

**COMPETITIVE STRATEGIES ADOPTED BY INSURANCE  
BROKERS IN KENYA TO ENHANCE COMPETITIVE  
ADVANTAGE**

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THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,  
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## **DECLARATION**

I declare that this is my original work and has not been presented in any other University or College for Examination or Academic purposes.

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

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## **DEDICATION**

I dedicate this project to my loving family for their support throughout my entire study period.

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## **ABBREVIATIONS AND ACRONYMS**

AIBK:	Association of Insurance Brokers of Kenya
AKI:	Association of Kenya Insurers
IRA:	Insurance Regulatory Authority
SAGA:	Semi-Autonomous Government Agency
SWOT:	Strengths, Weaknesses, Opportunities, Threats

## **ABSTRACT**

The main aim of the study was to establish the competitive strategies adopted by insurance brokers in Kenya to enhance competitive advantage. The study had specific objectives that included; to establish the competitive strategies adopted by insurance brokers to gain competitive advantage in Kenya and to determine the challenges faced by Kenyan insurance brokers in adoption of the strategies. The study was grounded on two theories; resource based theory and competency-based theory. The study employed a descriptive research design. The study population involved all the 196 insurance brokers in Kenya and the list obtained from the Insurance Regulatory Authority and Association of Insurance Brokers of Kenya. The relevant data which was required for this research was gathered from primary sources, through the use of a questionnaire which consisted of both open ended and close ended questions. The primary data was collected from the insurance broker firms' top executives who formed the study respondents. Descriptive analysis was used to analyse the data collected. The findings were presented using charts and tables. Qualitative data drawn from open-ended question in the questionnaire were analyzed by summarising the set of observations drawn from the respondents. The study findings established that competitive strategies adopted by insurance brokers in Kenya have contributed to the enhancement of its competitive advantage and is the main reason why the majority of the firms indicated that they develop competitive strategies. The main competitive strategy adopted by the firms is service differentiation. The study also concludes that insurance broker firms often achieve the strategies formulated and firms in the industry should constantly evaluate their competitive strategies with an aim of staying ahead of the competition.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Over the last four decades, Congden (2005) observed that successful company executives lay emphasis on how competitive strategies of the organization can lead to attainment of competitive advantage and operational performance. According to Tumbo (2012), competitive strategy is critical to the attainment of competitive advantage in all companies. Companies function within an ever-changing environment whereby they have little or no control over. Lack of a comprehensive competitive strategy is a recipe for ultimate failure in the competitive market (Ogolla, 2005).

In resource-based view theory, the firm's resources are inputs into a firm's production process which can be categorised into three distinct groups: human capital, organizational capital and physical capital (Porter, 2008). This study uses the theory to identify the main organizational capability allowing them to amass the resources for effective adoption and implementation of competitive advantage. Competency-based theory seeks to highlight competencies as behavioural skills pooled with technical skills and knowledge that act as success indicators in a firm. Companies use competence to attain set goals and objectives, regardless of whether it cuts costs or leads to attainment of competitive advantage (Ogolla, 2005).

Kenya's insurance sector is among the most developed and growing in Sub-Saharan Africa. It, however, has one of the lowest penetration rates with insurance brokers facing intense competitions (Mudaki, Wanjere and Ochieng, 2012). Thus, the brokerage firms have to adapt to the ever turbulence financial sector to stay competitive or fail altogether especially with the commencement of banc assurance. Insurance brokers have had to adapt their situations so as to progressively bolster their operations and financial performance in the wake of such changing conditions in the competitive Kenyan insurance market (Mudaki, 2011).

### **1.1.1 The Concept of Strategy**

Barney (1991) asserts that competitive strategy can lead to achievement of competitive advantage over corporate competitions or fortifying a superior market position. In this context, a competitive strategy refers to set course of action aimed at attaining a specific corporate goal or objective. Adopting competitive strategy is much about gaining a position of competitive advantage over business rivals or position to best take advantage of emerging business prospects in the market (Congden, 2005). There is always a component of uncertainty regarding the future and competitive strategy is more about coming up with a set of corporate alternatives or competitive strategic choices as opposed to a fixed plan.

Johnson and Scholes (2005) define competitive strategy as the long term sense of direction and scope which a firm assumes and intends to help it attain competitive advantage, majorly through resource configuration within a competitive and challenging market environment, fulfilling customers' needs and all the stakeholders' expectations. In any firm, formulating and adopting competitive strategy is geared towards creating a winning organization. It provides a unifying theme to provide consistency and direction to the strategic decisions and corporate actions of a particular industry/sector or an individual business entity.

Additionally, effective competitive strategies possess the characteristics of goals and objectives which are usually simple to understand, dependable and long-lasting. To understand the competitive environment and how best to strategically position itself, the company must assess both its internal and external environment. This includes objectively evaluating its available resources and planning how to deploy them (Tumbo, 2012). For success of the business, adoption and implementation should be properly and effectively managed; the most challenging despite being very important. Furthermore, organizational communication must be open, timely and very clear and lastly, the firm should seek to tackle cultural barriers, adequately avail resources and secure early buy-in

from key people steering the strategy adoption or implementation so as to attain competitive advantage (Nyaguthii, 2014).

### **1.1.2 Competitive Strategy**

A firm would be said to possess a competitive strategy when it has value-creating processes and positions that cannot be duplicated or imitated by other firms in employee training, leadership quality, service quality and technology and innovations. Competitive strategies assure businesses of higher profits and survival in the industry due to attainment of competitive advantages over the rivalries within the industry (Cole, 2004).

Indeed, Porter (2008) holds that business situations are different and there would be no single competitive strategy that is a perfect fit for all. However, the three types of commonly used competitive strategies include cost leadership strategy which aims to provide products and services at a lower cost than any of the competition, differentiation strategy which focuses on creating a highly differentiated product line and marketing program to become the class leader in a particular industry and niche strategy which is often used by micro-businesses and focuses on effectively serving a very specific market segment rather than dealing with the whole market.

Firms develop competitive strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 2008). The competitive aim is to do a significantly better job of providing what buyers are looking for, thereby enabling firms earn a competitive advantage and outsmart rivals in the market place. The core of a competitive strategy consists of its internal initiatives to deliver superior value to customers but also includes offensive and defensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firm's long term competitive capabilities and market position, and tactical efforts to respond to prevailing market conditions

### **1.1.3 Competitive Advantage**

The competitive advantage of a firm is the dominance attained by a firm over its rivals and/or competitors (Congden, 2005). A firm gains competitive advantage when it offers similar value as compared to its competitors in the industry, but at a lower or affordable price. It can also offer higher value by pricing its commodities very high through the differentiation strategy. Competitive advantage can also be realized through price leadership, creating a niche or a market segment. A company should be able to match its main competencies to the available opportunities.

At the company level, competitive advantage can be assumed to be the capacity to offer quality services and goods effectively and efficiently in comparison to its significant competitors in the business. Hence, a company with a greater competitive advantage both in the local and global market gains persistent business related success without much protection and has competitive advantage in the local and international market devoid of any subsidies or state protection. Again at the industry level, it refers to the ability of the company operating in a certain industry to realize continued success against a multinational firm without state subsidies, incentives or any form of protection. Lastly, at the national level, a firm gains competitive advantage by means of the increased capability of the nation's citizens to attain a modest and an escalating standard of living deprived of any government intervention or protection (Cetindamar, 2013).

### **1.1.4 Insurance Industry in Kenya**

The history of insurance business in Kenya dates back to the colonial days when the market was dominated by branches of foreign insurance companies operating under the Insurance Companies Act of 1960. With the enactment of a new Insurance Act in 1984, the regulatory powers for the insurance sector were bestowed upon the Ministry of Finance, functionally under the Commissioner of Insurance. The Insurance (Amendment) Act 2006 created the Insurance Regulatory Authority (IRA), A Semi-Autonomous Government Agency (SAGA), to regulate the insurance industry in Kenya. IRA took over the responsibilities hitherto performed by the Commissioner of Insurance, Ministry of

Finance. The Insurance Act, CAP 487 is the key piece of legislation providing the legal and regulatory framework for the regulation of the insurance industry in Kenya and the Insurance Regulatory Authority is the government regulatory agency.

There are two major Insurance Associations, namely; The Association of Kenya Insurance Brokers of Kenya (AIBK) and The Association of Kenya Insurers (AKI). The industry consists of 53 insurance companies (life and non-life insurance companies), 196 Insurance Brokers, 4873 Agents, 28 Medical Insurance providers, 26 Loss Adjusters, 29 Surveyors, 101 Assessors, 7 Risk Managers and 129 Investigators. The Gross written premium grew by 20.3% in 2014 and Gross Premium was Ksh 157.21 billion (AKI, 2014).

### **1.1.5 Insurance Broking Sector in Kenya**

The insurance brokers compete to secure a greater market share in risk management, actuarial consulting, insurance broking, medical fund management, life and pension's administration, medical scheme administration and employee benefits consulting services to small, medium and large firms in Kenya, in addition to individuals from diverse walks of life (Miano, 2010). The insurance firms, with whom the brokers work with, have greatly achieved a lot over the past decades. This is evident in enlarged premium income generated annually, greater investment income, and bigger market share as well as increased network growth (Swalehe, 2005).

However, due to poor strategies being implemented, insurance growth rate is still relatively low in Kenya, with penetration at 2.93% (AKI, 2014). Additionally, uptake of insurance has been low due to weak marketing strategies, ignorance, lack of awareness and poor perception with regard to insurance services or products on the part of the general public. The brokerage firms are also facing stiff competition and business rivalry from their key business partners, insurance companies, as the firms are now getting rid of the middlemen and opt to sell their products and services directly to the clients to cut operation costs. By doing so, they shelve extra expenditures related to payment of commissions and other related insurance fees and in the long run, the companies end up amassing huge profit margins. The insurance brokerage companies partnering with the



insurance companies need to design and implement aggressive marketing strategies so as to remain afloat and competitive in the thin market (Standard Investment Bank, 2013). The emergence of banc –assurance poses a great challenge to insurance brokers as banks provide insurance services and encourages their customers to purchase directly from them.

## **1.2 Research Problem**

There exist a very close link between competitive strategies and competitive advantages (Porter, 2008). A firm which sets and implements a right mix of strategies is capable of facing the challenges and its business competitors in the particular industry. It will be able to offer unique and quality services and products which are complicated to replicate; in turn, it gains a competitive advantage.

In Kenya, 53 licensed insurance firms compete for a limited market. Furthermore, only a limited number of insurance brokers have sought to adopt and implement competitive strategies by providing new insurance products and services in the target market. Successful adoption of competitive strategies greatly affects the growth and development of insurance industry in the country (Pride, 2003).

The rivalry between the 196 Insurance Brokers in Kenya is very intense as they compete for the small number of insurance customers in the market. Some firms have attained competitive advantage over other insurance brokers due to their competitive strategies (Miano, 2010). They operate in a very competitive market trying very hard to outsmart each other to maintain a top position in the Insurance Brokerage industry and also improve their financial performance.

The research done by Cetindamar, *et al.* (2013) sought to examine the competitive strategies adopted by Australian manufacturing companies to uphold their local production capacity and competitive advantage, established that a range of competitive strategic factors led to attainment of competitive advantage. They identified the following

factors: speed of delivery, dependability, quality performance, cost and, flexibility. These have a significant role in ensuring financial performance of the Australian manufacturing firms and there was therefore need to adopt competitive strategies to ensure performance is enhanced.

Several studies have been conducted to investigate the concepts of competitive advantage of insurance companies. Iqbal (2007) study in Pakistan established that insurance companies use strategic alliances to enhance their competitiveness. Akotey, Osei and Gemegah (2011) studied competitive strategies of insurance companies in Ghana and found that they use premium flexibility and modal agency. Nyakazeya (2011) assessing challenges to insurance sector competitiveness in Zimbabwe, established agro-economic instability, hyperinflation and political instability. Nyaguthii (2014) studied the competitive strategies adopted by AON Insurance Company in Kenya and established that product innovations was the highest ranked competitive strategy. Ngumo (2012) carried out an investigation of response strategies in the competitive environment by British American Insurance Company and established that key among the strategic responses was product differentiation and the introduction of new products and service experiences.

Tumbo (2012) studied the responses of Jubilee Insurance Company to the changing environmental conditions and established that change of customer tastes, preferences and political risks informed the product range of the company. While, Ombati (2012) investigated the core competencies and competitive advantage of insurance firms in Kenya and established that the core competencies were in products, services and processes.

Despite the role that competitive strategies can play in enhancing the growth and development of insurance industry in Kenya and attainment of the competitive advantage by the brokers, studies by past researchers have only discussed challenges and application of competitive strategies within insurance companies and thus they have not fully tackled the basis of competitive strategy adoption and the challenges faced in implementing of

the strategies. This has left a knowledge gap on why and how insurance brokers in Kenya can adopt the competitive strategies in their attempt to gain competitive advantage. The study consequently sought to bridge this important knowledge gap, by addressing the following research question, what competitive strategies have the Insurance Brokers in Kenya adopted to gain competitive advantage?

### **1.3 Research Objectives**

The objectives of this study were to:-

- i. Establish the competitive strategies adopted by insurance brokers to gain competitive advantage in Kenya.
- ii. Determine the challenges faced by Kenyan insurance brokers in adoption of the strategies

### **1.4 Value of the study**

Both in practice, theory and policy; these research findings will provide intellectual and valuable discussion to researchers, insurance brokers' top management and key government policy makers.

This research will be beneficial to the Kenyan insurance brokers' top management and strategic planning managers, as it will help them apply competitive strategies for value addition, business growth and gaining competitive advantage. They will also be equipped with relevant knowledge on how to operate competitively in the competitive insurance market by designing strategies which offer formidable competition, better insurance services, low operating costs, and maximizes profits as well as address the challenges faced in the implementation of strategy.

Additionally, the study will supplement the prevailing body of knowledge in the field of insurance and can also be referenced in future research; both in insurance and other related areas in the financial sector. Academic researchers can also use the study findings

to stimulate further research on competitive strategies adopted by insurance brokers and insurance industry at large.

The study will also help Government policy makers, for instance, the National Treasury, Insurance Regulatory Authority among others, to utilize the findings to regulate the insurance sector by coming up with customized regulatory policies that promote growth of the insurance sector, fair competition, provide a level playing field for the brokers and stops clients' exploitation.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter focuses on a review of literature. In the first section, the proposal will discuss the theoretical foundations in form of theoretical models advanced by various scholars, the second section will discuss competitive strategies, the third section will discuss strategy and competitive advantage, fourth section discusses the challenges in strategy implementation and lastly, a summary of empirical literature and gaps to be filled

#### **2.2 Theoretical Foundations**

This section reviews relevant theories in relation to the study.

##### **2.2.1 Resource Based Theory**

The Resource based view theory expresses the firm's resources are regarded as inputs in the production process and can be categorized into three groups; human capital, physical capital, and organizational capital. A capability is an ability for a set of resources to achieve a stretch task of an operational activity. Each company is a collection of unique resources and capabilities that offers the foundation for its strategy and the primary source of its profits. In the 21st-century hyper-competitive landscape, an organization is an assortment of evolving capabilities that is managed with dynamism in the quest of above-average incomes (Ogolla, 2005). Thus, differences in company performances across time are determined primarily by their exceptional resources and capabilities as opposed by an industry's structural characteristics (Porter, 2008).

Furthermore, the resource based view theory considers the firm as a bundle of resources: tangible resources, intangible resources, and organizational capabilities. Competitive advantages that are sustainable over time generally arise from the creation of bundles of

resources and capabilities. For advantages to be sustainable, four criteria must be satisfied: rareness, valuable, difficulty in imitation, and difficulty in substitution. Such an evaluation requires a sound knowledge of the competitive context in which the firm exists (Fred, 1997).

### **2.2.2 Competency-Based Theory**

Competency-based theory expresses competencies as behavioural skills of individuals with technical knowledge that acts as indicators of success in an organization. Competence-based Strategic Management is a way of thinking about how companies gain high performance for a substantial period of time. Advanced as a theory in the early 1990s, competence-based strategic management theory explicates how firms can develop sustainable competitive advantage in a structural and systematic way. It is an integrative strategy theory that integrates organizational, economic and behavioral concerns in a context that is dynamic, systemic, cognitive and holistic. This theory defines competence as the ability to sustain the synchronized deployment of resources in ways and means that assist a company attain its goals (creating and distributing value to customers and stakeholders).

A competency is a causal characteristic of an organization or individual that is fundamentally linked to a criterion-referenced effective and/or superior performance in a job setting (Ogolla, 2005). Nurturing a competent organizational work force can take years to be achieved. Performance management systems are characteristically founded on personal competencies that differentiate high from average performance for successful managers. These personal competencies emanate from core competencies and values of the company (Ombati, 2012). Competency-based variables are those which entail achievement orientation, analytical and learning capability, customer service orientation, teamwork and assistance. Competencies can also be deliberated as a benchmark for monitoring and evaluating individuals, organizational performance and enhancing their overall competitiveness allowing them to be visionary or high performance businesses (Porter, 2008).

According to Moor et al (2002), competency is what people need to be able to perform a job well. It's an ability to meet performance expectations in a role and deliver the required results. Competencies include specific skills, knowledge, attitude, behaviors and techniques which include expertise resulting from training and experience necessary to fulfill a task. Pearce & Robinson (2006) noted that, a firm is said to be competent if its management demonstrates a good knowledge of the industry in terms of how to position itself in the market, how and where to mobilize the startup and or growth capital and how to deal with suppliers and competitors.

The Hay Group (2003) puts it that, a competency is an underlying characteristic of a person which enables him/her to deliver superior performance in a given job, role, or situation. Lenssen et al (2006) noted that, defining the competencies required for any particular job role allows managers and those responsible for their development, to grasp what is required to reach improved levels of excellence and performance by providing a common framework which articulates the skills, knowledge and attitudes relevant to successful business practice. Boyatzis' (2002) urged that, in the era of competitiveness, competency based theory emerge as a basis for competitive edge as these are underlying characteristics of a person that have causal relationship with superior performance. The theory is relevant to the study since it provides the importance of managerial capability and skills to the enhancement of competitive advantage of companies.

### **2.3 Competitive Strategies**

Mintzberg (1987), states that a competitive strategy is a scheme, position, perspective and a pattern. Strategy, as a plan, vividly stipulates a consciously envisioned course of action taken by an organization. Companies usually make these plans consciously and firmly in advance before any action is taken. As a tactic/gambit, the strategy in this context is a precise plot with greater intention to outsmart a business rival or a competitor. Additionally, strategy as a pattern is considered as being stable in behavior, whether it is intended to accomplish a set target or not. Thirdly, strategy as a position, relates to a

means of pinpointing a firm in its operating environment. Thus, a competitive strategy in the long run turns out to be an interceding force between the company and its environment. Lastly, competitive strategy as a perspective comprises of a preferred position and an embedded manner of perceiving the world.

The development of competitive strategies helps manager's pinpoint critical tasks that need to be performed in order to define an organization's strategic thrust and outperform their competitors successfully (Pearce & Robinson, 2011). The goal of strategy is to help secure an enduring competitive advantage over competitors (Porter, 2008). Koske (2003), states that strategy subsists at three levels in an organization to be precise: Corporate strategy, business level strategy and operational level strategy. Corporate strategy exists at the uppermost level in a firm and it is related to the scope of the firm's strategies and the extent of the strategy's value addition to diverse parts of the company. Business Level strategy is generally connected with making decisions on how best the firm can compete effectively and profitably in particular markets in the economy. Lastly, operational level strategies are basically concerned with the way the different departments of a firm can work synergistically to deliver successfully the corporate and business level strategies by providing people, processes and resources (Ogolla, 2005).

In the strategy management process, the implementation or execution of the set strategies is the most tedious, demanding and time consuming part. It mostly entails recruiting top talent to staff the company rightly with qualified employees who possess the required expertise, training and development, skills, knowledge and competencies. Also, it entails the promotion of a sound organizational culture, adopting good leadership and management style, managing organizational politics, securing early buy-ins from strategy facilitators, fostering organizational commitment, initiating employees' involvement schemes and a conducive work environment to triumphantly implement the plans agreed, to effectively budget for the process by allocating adequate resources to the course and lastly, providing positive reinforcements in terms of reward and incentives to the realization of the set performance goals (Thompson *et al.*, 2007).



## **2.4 Strategy and Competitive Advantage**

According to Porter (2008), there exists three generic approaches/strategies to outsmart other rival companies in any particular industry, they include; overall cost leadership, focus, and differentiation. A company can vehemently pursue adopting one of the strategies or embrace a combination of the 3 generic strategies. In Porter's analysis, during the selection of the best strategy or a strategic mix to implement among these three generic business strategies, the process is stoutly affected by the five competitive forces that he identified and analyzed early in this discourse.

The cost leadership strategy necessitates the sale of a standard and quality product or service sustained by an aggressive pricing strategy. This strategy, as a result, requires dealing with a standardized product or service and embarking on under-pricing all other players in the market. Additionally, a firm can also attain competitive advantage in the market by assuming product differentiation as a competitive strategy. Differentiation strategies are based on availing to clients' unique or different products or services as compared to what its main business rivals provide in the market. This strategy is based upon the supposition that buyers are able and willing to part with a higher price for a product or service that is pleasingly satisfying their needs/wants in a distinct and significant manner as compared to other related products. The distinction here in this context, is apparent when value or worthy is produced through the consumption of the particular service or product and is being perceived to be of superior quality. Additionally, it is also perceived to be technically better-quality, the commodity comes with superior services from the producer, or the product possesses some special appeal in any ostensible manner (Barney, 1991).

Competitive advantage of a firm is attained when it secures customer loyalty and renders them being less price-sensitive (Koske, 2003). The last generic strategy to be discussed here is the focus strategy. Focus strategy pursues the creation of a niche by concentrating on a certain segment of clients or buyers, product line, or geographic market in the economy. This strategy is meant to customize or tailor make products or services by

serving and satisfying the preferences and tastes of the identified market. The organization, therefore, is capable of attaining a low cost position or differentiation or both in relation to the constricted market. If a firm is successful by use of the focus strategy, it is able to fight off competition by cloistering the organization from all the five competitive forces in the market (Thenmozhi, 2012).

## **2.5 Challenges in Strategy Implementation**

If properly planned and managed, adoption of competitive strategies by the Insurance brokers' can assist firms intensify competitive advantage in the Kenyan market. According to Ngumo (2012), lack of effective and efficient strategic management practices affects the success of competitive strategy implementation and execution in many of the Kenyan insurance brokerage firms. The utilized strategic management processes for instance, environmental scanning and strategy formulation influence negatively the development of effective competitive strategies for instance new product development or innovation of the current insurance products or services. According to Holman (1999), the factors affecting competitive strategy adoption and implementation for instance; the lack of strategic leadership, lack of good organizational structure and weak organization core competencies to a great extent discourage efforts meant to improve the implementation of the competitive strategies.

Byars (2006) states that the challenge to implementation arises from lack of understanding the strategy. Poor planning, ineffective communication, flawed vision and unclear goals can be a hindrance to strategy implementation. Since organizations need people to bring about the necessary changes strategy implementation therefore requires the assembling of a capable team with the right skills. (Pearce & Robinson, 2001) note that the chief executive together with key managers must have skills, personalities, education and experience to execute the strategy. More often organizations realize that due to internal power structure and organization politics, selection of competent staff is compromised.

Okumus (2003) identified that cultural issues and resistance to change as key hindrances to strategy implementation. He identified key issues in organizational culture as company's culture and subcultures and their possible impact on the implementation process, impact of organizational culture on communication, coordination and cooperation between different management and functional levels, implications of the new strategy on the company's culture and subcultures, and efforts and activities to change the company's overall culture and subcultures and potential challenges. Sterling (2003) stated that chronic lack of resources – capital or otherwise hinders implementation of strategy. Budgeting should be a fundamental part of any action planning, especially where capital-intensive strategies are concerned. Therefore, it makes sense to incorporate financial considerations within a draft strategic plan. Increased awareness should enable CEOs to allocate sufficient capital to a strategy but without draining finances to the degree that investors' returns are jeopardized.

## **2.6 Summary of Empirical Literature and Research Gap**

The literature review of the study specified that different researchers have made several attempts to explain competitive advantage in various industrial sectors but there lacks a specific study on adoption of the competitive strategies by insurance brokerage firms in Kenya. While there are a number of empirical research studies on competitive strategies of insurance companies, such as Gemegah (2011) did a study on competitive strategies of insurance companies in Ghana where he found that, insurance renovate their strategies to cope with the market environment; Ngumo (2012) did a similar study on the strategies that insurance firm adopt to maintain their customers and gain more market segmentation and found that insurance firms seeks new strategies to retain their customers. Nyaguthii (2014) studied the competitive strategies adopted by AON Insurance Company in Kenya and established that product innovations was the highest ranked competitive strategy.

Despite this essence literature on insurance sector, there is no published research in Kenya that has focused on competitive strategies of insurance brokers for competitive advantage. Previous research concentrated mostly on mainstream insurance companies.

This has therefore led to the development of a major knowledge gap and this study seeks to fill in the knowledge gap.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter focuses on the methodology that was used in this research project. It covers the research design; approach utilized in research design, the study population, the data collection methods, data analysis techniques.

#### **3.2 Research Design**

The study employed a descriptive research design. As per De Vaus (2001), descriptive research design is a non-experimental in that it deals with the relationships between non-manipulated variables in a natural as opposed to laboratory setting. From the time when the events or conditions have already happened, the researcher picks the pertinent variables for an analysis of their relationships.

#### **3.3 Population of the Study**

The population was a census of all the 196 insurance brokers operating in Kenya. The list was acquired from the Insurance Regulatory Authority (IRA, 2015).

#### **3.4 Data Collection**

Data in this context refers to raw information gathered from the field or information that has not been scrutinized or processed in a more significant manner. The relevant data which was required for this research was gathered from primary sources, through the use of a questionnaire.

The data was collected from the insurance brokerage firms' top executives who formed the study respondents and the data collection instruments comprised of both open ended and close ended questions with the quantitative section of the instrument using a Likert-type scale format. The Likert-type format was chosen since according to De Vaus (2001),

this format yields equal-interval data, a fact that permit for the usage of more powerful statistical statistics to test research variables.

### **3.5 Data Analysis**

Since the study produced both qualitative and quantitative data, descriptive statistics data analysis method was used. Data obtained from the questionnaires were processed through editing and coding and then entered into a computer for analysis using descriptive statistics with the assistance of Statistical Package for Social Sciences version 22, which provides broad data handling capabilities and several statistical analysis procedures that analyses small to very large data statistics (De Vaus, 2011).

Descriptive statistics and correlation analysis assisted to compute measures of variability and measures of central tendencies (Thompson, 2007). Descriptive analyses are essential as they give the foundation upon which correlational and experimental studies emerge; they also offer clues regarding the matters that should be stressed upon leading to further studies (Miano, 2010). Further inferential statistics was carried out using Pearson correlation to identify the relationship between the research variables. The findings were presented using charts and tables. Qualitative data drawn from open-ended question in the questionnaire were analyzed by summarising the set of observations drawn from the respondents for content analysis.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the findings of competitive strategies adopted by insurance brokers in Kenya to enhance competitive advantage. The study findings were based on two objectives: to establish the competitive strategies adopted by insurance brokers to gain competitive advantage in Kenya and to determine the challenges faced by Kenyan insurance brokers in adoption of the strategies. The data collected was analysed descriptively and presented in tables of mean, frequency, percentage and figures.

#### **4.2 Questionnaire Response Rate**

It was noted from the data collected, out of the 196 questionnaires administered to the insurance brokers, 172 questionnaires were filled and returned. This represented a 87.76% response rate, which is considered satisfactory to make conclusions for the study. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% good and above 70% rated very good. This also collaborates Bailey (2000) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good.

The high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participants and applied the drop and pick method where the questionnaires were picked at a later date to allow the respondents ample time to fill the questionnaires.

#### **4.3 Demographic Information**

The study sought to determine the name of the firm; designation of the respondents; working experience and the number of years of service with the firm.

### 4.3.1 Name of the Firm

The study sought to determine the names of the insurance brokers who would be contacted for the study and are listed on Appendix II.

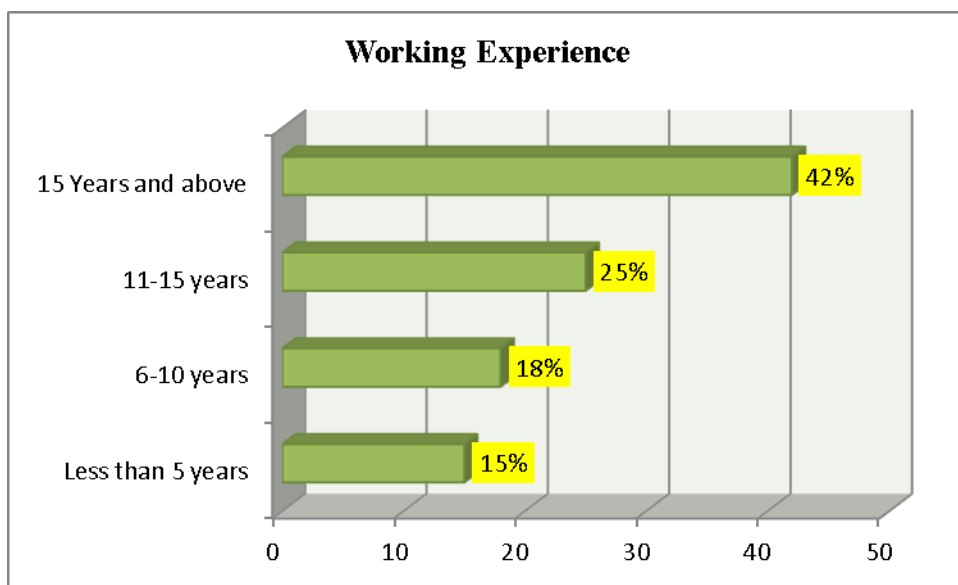
### 4.3.2 Respondent's Position

The respondents were required to indicate their position in the companies. The respondents indicated that they were in the position of Chief Executive Officers (CEO's), Managers and Directors of the insurance broker firms. These respondents were selected to participate in the study for they were believed to be in a better position to provide details on competitive strategies adopted by insurance brokers in Kenya to enhance competitive advantage.

### 4.3.3 Working Experience

The study sought to determine the working experience of the respondents in the insurance brokers firms. Work experience was deemed of importance to establish the knowledge of the interviewees on the competitive strategies adopted by insurance brokers in Kenya to enhance competitive advantage. The responses were presented in Figure 4.1.

**Figure 4.1: Working Experience**



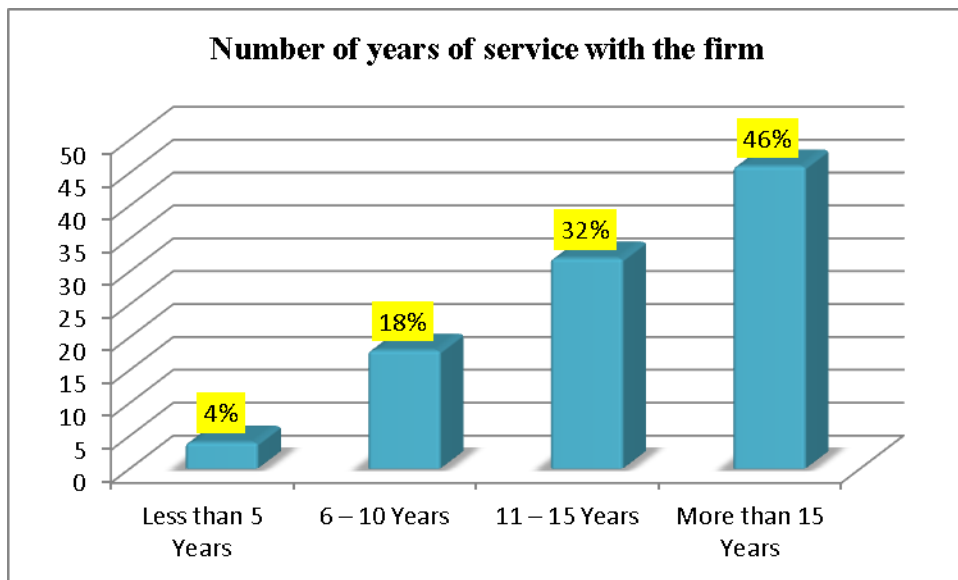


From the findings in Figure 4.1, the majority of the respondents indicated that they had 15 years and above worth of experience in the company. The majority of the respondents accounted for 42%. 25% of the respondents indicated that they had work experience between 11 and 15 years; 18% of the respondents indicated that they had work experience between 6 and 10 years while 15% of the respondents indicated that they had work experience of less than 5 years.

#### 4.3.4 Number of years of service with the firm

The study sought to determine the number of years of service with the firm. The response was presented in Figure 4.2.

**Figure 4.2: Number of years of service with the firm**



The findings in Figure 4.2 reveals that majority of the respondents (46%) had served in the firm for more than 15 years. 32% of the respondents indicated that the respondents had served in the firm for 11 to 15 years. 18% of the respondents indicated that they had served in the firm for 6 to 10 years while 4% of the repondents indicated that they had served for less than 5 years.

The findings above clearly shows that the majority of the respondents were in service for more than 15 years. This was significant to the study since they understood their

organisational dynamics and thus could interpret and answer the questionnaires appropriately.

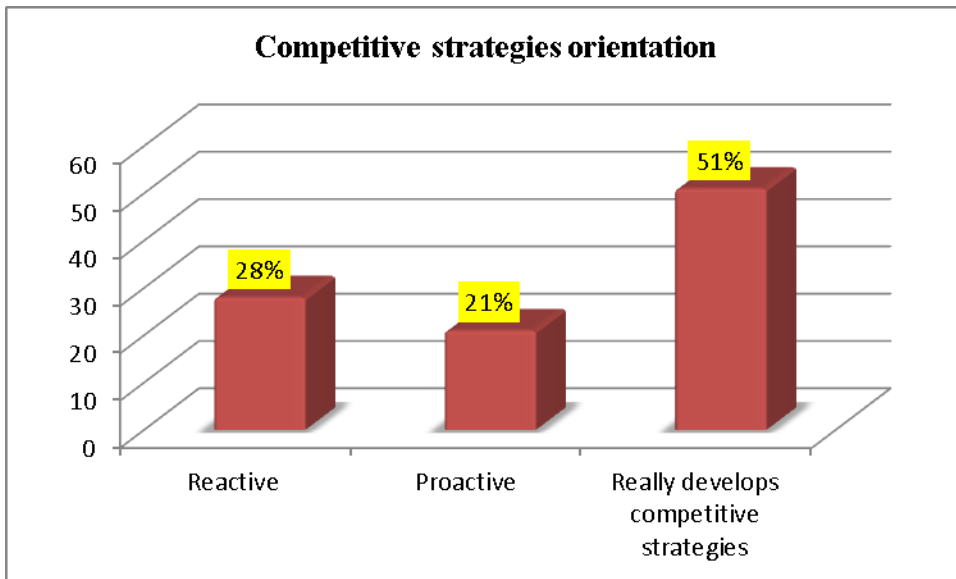
#### 4.4 Competitive Strategies and Competitive Advantage

The study sought to determine competitive strategies and competitive advantage adopted by insurance brokers in Kenya to enhance competitive advantage.

##### 4.4.1 Competitive Strategies orientation

The study sought to determine how the respondents would describe the competitive strategies orientation in the firm. The response was presented in the figure 4.3.

**Figure 4.3: Competitive Strategies orientation**

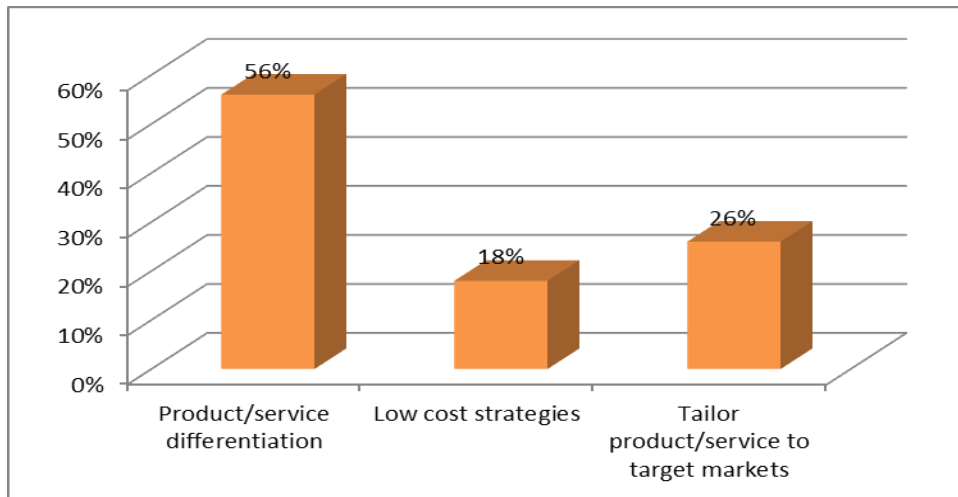


It is evident from Figure 4.3 that the majority of the insurance broker firms (45%) develop competitive strategies; 28% of the firms are reactive to other firms strategies while 21% of the firms are proactive when it comes to competitive strategies orientation at the firm because they make strategies before competition. It is therefore evident that the insurance brokers appreciate the significance of developing competitive strategies to remain relevant and stay competitive.

#### 4.4.2 Competitive Strategies adopted

The study sought to determine the competitive strategies adopted by the insurance broker firm. The findings are presented in the figure 4.4.

**Figure 4.4: Competitive Strategies adopted**



Evident from figure 4.4, the majority of the firms (56%) indicated that the competitive strategies adopted by the firm is product/service differentiation. 26% of the firms indicated that the competitive strategies adopted by the firm is tailor product/service to target markets while 18% of the firms indicated that the competitive strategies adopted by the firm is low cost strategy.

The findings shows that the firms prefer product/service differentiation at 56%. This was attributed to the idea that since the products in the market are similar, the firms achieve competitiveness by the services provided. The insurance brokers consist of large and small firms with others operating one or two employees and their service is differentiated through customers service; by having staff who are professional, courteous and knowledgeable catering to the various needs of the customers. This service is also achieved through having web-based applications, help lines, whereby customers can interact with the broker's staff. Also, insurance brokers are constantly assessing the marketplace in order to provide the best product offering based on client's needs. They

undertake continuous trainings and education each year in order to maintain a strong depth of knowledge and keep abreast with the current developments.

Furthermore, the brokers combine their vast product knowledge with a regular assessment of pricing trends in the insurance industry and can therefore seek out competitive pricing for their clients.

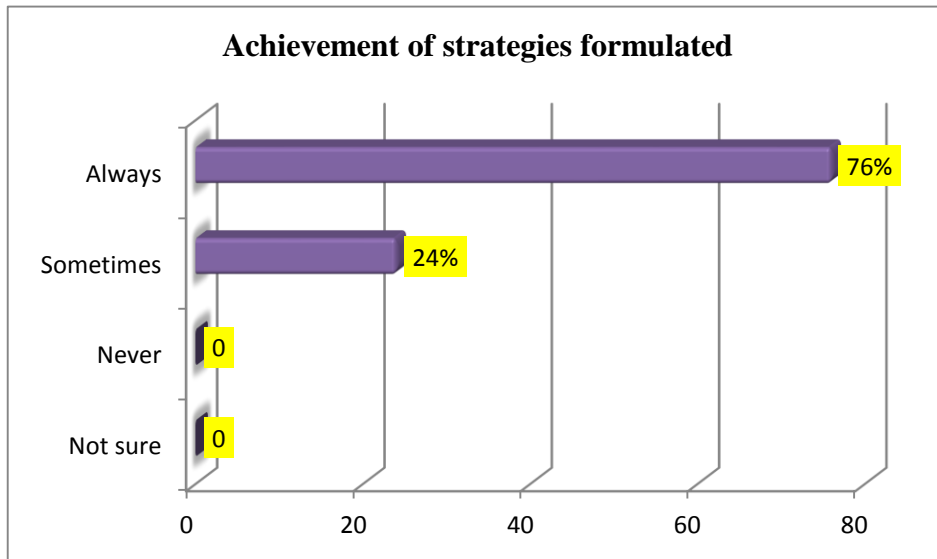
The brokers also engage the various insurance companies to provide resolutions to disputes that arise with client's policies and the larger brokers can compete favourable to this end as they are able to use their position in the market i.e. payment of large premiums to the specific company, to request insurers to act favourably to their clients.

The insurance brokers are also at hand to deliver motor certificates and collect premiums, deliver policy documents, claim payment cheques, which is of convenience to customers and the larger brokers. As for the larger brokers, they do extend their service by having dedicated staff that operate from the clients premises or are at hand to provide insurance solutions for their varied needs.

#### **4.4.3 Achievement of strategies formulated**

The study sought to establish how often the firm achieves the strategies formulated. The responses were presented in Figure 4.5.

**Figure 4.5: Achievement of strategies formulated**



The findings presented on Figure 4.5 reveal that the majority of the firms (76%) indicated that the firm always achieve strategies formulated while 24% of the firms indicated that sometimes they achieve strategies formulated. The high rate was attributed to the service offering by the brokers which made them be preferred among their customers. The service include superior customer service, dispute resolution when issues arise, flexibility of operations which include delivery and collection of documents/ certificates as well as payment cheques.

#### **4.4.4 Practices in the firm**

The study sought to determine the extent to which the firm adopts the practices in the Table 4.1. The respondents were required to rate the extent of the firms practicing the given practices on a scale of 1 = not sure, 2 = never, 3 = moderate extent, 4 = great extent and 5 = extreme extent.

**Table 4.1: Practices in the firm**

	<b>Mean</b>	<b>Std. Dev.</b>
Evaluation of strengths and weaknesses	4.241	1.658

Evaluations of opportunities and threats	4.356	1.585
Formulation of goals and objectives	4.965	1.541
Formulation of long-range plans	4.225	1.525
Formulation of short-range plans	4.114	1.589
Formulation of planning process	4.201	1.556
Evaluation its Market competitive performance	4.513	1.602

From the table 4.1, the respondents rated the extent to which the given practices are applied in the firms. The respondents indicated that evaluation of strengths and weaknesses is being practiced in the firm to a great extent with a mean of 4.241; they indicated that evaluation of opportunities and threats is practiced in the firm to a great extent with a mean of 4.356; the respondents also indicated that formulation of goals and objectives is practiced in the firm to an extreme extent with a mean of 4.965 and further, they indicated that the formulation of long-range plans is practiced in the firm to a great extent with a mean of 4.225. The study further probed the respondents to indicate the extent to which formulation of short-range plans was practiced in the firm was to a great extent with a mean of 4.114. The respondents rated the extent to which formulation of planning process was practiced in the firm to a great extent and lastly, the respondents rated the extent to which the firms practiced evaluation of its market competitive performance to a great extent with a mean of 4.513.

The findings above shows that the firms prefer to formulate their goals and objectives over other competitive advantage practices. This had a mean of 4.965. These findings were in line with Mintzberg (1987) who argued that goal and objective setting is not a one-time event when formulating your business plan, but an ongoing process. Markets change and both the economy and sales fluctuate, so the savvy business owner must take advantage of every situation. Even small goals set in the middle of a crisis can have a positive impact when things improve. When your business is flourishing, goals help maintain or increase the good times, and can act as a safeguard during inevitable slumps.

The standard deviation shows that the responses were divergent from the mean and varied based on the parameters set. This is also reflected among the other competitive advantage practices.

#### 4.4.5 Strategies contributed to firm’s competitive advantage

The study sought to determine the extent to which strategies have contributed to the firms competitive advantage. The respondents were required to rate this extent on a scale 1 = not sure, 2 = never, 3 = moderate extent, 4 = great extent and 5 = extreme extent.

**Table 4.2: Strategies contributed to firm’s competitive advantage**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
Stricter insurance regulatory framework	4.325	1.524
Improved distribution networks	4.215	1.542
Mass consumer education or awareness	4.253	1.548
Service standards by all brokers in the industry	4.207	1.553
Improved Customer service	4.239	1.552
Review of products and services provided	4.248	1.544
Adoption of information and communication technology	4.381	1.532
Changes to the pricing strategy	4.185	1.504
Perception or image of the insurance industry	4.542	1.587
Improved corporate governance	4.217	1.596
Aggressive marketing strategies	4.214	1.627
Mergers and Acquisition	4.281	1.574
Expansion and Diversification of products and markets	4.307	1.508

From the Table 4.2, the majority of the respondents rated the extent to which strategies have contributed to the firms’ competitive advantage. The respondents indicated the

extent to which stricter insurance regulatory framework contributes to the firm's competitive advantage to a great extent with a mean of 4.325; the respondents indicated that improved distribution networks contributes to the firm's competitive advantage to a great extent with a mean of 4.215; the respondents indicated that mass consumer education or awareness contributes to the firm's competitive advantage to a great extent with a mean of 4.253; the respondents also indicated that service standards by all brokers in the industry contributes to the firm's competitive advantage to a great extent with a mean of 4.207.

Furthermore, the respondents indicated that improved customer service contributes to the firm's competitive advantage to a great extent with a mean of 4.239; the respondents indicated that review of products and services provided contributes to the firm's competitive advantage to a great extent with a mean of 4.248; the respondents indicated that adoption of information and communication technology contributes to the firm's competitive advantage to a great extent with a mean of 4.381; the respondents indicated that the changes to the pricing strategy contributes to the firm's competitive advantage to a great extent with a mean of 4.185; the respondents indicated that perception or image of the insurance industry contributes to the firm's competitive advantage to a great extent with a mean of 4.542; the respondents indicated that improved corporate governance contributes to the firm's competitive advantage to a great extent with a mean of 4.217; the respondents indicated that aggressive marketing strategies contributes to the firm's competitive advantage to a great extent with a mean of 4.214; the respondents indicated that Mergers and Acquisition contributes to the firm's competitive advantage to a great extent with a mean of 4.281 and expansion and diversification of products and markets contributes to the firm's competitive advantage to a great extent with a mean of 4.307.

The findings indicates that perception or image of the insurance industry had the highest mean of 4.542. This shows that insurance industry image is a key contributor to a firms competitive advantage. This concurs with (Standard Investment Bank, 2013) findings that uptake of insurance has been low due to weak marketing strategies, ignorance, lack of awareness and poor perception with regard to services or products on the part of the

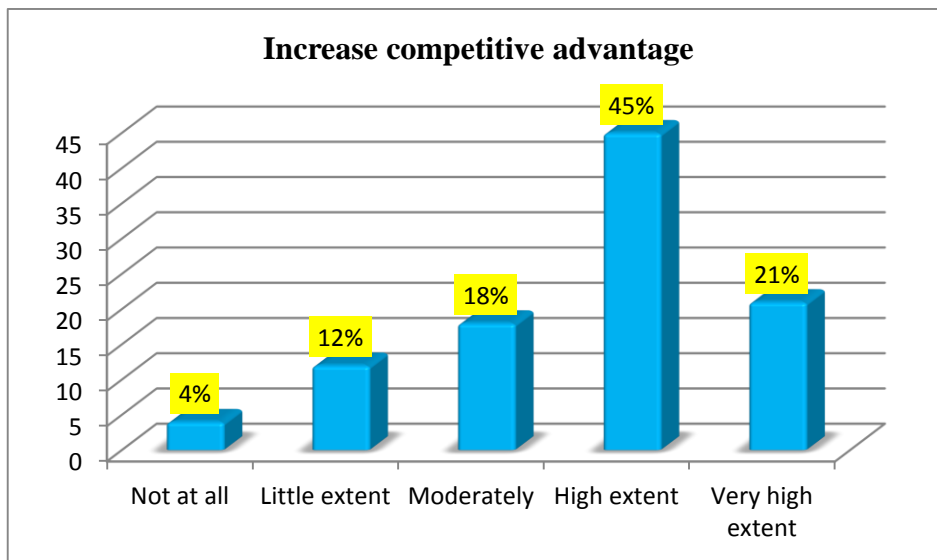


general public. The standard deviation shows that the responses were divergent from the mean and varied based on the parameters set.

#### 4.4.6 Effect of Competitive Advantage

The study sought to investigate the views of the respondents on the extent to which adoption of current strategies has increased competitive advantage. The findings were presented in the figure 4.7.

**Figure 4.6: Effect of competitive advantage**



The respondents views were reflected in Figure 4.7 revealing that 45% of the firms rated the extent to which adoption of current strategies has increased competitive advantage. They indicated that the adoption of current strategies was to a high extent. 21% of the respondents indicated the extent to which adoption of current strategies has increased competitive advantage to a very high extent. 18% of the respondents indicated the extent to which adoption of current strategies has increased competitive advantage to a moderate extent. 12% of the respondents indicated the extent to which adoption of current strategies has increased competitive advantage to little extent while 4% of the respondents indicated that the extent to which adoption of current strategies has increased competitive advantage to no extent.

The study shows that adoption of competitive strategies increased competitive advantage with a percentage of 45%. This shows that adoption of competitive strategies by the firms enhances competitive advantage.

#### **4.4.7 Other viable competitive strategies**

The study sought to determine other viable competitive strategies that the respondents think can assist the firm gain competitive advantage. The respondents indicated other competitive strategies such as presented in Table 4.3.

**Table 4.3: Other viable competitive strategies**

<b>Competitive Strategies</b>	<b>Percentage</b>
Product Innovation	82%
Vigorous Marketing to Youth and Low Income Earners	77%
Price Modeling and Flexible Payment Plan	76%
Making Insurance Compulsory	72%
Early Insurance introduction	32%

From the Table 4.3, the majority of the respondents indicated that other viable competitive strategies that would gain competitive advantage. The majority of the respondents (82%) indicated that product innovation is a competitive strategy. 77% of the respondents rated vigorous marketing to youth and low income earners. 76% of the respondents rated price modeling and flexible payment plan. The rate for insurance products is guided the regulator and full payment is required at the inception of insurance cover, however, brokers charge the insurance products competitively and provide multiple payment plans. 72% of the respondents rated making insurance compulsory while only 32% of the respondents rated early insurance introduction.

The findings shows that the majority of the respondents (82%) indicated that product innovation is important. Since brokers are closer to the insurance customers, they

understand their needs better and thus can come up with suggestions of enhanced insurance products that are attractive to their customers.

#### **4.4.8 Challenges in adopting and executing competitive strategies**

The study sought to determine the main challenges faced by the firm in an effort to adopt and execute competitive strategies. The respondents identified some of these challenges and they were rated in the Table 4.4.

**Table 4.4: Challenges in adopting and executing competitive strategies**

<b>Challenges</b>	<b>Percentage</b>
Technology	76%
Social factors	65%
Corporate responsibility	54%
Organisation structure	83%
Time constraint	74%
Financial constraints	94%
Macroeconomic constraints	86%

From the findings in the Table 4.4, respondents rated some of the challenges faced in adopting and executing competitive strategies in the broker firm. The respondents rated 94% to financial constraints for instance vigorous marketing to youth and low income earners is a capital intensive activity that can be out of reach of the firms. On the other hand, the respondents rated 86% to macroeconomic constraints such as inflation and high interest rates discourages uptake of insurance services; the respondents rated 83% to organization structure which might hinder adoption competitive strategies due to delayed decision making and lack of distinct chain of command; the respondents rated 76% on technology; it was noted that the fast pace and change in the same was seen to have made some products obsolete before their value was realised. Also, firms have to adopt current technology to increase operational efficiencies and this comes at a reasonable cost which the brokers may not be able to afford.; the respondents rated 74% to time constraints of

developing the strategies; the respondents rated 65% to social factors like lack of awareness of insurance and its importance in the society and negative perception towards insurance firms; the respondents also rated 54% to corporate responsibility whereby firms that do not engage in corporate responsibility are not considered favorably by the customers.

#### **4.5 Discussion of Findings**

Findings based on competitive strategies adopted shows that the firms prefer product/service differentiation at 56%. This was attributed to the idea that since the products in the market are similar, the firms achieve competitiveness by the services provided. This is achieved through superior customer service, proximity to customers and enhanced claim service. These findings relates with Porter (2008) that there exists three generic approaches/strategies to outsmart other rival companies in any particular industry, they include; overall cost leadership, focus, and differentiation. A company can vehemently pursue adopting one of the strategies or embrace a combination of the 3 generic strategies.

The findings on competitive strategies practices shows that the firms prefers to formulate their goals and objectives over other competitive advantage practices. This had a mean of 4.965. These findings were in line with Mintzberg (1987) who argued that goal and objective setting is not a one-time event when formulating your business plan, but an ongoing process.

The findings on strategies that contributed to firm's competitive advantage indicates that perception or image of the insurance industry had the highest mean of 4.542. This shows that insurance industry image is a key contributor to a firms competitive advantage. This concurs with (Standard Investment Bank, 2013) findings that uptake of insurance has been low due to weak marketing strategies, ignorance, lack of awareness and poor perception with regard to services or products on the part of the general public.

The findings on other viable competitive strategies shows that the majority of the respondents (82%) indicated that product innovation is important. This is consistent with the study done by Nyaguthii (2014) who studied the competitive strategies adopted by AON Insurance Company in Kenya and established that product innovations was the highest ranked competitive strategy.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter covers a summary of the research findings, conclusion, recommendations, limitations and suggestions of further studies. It briefly describes what the study was all about and it provides a clear conclusion of the findings of the entire study. It also gives recommendations on the topic of the study in the organizations as per the observations of the researcher during the study. It also outlines the limitations and challenges faced by the researcher during the study and implication for policy and practice.

#### **5.2 Summary of Findings**

The study established that competitive strategies promotes the development of competitive advantage in Insurance broker firms. This is the main reason why the majority of the insurance broker firms indicated that they develop competitive strategies in the firms. As per the findings of the study, the majority of the insurance broker firms indicated that the competitive strategy adopted is the product/service differentiation. However, the product offered by insurance firms are similar thus service differentiation through the various services offered to customers in terms of competitive pricing of the products, dispute resolution whenever complications arise as a result of placement of insurance cover or claims service, knowledge of the industry and matching customer needs in relation to the products on offer, excellent customer service, is important for the broker firms. Insurance brokers also suggest products that will suit customers needs since they are closely in touch with them.

The study established that insurance broker firms often achieve the strategies formulated. Strategy formulation is the process by which an organization chooses the most appropriate courses of action to achieve its defined goals. This process is essential to an organization's success, because it provides a framework for the actions that will lead to the anticipated results.

The study established that there were specific practices that the firms apply in adopting competitive strategies by insurance brokers in enhancing competitive advantage. These practices involved evaluation of SWOT; formulation of goals and objectives; formulation of long-range and short-range plans; formulation of planning process and the evaluation of the market competitive performance. With the adoption of the firm practices in attaining competitive advantage, the study further revealed that there has been an increase in competitive advantage to a high extent in the insurance brokers firms.

The study also established the strategies contributed to the firms' competitive advantage. The study revealed that stricter insurance regulatory framework; improved distribution networks; mass consumer education or awareness; service standards by all brokers in the industry; improved customer service; review of products and services provided; adoption of information and communication technology; changes to the pricing strategy; perception or image of the insurance industry; improved corporate governance; aggressive marketing strategies; mergers and acquisition, the expansion and diversification of products and markets, are the strategies that have contributed to firms' competitive advantage.

The study further established other viable competitive strategies that the respondents thought would help gain competitive advantage. Some of the viable competitive strategies include: product innovation; vigorous marketing to youth and low income earners; competitive pricing and flexible payment plan; making insurance compulsory and early insurance introduction.

However, the study established some challenges that the firms face in adopting and executing competitive strategies include; technology, social factors, corporate responsibility, organization structure, time constraint, financial constraints and macroeconomic constraints.

### **5.3 Conclusion**

The study concludes that competitive strategies are significant for gaining competitive advantage for insurance brokers. The firms realise the importance of implementing

strategy in a bid to be competitive in the business. The study also concludes that there are challenges encountered by the firms that hinder adoption and execution of competitive strategies.

#### **5.4 Recommendations**

Based on the findings of this study, it is recommended that the firms in the industry should constantly evaluate their competitive strategies with an aim of staying ahead of competition. The study recommends the importance of differentiated services offered by the firms and also tailor products/services to target markets and constantly adopting cost reduction strategies. The study also recommends that the firms should adopt practices that encourage competitive strategies to attain competitive advantage. These practices involve evaluation of SWOT; formulation of goals and objectives; fomulation of long-range and short-range plans; formulation of planning process and the evaluation of the market competitive performance.

The study also recommends mitigating strategies that can be employed to help curb the challenges faced in adopting and executing competitive strategies such as increase use of advanced technology by the firms; engaging in corporate responsibiliy; lower and affordable pricing and lastly identifying the best ways to finance the undertaking of competitive strategies to be adopted by insurance brokers in Kenya to enhance competititve advantage.

#### **5.5 Limitation of the study**

This study concentrated on the competitive strategies adopted by insurance brokers in Kenya to enhance competitive advantage as a whole. This was done without classifying the insurance broker firms among the different services that are offered. The different categories of insurance broker firms have different orientations and the fact that they were viewed in the same breath is one limitation of this study.

The study had several limitations which included the difficulty in gaining access to the sampled respondents like the directors whose schedules are busy. Fear by the senior



managers emanated from possibility of collected information being passed on to their competitors but the respondents were assured that the data collected would be treated as confidential and therefore cooperated.

### **5.6 Suggestions for further Study**

This study concentrated on competitive strategies adopted by insurance brokers in Kenya to enhance competitive advantage. Other studies should be undertaken such as the effectiveness of the competitive strategies adopted by the insurance broker firms in Kenya by establishing the formulation and implementation of these strategies in attaining competitive advantage. The study should also examine the regulatory framework policy in the adoption of competitive strategies to enhance competitive advantage.

### **5.7 Implication for policy and practice**

The government can utilize the findings to regulate the insurance sector by coming up with customized regulatory policies that promote growth of the insurance sector, fair competition and provide a level playing field for the brokers.

The insurance firms can adopt viable competitive strategies and address the challenges arising to gain competitive advantage and remain relevant in the market.

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## APPENDICES

### Appendix I: Questionnaire

Please answer the following questions as correctly as possible.

#### Section A: General Information

1. Name of the firm.....

2. Respondent's position.....

3. Working Experience

- Less than 5 years
- 6-10 years
- 11-15 years
- 15 Years and above

4. Number of years of service with the firm?

Less than 5 Years [ ]                      6 – 10 Years [ ]

11 – 15 Years [ ]                      More than 15 Years [ ]

#### Section B: Competitive Strategies and Competitive Advantage

1. How would you describe the competitive strategies orientation of your firm?

Reactive to other firms strategies [ ]

Proactive (makes own strategies before competition [ ]

Really develops competitive strategies [ ]

2. Kindly indicate competitive strategies adopted by your firm (Tick all that applies)

Product/service differentiation [ ]

Low cost strategies [ ]

Tailors Product/service to target markets [ ]

3. How often does your firm achieve at the strategies formulated?

Not Sure [ ]                      Never [ ]  
 Sometimes [ ]                      Always [ ]

4. To what extent has your firm been practicing the following:

1 = not sure, 2 = never, 3 = moderate extent, 4 = great extent and 5 = extreme extent

	1	2	3	4	5
Evaluation of strengths and weaknesses					
Evaluations of opportunities and threats					
Formulation of goals and objectives					
Formulation of long-range plans					
Formulation of short-range plans					
Formulation of planning process					
Evaluation its Market competitive performance					

5. To what extent has the following strategies contributed to your firms competitive advantage : 1 = not sure, 2 = never, 3 = moderate extent, 4 = great extent and 5 = extreme extent

	1	2	3	4	5
Stricter insurance regulatory framework					
Improved distribution networks					
Mass consumer education or awareness					
Service standards by all brokers in the industry					
Improved Customer service					
Review of products and services provided					
Adoption of information & communication technology					
Changes to the pricing strategy					
Perception or image of the insurance industry					
Improved corporate governance					
Aggressive marketing strategies					
Mergers and Acquisition					
Expansion and Diversification of products & markets					

6. In your view, to what extent has adoption of current strategies, increased your competitive advantage?

- |                  |     |               |     |
|------------------|-----|---------------|-----|
| Not at All       | [ ] | Little Extent | [ ] |
| Moderately       | [ ] | High Extent   | [ ] |
| Very High Extent | [ ] |               |     |

8. Please indicate other viable competitive strategies that in your opinion will assist your firm gain competitive advantage.

.....  
.....  
.....

9. What would you say are the main challenges faced by your firm in an effort to adopt and execute competitive strategies?

I.....  
II.....  
III.....  
IV.....  
V.....

**Thank You for Your Time**



## Appendix II: List of Insurance Brokers

1. AA Insurance Brokers Limited\*
2. Aboo Insurance Brokers Ltd
3. Acentria Insurance Brokers Company Limited\*
4. Acropolis Insurance Brokers Limited\*
5. Africa Gate Reinsurance Brokers Limited\*
6. African Continent Insurance Brokers Limited\*
7. Afriq Insurance Brokers Limited\*
8. Al- Amin Insurance Brokers Limited\*
9. Alexander Forbes Risk & Insurance Brokers Ltd\*
10. Al-Fawzein Insurance Brokers Limited
11. Allied Assurance Brokers Limited\*
12. Allion Insurance Brokers Limited\*
13. Alpine Insurance Brokers Limited\*
14. Amana Insurance Brokers\*
15. Amro Insurance Brokers Limited\*
16. AMS Insurance Brokers Limited\*
17. Andalus Insurance Brokers Ltd
18. AON Kenya Insurance Brokers Limited\*
19. Apis Insurance Brokers Limited
23. Aspen Insurance Brokers Limited\*
24. Associated Insurance Brokers Limited\*
25. Assured Insurance Brokers Ltd\*
26. Avocet Insurance Brokers Limited\*
27. Bafana Insurance Brokers Limited\*
28. Bahari Insurance Brokers Ltd\*
29. Bapa Insurance Brokers Limited\*
30. Batlex Insurance Brokers Limited\*
31. Baylor Insurance Brokers Ltd\*
32. Berkshire And Hathaway Insurance Brokers Limited\*
33. Bilmax Insurance Brokers Limited\*
34. Blossom Insurance Brokers Limited\*
35. Boma Insurance Brokers Limited\*
36. Bottomry Insurance Brokers Limited\*
37. Broadcover Insurance Brokers Ltd\*
38. BTB Insurance Brokers Limited\*
39. BTB Insurance Brokers Limited (Re-Insurance) \*
40. Busam Insurance Brokers Limited
41. Canopy Insurance Brokers Limited\*
42. Centaur Insurance Brokers Limited\*
43. Chancery Wright Insurance Brokers Limited\*
44. Channel Insurance Brokers Limited\*
48. Complete Solutions Insurance Brokers Ltd\*
49. Consolidated Insurance Brokers Limited\*

50. Crawford Insurance Brokers Limited\*
51. Crownscope Insurance Brokers Limited\*
52. D & G Insurance Brokers Limited\*
53. Disney Insurance Brokers Limited\*
54. Dynamique Insurance Brokers Limited
55. ECB Insurance Brokers Limited\*
56. Eden Rock Insurance Brokers Limited\*
57. Fairsure Insurance Brokers Limited\*
58. Fast Fit Insurance Brokers Limited
59. FCB Takaful (Insurance) Brokers Limited\*
60. Finsure Insurance Brokers Limited
61. First American Insurance Brokers Ltd\*
62. First Reinsurance Brokers Limited
63. Font Insurance Brokers Limited\*
64. Formax Insurance Brokers Limited\*
65. Fortress Insurance Brokers Limited\*
66. Fortune Insurance Brokers Ltd\*
67. Four M Insurance Brokers Limited\*
68. Four Stars Insurance Brokers Limited\*
69. Fredblack Insurance Brokers Limited\*
73. Goldfield Insurance Brokers Limited\*
74. Gras Savoye Kenya Insurance Brokers Limited\*
75. Great Five Insurance Brokers Limited\*
76. Grm Insurance Brokers Limited\*
77. H. G. Thanawalla Insurance Brokers Limited\*
78. H. S. Jutley Insurance Brokers Limited\*
79. Habari Insurance Brokers Limited
80. Harbinger Insurance Brokers Limited\*
81. Harmony Insurance Brokers Limited\*
82. Hema Insurance Brokers Limited\*
83. Hillstone Insurance Brokers Limited
84. Homeland Insurance Brokers Limited\*
85. Hp Insurance Brokers Limited\*
86. Ibkl Insurance Brokers Limited
87. ICK Insurance Brokers Limited\*
88. Image Insurance Brokers Limited\*
89. Imperial Insurance Brokers\*
90. INSCO Insurance Brokers Limited\*
91. Insol (E.A) Insurance Brokers Ltd\*
92. Interbroke Insurance Brokers Limited\*
93. Intime Insurance Brokers\*
94. J W Seagon Insurance Brokers (K) Limited\*
98. Karen Insurance Brokers Limited
99. Kava Insurance Brokers Limited
100. Kelon Insurance Brokers Limited

101. Kenbright Nbc Insurance Brokers Limited\*
102. Kenfident Insurance Brokers Limited\*
103. Lalit Sodha Insurance Brokers Limited\*
104. Laser Insurance Brokers Ltd\*
105. Lema Insurance Brokers Limited\*
106. Levites International Reinsurance Brokers Limited\*
107. Liaison Group (Insurance Brokers) Limited\*
108. Liberty Insurance Brokers Co. Ltd\*
109. Lifecare International Insurance Brokers Limited
110. Losagi Insurance Brokers Limited\*
111. M. A. Khan Insurance Brokers Limited\*
112. Macly Insurance Brokers Limited\*
113. Magen Insurance Brokers\*
114. Maj Insurance Brokers Limited\*
115. Majani Insurance Brokers Limited\*
116. Masilahi Insurance Brokers Limited
117. Methodist Insurance Brokers Limited\*
118. MIC Global Risks Insurance Brokers Limited\*
119. Microensure Insurance Brokers Limited\*
123. Minlet Insurance Brokers Limited\*
124. Miran Insurance Brokers Limited\*
125. Mombasa Insurance Brokers Limited\*
126. Nanyuki Insurance Brokers Limited\*
127. Nelion Insurance Brokers Limited\*
128. Nexus Insurance Brokers Limited\*
129. Nile Capital Insurance Brokers Ltd\*
130. Nomura Insurance Brokers Limited\*
131. Northridge Insurance Brokers Limited
132. Nyadwe Insurance Brokers Ltd\*
133. Octagon Insurance Brokers Limited
134. Online Insurance Brokers Limited\*
135. Options Insurance Brokers Limited\*
136. Pacific Insurance Brokers (Ea) Limited
137. Package Insurance Brokers Limited\*
138. Paladin Insurance Brokers Limited\*
139. Palsha Insurance Brokers Limited\*
140. Pasan Insurance Brokers Limited\*
141. Peace Of Mind Insurance Brokers Limited\*
142. Pelican Insurance Brokers (K) Limited\*
143. Pistis Insurance Brokers Limited\*
144. Plan & Place Insurance Brokers Limited\*
148. Prime Mover Insurance Brokers Limited\*
149. Primeken Insurance Brokers Limited\*
150. Real Alliance Insurance Brokers Ltd\*
151. Reval Insurance Brokers Limited

152. Richlands Insurance Brokers Limited\*
153. Risk Care Insurance Brokers Limited\*
154. Risk Shield Insurance Brokers Limited\*
155. Risk Solutions Insurance Brokers Limited\*
156. Roberts Insurance Brokers Limited\*
157. Royal Associates Insurance Brokers Ltd\*
158. Royal Shield Of East Africa Insurance Brokers Ltd.
159. Safe N Sound Insurance Brokers Limited\*
160. Safenet Insurance Brokers Limited\*
161. Sakaka Insurance Brokers Limited\*
162. Sapon Insurance Brokers Limited\*
163. Scanner Insurance Brokers Limited\*
164. Sedgwick Kenya Insurance Brokers Limited\*
165. Shashi Insurance Brokers Limited\*
166. Shiloh Insurance Brokers Limited\*
167. Shiv Insurance Brokers Limited\*
168. Shree Insurance Brokers Limited\*
169. Skylark Africa Insurance Brokers Limited\*
173. Soin Insurance Brokers Limited\*
174. Southern Sahara Insurance Brokers Limited\*
175. Stegrap Insurance Brokers Limited\*
176. Sunland Insurance Brokers Limited\*
177. Superlink Insurance Brokers Limited\*
178. Swinton Insurance Brokers (K) Limited\*
179. Teevee Insurance Brokers Limited\*
180. Transnep Insurance Brokers Limited
181. Trisons Insurance Brokers Limited\*
182. Trustmark Insurance Brokers Limited\*
183. Unicorn Insurance Brokers Limited
184. Unicorn Insurance Brokers\*
185. Unipolar Insurance Brokers Limited\*
186. Universal Insurance Brokers Limited\*
187. Utmost Insurance Brokers Limited\*
188. Vefis Insurance Brokers (K) Limited\*
189. Victoria Insurance Brokers Limited\*
190. Vike Insurance Brokers Limited\*
191. Walawi Insurance Brokers\*
192. Waumini Insurance Brokers Limited\*
193. Wilsmart Insurance Brokers Limited
194. Youjays Insurance Brokers Limited\*
195. Zatlex Insurance Brokers Limited
196. Zine Insurance Brokers

Source: IRA (2015)

Key: \*Insurance Brokers who responded