

**STRATEGIES ADOPTED BY RESOLUTION HEALTH EAST
AFRICA LIMITED TO GAIN COMPETITIVE ADVANTAGE**

BY

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DECLARATION

I, the undersigned, declare that this management research project is my original work and that it has not been presented in any other university or institution for academic credit.

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This project is dedicated to my brother Jackson Gadaffi Mutua I did this project for you to follow suite and challenge by going behold.

To my beloved fiancé Jimmy Muchira for his overwhelming moral support, patience and encouragement this project is affectionately dedicated. You have always believed in me.

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ABSTRACT

The environment in which business organizations operate has become more volatile, unpredictable and very competitive. Increased competition in the insurance industry and entry of other players into the industry necessitate the design of competitive strategies to guarantee their performance and gain a competitive edge. Crafting and implementing strategies is the heart of strategic management which is critical for the long term survival of any organization. The study sought to establish the strategies adopted by Resolution Health East Africa Limited to gain competitive advantage. The study adopted a case study design which was most appropriate in attaining the objective of the research. Respondents were subjected to the study through an interview guide which collected primary data. Secondary data was from 2010- 2013 strategic plan of the organization. The collected data was analyzed using a content analysis. The study found out that Resolution Health East Africa Limited adopts differentiated strategy, product development strategy, corporate social responsibility strategy, market development strategy and operation efficiency strategy in a bid to gain competitive advantage. Further research should be undertaken to establish strategies that lead to sustainable competitive advantage in other insurance companies. It's recommended that RHEAL should prioritize attainment of ISO certification as this helps build a strong brand identity which in return leads to competitive identity. The study was limited in that, a lot of time was spent scheduling appointments with interviewees due to their busy work schedule and some interviewees had difficulty answering the questions especially those they considered confidential due to competition.

ACRONYMS AND ABBREVIATIONS

AIDS: Acquired Immune Deficiency Syndrome

AKI: Association of Kenya Insurance

HIV: Human Immune Virus

IRA: Insurance Regulatory Authority

IT: Information Technology

MIP: Medical Insurance Provider

R & D: Research and Development.

RHEAL: Resolution Health East Africa Limited

SACCO: Savings and Credit Cooperative Societies.

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGMENT	iii
DEDICATION.....	iv
ABSTRACT	v
ACRONYMS AND ABBREVIATIONS.....	vi
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 The Concept of Strategy	2
1.1.2 The Concept of Competitive Advantage	4
1.1.3 The Insurance Industry in Kenya.....	5
1.1.4 Resolution Health East Africa Limited	8
1.2 The Research Problem.	10
1.3 Research Objective.....	12
1.4 Value of the Study.....	12
CHAPTER TWO: LITERATURE REVIEW	14
2.1 Introduction	14
2.2 Strategic Management.....	14
2.3 The Concept of Strategy.....	16
2.4 The Concept of Competitive Advantage.....	17

2.5 Strategies for Competitive Advantage	19
CHAPTER THREE: RESEARCH METHODOLOGY	26
3.1 Introduction	26
3.2 Research Design.....	26
3.3 Data Collection.....	27
3.4 Data Analysis	27
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS	29
4.1 Introduction	29
4.2 RHEAL’S Competitive Environment	29
4.3 Competitive Strategies Adopted by RHEAL	30
4.4 Discussion of Findings	39
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ...	42
5.1 Introduction	42
5.2 Summary of the Findings	42
5.3 Conclusion.....	43
5.4 Recommendations for Policy and Practice.....	45
5.5 Limitation of the Study	45
5.6 Suggestions for Further Research	46

REFERENCES.....	47
APPENDICES	52
APPENDIX 1: Letter of Introduction	52
APPENDIX 11: Interview Guide.....	53

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The dynamism and unpredictability of the environment has necessitated the adoption of strategy formulation, implementation and evaluation in organizations in order to remain competitive. Business environment in today's world is very turbulent, in order to grow and remain competitive in the challenging markets, organization have to come up with ways of surviving by continuous innovations (Pearce and Robinson, 2002). The continuous interaction between organizations and the dynamic external environment results in to opportunities and threats. According to Kotler (2002) organization consists of its structures, policies and corporate culture, all of which can become dysfunctional in rapidly changing business environment. He further observed that turbulent environment changes can render yesterdays winning business solutions and principles obsolete.

Daft (1986) observes that organization need to have the right fit between their internal structures and their external environment in order for them to function effectively and efficiently. To deal effectively with environmental forces, executives employ strategies that they feel will position firms optimally in its competitive environment by maximizing the anticipation of the environment changes and of unexpected internal and competitive demands. Cole (1995) noted that some firms change in response to external forces (reactive change) while others change because they have implemented change. Strategic management plays an important role in facilitating the deployment of the firm's resources in an efficient manner to ensure long term performance of the organization in a competitive environment.

Competition threatens the attractiveness of an industry by reducing the profitability of the players and exerts pressure on firms to be proactive and to formulate successful response strategies to changes in the competitive environment. To earn profits and for organizations to remain competitive, firms need to perfect processes that respond to increase in the size and number of competing firms. Porter (1998) noted that it is prudent for any firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond. Organizations, which are concerned with their progress, will seek to control and evaluate their success or identify areas of actual or potential failure.

1.1.1 The Concept of Strategy

Ansoff and McDonell (1990) define strategy as an integrated and coordinated set of commitments and action, designed to exploit core competences and gain a competitive advantage. Competitive strategy consists of all the moves and approaches a firm is taking to attract clients withstand competitive pressure and improve its market position (Thompson and Strickland, 1993). Strategy sets out mission of the company. A mission is a general expression of the overall purpose of the organization, which is in line with values and expectations of major stakeholders and concerned with the scope and boundaries of the organization (Johnson and Scholes, 2002). Mintzberg and Quinn (1991) states that a strategy is a pattern or plan that integrates organizations major goals, policies and actions sequences into a cohesive whole. According to Drucker (1969), strategy is a pattern of major objective, purpose or goals, stated in such a way as to define the business the company is in or is to be in.

Strategy can be seen as either building defenses against competitive forces or as the finding of positions in the industry where the forces are weakest (Pearce and Robinson, 1997). According to Johnson and Scholes (2008) there are three levels of strategy which include corporate strategy concerned with the overall purpose and scope of the organization to meet the expectations of the organization, owners or major stakeholders and add value to the different parts of the enterprise, business unit strategy which is about how to compete successfully in a particular market and about how to achieve an edge over competitors and the third level at the operating end of the organization which is the operational strategies, concerned with how the component parts of the organization in terms of resources, processes, people and their skills effectively deliver the corporate and business level strategic direction.

The main aim of any strategy in an organization is to improve its financial performance, strengthen its competitive position and to outdo its rivals (Thompson and Strickland, 2005). Good developed and implemented strategies allow an organization to make best use of its resources and opportunities in achieving its objectives. In addition it's central to the creation of competitive advantage via added value or reduced costs. Strategies allow organization to see how they may create sustainable competitive advantage as a maximum objective or survive as a minimum objective if in a declining market place. Thompson and Strickland (2005) further notes that aggressive pursuit of a creative opportunistic strategy can propel a firm into a leadership position, paving way for its products or services to become the industry standard and that without strategy, the organization is like a ship without a rudder, going round in circles.

1.1.2 The Concept of Competitive Advantage

Competitive advantage is a position a firm occupies against its competitors (Wikipedia, the free encyclopedia). A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player (Barney, 1991). Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players (Pearce and Robinson, 1991). To gain competitive advantage a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage (Pearce and Robinson 1997).

Superior performance outcomes and superiority in production resources reflects competitive advantage. Competitive advantage is the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership (Andrews, 1980). Powell (2001) views business strategy as the tool that manipulates the resources and create competitive advantage, hence, viable business strategy may not be adequate unless it possess control over unique resources that has the ability to create such a unique advantage. Competitive advantage is the ability gained through attributes and resources to perform at a higher level than others in the same market or industry.

Competitive advantage is an advantage that a firm has over its competitors, allowing it to generate greater sales or margins and /or retains more customers than its competitors

(Andrews, 1980). To create competitive advantage, firms identify three or four competences around which their strategic action will be framed. Core competence is the activities or processes that critically underpin an organizations competitive advantage (Thompson and Strickland, 1993). Sustainable competitive advantage has a reasonable lasting effect and helps the company to achieve its strategic goals. To be sustainable competitive advantage need to be embedded in the organization resources, skills, culture and investment overtime (Porter, 1998).

The essence of formulating a competitive strategy is relating a company to its environment (Porter, 1998). Porter (1980) argues that competitive advantage is the ability of the firm to outperform rivals on the primary performance goal. Organizations gain competitive when customers see a distinctive difference between a company's product and service and those offered by competitors. He further states competitive advantage in organization is created through building reputation, building customer awareness and loyalty, government subsidy or support, making efficient investment decisions on issues such as plant location, patent protection, quality, innovation, providing customer services that is superior to its rivals, offering the most value for money, having a product that does the best job in performing a particular function, making a product that is more longer lasting and recognition as a low price seller.

1.1.3 The Insurance Industry in Kenya

Part one section 2(1) of the insurance Act, Cap 487 of the Laws of Kenya defines insurance business as business of undertaking liability by way of insurance (including

reinsurance) in respect to any loss or damage of people and property upon happening of a specified event. Insurance is a trust-based relationship between an insured person and the insurer, either directly or through facilitation of one or more third party intermediaries such as brokers, agents' repairers' doctors, and lawyers. Insurance is a promise; trust relationship management is an essential aspect of insurance business. It is an agreement between two parties whereby one party known as the insurer (an insurance company) undertakes that, in return for some consideration known as a premium, paid by the other party known as the insured, the insurer will upon the happening of a specifically stated event which causes loss to the insured, pay to the insured a sum of money or its equivalent in kind.

The main players in the Kenyan insurance industry include insurance companies, reinsurance companies, insurance brokers, insurance agents and finally the risk managers. The statute regulating the industry is the Insurance Act; Laws of Kenya, chapter 487. The insurance industry in Kenya comprises of 45 licensed insurance companies at the end of March 2012. Twenty (22) companies wrote non- life insurance (general insurance) business only and 9 wrote life insurance business only while fifteen (14) were composite (both life and general). There were 163 licensed insurance brokers, 23 medical insurance providers (MIPS) and 4223 insurance agents. Other licensed players included 120 investigators, 80 motor assessors, 21 loss adjusters, 2 claims settling agents, 10 risk managers and 26 insurance surveyors (AKI 2011). The insurance Act lays emphasis on the supervision of insurers, as they are the risk carriers and therefore the backbone of the

insurance industry (Were & Njiru, 2006). The insurance industry is governed by the Insurance Act and regulated by the Insurance Regulatory Authority. (AKI report, 2011)

The players in insurance industry in Kenya today are struggling to stay afloat, challenged by the increase in threat of new entry and overwhelmed by high claim costs. Competition has further been aggravated by the springing up of many micro-insurance companies and pension administration schemes that provide services that traditionally were the domain of the insurers. Further still, due to lack of awareness of insurance as a substantial market its still not fully tapped. The introduction of the Retired Benefits Act 1997 has not spared the industry. It has not only allowed new competition but also increased regulation in the insurance industry. Insurers are now required to increase capital to safeguard the huge sums of money for pension. The Act stipulates that other than fund administer, pension schemes have to appoint a fund manager and custodian. This shot up the cost of running the schemes hence small ones were forced to wind up translating to loss of business for insurers.

Nevertheless, in spite of all these challenges that insurance company face today, its future is bright given the huge untapped market (insurance penetration being at a mere 2.84% according to the Association of Kenya Insurers), increase in the use of IT, utilization of alternative distribution channels such as banks, and savings and Credit Cooperative Societies (SACCOS). The government recognizes the critical role played by insurance as a sector in the economy. It has documented the sector as a major player in financial sector

in the achievement vision 2030. A major challenge facing the insurance industry in Kenya is lack of awareness by the target market. The IRA statistics 2011 indicate that insurance as a financial service is yet to be recognized as an available risk mitigation tool by much of the population. It further reveals players in the insurance sector need to sensitize prospective customers not only as a marketing strategy but as part of corporate social responsibility. Insurance plays two vital roles in the Kenyan economy. Firstly, it is an economic device which is vital to the survival of other businesses. Secondly it is through insurance that financial institutions accumulate funds which they invest in the economy, government and privately –owned industrial projects.

1.1.4 Resolution Health East Africa Limited

Resolution Health East Africa Ltd (RHEAL) is a medical insurance provider registered in 2002 under the Insurance Act. RHEAL entered the Kenyan market in 2002 as the first company to be registered as a medical insurance provider (MIP) under the new insurance Act. As a medical insurance provider it coordinates and finances its client's health care, promote healthy living and wellness of all its members both individual and corporate. The company has always endeavored to enrich lives through its innovative medical insurance products and services suited to the needs and requirements of its clients. RHEAL has a large market share with its head office in Nairobi. The organization is currently in ten locations Nairobi, Mombasa, Kisumu, Nakuru and Tanzania supported by over 400 agents and brokers. The company has over 65,000 active members in its fold, it

has learned to adapt in this constantly changing society, and develop products that are effective and relevant to our members.

RHEAL is facing stiff competition aggravated by complexity of the subject, in that insurance is about mathematics and probability theories, the perception people have on insurance and problem of not being able to sensitizing people on what is covered and not. RHEAL underwrite the risk with underwriters while outsourcing care delivery to medical service providers. The company partners with a strong network of over 450 medical service providers (hospitals, clinics and doctors') all over East Africa. It was registered with a vision to grow the private medical insurance base in the east Africa region. Resolution Health utilizes managed care principle to provide access to comprehensive high quality healthcare. Its vision is to be a world class medical insurer and the market leader in medical insurance in east Africa where as the mission is to provide security by way of comprehensive and affordable healthcare solutions to meet members' needs in a personalized and efficient manner whilst exceeding all stakeholders' expectations (RHEAL, 2012).

Giving employees medical insurance is the most valuable benefit an employer can offer. The peace of mind that it will give them cannot be quantified. RHEAL is an insurer that is strong, reliable and that has a proven track record in the industry; one whose size and strength ensures the best rates in the market without sacrificing a personalized, customized attention to customers' needs. The company provides first-class products to suit clients' needs from in-patient and out-patient. The cover is structured in such a way

that each member has his or her own limit. RHEAL offers identification membership photo cards, credit facility for both in and outpatient scheme and have 24 hour emergency numbers accessible in cases of emergencies. RHEAL staff comprises of experienced, dedicated and committed professionals. The Company has 10 divisions Medical Operations, Medical Advisory, Sales, Marketing, Customer Service, IT & Infrastructure, Human Resources, Claims, Finance and Employee Benefits. It is fully committed to their fair and effective recruitment, development, motivation and recognition. The company provides staff with the tools, training and support to achieve excellence in member satisfaction (RHEAL 2012).

1.2 The Research Problem

When determining competitive advantages and crafting coping strategies, the firm needs to understand the competitive environment it is operating in, so as to place itself in the strong position possible and to make best use of its resources and core competence (Thompson and Strickland, 2002). Organizations are environmental serving, it depends on the environment for its survival and so it has to understand the requirements of this environment and adapt to them. Failure, it gives rise to a serious strategic problem characterized by the maladjustment of the organization output and the demand of the external environment (Ansoff, 1984). As competition and other unfavorable conditions intensify, many organizations are adopting different measures such as restructuring, enhancing corporate image, down- sizing, business process re-engineering, use of IT and cost cutting.

With the onset of advancement in technology, many players in the market, government regulation, liberalization, high claim cost, subsidy by Government on terminal illness such as HIV AIDS and cancer, the players in insurance industry in Kenya have witnessed increased competition. Today, the way insurance business is being done has changed remarkably posing tremendous competition. For any insurance company to be successful and stand the increased competition their strategies have to address the environmental challenges adequately. Porter (1998) acknowledged that competition is at the core of success or failure of organizations.

Several studies have been carried out on strategies to gain competitive advantage. Muinde (2010) studied strategies employed by National Housing Corporation to achieve competitive advantage. Mbewa (2010) researched on strategies employed by Barclays Bank of Kenya to achieve competitive advantage. Mwangi (2009) carried out a research on competitive strategies adopted by Zain Kenya Limited. Magundu (2010) looked at strategies adopted by insurance companies in Kenya to enhance corporate image. Ogori (2010) studied strategies employed by commercial banks in Kenya to build competitive advantage. Masila J. (2009) researched on competitive strategies adopted by firms in the logistics industry in Kenya. Whereas strategies to build competitive advantage have been widely researched, none of the studies has focused on strategies to gain competitive advantage in the insurance industry in particular RHEAL. The studies were based in different industries and contexts hence their finding cannot be fairly generalized to represent RHEAL. Given the critical role insurance play in the market, they need to adopt strategies that will keep them competitive. More specifically, Strategies to gain

competitive advantage are unique and specific to particular organization. Each organization has unique requirements since their resources differ, clientele and relationships are unique, and their aims are different. Thus, the topic of research remains a potential area of research and the study is therefore motivated by the need to fulfill this gap in knowledge. What strategies does Resolution Health East Africa Limited adopt to gain competitive advantage?

1.3 Research Objective

The objective of this study was to establish the strategies adopted by Resolution Health East Africa Limited to gain competitive advantage.

1.4 Value of the Study

The study adds value by contributing to the existing body of knowledge in strategic management and stimulates a basis for further research on issues pertaining to competitive advantage in the insurance companies to scholars and researchers. The study is of importance to managers in the organization on strategies that need to be taken into consideration, for them to be able to gain competition advantage.

The study is important to marketers, policy makers and potential investor. Marketers are provided with information concerning the general state of competition in insurance industry and the type of competitive strategies employed by insurance companies. Potential investors are informed on the challenges faced by organization already operating and therefore be able to prepare themselves accordingly before entering the industry. The findings of the study provide pertinent information for policymaking and

planning in the insurance industry. Policy makers will, hence, be able to make informed strategic decisions in the light of increased competition, environmental pressure and awareness.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is devoted to review literature related to strategic management, the concept of strategy, the concept of competitive advantage and strategies for competitive advantage. The chapter will also highlight what other scholars and writers have done.

2.2 Strategic Management

Strategic management can be defined as a set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of an organization (Pearce and Robinson, 1997). They further argue that strategic management process includes formulation, implementation, evaluation and control. Strategic management determines whether an organization excels survives or dies. It is useful in helping managers tackle the potential problems that face their companies. Strategic management can be seen as creating opportunities by building on an organizations resources and competencies (Johnson, Scholes and Whittington, 2005). Strategic management is the process of specifying an organizations objective developing policies and plans to achieve these objectives, and allocating resources so as to implement the plans. It provides overall direction to a company. The goal of strategic management therefore is to build and maintain sustainable competitive advantage and create stakeholders wealth.

Strategic management is a process of developing a vision and a mission, setting objectives, crafting strategy, implementing the strategy and evaluating performance by

reviewing the situation (Thompson and Strickland 1997). Byars (1987) defines strategic management as that management which is concerned with decisions about an organization future direction and implementation of those decisions. He further explained that these decision can be broken down into two phases, strategy planning and strategy implementation. Strategy planning is concerned with defining the philosophy and the mission of the organization, establishing long and short range objectives to achieve the stated objectives. Strategy implementation is concerned with making decision with regard to structure, activity and effectiveness of the organization in view of the mission and stated objectives.

According to Mintzberg et al (1998) there are five interrelated meaning of strategic management. Strategy as a plan, according to this view strategy is a means of consciously and purposefully intended course of action which is created a head of actions to which they apply. Strategy as a pattern is where an organization has acted in a consistent manner whether consciously or not the organization exhibits a consistent pattern of behaviors. Strategy as a position is about positioning the organization in order to achieve and maintain a sustainable competitive advantage. Strategy as perspective is its content consisting of an ingrained way of perceiving the world. Everyone in organization shares a common view of its purpose and direction which people might be aware of it or not, these strategy guides decision making action. Mintzberg et al (1998) further argues that strategy emerges over time as intentions collide with and accommodate a changing reality.

2.3 The Concept of Strategy

Chandler (1962) in his definition of strategy states that strategy is the determination of basic long term goals and objectives of the enterprises and the adoption of course of action. Hence strategy helps in the allocation of resources necessary for carrying out those goals. Johnson and Scholes (2003) on the other hand see strategy as the direction and scope of an organization over a long term. They argue that strategy achieves advantage for the organization through its configuration of resources within the changing environment to meet the needs of the market, and fulfill stake holders' expectations. Johnson, Scholes and Whittington (2005) define strategy as being concerned with position choice and action.

Strategy is a multidimensional concept certain aspects of it have been identified by various authors. Thompson and Strickland (1998) define it as a game plan that management has for positioning the company in its chosen market arena. The essence of strategy is to relate the organization to the changes in the environment (Ansoff and McDonnell, 1990). Koch (1995) affirms that a good strategy is the commercial logic of any business that defines why a firm can have competitive advantage. Mismatching the two creates a problem, and the matching is achieved through development of organizations capabilities and relating them to external environment. Therefore the organization must trade off and make hard choices in determining what to do and what not to and perform different activities from those performed by its rivals. Mintzberg (1996) asserts that strategy is a plan, a ploy, a position and a perspective as it specifies consciously the intended course of action. He further notes that strategy is a specific

maneuver intended to outwit the competitor and that it's a means of locating the organization in its environment. Hence according to him strategy gives the organization its identity.

Strategy is part of a decision that helps in identifying purposes, goals, objectives and priorities of the organization. Strategy helps the organization create competitive advantage as the organization needs to be aware of what the competitors do to effectively compete. Strategy is a unifying theme that gives coherence and direction to the actions and decisions of an organization. It guides an organization to superior performance by helping it establish competitive advantage (Grant, 1997). Strategy acts as vehicle for communication and coordination within the organization. It is not enough just to formulate good strategies. A good strategy must be implemented and managed properly as desired to give good results. Organizations are dependent on the environment and as such interact with the environment for inputs and for it to consume its services. The external environment is always changing and the changes are very turbulent. The organization must therefore be flexible and be able to move with speed to counter these changes (Ansoff and McDonnell, 1990).

2.4 The Concept of Competitive Advantage

A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of low prices or by proving greater benefits and services that justify higher prices (Porter, 1998). It gives a company an edge over its rivals and an ability to generate greater value for the firm and its shareholders. The more sustainable is

the competitive advantage, the more difficulty it is for competitors to neutralize the advantage. Competitive advantage is attained if current strategy is value creating, and not currently being implemented by competitors. Although a competitive firm has the ability to become sustained, sometimes it's not the case. A competing firm can enter the market with resources that has the ability to invalidate the prior firm competitive advantage which results in reduced rents (Barney, 1991). As a source of competitive advantage, a capability should be neither so simple that it is highly imitable, nor so complex that it defines internal steering control.

Sustainability in the context of a sustainable competitive is independent with regards to the time frame. Rather, a competitive advantage is sustainable when the efforts by competitors to render the competitive advantage redundant have ceased (Drucker, 1952). When the imitative actions have come to an end without disrupting the firm competitive advantage, the firm strategy is said to be sustainable. Each organization is a collection of unique resources and capabilities that provides the basis for its strategy. Differences in firms' performance across time are driven primarily by their unique resources and capabilities. It is through the synergistic combination and integration of sets of resources that competitive advantages are formed. Scholars in the field of strategy have put forth various models that can be applied by companies to achieve competitive advantage. Various companies use various competitive strategies to attain competitive advantage.

The development of both competitive and marketing strategy is underpinned by the type of competitive advantage an organization is seeking to create for customers. For sustainable competitive advantage to occur customers must see a distinct difference

among companies' products or services and those offered by competitors. Kotler (2002) suggests that one technique that can help a business to review its capabilities to attain competitive advantage is through differentiation. Companies can seek to deliver highly differentiated products to the market place or they can offer standardized products with small amounts of differentiation. He further links personnel differentiation very closely with service organization. To transform a competitive advantage into a sustainable competitive advantage it requires that resources are perfectly immobile.

2.5 Strategies for Competitive Advantage

Competitive strategy specifies the distinctive approach which the firm intends to use in order to succeed in each of the strategic business areas. Competitive strategies give company an advantage over its rivals in attracting customers and defending against competitive forces (Ansoff, 1988). Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter, 1998). Competitive strategies provide a frame work for the firm to respond to the various changes within the firms operating environment.

In his definitive work on competitive strategy, Porter (1985) propelled the concept of strategy and competitiveness into the foreground of strategic thought and business planning. He further defines competitive strategy as the art of relating a company to the economic environment within which it exists. The nature and degree of competition in an industry hinge on five forces, the threat of new entry, the bargaining power of suppliers, the threat of substitutes products and services ,bargaining power of buyers and rivalry

among competitors (Porter, 1980). A key proposition is that firm performance critically depends on the degree of competitiveness of these five forces within an industry. Porter (1985) states that the essences of strategy is coping with competition and appreciating how porter's five forces shape a firms business strategy. The purpose of competitive strategy is to establish a profitable and a sustainable position against the forces that determine industry completion.

2.5.1 Cost Leadership Strategy

Businesses become successful because they possess some advantage relative to their competitors (Pearce and Robinson, 2008). If a firm is to attain a competitive advantage, it must make a choice about the type of competitive advantage it seeks to attain and scope within which it will attain it (Porter, 1998). Porter (1980) come up with three generic strategies which can be used singly or in combination to create a defendable position in the long run and outperform competitors. These are cost leadership, differentiation and focus. With cost leadership a firm sets out to become the low cost producer in its industry (Porter, 1998).

The sources of cost advantage are varied and depend on the structure of the industry. They include pursuit of economies of scale, proprietary technology and preferential access to raw materials. According to Ansoff (1988) the aim of cost leadership strategy is to open up a sustainable cost advantage over competitors and use the firms lower cost edge as a basis for either under pricing competitors, gaining market share at their expense, or earning a higher profit margin selling at the going market price. Thompson and Strickland (1998) states that, firms that practice this particular strategy have

sufficient capital skills, experienced staff and efficient distribution channels. The cost advantage protects the firm from new entrants hence reducing competition.

2.5.2 Differentiation Strategy

According to Porter (1998) differentiation is another strategy that greatly put an organization at a competitive edge. In differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by its buyers (Porter 1998). He further notes, the organization selects one or more attributes that buyers perceive as important and uniquely positions itself and thus it's rewarded with a premium price for this uniqueness. The differentiated or added value products may be of higher quality, provide additional features, or offer better levels services. Thompson and Strickland (2001) define differentiation strategy as that which seeks to differentiate the company product offering from the rivals in ways that will appeal to a broad spectrum of buyers.

Pearce and Robinson (2002) asserts that the essence of differentiation is to be unique in ways that are valuable to customers and that can be sustained for a company to be successful. The advantage or uniqueness may be in form of customer's services, design, brand image or technology (Porter 1980). By differentiating an organization seeks to acquire brand loyalty by customers with a resulting lower sensitivity to price (Kotler 2002). Mbewa (2010) found out that Barclays Bank of Kenya follows Porters differentiation strategy. It aims to achieve competitive advantage by offering better products and services at the same price or enhanced margins by charging a premium price to reflect the extra value added features to the customers.

2.5.3 Focus Strategy

Campbell et al (2002) states that focus strategy aims at a segment of the market. A particular group of customers is identified on the basis of age, income, lifestyle, geographical location or a combination. Porter (1998), states that in focus strategy the firm focuses on a particular buyer group, and segment of product line or geographical market. In focus strategy, the organization concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation (Pearce & Robinson 2008). They further noted that focus strategy concentrates on a niche market which is not served well by the mainstream competitors in the sector. Consequently a company implementing a focus strategy is most likely to succeed if it centers its efforts on a number of niche market sectors and serves only them to the exclusion of other broad market segments. Morris and Morris (1990) found out that this strategy seeks to provide high perceived product benefit justifying a substantial price premium, usually heavily branded.

2.5.4 Market Development Strategy

A firm may also undertake market development strategy to gain competitive advantage. In it, organization market present products, often with only cosmetic modification, to customers in related marketing areas by adding channels of distribution or by changing content of advertising or promotion (Pearce and Robinson 2010). Johnson and Scholes (2008) emphasize on the need for organization to be market oriented, by producing according to customer preference. Organization need to engage and divergent strategies

to enhance competitive position. Focus on management of competitive advantages helps promote product and service by implementing effective marketing strategies. A number of strategic marketing variables may be manipulated in response to changing competitive situation. These include adjusting target markets, diversification or developing new product, distribution channels and making price cuts (Business Trend Review, 1992). Organizations have embarked on several tactics to build an effective marketing strategy. These tactics include relationship building, innovation, customer satisfaction, advertising, branding and social marketing strategies.

2.5.5 Product Development Strategy

Product development strategy involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels Ansoff (1998). The strategy is adopted to prolong the life cycle of current products or to take advantage of a favorite reputation or brand name. The idea is to attract satisfied customers to new products as a result of positive experience with organizations initial offering. According to Porter (1985), product differentiation strategy is based on achieving industry-wide recognition of different and superior products and services compared to those of other suppliers. This recognition can be accomplished through design of special brands, technology features, high customer service all of which have implication for the structure and operation of the company. Organizations that use this strategy will insulate themselves against competitive rivalry due to securing customer loyalty.

2.5. 6 Operation Excellence Strategy

Operation excellence refers to providing customers with convenient and reliable products or services at competitive prices (Person and Robinson 2010). He further notes an organization that follows this strategy attempts to lead industry in price and convenience by pursuing a focus on lean and efficient operations. Companies that employ operation excellence work to minimize costs by reducing overheads, eliminating intermediate production steps, reducing transaction costs and optimizing business process across functional and organizational boundaries. The focus is delivering products to customers at competitive prices with minimal inconveniences.

Michael Treacy and Fred Wiersema (1993) believe that strategy must centre on delivering superior customer value through customer intimacy, operational excellence and product leadership. According to Pearson and Robinson (2010) companies that specialize in one of these disciplines, while simultaneously meeting industry standards on the other two, gain a sustainable lead. Firms that implement the strategy of operation excellence restructure their delivery process to focus on efficiency and reliability and use state- of- the art information system that emphasize integration and low cost transactions (Pearce and Robinson, 2010)

2.5.7 Franchise Strategy

The last strategy is franchise strategy. Pearce and Robinson (2010) define a franchise as a form of licensing agreement in which the contractor provides the licensee with a pre formed package of activity, which allows the franchisee to sell highly publicized product

or service, using the parents' brand name or trademark, technical services expertise, advertising assistance carefully developed procedures and marketing strategies. He further states, the franchisee pays a fee to the parent company, typically based on the volume of sales of the franchisor in its defined market area. The franchising is operated by the local investor who must adhere to the strict policies of the parent. A franchisee bears most of the costs and risk of establishing foreign locations, a franchisor expend only the resources to recruit, train, support and monitor franchisees

Although many studies have found that different organization use different strategies to gain competitive advantage, the literature suggest differentiation and focus to be the most common measures of gaining competitive advantage. Various companies use various competitive strategy models to attain competitive advantage depending on various circumstances such as environment in which they operate and products and services they deal with, there is no one cure it all strategy that applies to all company.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section sets out the research methodology that was used to meet the objective of this study. The chapter is organized into research design, data collection procedures and data analysis. Data collection procedure was through an interview guide.

3.2 Research Design

A case study design was used. According to Young (1960) case study is a comprehensive study of a social unit be it that unit of a person, a group, a social institution, a district or a community. Case study method is a fairly exhaustive study by which an institution or group is analyzed in its relationship to any other in the group (Odum and Jocher, 1929). Case study method is a technique in depth rather than breadth, places more emphasis on full analysis of limited number of events and conditions and their interrelationship. It is essentially an intensive investigation of the particular unit under consideration.

The design was appropriate as it involves an in- depth understanding of issues under review. Case study approach provides more accurate and factual responses unlike survey approaches which require inferences to draw conclusion about a population. Cooper and Schindler (2003) argue that case study can provide major challenge to the theory and provide a source of new hypothesis and construct simultaneously. The design was successfully used by Mbewa (2010), Mutua (2008) and Jowi (2009).

3.3 Data Collection

The data for the research was mainly from both primary and secondary. Primary data was collected using an interview guide. In depth-interviews were carried out with top managers in RHEAL in charge of strategy and business development who include Retail Manager, information technology manager, Marketing Manager, Operations Manager, Product Development Manager using the interview guide. The interview guide was structured in two parts, section A which covered general information and section B which covered strategies to gain competitive advantage. The instrument was preferred because of its interactive nature as it helps one to go in –depth as the discussions are held. The target source of information was from management staff with a minimum of three years continued employment at RHEAL.

Secondary data was obtained from RHEAL strategic plan for 2010-2013, in house newsletter and brochures. Insurance industry reports were used to enrich understanding of the company and the industry as a whole.

3.4 Data Analysis

Data collected was qualitative in nature and the analysis technique was content analysis. Content analysis is a process of inspecting, cleaning, transformation and modeling data with the goal of highlighting useful information, suggesting conclusions and supporting decision making. This was necessitated by the fact that the research involved study of a single insurance company. A single case study often yields information that cannot be obtained using other methods.

Qualitative techniques were used in this research because they are less concerned with the general statements that might be derived from the quantitative examination of large sample. After content analysis was done, specific strategies about competitive advantage were brought out. Qualitative analysis was used to analyze secondary data. Final responses were grouped under themes that emerged from the analysis.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter covers data analysis, interpretation of findings and discussion of the research findings. Content analysis technique was used to decipher meaning from the data. The data collected through interviews were summarized and analyzed using content analysis as presented in this chapter. The interviewer managed to carry out all scheduled interviews. All the people interviewed had worked for RHEAL for more than five years hence their experience and views reflected the real position of competitive advantage. The study had one objective to establish strategies adopted by RHEAL to gain competitive advantage. Data was analyzed as they appear in the interview guide for clear interpretation and understanding of the results. The content of the data collected was examined critically to help in drawing conclusions.

4.2 RHEAL'S Competitive Environment

A key exercise in attaining competitive advantage is an appreciation of an organization external environment and internal capacities. The study appreciated this crucial fact and noted that RHEAL was experiencing a lot of challenges in the increasing competitive environment that hindered proper response. The challenges were strict regulation from IRA, a need to keep up with product developments as a result of increase in contagious diseases which was an uphill task especially due to financial constraints and high operational cost in quest to provide high quality products and services.

In addition stiff competition from other insurance companies was a challenge. It was evident the future of the company was still bright given the increase in sensitization of prospective customers on the benefit affordable medication and increase in the use of ICT. The interviewees revealed that company was doing the sensitization not only as a market strategy but as part of corporate social responsibility.

4.3 Competitive Strategies Adopted by RHEAL

The corporate strategies of RHEAL are guided by its vision to be a world class medical insurer and the market leader in medical insurance in east Africa and its mission to provide security by way of comprehensive and affordable health care solutions to meet members' needs in a personalized and efficient manner whilst exceeding all stakeholders' expectations. This guides the board planning as well as management committee regular deliberations to steer the overall company strategies. This covers such critical areas as customer segment profiling, systems and services, product portfolio, customer satisfaction and shareholder wealthy protection.

The data findings showed that the response strategies employed by the company to counter competition from other insurance industries included vigorous promotion strategies, product differentiation, continuous research into emerging technologies and their impact in the market, operational efficiency, continual improvements to the network, Information Technology governance processes, information security processes. The interviewees unanimously agreed that line managers implements the strategic responses within the department which are reviewed or amended on a yearly basis. The

respondents further intimated that the market conditions that lead to adoption of more than one strategic response at a given period of time include change in customer demands, increase in other players' competitiveness and the company seeks to assert uniqueness and superiority over the rivals by constructing a hierarchical relationship between themselves and others.

RHEAL a few years focused on expansion strategy by opening new branches in Tanzania away from the more affluent areas of cities. The branches have now broken even and are contributing to the profitable growth of the company. Through content analysis of collected data, the findings of the study are explained below under different key departmental functions.

4.3.1 Market Development Strategy

The interviewees agreed that competition had made the company to run massive promotional campaigns so as to win a market share. At the time of drawing the company's strategy, the management of RHEAL was in agreement that the market share of insurance held by the company was too low and needed to be increased. The respondents intimated that to increase their market share and gain a competitive edge they had improved quality on existing products and services, added new products and extra benefits, penetrated new market segments, give incentives to win intermediary support, expand distribution channels and improve advertising and sales effort. The company has been keen to open branches in Tanzania and Uganda to increase market share. The organization engages in sport marketing where they get to interact with target

market in a social setting. RHEAL believes in promoting the broader goals of sustainable sports, environmental and community healthy by sponsoring rugby.

In order to penetrate the existing market with existing products using Ansoffs market penetration growth strategies, the respondents indicated that the company made efforts to increase present customers' rate of purchase. The researcher noted in the face of increased competitive pressure, there was need for the company to boost their revenue base and reduce operation cost through increased customer base. It evolved the organization increased the rate of purchase through setting up a sales incentive program, asking for referrals and growing their brand identity

The interviews with marketing department manager indicated that sales were driven by sustained efforts by the company through various marketing strategies aimed at sustaining the existing market share. It evolved that the organization had introduced new promotional and distribution channels into the market. From the respondents, the following factors influenced the need to do massive promotion, customers' behavior, intermediary cost and customer geographical dispersion. The study revealed that the organization has had in the past promoted brand identity to the best effect of RHEAL hence making it well known within the market area. It further evolved that the brand was enhanced through participating in corporate social responsibility, letters to the editor, conducting surveys, donating their time to worthy causes and sharing valuable ideas.

4.3.2 Operational Efficiency Strategy

Interview with the operations manager indicated that RHEAL has excellent Operations Efficiency, aimed at achieving annually an operational combined ratio of 85%. The company has realized to achieve its ambitious objectives; it must perform efficiently and effectively by putting in place specific, process, procedures and systems to ensure the best possible use of resources to facilitate exploitation of synergies that mitigate risk and increase customer satisfaction. The company consistently reviews existing processes and procedures to ensure management cost are kept low and improve the quality of underwriting and claims servicing. To clarify its focus on operation efficiency, the company has adopted a claim department that deals with faster claims settlement and document processing.

It emerged operational efficiency at RHEAL encompasses quality service and that a dedicated customer care desk is in place and claim handling is carefully organized and managed to ensure a happy customer. Mechanism for internal liaisons within departments is in place and the company operates on open door policy where even the CEO is available to any staff. The company's reinsurance broker is first reinsurance brokers a subsidiary of pacific group. To ensure effective operations the researcher discovered business at the organization is underwritten by Africa Reinsurance Corporation 50% Kenya Reinsurance Corporation 18% ZB Reinsurance Corporation 17% FMRE Life and Health 15%. The researcher noted IT was tailored to create competitive advantage and thus store, transfer and retrieval of information was easy and faster leading to better

surfaces. The organization has well stipulated process on how clients should access medical services.

Resolution Health Steps to Access Medical Services

1. Refer to Resolution Health Medical Service Provider list (MSP) for selection.
2. Member visit Doctor or Hospital and identify themselves using Resolution Health Membership Card.
3. Member fills claim form
4. Member gets treated
5. Member collects medicine prescribed from an appointed Pharmacy on our MSP list.

For Referral to a Resolution Health appointed Specialist

1. Member makes an appointment or walks in with a referral letter
2. Member identifies themselves with RHEAL Membership card
3. Member fills in the specialist claim form
4. Member gets treated
5. Member collects medicine prescription from an appointed pharmacy on our MSP list.

For Second Visit to a Specialist

1. Member visits specialist office
2. Member identifies themselves using Resolution Health Membership card
3. Verification of membership is done
4. Member fills in the specialist claim form
5. Member gets treated
6. Member collects medicine prescribed from an appointed Pharmacy on our MSP list

For Admissions

1. Member identifies themselves using Resolution Health Membership card and are admitted by doctors on our MSP panel
2. Doctor or Hospital fills in pre-authorization form and faxes it to Resolution Health
3. Resolution Health Care Manager reverts with an authorization letter and shall visit the member whilst still admitted
4. Member is treated and discharged

Source: Resolution Health East Africa Limited (2011). *Annual Report*

4.3.3 Product Development Strategy

RHEAL has fashioned its products to suit every member of the population. The interviews revealed the company has many products. This includes products such as value plans- individual inpatient benefits which are categorized into premier product, premier, executive, superior and advantage. Crystal plan inpatient benefits to both individuals and corporate group. The organization products keep on being redesigned to suit clients needs. The scope of value plan inpatient for both corporate group and individuals have an annual limit ranging from Kshs 10,000,000 to 1,500,000 providing for enhanced medical services, inpatient hospitalization services, Maternity (Normal and Caesarean Section) for Principal member and spouse, Psychiatric, HIV/AIDS & Declared Pre existing conditions (All under one Sublimit), Congenital Cover as a sublimit of Pre existing cover (including New Born Baby Illness Cover) Organ transplant, Daily cash on illness & accident admissions applicable after 3 days of admission up to 180 days, Emergency evacuation, ambulance services and international Emergency cover.

The data findings showed that the company has developed outpatient products at very competitive costs thus gaining competitive advantage. The annual limit range from Kshs 150,000 to 35,000 covering services outpatient consultations, Diagnostic examinations, Injections and procedures performed at a primary care level in a doctor's consultation room, Prescribed medicines, X-rays, pathology, scans and MRI, ECG exams, Post and antenatal care, Minor trauma treatment, Well baby checkups at selected well baby clinics, KEPI Immunization Program. Customer satisfaction surveys are usually carried out to

determine client perception on product offered in relation to the strategic plan. The finding from the survey enables the organization to improve its efficiency and effectiveness in product development and service delivery. RHEAL undertakes the survey with a view to taking corrective measures that enable the organization to better its services and product development from time to time.

4.3.4 Differentiation Strategy

The researcher noted differentiation was one of the strategies adopted by RHEAL. The organization has products divided into corporate and individual segments. The insurance company individual value plan serves customer under five major categories depending on the total amount a client is covered. The organizations products are niched for the low, middle and upper class segment of the market. The charges for premier products are slightly higher to augment the company's premier service provider.

The organization to achieve competitive advantage it provides its customers with what they need better or more effectively than competitors. Customers choose which offer to accept in relation to their perception of value for money. Differentiation strategy aim at achieve competitive advantage by offering better products and services at the same price or enhancing margins by charging a premium price, often to reflect the higher and extra value added features provided to the customers.

4.3.5 Franchise Strategy

The researched noted the organization adopts franchise strategy. Franchise strategy is define as a form of licensing agreement in which the contractor provides the licensee with

a pre formed package of activity, which allows the franchisee to sell highly publicized product or service, using the parents' brand name or trademark, technical services expertise, advertising assistance carefully developed procedures and marketing strategies. The interviews all agreed unanimously that due recognition of their good brand name many insurance agents had been licensed to use their patents rights. This had lead to increase of market share and customer loyalty hence creating a competitive edge for the organization.

The researcher noted the company had used this strategy to mitigate risks since a franchise bears most of the costs and risks of establishing foreign locations. The organization only extends resources to recruit, train support and monitor franchisees. The interviews unanimously agreed that the company had put strict control measures to avoid the franchisees taking advantage and not exhibiting strong commitment to consistency and standardization when it comes to quality control.

4.3.6 Corporate Social Responsibility Strategy

Corporate Social Responsibility is defined as the integration of business operations and values, whereby the interests of all stakeholders including investors, customers, employees and the environment are reflected in the company's policies and actions. CSR strategies enhance good business for companies as customers become loyal to brands through appreciation that their interests are catered for. At RHEAL it's all about the true purpose to life, to make a difference, to develop a positive impact in the life of another person and to put a smile on someone's face.

During the interview the respondents noted that CSR was no longer a luxury for RHEAL and by nature of its operations it has a huge challenge that requires it to embrace social responsibility in order to meet interests of investors and customers. The company spends at least 1% profit after tax per annum on engagements geared at giving back to the society. The company has developed and implements Corporate Social Responsibility policies which encompass staff involvement. During the last four years, numerous CSR activities such as sponsoring sports events, feeding the hungry and providing beddings to internally displaced peoples have been undertaken. RHEAL sponsors a goat derby by the Heart-to-Heart Foundation. The event is part of the Heart –to- Heart Foundations host of activities that hope to see 50 children receive corrective heart surgery.

4.4 Discussion of Findings

This study established that since its inception in 2002, RHEAL has practiced formalized strategy. The strategic directions of the organization are guided by its vision to be a world class medical insurer and the market leader in medical insurance in East African region, its mission to provide security by way of comprehensive and affordable healthcare solutions to meet members needs in a personalized and efficient manner while exceeding all stakeholders expectations and core values of integrity, the staff, member satisfaction, innovation and environment. The activities central to gaining competitive advantage in the company are setting annual objectives and targets, designing appropriate policies, allocating resources, minimizing resistance to change, adapting operations, information and delivery system, developing customized products and developing an effective human

resource function. The study revealed that the company has undertaken some major strategies over years in order to gain competitive advantage.

During the study it was evident that through team work, good leadership by the current Managing Director and crafting of competitive strategies RHEAL has been able to harness available resources and skillfully succeed in maintaining a market share in the very competitive insurance industry. Meeting of all managers and the executives takes place every quarter year, to provide feedback from the market as well as to ensure that new strategies are cascaded and implementation is executed successfully. Through interviews with the senior managers it emerged that the ambition of the company is to make further strides in being the best in both product development and service delivery. Managers cited the importance of ensuring that the performance of the company is sustained through its ability to continue living its mission, vision and values. Respondents quoted the current major challenge facing RHEAL are how to increase sales volumes. RHEAL management has set realistic targets in form of financial performance. Managers are optimistic that the strategies being implemented will see increase in revenue.

Those interviewed predict a sustained level of performance through continuous implementation of the competitive strategies crafted by RHEAL. Managers were convinced that the competitive strategies had enabled the organization to proactively evaluate the future challenges posed by local competition while focusing on addressing internal environmental issues. A key plank in attaining competitive advantage is an appreciation of an organizations external environment and internal capacities. Mbewa 2010 researched on strategies employed by Barclays Bank of Kenya to achieve

competitive advantage. He found that the bank employed differentiation strategy to achieve competitive advantage. The banks products were niched for middle and upper class segment of the market. The prices were slightly high to augment the banks image as a premier service provider. This confirms that many organizations adopts differentiation as one of their strategies to gain competitive advantage.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the major findings of the study. This section covers the summary of the answers posed by the research question, conclusion reached, recommendations and suggestions for further research which have emerged from the findings and results of the limitations faced while conducting the study.

5.2 Summary of the Findings

RHEAL is a well run company that follows laid down procedures in its operation. It's guided by a vision and mission that outlays its long term, medium and annual plans. Its successful operations have earned accolades over the past years as a result of successful strategies. The study identified five strategies practiced by RHEAL which are Product development strategy, corporate social responsibility strategy, differentiation strategy, sales and marketing strategy and operation efficiency strategy.

From the findings, Porter's differentiation strategy seemed to be the core for competitive advantage. It aims to achieve competitive advantage by offering better products or services at the same price or enhancing margins by charging a premium price to reflect the extra value added features provided to the customers. Evidence of RHEAL adoption of differentiation strategy is provided by its products and pricing policy. Its products are rich in value addition and priced above average market prices. Besides, it opens branches

and outlets at fairly urban centers with potential for high end clientele. Differentiation strategy was followed by operational efficiency strategy as the company become more sensitive to customers' needs, effective operations was key to ensure faster claim settlement. It emerged proper structured information system was crucial in ensuring operation efficiency process to ensure sustainable competitive advantage.

5.3 Conclusion

To conclude, the researcher found out that the organization uses a combination of strategies to gain competitive advantage. They include differentiation strategy, operation excellence strategy, corporate social responsibility strategy, franchise strategy, market development strategy and product development strategy. The objective of the study was to examine the strategies adopted by RHEAL to gain competitive advantage. The researcher was interested in finding out the factors influencing operation of the organization as well as existence and absence of deliberate strategies leading to the insurance successful operations over the years. The study tested the various strategy models espoused by scholars in the field of strategy and strategic management. From the research findings, the researcher concludes that RHEAL has adopted six strategies to gain competitive advantage. The strategies are market development strategy, operation efficiency strategy, product development strategy, differentiation strategy, franchise strategy and corporate social responsibility strategy.

The organization faces the normal external environment challenges affecting all insurance industries in Kenya like regulatory framework, competition, changing customer

needs, technological advancement, globalization and standardization of products and internal challenges such as strict internal controls restricting response rate and bureaucracy. However with its strong brand name recognition, well formulated and implemented strategies RHEAL is able to attract high end clientele and operate efficiently and effectively.

RHEAL has continued to reinvent itself time after time in order to stay competitive. Constant analysis of both the internal and external environment has proven to be the key in identifying new strategies. So much is RHEAL interested in remaining competitive that they now have a department that gathers feedback from the customers as well as their experiences with any new or existing product. This department allows RHEAL to hear and find out about the trends in the market and distinguish if it is just a passing fad or a shift in the market in which they need to act upon quickly before their competitors do.

This quick adoption of well formulated and implemented strategies is what has and will allow RHEAL to stay ahead of competition. The organization is focusing on building more on training its new staff on already successful culture RHEAL has been synonymous for. Lastly interviews with senior managers of the organization in key departments revealed a common thread running throughout the organization of ensuring customer satisfaction. Consistently, the company is positioned as a premier service provider serving the middle to upper customer segment. Its products and customer services are geared towards reinforcing its brand position in the eyes of the general public. It will be a big milestone when the organization achieves the ISO certification as this will boost its brand identity

5.4 Recommendations for Policy and Practice

It's recommended that RHEAL prioritize the attainment of the ISO certification as this is important tool for ensuring that proper process and procedures are put in place. In addition this helps in building brand identity and thus it's easy for the organization to penetrate to the market. The information system should be better linked with the wider organization to ensure that information is transmitted in a uniform and consistent manner and in the fastest way possible to ensure efficiency in claim settlement. It should further be upgraded and integrated to enhance quality, reliability and accuracy of information and improve efficiency in service delivery.

The organization should reinforce speed operation. Speed is the driving force that every organization is after. Faster products cycle to market, better response to customers, satisfying customers, getting faster communication and moving with agility are what the organization need in a fast moving global environment. Customers encounter hassles, delays and frustration when dealing with business. Quick response with answers, information and solutions to mistakes can become a basis for competitive advantage.

5.5 Limitation of the Study

The study was limited in the number of respondents interviewed on one on one basis. Two managers provided written submission because they were unavailable due to busy schedule. Although their views were largely consistent with the others, their physical presence for the interview and lines of thought would have added value to the study. A lot of time was spent scheduling appointments with interviewees due to their busy work

schedule and some interviewees had difficulty answering the questions especially those they considered confidential due to competition. Other limitation included respondents were careful in answering the questions not to give more than what was asked.

5.6 Suggestions for Further Research

The study focused only on RHEAL and not all insurance industries operating in Kenya. Its findings were therefore limited. It's possible other top insurance companies apply certain effective and efficient strategies that would add to the body of knowledge in the field of strategic management. Research should also be done on all top performing companies in East Africa in order to come up with widely used strategies across industries. This will greatly improve the understanding of strategies being practiced by the best companies in the region. It will be interesting to find out strategies that lead to sustainable competitive advantage in other medical insurance providers, more specifically the insurance companies which are in competition with RHEAL for proper benchmarking. This will show the trends in which strategy has been applied in the insurance industry.

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APPENDICES

APPENDIX 1: Letter of Introduction

Mutua Mary Nduku.

University of Nairobi

School of Business Management

P.O Box 30190. Nairobi.

September 01th 2012.

The managing director

Resolution Health East Africa Limited

P.O Box 4469- 00100. Nairobi.

Thro,

The human resource manager

Dear sir / madam

RE: REQUEST FOR DATA AND USE OF COMPANY INFORMATION:

I am a MBA student at University of Nairobi, carrying out a management research project as a requirement in partial fulfillment of the award of the degree of Masters in Business Administration of the University of Nairobi; School of Business. My area of specialization is Strategic Management and the chosen area of study is; *“strategies adopted by Resolution Health East Africa limited to gain competitive advantage*. I therefore wish to seek the company’s permission to collect relevant data through an interview guide. The information gathered will be treated as confidential and will be used for academic purposes only. A copy of completed project will be availed to your company upon request.

Thank you for your kind assistance.

Mutua Mary Nduku.

APPENDIX 11: Interview Guide

SECTION A: General Information

Designation	
Department	
No of years in organization	
Level of education	

SECTION B:

Strategies to gain competitive advantage

1. Market development strategy

1. Brand name recognition is reliant upon a good marketing strategy that is consistent and reliable. To what extent does this apply in your organization?
2. How does RHEAL attract and retain customers and market its products? How is this linked to creating competitive edge?

11. Operation efficiency strategy

3. How does the organization apply operation efficiency strategy to gain competitive advantage?

4. In your opinion how are the current information technology and support system supportive to the organization in creating competitiveness? And what role does information technology play in gaining competitive advantage?
5. In your understanding, what is RHEAL doing better than its competitors to improve services to its clients and how has this impacted in creating sustainable C.A?

111. Product Development Strategy

6. How is product development an integral part in gaining competitive advantage? How does it impact on the general performance of the organization?
7. If the organization is conveying to customers that it provides quality products to suite all clientele, how do you reinforce this?
8. What strategies are adopted by RHEAL in face of competition in the industry? Have these competitive strategies cushioned the company against external threats by competitors and enabled it achieve competitive advantage?

1V. Differentiation strategy

9. In your opinion is differentiation one of the strategies adopted by RHEAL to gain competitive advantage? Explain
10. What fundamental product advantage does the organization have which can justify attraction and retention of customers?
11. Most ventures operating in the same industry and location tend to have pretty much the same products, meaning when one competitor differentiate their

products, others follow, thus erasing whatever advantage the first company had.

How do you address this in your organization?

V. Corporate Social Responsibility

12. What is RHEAL doing in relation to CSR? And how is it employed as a tool to create competitive advantage?

Thank you for your time and response.