STRATEGIES ADOPTED BY INSURANCE COMPANIES IN KENYA TO ATTAIN SUSTAINABLE COMPETITIVE ADVANTAGE

BY

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DECLARATION

This research project is my original work and has not been submitted for a degree course in this, or any other university.

Signature…………………………… Date…………………………………….

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

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MAY THE ALMIGHTY GOD BLESS YOU ALL!

DEDICATION

To my family and in particular my dear husband Michael Kavulunze for his support and encouragement, to my children Jackson, Jacinta and Mirriam for giving me the reason to study and work hard.

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ABSTRACT

Whether an organization remains competitive or not, largely depends on the quality ofdecisions made by its executives (Myerson, 1991). This is partly because the present daycompetitive marketing patterns enable the competitors to come to reality with the factthat future marketing will be highly influenced by how an organization plays its cards.Generally, successful businesses rely on a strategy based aspect, which in turn maynecessitate use of appropriate decision tools that enhance its competitive advantage. Sustainable competitive advantage in any organization is achieved when the competition cannotmatch the organization's ability to sustain its lead in the market, through its strategies.Insurance industry is equally competitive and Insuranceplayers have taken upseveral strategies that have had considerable effect on the companies' efficiency,productivity change, market structure and performance in the insurance industry. Thestudy set out to determine the competitive strategies adopted by insurance companies in Kenya and to establish the influence of these strategies on sustainable competitiveadvantage. It adopted a methodology that embraced both primary and secondary data in order to achieve these objectives. The secondary data was collected by use of desk searchtechniques from published companies' publications. Primary data, on the other hand, wascollected using questionnairesgiven to respondents of Insurance companies. The research targeted fifty respondents in senior and executive positionswithin insurance companies in Kenya, as well as a few staff in lower management cadres at thecompany. From the fifty interviews that were initially projected, forty were successful and ten did not respond. On successful completion,the study identified these strategies as comprising Nearness to customers; Competitive premiums; Low labour costs; Minimal operation costs; Network coverage; Research and development skills; Creativity and innovation skills; Marketing skills, communication and Market segmentation. Of all these strategies, the study has found that competitive premiums, low labour cost, minimal operational cost, marketing skills and effective communication skills were the most popular effective strategies adopted by the companies to counter competition in the industry. In conclusion,quality and convenient customer service,marketingskills, market segmentation, communication, creativity and innovation skills and resources and huge capital base are the commonly used strategies by insurance companies to sustain their competitiveness. The study came up with contributions to knowledge, theory, managerial policy and managerial practice. The study recommendsto policy makers in the insurance industry to make use of these findings in order to make use of these findings in order to come up with structures and policies to assist the insurance industry grow.

CHAPTER ONE: INTRODUCTION

1.1Background of the Study

An Insurance company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. Sources of competitive strategies include high quality products, superior customer service and achieving lower costs than its rivals. Competitive strategy is always founded on consistently understanding and predicting changing market conditions and customer needs and service. The goal of a business strategy is to achieve a sustainable competitive advantage. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), cost leadership, or deliver benefits that exceed those of competing products (differentiation advantage) (Porter , 1985)

Matrix model by Ansoff (1990) postulates that there are four growth strategies addressing market penetration,market development, product development and diversification. This Matrix provides a strong foundation for insurance firms to survive in a turbulent environment. The study will also be guided by Resource Based View (RBV) of the firm which indicates that firms compete in an ever changing business environment. The RBV as a basis of competitive advantage lies primarily in the application of the bundle of valuable resources at the disposal of the firm. The firm has to identify the key potential resources which should fulfill the criteria of being valuable, rare, in-imitable and non-substitutable by the firms' competitors (Galbreath, 2005).

The idea of game theory, as conceived by Von Neumann was to find a general solution to all games. Business is a high staked game and the essence of business success lies on playing the right game (Branderburger, 1995). It has been assumed as an effective strategy in influencing customers' purchasing decision, nevertheless, predatory price setting implied unethical business strategies, "zero sum game" method will leads one party exits from the industry. It has been used as a tool in economics to analyze competitive situations where the players of the game (companies) attempt to maximize their performance in strategic situations. Their success depends on their choices and howtheir competitors react to their choices and make choices in response.

Insurance companies in Kenya are faced with many challenges that hinder them from not only performing competitively but also sustaining their competitive positions. This has posed a major marketing challenge to the insurance firms due to high number of insurance companiescompeting for the Kenyan target market, lack of clearly differentiated insurance products, and inadequate utilization of modern technology to reach their markets. Consequently, the study aims to identify those strategies that will address the above challenges in order to achieve sustainable competitive advantage.

1.1.1Concept of Strategy

According to Pearce and Robison (2011) strategy is an organizations game plan for winning. Johnson and Scholes (2005) states that strategy is concerned with the long term direction of an organization, which achieves advantage for the organization through its configuration of resources within a challenging environment. A company strategy is a management game plan for growing the business, staking out a market position, attracting and retaining customers, competing successfully, conducting operations, and achieving targeted objectives. An organization will achieve sustainable competitive advantage if an attractive number of buyers prefer its products or services over offerings of rivals and when the basis for this preference is durable. A winning strategy must fit the organization's external and internal situations to build a sustainable competitive advantage and improve the company overall performance.

According Drucker (1993) a strategy is a plan of action designed to achieve a specific goal. Strategy is all about gaining (or being prepared to gain) a position of advantage over adversaries or best exploiting emerging possibilities. As there is an element of uncertainty about the future, strategy is more about a set of options (Strategic Choices), than a fixed plan. There is therefore a growing need for organizations to move beyond solving existing problems to continuously improving in the face of changing conditions. The challenges posed by the changing environment cannot be resolved in a haphazard manner. There is need fororganizations to adopt a strategic approach to dealing with the changes, if they are to survive.Johnson and Scholes (2005) define strategy as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholders' expectation'. Strategy is about winning. It is the unifying theme that gives coherence and direction to the actions and decisions of an industry or an individual company. Strategy is not purely a matter of intuition and experience. Analysis plays a role in the strategy process. Effective strategies have the following elements; Objectives are simple, consistent and long term. There is good understanding of the competitive environment which requires that the firm must evaluate both the internal and external environment it is operating in. Objective appraisal of the resources available as opposed to what is required is critical. There must also be effective implementation. Implementation is the most challenging phase of a strategy, yet most important. Communication within the organization must be

1.1.2 Concept of Sustainable Competitive Advantage

According to Porter, competitive strategy concentrates on the industry while competitive advantage concentrates on the firm. He argues that, the activity based theory of the firm is very key to obtaining competitive advantage. Such activities include processing orders, calling on customers, assembling products and training employees. Activities that are narrower than traditional functions such as marketing or R & D, are what generate costs and create value for buyers which form the basis for competitive advantage.

Competitive advantage introduces the concept of the value chain, a general framework for thinking strategically about the activities involved in any business and assessing their relative costs and the role in differentiation. It is an advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retains more customers than its competition. There can be many types of competitive advantages including the firm's cost structure, product offerings, distribution network and customer support (Porter, 1985).

Sustainable competitive advantages are company assets, attributes, or abilities that are difficult to duplicate or exceed; and provide a superior or favorable long term position over competitors. Sustainable competitive advantages are required for an insurance company to thrive in today's global environment. Value customers search for insurers that are valueoriented. In order to avoid purchasing a value trap one of the factors they search for is sustainable competitive advantages. Without one or more sustainable competitive advantages, an insurance company may not be able to recover from whatever caused their products to become less attractive to the market. They only want to buy the products of companies thatare real value investments, not value traps. (Retrieved fromwww.arborinvestmentplanner.com).

1.1.3 Insurance Companies in Kenya

The insurance industry in Kenya is governed by the Insurance Act, Chapter 487 of the laws of Kenya and regulated by the Insurance Regulatory Authority (IRA) formed to take up the role of regulating, supervising, and developing the insurance industry players. There is also self-regulation of insurance companies by the Association of Kenya Insurers (AKI). The professional body of the industry is the insurance institute of Kenya. As at the end of 2013 there were 50 insurance companies operating in Kenya. 24 Companies wrote non- life insurance business, 12 wrote life insurance business while 14 were composite (both life and non -life).

The penetration of insurance in Kenya is at 3.44%. Emerging risks such as micro insurance, oil and gas and initiatives such as adoption of alternative distribution channels (banc assurance) and use of technology will improve insurance penetration level in Kenya. (AKI, 2014). The main achievements in the insurance industry reported by the CEOs for the year 2013 include business growth (31%), product development (14%), claims management (10%), marketing (7%), and good management (7%) among others (IRA, 2014). Consumerdemand seems to be the highest challenge the insurance industry is likely to face in the year 2015 followed by, insecurity and money laundering and terrorism and insurance perception. Industry competition and consumer awareness traded as challenges of major concern whilecost of compliance, ICT, skills and competencies and cultural barriers are seen as minor and moderate challenges.

1.2 Research Problem

A competitive strategy aims to establish a profitable and sustainable position against the forces that determine the industry competition. According to Porter (1985), just because a company is the market leader, does not mean it has a sustainable competitive advantage. A company can temporarily cut its prices to gain market share but its competitive lead will disappear when it restores those prices to a profitable level. A company must therefore create clear goals, strategies and operations to sustain its competitive advantage overtime. The corporate culture and value of employees must be in alignment with those goals as well. It is difficult to do all those things well which is why very few companies can create a sustainable competitive advantage. Industry structure has a strong influence in determining the competitive rules of the game as well as the strategies potentially available for a firm. Business managers evaluate and choose strategies that they think will make their businesses successful. Businesses become competitive because they possess some advantage relative to their competitors. The three major ways companies achieve sustainable competitive advantage are cost leadership, differentiation and focus.

Insurance companies in Kenya are faced with many challenges that hinder them from not only performing competitively but also sustaining their competitive positions. This has posed a major marketing challenge to the insurance firms due to high number of insurance companies competing for the Kenyan target market, lack of clearly differentiated insurance products and inadequate utilization of modern technology to reach their markets. There is need therefore for companies to adopt competitive strategies to enable them sustain their long term survival.

A number of studies have been done on penetration of insurance services in Kenya. Gitau (2013) discussed strategies adopted by Kenyan Insurance Companies to alleviate low insurance penetration. Ombonya (2013) conducted a study on bancassurance as a penetration strategy used by insurance companies in Kenya. Achoki (2013) looked at competitive strategies adopted by bank of India in Kenya. Matilu (2010) researched on competitive strategies and human resource management practices adopted by the insurance companies in Nairobi, Kenya. These studies focus more on the low insurance penetration, human resourcestrategies and competitive advantage in banks hence their findings do not address the strategies adopted to achieve sustainable competitive advantage by insurance companies, thus leaving a gap that this study aims to bridge. Therefore the research question of the study is "to what extent can the strategies adopted by insurance companies in Kenya enhance their sustainable competitive positions?"

1.3 Research Objectives

The objectives of this study were to:

i. Determine the competitive strategies adopted by insurance companies in Kenya

ii. To establish the influence of strategies onsustainable competitive advantage.

1.4 Value of the Study

The study has explored the strategies adopted by insurance companies in Kenya to achieve sustainable competitive advantage from a broader theoretical perspective. For students and researchers, this study will build on the existing knowledge. The study will contribute to the existing literature by providing an understanding of the nature of sustainable competitive advantage strategies adopted by insurance firms in Kenya.

The study will help in setting a precedence on which future researchers and academicians can ground their work so that they are in a position to comprehend the concept of strategies more so in the context of the insurance sector for sustainable competitive advantage. Students could as well use the study as a case study for topics covering strategies for sustainable competitive advantage. Moreover, researchers will benefit from the literature gathered by the study, which will guide their investigation or, even suggest new enquiries.

The findings of the study will help policy makers such as Insurance Regulatory Authority to come up with structures and policies to assist the industry grow and enhance contribution to the GDP of the country. To the management of insurance companies, this study will provide important information about their strategic issues, sustainable competitive strategies to adopt and measures of addressing the challenges posed by the external dynamicenvironment. This study will therefore form a very good foundation for policy formulation and implementation.

The study will also be useful in managerial practices of insurance firms. Managers of these firms will be able to get more information about their individual companies and the insurance sector as a whole. They will also find the study useful when formulating new strategic plans and coping with emerging challenges and trends. The results might also shed more light on new sustainable competitive strategies that various firms could adopt in the future.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Organizations depend on their environment for inputs and outputs. The environment isalways changing and therefore organizations have to consistently make adjustments to fitin the environment. Organizations that are able to create strategies that ensure they solve the strategic problems in the long run achieve sustainable competitive advantage and the strategies adopted are referred to as competitive strategies. This chapter reviews in detail the theoretical foundation of the study, sustainable competitive advantage and strategies for sustainable competitive advantage. It also reviews empirical studies that have been conducted by various researchers on how sustainable competitive advantage can be enhanced through adoption of various strategies.

2.2 Theoretical Foundation of the Study

The study's conceptual view is supported by the following theories, as discussed below.They are a result of studies done from several sources and they bring out the theoreticalperspective of the study.

2.2.1 The Game Theory

Branderburger (1995) notes that essence of the business success lies on playing the right game. It has been assumed as an effective strategy in influencing customers' purchasing decision, nevertheless, predatory price setting implied unethical business strategies, "zero sum game" method will lead one party exits from the industry. John (1944), in his game theory posits the cooperative and non-cooperative approaches to business games and social situations in which participants must choose between individual benefits and collective benefits. The games involved scenarios where participants must make decisions that affected not only the individual participants but also all the other participants as well.

It is relevant to this study in the sense that it can be used as a tool in insurance industry to analyze competitive situations where the players of the game (insurance companies) attempt to maximize their performance in strategic situations. Their success depends on their choices and how their competitors react to their choices and make choices in response. It is also known that in situations where decisions have to be made, and in which the outcomes depend on opponents whose actions we have no control, current quantitative techniques employed are inadequate. These are depicted in the complex competitive environment of today's business world. The technique that proposes to overcome this problem is the methodology of game theory (Shubik, 1984)

The problem of game theory is more difficult than that of simple maximization. The individual company has to work out how to achieve as much as possible taking into account that there are others whose goals are different and whose actions have an effect on all. A decision maker in a game faces a cross-purposes maximization problem. He must plan for an optimal return, taking into account the possible actions of his opponents.

2.2.2 The Resource-based Theory

The Resource Based View (RBV) emerged as a complement or dual to the theory of competitive advantage (Barney and Arikan, 2001). Initially, Wernerfelt (1984) developed a theory of competitive advantage based on the resources a firm develops or acquires to implement product market strategy. Wernerfelt's (1984) primary contribution to the RBV literature was recognizing that firm specific resources as well as competition among firms based on their resources can be essential in order for organizations to gain advantages in implementing product market strategies (Barney and Arikan, 2001).

A firm is argued to have a competitive advantage when it is implementing a value creating strategy which a current or potential competitor is not implementing at the same time. Moreover, a firm is argued to have a sustained competitive advantage when it is implementing a value creating strategy which a current or potential competitor is not implementing at the same time and when these other firms are unable to duplicate the benefits of this strategy (Barney, 1991).The resource-based view (RBV) is relevant to this study because it sees resources of the insurance company as key to superior firmperformance. If a resource exhibits valuable, rarity, imitability, and organizational(VRIO) attributes, the resource enables the firm to gain and sustain competitive advantage.

Priem and Butler (2001) raised many key points of criticism: firstly, the RBV may be self-verifying. Barney has defined a competitive advantage as a value-creating strategy that is based on resources that are, among other characteristics, valuable.This reasoning is circular and therefore operationally invalid .Secondly, according to Priem and Butler (2001), Barney's perspective does not constitute a theory of the firm. Finally, the role of product markets is underdeveloped in the argument, limited focus on capabilities and retrospective causality issues: that is, any current success could be attributed to a number of reasons (e.g. unique resources), but the causality is not always clear.

2.2.3 Matrix Theory

Ansoff matrix model (1957) is widely used tool by firms as they focus on growth strategies. By considering ways to grow via existing products and new products, and in existing markets and new markets, there are four possible product-market combinations. Ansoff's matrix provides four different strategies and these are market penetration, market development, product development and diversification. Firstly, the market penetration strategy is the least risky since it leverages many of the firms existing resources and capabilities. Secondly, Market development options include pursuit of additional market segments or geographical regions.

Thirdly, product development strategy may be appropriate if the firms strengths are related to specific customers rather that to specific product itself. In this situation, it can leverage its strengths by developing a new product targeted to its existing customers. Finally, diversification is the most risky of the four growth strategies since it requires both product and market development and may be outside the core competencies of the firm. This quadrant of the matrix has been referred to by some as the 'suicide cell'.

However, diversification may be a reasonable choice if the high risk is compensated by the chance of a high return. Strategic decisions are complex and are made in situations of uncertainty and affect operational decisions. There is therefore need for integrated approach in regards to decisions that touch on geographical coverage, diversity of products/services or business units and how resources are to be allocated between the different parts of theorganization (Johnson2005). Further, market penetration has limits and once the market approaches saturation another strategy must be pursued if the firm is to continue to grow. Because the firm is expanding into new markets, a market development strategy typically has more risk than a market penetration strategy.

2.3 Sustainable Competitive Advantage

The actual term sustainable competitive advantage emerged in 1985, when Porter (1985) discussed the basic types of competitive strategies that a firm can possess (low-cost or differentiation) in order to achieve a long-run sustainable competitive advantage. Porter (1987) observed that competition is at the core of the success or failure of a firm. He notes that Competitive advantage exists where the firm is able to deliver the same benefits as competitors but at lower cost and therefore gaining Cost advantage or delivering superior benefits that exceed those of competing products and hence gain differentiation strategy or focus on a small market segment which it can serve better than competitors and hence acquire focus advantage. He noted that the primary types or sources of sustainable competitive advantage are technology and innovation, human resource and the company's organizational structure.

2.3.1 Technology and innovation

Innovation has a very important role in economic development of countries, because innovative companies, through commercializing their research and development results, are creating new and nonexistent value. Furthermore these same companies are getting an important share of the newly created value. By this way, they are mainly creating wealth for themselves, for their country and for the world. Innovation includes both product / service and process innovations. Product innovations are products that are perceived to be new by either the producer or the customer; the latter includes both end-users and distributors. In spite of the increasing importance of innovation and the role played by technological capabilities in a firm's growth trajectory, little is known how technological innovation in different organizations is driven by their technology strategy, the plan that guides theaccumulation and deployment of technological resources and capabilities (Dasgupta, Sahay, and Gupta, 2009).

The most innovative firms engage in a continual search for better products, services, and ways of doing things. They try to continuously upgrade their internal capabilities and other resources. Aggregate innovative capacity of a nation is derived from the collective innovative capacity of its firms. The more innovative firms a nation has, the stronger that nation's competitive advantage. Innovation also promotes productivity, the value of the output produced by a unit of labor or capital. The more productive a company is, the more efficiently it uses its resources. The more productive the firms in a nation are, the more efficiently the nation uses its resources (Knight, 2007).

2.3.2 Human resources

Human resources are a term used to describe the individuals who comprise the workforce of an organization. Firms can develop this competitive advantage only by creating value in a way that is difficult for competitors to imitate. Within the best practices approach to strategic HRM, the first practice, internal career opportunities, refers to the organizational preference for hiring primarily from within. Second, training systems refers to whether organizations provide extensive training opportunities for their employees or whether they depend on selection and socialization processes to obtain required skills. Third, appraisals are conceptualized in terms of outcome-based performance ratings and the extent to which subordinate views are taken into account in these ratings.(www.ccsenet.org).

Fourth, employment security reflects the degree to which employees feel secure about continued employment in their jobs. Although formalized employment security is generally on the decline, organizations may have either an implicit or an explicit policy. Fifth, employee participation, both in terms of taking part in decision making and having opportunities to communicate suggestions for improvement, has emerged as a strategic HRM practice (www.ccsenet.org). Sixth, job description refers to the extent jobs are tightly and clearly defined so that employees know what is expected of them. Finally, profit sharing reflects the concern for overall organizational performance on a sustainable basis. (Akhtar1, Ding, and Gloria, 2008). Ulrich and Yeung (1989) argue that the future HR professional will need four basic competencies to become partners in the strategic management process. Theseinclude business competence, professional and technical knowledge, integration competence and ability to manage change.

2.3.3 Organizational structure

The structure of an organization will determine the modes in which it operates and performs. Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual. Individuals in an organizational structure are normally hired under time-limited work contracts or work orders, or under permanent employment contracts or program orders. When superior skills or resources exist outside the company, firms are making increased use of strategic alliances to supplement and sometimes enhance their own competencies. Whenever by alliances, outsourcing or down scoping, firms appear to be drawing in their boundaries around narrower spheres of activities (Petison and Johri, 2006).

An effective organizational structure shall facilitate working relationships between various entities in the organization and may improve the working efficiency within the organizational units. Organization shall retain a set order and control to enable monitoring the processes. When an organization comes to age, the flexibility will decrease and the creativity will fatigue. Therefore organizational structures shall be altered from time to time to enable recovery. If such alteration is prevented internally, the final escape is to turn down the organization to prepare for a re-launch in an entirely new set up.

2.4 Strategies for Sustainable Competitive Advantage

Sustainability brings the challenge of achieving a competitive advantage in such a way

that it can be preserved overtime. In general, a company needs to choose generic strategies and should not get stuck in the middle. Generic strategies are strategies expected of every firm any time and they are applicable to all firms without exception. A company that gets stuck in the middle needs to decide a low cost strategy in a broad or narrow market or offer a differential or unique product or service in a broader or narrow market. According to Porter (1985), cost advantages and differentiation combined seeks to achieve three generic strategieswhich are cost leadership, differentiation and focus. To understand this better one needs to know how each of this strategies work while comparing them with other strategies.

One of Porter's generic strategies is cost leadership. This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Porter, 1996). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low cost manufacturing, and a workforce committed to the low-cost strategy. The organization must be willing to discontinue any activities to other organizations with a cost advantage (Malburg, 2000). For an effective cost leadership strategy, a firm must have a large market share (Hyatt, 2001).

Differentiation is another one of Porter's key business strategies (Reilly, 2002). When using this strategy, a company focuses its efforts on providing a unique product or service (Hyatt, 2001). Since, the product or service is unique; this strategy provides high customer loyalty (Porter, 1985). Pearce and Robinson (2007) contend that strategies dependent on differentiation are designed to appeal to customers with a special sensitivity for a particular product attribute. By stressing the attribute above other product qualities, the firm attempts to build customer loyalty. As a result, such loyalty translates into a firm's ability to charge a premium price for its products.

The third generic strategy is focus strategy. In a focus strategy, a firm targets a specific segment of the market. The firm can choose to focus on a select customer group, product range, geographical area, or service line (Porter, 1987). Focus also is based on adopting a narrow competitive scope within an industry. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements.

These generic strategies are not necessarily compatible with one another. If a firm attempts to achieve an advantage on all fronts, in this attempt, it may achieve no advantage at all. For example, if a firm differentiates itself by supplying very high quality products, it risks undermining that quality if it seeks to become a cost leader as well. Even if the quality didnot suffer, the firm would risk projecting a confusing image. For this reason, Porter argued that to be successful over the long-term, a firm must select only one of these three generic strategies. Otherwise, with more than one single generic strategy the firm will be “stuck in the middle” and will not achieve a competitiveadvantage. Porter argued that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy. By separating intodifferent units having different policies and even different cultures, a corporation is lesslikely to become stuck in the middle(Porter 1980).

However, there exists a viewpoint that a single generic strategy is not always best because within the same product, customers often seek multi-dimensional satisfactions such as a combination of quality, style, convenience, and price. There have been cases in which high quality producers faithfully followed a single strategy and then suffered greatly when another firm entered the market with a lower-quality product that better met the overall needs of the customers.

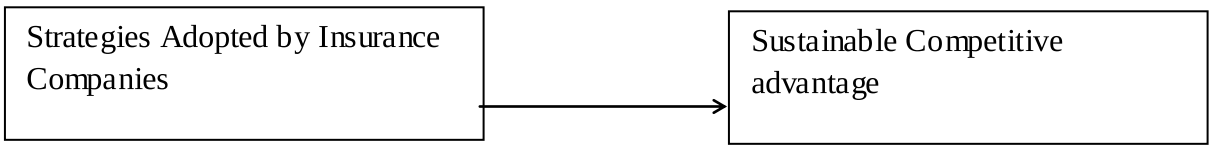
Niche strategy is also a strategy for sustainable competitive advantage. Here the organization focuses on a particular segment (Niche) and becomes well known for providing quality or low cost products or services to the segment. By doing so the firm gains competitive advantage and continuously strives to sustain it by being the cost leader or high quality provider. With both of these strategies the organization can also focus by offering particular segments a differentiated product or service. The key is that the product or service is focused on a particular segment (Hill and Jones, 1999).

Treacy and Wiersema (1995) also proposed an alternative approach to generic strategy and called them value disciplines. They believe that strategies must center on delivering superior customers' value through one of the three value disciplines: operational excellence, customer intimacy, or product leadership (Pearce and Robinson, 2007). Companies that specialize in one of these disciplines, while simultaneously meeting industry standards in the other two, gain a sustainable lead in their market. This lead is derived from the firm's focus on one discipline aligning all aspects of operations with it. After transforming their organizations to focus on one discipline, companies can concentrate on smaller adjustments to produce incremental value.

2.5 Conceptual Framework

This is a hypothesized model identifying the variables under the study and their relationships. The representation below shows the conceptual relationship between the research variables. According to the conceptual framework, sustainable competitive advantage is the dependent variable while the strategies adopted by insurance companies are the independent variables.

The conceptual framework is a modification of Michael Poter's generic strategies (cost leadership,product differentiation and focus strategy). Cost leadership strategy enables an insurance firm to provide its services at the lowest costs possible which attracts volumes of sales. Product differentiation is a competitive advantage strategy that enables firms to come up with unique products/service in the industry making consumer be willing to pay extra amount for it. Focus strategy enables a firm to provide services to a particular segment in a superior manner and most affordable way which gives the firm a competitive advantage over the others who do not have a niche market to serve.



Independent Variable Dependent Variable

Source: Author 2015

In summary this chapter has looked at the theories on which the study was based. The theories used are The Game Theory,Resource Based Theory and The Matrix Theory. Types of sustainable competitive advantage which include technology, human resources and organizational structure were discussed. The strategies of sustainable competitive advantage were elaborated using Michael Porter’s generic strategies. The study lastly looked at the conceptual framework and identified the dependent and independent variables.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out the various stages and phases that will be followed in the completion of the study. It involves a blue print for the collection, measurement and analysis of data. This identifies the research and techniques that will be used in the collection, processing and analysis of data, hence the following subsections are included; research design, target population, sample design, data collection procedures and finally data analysis

3.2 Research Design

The research design employed in this study was a cross-sectional descriptive survey. Cooper & Schindler (2006) said that a descriptive study is concerned with finding out who, what, where, when, or how, of a research study. A survey research seeks to obtain information that describes existing phenomena by asking individuals about their attitude, behavior or values (Mugenda and Mugenda, 2003).According to Mills (2008), a descriptive study is mostly concerned with finding out what is, and rely on observation and survey methods to collect descriptive data.

This type of research design was suitable for this study because it concerns measurement of the same variables across all respondents in the same industry at a particular point in time. Cooper and Emory (1995) recommended this type of design for the studies carried at one point in time and representing same variables at a particular point in time. This method also eliminates biasness and it is in-depth or thorough in nature and hence suits the study been carried out. Designing a study helps the researcher to plan and implement the study in a way that will help the researcher to obtain intended results, thus increasing the chances of obtaining information that could be associated with the real situation Burns and Grove (2001

3.3 Population

Polit and Hungler (1999) defined a population as the totality of all subjects that conform to a set of specifications, comprising the entire group of persons that is of interest to the researcher and to whom the research results can be generalized. John and Roger (2007) defined population as those people, items or organizations of interest. According to Kumar (2005), population is the class, families living in the city or electorates from which you select a few students, families, electors to question in order to answer to your research question.

The population of the study was a census consisting of all the insurance companies licensed and operating in Kenya. As at December 2014, according to the Insurance Regulatory Authority (IRA) there were 50 insurance companies operating in Kenya. 24 Companies wrote non- life insurance business, 12 wrote life insurance business while 14 were composite (both life and non -life).

3.4 Data Collection

Polit and Hungler (1999) define data as "information obtained during the course of an investigation or study". According to Parahoo (1997), a research instrument is "a tool used to collect data. An instrument is a tool designed to measure knowledge attitude and skills." The respondents will include senior/general managers, directors and staff in other management ranks. The study targetedone respondent in each of the forty eight targeted insurance companies giving a total of forty eight. This made it easier to get adequate and accurate information necessary for the research. In order to enhance the response rate, a letter of introduction from the University of Nairobi was attached to explain the intentions of the study and hence allay any respondent's fears

The study utilized both secondary data and primary data. Secondary data was collected by use of desk search techniques from published companies' sources. Primary data was mainly used in the survey and was collected by way of using the questionnaire which had both closed and open-ended questions. The questionnaire were divided into three parts, section one sought to gather general information about the company or company demographics (organization profile), section two sought information about sustainable competitive strategies adopted by insurance companies and the last section investigated the influence that the strategies adopted would have on the company's sustainable competitive advantage. The questionnaire was administered using the drop-and-pick later method.

3.5 Data analysis

The data analysis sought to establish what strategies insurance companies were adopting to create a sustainable competitive advantage as well as the challenges they faced in implementing the strategies. After all questionnaires were fully completed and received, they were checked and verified to ensure their consistency, exhaustiveness and completeness in the information expected, then were coded and analyzed with the help of statistical package for social sciences (SPSS).

Descriptive method of data analysis was used to describe the nature of the situation as it existed. This was based on variables such as presence of competitive advantage, resources used, scope of competitive strategies, challenges faced in sustaining competitive advantage among others.The results were then presented using tables, charts, means and standard deviations for ease of understanding. This also allowed for the interpretation of the findings generated and a recommendation from the findings.

In summary this chapter looked at the research methodologies used. The design used was cross-sectional descriptive survey and the population was a census. Data was collected through a questionnaire and desk research techniques for both primary and secondary data respectfully. Analysis of data was done using descriptive method where it was presented by way of tables, charts, mean and standard deviations.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis, results and discussion of the study as set out in the research methodology. The research data was gathered majorly through questionnaires as the primary research instrument, together with other secondary data. The questionnaire was designed in line with the research objectives of the study. To enhance quality of the obtained data, likert type questions were used whereby respondents indicated the extent to which they agreed with the variables in a five point likert scale.

The study targeted all the 50 insurance companies in Kenya as at 31st December, 2014. The researcher distributed a total of 50 questionnaires to all the insurance companies but managed to get response from 40 insurance companies representing 80% response rate.

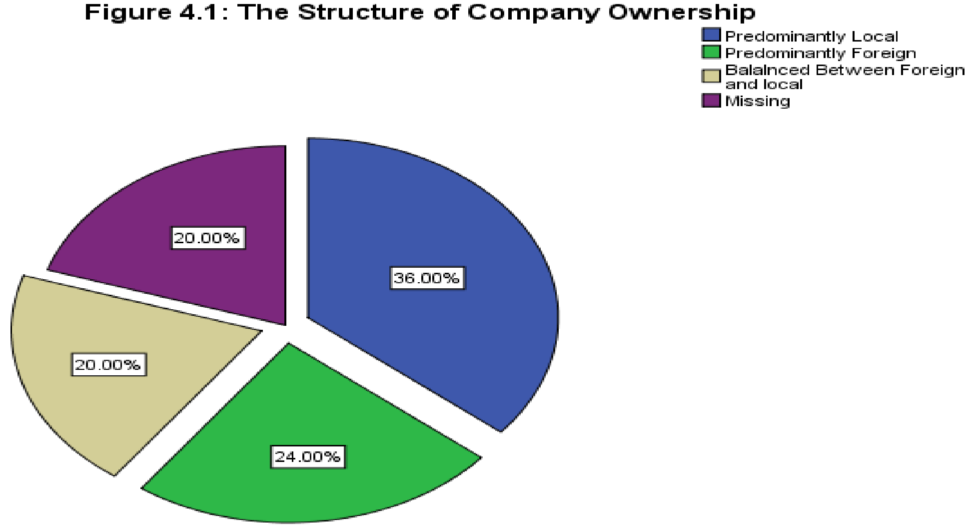
4.2 General Information

This section of the study sought to capture respondent's general information.Respondents were asked to answer a set of questions detailing company ownership, years they have worked in the company, number of company branches and their customer bases. Results are presented under the following sub sections.

4.2.1 Ownership of the Insurance Companies

According to the findings, 36% of the respondents indicated that the ownership of the insurance companies was predominantly local, 24% of the respondents indicated that the ownership of the insurance companies was predominantly foreign while 20% of the respondents indicated that the ownership of the insurance companies was balanced between foreignand local.The figure 4.1 below shows the results.

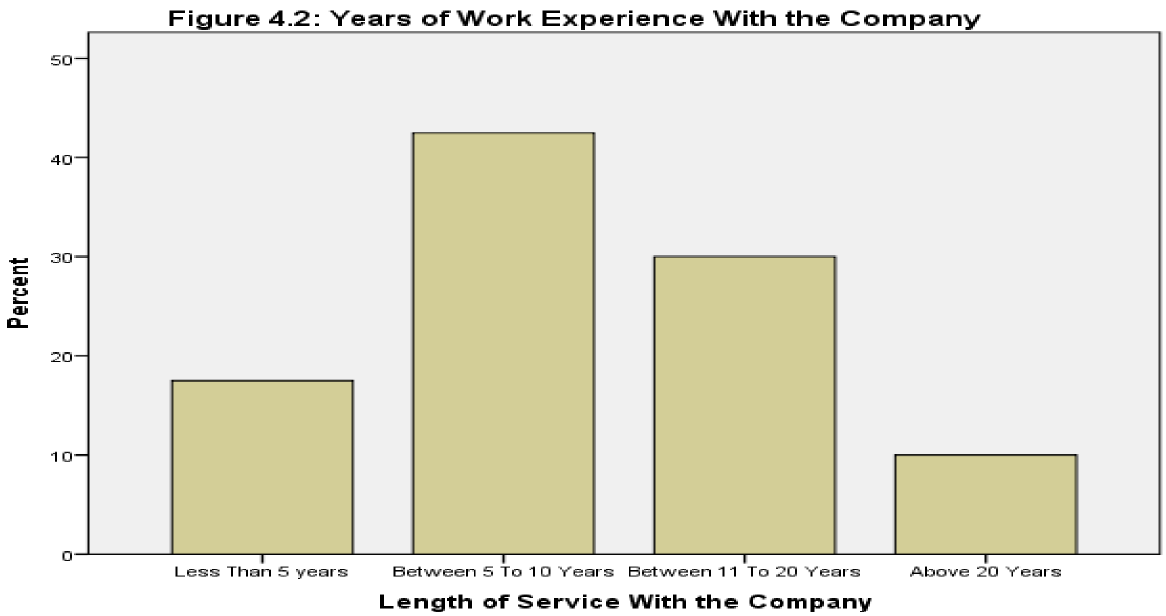
Figure 4.1: The Structure of Company Ownership



Source: Research Data (2015)

4.2.2 Years of Work

The study went further to establish the number of years that the respondent had worked in the company.



Source: Research Data (2015)

The study established that majority of the respondents had worked for between 5 years and 10 years accounting for 42.5 percent with 30 percent having worked for 11 to 20 years.17.5 percent had worked for less than 5years while 10 percent had worked for 20 years and above.

4.2.3 Branch Network

The respondents were asked to indicate the number of branches their company has in Kenya in a scale of less than five, between five to ten, betweeneleven and twenty and above twenty branches. Less than five was scored as 1, between five and ten was scored as 2, between eleven and twenty was scored as 3 and above twenty was scored as 4. The findings are presented in the table 4.1 below.

Number of Branches	Frequency	Percentage
Less Than 5	3	7.5
Between 5 To 10	19	47.5
Between 11 To 20	8	20.0
Above 20	10	25.0
Total	**40**	**100.0**

Table4.1: Insurance Companies Branch Network

Source: Research Data (2015)

From the tableabove, majority of the insurance companies (47.5%) have between 5 and 10 branches throughout the country while 25% have above 20 branches. 20% have between 11 and 20 branches while only 7.5% have less than 5 branches. This is a clear indication that majority of the insurance companies have made their presence felt in most parts of the country.

4.2.4 Customer Base

The respondents were asked to indicate the customer base of their company in a scale of 1-4 with 1 meaning less than 10,000, 2 meaning between 10,001 and 50,000, 3 meaning between 50,001 and 100,000 and 4 meaning more than 100,001. The findings are presented in table 4.2 below.

Table 4.2: Insurance Company Customer Base

Number of Customers	Frequency	Percentage
Less Than 10,000	7	17.5
Between 10,001 And 50,000	19	47.5
Between 50,001 And 100,000	5	12.5
More Than 100,001	9	22.5
Total	**40**	**100.0**

Source: Research Data (2015)

From the table above, 47.5% have between 10,001 and 50,000 customers, 22.5% have more than 100,001 customers, 17.5% have less than 10,000 customers and 12.5% have between 50,001 and 100,000 customers. The percentages show that the various insurance companies are striving to increase their clientele and more strategies need to be put in place to spur this growth.

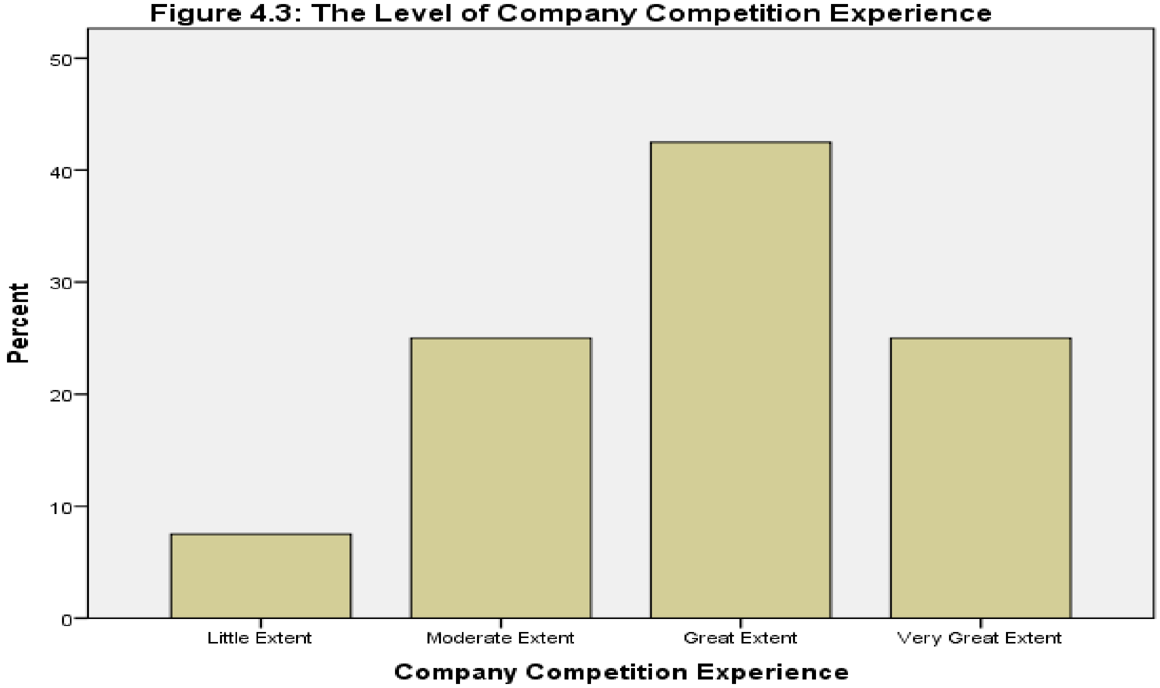
4.3 Competitive Advantage Adopted by Companies

This section of the study sought to capture respondent's feedback on information regarding the extent to which their companies experience competition in the insurance industry, the type of competition, the strategies used to counter such competition, and whether they are sustainable in the long run. Results are presented under the following sub sections.

4.3.1 Competition Levels in the Insurance Industry

This section sought to assess the extent to which the company experiences competition in the insurance industry. The findings are presented in the figure 4.3 shown below.

Figure 4.3: The Level of Company Competition Experience



Source: Author (2015)

From the above bar chart, 42.5% of the respondents indicated that their company experiences competition to a great extent, 25% experiences competition at moderate and very great extents while 7.5% experience competition to a little extent.

4.3.2 Types of Competition

The respondents were asked to indicate the extent to which their companies encounter or experience selected types of competition using a scale of one to five where, five meant very great extent, four meant great extent, three meant moderate extent, two meant little extent and one meant no extent. The findings are presented in the table 4.3 as shown below.

Table 4.3: Extent to Which the Company Experiences the Following Types of Competition.

Competition Strategy	Mean Score	Standard Deviation
Level of technology	**3.50**	**0.934**
Level of price wars	**4.05**	**1.037**
Level of branch network coverage	**3.73**	**1.012**
Level of human resources	**4.00**	**0.784**
Level of products diversity	**3.90**	**0.900**
Level of customer service delivery	**3.80**	**0.883**
Grand Mean	**22.980**	**5.550**

Source: Resource Data (2015)

With regard to the extent to which the insurance companies encounter various types of competition in the industry, the respondents indicated that insurance companies encountered competition on the basis level of; price wars to a very great extent as indicated by a mean score of 4.05, human resources, products diversity, customer service delivery and branch network coverage to a great extent as indicated by mean scores of 4.00, 3.90, 3.80 and 3.73 respectively whereas with regard to competition on the basis of the level of technology adopted by the insurance company, respondents indicated only a moderate extent as shown by a mean score of 3.5.

4.3.3 Competitive Strategies Adopted by Insurance Companies to Counter Competition

The respondents were asked to describe the strategies adopted by the company in order to counter competition on a scale of 1-5 where 5=very great extent, 4= great extent, 3=moderate extent, 2=little extent and 1=no extent. The responses given by each respondent were listed down and include the following: Nearness to customers;Competitive premiums; Low labour costs; Minimal operational cost; Branch network coverage; Research and development skills; Creativity and innovation skills;Marketing skills;Communication and Market segmentation.The findings are presented in table 4.4 below.

Table 4.4: Extent to Which the StrategiesCounter Company Competition.

Competition Strategy	**Mean Score**	**Standard Deviation**
Nearness to customers	**3.83**	**0.903**
Competitive premiums	**3.38**	**1.030**
Low labour costs	**3.50**	**1.132**
Minimal operational cost	**3.70**	**0.853**
Network Coverage	**3.83**	**0.874**
Research and development skills	**3.73**	**1.109**
Creativity and innovation skills	**3.80**	**0.853**
Marketing skills	**3.55**	**0.846**
Communication	**3.78**	**0.920**
Market segmentation	**3.83**	**0.874**
Grand Mean	**36.93**	**9.394**

Source: Resource Data (2015)

With regard to the extent to which the insurance companies counter various types of competition in the industry, the respondents indicated that insurance companies counter competition on the basis level of; nearness to customers, network coverage and market segmentation to a very great extent as indicated by a mean score of 3.83, communication, Research and development, minimal operational cost and marketing skills to a great extent as indicated by mean scores of 3.78, 3.73, 3.70 and 3.55 respectively whereas with regard to competition on the basis of the labour cost and competitive premiums, respondents indicated only a moderate extent as shown by a mean score of 3.50 and 3.38 respectively.

4.4 Sustainability of Counter-strategies to the Company's Long -run Competitive Advantage

The respondents were asked their opinions as to whether the strategies adopted by the company in order to counter competition were sustainable for the company's long run competitive advantage. They were asked to state whether yes or no in their responses with yes answer being scored as 1 and no answer being scored as 2. The findings were that 75% said Yes while only 25% of the respondents said No.

4.5 Counter-strategies Sustainability Ratings

The respondents were asked to rate the level of sustainability of the strategies adopted by the company in order to counter competition in the company's long run competitive advantage on a scale of 4-1 where 4= very good, 3= good, 2= average and 1= below average. The findings are as shown in table 4.5 below.

Table 4.5: Level of strategies sustainability ratings

Sustainability Rating	Frequency	Percentage
Very Good	15	37.5
Good	16	40.0
Average	8	20.0
Below Average	1	2.5
Total	**40**	**100.0**

Source: Resource Data (2015)

From the table above, 37.5% gave a very good rating, 40% gave a good rating,20% indicated an average rating while only 2.5% reported a below average rating. The percentages show that the various insurance companies are striving to sustain their competitive strategies and therefore this trend need to enhanced to spur more growth.

4.6 Influence of Strategies Adopted on the Company's Competitive Advantage

This section of the study sought to capture informationrelating to how strategies adopted influence the company's competitive advantage. Respondents were asked to indicate to what extent selected strategies enable the company to sustain and enhance its competitiveness in the industry on a scale of 1-5 where, 5= very great extent, 4= great extent, 3= moderate extent, 2= little extent and 1= no extent. The findings are as shown in table 4.6 below.

Table 4.6:Strategyinfluence on competitive advantage.

Strategy	**Mean Score**	**Standard Deviation**
Efficiency in claims settlement	**3.98**	**0.862**
Quality and convenient customer service	**3.88**	**0.822**
Attracting the right skilled employees	**3.85**	**0.893**
Resources and huge capital base	**3.83**	**0.874**
Prime business location	**3.45**	**0.986**
Creativity and innovation skills	**3.73**	**0.847**
Marketing skills	**4.15**	**0.770**
Communication	**3.83**	**0.781**
Market segmentation	**3.65**	**1.001**
Grand Mean	**34.35**	**7.836**

Source: Resource Data (2015)

From the table above, the respondents indicated that strategies that enable insurance companies to sustain their competitiveness to the customers and consequently influencing their competitive advantage in the long term are; marketing skill, efficiency in claims settlement, quality and convenient customer service, attracting the right skilled employees, and huge capital base and communication to a very great extent as indicated by a mean score of 4.15, 3.98, 3.88, 3.85 and 3.83 respectively. Creativity and innovation and market segmentation to a great extent as indicated by mean scores of 3.7 and 3.65, respectively whereas with regard to prime business location respondents indicated only a moderate extent as shown by a mean score of 3.45.

4.6.1 Effectiveness of Selected Strategies Adopted by Insurance Companies to Sustain their Competitiveness.

Respondents were asked to comment on the influence of nine (9) strategies adopted by the company in efforts to sustain their company's competitiveness to the customers. The strategies evaluated were Efficiency in claims settlement, Quality and convenient customer service, Attracting the right skilled employees, Resources and huge capital base, Prime business location, Creativity and innovation skills, Marketing skills, communication and Market segmentation.

The responses that were given point towards an indication that three strategies have a significant sustainability to a great extent on the competitiveness of insurance companies i.e. quality and convenient customer care, marketing skills and market segmentation all at 47.5%. However, it is noteworthy that efficiency in claims settlement, resources and huge capital base, creativity and innovation skills and effective communication channels were also viewed by the respondents as bearing more significant influence at 45% each than attracting the right skilled employees and prime business location, both rated at only 35%.

These findings would point at quality and convenient customer service that provides efficiency in claims settlement, excellent marketing skills and effective market segmentation to ensure that potential customers have easier access to the insurer and can their products.

4.6.2 Effectiveness of Selected Strategies Adopted by Insurance Companies in Enhancing their Competitiveness.

Respondents were asked to comment on the effectiveness of eight (8) strategies adopted by the company in efforts to enhance their company's competitiveness. The strategies evaluated were Timeliness, Quality of business written, Increase in market share, Profitability, Number of clients, Regional presence, Cost reduction and Turn-around time.

The responses that were given point towards an indication that four strategies have a more significant sustainability to a very great extent on the competitiveness of insurance companies i.e. quality of business written and turn- around time both at 55%, and profitability and number of clients at 50% each. However, it is noteworthy thattimeliness, cost reduction, and increased market share were also viewed by the respondents as bearing significant influence to a great extent at 47.5%, 42.5% and 40% respectively than regional presence that was rated at moderate extent accounting for only 32.5%.

These findings would point at quality of business written, turn- around time, profitability and number of clients to ensure that the insurerenhances its company's competitiveness in the industry.

4.7 Discussion of Findings

This study had two objectives which were to determine the competitive strategies adopted by insurance companies in Kenya and to establish the influence of strategies on sustainable competitive advantage.The objectives and findings of the research project have been compared with the theoretical background. It has also been compared to other empirical studies based on sustainable competitive advantage.

4.7.1 Link to Theory

For the first objective, the findings show the most popular competitive strategies adopted by the insurance companies in Kenya were competitive premiums, low labour cost and minimal operational cost. For the second objective, the findings show the most popular strategies adopted by the insurance companies in Kenya to sustain their competitiveness were quality and convenient customer care, marketing skills and market segmentation. In my own view, these strategies are comparable to Porter's generic strategies, especially cost leadership and focus strategies.The literature review explored the concepts of strategy and sustainable competitive advantage while focusing on Porter's generic strategies and the resource-based strategy.

Under the cost leadership strategy, companies set out to be the low- cost producer in the industry. Companies adopting this strategy usually have a broad scope and serve many industry segments and may even operate in related industries. Through constantly seeking for cost reduction avenues, players adopting the cost advantage strategy can offer their services at low costs and hence derive their profits from high volume sales. Similarly, players adopting this strategy maintain it through ensuring they are located near their clients. They also ensure that they have cost reduction strategies.

In differentiation strategy, the companies create a product that is perceived as unique by the customers and based on the perceived superior qualities of the product, they charge a premium for it. Among the insurance firms in Kenya that adopt differentiation strategy, profitability is pegged on ability to offer unique service. The strategy is maintained through strong creativity and innovation skills that are complemented by strong marketing skills and adequate communication of the products benefits to the customers.

Though not very popular among the insurance firms in Kenya, focus strategy entails concentrating on an identified target market and focuses on meeting that market needs. The focus strategy can be either differentiation focus or cost focus. The maintenance of the strategy is mainly pegged on niche market concentration and the choice of a narrowly competitive scope. Under the resource based view, firms have resources that they perceive as strategic and giving them an advantage above their competitors.The competitive advantage that insurance firms in Kenya enjoy is significantly influenced by the strategies they adopt which mainly include cost reduction, market segmentation, creativity and innovation and resource and huge capital base.

4.7.2 Link to Other Empirical Studies

Other studies have been done on competitive advantage but only one has been done under the insurance industry. Ouma (2008) observed that insurance firms use value chain analysis to develop competitive advantage. His study did not however discuss if value chain creates sustainable competitive advantage. Kilonzi (2007) observed that resource-based strategy was widely used by pharmaceutical companies to achieve competitive advantage. Ngigi (2006) observed that cross sectional studies could be carried out across industries to determine how competitive sustainable advantage can be developed per industry. The above studies show how companies have created competitive advantage over their competitors but none show if those advantages are sustainable or not. In comparison to my study, the above studies are just a means of creating an advantage but the strategies and resources are not necessarily sustainable. A cross sectional study across the industries will be able to show if different industries use different strategies to sustain their competitive advantage.

In summary, this is the chapter of data analysis, results and discussions. Data on general information was analyzed and results shown. The results addressing the first and second objectives of this study were discussed in detail. Findings were drawn by linking this study to the theories and other empirical studies

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key data findings, conclusions drawn from the findings highlighted and recommendations that were made. The conclusions and recommendations drawn were in a quest to address the research objectives of determining the competitive strategies adopted by insurance companies in Kenya and to establish the influence of strategies on sustainable competitive advantage.

5.2 Summary of Findings

For most insurance companies to gain competitive advantage, this research identified various strategies that they have embraced to counter competition. These strategies have been established as Marketing skills; Effective communication; Competitive Premiums; low labour cost; Market Segmentation; Nearness to customers and Minimal operational costs.

Of all these strategies, the study also found that Marketing skills, Minimal operational costs, Effective communication and Competitive premium were fronted as the four major strategies adopted by the various Insurance companies. In explaining these four, the study unveiled that most Insurance companies have prioritized effortstowards building a strong Insurance brand, and expanding their Branch Network while atthe same time ensuring that their operating costs remain on the minimum.

5.3 Conclusion

The conclusion of this study is that Quality and convenient customer service; Marketing skills; Market segmentation; Communication;Creativity and innovation skills; and Resources and huge capital base are the variousstrategies that Insurance companies have adopted to sustain their company's competitiveness to their customers.Further to this conclusions, the study also noted that the strategies used by majority of Insurance companies have enhanced key aspects of the companies which include the Quality of business written; Turn-around time; Number of clients and Timeliness in service delivery.This is significant because strategyImplementation is done within the constraints of time, human capital and other resources.Having a priority list of strategies implies that should these resources prove insufficientfor the whole range of simultaneous strategies, management will allocate the availableresources towards pursuance of the four strategies in their priority list.

5.4 Recommendations

The recommendations of this Study stem from its value as discussed in Chapter 1 of this paper. The study came up with contributions to various aspects which include contribution to knowledge, to the theory, managerial policy and managerial practice.

5.4.1 Contribution to Knowledge

For students and researchers, this study will build on the existing knowledge. The study providesadditional knowledge to the existing literature on the nature of sustainable competitive advantage strategies adopted by insurance firms in Kenya.Researchers will benefit from the literature gathered by the study, which will guide their investigation or, even suggest new enquiries.

Future researchers and academicians can ground their work on this study so that they are in a position to comprehend the concept of strategies more so in the context of the insurance sector for sustainable competitive advantage. The study can be used by students as a case study for topics covering strategies for sustainable competitive advantage.

5.4.2 Contribution to Theory

The study has contributed to the theoretical foundation as it attempted to explore thestrategies adopted by insurance firms in Kenya to attain sustainable competitive advantage from a broader theoretical perspective.

The study can be used as a basis on conceptual and empirical research in the future, and as a result help to validate future findings and refine future studies after carrying out sufficient research from information and data collected on experiences observed and reviewed in this study.

5.4.3 Contribution to Managerial Policy

The policy makers will obtain knowledge of the industry dynamics and the responses that are appropriate and specific for insurance companies in Kenya, they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector.

The study recommends to policy makers in the insurance industry to make use of these findings in order to come up with structures and policies to assist the insurance industry grow and enhance contribution to the gross domestic product (GDP) of the country.

5.4.4 Contribution to Managerial Practice

The study recommends that insurance companies can benefit through the lessons learnt so as to tailor their products, focus on the right target market, among others. In this way, they are assured of gaining sustainable competitive advantage and therefore stand in a better position to serve their intended clients in the best way possible.

Also the study recommends a constant drive by Insurance companies to open new branches in the wake of competition.To players in the industry; the study gives the management of insurance firms and owners an understanding of the various resources and competitive strategies that they could adopt in order to gain an advantage in the market

5.5 Limitations of the Study

This study concentrated on the creation of sustainable competitive advantage adopted by insurance firms in Kenya as a whole. This was done without classifying the firms among the different services that are offered. The different categories of insurance firms have different orientations and the fact that they were viewed in the same breath is one limitation of this study. The major challenges the researcher encountered in this study are the limitations of timeand financial resources.

5.6 Suggestions for Further Study

The researcher wishes to suggest lines of thought that may add value to future research inthis area. While this particular study concerned itself with the strategies beingpursued by insurance companies and their effectiveness, it helps to find outhow the strategies are formulated, who does it and how the entire process ofimplementation is done. This recommendation is informed by the fact that strategyimplementation and the implementation process may determine whether strategies, nomatter their value, will succeed or not.

The researcher further wishes to recommend that a similar study on the strategiesadopted by Insurance companies to gain competitive advantage be done as a survey, toverify if the findings of this study apply to other insurance players inother foreign markets. If this were to be done, the findings of that research would broadenthe scope of this study and entail a more generalizable scenario

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Name of the insurance company …………………………………………..

2. Position held in the company…………………………………………….

3. Please indicate the ownership of the company using the categories below (please tick one)

Predominantly local (51% or more) ( )

Predominantly foreign (51% or more) ( )

Balanced between foreign and local (50/50) ( )

4. How many years have you worked in the company?

Less than 5 ( )

Between 5-10 ( )

Between 11-20 ( )

Above 20 ( )

5. Using the categories below, please indicate the number of branches your company has in Kenya?

Less than 5 ( )

Between 5-10 ( )

Between 11-20 ( )

Above 20 ( )

6. Please indicate your customer base by ticking any of the categories below

Less than 10,000 ( )

Between 10,001 and 50,000 ( )

Between 50,001 and 100,000 ( )

More than 100,001 ( )

SECTION B: COMPETETIVE ADVANTAGE

7. Please indicate to what extent your company experiences competition in the insurance industry using a scale of 1-5 where:

1. No extent ( )
2. Little Extent ( )
3. Moderate extent ( )
4. Great extent ( )
5. Very Great extent ( )

8. To what extent does your company encounter or experiencethe following type of competition? Use a scale of 1-5 where; 5=Very great extent, 4=Great extent 3=Moderate extent, 2=Little extent and 1=No extent

	1	2	3	4	5
a) Technology competition	( )	( )	( )	( )	( )
b) Price wars	( )	( )	( )	( )	( )
c) Branch network coverage	( )	( )	( )	( )	( )
d) Human Resource	( )	( )	( )	( )	( )
e) Products diversity	( )	( )	( )	( )	( )
f) Customer service delivery	( )	( )	( )	( )	( )

9. To what extent does your company use the following strategies to counter competition ? Use a scale of 1-5 where; 5=Very great extent, 4=Great extent 3=Moderate extent, 2=Little extent and 1=No extent

	1	2	3	4	5
a) Nearness to customers	( )	( )	( )	( )	( )
b) Competitive premiums	( )	( )	( )	( )	( )
c) Low labour cost	( )	( )	( )	( )	( )
d) Minimal operation cost	( )	( )	( )	( )	( )
e) Network coverage	( )	( )	( )	( )	( )
f) Research and development skills	( )	( )	( )	( )	( )
g) Creativity and innovation skills	( )	( )	( )	( )	( )
h) Marketing skills	( )	( )	( )	( )	( )

i) Communication ( ) ( ) ( ) ( ) ( )

j) Market segmentation ( ) ( ) ( ) ( ) ( )

10. In your opinion, are the strategies mentioned above sustainable for the company's long competitive advantage?

YES ( )

NO ( )

11. If yes, how would you rate the level of sustainability of the above strategies?

(a) Very good ( )

(b) Good ( )

(c) Average ( )

(d) Below average ( )

SECTION C: INFLUENCE OF STRATEGIES ADOPTED ON THE COMPANY'S COMPETITIVE ADVANTAGE

For questions 12 – 14, use a scale of 1-5 where; 5=Very great extent, 4=Great extent 3=Moderate extent, 2=Little extent and 1=No extent, please respond to the following questions.

12. Please indicate the extent to which the following factors enable you to sustain your company's competitiveness to the customers.

	1	2	3	4	5
a) Efficciency in claims settlement	( )	( )	( )	( )	( )
b) Quality & convenient customer service	( )	( )	( )	( )	( )
c) Attracting the right skilled employees	( )	( )	( )	( )	( )
d) Resources and huge capital base	( )	( )	( )	( )	( )
e) Prime business location	( )	( )	( )	( )	( )
f) Creativity and innovation skills	( )	( )	( )	( )	( )

g) Marketing skills ( ) ( ) ( ) ( ) ( )

h) Communication ( ) ( ) ( ) ( ) ( )

i) Market segmentation ( ) ( ) ( ) ( ) ( )

13. Please indicate the extent to which strategies used enhances the following aspects of the company's competitiveness.

	1	2	3	4	5
a) Timeliness	( )	( )	( )	( )	( )
b) Quality of business written	( )	( )	( )	( )	( )
c) Increase in Market Share	( )	( )	( )	( )	( )
d) Profitability	( )	( )	( )	( )	( )
e) Number of clients	( )	( )	( )	( )	( )
f) Regional Presence	( )	( )	( )	( )	( )
g) Cost reduction	( )	( )	( )	( )	( )
h) Turn-around time	( )	( )	( )	( )	( )

14. To what extent does your company enjoy the following benefits as a result of adopting sustainable competitive advantage strategies?

	1	2	3	4	5
a) Successful market niche	( )	( )	( )	( )	( )
b) Low operating costs	( )	( )	( )	( )	( )
c) Strong marketing ability	( )	( )	( )	( )	( )
d) Strong reputation in service quality	( )	( )	( )	( )	( )
e) Reduced customer complaints	( )	( )	( )	( )	( )
f) Customer retention and loyalty	( )	( )	( )	( )	( )
g) Customer referrals	( )	( )	( )	( )	( )
h) Customer awareness	( )	( )	( )	( )	( )
i) Product penetration	( )	( )	( )	( )	( )

THANK YOU FOR YOUR TIME

APPENDIX II: LIST OF INSURANCE COMPANIES IN KENYA

1. AAR Insurance Kenya
2. Africa Merchant Assurance Company - AMACO
3. AIG Kenya Insurance Company
4. APA Insurance - Part of Apollo Investments Company
5. APA Life
6. Apollo Life Assurance - Part of Apollo Investments Company
7. British-American Insurance Company (Kenya) - Part of British-American Investments Company
8. Britam - Life
9. Cannon Assurance - A subsidiary of MMI Holdings Limited
10. Capex Life Assurance Company
11. CIC General Insurance - Part of the CIC Insurance Group Limited
12. CIC Life Assurance - Part of the CIC Insurance Group Limited
13. Corporate Insurance Company
14. Corporate Insurance Company-life
15. Directline Assurance Company
16. Fidelity Shield Insurance Company
17. First Assurance Company
18. GA Insurance - Part of the I&M Bank Group
19. Geminia Insurance Company
20. Heritage Insurance Company - Part of Liberty Kenya Holdings Limited
21. ICEA LION General Insurance Company - Part of the ICEA LION Group
22. ICEA LION Life Assurance Company - Part of the ICEA LION Group
23. Intra Africa Assurance Company
24. Invesco Assurance Company
25. Jubilee Insurance Company Limited
26. Kenindia Assurance Company
27. Kenya Orient Insurance
28. Kenyan Alliance Insurance Company

29. Kenyan Alliance Insurance-Life
30. Liberty Life Assurance Kenya Limited - Part of Liberty Kenya Holdings Limited
31. Madison Insurance Company -General
32. Madison Insurance Company- Life
33. Mayfair Insurance Company
34. Mercantile Insurance Company
35. Metropolitan Life Insurance Kenya - A subsidiary of MMI Holdings Limited
36. Monarch Insurance Company-General
37. Occidental Insurance Company
38. Old Mutual Life Assurance Company
39. Pacis Insurance Company
40. Pan Africa Life Assurance
41. Phoenix of East Africa Assurance Company
42. Pioneer Assurance Company
43. Real Insurance Company - Part of British-American Investments Company
44. Resolution Insurance Company
45. Takaful Insurance of Africa - Associate of the CIC Insurance Group Limited
46. Tausi Assurance Company
47. Trident Insurance Company
48. UAP Insurance Company - Part of UAP Holdings
49. UAP Life Assurance - Part of UAP Holdings
50. Xplico Insurance Company

Source: Insurance Regulatory Authority, 2014