

**A SURVEY OF COMPETITIVE INTELLIGENCE IN THE INSURANCE
COMPANIES IN KENYA**

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DECLARATION

STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university.

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DECLARATION BY SUPERVISORS

This project has been presented for examination with my approval as the appointed Supervisor

JEREMIA KAGWE

Signed: Date:

DEDICATION

I dedicate this work to my wife Hellen together with my two angels, Wanjiku and Ndirangu for their understanding as I pursued the MBA course.

ACKNOWLEDGEMENT

Now that this research project has been completed I realize that it has been a real struggle costing a considerable amount of money. For that reason, I would like to extend my appreciation Engineer M.S.M. Kamau, CBS,HSC for his invaluable support and encouragement .

ABSTRACT

The design of competitive intelligence, as a process that monitors all elements of the external environment of an organization is still recent. It began in countries that were in the world wars, and with complex diplomatic questions, such as the future roles of Japan and the European countries, such as Germany, France, and England. The increased use of the concept of competitive intelligence in the 1990s, particularly in the United States, has been a function of globalizing the economy. Thus, countries have been using competitive intelligence on a global scale as a guarantee of a place on the world scene. Japan, for example, has been using it since the Second World War and as a result was able to increase its market advantage in the 1980s, forcing the countries of the West, particularly the United States, to react. The objectives of this study were to investigate the extent to which competitive intelligence is practiced in Kenya Insurance industry and to investigate the link between competitive intelligence practice and performance of insurance institutions.

This study used descriptive survey design. The study targeted 43 insurance companies in Kenya. The study also used primary data to collect data using drop and pick method from the Head of Strategy department in the companies. Data was analysed using descriptive analysis with the aid of SPSS computer package. The findings were presented using tables and charts. Data was interpreted using frequencies, percentages and mean score and presented in form of frequency tables.

From the study, the researcher found that competitive intelligence was practiced in Kenya Insurance industry because from the study, most of the respondents in the Insurance Companies were involved in the implementation of CI function and the CI function was implemented as a project (with external help). This shows how these insurance companies valued competitive intelligence. The study also concludes that there was a link between competitive intelligence practice and performance of insurance institutions. This is because from the study, most of the insurance companies' recognized competitive

intelligence as an important activity, management understood what competitive advantage was and therefore competitive intelligence can be used to create competitive edge.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

1.1.1 Competition

There are many debates around the term “competition”. Pickering (1974) cites various economists such as Andrews (1949) who emphasize the importance of innovation, promotion and the threat of new entrants as being key determinants of competition. Porter (1980), however, views competition much more broadly than his predecessors do. He states that “competition in an industry is rooted in its underlying economic structure and goes well beyond the behaviour of current competitors”. He argues that competition in an industry constantly seeks to drive down the rate of return on invested capital to the rate that would have been earned under the conditions of perfect competition. This can be defined as a model of industry structure in which many small firms compete in the supply of a single product. The industry comprises many buyers and sellers so none are capable of influencing the market price. Because entry into the industry is easy then new firms will enter and bid down market price to the point that will be acceptable for new entrants to come into the industry (Bannock *et al.*, 1992). According to Porter (1980) the intensity of competition depends on five basic forces.

It can be seen, therefore, that competition goes well beyond the established players. This is a situation referred to as “extended rivalry”. The collective strength of these forces determines intensity of competition and attractiveness of a given industry in terms of profit potential. Industry structure can change over time (Porter, 1985). As structural change occurs the strength of these five forces also changes. According to Porter a first step in developing a successful competitive strategy is in understanding the rules of competition that determine the attractiveness of the industry. Having a good understanding of the factors determining competition in an industry, a firm can then use

this analysis to identify its own position in the industry and develop a strategy for developing and sustaining a competitive advantage *vis-à-vis* its rivals.

1.1.2 Competitive Intelligence

Competitive Intelligence is the action of gathering, analyzing, and applying information about products, domain constituents, customers, and competitors for the short term and long term planning needs of an organization (Fleisher, 2003). Competitive Intelligence is both a process and a product. The process of collecting, storing and analyzing information about the competitive arena results in the actionable output of intelligence ascertained by the needs prescribed by an organization (Brouard 2006).

A more focused definition of CI regards it as the organizational function responsible for the early identification of risks and opportunities in the market before they become obvious (Comai and Joaquin, 2007). This definition focuses attention on the difference between dissemination of widely available factual information such as market statistics, financial reports and newspaper clippings performed by functions such as libraries and information centers, and competitive intelligence which is a perspective on developments and events aimed at yielding a competitive edge.

Whatever strategic framework the firm chooses to embrace for the management of its business, no one element remains more fundamental to competitive strategy than competitive intelligence. Competitive intelligence is more concerned with doing the right thing, than doing the thing right. Trim (2008) found that the goal of competitor analysis is to develop a profile of the nature of strategy changes each competitor might make, each competitor's possible response to the range of likely strategic moves other firms could make, and each competitor's likely reaction to industry changes and environmental shifts that might take place. Competitive intelligence should have a single-minded objective to develop the strategies and tactics necessary to transfer market share profitably and consistently from specific competitors to the company (Blenlchorm 2001).

A firm which does not rigorously monitor and analyze key competitors is poorly equipped to compose and deploy effective competitive strategy and this approach leaves the firm and its markets vulnerable to attack and its performance declines (Prescott and Bharwajh, 1995). Failure to collect, analyze and act upon competitive information in an organized fashion can lead to the failure of the firm itself (Marceans and Sakwa 2001).

1.1.3 The History of Competitive Intelligence

The concept of competitive Intelligence has a rich heritage (Juhari and Stephens, 2006) and can be traced back over 5,000 years of Chinese history (Qingjiu and Prescott, 2000). These and other authors point to examples in various religions and historical contexts which address intelligence concepts. Many Competitive Intelligence texts and articles refer to the work of Sun Tzu who, some 2,400 years ago, wrote 'the art of war', a seminal text which provides a detailed description of how to develop intelligence for military applications (Sun, 1988). Similarly, many intelligence authors cite Frederick the Great (1740-1786), who was once quoted as saying "It is pardonable to be defeated, but never to be surprised" (Fuld, 1995).

Wright et al. (2004) remind us that Competitive Intelligence is not a new concept. This is evidenced by Nathan Rothschild's timely intelligence to make a fortune on the London Stock Exchange following the Battle of Waterloo in 1815.

Among Rothschild's intelligence network was an agent who watched Napoleon's defeat at Waterloo and subsequently sent carrier pigeons to Rothschild, who the following morning sold large volumes of shares. Observers wrongly concluded that the French had won the battle, and shares slumped. Rothschild then bought back and awaited the news, which arrived conventionally, that Wellington had won. The market correction helped Rothschild to his fortune (Ferguson, 1998).

Historical records point towards commercial collection activities happening even earlier. The Byzantine emperor Justinian I (483-565) in the sixth century used monks to steal silk

worms from the Chinese in an attempt to understand how to make silk (Fraumann, 1997). Although this is more an example of what would now be termed “industrial espionage” than Competitive Intelligence, it does demonstrate how long there have been efforts to scan the environment for competitive advantage.

The British tea industry has its roots in Competitive Intelligence, going as far back as 1615. Mr R.L. Wickham, who worked as an agent for the English East India Company, was sent to China to gather intelligence and he relayed the importance of tea and its potential to contribute to the British economy.

Wickham learned about the Chinese production of tea over ten years and then, thanks to various inventions such as tea boxes and chests, he was able to successfully start a tea industry in Britain (Breed, 1999). As can be seen from the examples given above, whilst today it is reported that 87 per cent of all large companies, regardless of locations, have an intelligence capability (Global Intelligence Alliance, 2005), it can be seen that the commercial application of CI, as we know it, has been around for at least 5,000 years if not longer.). However, sustainable excellent performance of the will not occur if there is a misalignment between a firm’s competitive strategies and actual market requirements. In addition, globalization has caused competition to be a constant concern of organizations, by increasing the need for continuous evaluation of the competitive environment and the information coming out of it.

1.1.4 The Insurance Industry in Kenya

The insurance sector is divided into two broad sub sectors namely; General and Life insurance. The general insurance sector is by far the larger of the two in terms of size and market penetration. The main players in the Kenyan insurance industry are insurance companies, reinsurance companies, insurance brokers, insurance agents and the risk managers. The statute regulating the companies is the insurance Act; Laws of Kenya, Chapter 487. The office of the commissioner of insurance was established under its

provisions to strengthen the government regulation under the Ministry of Finance. There is also self-regulation of insurance by the Association of Kenya Insurers (AKI). The professional body of the industry is the Insurance Institute of Kenya (IIK), which deals mainly with training and professional education.

By 2005, there were 43 licensed insurance companies in Kenya. 21 of them write general insurance business, 6 write life insurance business while 15 write composite business. Currently there are 50 insurance companies. The biggest players in Life insurance sub sector are Jubilee Insurance, CFC Life, British American, Madison and Pan Africa insurance companies. On the other hand, the giants in the general business are American International Group (AIG), Blue Shield Insurance Company, Heritage A.I.I. Insurance Company , Insurance Company of East Africa (ICEA), Kenindia Assurance Company Ltd. and the Lion of Kenya Insurance Company Ltd, (AKI: Insurance Statistics Report 2005).

Figure 1.1: Performance in Insurance firms

YEAR 2005	PERFORMANCE
Nominal GDP, US\$ bn	19.38
GDP Growth, %	5.80%
Population, Million	33.4
Total Life Premium, US\$ bn	0.15
Life Penetration as % GDP	1.78%
Total Non- Life Premium, US\$ bn	0.35
Non Life Penetration as % GDP	1.79%
Total Premium, US\$ bn	0.5
Total Penetration, as % of GDP	2.55%

Source: Performance in Insurance Sector (AKI, 2005)

The general insurance penetration as a percentage of GDP is 1.79% while that of life is 0.78%. At the end of 2001, the gross premium written for the general business was over Kshs 16 billion. The figure had reached over Kshs 25 billion by the end of 2005. The corresponding figures for the Life business were Kshs 7.3 billion and Kshs 11 billion respectively.

The performance in the insurance companies has continue to improve. The gross profit before tax rose from KShs 4.32 billion in 2005 to KShs 5.80 billion in 2006 representing a growth of 35%. AKI mainly attributed the good performance to the overall economic growth of 6.1% in the country. Over the same period, the total assets held by the industry increased by 20.6% to KShs. 110.07 billion while the total liabilities incurred increased by 17.3% to KShs. 82.67 billion. The net assets increased by 31.6% to KShs. 27.40 billion. The claims and total expenses (including net commissions) increased by 22.7% and 15.4% to KShs. 21.20 billion and KShs. 14.77 billion respectively. This information is summarized in figure 1.4 below

Figure 1.1: Insurance companies Performance in 2006

YEAR 2006	PERFORMANCE	% change from 2005
Overall Economic Growth	6.1%	
Total assets held by the industry (Billion KShs)	110.07	20.6% increase
Total Liabilities (Billion KShs)	82.67	17.3% increase
Net Assets	27.40	31.6% increase
Claims	21.20	22.7% increase
Total expenses (including net commissions)	14.77	15.4% increase

Source: Performance in Insurance company (AKI, 2006)

In 2007, there were still 50 insurance companies; there were 201 licensed insurance brokers, 21 Medical Insurance Providers (MIPs) , 2665 insurance agents, 2 locally incorporated re-insurers, 23 loss adjusters, 1 claims settling agent, 8 risk managers, 213 loss assessors/investigators, 30 insurance surveyors, and 8 risk managers during the year. The gross written premium by the industry was Kshs 48.10 billion compared to Kshs 41.68 in 2006 representing a growth of 15.40%.

The gross written premium from General insurance was Kshs 32.95 billion (2006: Kshs 29.2 billion) while that from long term business was Kshs 14.44 billion (2006: Kshs 12.48 billion). This is a ratio of about 70:30 in favour of general insurance. General insurance premium grew by 12.8% while life insurance premium and contributions from deposit administration business grew by 15.7%. The industry recorded growth over the last six years as illustrated in table 2 below. The penetration of insurance computed as a ratio of Gross Premium to Gross Domestic Product (GDP) was 2.65% compared to 2.54% in 2006. Long term insurance recorded a penetration ratio of 0.83% while that of general insurance was 0.83%

According to the Kenya Insurance Survey KPMG, (2004), the General insurance industry in Kenya is mainly driven by four main lines of business: Motor- Commercial, Fire- Industrial and Engineering, Motor- Private and Personal Accident. The life insurance industry is mainly driven by two main lines of business: Ordinary Life and Superannuation, which includes Group Life Insurance and Deposit Administration. The Survey revealed that the General insurance business is facing two major challenges.

The first challenge is to come up with a solution for companies whose viability is threatened by their inability to meet policy holder claims. The second major challenge is how to generate growth for an industry that has significant potential for growing as a percentage of GDP but has been stagnant. In contrast to the General insurance business, the life insurance business enjoyed a real cumulative average growth rate of 8.6 per cent between years 2000 and 2004.

1.2 Statement of the Problem

The design of competitive intelligence, as a process that monitors all elements of the external environment of an organization is still recent. It began in countries that were in the world wars, and with complex diplomatic questions, such as the future roles of Japan and the European countries, such as Germany, France, and England .

The increased use of the concept of competitive intelligence in the 1990s, particularly in the United States, has been a function of globalizing the economy. Thus, countries have been using competitive intelligence on a global scale, as a guarantee of a place on the world scene. Japan, for example, has been using it since the Second World War and as a result was able to increase its market advantage in the 1980s, forcing the countries of the West, particularly the United States, to react (Gilad, 1994

Accelerated global competitiveness, reduced product life cycles, rapid technological advancements, and dynamic customer requirements have drastically altered the nature of industrial competition. Price (cost) is no longer the sole criteria for creating a sustainable competitive advantage (Hill, 1995). Firms must develop and deploy competitive intelligence driven by market requirements. Many firms have adopted product, process, and service quality improvement as a key strategic initiative for achieving excellent performance levels (Adam, 1992)

Firms must develop and deploy competitive intelligence driven by market requirements due to global competition. Many firms have adopted product, process, and service quality improvement as a key strategic initiative for achieving excellent performance levels (Adam, 1992). However, sustainable excellent performance will not occur if there is a misalignment between a firm's competitive strategies and actual market requirements. In addition, globalization has caused competition to be a constant concern of organizations, by increasing the need for continuous evaluation of the competitive environment and the information coming out of it. The insurance sector is currently in a state of some uncertainty and companies are increasingly conscious of the need to maintain a

competitive edge over their commercial rivals while at the same time getting maximum benefits from in-house resources.

This statistics fall in place owing to the stiff competition in the industry and reluctance of the Kenya population to subscribe for insurance. This reluctance could owe to either ignorance or lack of incentives and diverse services to accommodate their diverse needs and finances. Even though the insurance industry is a major contributor in the growth of an economy, it happens to be a marginal player in the lives of most Kenyans. This is the reverse of the situation in most rapidly developing or developed countries.

It is of fundamental importance for the survival of an insurance company to obtain a competitive edge. The company must anticipate change, recognize opportunities, and monitor continuously the information flow about other businesses and activities in the same field.

Locally, researchers have studied the aspect of competitive intelligence in various sectors .e.g. Muiva, (2001) conducted a survey of the use of competitive intelligence systems in the Kenyan pharmaceutical industry while Sang Simon Kipkorir, (2001) studied competitive intelligence practices by fm radio stations operating in Kenya. To the best of the researchers knowledge, no study has ever investigated competitive intelligence activities undertaken in the insurance industry. Towards this end, it is therefore necessary to carry out a study on how different insurance companies apply competitive intelligence to maintain a competitive edge. This study tries to investigate competitive intelligence practices in insurance industry in Kenya.

1.3 Objectives of the Study

The objective of this study was:

- i. To investigate the extent to which competitive intelligence is practiced in Kenya Insurance industry

1.4 Importance of the Study

This research aimed to determine the competitive intelligence adopted by insurance companies in Kenya. The study would be invaluable to the various stakeholders. All the existing firms in the insurance industry in Kenya will benefit from this study. It will help the managers in insurance companies understand the importance of competitive intelligence. The study will also help other managers in other firms know the methods used in gathering and applying competitive intelligence, which help them improve their management styles. The study will provide information on competitive intelligence as a strategy among insurance companies in Kenya to potential and current scholars. This will expand their knowledge on strategic responses in financial institutions and identify areas of further study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Competitive Intelligence

The concept of intelligence as a process has long been proposed as an effort to improve the firm's competitiveness and its strategic planning process (Guyton, 1962; Montgomery and Urban, 1970; Pearce, 1971, 1976; Montgomery and Weinberg, 1979). Competitive Intelligence is considered to be the component of business intelligence aimed at gaining strategic advantage, as proposed by Porter (1980). Competitive Intelligence includes competitor intelligence as well as intelligence collected on customers, suppliers, technologies, environments, or potential business relationships (Guyton, 1962; Fair, 1966; Grabowski, 1987; Gilad, 1989). The Society of Competitive Intelligence Professionals (SCIP, 2008) defines Competitive Intelligence as a systematic and ethical process for gathering, analyzing and managing external information that can affect the company's plans, decisions and operations

;Porter, 1980). Already in 1966 William Fair proposed the creation of a corporate, Central Intelligence Agency, within the firm whose function it would be to “collect, screen, collate, organize, record, retrieve and disseminate information” (Fair, 1966). Since that time, this proposition has grown to become an emerging business function with delineated job functions directly responsible for intelligence collection, analysis, and dissemination (Kahaner, 1996). Competitive intelligence's goal is to provide “actionable intelligence” (Fahey, 1999; Fuld, 1995, 2000; Nolan, 1999), namely, information that has been synthesised, analysed, evaluated and contextualized. Competitive intelligence presents part of the strategic information management process that is aligned with an organisation's strategy (Bergeron, 1996; Kennedy, 1996; Moon, 2000).

2.2 Importance of Competitive Intelligence

Kahaner (1996, p. 225) affirms “Competitive Intelligence is a strategic tool that allows top management to improve its competitive edge, by identifying the main propulsive forces and by foreseeing future market directions”. Hyper-competition requires much more than closes monitoring of competitors' behavior and predicting their future actions. Hyper-information makes keeping up with information simply by reading impossible. In hyper-competitive environments, successful companies depend on different combinations of strategies and actions to attain a temporary advantage and to destroy the advantages of competitors by keeping the market constantly unbalanced.

When companies realize that these advantages are not sustainable, they search constantly for new advantages, thus contributing to hyper-competition. If a particular competitor in a sector of industry begins to move aggressively and rapidly, the others will have to follow. “Hyper competition causes an environment characterized by intense and fast competitive movements, in which competitors have to put themselves into motion quickly to construct advantages and to erode the advantages of their rivals” (D'Aveni, 1995, p. 195).

Recently, Calof has revised the definition to include the objective of intelligence: Competitive Intelligence helps your company sustain and develop distinct competitive advantages by using the entire organization and its networks to develop actionable insights about the environment that is the customers, competitor, regulars, technology and many other stakeholders. It uses a systematic and ethical process involving, planning, collection, analysis, communication and management (Calof, 2008).

Valuable and readily available source of competitive intelligence is company employees, especially for smaller institutions. Between 70% and 90% of the intelligence a company needs is possessed by employees who gather immense amounts of information through dealings with suppliers, customers, and other industry contacts. For example, AT&T Corp, which is considered a leader in competitive intelligence, established an electronic

database that lists approximately 1,000 employees who make themselves available to other employees to provide information about their line of business.

Literature on competitive intelligence has continued to emphasize the importance of conducting competitor analysis and obtaining competitive intelligence that is useful for the strategic management process (Narayanan, Pinches, Kelm, & Lander). Over the years, a plethora of conceptual and empirical research studies have suggested theoretical models of competitive intelligence and provided perspectives on competitive intelligence practices (Subramanian & Ishak, 1998).

Research conducted by Prescott and Smith (1989) to determine how leading-edge organizations develop a structure of effective competitive intelligence programs found that formal competitive intelligence programs tend to be quite new (four years old on average). Second, organizations surveyed tended to have decentralized competitive intelligence programs located within the marketing or strategic planning departments. Third, surveyed firms had an average of three staff members in their competitive intelligence program.

2.3 Theory of Competitive Intelligence

Theory in the intelligence process has been proposed by many authors under many different labels, including environmental scanning (Aguilar, 1967; competitive technical intelligence (CTI) (Albagli et al., 1996; Brockhoff, 1991), and market intelligence (MI) (Chonko et al., 1991; Guyton, 1962. Maltz and Kohli, 1996). Day and Shoemaker (2006) have brought forward the concept of peripheral vision, which is also very similar to the competitive intelligence concept, as was Davenport and Harris's (2006) competitive analytics concept. Most of these works have positioned intelligence as the necessary (and sometimes assumed) prerequisite for strategic planning (Ansoff, 1965; Porter, 1980). Of these, the one area that has received the most academic attention has been that of market intelligence, a logical extension of the market research discipline.

It is believed that competitive intelligence may imply the true purpose of intelligence that is, to gain strategic advantage (Porter, 1980). Therefore, competitive intelligence includes competitor intelligence as well as intelligence collected on customers, suppliers, technologies, environments, or potential business relationships (Fair, 1966; Gilad, 1989; Grabowski, 1987; Guyton, 1962). A review of the literature related to intelligence suggests that it is a marketing discipline focused on gathering information on the competition (Schollhammer, 1994).

However, a broader examination of the literature shows that intelligence is also about monitoring the entire business environment. A more appropriate insight of intelligence is actionable recommendations arising from a systematic process involving planning, gathering, analyzing, and disseminating information on the external environment for opportunities, or developments that have the potential to affect a company's or country's competitive situation (Calof and Skinner, 1998).

2.4 Competitive Intelligence Models

Wright and Calof (2006) also expressed the need to focus more on various elements of the competitive intelligence model, and to test, not just measuring the entire holistic construct. In its most basic form, the activities of competitive intelligence involve planning, collecting, analyzing, communicating and management. Most studies to date have tried to measure all of these, with varying success. Even those studies which have attempted to link competitive intelligence with performance measures still use broad measures of the entire process (Blenkhorn and Fleisher, 2007).

Papers presented include Fleisher et al. (2008), a case study which looks at how an intelligence department was the catalyst for profitable success in a membership-led organisation, and Trim and Lee (2008), which explores the link with strategic marketing intelligence and organisational resilience. Michaeli and Simon (2008) explore the application of how a technique used frequently in other fields, Bayes' theorem, can be

used in CI analysis. Focus is also evident in Fleisher (2008), a paper which looks at open source intelligence, proposing new ways to categorise it and identifying the practical problems with its use.

Liu and Wang (2008) looked at the use of intelligence for forecasting service strategies and provide a much tighter focus on using competitive intelligence. By demonstrating the linkages between intelligence and other fields, Qiu (2008) examines entrepreneurial attitude, normative beliefs and their influence on managerial scanning practices for Competitive Intelligence. This in turn is linked to managerial interpretation of organisations' strength and weakness in the competitive arena. This provides evidence on how intelligence itself is linked not only to decision-making but also to organizational assessment. Tanev and Bailetti (2008) focus on the link between intelligence activities and innovation within technology firms, while Dishman and Calof (2008) report on the CI practice of technology-led companies and how this is used in the development of their marketing strategy.

Competitive Intelligence involves the collection of information, internal, external and from competitors, but also from customers, suppliers, technologies, environments, and potential business relations. Competitive Intelligence is designed to provide early warning and help to predict the moves of competitors, customers, and governments (Gilad, 1996). This suggests that the focus of Competitive Intelligence covers the entire competitive environment, not just the competition. This systematic scanning for Competitive Intelligence, including noticing and interpreting competitive stimuli, is critical for organizations to stay abreast of changing market conditions and avoid costly mistakes (Anderson and Hoyer, 1991).

2.5 Networks of competitive intelligence

Milani (1998) suggests that with hyper-information, the increase in competition and the increasing complexity of organizations makes it necessary to organize their activities relative to intelligence in multidisciplinary networks rather than specialist hierarchies. These networks are made up of four types of participants. The starter is the providers who constant monitoring of the tendencies of the variable environments. They are questioning and well informed people, able to recognize signs of things not going well in various environments and report these clearly and rapidly.

The tendencies are then given to the analysts who are specialized in the various areas of knowledge and able to analyze strategic questions within their areas of competence. They provide analyses and prepare reports that suggest directions that the decision makers should take. Their reports are give to the decisions makers. These are sponsors and the beneficiaries of the competitive intelligence system, responsible for the success or failure of a business, using the reports of the analysts as a base for taking decisions and they work together with system Administrators who foresee the functioning and flexibility of the network.

Competitive intelligence has become significant in management discipline and strategic management. The goal of competitive intelligence is to combine, develop and present a comprehensive perspective to attain persistent competitive advantage .competitive intelligence is not just a market research (Pelsmacker et al., 2005) or business scanning, rather it is a process of knowing what the competition is up to and saying one step ahead of them, by gathering information about competitors and, ideally, applying it to short and long-term strategic planning . In fact, competitive intelligence as a strategic business tool has long been proposed in an effort to increase a company's competitiveness (Pelsmacker et al., 2005).

2.6 competitive intelligence process

The components of the intelligence paradigm have been investigated in many academic fields. However, a holistic view of competitive intelligence has not been developed yet, nor has a process of intelligence been verified empirically (Calof 2002). From previous studies there appears to be support for distinct stages or constructs in Competitive Intelligence practices. Key processes that emerge from the literature are:

2.6.1 Planning

During this phase an assessment is made of what intelligence is required (Fleisher, 2001). Competitive Intelligence should only focus on those issues of highest importance to senior management (Gilad and Gilad, 1985; Herring, 1998). This phase is required to determine the necessary resources for the Competitive Intelligence project in the light of its purpose.

2.6.2 Collection:

During this phase, information is collected from a variety of sources, both published and unpublished sources as well as human sources (Sawka, 1999; Fleisher, 2001). Collection is also about ensuring that the information and sources of information are tested for reliability and credibility.

2.5.3 Analysis.

Many practitioners believe that this is where “true” intelligence is created, that is converting information into usable intelligence on which strategic and tactical decisions may be made (Gilad, 1989; Gilad and Gilad, 1985; Kahaner, 1996; Calof and Miller, 1997; Herring, 1998).

2.6.4 Communication.

The results of the Competitive Intelligence process need to be communicated to those with the authority and responsibility to act on the findings. Intelligence communication can take place via ad hoc reports, alerts, e-mails, presentations, news briefs, competitor files and special memos (Fleisher, 2001).

2.6.5 Process/structure

Competitive Intelligence requires appropriate policies, procedures, and a formal or informal infrastructure so that employees may contribute effectively to the Competitive Intelligence system as well as gain from the benefits of the Competitive Intelligence process. There is much support for a formal structure and a systematic approach to Competitive Intelligence (Cox and Goodwin, 1967; Cleland and King, 1975; Porter, 1980; Gilad and Gilad, 1985, 1986; Ghoshal and Kim, 1986).

2.6.6 Organisational awareness/culture.

For a firm to utilize its Competitive Intelligence efforts successfully there needs to be an appropriate organizational awareness of Competitive Intelligence and a culture of competitiveness (Garvin, 1993; Sinkula, 1994; Slater and Narver, 1995). Studies have shown that Competitive Intelligence units benefit from senior management support since management support establishes legitimacy and importance (Fehringer et al., 2005.). Globalization has caused competition to be a constant concern of organizations, by increasing the need for continuous evaluation of the competitive environment and the information coming out of it. In this context, it is of fundamental importance for the survival of the organization to obtain a competitive advantage (D'Aveni, 1995). The company must anticipate change, recognize opportunities, and monitor continuously the information flow about other businesses and activities in the same field.

2.7 Competitive Intelligence analysis

For the performance of the activity of competitive intelligence to be effective, some methodologies and tools of analysis can be used. These days, support for an existing advantage may be an error as it gives the competitors time to take the initiative. In hyper-competition, the best defence is a strong attack. In hyper-competitive environments that are modified quickly, a succession of small strategic attacks, are more successful than a long-term plan for dealing with competitors. By stringing together a series of advantages in the short term, the company creates a sustainable advantage in the market over the long term. This is concept of Dynamic Competitive Strategy.

The strategy, in this case, is the product of analyzing the four dimensions of competitive advantage, the four arenas of competition, but with a dynamic approach. These are: Cost and Quality; Timing and Know-how; Strong-pointing and Financial Reserves. Cost and Quality are a type of advantage easy to imitate and are quickly eroded, according to D'Aveni (1995). The extent to which costs fall, quality rises until the company reaches the point of best value. From this point on, the next step is a price war, forcing the company to move on to the next arena. The competitive Intelligence will focus on ensuring what is the likely move of the competitor in imitating the company value.

Timing and Know-how refer to the opening up of a new market or launching of a new product, to avoid the price-quality war described above. This tactic demands the competitive Intelligence to focus of technological resources and know-how that will make the company keep an edge in the market. This is because other companies copy the company new venture eroding it competitive advantage making it very expensive for a company to maintain market leadership.

Strong-pointing refers to the construction of barriers which competitive Intelligence identify to protect a product within a particular geographic region, segment of industry or market, avoiding competitive attacks based on price and quality or innovation and

imitation. Again, this advantage is not sustainable over the long term as competitors will find ways to overcome the barriers and then move on to the next arena therefore competitive intelligence by scanning the environment will ensure that the competitors moves are monitored and new ventures are discovered through research and development. Financial reserves are the means large companies use through competitive Intelligent to wear down smaller companies, who react by using government legislation or by creating alliances with other companies

2.8 Structural Organization Intelligence

One of the newest sources of competitive advantage is the structural-organizational intelligence, viewed in the context of structural-organizational capital. Structural-organizational capital includes all non-human reserves of knowledge in the organization embracing databases, organizational charts, executive instructions of the processes, strategies, administrative programs, and suchlike items whose significance for the organization is higher than its material value (Roos et al., 1997). According to Roos and Roos (1997) and Roos et al. (1997), it takes account of organizational capital like intellectual capital, creativity and innovation, processes, and cultural capital, renewal capital, development like patent right, and educational efforts. Chen et al. (2004) believe that structural-organizational capital aims at the system, structures, and the current procedures of the business of an establishment. In the other words, the structural-organizational capital can be classified as organizational culture, organizational learning, operating processes, and information systems.

Structural-organizational intelligence (capital), as flexible information infrastructures and efficient inter-organizational communications tool, has transformed the way that firms gather, produce and transmit Competitive Intelligence. Structural-organizational intelligence provides obstacle to competitors to go through market, operational linkage, business process improvement (e-business) such as e-selling, revenue increasing, cost decreasing, and quality promotion (Maja, 2001). The notion of the intelligence

organization is fashionable today, and an interest here is to postulate a set of characteristics as a metaphor that can be used to identify the nature of the intelligent organization within behavioral and related decision-making contexts (Yolles, 2005).

As a Competitive Intelligence resource, structural-organizational intelligence is an internal, inter-industry and international cooperation communications tool and it also shortcuts the production cycle and increases organization capacity (Dyk and Conradie, 2007). Firms are able to draw on structural-organizational intelligence to attain knowledge of customer preferences through interactive organizational information systems .Strategic information systems reveal information that facilitates continuous forecast of sales, resulting in competitive advantage in terms of better production planning and less inventory stockpiles .It allows manufacturer to improve supplier selection and learn about competitors' process technologies .Top management is also able to access critical external knowledge, market research and economic trends to allow more effective strategic planning (Baars and Kemper, 2008).

2.9 Competitive Intelligence practices

Owing to the fact that specific developments in the business environment need to be closely monitored, it is imperative that senior corporate intelligence professionals think in terms of integrating competitive intelligence work with marketing intelligence work. Corporate intelligence staffs, therefore, need to work closely with marketing staff in order that intelligence activity occurs within a strategic marketing context (Daft et al., 1988). The focus of attention may remain the analysis and interpretation of potential risk and counterintelligence that protects “blind spots”, but intelligence is evolving and can be reinterpreted from a theory building perspective and a problem-solving perspective.

Initiatives in corporate intelligence will result in intelligence staff being at the centre of the change process within the organization. Competitive intelligence programmes are mainly located in one of three functions within an organization: marketing, planning and

Research and development (Prescott, 2001). Therefore it can be deduced that issues relating to new product development, launching a new product on the market, and using facilitative technology such as the Internet, need to be placed within a strategic marketing framework that encompasses the concept of relationship marketing.

This will ensure that managers remain market oriented and innovative, and embrace the benefits associated with organizational learning (Slater and Narver, 1995, 1998). Should this be the case, it should be relatively straightforward for managers to implement a strategic marketing concept as outlined by Aaker (1998), and also develop a sustainable competitive advantage for the organization. Furthermore, it should be possible to implement market driven strategies that are placed within a relationship enhancing context and this will result in the required positioning being achieved within the industry within which the organization competes (Cravens, 1998).

Those undertaking competitive intelligence need to communicate with various stakeholders and references to this have been made by (Hussey, 1998). There is a large amount of published information available that can be used including legitimate intelligence gathering, and it has been indicated that top management within an organization need to define what competitive intelligence involves. This is necessary if corporate intelligence staffs are to have an input into the strategic decision-making process. Powell & Allgaier (1998) have made a useful observation by suggesting that in order for competitive intelligence output to be beneficial, those involved in competitive intelligence work need to make available the results of their intelligence analysis to decision makers both quickly and effectively (Allgaier 1998).

It is useful to reflect on the various contributions a number of competitive intelligence experts have made to the subject matter. For example, Prescott and Bhardwaj (1995, p. 5) make reference to the fact that a competitive intelligence programme is composed of four interrelated components: administration, personnel, core project tasks, and outcomes. A key point to emerge from the work of Prescott and Bhardwaj (1995) is that senior

managers need to think in terms of developing an organizational structure that meets the unique needs of the organization.

Other important points to emerge from the literature are that competitive intelligence programmes need to provide an understanding of the industry itself and the type of competitors operating in the industry; areas of vulnerability need to be identified; and the possible moves of competitors need to be evaluated in order to understand how industry dynamics might change (Prescott, 1995, pp. 5-6). The relevance of a competitive intelligence industry specific approach has been highlighted by Marceau and Sawka (2001).

Competitive intelligence programme should focus on the management-needs identification process and a number of companies have achieved this for example, Motorola, Merck and NutraSweet). Herring (1999) applied the key intelligence topics (KIT) process in order to identify and prioritize the key intelligence needs of senior management and the organization itself. This ensured that intelligence operations were effective and appropriate intelligence was produced. Herring's (1999) approach is useful because it allows corporate intelligence staff to identify strategic issues and as a result senior management can ensure that actionable intelligence results. The other advantages are that an early warning system can be put in place and this will allow potential threats to be identified; and further, key players can be identified and monitored (Herring, 1999).

This type of approach can be regarded as both logical and necessary with respect to the international marketplace. For example, Tessun (2001) has outlined how staffs at Daimler-Benz Aerospace use a scenario methodology to produce a strategic early warning system that underpins the production/modification of business plans and strategies. This reinforces the point made earlier that corporate intelligence staffs need to be concerned with theory building.

This foregoing view can be defended on the basis that senior managers within the organization are demanding informed/accurate intelligence, and are requesting that it is made available at the earliest opportunity.

2.10 Competitive Intelligence and Firm Performance

The concept of the concept competitive intelligence pertaining to current and future customer needs dissemination of the intelligence across departments, and organization-wide responsiveness to it (Kohli and Jaworski, 1990). Align market intelligence as the ability to understand, analyze and assess the environment of firm with customers, competitors and markets, and industries, that conduce knowledge market for strategic planning and help decision making of marketing enhances firm performance (Huster, 2005). That market knowledge development stems from the fact that market intelligence (knowledge) is said to be generated collectively by individuals and departments throughout an organization (Kohli and Jaworski 1990). In addition, orientation enhances firms' performance that uses market intelligence system to understand the marketplace, and develop product support customer satisfaction (Hurley, Hult and Tomas, 1998). The examination of the organizational performance measures the robustness of the relationships between market intelligence and organizational performance (Wood, Bhuian and Kiecker, 2000).

With the relationships between among knowledge management capability, market intelligence and performance, the concern is among human resource value, collaborative firm, organization support, knowledge management capability, market intelligence and performance via technological turbulence and market turbulence moderator. The key research questions are: how human resource value, collaborative firm and organization support to enhance the knowledge management capability of the firm, how the knowledge management capability of the firm enhances the market intelligence , how market intelligence improves performance and how technological turbulence and market turbulence moderate the relationships in the model.

The formal exploration process of the marketing strategy paradigm has been linked with the environmental scanning literature as a basis for gathering and processing the information and the information processing theory paradigm. In fact, the importance of environmental scanning has often been linked to firm performance (Daft et al., 1988). Perhaps the marriage of environmental scanning and information processing for effective strategic decision-making was best summarized by Belich and Dubinsky (1999), who wrote that:

The ability to develop adequate organizational mechanisms for information acquisition, dissemination, and effective utilization may be precursors to identifying and effectively adapting to major market shifts. Environmental scanning and information processing activities within marketing strategy have been found to be moderated by the level of environmental uncertainty making firm to concentrate on production operations and enhance its performance (Daft and Macintosh, 1981). Daft et al. (1988) posited that as uncertainty increased, information processing activities increased.

Environmental uncertainty therefore leads to increasing information processing activities within firms and managers always seek to competitor information so as to find ways of locking out the rivals. Regardless of the complexity and uncertainty inherent in any environment, information processing (a firm's ability to adapt to existing market conditions) is largely dependent on its ability to process relevant market information effectively (Egelhoff, 1982). Brouard (2006) linked competitive intelligence and environmental scanning in the development of an instrument to measure companies' environmental scanning capability.

Thus the rational model of strategic decision-making suggests the need for environmental scanning in order to align the organization's strategy with its environment and improve performance. This, in turn, requires the design of appropriate information processing infrastructures. The need for these infrastructures increase as environmental uncertainty and complexity increase. Competitive intelligence as a process involving the

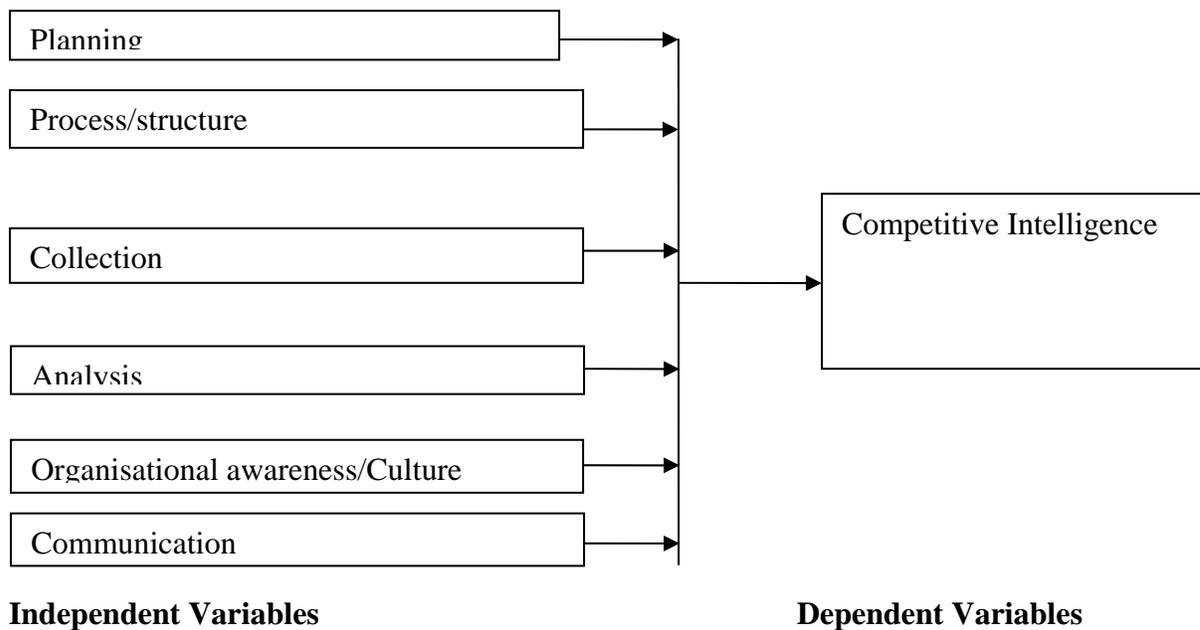
gathering, analyzing and communicating of environmental information to assist in strategic decision-making, it is the fundamental basis of the strategic decision-making process which eventually leads to quality production of firm/s production..

In this ever more competitive environment, the complex relations arising from a situation where information is a basic resource, and where obtaining intelligence is a requirement for making decisions means that this search for knowledge is what will guarantee competitiveness. That is not to say that knowledge and information were not important previously, but rather that only recently have they been studied in a systematic way.

2.9 Conceptual Framework

The conceptual framework below shows the conceptualization of how the dependent variable (Firm performance) and the independent variables (competitive intelligence practices) relate.

Figure 2.conceptual framework



Planning - process for accomplishing purpose. It is blue print of business growth and a road map of development. It helps in deciding objectives both in quantitative and qualitative terms

Collection - an ordered group of elements, all of the same type. Each element has a unique subscript that determines its position in the collection.

Analysis - process of breaking a complex topic or substance into smaller parts to gain a better understanding of it.

Communication - process of transferring information from one entity to another.

Process/Structure - fundamental and sometimes intangible notion covering the recognition, observation, nature, and stability of patterns and relationships of entities.

Organisational Awareness/Culture - the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization."^[1]

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

This research problem was best studied through the use of a descriptive survey. Descriptive research portrays an accurate profile of persons, events, or situations (Robson, 2002). Surveys allow the collection of large amount of data from a sizable population in a highly economical way. It allows one to collect quantitative data which can be analyzed quantitatively using descriptive and inferential statistics (Saunders et al., 2007). Therefore, the descriptive survey was deemed the best strategy to fulfill the objectives of this study

3.2 Target Population

The population of interest of this study comprised the Insurance Companies that are operating in Kenya. There are currently forty three (43) insurance companies licensed by the Commissioner of Insurance.

3.3 Data Collection

The study used primary data collected by questionnaires to carry out the study. The questionnaires included structured and unstructured questions and were administered through drop and pick method to the Head of Strategy department in the companies. The structured questions were used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form; while the unstructured questions were used so as to encourage the head of strategy to give an in-depth and felt response without feeling held back in revealing of any information. With unstructured questions, a head of strategy response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back. At the same time, with the use of structured questions, if the researcher is after information that he finds easier for administration purposes, he would

use this method since the questionnaires and interviews are followed by alternative answers

3.4 Data Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency. A content analysis and descriptive analysis was employed. The descriptive statistical tools helped the researcher to describe the data and determine the extent to be used. The findings were presented using tables and charts. Data analysis used percentages, tabulations, means and other measures of central tendencies. Tables were used to summarize responses for further analysis and facilitate comparison. The Statistical Package for Social Sciences (SPSS) aided in the analysis.

CHAPTER FOUR: RESEARCH FINDINGS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the analysis and interpretations of data from the field. From a study population of 43 respondents, 30 respondents filled and returned the questionnaires comprising of 69.8% response rate.

4.2 General Information

Table 1: Duration the Organization Has Been In Operation in Kenya

	Frequency	Percent
less than 5 years	4	13.3
between 5 and 10 years	3	10.0
over 10 years	23	76.7
Total	30	100.0

On the duration that the organizations had been in existence, the study found that the majority of the organizations had been in existence for over 10 years as shown by 76.7%. 13.3% of the organizations had been in existence for less than 5 years, while 10% of the organizations had been in existence for 5-10 years.

Table 2: Ownership of the Organization

	Frequency	Percent
locally owned	20	66.7
both local and foreign	10	33.3
Total	30	100.0

The findings in the above table show the ownership of the organizations. From the study, the majority of the organizations as shown by 66.7% were locally owned, while 33.3% of the organizations were both local and foreign.

Respondent's Designation

From the study, the researcher found that the respondents' titles included; administration officers, assistant human resource manager, claims and underwriting managers, deputy human resource managers, group training managers, head of sales and marketing, human resource managers, ICT managers and training managers.

Table 3: Respondents Total Work Experience

	Frequency	Percent
less than 5 years	3	10.0
between 5 and 10 years	6	20.0
11-15 years	10	33.3
Over 15 years	11	36.7
Total	30	100.0

According to the findings in the above table, the study found that most of the respondents as indicated by 36.7% had an a total work experience of over 15 years, followed by 33.3% of the respondents who had a work experience of 11-15 years, 20% of the respondents had a work experience of between 5-10 years, while 10% of the respondents had a work experience of less than 5 years. This information implies that most of the respondents were well versed with the competitive intelligence in insurance companies as most of them (90%) had a total work experience of over 5 years.

Table 4: Length of Time in the Company

	Frequency	Percent
less than 5 years	18	60.0
between 5 and 10 years	6	20.0
over 10 years	6	20.0
Total	30	100.0

The study also sought to find out the duration that the respondents had been working in their organizations. From the findings, the majority of the respondents had been working

in their respective organizations for less than 5 years as shown by 60%, while the respondents who reported that they had been working in their respective organizations for 5-10 years and for over 10 years tied at 20%.

Table 5: Total Number of Employees in the Company

	Frequency	Percent
Less than 50	5	16.7
50-100	15	50.0
Above 100	10	33.3
Total	30	100.0

On the number of employees in the insurance companies, the study found that most of these companies had 50-100 employees as indicated by 50%. 33.3% of these companies had over 100 employees, while a small proportion of companies as shown by 16.7% had less than 50 employees.

4.3 Competitive Intelligence

Table 6: Whether the Respondent Had Been Involved In Implementing the CI Function

	Frequency	Percent
Yes extensively	11	36.7
Yes, a little	16	53.3
no	3	10.0
Total	30	100.0

The respondents were also requested to indicate whether they were involved in implementing the CI function. From the study, most of the respondents (53.3%) reported

that they were involved a little in the implementation of CI, 36.7% of the respondents said that they were extensively involved, while 10% of the respondents said that they were not involved in the implementation of CI function.

Table 7: Way of Implementing or Establishing the CI Department / Function

	Frequency	Percent
Planned	10	33.3
As a project (with external help)	20	66.7
Total	30	100.0

The study also sought to establish the ways of implementing or establishing the CI department function. From the study, most of the respondents (66.7%) said that the CI department/function was implemented as a project (with external help), while 33.3% of the respondents said that it was planned.

Table 8: Implementation of CI Function

	Frequency	Percent
Project team/employees	15	50.0
Project team/in-house and external	11	36.7
In-house consultant	3	10.0
external consultant	1	3.3
Total	30	100.0

According to the findings in the above table, the majority of respondents as shown by 50% reported that in their organization, the CI function was implemented through the project team/employees, 36% of the respondents said through the project team/in-house

and external, 10% said through the in-house consultant, while 3.3% of the respondents said through the external consultants.

Table 9: Whether It Would Be an Advantage to Implement a CI Function by Having a Framework (Project Management)

	Frequency	Percent
Yes	23	76.7
No	6	20
Don't know	1	3.3
Total	30	100.0

According to the findings in the above table, most of the respondents (76.7%) felt that it would be an advantage to implement a CI function by having a framework (project management), 20% of the respondents felt otherwise, while a small proportion of respondents as shown by 3.3% did not know whether it would be an advantage to implement a CI function by having a framework (project management) or not.

4.4 Competitive Intelligence Practices In the insurance companies

The respondents were also requested to indicate to what extent they agree with the following statements regarding their company competitive Intelligence activities on the scales of 1-5 where 1 equal to strongly disagree and 5 strongly agree. The findings were as shown in the tables below.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	mean
Our company recognizes competitive intelligence as an important activities	0	6.7	0	40	53.3	4.4
Our management understands what competitive advantage is	0	6.7	0	46.7	46.7	4.3
Most employees understands what competitive intelligence is	10	76.7	0	10.0	3.3	2.2

From the study most of the respondents agreed that their companies recognized competitive intelligence as an important activity as shown by a high mean score of 4.4, management understands what competitive advantage is as shown by a mean score of 4.3, while most of the respondents were in disagreement that most employees understood what competitive intelligence was as indicated by a mean score of 2.2.

Senior Management Support Intelligence Activities

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	mean
Competitive intelligence can be used to create competitive edge	0	6.7	6.7	56.7	30	4.1
Our company have incentive to encourage employees to report their competitive observation and information	0	6.7	20	33.3	40	4.0
We have convince ways for employees to report observation and information	0	6.7	20	23.3	50	4.1
Our company has a variety of methods for collecting information (trade shows, website etc)	6.7	6.7	20	36.7	30	3.8
Our intelligence findings are widely distributed within the company	6.7	6.7	23.3	20	43.3	3.9
We maintain a comprehensive map or inventory of internal information and knowledge	13.3	0	63.3	23.3	0	2.9
There is central co ordination point for receiving competitive intelligence information	6.7	3.3	13.3	56.7	20	3.8

According to the findings in the above table on senior management support of intelligent activities, most of the respondents were in agreement that Competitive intelligence can be used to create competitive edge and they had convincing ways for employees to report observation and information as shown by a mean score of 4.1, the company had incentive to encourage employees to report their competitive observation and information shown

by a mean score of 4.0, the intelligence findings are widely distributed within the company as shown by a mean score of 3.9, company has a variety of methods for collecting information (trade shows, website etc) and also there was central co ordination point for receiving competitive intelligence information as shown by a mean score of 3.8 in each case.

Further, most of the respondents were neutral on the fact that their company maintained a comprehensive map or inventory of internal information and knowledge as indicated by a mean score of 2.9.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	mean
We make competitive intelligence training	0	0	20	43.3	36.7	4.5
We have a variety of ways to present intelligence findings e.g. briefing, newsletters, competitors profiles, industrial reports etc	0	0	13.3	50	36.7	4.6
We have formal knowledge on information management systems	0	0	26.7	36.7	36.7	4.3
Our company development profile on emerging technology to better understand their characteristics, potential application and market advantage.	0	6.7	10	56.7	26.7	4.1
We use information management tools i.e. data mining .data warehousing, to understand customers	0	0	43.3	20.0	36.7	3.6
We maintain a comprehensive map or inventory of internal information and knowledge;	0	13.3	43.3	20.0	23.3	3.2
There is a contra coordination point for receiving competitive training ,collection and analyzing of techniques available to our company	0	0	13.3	30.0	56.7	4.1
We have a variety of ways to present intelligence findings, briefing, newsletters, competitors profiles or industrial report	0	0	10	60	30	4.5

According to the findings in the above table, most of the respondents were in agreement that they had a variety of ways to present intelligence findings e.g. briefing, newsletters, competitors profiles, industrial reports etc as shown by a mean score of 4.6. there was competitive intelligence training and they had a variety of ways to present intelligence findings through briefing, newsletters, competitors profiles or industrial report as shown by a mean score of 4.5. Most respondents had formal knowledge on information management systems as shown by a mean score of 4.3. They also had their company development profile on emerging technology that helped them better understand their characteristics, potential application and market advantage. There is a contra coordination point for receiving competitive training ,collection and analyzing of techniques available to the company as shown by a mean score of 4.1 Information management tools were used i.e. data mining ,data warehousing, to understand customers as shown by a mean score of 3.6. Further, most of the respondents were neutral on the fact that they maintained a comprehensive map or inventory of internal information and knowledge as shown by a mean score of 3.2.

	Strongly disagree	disagree	Neutral	agree	Strongly agree	Mean
We have a variety of ways to present intelligence findings Briefing, newsletter, competitor profiles, industrial report	3.3	0	3.3	60	33.3	4.2
We have formal knowledge information management systems	6.7	0	16.7	50	26.7	3.9
We have a long term competitive intelligence plan	5.7	17.1	5.7	51.4	20	3.6
We are concerned about the plan and intervention of our key competitor alliance, suppliers, distributors and other stakeholders	0	0	0	40	60	4.6
We report our intelligence findings both the senior manager or the CEO,	0	3.3	3.3	33.3	60	4.5
Key decision makers are surveyed/interviewed to verify that intelligence products for them satisfy their needs.	0	3.3	6.7	60	30	4.2
All information is checked for accuracy and validated by at least one other source.	3.3	13.3	20.0	30.0	33.3	3.8
We train/prepare our employees before they go to trade shows, exhibitions conventions etc about what information they should look at	0	6.7	33.3	36.7	23.3	3.8
Results from existing interview/job interview are used in our intelligence systems	6.7	13.3	20	43.3	16.7	3.5
We evaluate our competitive intelligence findings	3.3	6.7	16.7	60.0	13.3	4.2
Our employees attend intelligence seminars/training programmes	6.7	23.3	6.7	40.0	23.3	3.4

From the findings, most of the respondents were in agreement that they were concerned about the plan and intervention of our key competitor alliance, suppliers, distributors and other stakeholders as shown by a mean score of 4.6, they reported their intelligence

findings both the senior manager or the CEO as shown by a mean score of 4.5, they had a variety of ways to present intelligence findings briefing, newsletter, competitor profiles, industrial report. Key decision makers were surveyed/interviewed to verify that intelligence products for them satisfy their needs and they evaluated their competitive intelligence findings as shown by a mean score of 4.2 in each. They had formal knowledge information management systems as shown by a mean score of 3.9. All information is checked for accuracy and validated by at least one other source and they trained/prepared their employees before they go to trade shows, exhibitions conventions etc about what information they should look at as shown by a mean score of 3.8. They also had a long term competitive intelligence shown by a mean score of 3.6 and results from existing interview/job interview are used in our intelligence systems as shown by a mean score of 3.5.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND ECOMMENDATIONS

5.1 Introduction

This chapter presents the discussions, conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to investigate the extent to which competitive intelligence is practiced in Kenya Insurance industry and also to investigate the link between competitive intelligence practice and performance of insurance institutions.

5.2 Discussions

From the study, the researcher found that most of the insurance companies had been in operation for over 10 years, and most of them were locally owned. Most of the respondents had a total working experience of more than 5 years and also most of them had been working in their current organizations for less than 5 years. Most of these companies were found to have 50 employees and above.

According to the study, most of the respondents had been involved in the implementation of CI function and most of the respondents said that the CI department/function was implemented as a project (with external help). Most of respondents also reported that in their organization the CI function was implemented through the project team/employees. The majority of the respondents also felt that it would be an advantage to implement a CI function by having a framework (project management).

According to the study the study most of the respondents agreed that their companies' recognized competitive intelligence as an important activity, management understands what competitive advantage was. Most of the respondents also agreed that competitive intelligence can be used to create competitive edge, and had convincing ways for employees to report observation and information. Most companies had incentives to encourage employees to report their competitive observation and information. The intelligence findings are widely distributed within the companies, and there is a wide

variety of methods for collecting information (trade shows, website etc) and also there was central co ordination point for receiving competitive intelligence information.

Most of the respondents were also in agreement that that they had a variety of ways to present intelligence findings e.g. briefing, newsletters, competitors profiles, industrial reports etc. There was competitive intelligence training and there was a variety of ways to present intelligence findings which included , briefing, newsletters, competitors profiles or industrial report. The respondents had formal knowledge on information management systems, their company development profile on emerging technology to better understand their characteristics, potential application and market advantage and with a contra coordination point for receiving competitive training ,collection and analyzing of techniques available to the company. Information management tools i.e. data mining ,data warehousing, were used to understand customers.

From the study, most of the respondents also agreed that they were concerned about the plan and intervention of their key competitor alliance, suppliers, distributors and other stakeholders. Reporting on intelligence findings was done to both the senior manager or the CEO. Key decision makers were surveyed/interviewed to verify that intelligence products for them satisfy their needs and that they evaluated their competitive intelligence findings. In application of the CI , all information is checked for accuracy and validated by at least one other source. Employees are trained before they go to trade shows, exhibitions conventions etc about what information they should look at. Long term competitive intelligence and results from existing interview/job interview are used in the companies' intelligence systems.

5.3 Conclusions

From the findings, the study concludes that competitive intelligence is practiced in Kenya Insurance industry. This was because from the study, the researcher found that in most the insurance companies, most of the respondents were involved in the implementation of CI function and CI department/function was implemented as a project (with external help). This shows how these insurance companies valued competitive intelligence.

The study also concludes that there is a link between competitive intelligence practice and performance of insurance institutions. This is because from the study, most of the insurance companies' recognized competitive intelligence as an important activity, management understood what competitive advantage was and applied it in its operations with a resultant advantage in the Company's competitive edge.

5.4 Recommendations

The study therefore recommended all the insurance companies to embrace competitive intelligence as it is a way of improving their performance and also enhancing their competitive edge.

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APPENDICES

Appendix I: Letter of Introduction to Respondents

University of Nairobi
School of Business
P.O BOX 30197
Nairobi.
16th June 2009

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a masters' program student at University of Nairobi, School of Business.

In order to fulfil the master's program requirements, I am undertaking a Strategic Management research project on "a survey of competitive intelligence in the insurance industry in Kenya". Your organization has been selected to form part of this study. Therefore, I kindly request you to assist me to collect data by filling out the accompanying questionnaire. The information provided will be used exclusively for academic purposes and will be held in strict confidence. Thank you.

Yours faithfully,

PHILIP WACHIRA

JEREMIA KAGWE

Student

Supervisor

Effects of Competitive intelligence on firm performance Questionnaire

Appendix II: Questionnaire

Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided.

Part A: General information

1. Company Name: _____

2. For how long has your company in operation in Kenya?

3 Is your company locally owned or internationally owned?

4. What is your designation? _____

5. What is your total work experience in years? _____

6. What is your length of time in the Company? _____

7. What is the total number of employees in your Company: Please tick one

Less than 50 []

50 – 100 []

Above 100 []

Part 11, Competitive intelligence questionnaires

1. Have you been involved in implementing the CI function

- Yes, extensively ()
- Yes, a little ()
- No ()
- Will be involved ()
- No comment ()

2. Way of implementing or establishing the CI department / function

- Developed uncoordinated ()
- Planned ()
- Unplanned ()
- Unorganized ()
- As a project (with external help) ()

3. The CI function implementation was done through

- Project team / employees ()
- Project team / in-house and external ()
- In-house consultant ()
- External consultant ()

4. Do you think it would be an advantage to implement a CI function by having a framework (project management)

- Yes ()
- No ()
- Don't know ()

PART III Intelligence practices currently in your company

Please indicate to what extent you agree with the following statements regarding your company competitive Intelligence activities on the scales of 1-5 where 1 equal to strongly disagree and 5 strongly agree

	Strongly disagree	disagree	neutral	agree	Strongly agree
Our company recognizes competitive intelligence as an important activities					
Our management understands what competitive advantage is					
Most employees understands what competitive intelligence is					

	Strongly disagree	disagree	neutral	agree	Strongly agree
Senior management support intelligence activities					
Competitive intelligence can be used to create competitive edge					
Our company have incentive to encourage employees to report their competitive observation and information					
We have convience ways for employees to report observation and information					

Our company has a variety of methods for collecting information (trade shows, website etc					
Our intelligence findings are widely distributed within the company					
We maintain a comprehensive map or inventory of internal information and knowledge					
There is central co ordination point for receiving competitive intelligence information					

	Strongly disagree	disagree	neutral	agree	Strongly agree
We make competitive intelligence training					
We have a variety of ways to present intelligence findings e.g. briefing, newsletters, competitors profiles, industrial reports etc					
We have formal knowledge information management systems					
Our company development profile on					

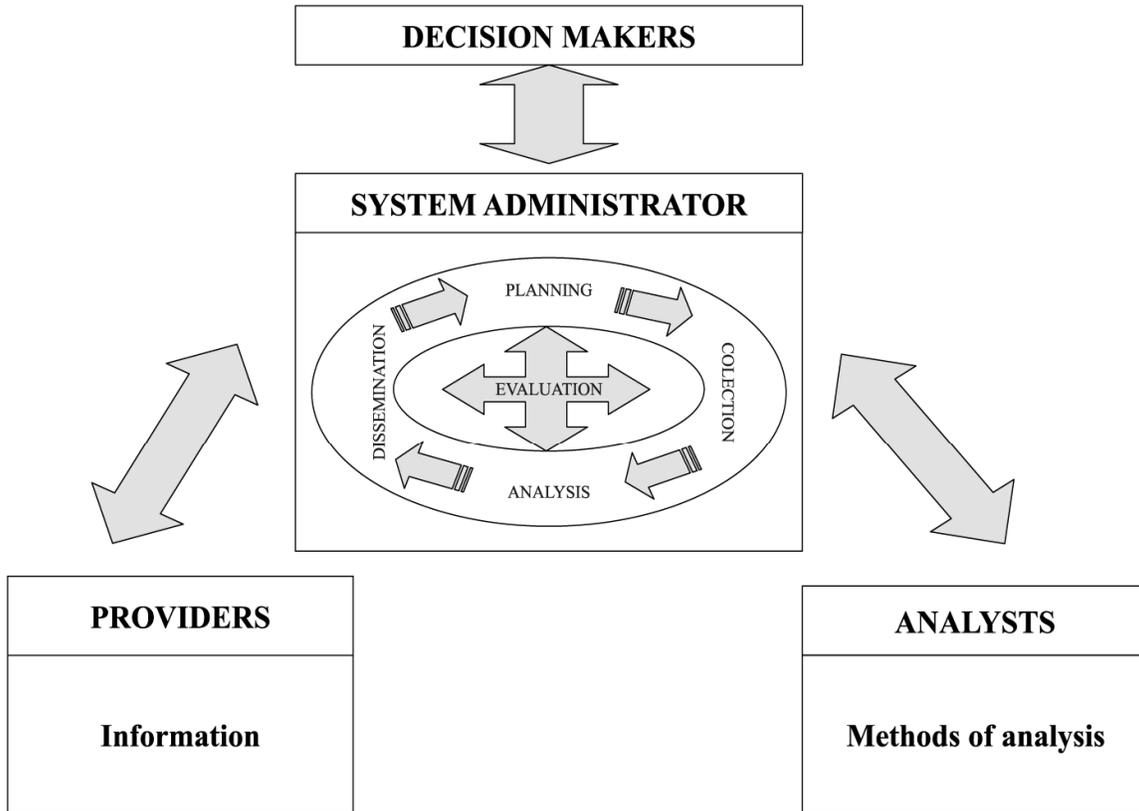
emerging technology to better understand their characteristics, potential application and market advantage.					
We use information management tools i.e. data mining .data warehousing, to understand customers					
We maintain a comprehensive map or inventory of internal information and knowledge;					
There is a contra coordination point for receiving competitive training ,collection and analyzing of techniques available to our company					
We have a variety of ways to present intelligence findings, briefing, newsletters, competitors profiles or industrial report.					

	Strongly disagree	disagree	neutral	agree	disagree
We have a variety of ways to present intelligence findings Briefing, newsletter, competitor profiles, industrial report					

We have formal knowledge information management systems					
We have a long term competitive intelligence plan					
We are concerned about the plan and intervention of our key competitor alliance, suppliers, distributors and other stakeholders					
We report our intelligence findings both the senior manager or the CEO,					
Key decision makers are surveyed/interviewed to verify that intelligence products for them satisfy their needs.					
All information is checked for accuracy and validated by at least one other source.					
We train/prepare our employees before they go to trade shows, exhibitions conventions etc about what information they should look at					
Results from existing interview/job interview are used in our intelligence					

systems					
We evaluate our competitive intelligence findings					
Our employees attend intelligence seminars/training programmers					
We evaluate the reliability of our sources of information (e.g. persons, internet etc)					
We evaluate the reliability of our sources of information (e.g. persons, internet etc)					

Appendix III : Network of Competitive Intelligence



Source: Adapted from Milani (1998)

Appendix IV: List of Insurance Companies

African Merchant Assurance Company (AMACO)

Physical Address: Transnational Plaza 2nd floor Mama Ngina St

Fax :340022

Tel: 312121

Email:marketing@amaco.co.ke

URL: <http://www.amaco.co.ke/>

AIG Insurance Company

Physical Address: AIG House, Eden Square Complex, Chiromo Road

P. O. Box 49460 - 00100

Nairobi

Fax: 3676001/2

Tel: 3676000/3751800

Email:aigkenya@aig.com

URL: www.aigkenya.com

APA Insurance Company

Physical Address: Hughes Bldg 6th flr Kenyatta Avenue

Fax: 2862200

Tel: 2862000

Email: info@apainsurance.org

URL: <http://www.apainsurance.org>

Apollo Life Assurance Company

Physical Address: Hughes Bldg 6th flr Kenyatta Avenue

Fax: 343594

Tel: 343585-95

Email:insurance@apollo.co.ke

Blue Shield Insurance Company

Physical Address: Blue Shield Towers, Hospital Road Upper Hill

Fax: 214773

Tel: 2032590/1

Email: info@blueshield.co.ke

British American Insurance Company

Physical Address: British America center mara/Ragati Road Capitol hill, UpperHill

Fax: 2717626

Tel: 2710927

Email:britak@britak.co.ke

URL: <http://www.britak.co.ke/>

Cannon Assurance Company

Physical Address: Cannon Hse 6th flr Haileselassie Avenue

Fax: 341910

Tel: 342150/ 218287

Email:info@cannonassurance.com

URL: <http://www.cannonassurance.com/>

CFC Life Assurance Company

Physical Address: CFC Hse, Mamlaka Road

Fax: 2718365

Tel: 2866000

Email: cfclife@cfclife.co.ke

URL: <http://www.alico-kenya.com>

Concord Insurance Company

Physical Address: Yaya Center 4th flr Argwings Kodhek

Fax: 2720165

Tel: 2720166/7

Email:concord@africaonline.co.ke

Co-operative Insurance Company

Physical Address: CIC plaza Mara Road Upperhill

Fax: 2823333

Tel: 2823000

Email: cic@cic.co.ke

URL: <http://www.cic.co.ke>

Corporate Insurance Company

Physical Address: Corporate Place Kiambere Road, UpperHill

Fax: 2717775

Tel: 2717617 2718235

Email: insure@cickenya.com

Directline Assurance Company Ltd

Physical Address: Hazina Towers, 17th Floor, Monrovia Street

Fax: 242746

Tel: 242405

Email: info@directline.co.ke

Fidelity Shield Insurance Company

Physical Address: Rank Xerox 4th flr Parkland Road

Fax: 445699

Tel: 4443063-9

Email: info@fidelityshield.com

URL: <http://www.fidelityshield.com/>

First Assurance Company

Physical Address: Clyde gardens off Gitanga Road lavington

Fax: 567433

Tel: 577737/ 567374

Email: hoinfo@firstassurance.co.ke

URL: <http://www.firstassurance.co.ke/>

Gateway

Physical Address: Gateway place milimani Road

Fax: 2713138

Tel: 2713131/2

Email: gateway@gateway-insurance.co.ke

Geminia Insurance Company

Physical Address: Geminia Insurance Plaza

Kilimanjaro Avenue

Fax: 2782100

Tel: 2782000

Email: info@geminia.co.ke

General Accident Insurance Company

Physical Address: GA Hse 4th flr Ralph Bunche Road

Fax: 2714542

Tel: 2711633

Email: administrator@gakenya.com

Heritage A.I.I Insurance Company

Physical Address: CFC Center Chiromo Road

Fax: 3752621

Tel: 3749118/3749043

Email: info@heriaii.com

Insurance Company of East Africa (ICEA)

Physical Address: ICEA Bldg Kenyatta Avenue

Fax: 249715

Tel: 221652/ 340365

Email: hof@icea.co.ke

URL: <http://www.icea.co.ke/>

Intra Africa Assurance Company

Physical Address: Williamson Hse3Road flr 4th Ngong Avenue

Fax: 2712612

Tel: 2712610/ 2712607

Email:mailto:intra@swiftkenya.com

Invesco Insurance Company

Physical Address: 5th Floor, CVS Plaza, Lenana Road

P. O. Box 52964 - 00200

Nairobi

Fax: 2734903

Tel: 2734892/3

Email:mailto:info@invesco.co.ke

Jubilee Insurance Company

Physical Address: Jubilee Insurance Hse Wabera St

Fax: 32081000

Tel: 216882

Email:jic@jubileekenya.com

URL: <http://www.jubileeinsurance.com/>

Kenindia Assurance Company

Physical Address: Kenindia Hse Loita St

Fax: 218380

Tel: 316099/316460

Email:kenindia@africaonline.co.ke

URL: <http://www.kenindiaassurance.com/>

Kenya Alliance Insurance Company

Physical Address: Chester Hse 1St flr Koinange St

Fax: 217340

Tel: 241626/ 243526

Email:kai@kenyanalliance.com

Kenya Orient Insurance Company

Physical Address: Capital hill Towers 6th flr Cathedral Road

Fax: 2728605

Tel: 2728603/4

Email: info@korient.co.ke

URL: <http://www.korient.co.ke>

Lion of Kenya Insurance Company

Physical Address: Williamson Hse 7th flr 4th ngong ave

Fax: 2711177

Tel: 2710400

Email: insurance@lionkenya.com

Madison Insurance Company

Physical Address: Madison Hse Upperhill Road

Fax: 2723344

Tel: 2721970/1

Email: madison@madison.co.ke

URL: <http://www.madison.co.ke/>

Mercantile Insurance Company

Fedha Towers 16th flr Muindi Mbingu

Fax: 215528

Tel: 218244,219486

20680-00200

Email: mercantile@mercantile.co.ke

Metropolitan Life Insurance Kenya Ltd.

International House, Mama Ngina Street, mezzanine Floor

Fax: 243179

Tel: 243126/42/58

Email:

Monarch Insurance Company

Prudential Assurane Building, 4th Fl. Wabera Street

Tel. 310032

Fax. 340691

Email:monarch@form-net.com

Occidental Insurance Company

PoStbank Hse 14th flr Banda St

Fax: 217629

Tel: 218003/5

Email:occidental@iconnect.co.ke

Old Mutual Life Assurance Company

Old mutual Bldg Mara/hospital Road, UpperHill

Fax: 2722415

Tel: 2728881

Email:mailto:contact@oldmutualkenya.com

URL: <http://www.oldmutualkenya.com/>

Pan Africa Life Assurance Company

Pan Africa Hse Kenyatta Avenue

Fax: 247600

Tel: 339544/5

Email:insure@pan-africa.com

URL: <http://www.pan-africa.com/> and <http://www.panafrica.co.ke/>

Pacis Insurance Company Ltd

Centenary House, 2nd Floor, Off Ring Road, Westlands

Fax: 4446167

Tel: 4452560

Email: info@paciskenya.com

URL: <http://www.paciskenya.com>

Phoenix of East Africa Assurance Company

Ambank Hse 17th 18th flr University Way

Fax: 211848

Tel: 251350

Email: general@phoenix.co.ke

Pioneer Life Assurance Company

Pioneer Hse 6th flr Moi Avenue

Fax: 224985

Tel: 220814

Email: info@pioneerassurance.co.ke

Real Insurance Company

Royal Ngao Hse Hospital Road, Upper Hill

Fax: 2717888

Tel: 2712620

Email: general@realinsurance.co.ke

URL: <http://www.realinsurance.co.ke>

Standard Assurance Company

Re-insurance plaza 4th flr Taifa Road

Fax: 224071

Tel: 224493/224721

Email: info@standardassurance.com

URL: <http://www.standardassurance.com/>

Tausi Assurance Company

Tausi Court, Tausi Road off Muthithi Road

Fax: 3746602/3

Tel: 3746602/3

Email: clients@tausiassurance.com

Trident Insurance Company

Capital Hill Towers 1st flr Cathedral Road

Fax: 2726234

Tel: 2721710/ 2721728

Email: trident@nbnet.co.ke

Trinity Life Assurance Company

Re-insurance plaza 5th flr Taifa Road

Fax: 249835

Tel: 243596/ 244229

Email: trinity@swiftkenya.com

UAP Provincial Insurance Company

BishopGaRoaden Towers, Bishop Road

Fax: 2719030

Tel: 2850000

Email: uapinsurance@uapkenya.com

URL: <http://www.uapkenya.com/>

(<http://www.best-kenya-safaris.com/kenya/insurance/kenya-insurance-companies.html>)