DATA COMPLIANCE AND COMPETITIVENESS OF INSURANCE COMPANIES IN SOUTH- SOUTH NIGERIA

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ABSTRACT

Data compliance is a process that identifies the applicable governance for data protection, security, storage and other activities and establishes policies, procedures and protocols ensuring data is fully protected from unauthorized access and use, malware and other cyber security threats. Being data compliant drives a secure data environment, which is integral to the attainment of the much needed competitiveness. Insurance firms are therefore urged to be compliant to the laws governing the acquisition, use and sharing of information as the repercussions that come with noncompliance are usually too much for noncompliant organizations to bear. Data compliance comes with financial stability, gain and regain of customers trust as well as sustained reputation of the firm. Based on the analysis of literature, the author stresses that the relevance of data compliance cannot be ignored, as such, Insurance firms in Nigeria are encouraged to remain compliant to the laws governing data, so as to achieve organizational competitiveness.

Keywords: Data Compliance, Competiveness, Patronage and Market share

INTRODUCTION

In the existence of any organization and business, there comes a time when it is necessary to assess the overall competitiveness level. It could be due to entering foreign markets or the desire to reorient the business. The procedure for determining the competitiveness level of the organization begins with an assessment of impact factors. Such factors, depending on the sphere of influence, can be endogenous and exogenous. Endogenous (internal) factors in the analysis of organizational competitiveness relate to the processes, systems, human capital, structure, efficiency, and organizational practices of each organization. Endogenous factors of enterprises and organizations interact with each other in order to increase productivity and form a stable competitive advantage. It is important to take into account exogenous (external) factors based on the fact that organizations are part of industries and operate in different environments. Even if competitiveness is determined at the level of one organization, it continues to be an important component of the state economic policy and every business or industry. Exogenous factors can affect an organization's competitive position by forming and reshaping the external resources and opportunities that, if developed, may help obtain competitive advantages, increasing organizational competitiveness. In the process of bibliometric analysis, publications are studied, which describe various methods of assessing organizational competitiveness and the factors that influence it. In addition, the bibliometric analysis aims to investigate the relationships within the conceptual apparatus. This analysis is designed to determine the factors that influence the key concepts and the nature of organizational competitiveness (Chen & Hu, 2021).

Businesses today are faced with the almost insurmountable task of complying with a confusing array of laws and regulations relating to data privacy and security. These can come from a variety of sources: local, state, national and even international lawmakers. This is not just a problem for big businesses. Even a small business with a localized geographic presence may be subject to laws from other states and, possibly, other nations by virtue of having a presence on the Internet, including interacting with the Internet through mobile devices and apps. In many instances, these laws and regulations are vague and ambiguous, with little specific guidance as to compliance. Worse yet, the laws of different jurisdictions may be, and frequently are, conflicting. One state or country may require security measures that are entirely different from those of another state or country. Reconciling all of these legal obligations can be, at best, a full time job and, at worst, the subject of fines, penalties, and adverse and unwanted publicity (Chu, Liu & Qi, 2021).

In response to the growing threat to data security, regulators in literally every jurisdiction have enacted or are scrambling to enact laws and regulations to impose data security and privacy obligations on businesses. Even within a single jurisdiction, a number of government entities may all have authority to take action against a business that fails to comply with applicable standards. That is, a single security breach may subject a business to enforcement actions from a wide range of regulators, not to mention possible claims for damages by customers, business partners, shareholders and others. The United States for example uses a sector-based approach to protect the privacy and security of personal information (e.g., separate federal laws exist relating to healthcare, financial, credit worthiness and student and children's personal information). Other approaches, for example in the European Union, provide a unified standard, but offer heightened protection for certain types of highly sensitive information (e.g., healthcare information, union membership). Actual implementation of the standards into law is dependent on the member country. Canada uses a similar approach in its Personal Information Protection and Electronic Documents Act (PIPEDA). Liability for fines and damages can easily run into millions of dollars. Even if liability is relatively limited, the company's business reputation may be irreparably harmed from the adverse publicity and loss in customer and business partner confidence. While most privacy and security-related laws today are written broadly and intended to be technology neutral (i.e., they do not focus on any particular type of technology to avoid having their laws quickly become outdated as technology evolves), there is a growing trend on the party of lawmakers to look at particular "means" of collecting, processing, storing, and transmitting information. An obvious example that already exists is the wide range of laws specifically directed at email, particularly the transmission of unsolicited email (e.g., anti-spam laws). More recently, lawmakers have started developing laws directed at mobile devices and their applications. Last year, for example, the European Union Article 29 Data Protection Working Party issued Opinion 02/2013 On Apps on Smart Devices. In addition, in both the United States and the European Union, regulators are already working on regulations and guidance for use of mobile devices in the healthcare context (e.g., European Directive 93/42/EEC on Medical Devices). Finally, some countries are even updating their anti-spam laws to more particularly address use of mobile devices and apps (see, e.g., Canada's new anti-spam law, which became effective July 1, 2014).

Data security threats are at an all-time high. Seldom has a week gone by without another story appearing in the news describing the latest company to become the subject of a data security breach. While the threat from hackers is substantial, according to the American Federal Bureau of Investigation (FBI), the incidence of "insider" misappropriation or compromise of confidential information has never been higher. Insiders include not only a company's own personnel, but also its contractors and business partners. It is for this reason that this paper focuses on two of the most substantial insider threats: situations in which a business's partners and vendors are entrusted with sensitive corporate data and BYOD programs, where corporate data is accessed on devices over which the company has little control. In the first, insiders who are third parties (i.e., vendors and business partners) create the risk that must be mitigated. In the second, insiders who are employees create the risk.

This paper was designed to theoretically review relevant literature on the relationship between data compliance and competitiveness of insurance firms in South-South Nigeria. In doing so, this reviewer presents an initial step toward an integrated framework of data compliance, which provides new insights into our understanding of the existing literature as well as a useful guide for future research. A conceptual framework of the relationship between data compliance and competitiveness of insurance firms is shown in figure 1.

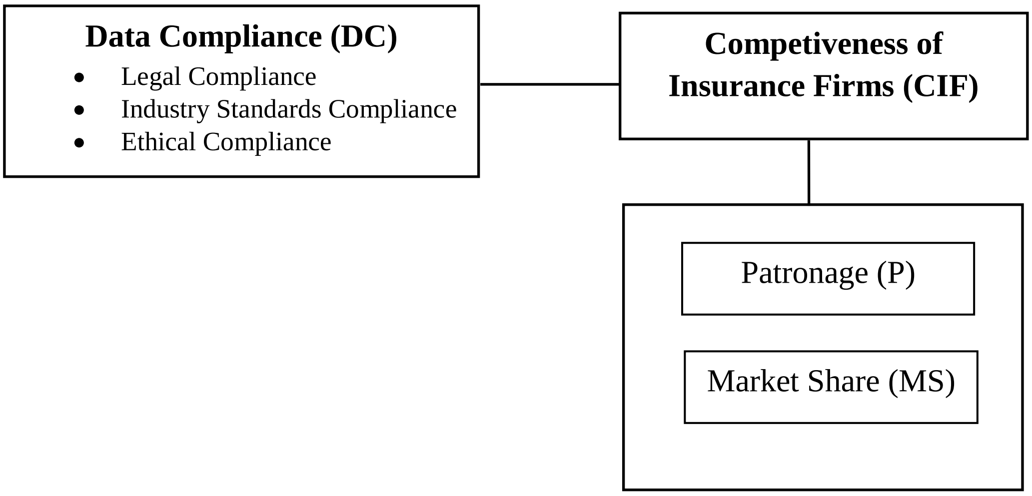

Figure 1: Conceptual Framework of Data Compliance and Competitiveness of Insurance Firms in South-South, Nigeria.
Source: Researcher's Desk (2024).

THEORETICAL FRAMEWORK

Resource Based Theory (Jay Barney 1990)

The paper adopted the resource based theory as the baseline theory appropriate for this study; basically because according to (Barney & Clark, 2007) the resource based theory stresses that resources that are valuable, rare, difficult to imitate and nonsubstitutable best position organizations for long-term success. These strategic resources can provide the foundation to develop the organizations' capabilities that can lead to superior performance over time.

CONCEPT OF DATA COMPLIANCE

According Zhang (2022) data compliance is a necessary requirement for implementing national data security strategy. Cyber attacks targeting data are becoming more and more frequent worldwide, challenging the security of information repositories/databases. Ensuring data security and clarifying data sovereignty has become an urgent strategic deployment for all governments and organizations around the world today. Enterprise data involves state secrets, trade secrets and personal information, which is extremely sensitive. So we must strictly abide by the legal provisions of the Cyber security Law of the People's Republic of China, the Data Security Law of the People's Republic of China, etc., by establishing a strong and efficient data security compliance management system, comprehensively identify data security compliance risks, and improve and perfect the control mechanism, to ensure network and information security. Data security compliance management is an inevitable choice to adapt to the regulatory requirements of the new situation. In the face of increasingly stringent regulatory requirements, enterprises must take the lead in the protection of state secrets, business secrets, personal information and other relevant fields, strengthen the data security compliance management capacity and build the whole chain of data security compliance management system.

Data security compliance management is a strong guarantee to promote the digital transformation of enterprises. With the rapid development of digital economy, coordinating data security and development has become the core and focus of sustainable and healthy development of digital economy (Chen & Hu, 2021). It is shown that the digital transformation of enterprises has been accelerating; data opening has been deepening, and various data application innovations emerge in an endless stream. Therefore, effective data protection and efficient data application have simultaneously become important aspects of enterprise data asset operation (Chi, Liu & Qi, 2021). In the process of digital transformation of enterprises, it is urgent to effectively solve the contradiction between data security compliance and data innovation applications, so as to avoid slowing down the pace of data application due to the fear of violations.

NATURE OF COMPETITIVENESS

Organizations that aspire to effectively sustain competitive advantage may require an edge to contest on the boundaries of competence and technology. Increased force in terms of product development, ease of imitation and shorter product life cycles amid global market competition, have created immense pressure on organizations' activities geared towards innovation and their bid to sustain competitive advantage (Chadha, 2009). An organization's competitiveness refers to its ability to outperform its competitors in the market and achieve sustainable success. It is a measure of how well an organization can attract and retain customers, deliver value, and differentiate itself from others in the industry. Innovation helps insurance firms reduce costs, create efficiencies in service delivery, improved flexibility and demand for its products and services (Ernst & Young, 2015). Competitive advantage is exhibited as positional advantage greater than that of competitors in either marketing or technological know-how which translates into hard-to imitate innovative products (Hwang, Choi & Shin, 2020). According to Barney & Hesterly (2009), competitive advantage is the ability of a company to produce a higher amount of financial worth than their competitors. The art of creating value for an organizations' client in a more improved manner than the competition is competitive advantage which can be achieved through differentiation, focus and cost strategies.

Patronage

According to Abongo, Mutinda, &Otieno, (2019) Patronage in the context of organizations, refers to the support, loyalty, and regular business provided by customers, clients, or members. The importance of patronage in organizations is significant and extends across various aspects of business success. Patronage is closely linked to the concept of Customer Lifetime Value. The longer a customer continues to patronize a business, the more value they bring over the course of their relationship. High CLV is indicative of strong and lasting patronage. Cassiman, & Golovko, (2011). Here are key reasons why patronage is crucial for organizations according to Truelove, & Lineback, (2015).

Revenue Generation: Patronage directly contributes to revenue generation. Customers who regularly choose a particular product or service provider contribute to the organization's financial stability. Repeat business and customer loyalty are key drivers of sustained revenue.

Business Sustainability: Organizations rely on a consistent and loyal customer base for long-term sustainability. Sustainable patronage reduces the reliance on one-time transactions and helps withstand market fluctuations, economic downturns, or industry changes.

Brand Reputation and Trust: Repeat patronage often stems from a positive customer experience. When customers consistently receive high-quality products or services, it enhances the organization's reputation. Trust is built over time, and a positive reputation encourages others to become patrons.

Word-of-Mouth Marketing: Satisfied patrons are likely to become advocates for the organization. They may recommend the products or services to others, contributing to positive word-of-mouth marketing. This can lead to new customers and an expanded patronage base.

Feedback and Improvement: Patrons provide valuable feedback through their interactions and experiences with the organization. This feedback is essential for continuous improvement. Organizations that listen to their patrons can adapt to changing preferences, address concerns, and refine their offerings.

Cost Efficiency: Acquiring new customers is often costlier than retaining existing ones. Organizations benefit from cost efficiencies when they can retain a loyal customer base. Repeat patrons may require less marketing and promotional investment compared to attracting new customers.

Cross-Selling and Up selling Opportunities: Understanding the needs and preferences of existing patrons creates opportunities for cross-selling and up selling. Organizations can introduce complementary products or services to existing customers, increasing the overall value of each transaction.

Adaptability and Innovation: Patronage allows organizations to stay in tune with market demands and trends. Organizations that foster a strong relationship with their patrons are better positioned to adapt to changing customer preferences and innovate to meet evolving needs.

Employee Morale: A loyal customer base positively impacts employee morale. Employees often take pride in serving customers who appreciate and return to the organization. Positive customer interactions contribute to a positive workplace environment. **Community Engagement**: Patronage can extend beyond individual customers to encompass a sense of community support. Organizations that are actively engaged with their communities and patrons often foster a positive image and contribute to the social fabric.

In summary, patronage is vital for organizations as it directly influences financial success, brand reputation, and the ability to adapt to market dynamics. Fostering strong relationships with patrons contributes to the overall health and longevity of an organization.

Market Share

The marketing literature generally views market share as an indicator of the success of a firm’s efforts to compete in a product-marketplace (e.g., Chaudhuri and Holbrook 2001; Varadarajan 2020). From this perspective, market share is an outcome of a firm’s marketing efforts including its advertising and promotion, product/service offering quality and price, channel and customer relationships, and selling activities (Farris et al. 2010). All of these are evaluated relative to those of other suppliers by customers (channel members and end users) when they consider and select offerings, which is what conceptually distinguishes a firm's market share (how the firm's sales compare with those of the total market) from its sales revenue (the number of units sold × price). Importantly, this means that (unlike sales revenue) market share is not a component variable in any indicators of firm economic performance, so there is no synthetic (or "hard-wired") market share–firm economic performance relationship. Historically, the empirical literature provided conflicting and equivocal answers concerning the "main effect" relationship between firms' market share and their economic performance (e.g., Buzzell, Gale, and Sultan 1975; Jacobson 1988; Jacobson and Aaker 1985). However, the recent E-H (2018) meta-analysis using more sophisticated methodological approaches has provided new insight on this question, showing a generally positive effect of market share on firm economic performance. We corroborate this in our data and focus our hypothesizing on why this relationship exists and how this "why" understanding may help explain and predict differences in the strength of the relationship across firms and industries.

DATA COMPLIANCE AND COMPETITIVENESS OF INSURANCE FIRMS

The reference research work of this field covered different aspects of data compliance but the paper did not clarify how data compliance is implemented. (Zhang, 2022), research provides great work about data compliance as it describes the essence and need for the adoption of data compliance by organizations, since the business success of organizations hinges on their ability to successfully protect its most valuable resource from being breached by hackers. The motives for application of data compliance are the following: An effective cyber security solution, compliance with applicable data privacy laws, gain and retain customer trust, minimize the risks and cost of a personal data breach and helps you adapt to tomorrow's World Wide Web. Many studies have been conducted worldwide studying data compliance. (Diyoke & Edeh, 2020) conducted a research on an analysis of data protection and compliance in Nigeria. From the forgoing discussions and from the review of relevant and empirical literature, it appears that there is a relationship between data compliance and the competitiveness of insurance firms and on the strength of the above assertion, the author hypothesizes as thus:

H_{A1}: There is a significant relationship between data compliance and competitiveness of insurance firms in South- South Nigeria.

CONCLUSION

The relevance of data compliance in influencing the competitiveness of insurance firms and the Nigerian economy cannot be over stressed. An organization that is compliant to industry standards and global best practices is not only going to gain and retain the trust of customers, but such an organization is sure to have the much needed competitive advantage that is integral to the business sustainability of every firm. This paper has elaborately discussed the concept of data compliance and its relationship with its identified attributes, the nature of competitiveness of insurance firms with its measures, the connection between data compliance and competitiveness. The study theoretically revealed that data compliance relates with competitiveness; hence the author recommended that Insurance Firms in Nigeria should be compliant to the necessary laws and regulations governing the collection and use of data, so as to enhance financial stability, and sustained reputation, fostering a culture of trust among customers and stakeholders. This is extremely important to businesses of all sizes because legal, financial, and reputational repercussions can have a severe negative impact on any business.

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