STRATEGIES ADOPTED BY SELECT GENERAL INSURANCE COMPANIES IN KENYA TO ENHANCE ORGANIZATIONAL PERFORMANCE

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF FACULTY OF BUSINESS AND MANAGEMENT SCIENCE, UNIVERSITY OF NAIROBI

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DECLARATION

This research project is my original work and has not been presented for any academic award in any other institution.

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This research project has been submitted with my approval as university supervisor.

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DEDICATION

I lovingly dedicate this to my two daughters for their encouragement and challenge which got me to wake up and work on this every day.

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ABBREVIATIONS AND ACRONYMS

AKI: Association of Kenya Insurers

GDP: Gross Domestic Product

ICF: Indigenous Construction Firms

IRA: Insurance Regulatory Authority

KES: Kenya Shilling

RBV: Resource1Based View

SMEs: Small and Medium-Sized Enterprises

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ABSTRACT

The study sought to determine the strategies adopted by select general insurance companies in Kenya in enhancing organizational performance. A cross-sectional research approach was used where the researcher targeted the top 10 general insurance companies in Kenya in terms of market share of premium contributions. The study made use of primary data collected through an interview guide. The data was later analysed using content analysis. It was established that the general insurance companies had adopted cost leadership strategies aimed at ensuring that costs are maintained low through lowering overhead costs, reduction of floor space and adoption of technology to reduce human interventions. There was differentiation in terms of school fees products, motor vehicle products, SMEs products and medical products among the firms. There was adoption of focus strategy in the firms through having products that were tailored to specific customer needs and they have also added new products to their existing product range in order to cater for diverse market groups. The study concludes that cost leadership strategy had enhanced firm performance in general insurance companies in Kenya. This was through offering the best insurance products to the clients at minimal cost. It was also concluded that differentiation strategy had enhanced firm performance in general insurance companies in Kenya through offering product and service that were one-of-a-kind, different and distinct from what the competition offered. It was concluded that focus strategy had enhanced firm performance in general insurance companies in Kenya through offering products tailored to specific customer needs. This study recommends that the general insurance companies take into consideration welfare of their employees while undertaking the cost leadership strategy. This is so that the employees' needs are not negatively affected through lower morale and in turn their productivity and performance. It is also recommended that the general insurance companies invest in staff skills and in research and development to enable them develop more unique and appealing products to customers. The study recommends that general insurance companies provide products that are of quality and which are affordable to the other group of customers that are not in their current target market or demographic.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Today's fast changing business environment calls for firms to organize their business operations to ensure market penetration and improved productivity in order to be sustainable in their markets. The insurance industry in particular is faced with a number of challenges, among them the problem of internationalization and globalization, and further increasing competition (Linton & Kask, 2017). In addition, other factors such as ageing populations or the increasing opportunities in certain parts of the world, has further complicated insurance entrepreneurship. It follows therefore that insurance companies need to continuously innovate, especially in terms of creating new products and services improving their competitiveness by use of generic strategies such as differentiation, cost leadership and focus strategies so as to enhance performance (Prochazka, 2017).

The study was anchored by the Porter Generic Strategies Model, Resource Based View (RBV) theory and the Dynamic Capabilities theory so as to determine the generic strategies used to enhance organizational performance (Nduki, 2016). The quality of the RBV to the study lies in the way that a company is said to be superior when it is using its competent assets that is not all the while being actualized by any present or potential contenders (Taylor, 2019). The resource-based theory points out that the internal aspects of an organization are vital to its success. The capability theory looks at the way enterprises build, integrate and reconfigure their capabilities into new competencies that can enable the firm have sustainable operations in a competitive environment (Teece, Pisano & Shuen, 2010).

The nature of competition among the Kenya insurance firms has generated various levels of strategies and applications in order to enhance insurance performance. All players in the insurance industry are competing for the limited insured population in Kenya (IRA, 2018), which implies that there are challenges that affect adoption of insurance products by uninsured populations. The Kenya insurance sector is currently highly competitive due to adoption of various strategies by insurance firms which has in turn affected the firm's performance. The insurance industry gross premium has been growing over the years from year 2014 to 2018, but its contribution to the country's GDP has been declining from the year 2015 to 2018 and hence the performance of the sector is an issue (IRA, 2018).

1.1.1 Concept of Strategy

A strategy is a plan of action designed to achieve a specific goal. Strategy is all about gaining or being prepared to gain a position of advantage over adversaries or best exploiting emerging possibilities. As there is an element of uncertainty about the future, strategy is more about a set of options than a fixed plan. There is therefore a growing need for organizations to move beyond solving existing problems to continuously improving in the face of changing conditions (Shokuhi & Nabavi, 2019). Johnson and Scholes (2009) define strategy as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a challenging environment.

Porter's generic strategies provides the means by which a firm seeks to compete effectively in its industry. The three generic strategies include cost leadership, differentiation and focus strategies (Porter, 2005). By use of the cost leadership strategy, an enterprise focuses on being the lowest cost producer in its industry so as to compete effectively (Eva et al., 2018).

Gaining a cost advantage lies in the firm utilizing economies of scale and the use of technology (Shokuhi & Nabavi, 2019). Differentiation strategy involves the production of products that are unique leading to a competitive advantage as customers become loyal to the brand due to their unmatched quality (Linton & Kask, 2017). Organization that achieve an advantage due to differentiation strategy have internal and unique strengths such as; access to research and development resources, an innovative and highly skilled development employees, a reputation for producing quality and creative products and a strong and effective sales and customer service team (Ayishashe, 2015).

When a firm applies a focus strategy, it anticipates its customers' changing needs and responds to them through continuous innovation (Shokuhi & Nabavi, 2019). Having great customer service greatly impacts the operations of the firm and it requires the customer service staff focusing on their customers while maintaining an effective relationship and service program. Focusing involves the choosing a market where the customers' preferences vary. The niche is chosen based on the unique requirements in the use of the product, geographical differences or the different characteristics of the products that appeal to the buyers (Kavulya et al., 2018). An enterprise that uses the focus strategy gains from high customer loyalty and this acts as a competitive advantage for the firm. Firms who are successful in the use of focus strategy are able to come up with unique products using their product development strengths that serve narrow segments of a market (Shokuhi & Nabavi, 2019).

1.1.2 Firm Performance

As Cascio (2014) notes, firm performance is the extent to which the firm mission has been achieved after being evaluated in terms of the work results, quality of services, customer link and the firm's intangible assets. As pointed out by Ittner and Larcker (2012) the firm performance is the ability of the firm to achieve its objectives and goals efficiently and effectively using the resources available to the firm. This means that firms are justified to use the objective performance strategy when determining the work-based performance of their workers. This definition also helps determine how well the firm has achieved its goals and also helps come up with the firm's strategy plans to ensure improved future performance.

Firm performance is a crucial factor when it comes to management research and its one of the variables considered when determining the development and growth of a firm (Upadhyay, Upadhyay & Pale, 2013). An enterprise must come up with quality products using the least inputs possible if it is to build a competitive and sustainable advantage. Businesses try to get the highest market share in the market by producing quality products and offering these to customers at competitive rates (Peteraf, 2013). Organizational performance can be a good indicator of how effectively organizations employ generic strategies to enhance their performance. Firm Performance can further be evaluated in terms of revenue, net income, financial sustainability, market share, expansion in terms of physical offices and increase in the number of employees (Kotter, 2012). The study used service quality, cost saving and efficiency as measure of firm performance.

1.1.3 General Insurance Companies in Kenya

The insurance market in Kenya is ready for investment and expansion. Effective regulation and increasing pressure to perform can improve the insurance industry's prospects and stimulate investment, according to global regulatory trends. As provided by a report from the Insurance Regulatory Authority (IRA) (2018), the Kenyan insurance industry is made up of different players including the insurance firms, reinsurance firms, self-governing insurance bodies, the regulator, insurance agents and brokers among other stakeholders. The insurance and re-insurance firms in Kenya as at 2018 were 58 licensed by the Authority (AKI, 2019). In Kenya, the insurance business is highly competitive, with very little product differentiation amongst insurance companies (IRA, 2019).

From KSh 635.04 billion in 2018, the industry's asset base expanded by 11.7 percent to KSh 709.05 billion in 2019. The asset base was mostly made up of investments, accounting for 83.8 percent of the total. From KSh 524.24 billion in 2018 to KSh 594.03 billion in 2019, investments climbed by 13.3%. Gross premium income was KSh 229.50 billion at the end of 2019, up from KSh 216.26 billion in 2018. This represents a nominal growth rate of 6.1 percent. The general insurance industry accounted for 57.6% of total gross premium income. The industry net profit decreased by 46.7% from KSh 13.6 billion to KSh 7.3 billion in 2018. This reflects a decline in industry productivity. Despite the fall in profit as a measure of financial performance, insurance companies in Kenya have employed various strategies to build customer loyalty as they have embraced digital platforms, re-trained employees and started to redesign its products (IRA, 2019).

Kenyan insurance firms are crucial in the economic growth of the country although they are faced by high competition. To cope with dynamics in the competitive industry, the organizations have sought to improve their performance by use of various strategies (Association of Kenya Insurers, 2018). The insurance firms contribute to the growth of the country's economy since it builds the confidence among investors and entrepreneurs to try out risky businesses even in the midst of stiff competition. Investment into the insurance industry is characterized by risk and profit centered concepts are the brains behind the industry in Kenya, the challenge for the firms in the industry is controlling their market share which they do through intense advertising (Association of Kenya Insurers, 2018).

1.2 Research Problem

Firms that are in a growing economy wish to gain a large market share in the industry so as to reap profits that can ensure their profitability (Sumer & Bayraktar, 2012). Strategies are crucial for firms that are found in markets where customers have numerous choices. In the insurance sector strategies enable the firm to provide value for its customers while earning superior profits (Kiragu, 2018). Consistent high performance is one of the most important objectives in any company and to ensure high performance, survival and success, insurance firms need to develop strategies (Bennete, 2013). Ouma (2016) noted that Kenyan insurance companies use various strategies to be sustainable and competitive in a market that has low penetration rate with most of the population not having embraced the need for insurance which in turn has an effect on performance.

Insurance performance in the Kenyan market has been an issue of concern. Low penetration and the use of insurance is one of the challenges facing insurance firms' growth which has seen the firms in the industry diversify their products and also concentrate on unreached market segments. General insurance premiums increased marginally by 0.2 percent to KES 73.18 billion in the second quarter of 2020, compared to a 2.9 percent increase in the same quarter the year 2019 (IRA, 2020). However, with the Covid 19 pandemic in Kenya, the general insurance companies have faced challenges in regard to lower demand for insurance products and thus lower insurance penetration rates. Further there has been increase in insurance claims from death, hospitalization, event cancellation, and business interruption coverage, among other things (IRA, 2020). It is thus important to establish the growth strategies that the general insurance companies can adopt so as to remain competitive and enhance their performance.

Norma and Nur (2017) focused on efficiency of life insurance companies in Malaysia; Evans (2017) focused on the internationalization strategies of small and medium-sized enterprises (SMEs) in the United Kingdom; Yusr et al. (2018) focused on the strategic options used to improve competitiveness among Malaysian restaurants; Ogbu (2017) focused on marketing methods of the Nigerian indigenous construction firms (ICF) and their performance; Josephat (2015) analyzed the business methods used and their impact on the performance of hotels in the Zanzibar hotel industry. Locally, Njaaga (2017) studied generic competitive ways and how the pharmaceutical manufacturing firms in Nairobi County were performing; Ayishashe (2015) studied market penetration challenges that Kenyan insurance firms were facing; Njiru (2015) focused on the effect of competitive strategies on performance of Express Connections Limited in kenya.

Further, Chege (2017) focused on the effectiveness of competitive strategies on business performance of Kenyan betting companies; Njaaga (2017) studied generic competitive strategies and the performance of pharmaceutical manufacturing companies in Nairobi; Baraza and Arasa (2017) focused on the effects of competitive strategies on performance of manufacturing firms in Kenya; Abonda and Machuki (2018) focused on competitive strategies and performance of construction companies in Kisumu County, Kenya; Kerama and Simba (2019) focused on the effect of strategic positioning on firm performance of container freight station operators in Mombasa County, Kenya; Mbugua and Kinyua (2020) focused on service differentiation and organization performance in deposit taking Saccos in Nairobi City County, Kenya. However, a gap exists as the above studies were in different contexts and didn't focus on strategies adopted by insurance and organizational performance. This study therefore sought to fill the research gap by answering the question, what strategies have been adopted by select general insurance companies in Kenya to enhance organizational performance?

1.3 Research Objective

The objective of this study was to determine the strategies adopted by select general insurance companies in Kenya to enhance organizational performance.

1.4 Value of the Study

The study will contribute to the Resource Based View, Dynamic Capabilities theory, and Porter Generic Strategies Model. Porter Generic Strategies Model provides the way in which a firm achieves competitive advantage in its market. The RBV provides that the efficient use of available resources leads to improved capabilities of the firm which results to production of products that meets the needs of the market which improves the overall performance of the firm. The Dynamic Capabilities theory looks at the way in which organizations integrate, reconfigure and build their competencies found both internally and externally into new improved capabilities that can meet the needs of the changing environment.

The study will be of help to general insurance companies in Kenya management as they will understand the importance of strategies so as to enhance its performance since the performance of general insurance companies in Kenya has been an issue of concern. The study will assist the management and employees of general insurance companies in Kenya appreciate the strategies that suits the companies and in turn enhance the companies' performance.

The study outcomes will be informative for stakeholders and players in the insurance sector as they will know the interrelation between strategies and performance of Kenyan insurance firms. The research will help the management in the insurance sector adopt strategies that enhance their firm performance. The researcher will be valuable to policy makers and those in government especially those in the Insurance Regulatory Authority and related organizations since they will find the knowledge from the study useful in designing crucial courses of action to enhance insurance firm's performance through adoption of strategies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section on literature review focuses on the previous literature related to generic strategies and firm performance. It also covers theoretical foundation, empirical review and knowledge gap.

2.2 Theoretical Foundation

The findings of any research are often based on existing hypothesis and theories. The theoretical review focused on major theories which are Resource Based View (RBV), Porter Generic Strategies Model and the Dynamic Capabilities theory.

2.2.1 Resource Based Theory

This theory was developed by Wernerfelt (1984) in the 1980s. From those early years, this theory has been dominantly used to determine how firms achieve sustainable competitiveness. The emphasis of the RBV is that resources are crucial and essential in improving the performance of the organization. According to this theory, organizations are able to achieve an advantage over their rivals if they have intangible and tangible resources that are non-substitutable, inimitable, rare and valuable. The RBV provides that the internal resources found in the firm are crucial. Thus, the firm specific capabilities and competencies lead to economic benefits that are hard for the competitors to duplicate and they become sources of competitive and sustainable advantage (Peteraf, 2013).

The RBV points out that the internal resources that belong to the organization helps the firm achieve heterogeneity in both performance and strategy and that only the firm with adequate resources will achieve sustainable competitive advantage which can enhance organizational performance (Lado, Boyd & Wright, 2012). Lado, Boyd and Wright (2012) are critics of the theory pointing out that it provides the assumption of static equilibrium further noting that the organization advantage is from the development of highly effective competencies as the firm tries to respond to the changing business environment. The theory is important in this study as it provides information that helps focus on the association between the availability of the organization internal resources and to ability to be competitive due to adoption of generic strategies and thus was important in enhancing general insurance companies in Kenya organizational performance.

2.2.2 Porter Generic Strategies Model

This model was developed by Michael Porter and describes how a firm pursues its competitive advantage in a given market. The three generic strategies that this model focuses on include focus, differentiated or low cost (Porter, 1980). A firm select one of the two strategies either by lowering costs or by differentiating its products to target some part of the customer segment creating loyalty to its brand or gaining the advantage to command a higher price for its product (Porter, 2005). A firm also selects one of the two available scope either focus where the firm offers its products to a chosen market segment or industry-wide scope where the firm provides its products to many market segments. The generic strategy chosen indicates the choices the firm makes in relation to its scope and its competitive advantage (Kumar, Subramanian & Yauger, (2017).

Porter (1980) notes that an organization position in the industry determines the level of its profitability compared to the industry's average. An organization can strengthen its position in the industry by taking advantage of its strengths which can lead to differentiation and a cost advantage. The basis for a firm to increase its profitability in the long run is to gain a sustainable competitive advantage (Akan et al., 2016). The supporters of the theory indicate that firms that use the provided strategy are able to win their customers loyalty which leads to the inability of rivals to compete in this market. The critique of the theory is that these generic strategies may lead to reduced production quantity and customer base (Dess & Davis, 2014). The Porter's generic strategies are crucial in determining how firms can use cost leadership, differentiation and focus strategies so as to enhance their firm's performance.

2.2.3 Dynamic Capability Theory

Dynamic capabilities theory was initiated by Wheeler (2002); Dynamic capabilities theory looks at the way organizations reconfigure, build and integrate competencies that are firm-specific into new capabilities in a highly dynamic and competitive environment (Teece, 2014). The theory assumes that firms with better and more dynamic capabilities will do better that organization whose capabilities are not as dynamic. The theory seeks to determine the means through which organization use dynamic capabilities to create and build sustainable advantage that makes them leaders in their industry (Zahra & George, 2016). Capabilities are said to be behaviors that are patterned, repetitious, learned and high-level that allows the firm to perform far better than their rivals in the market. The firm competencies are also known as zero-order or zero-level capabilities since they provide a means by which the organization builds sustainable business by selling the same product to the same customers and at the same scale (Teece, 2014).

Dynamic capabilities are a concept that was instituted due to the challenges in the RBV (Teece, 2014). The dynamic capabilities view tries to provide a way of dealing with these challenges by using a process approach that provides a buffer between the changing environment and the resources available. A notable criticism of this theory is that it is hard to quantify including in terms of the association between the dynamic capabilities and the performance of the firm (Nielsen, 2016). The theory is applicable in this study as it helps insurance firms understand the approach organizations can use to integrate generic strategies so as to enhance organization performance.

2.3 Generic Strategies and Firm Performance

The state of competition in an industry is based on five basic competitive forces commonly known as Porter's generic strategies (Ormanidhi & Stringa, 2018). The firm has three potential generic strategies that they can successfully use to outperform their competitors. These strategies are focus, differentiation and cost leadership strategies. Porter's generic strategies look at the capabilities the firm has and compares this with the rivals' capabilities and the needs of the customers. This analysis helps the firm choose the best position that ensures sustainability of its operations (Hales & Mclarney, 2017). Farah, Munga and Mbebe (2018) points out that firms that wish to compete effectively must be willing to be different. This would mean selecting different activities that are a source of value for the firm and its customers.

2.3.1 Cost Leadership Strategy

When a firm chooses to use a cost leadership strategy it hopes to produce its products at reduced cost lower than its rivals by being more efficient in the firms' operations. This also means that it's using a cost leadership strategy successfully (Eva et al., 2018). Organizations are able to reduce their costs of operations compared to their competitors through the use of efficient facilities, cost and overheads control and minimizing costs in the provision of services such as marketing, selling and service provision. Such firms sell the standardized no-frills products to the common customers in the market. Therefore, a firm that hopes to compete effectively by use of a cost leadership strategy is to produce and operate efficiently. This allows them to successfully exercise expense control and also to find ways to control costs effectively (Teece, 2014).

Gorondutse and Abdullah (2017) explain that the best way to achieve cost leadership is to focus on efficiency by ensuring the use of the minimum possible inputs for every output which in turn enhance organizational performance. The former looks at lowering the cost per each unit of output while the latter looks at lowering the assets per each unit of output. Since customers are sensitive to product process, the cost leadership strategy leads to lowering of prices leading to an advantage. Firms that focus on this strategy aim to reduce costs of operations (Farah, Munga & Mbebe, 2018). Odhiambo and Njuguna (2019) points out that cost leadership improves the firm performance due to reducing prices which translates to higher sales, reduced return inwards, reduced wastage, reduced operational costs and improved service delivery.

2.3.2 Differentiation Strategy

The use of a differentiation strategy sees the firm try to produce unique products and in its dimension. Using this strategy, the firm chooses one or a few traits that are perceived as important by the customers and puts up means of achieving these needs of the buyers (Cui, 2018). Differentiation strategy ensures that the differentiated products are in line with customers' needs leading to the firm becoming more competitive. This also leads to the firm not focusing so much on the price but on the value that the product provides which results to buyers who are ready to pay high for the product since it is of high value (Cattani, Dunbar & Shapira, 2017). Differentiation needs the firm to segment the market so as to produce the right products for the right segment of the market leading to higher profit margins due to the high prices. Differentiation strategy involves the use of a product strengths that can see the product get a differential advantage compared to the competitors' products (Odhiambo & Njuguna, 2019).

The main advantage of using differentiation is that due to the loyalty created in customers, the firm counters the competitor's competitive strategies (Li, Zhang & Sun, 2019). Differentiation can also be said to be the unique positioning of a brand such that it is easy to differentiate it from pother brands in the market due to its uniqueness (Pehrsson, 2016). Cui (2020) explains that this kind of differentiation makes the customer become more sensitive when choosing a brand which in turn increases sales and organizational performance. For differentiation strategy to be a benefit to a firm, there is a need for it to ensure good product quality and put emphasis on innovation at the fore front of the company.

2.3.3 Focus Strategy

The focus strategy focus is on a narrow segment of the market and within this narrow segment tries to use either the differentiation or the cost leadership strategy. The good thing about this strategy is that the firm can successfully focus on the needs of the group entirely. An organization that uses the focus strategy is able to gain a high customer loyalty and this loyalty makes it difficult for other firms to compete with the firm which enhances the organizational performance (Atahau, Cronje & Trinugroho, 2019). Organizations that use the focus strategy produce low volumes thus their bargaining power with their suppliers is limited. The emphasis in this strategy is to increase the firm's market share by focusing on a niche market or in market segments that are overlooked, ignored or which are not found as attractive by large firms (Kavulya et al., 2018).

Mbithe and Kilika (2017) noted that some organizations have successfully found niches within bigger niches due to the use of this strategy. They have even come up with ways to protect these smaller niches from the influence and attention of larger firms that are trying to serve the niches. Organizations that embrace this strategy are willing to serve the ignored market segments that may be on isolated places or serve the customers that do not have enough finances, or whose servicing have challenges. These firms are also willing to tailor their products to the demands of unique customers which enhance organizational performance (Johnson, 2016). The firms that achieve strategy may potentially have above average returns. This creates a barrier to new entrants to the industry, who are unable to compete with the organization due to the use of the focus strategy (Atahau, Cronje & Trinugroho, 2019).

2.4 Empirical Review and Knowledge Gap

This section seeks to highlight past studies that have been conducted in regard to the strategies used by organizations with the need of filling the gap which is the strategies adopted to improve the performance of the firm. While analyzing the internationalization strategies of small and medium-sized enterprises (SMEs) in the United Kingdom Evans (2017) where purposive sampling technique and a semi-structured interview was conducted. This research found that market entry strategies were necessary but not sufficient on their own to be critical in enhancing SMEs performance. However, the above study was in the global context and focused on the internationalization strategies of SMEs while the present study seeks to focus on generic strategies used by general insurance companies in Kenya to enhance organizational performance.

Yusr et al. (2018) focused on the strategic options used to improve competitiveness among Malaysian restaurants. The study gathered data through simple random sampling. It was noted that competitiveness and market orientation should be combined with other firm processes to ensure the firm achieves an advantage not only internally but externally too. However, the above study was in the global context and focused on the strategic options used to enhance the competitive advantage while the extant study seeks to focus on generic strategies used by general insurance companies in Kenya to enhance organizational performance. The variables of the above study were organizational capabilities market orientation and external environment while are different from the current study.

Ogbu (2017) focused on marketing methods of the Nigerian indigenous construction firms (ICF) and their performance where questionnaires were used. The study pointed out that the marketing strategies that impacted on the ICF performance were the publicity-based, firm-based, and client-based and third-party based. However, the above study focused on construction companies and performance while the present study seeks to focus on generic strategies used by general insurance companies in Kenya and how these improves the performance of the firm. The variables of the study were client-based, third-party-based, publicity-based and firm-based strategies which are different from the current study

While analyzing the business methods used and their impact on the performance of hotels in the Zanzibar hotel industry, Josephat (2015) gathered raw data with the help of a questionnaire and after analysis. The study showed that the business strategies adopted were cost leadership strategy; developing economies of scale, efficient use of cost saving ways, reducing operational costs and ensuring operations are done under tight budget. The study showed that the above practices affected firm performance. However, the above study focused on the hotel industry while the present study focus is in the insurance. The variables of the study were also different from the present study.

Ayishashe (2015) studied market penetration challenges by Kenyan insurance companies where descriptive research design was used. The collection of the primary data was done using structured questionnaires and presented in form of figures and tables. The study established that customer care practice, client communication, internal business processes, government policy, industry dynamics, market forces, power of buyers and suppliers and threat of new entrants were major challenges. However, the above study adopted structured questionnaires while the present study adopted an interview guide. Further, the context was on market penetration challenges while the current study focused on generic strategies and further this was a cross sectional study while the present study was a case study.

Njiru (2015) focused on the effect of competitive strategies on performance of Express Connections Limited in Kenya where both primary and secondary data were used. The primary data was collected using an interview guide while the secondary data was collected audited financial reports. The study concluded that service quality, customer relationship differentiation enhanced performance. However, the above study adopted primary and secondary data while the present study adopted primary data where an interview guide was used. Further, the context was on effect of competitive strategies on performance while the current study focused on generic strategies on organizational performance.

Chege (2017) focused on the effectiveness of competitive strategies on business performance of Kenyan betting companies where a questionnaire was used and data was displayed in the form of tables. It was noted that a firm that offers differentiated products benefits from customer loyalty and that low-cost position places a firm in a favorable position because it can reduce the threat of new entrants which may pose threat to the entity. Nevertheless, the above study adopted used a self-administered questionnaire and data presented in form of tables while the present study used an interview guide and data was presented in pros form. Further, the context was on effect of competitive strategies on performance while the current study focused on generic strategies on organizational performance.

Njaaga (2017) studied generic competitive strategies and the performance of pharmaceutical manufacturing companies in Nairobi. The descriptive research study gathered data that was quantitative in nature. The outcomes showed that cost leadership strategy attracted customers, differentiation strategies ensured that customers can distinguish the firm products leading to loyal customers while focus strategy grew the firm market share by focusing on market that were deemed unattractive by other companies. Nevertheless, the above study adopted a cross-sectional survey and used quantitative data while the current study used qualitative data and was a case study. Further, the context was on pharmaceutical manufacturing companies while the current study focused on insurance firms.

While focusing on the effects of competitive strategies on performance of manufacturing firms in kenya, Baraza and Arasa (2017) employed both a questionnaire and an interview guide as method of collecting data. The study results showed less influence of cost leadership on performance, differentiation had a negative influence of performance and focus showed positive and significant influence on performance. Nonetheless, the above study employed both a questionnaire and an interview guide as method of collecting data while the current study used only an interview guide. Further, the context was on manufacturing firms while the current study focused on generic strategies on organizational performance in insurance firms.

While focusing on competitive strategies and performance of construction companies in Kisumu County, Kenya, Abonda and Machuki (2018) where a cross sectional descriptive survey was used. The study used structured questionnaire and was analyzed using multivariate regression analysis. The study reported a relationship between competitive strategies and performance. Nevertheless, the above study adopted a questionnaire and multivariate regression analysis while the present study used an interview guide and content analysis was used. Further, the context was on effect of competitive strategies on performance in construction companies while the current study focused on generic strategies on organizational performance in insurance companies.

Kerama and Simba (2019) focused on the effect of strategic positioning on firm performance of container freight station operators in Mombasa County, Kenya where a questionnaire was used and data presented through frequencies distribution and percentages. Differentiation strategy, cost leadership strategy, perceived quality of service strategy, and business diversification strategy are all determinants of company performance, according to the study. However, the above study employed both a questionnaire and data presented through frequencies distribution and percentages while the current study used an interview guide and the data was presented in the form of narratives. Further, the context was on strategic positioning on firm performance while the current study focused on generic strategies on organizational performance in insurance firms.

While focusing on service differentiation and organization performance in deposit taking Saccos in Nairobi City County, Kenya, Mbugua and Kinyua (2020) used a questionnaire and data analysis was done by the use of simple linear regression statistics. The study concluded that service differentiation had positive and significant effect on performance of deposit taking Saccos. Nevertheless, the above study employed a questionnaire and data analysed through the use of simple linear regression statistics while the current study used an interview guide and the data was analysed through content analysis. Further, the context was on service differentiation and organization performance in Saccos while the current study focused on generic strategies on organizational performance in insurance firms.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that was used, in an attempt to achieve the objectives of the study. It focuses on the research design, methods of data collection and the data analysis.

3.2 Research Design

Kothari (2014) describes a research design as a draft plan, strategy and a roadmap of the perceived study for reasons of finding answers to the study's questions. A research design's goal is to offer a study plan that allows for reliable evaluation of cause-and-effect connections between independent and dependent variables (Saunders, Lewis & Thornhill, 2012).

A cross-sectional research approach was used in this study. As explained by Kothari (2014), a cross-sectional study examines data from a group of people or subjects at a single point in time. (Bell, 2011). Researchers can usually acquire a large amount of data fast using cross-sectional studies (Bell, 2011).

3.3 Population of Study

The researcher targeted the top 38 general insurance companies in Kenya in terms of market per the company premiums contributions so as to get an in-depth and detailed information on the strategies adopted by these general insurance companies in enhancement of their organizational performance. The top 10 general insurance companies (see appendix I) were used since they control the biggest market share in the general insurance industry and thus they were reflective of the status in the industry.

3.4 Data Collection

The study made use of primary data which refers to raw data that is yet to be published (Bell, 2011). There exist various approaches of gathering primary data particularly in descriptive studies. These includes observation, interview, and questionnaires among others. The present research used an interview guide where data was gathered through the use of face-to-face interviews.

The interview guide enabled the researcher obtain detailed information from the interviewees in regard to the subject matter. The researcher gathered information from the chief executive officers/managing directors of Kenyan general insurance businesses. The researcher conducted telephone interviews owing to the Covid 19 pandemic in the country.

The telephone interviews were also used since they provide a wider geographic scope and the interviewer does not need to go the interviewees offices to carry the interviews. The responses to these questions aided in the collection of qualitative data in order to achieve the study objectives. Probing questions were utilized in the interview to elicit additional responses from the participants (Saunders, Lewis & Thornhill, 2012).

3.5 Data Analysis

Analysis of data entails giving sense to the collected data since the primary data in the form of raw data from the field makes is difficult for the readers to understand and interpret (Mugenda & Mugenda, 2008). The data was analysed by the use of content analysis. Content analysis is a qualitative data analysis method that involves reading through a data set such as transcripts from interviews and identifying patterns in meaning across the data (Bell, 2011).

Content analysis helps deduce the presence of given themes, words or concepts in data. Content analysis makes it easier to measure and analyze the qualitative information and thus be able to draw conclusion. Content analysis was suitable for this study since it sought to obtain detailed information which is qualitative in nature from the chief executive officers/managing directors from the general insurance companies in Kenya on the strategies adopted in enhancement of organizational performance (Kothari, 2014). After the analysis of data, the data was presented in prose form.

CHAPTER FOUR

DATA ANALYSIS PRESENTATION AND DISCUSSION

4.1 Introduction

This section focuses on the data analyses, results and discussion of the findings based on the objective of the study which focused on the strategies adopted by general insurance companies in Kenya to enhance organizational performance.

4.2 Strategies Adopted by General Insurance Companies

The researcher enquired from the interviewees the strategies that they have adopted in their firms. The strategies that have been adopted by general insurance companies include the cost leadership strategy, differentiation strategy and focus strategy. The strategies have been adopted with the aim of enhancing performance of the companies.

4.2.1 Cost Leadership Strategy

The interviewees indicated that their firms had adopted cost leadership strategy and thus they were requested to explain the effect of the strategy on firm performance. The interviewees indicated that the cost leadership strategy was aimed at offering the best insurance products to the clients by organizing every conceivable resource in the insurance business at the lowest possible cost. The management may then put their entire organisation in a position where the lowest possible price in the market is paid for essential goods or services.

One of the respondents indicated that their firm had adopted cost leadership strategies aimed at ensuring that costs are maintained low through lowering overhead costs and making sure that services provided are cheap through negotiations of discounts. There was also reduction of floor space thus reducing office space cost and also reduction of staff costs through adoption of productivity matrix aimed at ensuring that premium per capital is at specific value. There has been adoption of technology which has reduced the number of points requiring human interventions thus reducing the number of staffs and in turn the costs.

In terms of operating business, it was noted that there had been reduction of costs through adoption of supply chain strategy where the firms targeted major corporations and the County governments in terms of insuring their employees and other assets thus enhancing economies of scale and at the same time being able to earn discounts. The interviewees indicated that the companies employed cost leadership strategy aimed at providing high-quality volume services to clients at the most competitive pricing, and they also leveraged all potential cost drivers to increase efficiency in each market area. The companies also offered their customers low-cost premiums to attract customers and also giving them longer flexible insurance maturity policies that are affordable for their products and this in turn enhanced performance of the firms.

It was reported that cost leadership strategy had impacted positively on firm performance in terms of increase in profits, market share and efficiency. It was indicated that within the insurance market and industry, a cost leadership approach focuses on establishing low-cost operations. Insurance companies can achieve better profit margins by lowering costs. It was reported by interviewees that their company offered affordable premiums but with higher margins than their competitors and thus they are able to attract more clients because they provided a better value proposition to their customers. In terms of market share the interviewees indicated that the cost leadership strategy enhanced higher profit margin for the firms and thus the firms over time, were also able to increase their market share. This was more so for the clients who are cognizant about their budget as they were given quality products with discounted premiums as a result of the companies having economies of scale.

Cost leadership strategy, according to the interviewees, enhanced their efficiency by managing expenses along the current activity cost chain. According to the interviewees, cost advantage was gained by reorganizing the cost chain and reducing superfluous cost producing activities as a consequence of implementing the cost leadership approach, which improved company performance. Cost leadership strategy also promoted the availability of more capital resources for the insurance firms since even though the costs of products are low, the higher margins make it possible to retain capital from each product. Over time, this creates a saving of resources that can be used for multiple purposes.

The interviewees indicated that they faced several challenges while employing the cost leadership strategy. There was employee resistance since employee working spaces had been reduced due to adoption of an open working space for all the employees. The employees' morale also had reduced since they were afraid that their jobs were under threat as some employees had been retrenched as a result of adoption of technology replacing human labour. The interviewees indicated that cutting of costs in some critical areas such as customer service resulted to poor service delivery and hence dissatisfaction of the customers which impacted negatively on customer growth.

The interviewees indicated that cutting of costs in research and development reduced the innovativeness of the companies and thus the firms were not able to come with new and unique products and this posed a challenge in regard to competition. Other interviewees reported that they faced challenges in adopting cost leadership strategy as their competitors had copied their strategies such as cost cutting which had led to creation of higher profit margin. The cost leadership strategy could also not be applied to every product or service and this was more so in the medical insurance. This is because the aim of cost leadership is to reduce costs while still delivering a quality product that fulfills the consumer's fundamental demands.

Based on the above findings the interviewees indicated that they had adopted cost leadership strategies and they had improved their firms’ performance in terms of increase in market share, growth in the number of customers and also revenue. However, some of the strategies had resulted into detrimental effect on employees’ morale and thus impacting negatively on their performance. It is thus important that the insurance firms take into consideration the welfare of the employees and also involve them while undertaking cost leadership strategy if the strategies are to be successful.

4.2.2 Differentiation Strategy

The interviewees indicated that they had adopted differentiation strategies in their firms and thus they were requested to explain the effect of differentiation strategy on firm performance. It was reported that differentiation strategies entailed a rapid response to rival product innovations, strong dependence on market research and creation of products that appealed to the clients. The interviewees indicated that the goal of the strategies were to create a product that buyers perceive as distinctive so as give better value to the client. It was established that customers benefit from this method because unique service characteristics give greater value and in such a way that competitors are unable to imitate them.

The interviewees indicated that their companies had adopted differentiation strategy through offering product and service that were one-of-a-kind, different and distinct from what the competition offered. The interviewees indicated that their firm had adopted differentiation leadership strategy through segmenting their business portfolio through giving each segment its unique insurance products and services. Some respondents indicated that their firm had differentiated their school fees policy through offering school fees policy called *bimayakaro* which customers can access for as little as Kshs 10,000. Other insurance companies also provided unique products for their customers in agricultural insurance for their livestock and crops.

The interviewees indicated that their firm had differentiated their business policy through provision of unique products to cover the SME and other traders. This was through insurance of physical portable assets such as computers, laptops, mobile phones and projectors against loss or damage caused by fire, lightning, extended perils and other accidental causes covered in the policy terms. There was also cover against workmen for injury suffered in the course of employment in accordance with Work Injury Benefits Act 2007.

The interviewees indicated that they had differentiated their medical policy cover in terms of product offered where they covered pre-existing medical conditions where there was strong management care functionality that focused on clients with unique conditions thus building better client relationships. Some of the respondents indicated that their firm insured specific vehicles where they were reluctant to insure high risks vehicles such as *Matatus*. The firm had also specific products for the lady drivers. One of the interviewees was quoted: "With cases of carjacking on the rise, women can be assured of getting compensation for whatever valuable that gets stolen from their insured cars". The firm also offered trauma counseling for persons involved in any incident and replacement of lost car keys.

The interviewees indicated that the firms had undertaken thorough research and surveys with the customers before incorporating the differentiation strategy so as to understand the needs of the customers in the market. This involved sending questioners to customers and getting their feedback in regard to their needs. The interviewees indicated that differentiation strategy has been effective as it has increased revenue in the unique products and there has been customer growth due to uniqueness of the product and also increase in market share.

Unique features or impressions of distinctiveness and attributes of an insurance company's products and services, other than cost, give value to clients, according to the interviewees. It was indicated that most customers perceive differentiated products to be of the highest quality and this increases customer satisfaction and growth which increases revenue and the profit margins. This is also because many customers will pay more money for higher quality products.

Despite the benefits of differentiation strategies interviewees indicated that the staffs faced challenges in understanding the uniqueness of the products from the multiple products developed. Externally the customers faced challenges in understanding and choosing the right products and they only discover at the time of claiming. The interviewees indicated that for differentiation strategy to succeed the insurance companies should ensure that their employees have research and development skills.

4.2.3 Focus Strategy

The interviewees indicated that they had adopted focus strategy in their firms and thus they were requested to explain the effect of focus strategy on firm performance in their firms. The interviewees indicated that they had products that were tailored to specific customer needs and they have also added new products to their existing product range in order to cater to diverse market groups. The firm covered against political violence and terrorism to protects investments and businesses from physical loss and damage due to politically motivated incidents. The firms covered against sabotage, terrorism, mutiny, rebellion, insurrection, property damage and business interruption.

The interviewees indicated that their firms had made decisions to concentrate their resources on expanding into a narrow market or segment and it involved the insurance firms identifying their targeted demographics so as to meet the needs of each customer effectively. An interviewee indicated that they focus on sports insurance cover where they covered golfers against accidents. Another indicated that they had a policy focused on pets. The interviewee indicated "pet insurance policy covers any animal kept not for economic gain but for the owner's comfort such as dogs and cats. The firm cater for the needs of all pet owners and that is reflected by our ability to innovate and service delivery."

The interviewees indicated that their medical policy was tailored to focus on SMEs. The interviewee indicated that their firm had partnered with a diverse group of healthcare providers, including hospitals, clinics, doctors and specialists to ensure that they have access to high-quality inpatient and outpatient care. The interviewee also indicated that they had a cover that focused on landlord insurance which is intended for buildings that are solely owned for rental purposes. The interviewees indicated that their firm had customized products known as *Mjengo Plus* that is tailored towards construction works. This is specially designed to meet the needs of the modern building contractor in the vibrant construction industry. The policy covers construction business owners against businesses lawsuits over accidents and injuries in the environment.

Before implementing the focus strategy, the interviewees indicated that the firms took into consideration their internal capability and infrastructure to support the segment. There was also consideration of market size of the segments and the expectation of the market compared to the internal capability of the firms. According to the interviewees, in order for a focus strategy to be effective, insurance companies listened to their target demographics' wants and concerns through undertaking surveys on their needs in the market. The firms also recruited relevant experts in the areas of focus so as to ensure that the focus approach are effective. This is because the insurance firm's experience provides a barrier to entrance into the market for rivals thus increasing the insurance firm's market share.

The interviewees indicated that the focus strategy has enhanced performance in terms of increased premiums thus increasing the company's revenue, building of strong customer relationships and enhancing product quality at low cost. It was reported that through focus strategy there is creating of better relationship with the customers because the consumers feel like the insurance products created were specifically for them and this in turn builds customer loyalty over time. When there is a higher level of customer loyalty in the firms, then the insurance firms able to charge higher prices for their products and this is because consumers find value in purchasing the products since the firms supported them by meeting their specific need. The interviewees also indicated that the focus strategy limits competition because the firm is the best at what it does inside the particular specialty, making it impossible for other companies to contest such a claim. It was reported that many clients were willing to pay money extra as they had faith in a specialized product's potential to satisfy their demands.

Despite the importance of focus strategy, firms faced few challenges when implementing the focus strategy. The interviewees indicated that when firms decide to give value to clients this may result to price undercutting which is not a good business model. The interviewees indicated that focus in a particular niche service or product may be challenging since the procedures of a focus strategy should be repeated to generate new prospects since what was developed was tailored to a certain demographic. According to the interviewees, there is always the risk that offering a niche product would be too restricting for the company after implementing the focus approach, because certain niches are so precise that only a few people qualify as a targeted customer.

4.3 Discussion of Findings

Cost leadership strategy has impacted positively on firm performance in terms of increase in profits, market share and efficiency. Through cost leadership strategy, the management put their entire organization in a position where the lowest possible price in the market is paid for essential goods or services by reaching the lowest feasible cost. When a firm chooses to use a cost leadership strategy it hopes to produce its products at reduced cost lower than its rivals by being more efficient in the firms' operations. This also means that it's using a cost leadership strategy successfully (Eva et al., 2018).

It was reported that the general insurance companies had adopted cost leadership strategies aimed at ensuring that cost are maintained low through lowering overhead costs, making sure that services provided are cheap and reducing technological costs through negotiations of discounts. This supported Teece (2014) findings that organizations are able to reduce their costs of operations compared to their competitors through the use of efficient facilities, cost and overheads control and minimizing costs in the provision of services.

When companies offer competitive pricing with higher margins than their competitors, they are able to attract more clients because they are providing a better value proposition to their customers. supported Odhiambo and Njuguna (2019) findings who pointed out that cost leadership improves the firm performance due to reducing prices which translates to higher sales, reduced return inwards, reduced wastage, reduced operational costs and improved service delivery.

It was noted that firms had also adopted differentiation leadership strategy through segmenting their business portfolio through giving each segment its unique value proposition in the insurance market. The use of a differentiation strategy sees the firm try to produce unique products and in its dimension. Firms had adopted differentiation strategy through offering product and service that were one-of-a-kind, different and distinct from what the competition offered. Using this strategy, the firm chooses one or a few traits that are perceived as important by the customers and puts up means of achieving these needs of the buyers (Cui, 2018).

Differentiation strategy entailed a rapid response to rival product innovation, as well as a strong dependence on market research and creation of respectable items in order to provide value to clients. It was reported that firms adopted thorough research and surveys with the customers before incorporating the differentiation strategy so as to understand the needs of the customers in the market. Odhiambo and Njuguna (2019) indicated that differentiation needs the firm to segment the market so as to produce the right products for the right segment of the market leading to higher profit margins due to the high prices.

The findings indicated that differentiation strategy has been effective as it has increased revenue in the unique products and there has been customer growth due to uniqueness of the product and also increase in market share. The goal of a differentiation strategy is to create a product that buyers perceive as distinctive. If this method is to be effective, the distinctive features or advantages must give better value to the client. Cui (2018) explains that this kind of differentiation makes the customer become more sensitive when choosing a brand which in turn increases sales and organizational performance.

The focus strategy had enhanced performance in terms of increased premiums thus increasing the company's revenue, building of strong customer relationships and enhancing product quality. The emphasis in this strategy is to increase the firm's market share by focusing on a niche market or in market segments that are overlooked, ignored or which are not found as attractive by large firms (Kavulya et al., 2018). It was revealed that firms had adopted focus strategy through identification of their targeted demographics. The findings supported Atahau, Cronje and Trinugroho (2019) findings that an organization that uses the focus strategy is able to gain a high customer loyalty and this loyalty makes it difficult for other firms to compete with the firm which enhances the organizational performance.

There was creation of better relationship with the customers after adoption of focus strategy because the clients' feet like the insurance products created were specifically for them and this in turn building customer loyalty over time. Mbithe and Kilika (2017) noted that organizations have successfully found niches within bigger niches due to the use of this strategy. They have even come up with ways to protect these smaller niches from the influence and attention of larger firms that are trying to serve the niches.

It was noted that the focus strategy limited competition because the companies were at best at what they did inside the particular specialty, making it impossible for other companies to contest such a claim. Many clients thus were willing to pay extra money as they had faith in a specialized product's potential to satisfy their demands. The findings supported Johnson (2016) that organization that embrace this strategy are willing to serve the ignored market segments that may be on isolated places or serve the customers that do not have enough finances, or whose servicing have challenges.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the study and the results from the interviewees, the following summary conclusion and recommendations were made in the study. The responses were based on the objective of the study which was to determine the strategies adopted by general insurance companies in Kenya to enhance organizational performance.

5.2 Summary

The general insurance companies have adopted cost leadership strategies aimed at ensuring that costs are maintained low through lowering overhead costs, reduction of floor space and adoption of technology to reduce human interventions. There had been reduction of costs through adoption of supply chain strategy where the firms targeted major corporations and the County governments. The companies also offered their customers low-cost premiums to attract customers and also giving them longer flexible insurance maturity policies. However, there were challenges while employing the strategy such as employee resistance to change and reduction in the innovativeness of the companies as a result of cutting of costs in research and development.

The companies have adopted differentiation strategy through offering product and service that were one-of-a-kind, different and distinct from what the competition offered. There was differentiation of school fees products, motor vehicle products, SMEs products and medical products among the firms. Differentiation strategy was defined as having tailored products in comparison to rivals, constant product development, and continual and quicker product launch. Firms that use a differentiation approach thrive on learning about their customers' specific requirements and attempting to satisfy them. Firms had adopted differentiation strategy through offering product and service that were one-of-a-kind, different and distinct from what the competition offered. The differentiation strategies have been effective as it has increased revenue, customer growth and market share among the firms. However, there were challenges while adopting differentiation strategy since after coming up with unique products the staffs and the customers faced challenges in understanding the uniqueness of the products.

There was adoption of focus strategy in the firms through having products that are tailored to specific customer needs and they have also added new products to their existing product range in order to cater to diverse market groups. The focus was on political violence, terrorism, equipment cover, pet cover, healthcare cover and construction works. The strategy is aimed at ensuring firms focus on what they are best at. The firms took into consideration their internal capability and infrastructure to support the segment before adopting the focus strategy. The focus strategy has enhanced performance in terms of increased premiums thus increasing the company's revenue, building of strong customer relationships and enhancing product quality. There were challenges when implementing the focus strategy such as loss of customers since offering a niche product would be too restricting for some customers to qualify.

5.3 Conclusion

The study concludes that cost leadership strategy had enhanced firm performance in general insurance companies in Kenya. This was through offering the best insurance products to the clients at minimal cost and thus they were able to attract more clients because they were providing a better value proposition to their customers. It was concluded that differentiation strategy had enhanced firm performance in general insurance companies in Kenya through offering product and service that were one-of-a-kind, different and distinct from what the competition offered. This in turn led to increases in customer satisfaction and growth which increased revenue and the profit margins. It was concluded that focus strategy had enhanced firm performance in general insurance companies in Kenya through offering products tailored to specific customer needs. This in turn led to increased premiums thus increasing the company's revenue, building of strong customer relationships and better product quality.

5.4 Recommendations

This study recommends that the general insurance companies take into consideration the welfare of employees while undertaking the cost leadership strategy so that the employees needs are not affected negatively which may lower their morale and in turn their productivity and performance. It is recommended that the general insurance companies should invest in staff skills and also invest more in research and development. This will enable the firms come up with better products that are unique and appeal the customers as well as be able to explain their value to customers. The study recommends that general insurance companies should provide similar products that are of quality and at the same time affordable to the other group of customers that are not in their specific target market or demographic.

5.5 Limitation of the Study

The study faced some limitations; it was deduced that some of the interviewees approached in the general insurance companies were reluctant in disclosing information relating to the strategies that they had adopted fearing the information which was sought would be used by other competitors and also print an adverse image of their firms where it was negative.

However, the interviewer assured them of their confidentiality and anonymity and the research was meant only for academic purposes and thus they opened up while being interviewed. Another limitation of the study is its focus on 10 big companies. This was informed by the view that small companies may be pursuing different strategies or not pursuing any of these strategies at all hence these results may not be applicable or generalized for all industry players.

5.6 Implications for Policy and Practice

The study will contribute to the Resource Based View, Dynamic Capabilities theory and Porter Generic Strategies Model. This will be through understanding of how cost leadership, differentiation and focus strategies can be integrated with the rights resources so as to enhance organization performance. The study will assist the management and employees of general insurance companies in Kenya appreciate the strategies that suits their companies and in turn enhance the companies’ performance. The research will be valuable to policy makers as they may find the study useful while coming up with the right policies, strategies and regulations to support the insurance industry.

5.7 Suggestions for Further Research

This study determined the strategies adopted by general insurance companies in Kenya to enhance organizational performance. The study recommends for a similar study assessing other factors that affect organizational performance of general insurance companies. Studies can also be conducted on the strategies adopted to enhance organizational performance but focusing on the entire insurance industry to make comparisons with the above findings.

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APPENDICES

Appendix I

List of Select General Insurance Companies

1. Jubilee General Insurance Limited
2. CIC General Insurance Limited
3. APA Insurance Limited
4. UAP Insurance Company Limited
5. Britam General Insurance (K) Company
6. GA Insurance Limited
7. Resolution Insurance Company Ltd
8. ICEA LION General Insurance Company
9. AAR Insurance Company Kenya
10. Heritage Insurance Company Limited

Source: Extract from the Insurance Industry Annual Report (2020)

Appendix II: Interview Guide

PART A: COST LEADERSHIP STRATEGY

1. What do you understand by the concept of cost leadership strategy?
2. How have you reduced the costs at your firm and if so in what areas?
3. Which cost leadership strategies has your firm employed?
4. What do you normally take into consideration when deciding the cost leadership strategy to employ?
5. What challenges do you face when employing cost leadership strategies in your organization?
6. How has the cost leadership strategy affected the performance of your firm?

PART B: DIFFERENTIATION STRATEGY

7. What do you understand by the concept of differentiation strategy?
8. Have you differentiated your products from other insurance firms?
9. What areas have there been there attempts to differentiate products in your firm?
10. What do you normally take into consideration when differentiating products from others in the insurance industry?
11. What challenges do you face while differentiating products in your firms?
12. How has the differentiation strategy affected the performance of your firm?

PART C: FOCUS STRATEGY

13. What do you understand by the concept of focus strategy?
14. Do you have a specific market segment you serve and why?
15. How has your organization employed focus strategy?
16. What do you normally take into consideration when deciding the market to focus on?
17. What challenges do you face when employing focus strategy?
18. How has the focus strategy affected the performance of your firm?