STRATEGIC RESPONSES BY LIFE INSURANCE COMPANIES IN KENYA TO THE THREAT OF NEW ENTRANTS AND NEW PRODUCTS

BY

ROSE WANDA ONG'ELE

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DECLARATION

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

NAME: ROSE WANDA ONG'ELE **Reg. No: D61/70264/2009**

Signature .... Date ...12/11/2010...

SUPERVISOR

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

Signed .... Date ...12/11/2010...

PROF. PETER O. K'OBONYO

Department of Business Administration

School of Business

University of Nairobi.

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DEDICATION

This project is dedicated to my parents Richard and Dorcus for their continued support, encouragement and motivation. Without them, I would not have made it.

ABSTRACT

This study sought to establish the strategies adopted by life insurance companies in Kenya to the threat of new entrants and new products. The study was conducted using a cross-sectional survey design. It was based on the 24 life insurance companies in Kenya. Primary data was collected using self-administered drop and pick questionnaires. The questionnaires were semi-structured, having both open-ended and closed ended questions. A content analysis and descriptive analysis were used to analyze the data. The study established that the majority of the life insurance companies were fully locally owned. According to the findings the life insurance companies in Kenya employed strategic responses in light of increased competition from new entrants and products. Further to the findings, the insurance companies used cost leadership, focus strategy, market development, Product development, and information technology at varying levels. Not all the companies applied the following strategies: joint venture, market penetration, diversification, acquisition and strategic alliances. It was concluded that strategic responses are important for a firm to stem the threat of new entrants and products and that life insurance companies in Kenya are not exploiting fully the benefits accrued from the use of response strategies in dealing with competition as a result of the new entrants and products. The study recommends that life insurance companies need to embrace strategic responses that will give them an opportunity to gain market share so as to improve their competitive edge. These strategies include acquisitions, mergers, market penetration, diversification and strategic alliances.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategy is the determination of basic long term goals and objectives of an organization, and the adoption of courses of action and the allocation of resources necessary for carrying out of these goals (Chandler, 1962). Every organization should analyze the competitive forces in the industry. Porter (1980) observes that the rules of competition are embodied on the five forces: threat of new entrants, threat of substitutes, bargaining power of buyers, bargaining power of suppliers and rivalry among the existing competitors. The collective strength of these forces determines the ultimate profit potential of an industry. The five competitive forces reflect the fact that competition in an industry goes well beyond the established players. The strongest force or forces are becoming crucial from the point of view of strategy formulation. To establish the strategic agenda for dealing with these contending forces and to grow despite the, a company must understand how they work in the industry and how they affect the company in its particular situation (Pearce and Robinson, 1997). The competitive advantage of an organization maybe eroded because the forces mentioned above change or competitors manage to overcome adverse forces.

1.1.1 Strategic Responses

Organizations depend on the environment for survival. They scan the environment in effort to determine the trends and conditions that could eventually affect the industry and adapt to them (Thompson & Strickland, 1993). The organizations environment is dynamic and to operate effectively within it, organizations must be able to change in

response. Responses can be both strategic and operational. Ansoff and McDonnel (1990) noted that strategic responses involve changes in a firm's strategic behaviours to ensure success in transforming the future. The choice of the response depends on the speed with which a particular threat or opportunity develops in the environment.

Johnson and Scholes (2002) state that strategic response is concerned with the overall purpose and scope of the business to meet stakeholder expectations. It guides strategic decision-making throughout the business. It focuses on changes in product or market domain or both. On the other hand, operational response is concerned with how each part of the business is organized to deliver the corporate and business-unit level strategic direction. Operational strategy therefore focuses on issues of resources, processes, and people and is largely concerned with strategy implementation issues.

1.1.2 Threat of New Entrants and New Products

The easier it is for new companies to enter the industry, the more cut-throat the competition (Porter, 1980). The possibility of new firms entering an industry impacts competition. The most attractive segment of the market has high entry barriers and low exit barriers. Although any firm should be able to enter and exit a market, each industry often presents varying levels of difficulty, commonly driven by economics. Manufacturing based industries are more difficult to enter than many service based industries. The definable characteristics of each industry protect profitable areas of the market from entry by new competitors. These inhibitive are referred to as barriers to entry (Johnson & Scholes, 2002).

Improving and updating product lines is crucial for the success for any organization. Failure by an organization to change could result in a decline in sales. In this case, the company risks being overtaken by competitors, particularly those focusing on introduction of new products. The success of a new product on the market can be hindered by one or more of the barriers: competition, market entry timing, and the regulation barrier. Bond and Houston (2003) state that the combined level of marketing expertise and the level of technological expertise held by existing competitors may serve as a kind of entry barrier on the market.

1.1.3 The Insurance Industry in Kenya

According to (Association of Kenya Insurers {AKI} 2009,) the insurance industry in Kenya comprised of 44 licensed insurance companies in the year 2009. Insurance industry comprises companies that underwrite both life and general insurance referred to as composite companies, and those that underwrite either of the two. In 2009, twenty companies wrote non-life insurance business only, nine wrote life insurance business only while fifteen were composite. There were 137 licensed insurance brokers in 2009.

The insurance industry has gone through tough times over the years as a result of changing economic environment. The global economy underwent a recession in 2009 as a result of the effects of the global financial crisis that was experienced from the late 2008. The low penetration of 2.84 per cent as a result of negative perception by Kenyans has not spared the life business too (AKI, 2009). In the 2009 report, The Association of Kenya Insurers, the industry lobby, points out that the tough environment in which the

industry operates poses challenges, key among them the poor public perception of insurance which has limited penetration of 2.84 percent.

The latest industry figures (AKI, 2009) show that the local insurance industry has defied the economic downturn and low penetration to record a 16.81 per cent growth in pretax profit to 64.47 billion in 2009 from 55.19 billion recorded a year before. This annual performance exceeded the overall economic growth of 2.6%. The gross written premium in non-life insurance was Kshs 43.11 billion compared to 36.89 billion in 2008 representing a growth of 16.8 % while life insurance premium and contributions from deposit administration business grew by 16.7 %. The industry incurred net claims of Kshs 30.66 billion in 2009 compared to Kshs 24.83 billion in the year 2008, representing an increase of 23.50% (AKI, 2009).

The report (AKI, 2009) notes that the industry continues to embrace information communication technology, research and innovation thereby expanding its capacity to exploit the existing untapped insurance market. This development coupled with improvement in regulatory environment and the review of the Insurance Act is expected to enhance the insurance penetration beyond the current level of 2.84%. The East African Common Market that came into effect on 1st July 2010 is also expected to herald a new dawn for the insurance industry. With an expanded market of 126 million people, the insurance industry is expected to benefit greatly both in terms of volume of business underwritten and capacity to undertake risks (AKI, 2009).

1. 2 Statement of the Problem

The Kenyan insurance market is affected by intensifying global competition in a liberalized market. New entrants into the insurance industry are fast taking root in the Kenya market after liberalization in the year 2000. They include: UAP Life, Metropolitan Life, APA, Trinity Life, Shield Assurance, Pacis and Direct Line Assurance (AKI, 2009). Low penetration has seen the insurance companies coming up with new products so as to reach the uninsured market. Insurance products from the new insurance companies now give a lot more options to customers. Another threat of new entrants for many insurance companies is other financial services companies entering the market thereby increasing competition. Many of the larger banks have renewed interest in insurance and, particularly, to selling insurance. Banks are fast moving towards being viewed as a financial supermarket or a one-stop shop providing the entire amount of financial products ranging from personal finance to life insurance to mutual funds. In addition, new products, such as unit linked have emerged in the life insurance market. The threat of new entrants and new products is therefore, a major force that has greatly influenced the insurance industry .Companies have been forced to take strategic measures to counter the threat of new entrants and new products so as to defend their market turf and grow their business in the face of competition.

Locally, a few studies have looked at strategic responses to the threat of new entrants but none of them focused on strategic responses by life insurance companies in Kenya to the threat of new entrants and new products. Isaboke (2001) investigated the strategic responses by major oil companies in Kenya to the threat of new entrants. This study

concentrated on the oil sector which is quite different from the insurance industry. Oil business unlike insurance requires highly specialized workers to operate the equipment and to make key drilling decisions. The price of oil is determined by the supply and demand whereas in insurance it is underwritten. Omondi (2004) looked at responses of mortgage companies in Kenya to threats of new entrants focusing on Saving & Loan (K) Limited. The insurance industry is quite unique from other industries hence leaving a very wide knowledge gap that this study intends to exploit. This research will seek to answer the question: what are the strategic responses by life insurance companies in Kenya to the threat of new entrants and new products?

1.3 Objective of the Study

The objective of this study was to establish the strategic responses adopted by life insurance companies in Kenya to the threat of new entrants and new products.

1.4 Importance of the Study

Upon completion of the study it will be of significance to the following: the life insurance industry seeking to increase the penetration ratio and density of life insurance, potential investors in the life insurance industry who will have a better appreciation of the opportunities and challenges facing the life insurance sector, policymakers who are seeking a better understanding of the industry in order to formulate appropriate legislation and it will be a source of reference material for future researchers on other related topics and formulate a basis for further research

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This chapter reviewed the literature available on strategy and the strategic responses.

2.2 The Concept of Strategy

The origin of the concept of strategy is said to be from a Greek word 'stratego" meaning 'to plan the destruction of one's enemies through effective use of resources'. The concept was developed purely on war basis and remained a military one until the nineteenth century when it began to be applied in the business world (Burnes, 2000). Strategy is creating a fit among a company's activities (Porter, 1996). The success of a strategy depends on doing many things and integrating them. If there is no fit among activities, there is no distinctive strategy and little sustainability. Strategy defines the way and organization will pursue its goals given the threats and opportunities in the environment and resource capabilities of the organization (Rue & Holland, 1986).

Shendel and Hofer (1979) argue that strategy maybe be defined as the broad program of goals and activities to help a company achieve success. They see strategy as the match between an organizations resources and skills and environmental opportunities and risks it faces and t he purposes it wishes to accomplish. Organizations have to align their activities to match the new environment. When the competitive domain and the growth potential starts to shrink, strategic options are either to attempt a more intensive implementation of the current line of business, or to begin to search for more

opportunities in other markets (Thompson & Strickland, 2003). These choices are a must if a firm has any regard for its survival (Hunger & Wheeler, 1989).

According to Mintzberg et al (1998) we need at least five definitions of strategy to gain a full understanding of what the concept is. The five interrelated definitions are: strategy as a plan, strategy as a ploy, strategy as a pattern, strategy as a position and strategy as a perspective. This does not mean that one definition should be preferred to others but rather they should be considered as alternatives or complementary approaches to strategy

Johnson and Scholes (2002) have identified several characteristics that are associated with strategy. First, strategy is likely to be concerned with long term direction of the organization. Secondly, strategy is about achieving advantage over competition. Thirdly, it is likely to be concerned with the scope of an organization's activities. Fourthly, strategy can be seen as the process of matching the resources and activities of an organization to the environment in which it operates in, this is known as strategic fit. Strategy can also be seen as the process of building on an organization's resources and competencies to create opportunities or capitalize on them, this is known as strategic stretch. Lastly, the strategy of an organization is affected by the values, beliefs and expectations of those who have power in the organization.

Quinn (1980) defined strategy as a plan or pattern that integrates organization major goals and policies. It helps marshal and allocate resources into a unique and viable posture based upon its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents. The strategic managers are therefore required to have a thorough understanding of the environment

they operate to forge a fit between the strategy and environment and ensure coherence in the intra-organizational variable as well as maintain consistency with the strategy.

2.3 The Five Forces of Competition

Porter (1980) postulates that there are five forces typically shape the industry structure. These forces are: threat of new entrants, threat of substitute products, bargaining power of suppliers, bargaining power of buyers and rivalry among competitors, Aosa (1997) argued that these forces work together with other context specific forces (government, logistics and information technology). The five forces reflect the fact that competition goes well beyond the established players, as the strongest competitive force determine the profitability of an industry and its importance in strategy formulation. The model can provide a useful starting point for strategic analysis even where profit criteria may not apply. It can help set an agenda for actions on the various '*pinch points*' that strategy planners identify (Johnson, Scholes & Whittington 2008). Porter's essential message is that where these five forces are high industries are not attractive to compete in. the intensity of competition in an industry is rooted in the underlying economic structure and goes well beyond the behavior of current competitors, (Porter, 1980). This research focuses on the threat of new entrants and new products which will be reviewed in detail. The state of competition in an industry depends on the five forces as shown in the figure below:

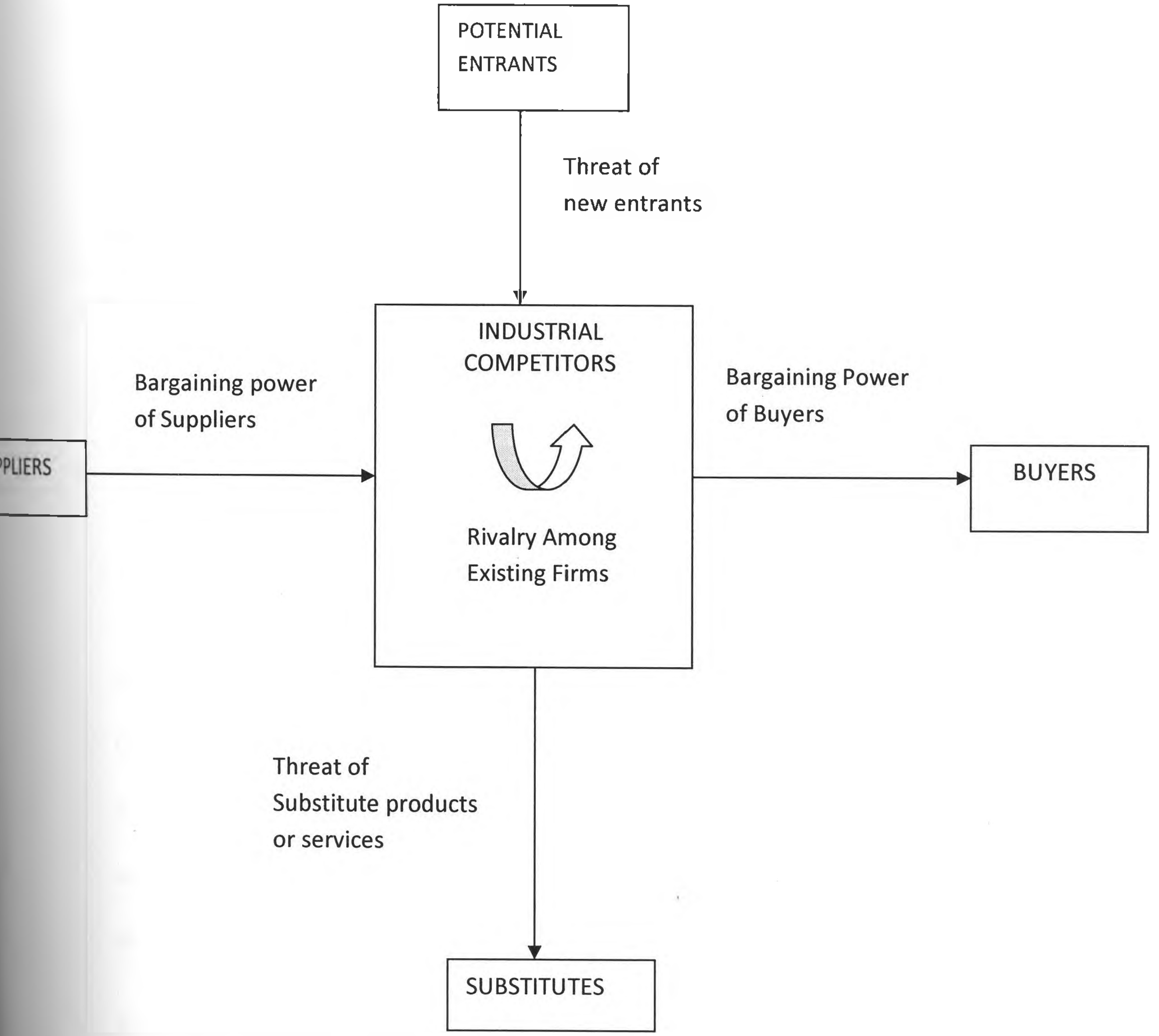

Figure 2.1: Forces Driving Industry Competition

Source: Porter M.E. (1980) *Competitive Strategy*, New York: Free Press

2.3.1 Threat of New Entrants and New Products

New entrants to an industry bring new capacity, the desire to gain market share and often substantial resources. Threat of entry depends on the extent and height of barriers to entry and the reaction from the existing competitors that the new entrant can expect. If barriers are high then new comers can expect retaliation from the entrenched competitors, (Porter 1980). Wairaichu (2000) noted that companies found themselves in an uneven playground due to the activities of new entrants.

There are factors needed to be overcome by new entrants if they are to compete successfully. Thompson and Strickland (2003) refer to fact that the barriers to entering a new market will have an influence on whether it will be hard to new competitors to enter the market. High barrier entry are good for incumbents because they protect them from new competitors coming in. this means that the seriousness of the threat of entry depends on the barriers present and the reaction from existing competitors that the entrants can expect. Barriers to entry also affect the existing companies' response to entry. Further, the threat of retaliation by existing companies can become a barrier to entry. There are five barriers to entry as enumerated by Porter (1980) and Johnson et al (2008). They are: economies of scale and experience, expected retaliation, access to supply or distribution channels, legislation or government action and differentiation.

Economies of scale refer to the declines in unit costs of a product (or operation or function that goes into producing a product) as the absolute volume per period increases. Once incumbents have reached large-scale production, it will be very expensive for new entrants to match them and until they reach a similar volume they will have higher unit

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costs. Barriers to entry also come from experience curves effects that give incumbents a cost advantage because they have experience on how to do things more efficiently than an inexperienced new entrant could possibly do.

If an organization considering entering an industry believes that retaliation of an existing firm will be so great as to prevent entry or mean that entry would be too costly, then this acts as a barrier. Retaliation could take the form of price war or marketing blitz. Therefore, just the knowledge that incumbents are prepared to retaliate is sufficiently discouraging to act as a barrier. Johnson et al (2008) suggest that a barrier to entry can be created by the new entrant's need to secure distribution for its products. In many industries manufactures have control over supply or distribution channels. This could be through direct ownership in the form of vertical integration or just through customer or supplier loyalty. To the extent that logical distribution channels for the product have already been established, the new firms must persuade the channels to accept its product through price breaks and the like which reduce profits. In some industries this barrier has been overcome by new entrants selling directly to consumers through e-commerce.

Government can limit or even foreclose entry into industries with such controls as licensing requirements, limited access to raw materials and regulation of markets such as pension selling. A firm can resort to creating entry, mobility and substitute barriers to strategic groups. Such barriers can be in the form of differentiation that makes it difficult to imitate products (Shushi, 1990). Differentiation means providing a product or service with higher perceived value than the competition. Such barriers can be in the form of

differentiation that makes it difficult to imitate products. Differentiation is used by firms as a response to increased competition.

2.4 Strategic Responses

Ansoff and McDonnel (1990) note that strategic responses involve change in an organization's behavior. The responses may take different forms depending on the organizations capability and the environment in which it operates. Thwaites and Glaites (1992) argue that for an organization to succeed in an industry, it must select the mode of strategic behavior that matches the level of environmental turbulence and develop a resource capability which complements the chosen mode. They identify three distinct modes of strategic behavior. The first mode is reactive and driven by the environment; the second mode is pre-emptive and seeks to anticipate future events and prepare them while the third mode is the most aggressive stance where organizations not only seek to identify future scenarios but also work to bring these about.

Abdullahi (2000) in his study of the strategic responses by Kenyan insurance companies following liberalization found that although adverse economic reforms in Kenya had made the business environment turbulent, the insurance companies agreed that there was no need to respond to the changes. From his study it was very clear that the insurance companies were not properly prepared for any changes. Isaboke(2001), found that majority of major companies responded to the threat of new entrants by changing products and services offered , the market segment served and the technology used. In a study of the life insurance companies in Kenya, Wairegi (2004) established that the industry had responded to changes in the environment through development of new

distribution channels such as internet, investment in human resource development and computerization of the core business.

The above differences in strategic responses by companies that were studied can be explained by the observation made by Schendel and Hofer (1979) who point out that the different response, despite perception of the same challenges may be due to differences in the firm's resources or capacities. Another possible reason for the difference in strategic responses that are found is the level of organizational slack. Slack is defined as the differences between the resources available to the organization and the total requirements of the members of the organizational coalition. The overall responsibility for effective strategic response belongs to the top management of the firm. Some of the response that firms have employed to respond to competitive forces such as threat of new entrants and new products include: generic strategies, product-market expansion, diversification, leadership and culture, grand strategies and information technology. These strategies are reviewed below.

2.4.1 Porter's Generic Strategies

Porter (1991) strongly believes that making choices about how organization position their company in its competitive environment is what strategy is all about and emphasize on the importance of positioning view. He argues that organization can sustain competitive advantages by implementing the generic strategies by position themselves either being cost-leadership, differentiation or focus (Porter, 1985).

Cost leadership strategy is where a company sets out to be the low cost producer. The focus of the strategy is cost reduction better than competitors. This means operating at

high volumes so that economies of scale are realized. Porter (1998) points out that maintaining this strategy requires a continuous search for low cost reductions in all aspects of the business. To be successful, the strategy usually requires a considerable market share advantage or preferential access to raw materials, components, labour or some other important input.

Differentiation Strategy seeks to build competitive advantage with its product or service by having it being different from other available products based on features, performance or other factors not necessarily related to cost and price. The difference would be one that is hard create and/or to copy or imitate (Pearce & Robinson, 2007). Porter (1998) points out that differentiation involves creating a product that is perceived to be unique. This allows companies to desensitize price and focus on quality that generates a comparatively higher price and a better margin. Differentiation require producers to segment markets in order to target goods and services at specific segments thereby generating a higher than average price. Sharp and Dawes (2001) posited that differentiation creates a defensible position for coping with the five competitive forces in a different way than cost leadership. To maintain this strategy, a company should have strong research and development skills, strong product engineering skills, strong creativity skills, good cooperation with distribution channels and strong marketing skills

According to Porter (1998) in focus strategy, the firm concentrates on a select few target markets. Focus strategy may be used to select targets that are less vulnerable to substitutes or where competition is weakest to earn above average returns. Thompson and Strickland (2003) observe that focus is based on cost leadership and differentiation and is

more attractive to firms if the industry has multi niches-segments and therefore allows a firm to pick a niche that could give the greatest returns and where it could utilize its resource distinctive competencies to the fullest.

At this point it is worth mentioning that scholar's Wheelan and Hunger (1995) gave a critique of these strategies. To them it is arguable that no single strategy could pass the test of creating success in an organization and therefore there are risks associated with these generic strategies. First, differentiation strategy cannot be sustained for too long as competition may imitate this strategy after some time. For cost leadership, sustainability may also be lost to competitors who become imitators over time. Equally, technological changes may make market leaders obsolete by turning the leadership bases into irrelevance

2.4.2 Product-Market Expansion Strategy

Product-market expansion strategy as a response is a strategy that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. It should be centered on the concept that customer satisfaction is the main goal. Kotler (2003) argues that it is most effective when it is an integral part of corporate strategy. Ansoff (1957) proposed a useful framework for detecting new intensive growth strategies called "product-market expansion grid".

The company first considers whether it could gain more market share in its current market. This is known as market penetration strategy. The best way to achieve this is by gaining competitors' customers or attracting non-users of your products and convincing

current clients to use more of the company's products or service. The next step is whether it can find or develop new markets for its current product; here an established product can be targeted to a different customer segment as a strategy to earn more revenue. This is known as market development strategy (Ansoff, 1957). It then considers new products of potential interest to current markets known as product development stage. Frequently, when a firm creates new products, it can gain new customers for these products. Product development can be a crucial business development strategy for firms to stay competitive. Finally, the business reviews opportunities to develop new products for new markets known as diversification strategy.

2.4.3 Diversification Strategy

This is a form of growth marketing strategy that seeks to increase profitability through greater sales volume obtained from new products and new markets. This is one of the four marketing strategies defined by Ansoff who pointed out that diversification stands apart from the other three strategies. Diversification growth strategy makes sense when good opportunities can be found outside the present business. Kotler (2003) states that a good opportunity is one in which the industry is highly attractive and the company has a mix of business strengths to be successful.

The company could seek concentric diversification for new products that have technological or marketing synergies with existing product lines. This will enable the company to leverage on its technical know-how to gain some advantage. The company can also pursue horizontal diversification where it searches for new products that could appeal to its current customers even though the new products are technologically

unrelated to its current product line. Finally, the company might opt for conglomerate diversification where it seeks new businesses that have no relationship to its current technology, products or markets in order to improve the profitability and flexibility of the company (Kotler, 2003). Diversification results in the company entering new markets where it had no presence before. It usually requires new skills, new techniques and new facilities. As a result it almost invariably leads to physical and organizational changes in the structure of the business which represent a distinct break with past business experience.

2.4.5 Grand Strategies

Firms may respond to increased to competition by entering new markets with similar products. These could be markets they are not currently serving or new geographical markets. Market entry strategies may include acquisitions, strategic alliances and joint ventures. Firms may also respond to competitive forces by developing new products. This will be aimed at reducing risks through diversification as a means of responding to competitive forces which could be related or unrelated. Related diversification can be further disintegrated to vertical or horizontal integration. Vertical integration refers to the integration of the adjacent (either forward or backward) activities in the value chain (Johnson & Scholes, 2002). Backward integration takes a firm closer to suppliers' thereby increasing dependability of the supply. Forward integration moves a business closer to customers. In the face of increased competition, this has the benefit of cost reduction, defensive market power and offensive market power.

On the other hand, horizontal integration refers to the development into activities that are competitive with/or directly complementary to the company's present activities (Johnson & Scholes, 2003). The principle attractions of a horizontal integration grand strategy is that firm a firm is able to greatly expand its operations thereby achieving greater market share, improving economies of scale and increasing the efficiency of capital use (Pearce and Robinson, 2003).

Barnard (1938) and Simon (1957) recognized that firms on their own cannot create resources and capabilities needed to prosper and grow; they identified collaboration as a viable way of combining resources in business opportunities. Such collaborations can take the form of strategic alliances, franchising, mergers and acquisitions among others. As argued by Harrigan (1985) strategic alliances are more likely to succeed when players posses complementary assets and thus a firm seeks knowledge it considers lacking but vital for the fulfillment of its strategic objectives. A firm will furthermore need to posses knowledge base in the same area, since only such similarity will allow an understanding of the intricacies of the knowledge as well as of its applicability to the firms unique circumstances.

2.4.6 Information Technology Strategy

Hill (2003) refers to technological change which has made the globalization of markets and production a tangible reality. The internet and the associated World Wide Web are a source of phenomenal growth. Information processing capability can improve an organization's strategic capability. The use of technology has affected every aspect of business, transforming not only the way business is conducted but also creating new

business sectors. Businesses have initiated strategies to meet the challenges of change. The use of websites has allowed companies to develop cheaper ways of reaching markets while enhancing the level of customer service.

Technology has been used extensively by many organizations to acquire a competitive advantage over competition. The organization needs to ensure that it chooses the right kind of technology for its given business environment. According to Johnson and Scholes (2003), what is key to technology strategy is innovation. Technology should be seen as a means of underpinning innovations. A firm's information technology knowledge is a necessary condition that enables the market driven firm to respond to the market and create/sustain competitive advantage.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section set out the research methodology that was used to meet the objectives stated in section one of this study. The research setting, population of study, data collection instruments, and data analysis techniques are presented.

3.2 Research Design

The research design employed in this study was the cross-sectional survey design. This method was preferred because it allows for generalization of research findings. Surveys are particularly useful because they allow comparative analysis of the data obtained from the different firms.

3.3 Population

As the population was not overly large and all the companies in the population had their head offices in Nairobi, a census study of the entire population was undertaken covering 24 companies.

3.4 Data Collection

Primary data was collected using self-administered drop and pick questionnaires which were distributed to the operation manager and where not available, the general manager life insurance, was the respondent. The questionnaires were semi-structured having both open-ended and closed ended questions. The closed-ended questions provided more structured responses to facilitate qualitative data analysis. The open-ended questions

were to provide additional information that may not be captured in the close-ended questions. The questionnaire consisted of two parts. Part A sought data on the profile of the companies while part B focused on the strategic responses. The questionnaire is attached as Appendix 1.

3.5 Data Analysis

Before processing the data, the completed questionnaires were edited for completeness and consistency. A content analysis and descriptive analysis was employed. The content analysis was used to analyze the open-ended responses while descriptive analysis was used to analyze closed ended responses. The data will was coded to enable the responses to be grouped into various categories. Descriptive statistics was be used to summarize the data. This included percentages and frequencies. Tables and graphs were used to present the data.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study. The results are presented in line with the objective of the study which was to establish the strategic responses adopted by life insurance companies in Kenya to the threat of new entrants and new products. The questionnaire was divided into two sections; the first section covered demographic and background information while the second section covered the strategic responses by the life insurance firms. The study targeted a total of 24 insurance companies but out of that number of questionnaires given out only 16 were completed and returned.

4.2 The Response Rate

Out of the total 24 questionnaires the researcher administered, only 16 were returned. The response rate was therefore 66.66%.This percentage was therefore fair and representative. Mugenda and Mugenda (2003) stipulate that a response rate of 50% is adequate for analysis and reporting. A response rate of 60% is good and a response rate of over 70% is very good. This response rate of 66.66% is therefore an adequate rate to support the study conclusions.

4.3 Demographics

This section deals with individual characteristics of the respondent insurance companies. Frequency tables, percentages and graphs are extensively used to present the data. The demographics consisted of years the firm has been in operation, ownership, firm size by number of employees, class of insurance business and class of long term insurance business. The results are presented in table 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7 and 4.8.

4.3.1 Years of Operation

The respondents were asked to indicate the number of years their company had been in operation. The findings are presented in table 4.1

Table 4.1 Years of Operation

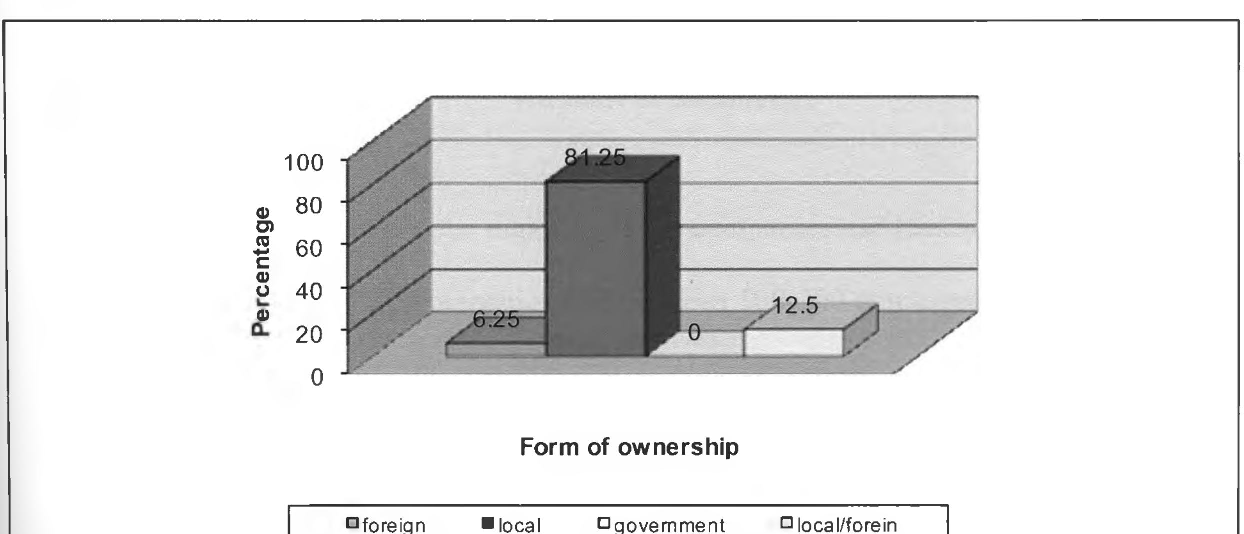
Years	Frequency	Percentage
1-20	2	12.5
21-40	6	37.5
41-60	7	43.75
61 and over	1	6.25
Total	16	100

From table 4.1 above the majority (43.75%) of the insurance companies had operated for between 41 to 60 years followed by those that had operated between 21 to 40 years at 37.5%. Only 12.5% had operated for below 20 years. The majority insurance companies had therefore operated for over 40 years.

4.3.2 Ownership

The study set out to find the form of ownership of the life insurance companies. This was to provide an overview of internationalization and exposure to global competition. The results are presented in figure 4.2.

Figure 4.1 Forms of Ownership

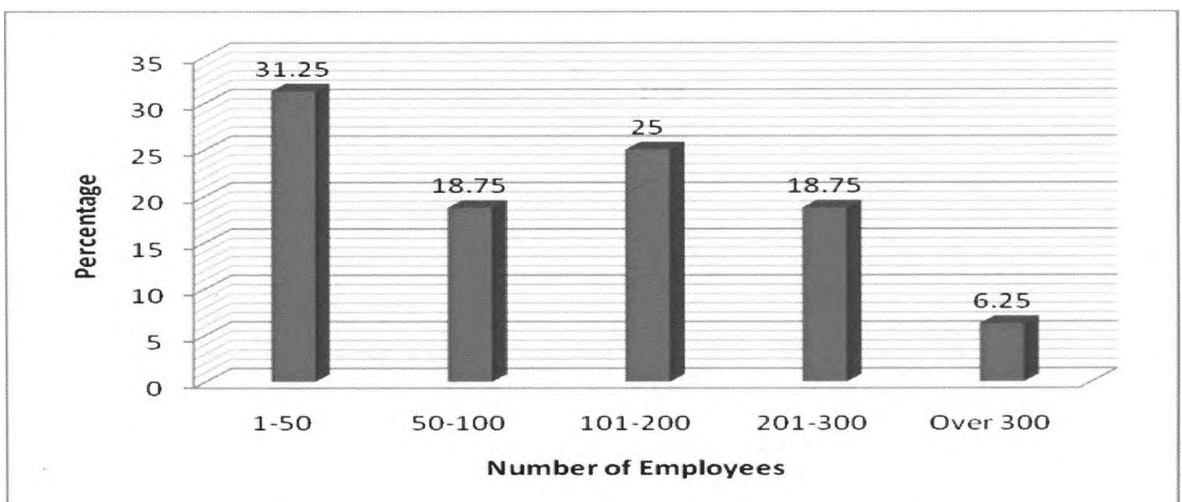


In figure 4.1 above, 81.25% of the insurance companies were fully locally owned, 12.25% were local/foreign while only 6.25% were fully foreign owned. The findings suggest that most insurance firms are basically locally owned insurance companies.

4.3.3 Number of Employees

This study set to find out the number of employees in the insurance companies. The number of employees is an important variable that reflects the growth and status of the insurance companies. The findings are presented in figure 4.3.

Figure 4.2 Number of Employees



As shown in figure 4.2 above, the majority of the companies had less than 50 employees at 31.25% while 25% of the companies had between 100-200 employees. 18.75% of the companies had between 51-100 and 201-300 employees respectively. Only 6.25% of the companies had over 300 employees. Going by the number of employees, one can draw a conclusion that most of the insurance companies are either small or medium size.

4.4.4 Class of Insurance Business

The respondents were required to state the class of insurance business that their companies were involved in. The purpose was to establish the level of involvement in either life insurance or some other insurance business as a competitive strategy.

Table 4.2 Class of Insurance Business

Class	Frequency	Percentage
Long Term Business	6	37.5
Composite	10	62.5
Total	16	100

From Table 4.2, majority (62.5%) of the insurance companies were involved in composite business while only 37.5% were in long term business.

4.2.5 Classes of Long Term Insurance Business

The area of study was aimed at establishing the classes of long term insurance business the companies were involved in. Responses are in

Table 4.3 Classes of Long Term Insurance Business

Class Of Long Term Insurance Business	Frequency	Rank
Ordinary Life	15	2
Group Life	16	1
Pension	13	3

Table 4.3 indicates that classes of long term insurance business the companies were involved in were Ordinary life, Group life and Pension. Out of the three classes of long term insurance business, all the 16 companies had group life business with a rank of 1. Fifteen of the companies had ordinary life business with a rank of 2 and lastly, 13 companies had pension business at a rank of 3. This implies that group life was the most popular class of business among the three.

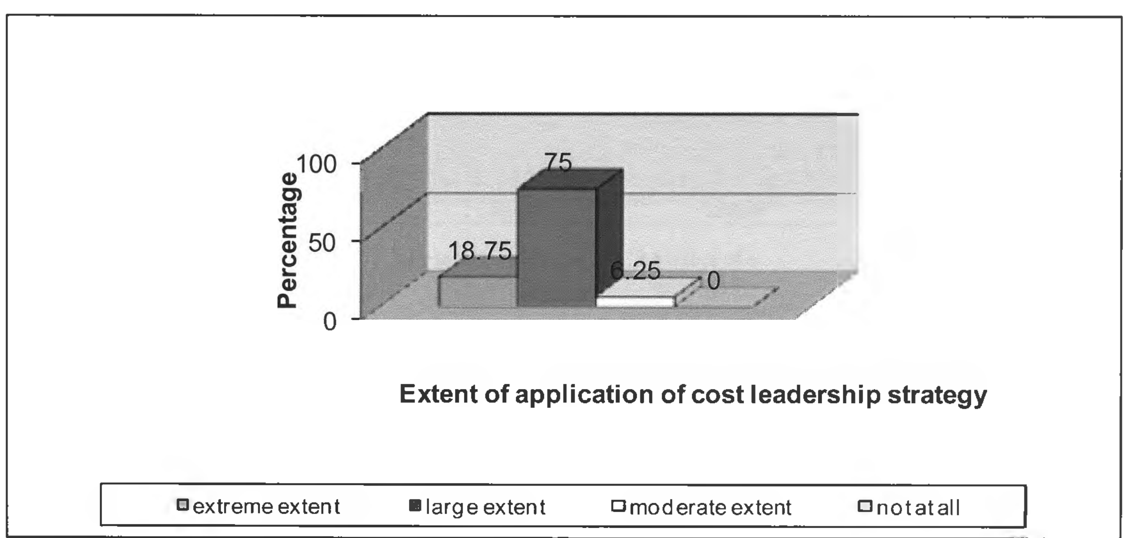
4.4 Strategic Responses

This section addresses findings on the competitive strategies used by the insurance companies under study to respond to threat of new entrants and new products. The results are in figure 4.3, 4.4, 4.5, 4.6, 4.7 and 4.8 as well as table 4.4, 4.5, 4.6, 4.7 and 4.8. The results are presented under each competitive strategy.

4.3.1 Cost Leadership

A firm pursuing a cost-leadership strategy attempts to gain a competitive advantage primarily by reducing its economic costs below its competitors if cost-leadership strategies can be implemented by numerous firms in an industry. The ability of a valuable cost-leadership competitive strategy to generate a sustained competitive advantage depends on that strategy being rare and costly to imitate. Figure 4.4 shows the extent to which the companies used the cost-leadership strategy.

Figure 4.3 Cost Leadership

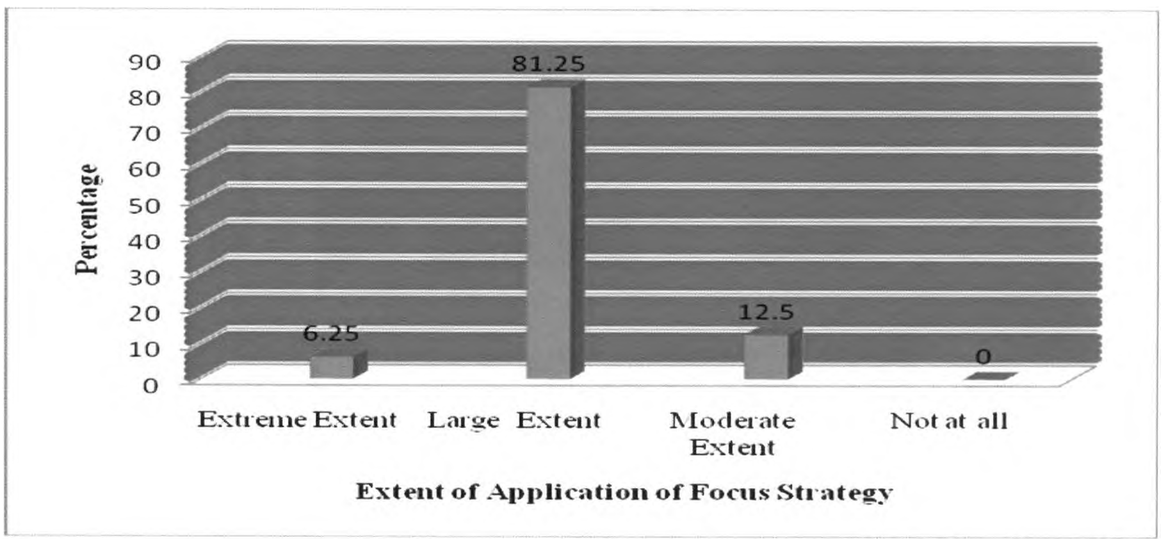


As shown in the figure, 18.75% of the companies used cost leadership strategy to an extreme extent, 75% used it to a large extent and 6.25 % used it to a moderate extent. The results therefore suggest that cost leadership is a very popular competitive strategy in the Kenyan insurance industry. All the firms surveyed applied the strategy albeit to varying degrees. Porter (1980) asserts that to achieve cost leadership in the industry, a firm can adopt functional policies and resort to aggressiveness construction of scale facilities. This is possible by sourcing inputs from cheaper suppliers.

4.3.2 Focus Strategy

A company uses focus and emphasizes segmenting an entire market and focusing on only one or few segments. The respondents were required to indicate the extent to which the above was so in their insurance companies.

Figure 4.4 Focus Strategy

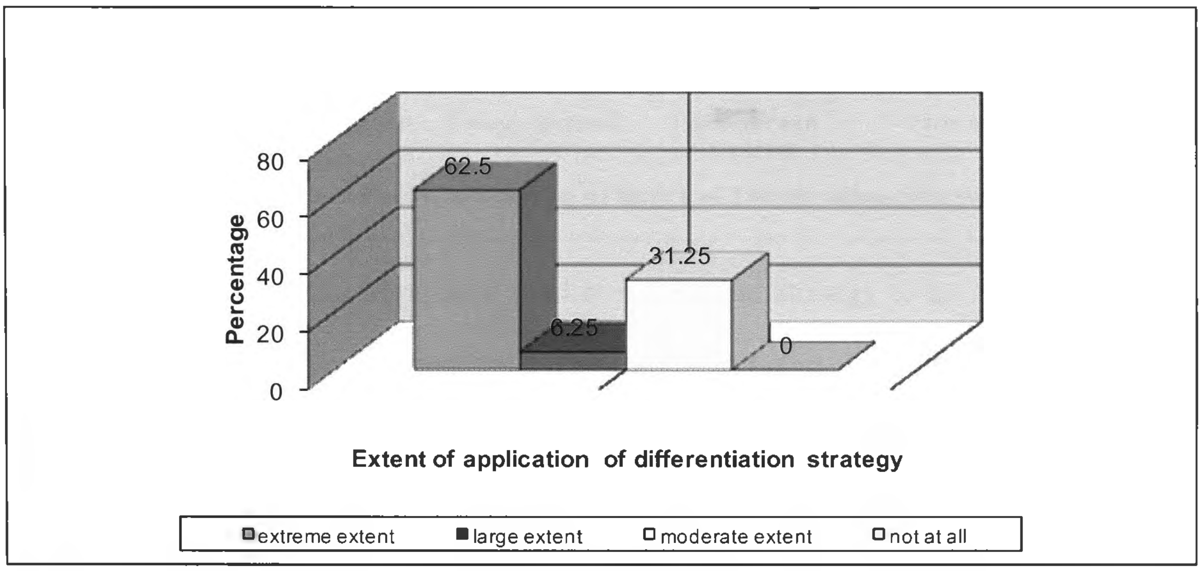


From figure 4.4 above on focus strategy, 81.25% of the respondents indicated that their companies used focus strategy to a large extent, 12.5% indicated it was used at a moderate extent were while 6.25% indicated that it was used at an extreme extent. This indicates that focus strategy was used overwhelmingly by the insurance companies.

4.3.3. Differentiation Strategy

This section aimed at identifying the extent to which companies used differentiation strategy.

Figure 4.5 Differentiation Strategy

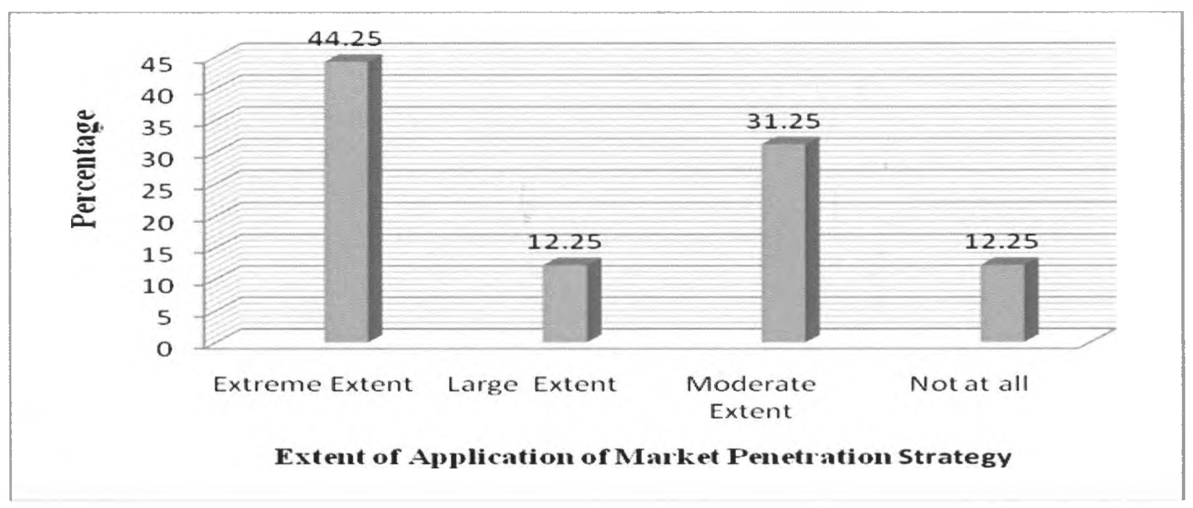


In figure 4.5 above, the study revealed that 62.5% of the companies used differentiation strategy to an extreme extent, 6.25 % at a large extent and 31.25% used it moderately. The strategy was therefore applied in the institutions with an approval rating of 67.75%.

4.3.4 Market Penetration

This area of study was aimed at identifying the extent to which market penetration strategy was applied in the firms. The results are shown in figure 4.6.

Figure 4.6 Market Penetration



Majority (44.25%) of the firms used market penetration strategy to an extreme extent, 12.25% applied it to a large extent and 31.25% applied it moderately. A few (12.25%) of the firms did not use market penetration study at all. This indicates that market penetration strategy was used by the insurance companies to a significant level.

4.3.5 Market Development

A market development strategy involves selling present products or services in new markets. The respondents were required to indicate the extent to which market development as a strategic response was applied in their firms. The findings are presented in table 4.4

Table 4.4 Market Development

Market Development	*Frequency*	*Percentage*
Extreme extent	*8*	*50*
Large extent	*2*	*12.25*
Moderate extent	*6*	*37.5*
Not at all	*0*	*0*

Fifty percent of the respondents indicated that the companies applied market development to an extreme extent, while 12.25% thought they did to a large extent. 37.5% thought it was used moderately. The results propose that market development strategy is used by all the insurance companies at varying measures.

4.3.6 Product Development

This section of the study was aimed at finding the extent to which product development was used. The study revealed that 43.75% of the respondents indicated that the companies applied the product development strategy to an extreme extent, 31.25% supposed it was to a large extent. 25% indicated that it was moderately used. These findings imply that product development strategy was popular among the insurance companies as a competitive strategy in response to the threat of new entrants and new products. The results are presented in table 4.5.

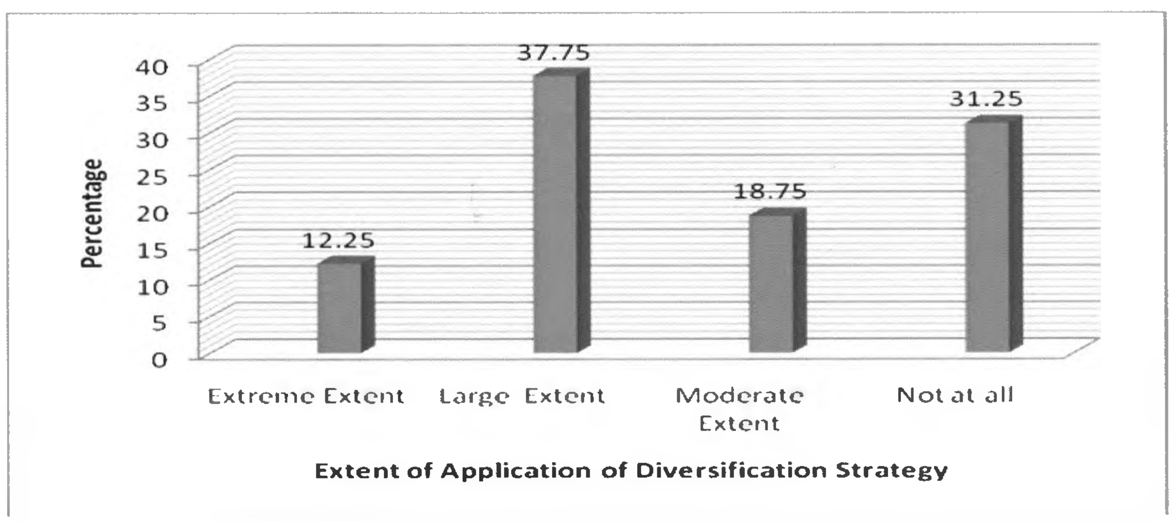
Table 4.5 Product Development

Product development	***Frequency***	***Percentage***
Extreme extent	*7*	*43.75*
Large extent	*5*	*31.25*
Moderate extent	*4*	*25*
Not at all	*0*	*0*

4.3.7 Diversification

Diversification strategies are used to expand firms' operations by adding markets, products, services, or stages of production to the existing business. The study sought to find out the extent to which the companies applied the strategy. The findings are presented in figure 4.7

Figure 4.7 Diversification



As shown in figure 4.7 above, 37.75% of the respondents indicated that the insurance companies used diversification to a large extent, 12.25% said it was to an extreme extent while 18.5% thought it was moderate and 31.25% did not. The findings suggest diversification strategy was not applied by all the insurance companies.

4.3.8 Acquisitions

An acquisition involves one company essentially taking over another company. While the motivations may differ, the essential acquisition involves one firm emerging where once there existed two firms. The respondents were required to indicate the extent to which their companies had used this strategy. The results are presented in table 4.6.

Table 4.6 Acquisitions

Acquisitions	*Frequency*	*Percentage*
Extreme extent	2	12.25
Large extent	0	0
Moderate extent	3	18.75
Not at all	11	68.75

Only 12.25% representing 2 insurance companies and 18.75% representing 3 insurance companies had used the strategy to stem the threat of new entrants and new products. An overwhelming 68.75% had not used the strategy. The findings point out that acquisition was not applied by a majority of the firms under study.

4.3.9 Strategic Alliances

The study sought to establish the level of involvement in strategic alliances by the Kenyan insurance firms. The results are presented in table 4.7

Table 4.7 Strategic Alliances

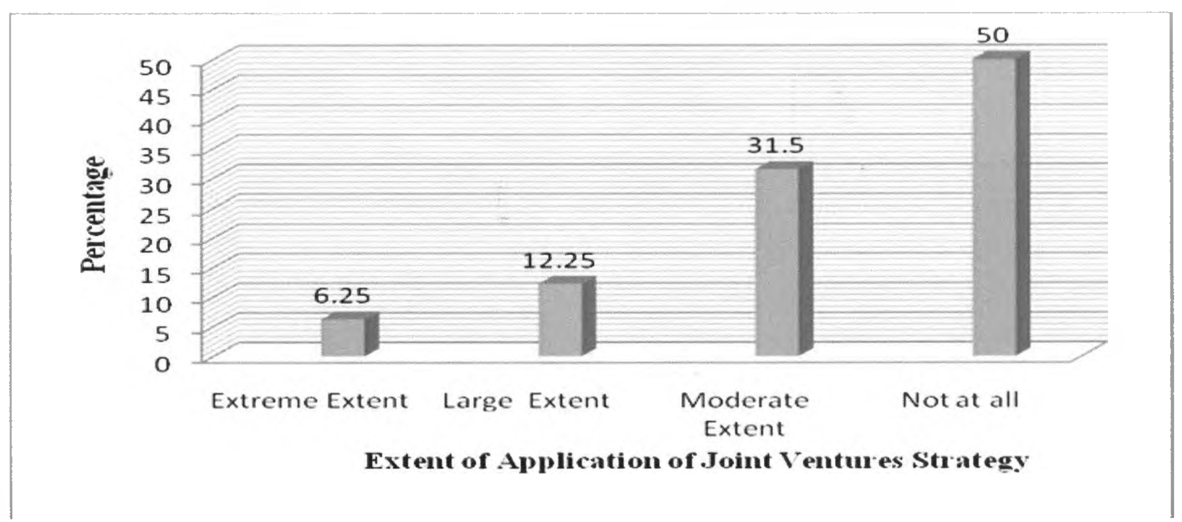
Strategic alliances	*Frequency*	*Percentage*
Extreme extent	3	18.75
Large extent	1	6.25
Moderate extent	6	37.5
Not at all	6	37.5

As shown in table 4.7, 18.75% representing three insurance companies had been in strategic alliances to an extreme extent, 6.25% had been involved to a large extent and 37.5% were involved in strategic alliances moderately. 37.5% representing 6 of the companies had not been involved in strategic alliances. The results indicate that strategic alliances were not used by all of the companies.

4.3.10 Joint Ventures

The use of joint ventures is rapidly becoming popular with a growing number of multinational firms. The area of this study required the respondents to indicate the extent to which their company had had joint venture. The results are presented in figure 4.8.

Figure 4.8 Joint Ventures



From figure 4.8 above, only 6.25% of the respondents had joint ventures to an extreme extent, 12.25% had been involved to a large extent and 31.5% were moderately involved in joint ventures. From the study, 50% of the respondents indicated that the insurance companies had not entered into any joint ventures.

4.3.11 Information Technology

The core intent in developing an information technology strategy is to ensure that there is a strong and clear relationship between information technology investment decisions and the organization's overall strategies, goals, and objectives. This section of the study aimed at identifying the extent to which information technology strategy was applied in the respondent's firms. The findings are presented in table 4.8

Table 4.8 Information Technology

Information Technology	Frequency	Percentage
Extreme extent	2	12.25
Large extent	9	56.25
Moderate extent	5	31.25
Not at all	0	0

The findings in table 4.8 showed that 12.25% of the respondents agreed that information technology was used to an extreme extent, 56.25% to a large extent and 31.25% to moderate extent. Information technology was therefore applied in all the insurance companies with a 68.75% rating.

4.3 Demographics

This section deals with individual characteristics of the respondent insurance companies. Frequency tables, percentages and graphs are extensively used to present the data. The demographics consisted of years the firm has been in operation, ownership, firm size by number of employees, class of insurance business and class of long term insurance business. The results are presented in table 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7 and 4.8.

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4.3.2 Ownership

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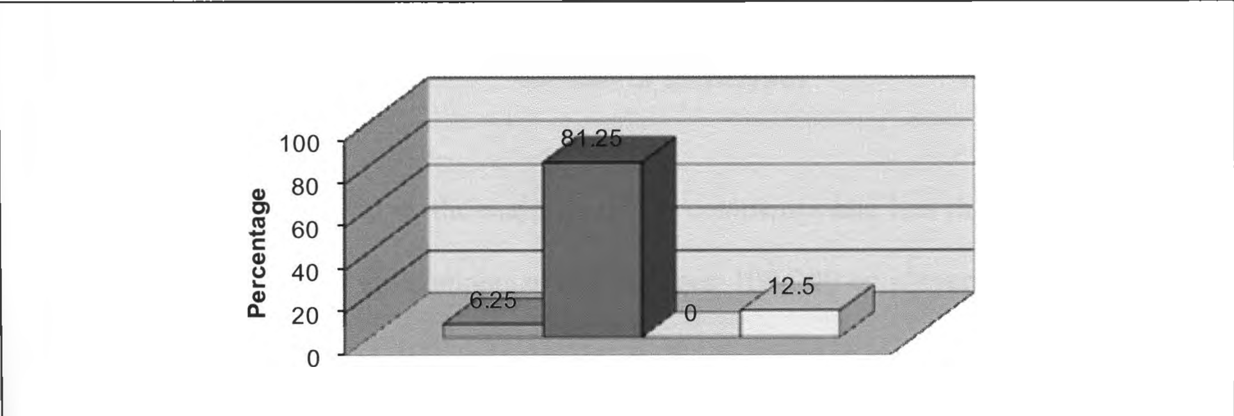
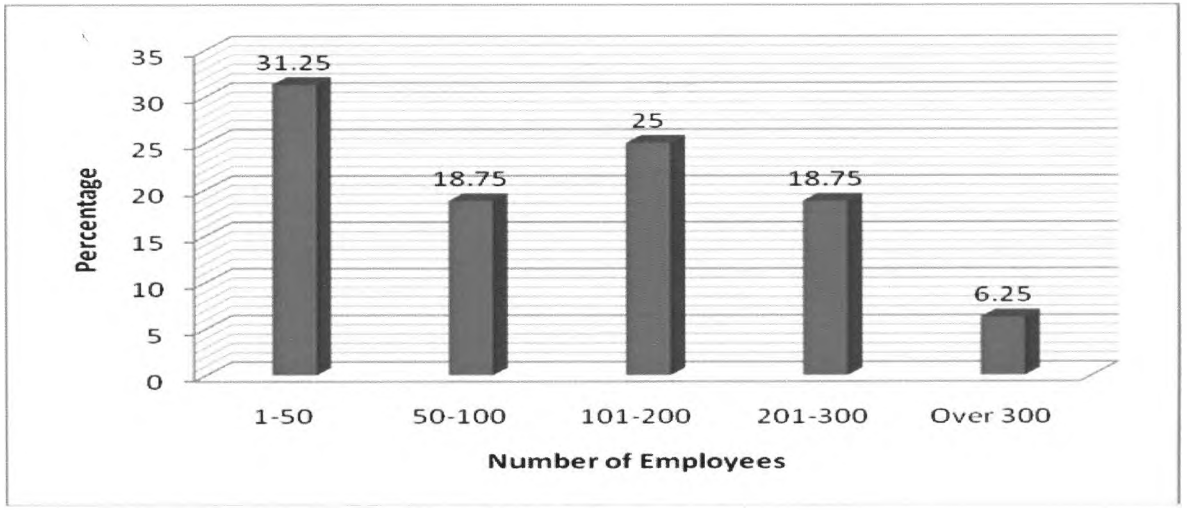


In figure 4.1 above, 81.25% of the insurance companies were fully locally owned, 12.25% were local/foreign while only 6.25% were fully foreign owned. The findings suggest that most insurance firms are basically locally owned insurance companies.

4.3.3 Number of Employees

This study set to find out the number of employees in the insurance companies. The number of employees is an important variable that reflects the growth and status of the insurance companies. The findings are presented in figure 4.3.

Figure 4.2 Number of Employees



As shown in figure 4.2 above, the majority of the companies had less than 50 employees at 31.25% while 25% of the companies had between 100-200 employees. 18.75% of the companies had between 51-100 and 201-300 employees respectively. Only 6.25% of the companies had over 300 employees. Going by the number of employees, one can draw a conclusion that most of the insurance companies are either small or medium size.

4.4.4 Class of Insurance Business

The respondents were required to state the class of insurance business that their companies were involved in. The purpose was to establish the level of involvement in either life insurance or some other insurance business as a competitive strategy.

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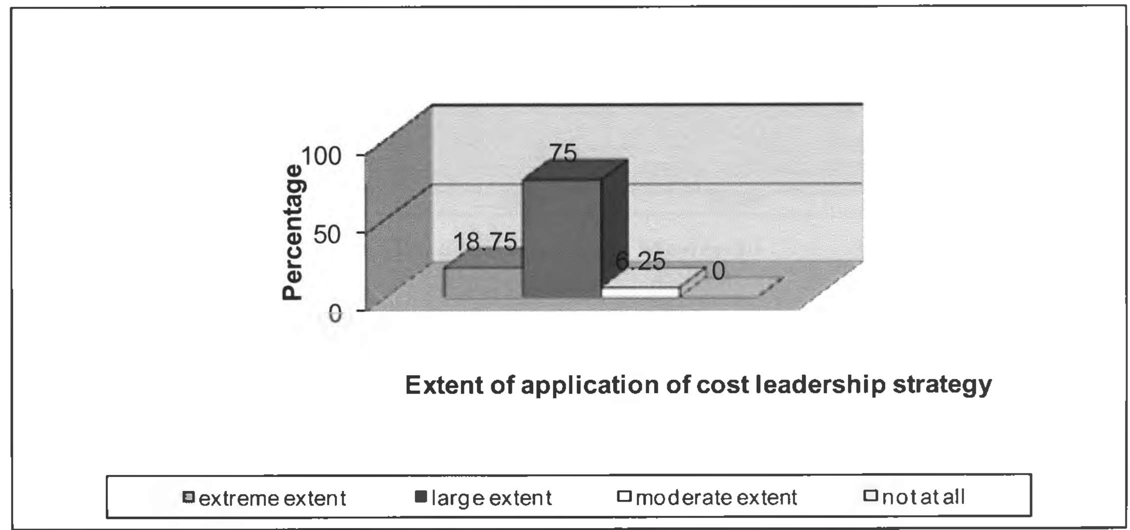
This section addresses findings on the competitive strategies used by the insurance companies under study to respond to threat of new entrants and new products. The results are in figure 4.3, 4.4, 4.5, 4.6, 4.7 and 4.8 as well as table 4.4, 4.5, 4.6, 4.7 and 4.8. The results are presented under each competitive strategy.

4.3.1 Cost Leadership

A firm pursuing a cost-leadership strategy attempts to gain a competitive advantage primarily by reducing its economic costs below its competitors if cost-leadership strategies can be implemented by numerous firms in an industry. The ability of a valuable cost-leadership competitive strategy to generate a sustained competitive advantage depends on that strategy being rare and costly to imitate. Figure 4.4 shows the extent to which the companies used the cost-leadership strategy.

Figure 4.3 Cost Leadership

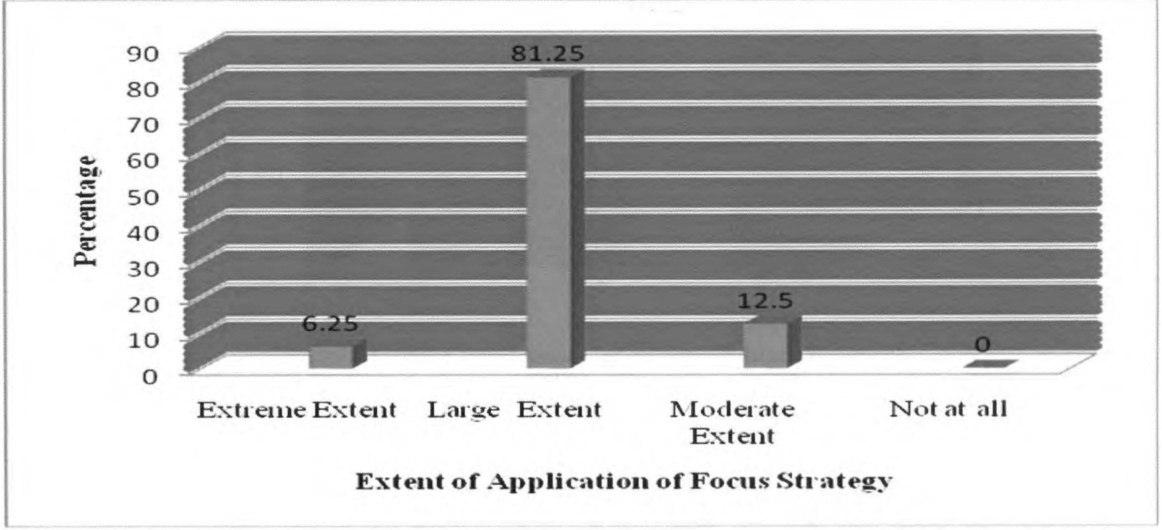


As shown in the figure, 18.75% of the companies used cost leadership strategy to an extreme extent, 75% used it to a large extent and 6.25 % used it to a moderate extent. The results therefore suggest that cost leadership is a very popular competitive strategy in the Kenyan insurance industry. All the firms surveyed applied the strategy albeit to varying degrees. Porter (1980) asserts that to achieve cost leadership in the industry, a firm can adopt functional policies and resort to aggressiveness construction of scale facilities. This is possible by sourcing inputs from cheaper suppliers.

4.3.2 Focus Strategy

A company uses focus and emphasizes segmenting an entire market and focusing on only one or few segments. The respondents were required to indicate the extent to which the above was so in their insurance companies.

Figure 4.4 Focus Strategy

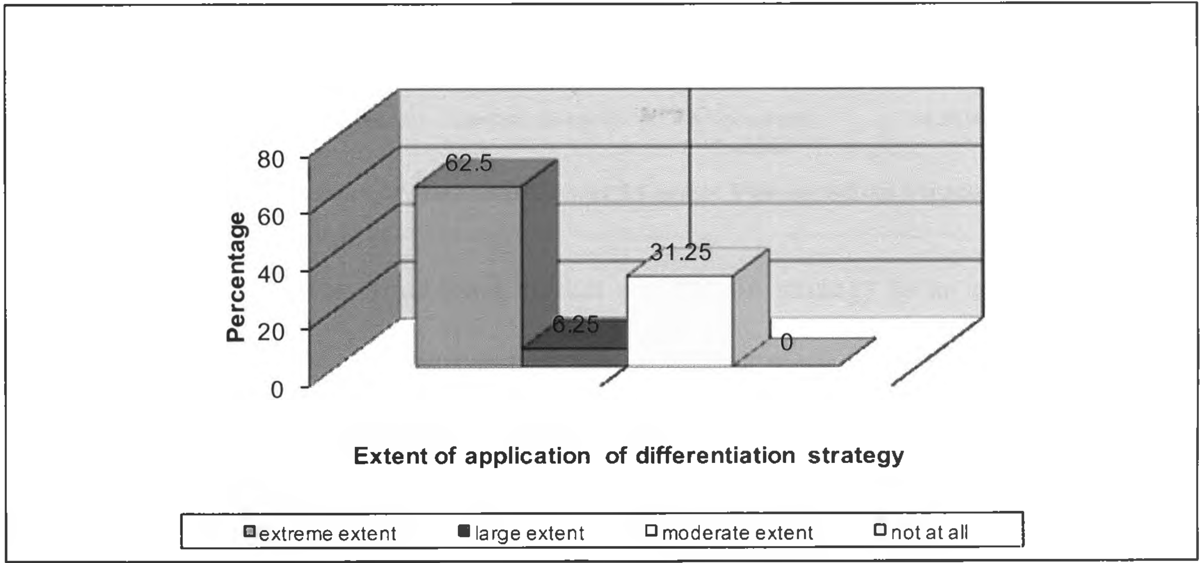


From figure 4.4 above on focus strategy, 81.25% of the respondents indicated that their companies used focus strategy to a large extent, 12.5% indicated it was used at a moderate extent were while 6.25% indicated that it was used at an extreme extent. This indicates that focus strategy was used overwhelmingly by the insurance companies.

4.3.3. Differentiation Strategy

This section aimed at identifying the extent to which companies used differentiation strategy.

Figure 4.5 Differentiation Strategy

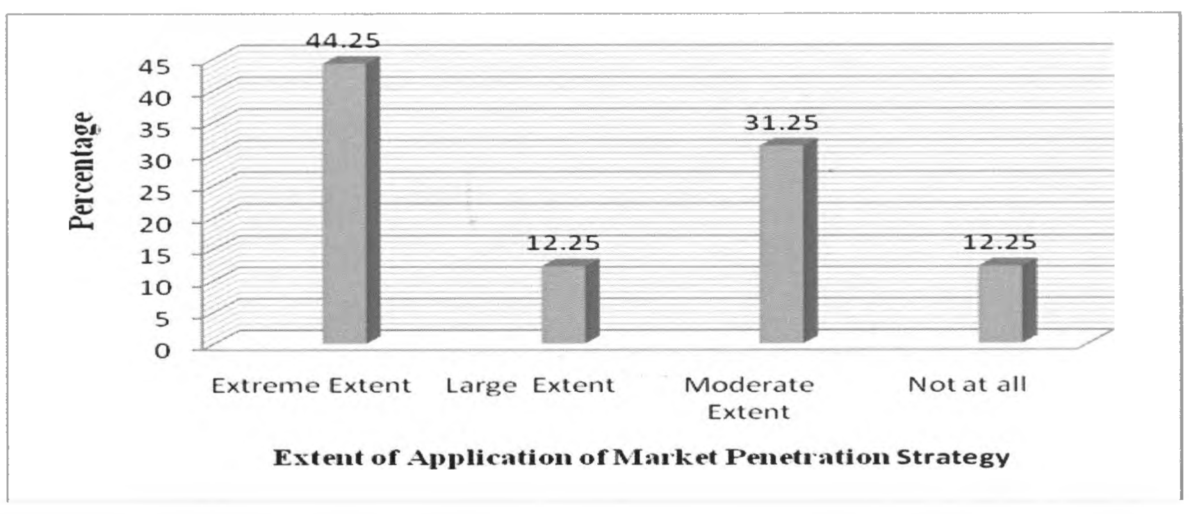


In figure 4.5 above, the study revealed that 62.5% of the companies used differentiation strategy to an extreme extent, 6.25 % at a large extent and 31.25% used it moderately. The strategy was therefore applied in the institutions with an approval rating of 67.75%.

4.3.4 Market Penetration

This area of study was aimed at identifying the extent to which market penetration strategy was applied in the firms. The results are shown in figure 4.6.

Figure 4.6 Market Penetration



Majority (44.25%) of the firms used market penetration strategy to an extreme extent, 12.25% applied it to a large extent and 31.25% applied it moderately. A few (12.25%) of the firms did not use market penetration study at all. This indicates that market penetration strategy was used by the insurance companies to a significant level.

4.3.5 Market Development

A market development strategy involves selling present products or services in new markets. The respondents were required to indicate the extent to which market development as a strategic response was applied in their firms. The findings are presented in table 4.4

Table 4.4 Market Development

Market Development	*Frequency*	*Percentage*
Extreme extent	*8*	*50*
Large extent	*2*	*12.25*
Moderate extent	*6*	*37.5*
Not at all	*0*	*0*

Fifty percent of the respondents indicated that the companies applied market development to an extreme extent, while 12.25% thought they did to a large extent. 37.5% thought it was used moderately. The results propose that market development strategy is used by all the insurance companies at varying measures.

4.3.6 Product Development

This section of the study was aimed at finding the extent to which product development was used. The study revealed that 43.75% of the respondents indicated that the companies applied the product development strategy to an extreme extent, 31.25% supposed it was to a large extent. 25% indicated that it was moderately used. These findings imply that product development strategy was popular among the insurance companies as a competitive strategy in response to the threat of new entrants and new products. The results are presented in table 4.5.

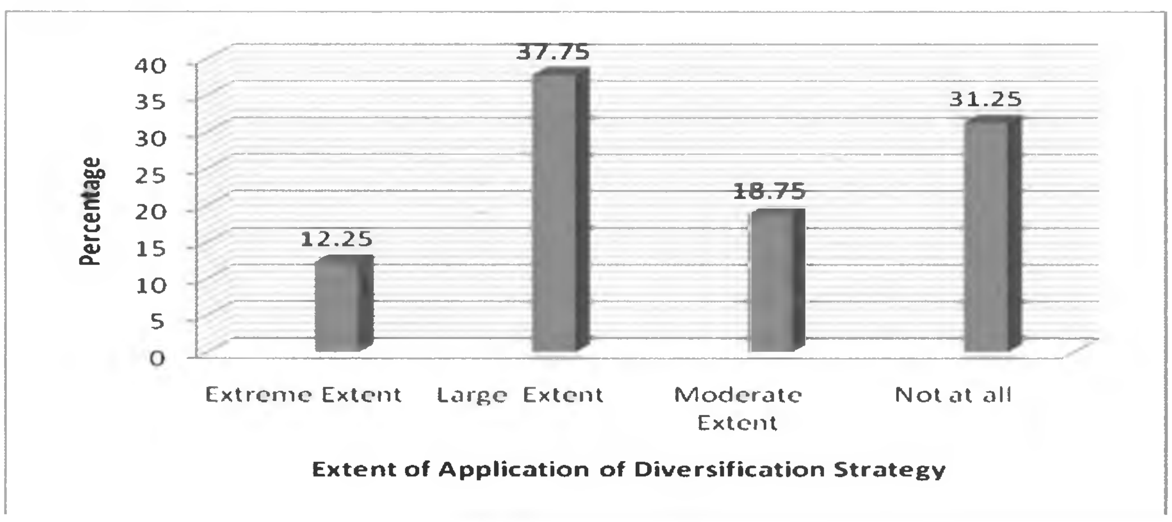
Table 4.5 Product Development

Product development	*Frequency*	*Percentage*
Extreme extent	*7*	*43.75*
Large extent	*5*	*31.25*
Moderate extent	*4*	*25*
Not at all	*0*	*0*

4.3.7 Diversification

Diversification strategies are used to expand firms' operations by adding markets, products, services, or stages of production to the existing business. The study sought to find out the extent to which the companies applied the strategy. The findings are presented in figure 4.7

Figure 4.7 Diversification



As shown in figure 4.7 above, 37.75% of the respondents indicated that the insurance companies used diversification to a large extent, 12.25% said it was to an extreme extent while 18.5% thought it was moderate and 31.25% did not. The findings suggest diversification strategy was not applied by all the insurance companies.

4.3.8 Acquisitions

An acquisition involves one company essentially taking over another company. While the motivations may differ, the essential acquisition involves one firm emerging where once there existed two firms. The respondents were required to indicate the extent to which their companies had used this strategy. The results are presented in table 4.6.

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Table 4.6 Acquisitions

Acquisitions	*Frequency*	*Percentage*
Extreme extent	2	12.25
Large extent	0	0
Moderate extent	3	18.75
Not at all	11	68.75

Only 12.25% representing 2 insurance companies and 18.75% representing 3 insurance companies had used the strategy to stem the threat of new entrants and new products. An overwhelming 68.75% had not used the strategy. The findings point out that acquisition was not applied by a majority of the firms under study.

4.3.9 Strategic Alliances

The study sought to establish the level of involvement in strategic alliances by the Kenyan insurance firms. The results are presented in table 4.7

Table 4.7 Strategic Alliances

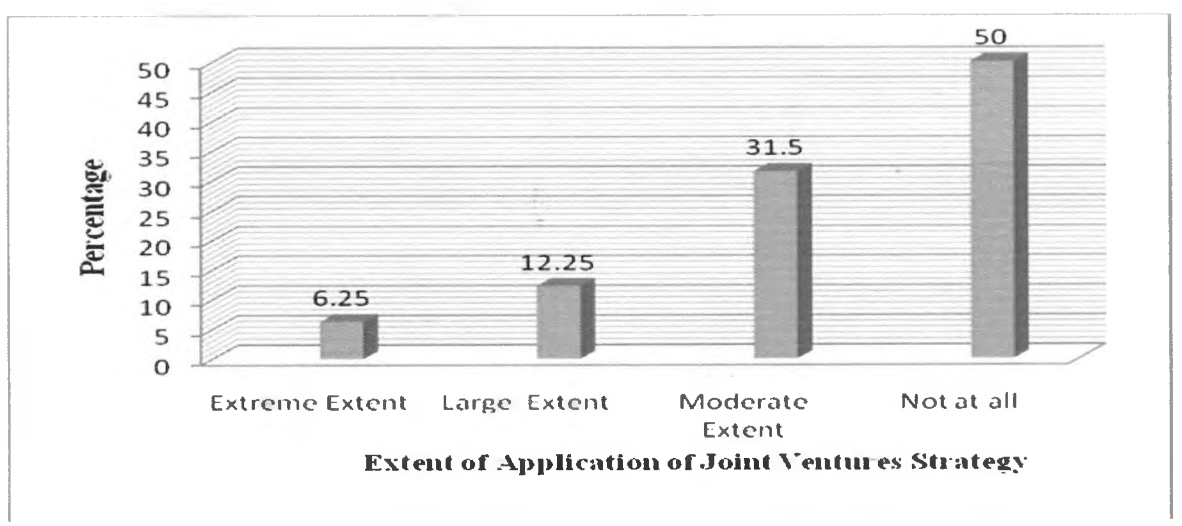
Strategic alliances	*Frequency*	*Percentage*
Extreme extent	3	18.75
Large extent	1	6.25
Moderate extent	6	37.5
Not at all	6	37.5

As shown in table 4.7, 18.75% representing three insurance companies had been in strategic alliances to an extreme extent, 6.25% had been involved to a large extent and 37.5% were involved in strategic alliances moderately. 37.5% representing 6 of the companies had not been involved in strategic alliances. The results indicate that strategic alliances were not used by all of the companies.

4.3.10 Joint Ventures

The use of joint ventures is rapidly becoming popular with a growing number of multinational firms. The area of this study required the respondents to indicate the extent to which their company had had joint venture. The results are presented in figure 4.8.

Figure 4.8 Joint Ventures



From figure 4.8 above, only 6.25% of the respondents had joint ventures to an extreme extent, 12.25% had been involved to a large extent and 31.5% were moderately involved in joint ventures. From the study, 50% of the respondents indicated that the insurance companies had not entered into any joint ventures.

4.3.11 Information Technology

The core intent in developing an information technology strategy is to ensure that there is a strong and clear relationship between information technology investment decisions and the organization's overall strategies, goals, and objectives. This section of the study aimed at identifying the extent to which information technology strategy was applied in the respondent's firms. The findings are presented in table 4.8

Table 4.8 Information Technology

Information Technology	Frequency	Percentage
Extreme extent	2	12.25
Large extent	9	56.25
Moderate extent	5	31.25
Not at all	0	0

The findings in table 4.8 showed that 12.25% of the respondents agreed that information technology was used to an extreme extent, 56.25% to a large extent and 31.25% to moderate extent. Information technology was therefore applied in all the insurance companies with a 68.75% rating.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary and conclusion from the research findings as per the objective of the study. Based on the findings, recommendations have been given to the managers of the insurance companies and future managers. The limitations are also presented.

5.1 Summary of the Findings

The study sought to establish the strategic responses by life insurance companies in Kenya to the threat of new entrants and products. From study findings, most of the insurance companies had operated in the country for a period between 41 to 60 years in the country. They therefore had a lot of experience in operations in the Kenyan market and in the insurance business.

It was found that the majority of the life insurance companies were fully locally owned. The implications of these findings are that the competitive pressure came largely from the local companies. From this study and using workforce as a measure of size, it can be concluded that most of the Kenyan companies are either small or medium.

The study found out that the majority of the life insurance companies were fully locally owned. The findings suggest that new entrants are basically locally owned insurance companies. The implications of these findings are the local life insurance companies did not experience a threat from foreign entrants and competition from the international

scene. From this study, the findings indicate that the number of employees in the insurance companies were less than 50 employees an implication that the insurance companies are just small and medium sized enterprises which had not developed over the long years of experience.

From the findings, the life insurance companies were composite and practiced group life more than ordinary life and pension. The findings also suggest that the life insurance companies in Kenya employed strategic responses in the light of increased competition from new entrants and products. As far as cost leadership was concerned, the majority of insurance companies used cost leadership as a response strategy to new entrants and new products. Focus strategy which emphasizes on segmenting the market and focusing on only one or few segments was used to a large extent. This could be given credence by the fact that most of the life insurance companies were composite companies and practiced Group life more than ordinary life and pension. From the research findings, market penetration and market development strategies were popular among the life insurance companies.

The findings established that the life insurance companies used a product development strategy overwhelmingly while diversification strategy was used by a small percentage of the firms. It also established that acquisition strategy which involves one company essentially taking over another company was not used by a majority of the Kenyan life insurance companies. The closely related strategic alliances which are as a result a more globalized economy was also not applied by most of the life insurance companies. The

level of involvement in strategic alliances by the Kenyan insurance firms was therefore very low.

From the research findings, very few life insurance companies had not been involved in joint venture partnerships despite the fact that the use of joint ventures is rapidly becoming popular with a growing number of multinational firms. However information technology strategy which is the core intent in developing achieving the organization's overall strategies, goals, and objectives was used to a large extent by a majority of the life insurance companies

5.2 Conclusion

The study conclusion on insurance operation in Kenya is that these companies had been in place for a longer duration of time, more than ten years, and were running composite insurance business. The importance of strategic options in response to the threat of new entrants and new products in the industry was enumerated. Cost leadership, focus strategy, product development, market development, information technology and differentiation were very important strategic option in response to the changes in the external environment. Diversification and market penetration were viewed to be moderately important. On the contrary, strategic alliances, joint ventures and acquisitions were seen to be least important strategic options.

5.3 Recommendations

In light of the problem under study and on what different scholars and writers have said concerning strategic responses, the following recommendations are made.

The study recommends that life insurance companies need to embrace strategic responses that will give them an opportunity to gain market share so as to improve their competitive edge. These strategies include acquisitions, market penetration, diversification and strategic alliance.

With regards to information technology, the companies need to develop robust technology to help deliver compelling new products, services, customer experiences and business models while simultaneously creating barriers to entry.

5.4 Limitations of the Study

The main challenge faced was the administration of the questionnaires; most employees of the insurance companies were not comfortable with the questionnaires with the main argument being that they could breach confidentiality in the disclosure of information. At a time when new management issues are coming up with new strategies to enhance service provision given this may breach confidentiality due to information technology leakages may take away their competitive edge. Also a lot of time was taken in explaining them that the study was for academic purposes only.

The researcher was not able to accomplish the 100% response of 24 questionnaires for the 24 life insurance companies. However the 16 questionnaires which were returned

constituted the response rate of 66.66% of the total population which was therefore considered sufficient to do the analysis and make the conclusions.

5.5 Suggestions for further study

A study should be conducted to establish the strategic responses by the life insurance industry in Kenya to the other forces namely; power of buyers, power of suppliers and competitive rivalry among the existing firms. Findings from such a study will compliment the findings in this research.

Further studies should be carried on the impact of organizational strategic responses to the threat of new entrants on the performance of organizations.

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APPENDICES

Appendix I: Questionnaire

PART A: BACKGROUND

1. Name of the organization……………………………………………………………..

2. How long has the organization been operating in Kenya……………………………….

3. What is the nature of your organization's ownership? (Please tick)

   a) Predominantly local (51% or more)…………..

   b) Predominantly foreign owned (51% or more)…....

   c) Wholly owned by government……………………

   d) Balanced equally between foreign and local………

4. What is the current approximate number of employees in your organization…………...

5. What class of insurance business is the company licensed to transact?

   Long term business only ( )

   Composite ( )

6. Please check the classes of long term insurance business that your company transacts.

   Ordinary life ( )

   Group life ( )

   Pension ( )

PART B: STRATEGIC RESPONSES

7. The intensity of competition in the life insurance industry has increased due to new entrants such as UAP Life, Metropolitan Life, APA, Trinity Life, and Shield Assurance among others. To what extent has your organization used the strategies below to counter the threat of new entrants and new products? (Tick as appropriate).

Strategies	Extreme Extent	Large Extent	Moderate Extent	Not at all
Cost Leadership Strategy				
Focus Strategy				
Differentiation Strategy				
Market Penetration				
Market Development				
Product Development				
Diversification				
Leadership and Culture				
Acquisitions				
Strategic alliances				
Joint Ventures				
Information technology				
Others (Please specify)...........				

....				
Others (Please specify)............				
Others (Please specify)............				

THANK YOU!

Appendix II: List of Insurance Companies

1. Apollo Life Insurance Company Ltd.
2. British American Insurance Co. (K) Ltd
3. Cannon Assurance (K) Limited
4. CFC Life Assurance Ltd
5. Co-operative Insurance Company Ltd
6. Corporate Insurance Company Limited
7. First Assurance Company Ltd
8. Geminia Insurance Company Ltd
9. Heritage A.I.I. Insurance Company Ltd.
10. Insurance Company of East Africa Ltd
11. Jubilee Insurance Company Ltd
12. Kenindia Assurance Company Ltd
13. Kenyan Alliance Insurance Company Ltd
14. Madison Insurance Company Kenya Ltd
15. Mercantile Insurance Co. Ltd
16. Metropolitan Life Insurance (K) Co. Ltd
17. Old Mutual Insurance Company Ltd
18. Pan Africa Life Assurance Ltd
19. Pioneer Life Assurance Company Ltd
20. The Monarch Insurance Company Ltd
21. Trident Insurance Company Ltd
22. Trinity Life Assurance Company Ltd
23. Shield Assurance Company Ltd
24. UAP Life Insurance Ltd.

Source: Association of Kenya Insurers Insurance Industry Report for the year 2009