within the organisation, there may be the right skill needed to implement strategic initiatives; as one mentioned that:

> "*The biggest challenge that companies are facing is that there's no expertise to implement the strategic objectives. For example, if you want to start a bank then you'll need to buy skills. If this is too expensive, then you'll get discouraged".*

The diversity of individuals within the team and the organisation allows for diverse ideas to emerge. The participants also mentioned that diversity must be diversity in thinking and not just diversity of individuals who think the same. Some quotes:

> "*Diversity of experience is important in a team; however, this also must be a group of people that are happy to accept that they might have conflicting views that will add overall value to the process".*

The individual that becomes critical in the seizing of BMI is not just anyone. This could be individuals with entrepreneurial flair; one participant mentioned that:

> *"Getting access to an entrepreneurial individual is more difficult than having access to a traditional professional such as a lawyer, accountant, or an actuary. It is more difficult*

to get access to a skilled and entrepreneurial actuary".

5.4.2.3 Leadership

The participants also mentioned that executive support is important, as executives would vouch for business model initiatives across the organisation. This was more prevalent in bigger organisations as the organisations were large and often required support from other executives before the relevant business units could support the ideas. One participant mentioned that:

"*If an EXCO member can go boast in the EXCO meeting to say, look, my guys solved this problem, it makes that Exco member look good. So, you would want to get support from the top as these guys will vouch for you*"

The participants further mentioned that the changes were not just about culture but also involved effective communication within the business to ensure support. Communication often requires leadership to cascade the message top-down so that ideas are adopted. Some comments provided by the participants were:

"*Getting ideas going in the business is not just in culture, but also in the thinking at the top. The tone comes from the top*"

The leadership team would need to present the correct vision for employees within the business to have direction. Unobstructed vision and direction will ensure the vision is cascaded to the rest of the business. Some comments on the vision were:

"A clear vision and strong support from the Group Executive is absolutely key as without this support it will be very difficult to do anything in our business"

5.4.2.4 Platforms

Platforms refer to information technology systems that insurance companies need to service their clients. This was potentially important to execute new product lines, design digital initiatives, or integrate new and existing businesses. The platform can merge insurers in the case of mergers and acquisitions. Participants mentioned that:

> "*Some of the enablers that we have built is our own system platforms. These have kept us ahead of competitors as building new underwriting systems take quite a long time. So, this gives up that extra edge to keep configuring how we do things*"

Another participant mentioned that their system enables product modularisation so the insurance company can make changes when required. This makes the platform an enabler as changes to the business model can be calibrated and taken back as and when the insurer wishes to do so:

> "*Our system enables modularising the product proposition to meet the clients' needs at the right time …"*

5.4.2.5 Organisational design

Participants mentioned that organisational design as a reward encouraged their organisation to build a culture of innovation and have ongoing initiatives where people can work on their ideas. The incentives are there to convince people to submit their ideas so that there could be innovation within the business:

> "*Incentive programs are there to encourage some positive behaviour in a sense …"*

There is recognition in the form that the ideas put forward can be implemented. This will allow the innovator to have their ideas implemented; therefore, giving them some

conceited rights:

> *"Opportunity actually to get investment and become involved in those initiatives that they've identified"*

Having organisational structures that make it easier to execute ideas gets people to execute their initiatives. This might require a certain level of balance between exploration and exploitation:

> "*We have an innovation team that's dedicated to ensuring that we focus on generating the idea within the group...".*

5.4.2.6 Risk management process

The participants mentioned during the interview that risk management processes could be an advantage. This is because processes put in place ensured the right initiatives were implemented. This also allowed the correct thinking to be implemented before initiatives are put forward. Some comments:

> "*...robust but simple risk management process is what differentiates us from competitors, and this has made our business model successful".*

Simultaneously, the participant mentioned that risk management, if simple enough endorsed client-centricity. Some comments:

> *"… we understand risk models are there to manage risk, when these are dynamic enough to be able to be tweaked so as to solve immediate problems then client centricity can be achieved …"*

5.4.3 External capabilities enabling business model innovation

The factors mentioned below are important external enablers of BMI. These were categorised according to the frequency of mentions. As seen below, these were regulation, the COVID-19 pandemic and collaboration. A summary of the details mentioned during the interviews is in the primary codes in Figure 5 below.

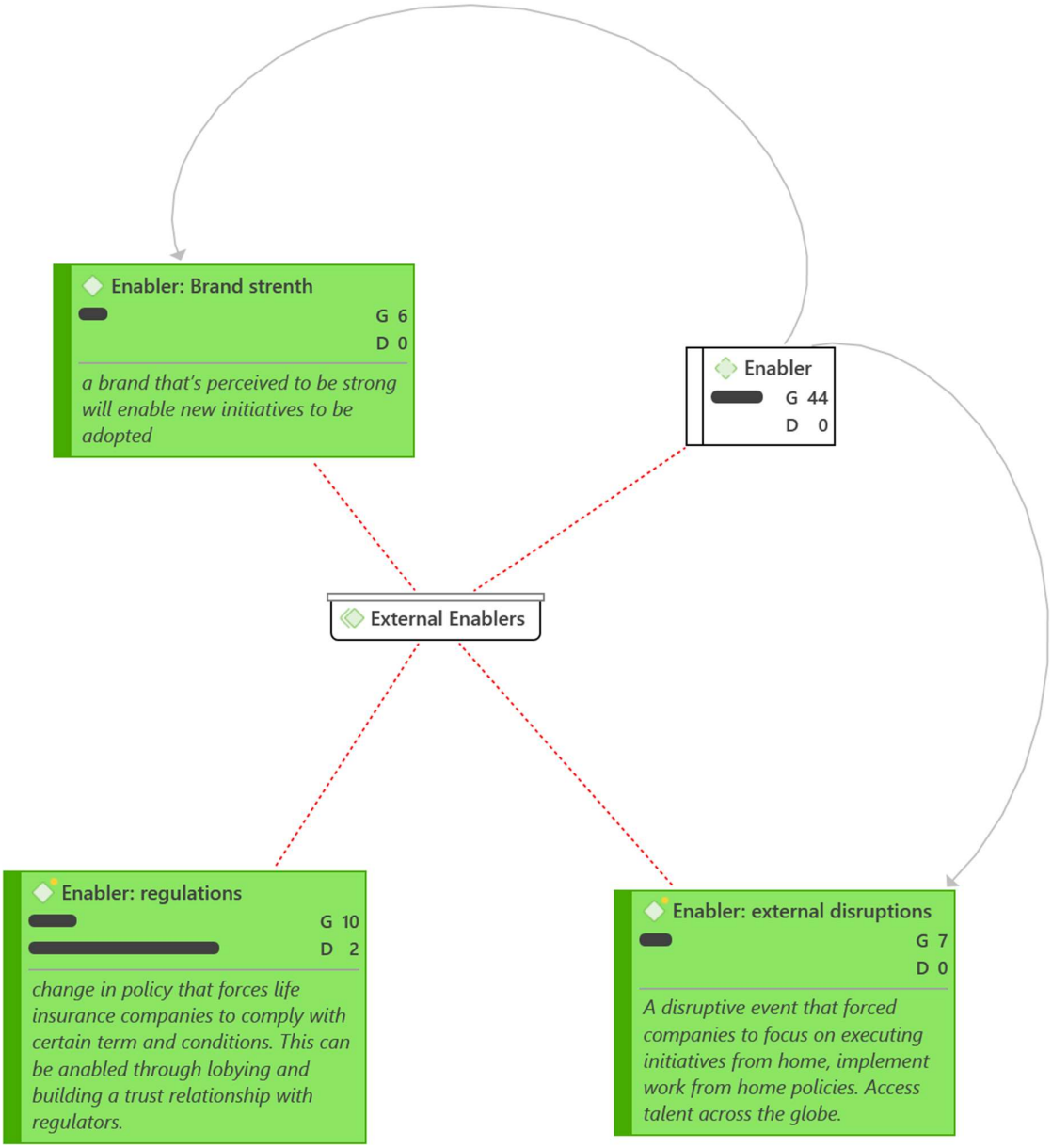

Figure 5*:* External capabilities enabling business model innovation

5.4.3.1 Regulation

During the research, the participants mentioned that the biggest challenge to conducting business was regulation. This had the highest mention from participants compared to other enablers from external capabilities; however, this challenge also unveiled an opportunity to create new value structures for stakeholders as companies navigate these challenges through lobbying. Some quotes:

> *"… you must do a whole lot of lobbying to get things done through the regulator. Otherwise, you will just complain about the regulatory environment …"*

Participants also felt that innovation was always ahead of regulation, and certain regulations in the insurance industry enabled new ways of doing things. The example in most cases is related to the micro-insurance changes as part of the *Insurance Act 2017*. These changes enabled funeral parlours subjected to high capital requirements to operate a life insurance company. The parlour would only need a micro-insurance licence to operate as an underwriter of micro-insurance products. Some quotes from the interviews are below:

> *"...Innovation usually goes ahead of regulation. So, regulation kind of just catches up with innovation. So, I think regulation can't kill innovation, so I think what should be happening is that companies should be having conversations with the regulators".*

5.4.3.2 External disruptions

The COVID-19 pandemic restrictions enhanced BMI in the life insurance industry, as companies had to change these to adapt to the new way of creating value for stakeholders.

"Most businesses benefited from COVID-19 restrictions because there were some room to make some improvement on the systems without having to go through tedious prioritisations".

These changes were mainly related to servicing life insurance customers online instead of using traditional means of conducting business:

"The COVID-19 restrictions created the need to find solutions to attend to our customers".

Online portals for business partners would support the company's customers. Focusing on projects that enhanced the service offered to clients enabled more execution of new initiatives. A few quotes from the interviews are below:

"Some of the funeral parlours have micro-insurance licenses. You know this wouldn't have happened if there was no lobby to relax regulatory requirements".

5.4.3.3 Brand strength

The participants mentioned that a brand perceived to be valuable would get away with some mistakes in the South African insurance industry. This means that brand strength is one of the biggest external strengths that emanate from internal capabilities. Leveraging brand strength is an advantage for some older life insurance companies.

"… size of that company relatively over the years, so you find that you get the right skills to do the right things".

Collaborating with other business units or leaders enabled the enhancement of value creation in the life insurance industry. More respondents felt this is a key success factor.

Some quotes on the collaboration mentioned are listed below:

> *"Having the muscle in the markets. In terms of being a well-established brand means that if you look at it from your regulator point of view and your compliance becomes easier as regulator will first engage big brands"*

5.4.4 Internal factors hindering business model innovation

The research question directed in this section aimed to explore some of the internal challenges hindering organisations from creating value for stakeholders. Based on the data collected from the participants, the factors mentioned below were considered important internal barriers to BMI. These were categorised according to the frequency of mentions in the data analysed. As seen below, these factors were a lack of entrepreneurial skills, unnecessary risk management processes and challenges with the legacy system; therefore, it is reasonable to assume that these are significant factors to be explored. A summary of the details mentioned during the interviews is in the primary codes in Figure 6 below.

Figure 6: Internal capabilities hindering business model innovation

5.4.4.1 Organisational design

Participants identified the biggest hindrance to BMI as organisational design. Most participants mentioned that organisational factors, such as organisational structure, work-from-home policies, and other tedious approval processes, including receiving initiatives passed through independent committees, were the biggest gap. Some quotes:

"… the products and processes are set and protected. The only thing you have freedom on is how you use the message within the product and the principles of the product in ensuring that your client understands value".

Large organisations have considerable decision-makers and, therefore, several people to approve initiatives. This makes the structures to be tricky if business model innovation ideas must always include several people to give input. Therefore, making it long to move forward with ideas:

"… the trick is to keep the working group as small as you can otherwise you can have too many people. Then somebody comes back to a meeting they missed. Then you constantly must repeat what the idea is about and so the next meeting you go backwards".

5.4.4.2 Entrepreneurial skills

The second biggest hindrance of BMI was identified to be skilled. Most participants mentioned skills were one of the biggest divergences with BMI; this was mentioned 30 times during data collection. The challenges of skills occurred in both the ideation and execution of BMI. Participants identified the lack of skills as owing to the cost of receiving the right skills or the lack of ability to obtain the right skills appropriate for the organisation. This may owe to a talent drain:

"*As you may be aware, the biggest challenge in this environment in lack of skills due to talent drain that's happening in our country …".*

The participant mentioned that additional advice would be sought if a decision-maker does not understand the new initiative completely novel as they do not have the skills or experience in the initiative; therefore, resulting in a cumbersome process and causing delays in implementing the business model process (Figure 6 above). Below is a quote

from one on the challenges encountered with skills:

> *"If I'm sitting in an insurance business and we're now looking at disrupting with a health solution. If the holding company is operating a different line of business from insurance e.g., a bank. Then because of lack of skills in this completely new business, the decision maker will now spend money and time seeking legal counsel or consultant to help them with an opinion. So, it becomes cumbersome... ".*

As seen in Figure 6 above, the hindrance of skills also had a secondary effect on the decision delays for executing BMIs. This lack of adequate skills is also manifested at a leadership level where it is unclear which strategic objective was followed for configuring the business model. This can be observed in Figure 6 above, where a lack of skills is part of the problem identified by some participants, and there is a lack of clarity on what needs to be executed. A few quotes from the interviews are below:

> *"Another issue, Leadership that doesn't give direction on which strategic objective we are trying to do then everyone wants to execute everything...".*

Even at a normal staff level, it becomes challenging to obtain people with the right cognitive level to apply Dynamic Managerial Capabilities, therefore, making it difficult for people with the right cognitive abilities.

> *"… difficult to find the right people that are a capable of doing the work. Any day I can put an hour on interviews without finding the capable person...".*

5.4.4.3 Risk management processes

The third largest factor observed from the discussion with the participants was the risk management process, with a mention of 20 times. The risk management process would cause significant delays in the execution of the projects or initiative, and the initiators

would become discouraged. This would also cause delays in the execution of the projects, as observed in Figure 6 above, with a link to decision delays.

> *"We often find it extremely difficult, and it takes a very, very long time to get decisions made. This is because people are very cautious, and they want to weigh decisions against the regulatory frameworks".*

Even when the risk management process was not an issue, the people executing the policies would be more conservative and risk-averse, especially when the new business configuration is poorly understood:

> *"… and because it's a new initiative, it doesn't clearly fit in their understanding of the regulatory framework. They will block it and say it's risky etc".*

In other cases, risk management delays are owing to cyber security protocol. This would cause delays as external partners would need to integrate the applications, and this would be time-consuming.

> *"...even when you want to execute ideas, there's usually firewall issues, usually cause there's a third-party system and the internal system that has to go through the risk management process. There's going to testing and all of that. Eventually, when everything it done the initiative is irrelevant...".*

5.4.4.4 Platforms

The final internal challenge identified by the participants was legacy systems, with a mention of 15 times in the data collected. The complexity of the systems would result from having considerable old policies written on various product structures to the newer policies. Some quotes from the interviews:

"… the rigidness of our systems is one of the biggest challenges. This maybe because we are an old company, barring in mind that the new [companies] ones who are more digital savvy are probably not on a legacy system which helps some of the companies".

Some of the life insurance businesses would run off the holding company's system, which may not have been selling life insurance; therefore, it would be difficult to implement any new initiatives as the companies in the industry would have to consider how the new initiative would affect the current system. This would delay the decisions taken on new initiatives, as an influence assessment must be conducted before things can progress. This issue was more prevalent for large insurers and bancassurers, with all large insurers and bancassurers mentioning the challenge of legacy system. Some of the quotes given below:

"*...anything with our systems is a challenge. So, you can't just wake up and say I've got this great servicing innovation whereby we can service the client like this etc. Instead, the question is going to be how are we going to link this initiative to our existing system? Then it's going to be another prioritisation nightmare...".*

5.4.5 External factors hindering business model innovation

The factors mentioned below are important external factors hindering BMI. These were categorised according to the frequency of mentions. These factors were a lack of financial literacy, a regulatory environment, and a macroeconomic environment. A summary of the details mentioned during the interviews is in the primary codes in Figure 7 below. Figure 7 below displays external capabilities hindering BMI.

Figure 7: External capabilities hindering business model innovation

5.4.5.1 Financial literacy

Participants identified the biggest external hindrance to BMI was financial literacy. This was mentioned 21 times by participants who mentioned that financial education was the biggest divergence that the life insurance industry was encountering regarding potential clients. This concern potentially emanated from inequality in South Africa:

> "… *The problem is that we are teaching people about the same things. The school system has never gone back to schools to upskill the statistics lector on financial*

education. It's the same lecture doing the same things...".

One mentioned that financial education was still a divergence in the industry, and it should not be a government problem but should also be driven from an industry level:

"The biggest problem is that the financial education levels in the market, but it's something I think should really be driven at an industry level. Because no one company will be able to do that. I think the guys that I knew. Are able probably to do that because they haven't positioned themselves as players in the lower segment.".

Other participants believed the business model adoption would take time as clients first needed to be financially educated on the offerings. The expectation was that adoption would be slow until education occurs. A few quotes from the interviews are below:

"*...our biggest challenge with regards to this financial education is in how our products are positioned. These are still commodities that we must sell. So, it's almost a grudge purchase...".*

5.4.5.2 Regulation

Regulation was identified as the second most frequent code mentioned in aggregate, with 15 mentions. Participants believed regulatory changes in the industry caused a significant delay in implementing changes on their products. The example used was that the regulator had put in laws hindering the process:

"… a decade or so ago, I can't even remember we launched a funeral product in seven days. Now, you must submit to the regulator then sit back and hope that the regulator doesn't come back and say, oh, I don't like this. So, it is. It's very stifling now …"

Some participants mentioned that some of the regulatory laws are adding cost to life

insurance companies but not adding additional value to the customer. A few quotes from the interviews are below:

> "… *we've got things like this standard that are coming up, the IFRS17 standard. These are quite expensive exercises across industries to comply with. Yet, at the end this wouldn't have added any value to our customers. So, the customer will be paying more, yet there's additional value for them...".*

The participants acknowledged the intention of the regulator to protect the policyholders. Yet, they still concede that the regulations, unfortunately, are meant for first-world countries:

> *"The intention of this regulations is very good. I've got no question with the intent, but the problem is we've got Third-World country with First World regulations on steroids. This is in a third world environment and economy and the two are not working...".*

Regulatory barriers are sometimes associated with the political environment. The participants felt that some of the regulatory changes were sometimes aimed at having adverse sentiments against the business. As seen in Figure 7 above, the regulatory challenges are associated with the political environment:

> *"... sadly, the politics have brought us to this position. Now, there's additional layers of checks and costs due to poor SAPS processes. I think that's by a long way our biggest challenge now …"*

5.4.5.3 Macroeconomics

Macroeconomics was identified as the third most frequent code mentioned in aggregate. The participants mentioned that the economy was one of the biggest drivers of insurance demand. This was due to people needing to pay for the value created by the insurance

companies, so the organisation could capture this as profit; therefore, the weaker the gross domestic product, the poorer the adoption of any BMI. This may affect the ability to seize opportunities:

> *"… GDP growth directly correlates with the take-up of life insurance business. Whilst you can innovate to remain relevant, it does boil down to whether the people have the funds and jobs to afford etc …"*

The economic performance in South Africa has been driven by the influence of external disruptions, such as COVID-19 and the looting in 2021. The participants mentioned that the South African economy directly correlates to these factors:

> *"… life insurance is growth as in any business, growth is buoyed by the economic market. The South African market is especially vulnerable due to the impact of COVID-19 and the looting that took place last year".*

5.4.6 Conclusion

Based on the findings from the data collected, the factors enabling or hindering the company's ability to transform its business model can be split into internal and external factors. The internal and external factors that potentially enabled or hindered BMI are summarised in Table 6 below.

Table 6: Internal and external capabilities, enabling or hindering business model innovation

Internal capabilities	External capabilities
Organisational design*: Incentive programmes in place to recognise key individuals **Culture**: Innovation tradition is something that everyone strives to achieve in the business **Skilled Individuals***: Employing individuals with entrepreneurial skills **Platforms***: Systems that can allow easier and more sustainable changes to processes. **Risk management process**: risk frameworks that make it hard to innovate. Delay decisions or risk averse **Leadership**: Executive support to enable wider support within the business	**Financial literacy**: financial education of the target market to be improved **Regulations***: change in policy that forces life insurance companies to comply with certain terms and conditions **Macroeconomic environment**: the influence of the economy on demand for life insurance offerings **External disruption***: a disruptive event that forced companies to focus on executing initiatives, such as with COVID-19

5.5 Research Question 2: What are the key dynamic capabilities that life insurance companies need to enable an effective business model innovation process?

5.5.1 Introduction

According to Teece (2018), dynamic capability involves three elements, indicating sensing, seizing, and transforming the company. The sensing element refers to identifying threats and opportunities in the internal and external environment encountering the organisation. The seizing element refers to executing the opportunities identified or defending against the organisation's threats. Finally, the transforming element refers to changes that can be made to the organisational design when required to ensure opportunities are seized. This section only focuses on internal dynamic capabilities as these are within the control of life insurance companies to ensure that.

This question aimed to establish how internal capabilities can effectively enable life insurance companies to transform their business model innovation process. The key internal factors enabling the transformation of BMs were analysed in this section. The assumption made in this section is that there's a strong relationship between business model transformation and execution. The research question elucidated the experiences around how to execute BMI processes. The feedback was that the best way to transform a business model is to have the right organisational design and deploy Dynamic Managerial Capabilities. This means having management with the right sense, focus, and people skills to transform the BMI process.

5.5.2 Dynamic Management Capabilities (DMC)

DMCs refer to managers' ability to deploy human capital skills, social capital skills through networks and social circles and their cognitive skills to transform BMs. The section below was taken at the second level after splitting dynamic management capabilities into strategic alignment (54), execution (27), and financial matrix (32), as depicted in Figure 8 below.

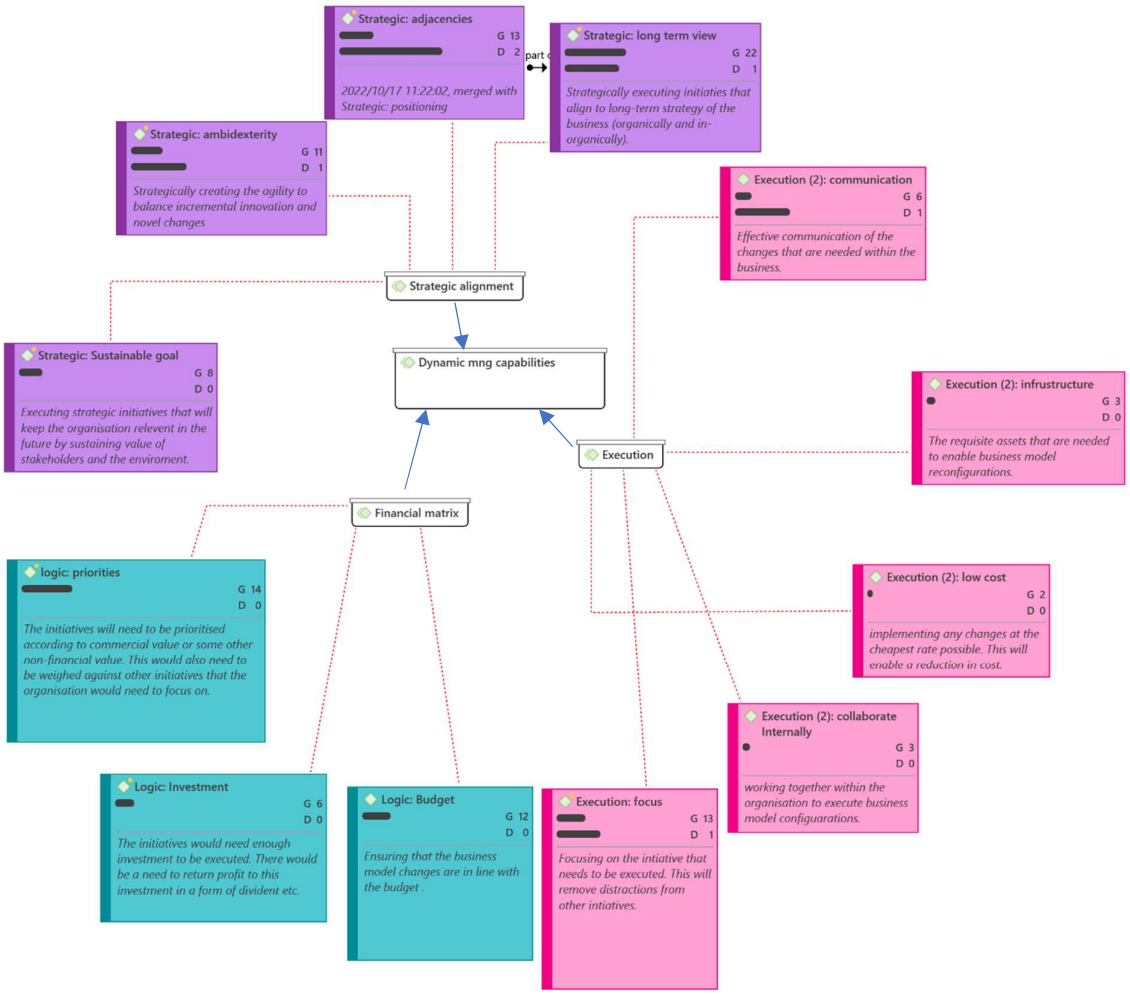

Figure 8: Dynamic management capability factors, enabling the effective transformation of the business model innovation

5.5.2.1 Strategic alignment

Based on the feedback from the participants, most mentioned that it is important to have 1) a long-term goal of the business that can be chased; 2) consider the adjacencies that the business can get into; 3) balance the strategic focus between short-term and long-term; 4) consider the sustainability goal of the organisation. These results were analysed according to the feedback from the participants. This was based on the frequency of the mention:

5.5.2.1.1 long-term view, adjacencies, and sustainable goals

The participants mentioned alignment to the long-term goal or vision of the business when executing BMI 22 times in the data. This related to ensuring that the business was effectively executing business model initiatives meant to meet long-term objectives. These initiatives were not split between organic, such as changes made intentionally against inorganic changes, such as those bought off the shelf to reconfigure the business model. As seen in the quote below for some of the feedback from participants:

> "...*Sometimes you need specific focus on innovation that will yield long term results. Otherwise, people only focus on incremental innovation to ensure that they meet their objectives in the short term …"*

5.5.2.1.2 Ambidexterity

Some participants mentioned balancing long-term and short-term objectives when creating value for stakeholders. This was mentioned 11 times in the data. In this context, the participants were referring to remaining agile enough to innovate to help the business meet objectives against novel changes:

> *"...there's a constant tension to try and determine what's the best way of handling this in the short term, while focusing on the long-term future …".*

5.5.2.2 Financial matrix

Participants mentioned that having the right logic to make decisions was critical for the business to reconfigure the business model effectively. The data analysed suggested that priorities and investment funding budgets were the most critical elements to consider when

applying the human capability of dynamic management capabilities.

5.5.2.2.1 Priorities

This refers to the need to prioritise according to the commercial value of the initiatives. Still, there must be some consideration of some measures to demonstrate the importance of the initiative. The participants mentioned that priorities were important in most cases (14 times), and the business would want to ensure that the initiatives are prioritised appropriately:

> *"The solution to avoid working on frivolous initiatives is to ask for the expected commercial value for the business and when you get that intersect then you can prioritise the initiative accordingly …".*

5.5.2.3 Budget and investment

The budget and investment available to support the initiatives was identified as an important consideration when supporting business model innovation. Some quotes from this are:

> "*We are very structured in terms of having a specific budget around strategic cost initiatives or opportunities …"*

5.5.2.4 Execution

To enable the effective transformation of the business model, the ideas generated to transform the way value is created should be executed.

5.5.2.4.1 Focus

The biggest consideration with focus relates to management's capability and ability to

execute strategic initiatives within the business. Focus within the organisation ensures that people within the organisation focus on the right things to enable the delivery of the work:

> *"I think that focus is the biggest thing to get right. You get too involved in the detail and that that you need to kind of find the time to force yourself to think about what to execute, where the business is going and all of those …".*

5.5.2.4.2 Communication and collaboration

Management is also responsible for effective communication of any business model changes**.** It is important to communicate the business initiatives that should be focused on by the organisation. Participants mentioned effective communication six times in their responses. This was also critical for collaboration within the organisation:

> *"… the best thing to do is get people involved as early on as possible. So, you that don't surprise them just before launch".*
>
> "… *communication is important to get the things working. The biggest downfall is getting the right people in the right meetings so we can progress things …"*

5.5.2.4.3 Infrastructure and cost

Operationally, the requisite infrastructure is needed to execute the BMI. If the infrastructure was already established, this made it easier for the organisation to offer low-price propositions as the major costs were already sunk:

> *"… big advantage is that they can control the cost. So, if you meet the investment in infrastructure for burial, it means that whatever is put into a funeral product. So, the*

premiums are less and cross subsidising the spend on the actual burial …"

5.5.3 Organisational design

The second factor enabling the execution and transformation of opportunities identified by companies as organisational design. This is because the execution of BMI requires systems, processes, and the ability to scan the environment when required. The participants mentioned that scanning the environment and having the right organisational structures were critical to the transformation of the business model. Figure 9 below demonstrates the data that came out of the analysis. Figure 9 displays organisational design factors, enabling an effective transformation of the BMI.

Figure 9: Organisational design factors, enabling an effective transformation of the business model innovation

5.5.3.1 Organisation structure

The organisational structure was the most mentioned item under organisational design (45 times). This related to creating separate team structures or functions to transform the business model effectively. The participants mentioned that a new structure had to ensure that a focus on initiatives should be executed for the first time. Otherwise, the same status quo would prevail with the business.

5.5.3.1.1 New process

Some of the participants mentioned that it might be necessary to focus new initiatives on a new system or new operational process. This would avoid having to deal with bureaucracy within the incumbent organisation. This was mentioned for Some quotes from the interviews are below:

> "… *existing people tend to struggle with the balance between new initiatives and existing initiatives. So, one of the potential ways to resolve this problem for us is to execute new initiatives on a new system process with new people running the initiative".*

5.5.3.1.2 Separate entity

Participants mentioned that in several cases, the best way to execute unconventional BMIs might be to set up a separate legal entity. This would enable better execution of the new BMs within an existing organisation:

> "… setting up separate legal entities, but at the very least, it's got to have separate cost centres and separate management teams to build and run these businesses. You got more autonomy …"
>
> "The company has appointed a Chief digital and technology officer. Because of the

realization that this needs specific focus".

5.5.3.1.3 Formal sensing jobs

The participants mentioned (10 times) that having formal sensing jobs would enable the organisation to continually be dynamic:

"There are formal governance structures that are responsible for scanning the environment, so you get exposure through that...".

5.5.3.2 Scanning the environment

The second construct relates to scanning the environment to ensure that the sensing part of the dynamic capabilities was occurring. The feedback from the participants was that business updates were the most important way to scan the business environment. This was mentioned (15 times), followed by independent research performed by the business. Scanning at an executive level and subsequent external processes were last.

5.5.3.2.1 Business updates

The scanning process occurs internally through business updates and through providing feedback at formal management meetings:

"...we aim to keep our team abreast with issues that are happening within the organisation and in the outside world. This process is quite formal".

5.5.3.2.2 Research

This involves deliberately performing market research to understand client sentiment on the changes that need to be made in the value chain. Sometimes, the research is conducted to assess if there's a problem to be solved. This was mentioned 14 times in the data collected from the research conducted.

> *"… all the research is done up front to understand customer pinpoints. Basically, this is done to find out whether there's a problem statements and you work out if it's worth solving"*

5.5.3.2.3 Scanning at various levels

The research needed to understand the competitor landscape, including the trends emerging in the industry, is conducted at an executive level. This was mentioned nine times, with scanning at the top level mentioned six times:

> *"This is done on the premise of checking what's available out there. This is also to benchmark what we're trying to build so we can compare. So, we look globally and try to see what what's happening out there...".*

5.5.4 Conclusion

The key internal capabilities identified to be the most important for the transformation of BMI in the life insurance industry were, Dynamic Managerial Capabilities (DMCs) and Organisational design.

DMC were a construct of dynamic capabilities key to ensure internal capabilities. The drivers identified on DMC were management's ability to align the resources strategically, enabling people to focus on the right things and applying financial matrices that can allow

the right priorities to be made.

Organisational design involved creating new processes for new initiatives to fast track the execution process; alternatively, separating the entities by forming new legal structures to transform the business model based on threats and opportunities identified. This also meant that a formal structure to sense opportunities was necessary to ensure that the organisations remained informed about any changes in the industry.

5.6 Research Question 3: How have life insurance companies attempted to transform their business models post an unusual event?

5.6.1 Introduction

This question aimed to establish how organisations have transformed their BMs in response to an unusual event that has affected them. According to (Schneider, 2019), an organisation must explore and exploit its capabilities to remain competitive after an exodus event like COVID-19. The responses were prioritised in the same way as the other questions, where the frequency of mentions by the participants were assessed. The themes uncovered through the data analysed were digitalisation, client solutions, and process optimisation. The below demonstrates the groups identified. Figure 10 below demonstrates some of the initiatives executed before an unusual event like the COVID-19 pandemic.

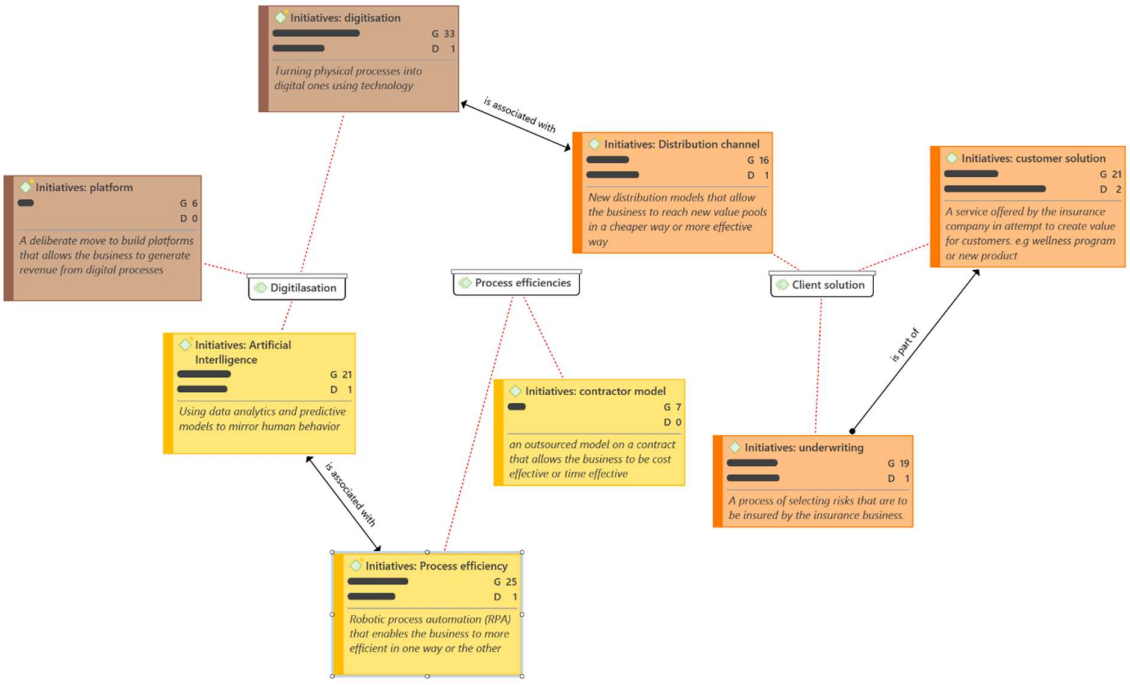

Figure 10: Initiatives executed before an unusual event

5.6.2 Digitalisation

Based on the feedback from participants, companies attempted to create new value streams from digitising their processes, creating platforms that can support digitalisation and using data analytics & predictive models to mirror human behaviour. In this context, digitalisation refers to exploiting digital opportunities to optimise the value captured for the organisation (Rachinger et al., 2019). Digitalisation was mentioned 75 times when considering this is associated with process efficiency. Figure 10 above demonstrates how these factors are linked.

5.6.2.1 Digitisation

Most participants focused on moving physical data into a digital space within their business. This was a deliberate move from companies to digitise their value chain processes with the aim of saving cost and time to reach customers. This was also associated with how companies were digitising their distribution channels to be able to

reach customers during lockdowns.

> *"So, the buzzword is digitising existing processes, build apps, that sort of things. Now that happens quite a lot quicker following the COVID-19 pandemic …"*

5.6.2.2 Artificial intelligence

Further insights were provided on the potential revolution from artificial intelligence, which might change how companies sell their products. This was mentioned 21 times but also associated with process efficiency of using predictive models as opposed to using humans. Again, this can save on human costs while at the same time creating value for customers in a form of premium reduction.

> *"Artificial Intelligence has been around. I mean people are talking about how you can do reserving and pricing based on artificial intelligence models. You can fit the data and the model will assess what's going on and be able to speed up the numbers needed… you can have real-time back".*

5.6.2.3 Platforms

Some participants mentioned that their businesses were investing in platforms of the future. This would enable them to be more future ready should any further disruptions arises. This was mentioned six times in the data analysed.

> "… *we're trying to transition into a world where everything sits in a cloud. You know, we are trying to move the data & capabilities to quantum computing because we want to be more agile …"*

5.6.3 Personalised customer solutions

Equally important was that companies implemented personalised solutions for clients so

they could reach these customers and retain existing customers. These personal solutions aimed to create or enhance customer value, simultaneously retaining some of that value for the organisations. The initiatives provided were customer solutions, with underwriting as part of this and enhanced distribution channels.

5.6.3.1 Customer solutions

Customer solutions had the most mentions under client solutions. These were services offered to clients who attempted to create value either as product or underwriting solutions. This, with initiatives on underwriting, had the highest mention of 40 times. These are quotes provided on this initiative:

> *"We made offering to more region specific. For example, insurance in Asia is completely different to Europe and America. So, we created fractional investing. So, I can take 50 random months and have access to insurance …"*
>
> *"If you are in a fairly active group of people or affiliated with a running club then we would underwrite you and everyone in the running club for a certain amount of cover...so you would end up not having to take medicals"*

5.6.3.2 Distribution channels

Some participants mentioned there were also attempts to start new distribution channels. This was to make it easier for clients to access insurance products. At the same time, increasing the value pool for insurers as they have access to more customers. One of the quotes

> *"Through network marketing, we were able to reach clients that we wouldn't be able to reach. This was created a lot of value for the business.".*

5.6.4 Process optimisation

Based on the feedback from participants, companies were attempting to optimise their operational processes to enhance business model configuration. These were conducted through the contractor outsourcing model and by improving process efficiencies. This can also be seen in Figure 10 above.

5.6.4.1 Process efficiencies

The participants mentioned that process efficiencies were implemented to reduce costs and improve ways of reaching clients**.** One quote provided on these initiatives was:

> "... *previously we had to have 6-7 pieces of paper before signed. After COVID-19, we get sent an OTP on the phone. It makes doing business in this sense virtually a little bit easier* …"

5.6.4.2 Contractor model

Some participants mentioned that they outsourced some of their processes to allow the business to be more cost-effective or efficient.

> *"Health records and all of that type of thing where actually outsourced so that we can be operationally efficient …"*

5.6.5 Conclusion

The result from the survey demonstrates that digitalisation and personalised customer solutions were at the forefront of what companies have been attempting to transform following COVID-19; however, owing to restrictions posed by the COVID-19 pandemic, companies were forced to adopt to the avoidance face-to-face interactions. As a result, more process optimisation projects were implemented to improve the service offered to customers. This forced companies to digitise their distribution channels and attempt to use

artificial intelligence to create more value for stakeholders.

5.7 Conclusion

Based on the findings in this chapter, the factors enabling or hindering the life insurance companies' ability to transform their business model were split into internal and external factors. The internal factors that potentially enabled or hindered BMI were inter-alia, organisational design (including risk management processes), culture, skilled individuals (including skilled leadership), and platforms. Conversely, the external factors were financial literacy, regulations, and external disruptions (including macroeconomic factors).

The key internal capabilities identified to be the most effective for transforming BMI in the life insurance industry were 1) organisational design, which involved having the right organisational structures and processes to execute BMI initiatives. 2) DMCs were also another construct key to internal capabilities. The drivers identified were management's ability to align the resources strategically, enabling people to focus on the right things and applying financial matrices that can allow the right priorities to be made.

Finally, it was also discussed that the COVID-19 pandemic forced organisations to transform their BMs. The findings in the chapter demonstrate that digitalisation and personalised customer solutions were at the forefront of what companies had executed to transform their BMs following the COVID-19; however, owing to restrictions posed by the COVID-19 pandemic, companies were forced to adopt to the avoidance face-to-face interactions. Consequently, organisations were compelled to digitise their distribution channels, use artificial intelligence to create more value for stakeholders and optimise their operational process to be more efficient.

Chapter 6: DISCUSSION

6.1 Introduction

The research questions aimed to unpack and report on experiences that enabled or hindered business model innovation within the life insurance industry context. Then also provide an understanding of key internal capabilities that insurance companies need to enable an effective business model innovation process. And finally attempt to understand how have Insurance companies attempted to transform their business models post an unusual event such as the Covid-19 pandemic. Therefore, the discussion in this chapter is framed in line with the research questions that were posed in Chapter 3 and answered in Chapter 5. The research question attempted to uncover potential solutions to the problem posed in Chapter 1 of the report. Therefore, the chapter was structured into the three research questions.

Furthermore, the chapter discusses the result that were presented in Chapter 5 which were based on 15 interviews with subject matter experts on business model innovation. The results from the chapter were compared with the literature review that was discussed in Chapter 2 on dynamic capabilities and business model innovation. This would ensure that there is also triangulation of the results, and that the results make sense relative to the current state of literature discussed above. The chapter provides a summary of the results together with possible implications to management and theory.

6.2 Discussion of results of Research question 1

What are the experiences around the barriers and enablers of business model innovation within life insurance companies?

The research question aimed to unpack and report on experiences that enabled or hindered business model innovation within the life insurance industry context. This was specifically asked to uncover dynamic capabilities that enablers and hinders of business model innovation at an organisation level. The factors that were barriers or hinders of BMI

were classified into internal and external factors. However, further split between barriers and enablers that are unique internal or external enablers vs unique internal or external barriers. Some of the factors were both enablers and barriers of BMI. These factors were summarised next to each to show factors that are both enablers and barriers against those that are unique as explained above.

The factors considered were focused on the seizing construct as shown in Figure 1 which referred to executing the opportunities identified to ensure that the organisation remain relevant (Teece et al., 1997). The organisation would consider the sensed opportunities or threats to create new products, new business model models, merger and acquisitions or change processes. Therefore, the factors below would enable or hinder these opportunities or threats.

Dynamic capability factors that enabled or hindered business model innovation were plotted on Figure 11 below for better comparison. In the report by (Bocken & Geradts, 2020), the factors were considered next to each other but aggregated into internal factors and external factors that enable or hinders business model innovation. However, in this report the classification was done at a primary level to give the detail of the results. This is the same approach taken in the report by (Tian et al. (2019) which explores factors influencing business model innovation in the Chinese industry and split into internal and external factors at a primary level. In the same way, the factors were split into enablers and hinders.

Some of the factors were both enablers and hinders, while others were either enablers or hinders of BMI. Since there were no factors that were both internal and external factors concurrently, only two sections on internal factors and external factors were included below.

6.2.1 Internal factors

The section below discusses internal factors that drive or hinders business model innovation. As can be seen in Table 7 below, some of these factors were both enablers and hinders. In which case, these were included in the first column of the table.

Both internal enablers & barriers of BMI	**Unique internal enablers of BMI**	**Unique internal barriers of BMI**
Leadership: Executive support to enable wider support within the business	**Culture**: Innovation tradition as something that everyone strives to achieve in the business	**Risk management process**: risk averse frameworks that make it hard to innovate.
Platforms: Information and technology systems allow easier and sustainable changes	**Distribution channel**: Simple products and processes that can be distributed through innovative ways	
Skilled Individuals: Employing individuals with entrepreneurial skills		
Organisational design: Incentive programs in place to recognise key individuals		

Table 7: Internal factors that enable or hinder BMI

6.2.1.1 Culture

Culture in this context referred to the company's tradition to innovate as something that everyone strives to achieve in within the business. This was one of the highest ranked factors from Chapter 5. It was mainly mentioned by top management as one of the most important factors that enabled business model innovation. In a paper by Bock et al. (2012) to assess the effects of organisational culture on strategic agility, it was found that CEOs perceived organisational culture to be associated with strategic flexibility during business model innovation. This ties back to the finding from this research where top management perceived culture as a critical factor. When executed correctly, a culture of innovation will ensure that things get done regardless of organisational structures in place. However, it was also noted that culture can have an impact on the organisational leader. Therefore, the leader would first want to influence the culture at an organisational level before being deliberate about pushing an innovative culture.

6.2.1.2 Human resources, including skilled individuals and leadership

Human resource within the organisation is critical to ensuring that there would be adequate BMI within the organisation (Pheysey et al., 1971). The level of skilled individuals applies from top management to general staff level. It was observed in Chapter 5 that individuals are critical for operationalisation the business model innovation. Particularly, entrepreneurial individuals as these individuals were identified to get things done. Therefore, this was identified one of the top skilled individuals required to enable business model innovation.

According to (Adner & Helfat, 2003; Badrinarayanan et al., 2019; Huy & Zott, 2019), individuals' senses are critical to ensuring that an organisation effectively remains innovative and is continuously disrupting its business model. This makes entrepreneurial skills critical even during time of volatility and disruption. This is because these individuals can succeed in any environment as they are likely to be self-driven. However, these findings do not discount the factors mentioned above on culture, however having entrepreneurial individuals would also ensure that there's on-going refinement of the business models.

Executive leadership is critical to ensure that BMI is harnessed within the organisation. Bock et al. (2012) notes that leadership can also drive the culture of the business in terms of how they praise innovation or embrace failure within the business. Based on the results from Chapter 5, executive support was identified as a critical factor in encouraging wider support within the business. According to Bednall et al. (2018), executive support can have a positive impact on the performance of individuals, which will include BMI. At the same time, this can hinder execution of BMI.

6.2.1.3 Platform

Platforms as mentioned in Chapter 5, refers to information technology systems that insurance companies need to service their clients. These were identified to be potentially important to execute new product lines, design digital initiatives or integrate new and existing businesses. In addition, these can be used to merge insurers in case of merger and acquisitions. In the same manner, platforms are used to identify policies that are underwritten by the insurance companies to manage the risks posed to the insurance company (Mihardjo et al., 2019). Furthermore, allow for easier and sustainable changes to processes needed to seize opportunities. This means that the insurer would use platforms to identify clients that are at risk of claiming vs those that are not at risk. Therefore, this makes platforms critical for manging existing business model and important for business model configurations.

The study also found that there were opportunities for insurers to be ahead of their competitors as building platforms take times. Therefore, insurers can have first to market competitive advantage. It was noted that participants from large life insurers had negative comments about their platform capabilities. Furthermore, any changes on the system were not swift, in a cost-effective. On the other hand, insurers that could make changes quickly would have competitive advantage when transforming their business models. This would give insurers more competitive advantage as they can take out the cost of the system.

On the other hand, the platform was identified by most participants as part of the major hinderance to business model innovation. This is because platform systems are linked to existing life contracts. The challenge was mostly for large insurers since life contracts can

be active to up to 8 decades. For example, for clients living beyond a century, the life insurance company would have to ensure that these clients are adequately serviced while alive. This means that the legacy system would need to be relatively intact during this period. Therefore, creating decision delays and execution delays as the system would need to accurate upon implementation.

6.2.1.4 Organisational design

The literature in Chapter 2 discussed the implication of incentive structures as a construct of Organisational structure affected BMI. However, more was needed to understand how other constructs of organisational structure affected BMI beyond incentive programmes. Based on the finding from the previous chapter, staff incentive programs were a critical consideration to enable a culture of innovation. This means that appropriate recognition mechanism was critical to recognise key individuals that can enable BMI. Although, it was also argued that culture was more critical than having staff incentive programs.

According to Teece (2018), the implementation of BMI in existing organisation may require a separation in business units or structures. Therefore, having the appropriate organisational structures that made it easier to execute BMI were necessary. Teece (2018) further reiterated that it can be hard to implement BMI in the current structures. Therefore, making it ineffective to execute a new business model. The findings from the research also suggested in previous studies (Foss & Saebi, 2017; Teece 2018). The successful implementation of BMI requires a change in structure, coordination, motivation for work, setting objectives and allocating resources. Therefore, the findings enhance this knowledge that organisational incentives as a construct of organisational structure enables BMI. In this study, it's shown that other organisational structure constructs also enhance BMI.

6.2.2 External factors

The section below discusses external factors that drives or hinders BMI. As can be seen in Table 8 below, some of the factors were both enablers and hinders. These were included in the first column of the table. Financial literacy was a consequence of social

factors as noted in literature discussed in Chapter 2. Other factors discussed include macro-economic factors, and regulatory factors.

Both external barriers and enabler of BMI	**Unique external enablers of BMI**	**Unique external barriers of BMI**
Regulations: change in policy that forces life insurance companies to comply with certain term and conditions	**Brand strength**: a brand that's perceived to be strong will enable new initiatives to be adopted.	**Financial literacy**: financial education of the target market to be improved
External Disruption: a disruptive event that forced companies to focus on executing initiatives e.g Covid-19	**Collaboration**: partnering with other institutions to create new value models.	**Macro-Economic environment**: the impact of the economy of demand for life insurance offerings
		Political environment: the impact of politics on the investor sentiment and ability to offer value to customers

Table 8: External factors that enable or hinder BMI

6.2.2.1 Financial literacy

Financial literacy makes it difficult to sell life insurance in emerging markets (Colovic &

Schruoffeneger, 2021; Lin et al., 2017; Shambare & Rugimbana, 2012). Although South Africa has a relatively mature life insurance market compared to other African countries and emerging markets, there's still more work to be done to financial educate the market about the important and needs filled by life insurance (Shambare & Rugimbana, 2012). The findings from the research showed that financial education was the biggest inhibitor in the adoption of new business models. This is something that affects internal initiatives as the expectation from internal employees. This is because the expectation was that adoption of new initiatives would be slow until education takes place. Therefore, this might cost money for life insurers and therefore lose the necessary support from executive leadership. In addition, financial education was also discussed in literature to drive the demand from the client's perspective (Shambare & Rugimbana, 2012). This was exacerbated by the legacy of operating in an emerging market where insurance penetration was very low as note in Chapter 1.

6.2.2.2 Macro-economics

The history of South African economy has not been without disruption with notable events taking place in the past, the more recent one relates to the COVID-19 pandemic (Fourie, 2021). The findings from Chapter 5 identified macro-economic environment as one of the issues that drove life insurance demand. During turbulent times, the demand for life insurance reduced which discouraged internal BMI. However, the study identified this to be caused by the other external factors such as the COVID-19 pandemic or political factors. The participant discussed in Chapter 5 mentioned that regardless of innovating the business model, at times of poor economic times, it would boil down to whether people had funds to afford insurance cover. Therefore, it's plausible to assume that poor economic environment would discourage BMI.

6.2.2.3 Regulatory factors

The findings from the research shows that regulatory environment has encourage but also made it difficult for organisations to implement BMI. The regulatory environment had created multiple challenges that added additional complexities to navigate when attempting to transform business models. However, Molloy & Ronnie (2021) argued that

a shift in mindset was needed to ensure that these challenges can be exploited. This was also highlighted in the study where the regulatory environment was also a possible enabler of BMI. This required regular engagement with the regulator to ensure that the risk emerging from regulation were managed.

In the same breath, the opportunities that may arise can be exploited by incumbent insurers. In Chapter 5, the findings from the study were that the existence of microinsurance has made it easier for insurance companies to write insurance business at cheaper terms. Although, this would encourage new entrances into the market, this would reduce the cost or managing an insurance. Therefore, insurers can exploit the regulatory environment to change their business models.

6.2.2.4 Brand strength and collaboration

How the organisation is perceived from outside was also a something that enabled the insurers (Lin et al., 2017). This was one of the factors enabling large insurers as these insurers were identified to have experience. This is because large insurers were likely to be forgiven by customer based on previous institutional trust. This is more so in a country where financial education is a challenge as discussed under financial literacy. Therefore, making brand strength an important factor to consider for enabling adoption of business models. However, it should be noted that this external factor can be built within the organisation over a longer period.

The findings from the study further noted that were the life insurer had an appetite to collaborate, this would benefit their BMI process. This is because life insurers were likely to be risk averse by nature. Therefore, the implementation of BMI would depend on the ability to execute the business model feasibly. The consideration will likely be balance with the commercial benefit of the collaboration as mentioned in the findings. Consequently, insurers are likely to collaborate with other insurers mainly on complex processes that might be expensive to build. As mentioned in Chapter 5, contractors might have the best capabilities to execute these in commercially viable way. However, this external factor can also be built within the organisation over a longer period.

6.2.3 Conclusion

There were internal factors and external factors that had an impact on BMI. These internal factors were mainly within the control of the organisation. However, if addressed correctly, could impact the business model configuration of an organisation. Therefore, enhancing value for the customer and the organisation in the process. The internal factors that mainly drove the BMI were 1) Culture; through having the tradition to find innovative ways to create value for customer and capturing this value for the organisation 2) Individual skills; through having the right individuals with the right entrepreneurial flair to innovate and execute business model ideas, and 3) Platforms; through having the necessary systems to enable easy configurations of existing business model so that enhanced business models can be execute. However, it was also noted that the three internal enablers above could also be hinderance to BMI as the culture, skilled individuals and the platforms may not always exist within organisations.

In addition to these internal factors, there were external factors that drove BMI. These were financial literacy which was identified to be a key hindering factor in the life insurance industry. In addition, regulatory factors were both enabling and hindering the industry as new policies would make things longer & costly or these could make it easier for organisations to implement new business model like micro-insurance. In addition, brand strength and collaboration within the industry were factors that could enable insurers operating in the industry through enhancing trust from the clients and other actors in the industry. However, these two external factors could be built within the organisation over a longer period.

6.3 Discussion of results of Research question 2

What are the key dynamic capabilities that life insurance companies need to enable an effective business model innovation process?

The research question aimed to establish how internal capabilities can effectively enable

life insurance companies to transform their BMI processes. The key internal factors enabling the transformation of business models would be probed through this question (Bocken & Geradts, 2020). However, contrary to the study by Bocken & Geradts (2020) which highlighted strategic, operational, and institutional considerations as major enablers, the findings from this study points to dynamic managerial capabilities and organisational design as effective drivers of that enable the BMI process. The findings indicate that to effectively transform the business model of an incumbent insurer, these two factors should be maximised. The section below discusses these considerations in more detail.

6.3.1 Dynamic Managerial Capabilities (DMC)

As discussed in Chapter 2, DMC are capabilities needed at an individual level. This can be divided into human capabilities, social capabilities, and cognitive capabilities. According to Badrinarayanan et al. (2019), these three constructs of DMC enable the execution and transformation of opportunities identified through the sensing process. This is because management set goals within organisations and channel resources to what they believe the organisation should be focusing on to remain dynamic. The findings from the study showed that financial matrix, strategic alignment, and execution the factors answering research question 2. Furthermore, these factors were linked to DMC constructs as supported by literature.

6.3.1.1 Financial matrix

The findings from the result in Chapter 5 of the research shows that the ability to assess financial matrix allow the business to focus on executing the right initiatives. These are initiatives that would assist organisations to meet their short-term and long-term objectives. According to Adner & Helfat (2003), human capabilities allow the manager to apply their experience, education, skills etc learned through their careers. Therefore, making financial matrix a component of DMC through the ability to apply human capabilities. The need to have the ability to meet financial matric can be perceived to be hinderance to BMI by other authors. However, the study found that financial matrix was more enabling to organisations. Therefore, increasing customer value and stakeholder

value.

6.3.1.2 Strategic alignment

The results from the study showed that strategic factors such as strategic alignment & balancing long-term and short-term objective was imperative. According to Randhawa et al. (2021), manager's cognition refers to the ability to sense the right move without necessarily having the facts to support the decision.

Cognition and strategic alignment are closely aligned (Kurtmollaiev, 2020). This is because the manager would have to ensure that the BMI process is aligned to the long-term objective. The finding from the research showed that having a clear focus and vision enabled effective execution of BMI.

Further to this, the manager's ability to balance between short-term and the long-term objective was done through novel or incremental changes (Amit et al., 2021). This section of the findings related to the cognitive capability part of DMC. This is because the manager would have to unconsciously navigate between incremental improvements to the business model and novel changes needed in the long-term.

6.3.1.3 Execution

The research showed that enough focus was needed to ensure that there was execution of business model ideas. This means that leadership focus is required to leverage on their social capabilities to enhance their relationships within the organisation (Bednall et al., 2018; Bocken & Geradts, 2020; Mihardjo et al., 2019). This would also enable the possibility of rallying everyone to focus on the correct initiatives (Bocken & Geradts, 2020). This was evident from the findings in Chapter 5 that operational processes that enabled execution were having focus, implementing effective communication from top-down and providing the right infrastructure to ensure execution. In addition, collaboration within the organisation would improve the communication to get action. Operationally, the requisite infrastructure is needed to be able to execute on the BMI. If the infrastructure is already laid down, then this makes it easier for the organisation to offer value for money through

low pricing. This is because the major costs relating to infrastructure were sunk.

In summary, focusing on the right projects, effective communication & collaboration, and leveraging existing infrastructure projects were key dynamic capabilities that life insurance companies needed to enable an effective BMI process.

6.3.2 Organisational design

Organisational design is the process of configuring business processes such as strategy, people, processes, incentives, and structure (Mintzberg, 1980). Since literature has focused on incentive structures as a construct of organisational structure, this section of the research aimed to uncover other factors within organisational structure that were unresearched. The study showed that organisational structure and scanning the environment were key factors to

6.3.2.1 Organisational structure

Based on the findings from the research, to have effective transformation of the business model, creating separate team structures and integrating business units were effective in transforming of the business model. The participants mentioned that some sort of new structure was required to ensure that there was focus on initiatives that should be executed for the first time. Otherwise, the same status-quo would prevail with the business as mentioned by (Teece, 2018). This is because existing employees within an organisation would only be seeking to get incremental changes on the business model as these are aligned to their short-term objectives.

Formalising sensing jobs would also enable the organisation to be deliberate in how it offers value to customers. will enable the organisation to continual be dynamic in terms of understanding the environment. This enables the organisation to scan the environment to keep the dynamic manager informed about potential opportunities.

6.3.2.2 Scanning the environment

The scanning of the environment is part of the sensing capability of dynamic capabilities

(Leih et al., 2015). Based on the findings from Chapter 5, there were two ways to scan the environment; 1) through performing independent research to assess the external environment. This allowed the organisation to identify emerging trends can take long to pose immediate threats to the business. However, if not addressed can threaten the existence of the business and 2) through providing business updates where operational updates are given regarding internal & external trends identified within the organisation. These are used to identify immediate threats and opportunities within the business.

In summary, the two constructs that affected how effective organisations transformed their business models were organisational structure and scanning the environment. The organisational structure would enable separate entities to be set up by organisation. On the other hand, creating formal scanning structures such as having formal independent scanning forums and having internal scanning forums can improve the effectiveness of business model transformations.

6.3.3 Conclusion

The findings from the study show that dynamic managerial capabilities (DMC) and organisational design affect how life insurers transform their business model process. How DMC can effectively transform the BMI process was through focusing on the right initiatives that meet financial matrix; the right priorities are focused on and that these were commercially viable. In addition, ensuring strategic alignment; ensuring effective communication within the organisation. Finally, that there was execution; ensuring that there's adequate collaboration when needed.

On the other hand, organisational design, through structure and the ability to scan the environment can enhance the ability to transform the business model. The organisational structure would enable separate entities to be set up by organisation. Then again, creating formal scanning structures such as having formal independent scanning forums and having internal scanning forums can improve the effectiveness of business model transformations.

6.4 Discussion of results of Research question 3

How have life insurance companies attempted to transform their business models post an unusual event?

The aim of this question was to establish how life insurers have transformed their business models in response to an unusual event that may have affected the industry. According to (Schneider, 2019), an organisation will need to explore and exploit its capabilities to remain competitive after an exodus event like covid pandemic. The findings from the research shows that digitalisation, operational process optimisation and personalisation were at the fore front of what companies have been attempting to transform following the Covid-19 pandemic.

6.4.1 Digitalisation

As discussed in Chapter 5, digitalisation refers the exploitation of digital opportunities to improve the value captured for the insurer (Rachinger et al. (2019). The findings from the research shows that life insurers were optimising their business models by digitalising their processes. This digitisation process is transforming customer experience as suggested by (Mihardjo et al., 2019). As a result, reducing the cost of servicing client, which creates value in the form of lower premiums for the client.

The findings from the study suggest that life insurers should be building future capabilities to enable more business model adaptation during unusual events. The major changes made by insurers were the digitisation of operational processes, applying artificial intelligence to existing capabilities and enhancing platforms to enable future capabilities.

6.4.1.1 Digitisation

Digitisation can be done through creating a framework that digitises the digitalisation process (Mihardjo et al., 2019).The findings from the study showed that the Covid-19 pandemic forced companies to digitise the way they do business. In some cases, the

findings from the study suggested that life insurers can restructure their organisational structures to reduced resource costs. Consequently, creating value for customers in a form of premium reduction.

On the other hand, this should be balanced with the social cost of redundancies in a country with high unemployment. According to Mihardjo et al. (2019), organisations would need to drive the right digital projects that can add commercial value to business. It was noted in the findings that a balance between the needs of the client, commercial viabilities, in a form of expense saving or prioritising high value project must be balanced with the ability to build a platform that can deliver the proposition.

The COVID-19 pandemic has accelerated the changes needed to digitalise. Some of the findings from the study was that after an exodus event, changes were easily executed without having to prioritise the initiatives. Therefore, breaching through the commercial part of prioritising initiatives. However, the status-quo to prioritise business as usual initiatives (BAU) or incremental BMI that help achieve short-term objectives may prevail.

In summary, the study found that digitisation was key to enabling digitalisation of the insurance industry. However, there are other considerations such as the ability to build a platform to digitise and commercial viabilities against other projects. The decisions on these should be consider whether insurers prioritised BAUs or novel business models.

6.4.1.2 Artificial intelligence

The findings from the research also made mention of the need to commercialise data capabilities. The participants mentioned that there was an opportunity to still commercialise the data available in businesses. This could be done by implementing predictive modelling that can automatically update without needing Actuaries. Furthermore, the findings suggested that some of the skills gap could be breached through this process as insurers wouldn't need a specialist individual that can also be entrepreneurial. Instead, insurers could only focus on acquiring entrepreneurial skills. As a result, this would save money for the insurance industry, and this could be passed to clients in a form of a reduction to premiums or more insurance cover for the same

premium.

6.4.1.3Platforms

The requirement to have sufficient computing power enhances the ability to understand complex customer relationships (Rachinger et al. (2019). The relationship could relate to where the customer resides and what are their preferences. This makes platforms critical for configuring business models. The findings from the study also showed that insurers were thinking about building platforms that will enable digitalisation in the future. These capabilities would allow artificial intelligence and digitisation to happen a lot easier than it does currently. For example, one participant mentioned that the future is in having quantum computing so that complex processes can be run quicker. Therefore, platforms are part of the most important considerations to digitalise the business model.

6.4.2 Personalisation

The findings from the study also showed that there was specific focus from life insurers to design customer solutions. This predominately focused on new business initiatives, these were through several initiatives in the underwriting and distribution part of the value chain. The initiatives implemented in the underwriting space for example were 1) waiving the requirements of getting medicals, underwriting lives at a community level depending on their medical status as a group and 2) implementing a wellness program that encourages clients to get rewarded as they leave a healthy life. The other initiative that as implemented were new distribution channel that allows for faster ways of selling life insurance e.g., Network marketing that allowed insurers to reach clients that couldn't be reached due to Covid-19 lockdown s and selling online which was a new distribution channel for some insurers.

Customer experience is at the centre of value creation and value enhancing within insurance products offering (Lin et al., 2017). Therefore, it's likely that these initiatives were implemented with the aim of enhancing customer experience. In the article by Mihardjo et al. (2019), customer experience is also at the centre of a digital leader aim to transform the business. Therefore, this increased the ability to create value for customers

while capturing some for the insurer. This requirement to be client centric likely to be more critical in a post COVID-19 pandemic scenario as more insurers would need to be agile.

6.4.3 Process optimisation

The research further showed that there was a specific focus on optimising operational processes. This was done to make things easier during an unusual event being Covid-19. The easier operational processes made quicker for organisations to implement their operational processes. This was also picked up by the research from Bocken & Geradts (2020) to be one of dynamic capabilities that enabled businesses to thrive. This was critical during the covid pandemic as there were multiple changes that forced organisations to innovate their business model. The findings from the research also showed that the transformation of processes was necessary to reach clients in some cases. Furthermore, in other cases it was cheaper to use contractors to outsource certain elements of the value chain. The contract model allowed organisations to get access to certain skills that wouldn't be accessible.

6.4.4 Conclusion

The findings from the research shows that life insurers were digitalising their business models in several ways. These were through digitising their operational processes, monetizing their data through artificial intelligence, and building platforms that enabled powerful computing that can dynamically position the insurers for the future. Consequently, this enabled life insurers to reduce their human resource costs and servicing clients cheaper. This cost savings allowed insurers to pass back the savings to customers while keeping some of the value.

The study also found that the COVID-19 pandemic pivoted digitalisation projects as companies were restricted from having physical interactions. As a result, created an opportunity to change their business model and offer solutions to benefit stakeholders in virtual way. This was also done through personalisation of insurance solutions. The personalisation of these solution specifically focused on the new business part of the value chain, through distribution insurance propositions effectively and underwriting new

business better. The findings showed that most life insurers attempted to optimise their operational processes to cut expenses and improve time. These attempts however were reversed as insurers revert to the status quo of prioritising incremental BMI initiatives.

6.5 Conclusion

The study aimed to understand the barriers and enablers of the BMI process to enable life insurers to sustain their competitiveness. This was anchored through dynamic capability theory by Teece et al. (1997), where companies could implement strategies to improve how they sensed threats and opportunities within their industries, seized these threats & opportunities, and transformed their business models.

The maintain competitiveness, an understanding of what internal & external capabilities could be connected to ensure that business models were maintain or reconfigured. The research by Bocken & Geradts (2020) studied barriers and enablers of sustainable BMI in a multi-national setting. In addition, recommended that another study be conducted to understand barriers and enablers of BMI in other industries. The study was also anchored through organisational design which was a construct of dynamic capabilities.

Research question 1: What are the experiences around the barriers and enablers of business model innovation within life insurance companies?

To answer this question, **Error! Reference source not found.** below shows a consolidated view of internal and external factors that enable and/or hinder BMI. Based on the discussion above these factors enhanced better understanding of these barriers and enablers of BMI. Some of the enablers of business model innovation were also found to be hinderances. These were noted on vertical line in **Error! Reference source not found.** below.

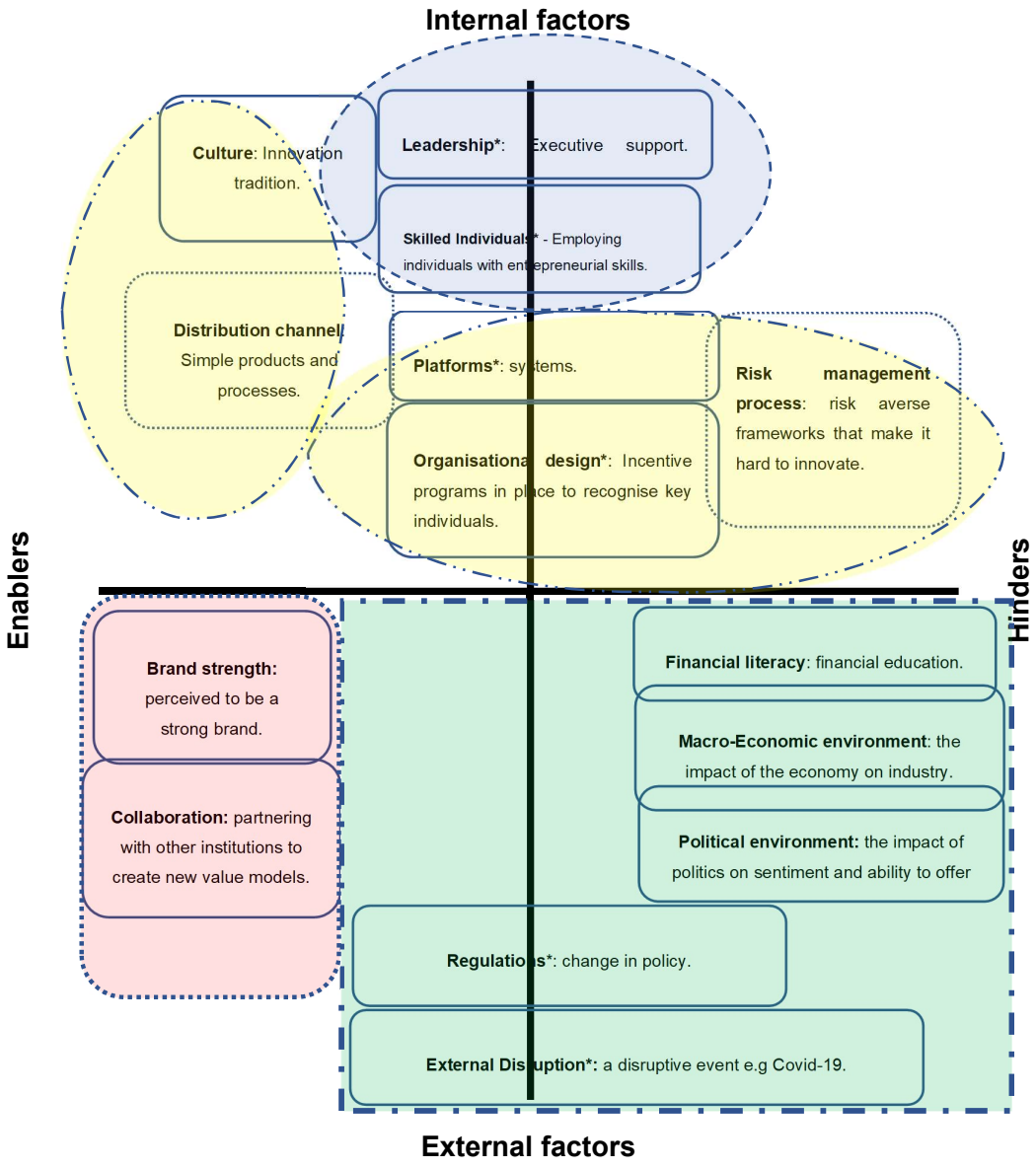

Figure 11: A consolidated view of internal and external factors that enable &/or hinder BMI

There were internal factors and external factors that had an impact on BMI. These internal factors were mainly within the control of the organisation. However, if addressed correctly, could impact the business model configuration of an organisation. Therefore, enhancing value for the customer and the organisation in the process. The factors were classified into higher order factors to enable better understand of how dynamic capabilities can be implemented at multiple levels. Table 9 below gives a description of how the factors were classified multiple levels to enable management recommendations at individual, organisational and institutional level.

Shape on Figure 11	**Type of factor**	**Description of the factor**
	Individual level	Leadership and individual skills were aggregated to be individual factors that drive individual flair.
	Organisational level	Organisational design, culture, risk management, platforms were aggregated to form part of organisational level factors.
	Institutional level	Financial literary, regulations, political environment, and macro-economic environment were aggregated to represent factors that affect the entire industry.
	Other levels	Brand strength and collaboration where unique factors that came out of this study.

Table 9: A description of how the factors were classified at multiple high-order levels.

Individual level factors that enable or hinder BMI

This referred to the fact that people within an organisation, there were individuals that would want to reconfigure the business model regardless of the circumstances. The findings from the research showed that culture was closely aligned to leadership as can be seen on Figure 11 above. It was found in research that leadership can drive the culture of looking at BMI. This was a deliberate act that leadership can drive to also retain the right talent with entrepreneurial flair. The implication of this is that existing leadership within the insurance industry can work on having a culture of endorsing BMI.

As mentioned above, leadership is critical in ensuring that there's the right culture that can drive business model innovation. However, in addition to this, the leadership should create an environment where individuals with entrepreneurial skills to execute BMI are nurtured within the organisation. The findings from the research showed that executive support was critical in encouraging BMI and wider support within organisations. The support from the top may lower-level employees, who may have entrepreneurial senses. These individuals can succeed in any environment as they are generally self-driven to change how things work.

Organisational level factors that enable or hinder BMI

Information and technology systems are necessary to enable easy configurations of existing business model. The findings from the study were that platforms can be identified to be potentially important to execute new product lines, design digital initiatives or integrate new and existing businesses. In life insurance context, platforms are critical to ensuring that the organisation maintained adequate capabilities to service existing clients while at the same being able to transform the status-quo. The study found that large life insurers were at a risk of being left behind due to their legacy systems. This was because their platform capabilities were not always transitioned swiftly, and not cost-effectively. On the other hand, insurers that could make changes quickly would have competitive advantage when transforming their business models. Therefore, making platform capability a key factor in maintaining competitive advantage

The literature in Chapter 2 discussed the implication of incentive structures as a construct of Organisational structure affected BMI. However, more was needed to understand how other constructs of organisational structure affected BMI beyond incentive programmes. The findings from the study were that whilst staff incentive programs were key to BMI, other organisational structures such as setting up a new entity were also critical. Therefore, recommending that managers understand how this separation can further enable BMI.

Institutional level factors that enable or hinder business model innovation

Financial education was identified as one of the biggest hinderance to transform BMI. This was because the industry would have to explain and educate the market about the initiatives that is introduced. In most cases, this might cost money to insurers and therefore lose the necessary support from executive. In the above section, it was noted that executive support is critical to ensure ideas were progressing.

These were mainly external factors that were linked to the political system within South Africa. Therefore, were linked as can be seen in Figure 11. The consequences of the political environment were manifesting in a form of tied or loose economic and regulatory system. The regulatory environment overlapped with financial education. The study found that most players in the market were discouraged to innovate business models in such a way that this attracted clients.

Other factors that enable or hinder business model innovation

The findings from the research showed that large insurers have a competitive advantage through having a brand of trust. Although their systems were not as agile as a new start-up, the brand strength was compensating for this deficit. This was something that organisations could enhance from within. Similar with collaboration, it was found that organisations could collaborate with contractors or other players on the value chain to optimise their capabilities.

Research question 2: What are the key dynamic capabilities that life insurance companies need to enable an effective business model innovation process?

The study aimed to understand What are the key dynamic capabilities that life insurance companies need to enable an effective business model innovation process? The findings from the study pointed to the constructs of dynamic managerial capabilities (DMC) and organisational design as key success factors to transform the BMI process. This study is the first to combine individual capabilities with organisational capabilities to enhance the organisation's ability to execute BMI.

Dynamic Management Capabilities (DMC)

These were assessed at an individual level as opposed to organisational level as most of the success of BMI relates to individual players. The human capability part of DMC is known to affect how individuals made decisions. It's known that focusing on the right initiatives that meet the financial matrix i.e the right priorities, with the right return on investment and the assessment of commercially viable initiatives benefits the organisation. However, the study also revealed that the social capabilities were key e.g having social networks. These factors enable the individual through DMC and hence the organisation to be effective in executing BMI.

Organisational design

On the other hand, organisational design, through structure and the ability to scan the environment can enhance the ability to transform the business model. The organisational structure would enable separate entities to be set up by the organisation to enable BMI. This enables the organisation to scan the environment to keep the dynamic manager informed about potential opportunities.

Research question 3: How have life insurance companies attempted to transform their business models post an unusual event?

The aim of this question was to establish how life insurers have transformed their business models in response to an unusual event that may have affected the industry. The findings

from the research shows that life insurers were digitalising their business models in several ways. These were through digitising their operational processes, monetizing their data through artificial intelligence, and building platforms that enabled powerful computing that can dynamically position the insurers for the future (Saadatmand et al., 2019). These are initiatives that are known in practice within the industry. However, there's very little academic research on how digital personalisation can affect BMI in the life insurance industry. In addition, the existence of the COVID-19 pandemic makes this research unique as Insurers had pivoted digitalisation projects. In a normal setting, it's likely that this wouldn't happen.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

The motivation for the research came from the need to understand enablers and hinders of BMI in a different context, as called by Bocken and Geradts (2020). These enablers and hinders can be incorporated into the transformation of business models and maintain sustained competitive advantage. Furthermore, the COVID-19 pandemic accelerated the need to radically innovate business models in the South African life insurance industry. Therefore, making the study on business model innovation lucrative.

7.1 Principal findings

The section below gives a summary of the critical findings from the research and how these contributes to the current body of knowledge. The findings related to the questions that were asked in Chapter 3. These are factors that came from semi-structured interviews held with 15 participants. The findings are listed below:

Factors contributing to enablers or hinders of business model innovation

There were several barriers and hinders of business model innovation identified in the study. These enablers and barriers are at an individual, organisational, and institutional level.

At an Individual level, the factors driving business model innovation related to dynamic managerial capabilities and entrepreneurial flair. Although, there's research around how individual skills can affect business model innovation, this is scanty on understanding dynamic managerial capabilities. Therefore, the study enhanced this knowledge to show how having the right supporting structures within the organisation can enhance individual contribution to business model innovation.

The study also found factors that drove business model innovation at an organisational level. These factors were also analysed by Bocken & Geradts (2020) in their paper on barriers and enablers of sustainable business model innovation. Therefore, it was found that the same drivers at an organisational level existed in this study. In contrast, the findings from this paper also included brand strength and collaboration as other factors

that can enable business model innovation. These factors were external to the company as these related to how the organisation was perceived. However, at the same time, these could be controlled from within. These factors were unique to what was studied previously.

At an institutional level, there were macro-environmental factors that drove the insurance industry. These were mainly due to regulation and its impact on the organisation's ability to transform their business model. Although, these were known to the industry, there were new perspectives that were shared around how regulation can enable the insurance industry.

Internal capabilities built to effectively execute business model innovation

The main findings from the research relating to transforming business models and being future ready was through digitalisation. The study found that digital assets were needed to ensure that the industry was future proofed to execute against future threats or opportunities. The gap on digitalisation was majorly identified during the COVID-19 pandemic. Therefore, probing the question as to what the future of digitalisation would look like in a non-COVID-19 world.

Initiatives that were implemented by insurance companies in the industry

There were several initiatives that were implemented by the insurance industry to transform their business models. However due to the existence of the COVID-19 pandemic, most insurance business were under strain to innovate their business models. The biggest hinderance mentioned around the changes that were made related to legacy systems. Anecdotally, this puts the question as to whether insurance businesses can transform their business models without having to worry about their legacy business.

7.2 Contribution to literature

The theory anchoring the research was dynamic capabilities which relates to sensing opportunities, seizing these opportunities and transformation the business model. The notable contribution to this was on how dynamic managerial capabilities can be merged with organisational capabilities to create competitive advantage. In the study, it was

notable that individual contribution was key to ensuring the success of organisations. This was identified through the need to blend individual flair with organisational structure to support the transformation of business models. Therefore, enhancing the theory of dynamic capabilities.

7.3 Implication for management

The study has several implications on executives that want to create an environment where individuals flourish. The executives would want to consider how to unleash individual sense to be able to achieve the right environment. However, this can also be applicable at a manager level and normal individual level. Consequently, enabling employees to have more entrepreneurial flair within organisations would potentially increase business model innovation.

7.4 Limitation of the research

The study only looked at players in the organisation with life insurance experience. However, more value could have emerged had the study looked at how customers perceive how insurance companies create value that benefitted the very same customers.

The study collected data at an individual contribution level, the question remains as to how dynamic capabilities would arise at a team level as opposed to individual or organisational level. This may require group observations to be carried out.

The researcher worked in the life insurance industry and had to interview people working in this industry. There were challenges with collecting data in the life insurance industry in that some participants were brief in their responses, indicating discomfort. Therefore, may be different outcomes if the data was collected by an independent researcher.

There was 14 Males interviewed out of 15 participants in this study. There may be difference in perceptions between Male and Female. Therefore, the data may be more credible if the researcher could interview more females.

The study was only based on the South Africa life insurance market. Therefore, the results from the study may not be relevant to other markets. Moreover, there could be differences between life insurance and non-life insurance. Hence, a study to focus on non-life may be worthwhile.

7.5 Suggestion for future research

The study only looked at players in the organisation with life insurance experience. However, more value could have emerged had the study looked at how customers perceived barriers and enablers of business model innovation in the insurance industry.

Organisation structure and its implication on business model innovation is understood. However, that there was not enough research on how a separation of structure can enable further BMI.

7.6 Conclusion

Dynamic capabilities are a key consideration when transforming business models. This enable organisations to be competitive and seize opportunities. In this study, it was found that dynamic capabilities can be split into internal capabilities and external capabilities. These were critical to understand to transform the business model of an organisation. The capabilities needed can be at an individual level, organisational level, or institutional level. Either way, organisations would need to find a way to exploit these opportunities while exploring the possibility of more opportunities.

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APPENDICES

APPENDIX 1 : INTERVIEW GUIDE

Dynamic Capability

1. How is your organisation ensuring that employees are aware of industry trends? How can this improve?
2. Would you say the organisation is well positioned for seizing opportunities (Concerning structured, systems, policies, inceptives etc)?

Business model innovation

3. Has your organisation made any changes that resulted in a significant change in the value chain process? If yes,
    a. Would you say the changes were unconventional?
    b. How many stakeholders were affected by the change?
4. What initiatives are there to create a sense of urgency to innovate the business model?
5. Is there anything that you think can enable the way the business model innovation process unfolds?

Enablers and barriers

6. Would you say your organisation is constantly trying to innovate the business model? Why?
7. What are some of the major enablers that allow you to change the way your organisation create value for both client and shareholder?
8. What are some of the major challenges hindering you from creating value for the above stakeholders?
9. What incentive programmes are there to encourage a significant change in the value created for stakeholders?
10. Is there anything else you want to share?

APPENDIX 2 : CONSISTENCY MATRIX

Table 10: Exploring enablers and barriers of business model innovation in the insurance industry

Research question	Literature review	Data collection tool	Analysis
Research Question 1: What are the perceptions around barrier and enablers of business model innovation within insurance companies?	(Teece, 2018; Bocken & Geradts, 2020)	Q2 Would you say the organisation is well positioned for seizing opportunities (Concerning structured, systems, policies, inceptives etc)? Q6 Would you say your organisation is constantly trying to innovate the business model? Why Q7 What are some of the major enablers that allow you to change the way your organisation create value for both client and shareholder? Q8 What are some of the major challenges hindering you from creating value for the above stakeholders? Q9 What incentive programmes are there to encourage a significant change in the value created for	Thematic analysis

Research question	Literature review	Data collection tool	Analysis
		stakeholders? Q10 Is there anything else you want to share?	
Research Question 2: What are the key dynamic capabilities that insurance companies need to enable an effective business	(Teece, 2018; Bocken & Geradts, 2020; Bitetti & Gibbert, 2022)	Q1 How is your organisation ensuring that employees are aware of industry trends? How can this improve? Q4 What initiatives are there to create a sense of urgency to innovate the business model? Q5 Is there anything that you think can enable the way the business model innovation process unfolds?	Thematic analysis

Research question	Literature review	Data collection tool	Analysis
model innovation process?			
Research question 3: How have insurance companies attempted to transform their business models post the pandemic?	(Iheanachor et al., 2021) ; Schneider, 2019)	Q3 Has your organisation made any changes that resulted in a significant change in the value chain process? If yes, a. Would you say the changes were unconventional? b. How many stakeholders were affected by the change?	Thematic analysis

APPENDIX 3 : INTERVIEW BRIEF & CONSENT FORM

Hi [insert name]

I am currently a student at the University of Pretoria's Gordon Institute of Business Science (GIBS) and completing my research in partial fulfilment of an MBA.

I am conducting research on Business Model Innovation and trying to understand enablers and barriers of Business Model Innovation processes in the South African insurance industry. In the study, I define Business Model Innovation as a process of reconfiguring or changing the value created for customers and value captured for the organisation within the value chain. Furthermore, the study aims to understand how this process can be explored in a sustainable manner.

The interview is about your personal experience within your organisation on the topic. The aim is not to interview you as a representative of the organisation per se. However, to understand your valuable experience and insight on BMI within the organisation. Are you happy for me to continue?

Please note that your participation is voluntary, and you can withdraw at any time without penalty. All data collected during the interview will be reported without identifiers. I have a consent form that I would like you to sign to allow me to use the insights from our interview in the data collection process of my research.

Please note that the interview is expected to last for an hour. Are you happy for me to record the session purely for transcription purposes?

Informed consent form

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on business model innovation and trying to find out more about barriers and enablers of business model innovation in the South African insurance industry. **Your participation is voluntary, and you can withdraw at any time without penalty. All data collected during the interview will be reported without identifiers. The interview is expected to last no more than an hour.**

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name:	Mandla Mahlangu
Email:	25458796@mygibs.co.za
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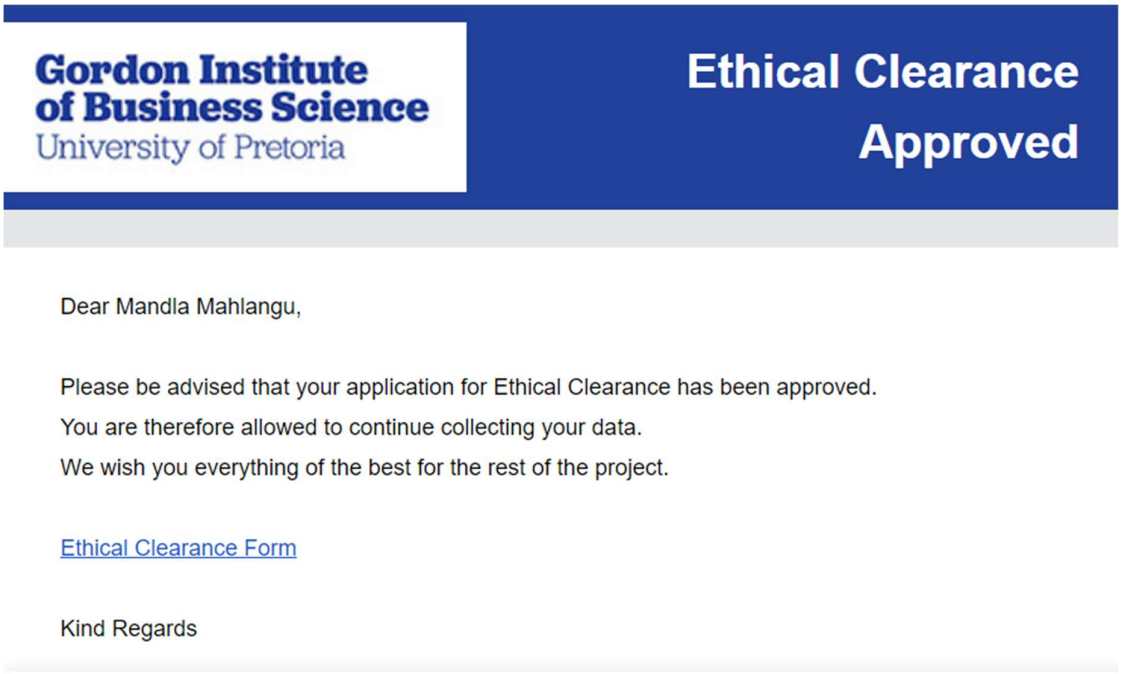
Research Supervisor Name:	Prof. Johan L. Olivier
Email:	johano@gibs.co.za
Phone:	+27-83-452-5539

Signature of participant:	_____
Date:	_____
Signature of researcher:	_____
Date:	_____

APPENDIX 4 : ETHICAL CLEARANCE



Gordon Institute of Business Science
University of Pretoria

Ethical Clearance Approved

Dear Mandla Mahlangu,

Please be advised that your application for Ethical Clearance has been approved.
You are therefore allowed to continue collecting your data.
We wish you everything of the best for the rest of the project.

Ethical Clearance Form

Kind Regards

APPENDIX 5 : LANGUAGE EDITING CERTIFICATE

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Report title:	Exploring enablers and barriers to business model innovation in the insurance industry
Author/s:	Mandla Mahlangu
Institution:	Gordon Institute of Business Science
Date Issued:	22 October 2022

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Warm regards

Elizabeth Marx

Attended the EFA International Editors' Conference – Chicago: August 2019 https://www.the-efa.org/efas-2019-conference-announcement/

APPENDIX 6 : CODE BOOK

RQ	Themes	Groups	Code
RQ1	Internal Dynamic Capabilities		• **Enabler: Culture** Gr=33
		Internal enablers 28	• **Enabler: distribution channel** Gr=2 • **Enabler: Platform** Gr=6 • **Enabler: recognition** Gr=8 • **Enabler: simplicity** Gr=8 • **Enabler: Skilled individuals** Gr=23 • **Enablers: leadership** Gr=9
		Internal challenges 33	• **Barriers: decision delays** Gr=9 • **Barriers: legacy system** Gr=15 • **Barriers: risk mangement process** Gr=20 • **Barriers: Skills** Gr=30 • **Barriers: Structure** Gr=31
	External Dynamic capabilities	External Enablers 16	• **Enabler: Brand strenth** Gr=6 • **Enabler: collaboration** Gr=6 • **Enabler: covid** Gr=7 • **Enabler: regulations** Gr=10
		External challenges 32	• **Barriers: Clarity on strategy** Gr=8 • **Barriers: External enviroment: Disruption** Gr=4 • **Barriers: financial literacy** Gr=21

			● **Barriers: MacroEconomic** Gr=6 ○ **Barriers: Political enviroment** Gr=3 ● **Barriers: Regulations** Gr=15 ○ **COVID** Gr=10
RQ2	Dynamic Managerial Capabilities	Financial matrix 13	● **Logic: Budget** Gr=12 ● **Logic: Investment** Gr=6 ● **logic: priorities** Gr=14
		Strategic alignment 15	● **Strategic: ambidexterity** Gr=11 ● **Strategic: long term view** Gr=22 ● **Strategic: Sustainable goal** Gr=8
		Execution 16	○ **Execution (2): collaborate Internally** Gr=3 ● **Execution (2): communication** Gr=6 ● **Execution (2): infrastructure** Gr=3 ● **Execution (2): low cost** Gr=2 ● **Execution: focus** Gr=13
	Organisation design	Organisational structure 15	● **Improvement: Formalise Sensing jobs** Gr=10 ● **Improvement: integration** Gr=3 ● **Execution: structures** Gr=45
		Scanning the enviroment 21	● **Sensing: business updates** Gr=15 ● **Sensing: external process** Gr=3 ● **Sensing: research** Gr=14 ● **Sensing: Scanning at top-level** Gr=6
		Client solutions	● **Initiatives: customer solution** Gr=20

RQ3	Transformations	14	○ **Initiatives: poor client focus** **Gr=7** ○ **Initiatives: underwriting** **Gr=19**
		Process efficiencies 12	● **Initiatives: contractor model** **Gr=7** ● **Initiatives: Process efficiency** **Gr=25**
		Digitalisation 16	● **Initiatives: Artificial Intelligence** **Gr=21** ○ **Initiatives: platform** **Gr=6** ● **Initiatives: digitalization** **Gr=33**