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**INDUSTRIAL LINKAGE STRATEGIES AND THEIR ROLE IN BRIDGING THE
EMPLOYABILITY GAP IN INSURANCE SECTOR**

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ABSTRACT

Purpose: Industrial linkage strategies are necessary in any industry since they promote development of new products and technologies and access to new capabilities. The objective of this study is to identify the industrial linkage strategies and their role in bridging the employability gap in the insurance sector. The purpose of the study is to enable the readers understand the emerging trends in the insurance industry that help to bridge the employability gap and the innovative programs and approaches that foster youth employability.

Methods: A desktop literature review was used for this purpose. Relevant seminal references and journal articles for the study were identified using Google Scholar. The inclusion criteria entailed papers that were not over five years old.

Conclusions: The study concluded that some of the industrial linkage strategies that have reduced the employability gap include; use of high-tech programs, the hierarchy of critical skills and industrial talent strategy. Their role in bridging the employability gap in the insurance sector has resulted in increase in productivity among employers and employees in the insurance sector.

Recommendations: The study recommended that insurance companies should incorporate and partner the high- tech companies who are more digitized, reinvent their workforce models and come up with training programs to nurture and equip their employees with top talent and adaptable skills.

Keywords: *Industrial Linkage Strategies, Employability Gap, Insurance Sector*

INTRODUCTION

The insurance sector provides services that play an essential role as commercial and infrastructural services. The infrastructural services promote financial and social stability, mobilizes and channels savings, supports trade, commerce and entrepreneurial activities and improves the quality of lives of individuals (Malik & Venkatraman, 2017). According to Malik and Venkatraman, (2017) study, some of the challenges that the global economy is facing in the fast- globalizing world are; emerging global trends in the insurance sector, technological innovations and liberalization of the insurance sector and different regulatory environment. The emerging trends have a great impact on developing countries, they stand to benefit from liberalization of insurance sector as long as they put in place an efficient and well-functioning institutional and regulatory framework, tailored national policies and well-planned sequential commitments on insurance liberalization.

A research conducted by Manzanero (2021) on bridging the skill gap by employers, educators and youth in Latin America and the Caribbean, identified and studied innovative programs and approaches to foster youth employability in the Latin America and Caribbean (LAC) region. The FHI foundation, FHI360 and Results for Development Institute (R4D) gave support while conducting this research which led to a better understanding of the skills gap that prevent companies from finding qualified candidates to employ. The LAC research studies focus on the demand side of employability by analyzing results from employer surveys and the supply side of different skills, while focusing on the role of upper secondary education in closing the gap. Other studies have advocated technical and higher education changes or have researched the topic at macro level by focusing on population and employment trends given the recent growth in the youth who do not work or study. (Manzanero, 2021)

According to Radin, Hatfield, Schwartz and Bordeaux (2020) closing the employability skills gap will mean employers should equip their workers with more than technical skills as a result of advances in AI, cognitive computing, and automation. Creativity, leadership, and critical thinking skills may be more valuable than ever.

The Industrial Linkage Strategies.

According to a study by Braunerhjelm and Henrekson, (2016), the use of high-tech company program is an industrial linkage strategy to bridge the employability gap in the insurance sector. The high- tech companies include Google, Facebook and Amazon that create amazing employment experiences both in terms of rewards and opportunities. These rewards and opportunities benefit the tech savvy-talent both inside and outside the technology groups. The high-tech companies have prioritized these because technology, product creation and sales of technology products are both central to who they are and how they generate revenue.

High- tech program such as Amazon has developed long-term programs such as Prime Now, Amazon Go, Alexa and Amazon Web Services that offer business owners access to retail giant's vast network of suppliers for easy ordering and bulk volume discounts. According to Martin Rohde, director of Amazon Business' commercial vertical says that Amazon enable businesses of all sizes and across industries with easy access to hundreds of millions of products ranging from

IT equipment to janitorial supplies. Such available technological opportunities can enable the insurance industry to acquire the best IT equipment for rapid acquisition, analysis and storage of the important data of their customer (Wonglimpiyarat, 2016).

In addition, Wonglimpiyarat (2016) revealed that the tech giant is teaming up with Cigna to provide easy access to healthcare via its Alexa smart home devices. It's also partnered with Massachusetts-based Blue Cross Blue Shield to integrate its PillPack service into the insurer's member app. Amazon partnered with JPMorgan and Berkshire Hathaway to develop Haven, a self-managed health plan for the firms' employees. The business recently debuted its Halo wearable device and established a relationship with life insurance provider John Hancock in the life insurance industry. Furthermore, Amazon's own employees already have access to telemedicine, drug delivery, and app-enabled house calls.

According to Lee and Clarke, (2017) article, Google, Facebook, Apple, and Amazon have invested extensively in personal health monitoring gadgets and virtual care, and have been able to seamlessly integrate these capabilities into health insurance offers. The Apple organization has excelled at integrating hardware, software, and services to provide a smooth consumer experience. Furthermore, it has also put a lot of emphasis on healthcare, specifically on merging personal health and wellness data with artificial intelligence skills. It has improved the health tracking capabilities of its Apple Watch device. Its smartwatch now detects users' blood oxygen saturation to help them better understand their overall fitness and wellness. Such high-tech programs have enabled customers and insurers to understand the best health insurance products that fit the customer's needs.

Facebook has a vast user base, with 2.7 billion global monthly active users. It has the capacity to efficiently model hazards about persons and enterprises with an estimated 52,000 distinct attributes collected each user. Facebook has worked with local financial institutions in India, including ICICI Bank and HDFC Bank, to provide insurance and other financial services via WhatsApp. In 2019, Google worked with John Hancock to offer customers with diabetes a customized life insurance product. (Alizadeh, & Soltanisehat, 2020)

A research by Alizadeh, & Soltanisehat, (2020) recommended that harnessing technology in the insurance industry has unquestionably benefited insurers by giving a new lease on life, allowing them to reap the benefits of enhanced underwriting, claims, and expenditure management while also expanding their business by better understanding their data and producing more relevant, competitive products. Insurers who are well- equipped with such knowledge and skills on how to use the necessary, convenient and efficient IT equipments in this sector have helped in reducing the employability gap since such skills promote efficiency of services offered, productivity and profitability in the workplace.

The bridging skills gap research by Manzanero (2021) is based on insights from Employers, Educators, and Youth in Latin America and the Caribbean, it investigates why a large percentage of young people in the LAC region, including those who have completed secondary school, lack employability skills and struggle to find work in the formal sector. The hierarchy of skills is a framework for describing how employers and educators rank skills into three broad categories. According to the research, employers rank skills based on priority i.e those abilities

that a particular industry or business currently requires, whereas educators rank skills according to their complexity i.e skills are the building blocks that allow more complicated skills to be acquired.

The framework aided in the presentation of how different countries' major sectors demand different abilities. It also analyzes and maps the current demand for and supply of different skills, while focusing on the role of upper secondary education in closing the gap. These skills have been summarized under the hierarchy of critical skills and they include; cognitive skills, technical and socio-emotional skills. Cognitive skills were defined as skills connected to the process of cognition are known as knowledge-specific, academic, basic, or foundational skills. That is, evaluation, comprehension, reasoning, problem solving, decision making, and knowledge gain. Cognitive skills often pertain Math, language, and other academic disciplines. Technical skills are also referred to as vocational skills or job-specific skills that students acquire. The economic sector, size of businesses and strength of trade associations and unions all influenced the skills demanded by employers. Large and sophisticated businesses, in general, necessitated a higher level of technological expertise (Manzanero, 2021). Socio-emotional skills were defined as skills that can be used in a variety of situations and complement other skills such as technical, vocational, and cognitive. For example, problem-solving, decision-making, and communication, bridge the cognitive and socio-emotional skill categories. Despite the fact that problem-solving and decision-making require cognitive processes, they often require the ability to work well in groups, compromise, and listen to others (skills that also fall under the category of interpersonal skills within the scope of social-emotional abilities). Oral and written communication skills, on the other hand, tend to come under this category. The ability to communicate with others is included in the cognitive skills category while the ability to communicate with others and respond properly to both verbal and nonverbal communication falls under the socio-emotional skills. Employers in the three nations ranked socio-emotional skills as the most important set of abilities for job success.

According to Manzanero, (2021) research, countries are establishing public-private partnerships and implementing multidimensional education and training interventions to address the skills gap by supporting post-secondary connections (PSC) and/or integrated student development (ISD) models in addition to public-sector initiatives. PSC models serve as an instructional bridge between upper secondary and tertiary education, while also providing students with technical skills for future employment opportunities. ISD models are used in secondary schools to generate well-prepared and well-rounded graduates by incorporating cognitive and socio-emotional abilities into courses. Some of the firmly established models that have helped in bridging the skill gap include; PSC Alliance in Caldas and Manizales, MEGATEC (Modelo Educativo Gradual de Aprendizaje Técnico y Tecnológico program in El Salvador and the New Employment Opportunities (NEO) initiative in the Dominican Republic.

A study by Raina and Roebuck (2016) revealed that insurance companies base their business models around assuming and diversifying risk. Individual payers' risk is pooled and re-distributed across a wider portfolio under the basic insurance concept. Majority of insurance firms generate revenue in two ways: by charging premiums in exchange for insurance coverage and then reinvesting those premiums in other interest-bearing assets. Incorporation of models

such as PSC models and ISD models in the education systems has enabled insurance companies employ well-skilled and all-round employees who are able carry out their work efficiently, increase productivity and profitability.

A research by Kontoghiorghes (2016) recognized that most businesses are well aware of the Fourth Industrial Revolution, as economists refer to it, and what it means for the future of labour. One of the findings of this research revealed that over the next 20 years, up to 47 percent of US occupations could be automated, owing to significant improvements in AI, cognitive computing, and the automation of repetitive, rule-based work. Many organizations are also shifting to more team-based structures; workplaces are becoming increasingly virtual, flexible, and geographically agnostic; the overall workforce is becoming more diverse, multigenerational, and dispersed; and most careers are morphing from following predictable road maps to constant reinvention.

As a result, many executives across industries are reinventing their workforce models to see how they can manage these disruptive forces using technology, wider work settings, and alternative talent (Kontoghiorghes, 2016). Furthermore, many companies are reevaluating their personnel profiles, including how they measure the skill sets needed for future success. Human characteristics, such as curiosity and empathy, are becoming increasingly valuable in the workplace. Employers in this situation would have to think about not only how to attract top talent, but also how to rethink learning and development and better cultivate the social and emotional skills that their employees will require in the future to contribute value (Gloinson, Virdee, Dunkerley, d'Angelo, Feijao, Ali & Gunashekar, 2021).

In recent years, psychological, educational, and economic research has centered on better understanding how to build these talents in children through education for better career and life outcomes, this is according to a study by Latukha (2016). Other businesses place a premium on developing their employees' human talents. Bank of America, for example, has launched a countrywide training program aimed at developing empathy in order to assist workers better connect with and advice clients. Walmart also uses virtual reality to train in-store personnel in soft skills that help them interact with consumers more effectively.

In addition, the talent strategy has become one of the core business strategies in the insurance sector due to the accelerated change in the industry. Insurers face new talent demands as the risk landscape evolves. This might be viewed as a risk "barbelling," in which risks become more or less quantifiable. Higher-volume, more frequent hazards, for which there is significantly more available data, are on the side of the barbell where risks are becoming more quantified. On the other hand, some risks are becoming less quantifiable. These risks are usually more serious and unpredictable. In order to handle both sides of the barbell, the industry needs new competencies. The capacity to analyse and change data using data science and data engineering has become increasingly important as the use of data has grown. Involving the best third-party partners will become increasingly important as the business transitions to risk reduction (Latukha, 2016).

CONCLUSION

The findings of this study show that the various industrial linkage strategies have greatly caused an impact in the insurance sector. These strategies have enabled the insurance sector to cope and adapt to the ever evolving technology in this industry. Employers have been able to come up with best strategies to attract and maintain top talent in the workplace which has helped in reducing the administrative costs and improve productivity. Employees have been well equipped with various skills that enable them be all around in their roles in the workplace and adaptable to the accelerated changes in the insurance sector. Employees have full- knowledge of the insurance products and with the cognitive, soft and socio- economic skills they have been able to improve on customer experience and satisfaction. The availability of the high-tech programs have enabled both customers and employers experience high- quality services and efficient interactions in the online platforms. All these benefits have reduced the employability gap in the insurance industry.

RECOMMENDATIONS

The following recommendations were made: Companies should incorporate and partner the high- tech companies who are more digitized in order to understand the best high- tech programs that they can use to improve their customers' experience and satisfaction. Countries should come up with established models in the education system that will help in implementing multidimensional education and training interventions to address the skills gap. When insurance companies come up with business models and strategies they should consider the talent strategy as one of their core business strategies. Insurance companies should reinvent their workforce models in order to manage the future disruptive forces using technology, wider work settings, and alternative talent. Insurance companies should come up with training programs to nurture and equip their employees with top talent and the necessary adaptable skills that they need in the evolving technology of this industry.

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