

**STRATEGIC RESPONSES TO COMPETITION IN THE INSURANCE
BROKERAGE SECTOR BY AON KENYA INSURANCE BROKERS LIMITED**

CHRISTINE GATHIGLA MIANO


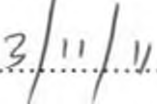


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DECLARATION

This research project is my original work and has not been presented for a degree at any other university.

Signature.......... Date.....

Christine Gathigia Miano

D61/P/8486/05

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

Signature.......... Date.....

Caren Angima

School of Business

University of Nairobi

DEDICATION

This study is dedicated to my loving family; husband Philip Gathara and son Clyde Mwarangu.

ACKNOWLEDGEMENT

I thank the Almighty God for His guidance and providence which enabled me to undertake this project that was too involving in terms of time and resources.

I wish to express my sincere appreciation to my family for their understanding and support during the project.

Lastly, I would also like to express my sincere thanks to my supervisor Caren Angima for having agreed to supervise this research paper and her patience in reading the drafts and guiding me, without which the research would not have been a reality.

ABSTRACT

Aon Kenya is the largest brokerage firm in Kenya whose size gives them undue advantage over others to compete on the same footing. Despite the intense competition that exists in the insurance broking sector, Aon has managed to keep top position.

The objective of the study was to establish the nature of competition in the insurance broking sector and the strategies adopted by Aon Kenya Insurance Brokers in dealing with the competition. This research problem was studied through the use of a case study. The population of this study was employees in different levels at Aon Kenya. The study collected both primary and secondary data. A content analysis and descriptive statistics was employed.

The study found that the market share of Aon Kenya in the insurance brokerage sector was estimated to be 14%. The last two years showed significant growth for Aon Kenya, with improved revenues and margins and increased vertical market and product expansion.

It also found that Aon Kenya was more reactive than proactive in dealing with competition. This was mainly due to the fact that there was no specific office charged with policy and strategy administration and implementation.

The study also noted that the company employed a number of competitive strategies including but not limited to product innovation and quality service standards, to deal with competition, though it was not significant whether they were more superior to those of other companies as there was no comparison undertaken.

The study concluded that the size of Aon Kenya especially with its affiliation to Aon Corporation gave them undue advantage over other brokers as they are able to offer products that are unique in the insurance market.

The study recommends Aon Kenya to create a Market Research, Policy Administration and Implementation department or give this responsibility to their Marketing Department so as to shift from reactive responses to competition to more proactive responses. This

will enable the company enlarge its footing in the market citing the level of increasing competition.

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CHAPTER ONE: INTRODUCTION

1.1 Background

The processes of competence and sustainable competitive advantage represent the essence of the literature on strategic responses. Reflections regarding the nature of strategic responses in a competitive sector and its relation to strategic management, the organization and planification of marketing have led to the widening of the concept of this discipline to such an extent that the role of competitiveness is now considered explicitly in decision making in marketing (Day and Wensley, 1983). Knowledge of patterns of rivalry, which at the same time presents the competitive advantage, is necessary for research into any competitive process. They are all apparent as far as strategic groups are concerned (Cunningham and Culligan, 1988).

In order to succeed in the long term, organizations must compete effectively and outperform their rivals in a dynamic environment. To accomplish this they must find suitable ways for creating and adding value for their customers. Strategic management is a highly important element of organizational success. The need to know what the business is about, what it is trying to achieve and which way it is headed, is a very basic requirement determining the effectiveness of every stakeholder's contribution. Every successful organization has this business self-awareness and every successful business seems to have this clarity of vision, even though it does not arise from a formal planning process (Pearce and Robinson, 2005).

1.1.1 The Concept of Strategy

Strategy is depicted as the way adopted by a firm to achieve success (Woods and Joyce, 2003). Arguably strategy is the main route to attain corporate goals and objectives, leading to enhanced long-term performance. It encompasses a deliberate search for a plan of action that will develop a business's competitive advantage and compound it (Henderson, 1989).

The process involves predictions and forecasts on challenges and opportunities that an organisation is likely to encounter in the external environment. However, it assumes a

rational process and approaching strategy in the right way (Sauer and Willcocks, 2003). Even if there were strong pointers to a possible right way, it is arguably difficult for strategists to make decisions without reference to their own views on how strategy should be determined (Frishammer, 2003). Strategy formulation also involves significant intuition and philosophical thinking (Brockman and Anthony, 2002). In short, there are many competing ideals and multiple perspectives in business (Barney, 2001). A review of previous findings suggests that the impact of strategy on overall performance is not as clear-cut as one might expect.

Nevertheless, based on the extant empirical literature it is reasonable to argue that the weight of evidence indicates that strategic-planning does have a largely positive impact on performance. This is consistent with the contention of Barry and Elmes (1997) that strategy must rank as one of the most prominent, influential and costly facts told in organizations. It is therefore vital to the organization but is not without its attendant risks. In addition, the literature suggests that attempts to strengthen the performance often suffer due to a lack of reference to strategy (Hudson et al., 2001). Thus, strategy refers to the machinery of the resources and activities of an organization to the environment in which it operates (Johnson and Scholes 2001). Therefore, strategic response is vital to a firm's success and, indeed, for its continued survival.

1.1.2 Strategic Responses

Strategic response is the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives (Pearce and Robinson, 2005). Ansoff and McDonnell (1990) noted that strategic responses involve changes in the firm's strategic behaviors to assure success in transforming future environment. Therefore it is a reaction to what is happening in the economic environment of organizations. Porter (1980), views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies for utilizing the resources of a firm to the best support of its long term competitive strategy.

According to Ross (1996) the firm has to learn, adopt and reorient itself to the changing environment. Most importantly, when a discontinuity begins to affect a firm in a turbulent environment, faced with variety of pressures of new challenges brought about by globalization and trade liberalization, its impact, typically remains hidden within the normal fluctuations in performance. Insurance brokerage firms therefore, should engage themselves in strategies that will enable them to respond to the environmental challenges in order to gain competitive advantage over their competitors besides the firm's success, and, indeed, even for its continued survival in its field of operation.

1.1.3 Competition and Strategic Responses

Competition refers to a business relation in which two or more firms or business organizations contest to gain customers or market. Competition brings about divergent results. Lester (1989) argued that competitive situations enhance performance whereas Miller (1992) argues that the pursuit of a pure strategy (that is, a strategic response that does not mix emphasis on both cost and differentiation competitive methods), as compared to a hybrid strategy where firms place similar emphasis on both differentiation and cost leadership competitive methods simultaneously, is beneficial in markets where consumers exhibit strong preferences for either quality or price. He states that pure cost leadership is most effective when customers are sensitive to price and when there is a fighting chance to maintain a cost advantage because of economies of scale, proprietary technology, or unique access to cheap materials or channels of distribution (Miller, 1992).

Intense global competition has forced many firms to examine their core business processes to devise plans to respond to an increasingly competitive market place. Several factors have come together to cause this increase in competition. These have forced many companies to critically assess their key competencies and to develop strategies to compete effectively in a global economy. At the forefront of these efforts have been attempts to improve flexibility and quality, stimulate innovation, and reduce lead times, while simultaneously keeping costs down.

According to Porter (1985), a firm can gain competitive advantage if it is able to create value for its buyers, and, competitive strategy aims to establish a profitable and sustainable position against the forces that determine sector competition. If a firm wishes to pursue the strategy of cost leadership, it has to be the low cost producer in its sector. A firm may gain cost advantage through economies of scale, proprietary technology, cheap raw material, etc. The strategy of differentiation can be used by offering a different service, a different delivery system, a different marketing approach, or by emphasizing different functional areas within the firm. Firms can also rely on process innovations and take advantage of the experience curve phenomenon to improve service quality, Gale & Klavans (1985). Competitive advantage can be gained through a number of ways and it is up to the management of the company to decide which factors it wants to emphasize (Porter 1985).

1.1.4 The Insurance Broking Sector in Kenya

The Insurance Act (2003) defines an "insurance broker as "an intermediary concerned with the placing of insurance business with an insurer or reinsurer for the expectation of payment by way of brokerage fee and or commission". An insurance broker is an independent insurance agent who works with many insurance companies to find the very best available policies for his or her clients. A typical insurance agent works for one specific company, and chooses from within that company's policies for clients. While an insurance broker is different from the typical agent in this regard, the two are otherwise similar.

The insurance brokerage sector is as competitive a sector as any, yet sometimes people neglect it in their analysis of competition. Depending on the company, and often even depending on the local office, varying degrees of competitor analysis can be seen. Most companies have concluded that they can't be all things to all people. Every company has certain unavoidable limitations and obstacles. It is in the assessment of this fact that we all need to evaluate ourselves relative to our competitors.

In Kenya the concept of Insurance was first introduced during the time of the British colonial rule when they used to insure their insurable interest through Insurance Brokers

on behalf of foreign insurance companies based in Britain. Insurance broking firms play a very important role in that every economic unit needs the services of a booming insurance sector. Until the middle of the 1970s, those involved in the selling of, and advising on, insurance were thought of as being either insurance agents or insurance brokers, (Hodgin Ray, 1988). Over the years the role of a broker has changed from that of a matchmaker to a service provider.

The insurance broking sector in Kenya has grown tremendously especially in the recent past. According to Insurance Regulatory Report (2011), there are about 141 registered insurance broking companies. This is as a result of very intense competition which not only exists among insurance brokers but also from other intermediaries who deal with the same products and services; these being insurance agents and most recently, banks. Further, according to Insurance Regulatory Report (2011), there are also about 2665 registered insurance agents and banks are now registering for licenses to practice banc-assurance. However, the sector competition is mostly between agents and insurance broking companies as banks are yet to acquire a significant shareholding of the market.

1.1.5 AON Kenya Insurance Brokers Kenya Limited

Aon Kenya Insurance Brokers Limited (Aon Kenya) history goes back to over 50 years when it was set up under the agency name R.E. Bunson. It became a wholly owned subsidiary of J.H. Minet & Company, Lloyds Brokers in 1954 and has since that time dedicated itself to providing high quality insurance broking services. In Kenya, Aon trades as Aon Kenya Insurance Brokers Limited after the acquisition of the world-wide interests of the London-based Minet Group in 1997. Aon Kenya is a pioneer local insurance broking company in Kenya. The company provides a wide range of products and services to clients covering various industries and commercial enterprises. The company is the leading provider of insurance broking, risk management, actuarial consulting, medical scheme administration and medical fund management, life and pension's administration, and employee benefits consulting services to medium and large organizations in Kenya, as well as individuals from different walks of life. Previously known as Minet ICDC Insurance Brokers Ltd, it forms part of the AON group, the largest

insurance broking company in the world (Company Profile 2011, Aon Kenya Insurance Brokers Limited).

Aon Kenya is a customer-driven organisation that aspires to meet the highest standards of service expected by their clients. Their mission is to provide professional insurance and risk management services with the highest sense of integrity to all their customers. Aon Kenya believes that all their clients have a vision they wish to achieve. To achieve this vision, they work in partnership with them and encourage them to always point out whether Aon is meeting their requirements for service and in this way helping them to attain set goals. Aon Kenya has a large portfolio of corporate clients and arranges cover for some of the most complex insurance risks in Kenya. This demonstrates that the company does have the capacity to handle any size of client and would be in a position to provide them with the most professional service, relevant insurance advice and a competitively priced package (www.aon.com/kenya).

1.2 Statement of the Problem

With the increasing competition that companies are facing today, rewards will accrue to those who can read precisely what consumers want by continuously scanning the environment and delivering the greatest value to customers with the view that as the operating environment changes, a more pronounced transformation of the business landscape lies ahead (Ansoff, 1990). Strategy, therefore, is vital to the adaptation of the changing business environment. According to Mose (2007) implementation of structural adjustment programme and subsequent market liberalization opened the Kenyan market, leaving businesses at the mercy of market forces. As a result, businesses faced increased competition and registered low profits and even losses. This could probably be attributed to lack of strategic response practices.

Aon Kenya being the largest brokerage firm in Kenya, their size may give them undue advantage over others to compete on the same footing. Despite the intense competition that exists in the insurance broking sector, Aon has managed to keep top position (www.aon.com/kenya; Aon Kenya Insurance Brokers, 2010). This study sought to find out strategies they have adopted to counter competition to enable them excel.

Previous research on strategic responses by Kenyan companies have been undertaken, for example. Abdullahi, (2000) carried a research on strategic responses adopted by Kenyan Insurance companies to competition and found that most companies do not have a clear cut strategic approach to competition. Kandie (2001) carried out a research project on strategic responses by Telkom Kenya and found that the company was mainly employing a new product strategy. Lesecketeti (2006) did a study on the responses to increased competition by the KNEC and found that it mainly used differentiation strategies and focus strategies while Marete (2007) studied the strategic responses of GlaxoSmithKline Pharmaceuticals towards competition in Kenya and established that they mainly adopted product differentiation strategies and distribution strategies. However, none of these studies have specifically centered on the insurance broking sector. It is in this light that the study seeks to fill the existing gap in this area by investigating the strategic responses to competition in the insurance brokerage sector. This study therefore sought to answer the question: what are the strategic responses to competition adopted by Aon Kenya Insurance Brokers in dealing with the competition?

1.3 Objectives of the Study

The objective of the study was:

- i. To establish the nature of competition in the insurance broking sector.
- ii. To establish the strategies adopted by Aon Kenya Insurance Brokers in dealing with the competition.

1.4 Importance of the Study

The study would be invaluable to the various stakeholders in the insurance brokerage sector such as Insurance Intermediaries consisting of insurance brokers, agents and to a certain extent, banks. These sector players would get ideas on what strategies they can adopt to enable them stay in the competition and increase their market share.

Policy makers including the Insurance Regulatory Authority and Association of Insurance Brokers in Kenya would also obtain knowledge of the insurance brokerage sector dynamics and the responses that are appropriate in strategy implementation. They

would therefore obtain guidance from this study in designing appropriate policies that would be of essence to the insurance broking sector's participation.

In addition, the study would provide information on strategic responses to brokerage firms and current scholars. This would expand their knowledge on strategic responses in insurance brokerage sector and identify areas of further study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are competition and types of brands, competitive strategies, strategic response integration, strategic responses to competition, dynamic analysis of strategic response, change in number of responsive strategies, strategic responses with time, change in strategic positioning of strategic responses, evaluating strategic responses to competition and processes of strategic responses adaptation.

2.1.1 Competition and Types of Brands

Diverse arguments have been mounted to distinguish competition between different brands and services which reveal the relative advantages of each strategic response. Hoch (1996), for example, argues for a clear distinction between brands and services and the way they compete in their markets. Quelch and Harding (1996) also list several factors, which would suggest that private labels currently possess advantages over service brands. Others have in their turn, argued in favor of national brands.

Taylor and Rao (1982) suggest that consumers experience greater confidence when purchasing well-known brands in less-known stores than they do when purchasing less-known brands in well-known stores. Rao and Monroe (1989) support this assertion in a later study and found a positive relationship between price and perceived quality, and between brand name and perceived quality whilst the relationship between a store's name and perceived quality was statistically insignificant (Quelch and Harding, 1996).

2.1.2 Competitive Strategies

Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson and Strickland, 2002). It concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1980) outlined the three approaches to

competitive strategy these being cost leadership, differentiation and market focus strategies.

Cost Leadership is based on lower overall costs than competitors. Firms that achieve low cost leadership generally make low cost relative to competitors the theme of their business strategy. The firm opens up a sustainable cost advantage over competitors and uses that lower cost as a basis for either under pricing the competitors and gaining a larger market share at their expense or earning a higher profit margin by selling at the going price (Brooks, 1993).

Differentiation Strategy: are marketing techniques used by a firm to establish strong identity in a specific market; also called segmentation strategy. Using this strategy, a firm will introduce different varieties of the same basic product under the same name into a particular product category and thus cover the range of products available in that category.

Market Focus Strategies: Focusing is based on selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the product or by special attributes that appeal to members (Stone, 1995). A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique product attributes. In the focus strategy, a firm targets a specific segment of the market (Porter, 1985).

The three generic competitive strategies (cost minimization, value-added maximization, control/adaptability enhancement) for which Bowersox and Daugherty (1995) suggest derives a significant inference on the relationship between competition capability and strategic response integration. Firms implementing cost minimization strategies emphasize on the centralization of internal structure with concentrated decision making. Such centralization facilitates common direction and helps coordinate efforts of cross-functions within a firm to achieve maximum cost control.

2.1.3 Strategic Response Integration

Recently the globalization of competition has caused many firms in the insurance brokerage sector to integrate their information systems (Tidd et al, 2001). Further, this study found that the degree of strategic response integration within firms is a primary determinant of firms' willingness to use strategic responses as part of their strategic response to globalization and competition. It suggests that the new competitive strategies will be increasingly technology-based global initiatives that are affected by the firms' IT maturity. Bowersox (1989) also have the same perspective with the above argument. He asserts that the process of strategic response integration should progress from the integration of internal logistics processes to external integration with firms within the same field. This internal integration can be accomplished by the automation and standardization of each internal logistics function, the introduction of new technology, and continuous performance control under formalized and centralized organizational structure.

External strategic response integration can be achieved by information sharing and strategic linkage with suppliers and customers, and the standardization of logistics process between firms. Hence, a small-scale plan and a centralized control system are preferred, where only a limited amount of environment analysis is carried out. Miles and Snow's (1978) theory implies that cost leadership priority can be connected with highly centralized and formalized organizational/administrative activities of the supply chain, while differentiation priority can be linked to highly specialized infrastructural and technological activities.

2.2 Strategic Responses to Competition

The fundamental changes in competitive environment within the insurance brokerage sector described above together demand new strategies. Clearly there is no single recipe for winning the new competitive game in this sector. But the new reality of the sector demands that manager's stake out their territory based on some core ingredients: improved productivity; local brand and service; innovation; and internationalization that is designed to reshape the company's field and reap cross-border synergies.

A strategy is a long term plan of action designed to achieve a particular goal, most often winning (Thompson et al, 2007). Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated and often practically rehearsed. No business exists in a vacuum. It is no doubt being constantly subjected to the forces of change whether they are economic, competitive, environmental, or political. Very few of us can escape change - it is all around us. All organizations regardless of size are environment dependent. They depend on their external environment for their inputs and ultimately their outputs. In such an environment, organizations have to constantly adapt their operations and internal configurations to reflect the new external realities.

As the external environment changes, organizations find themselves in unfamiliar environment and have to respond by integrating change and internalizing the ability to adapt to the new environment for survival and growth. According to Hill and Jones (1999), Organizations respond to turbulence in the environment by formulating new strategies. These provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Pearce and Robinson (1997) argued that organizations have to respond to the turbulence by crafting new strategies that they define as a large- scale future -oriented plans for interacting with the environment.

2.2.1 Dynamic Analysis of Strategic Response

A firm's strategy in each moment can be conceptualized as the choice of a particular set of values in respect to a series of variables which specify the strategic dimensions in the sector considered. As time goes by, the firms modify their strategies and the parameters selected are revised, at the same time changing the commitments of scope and resources. The firms modify their strategy not only in response to changes in the competing environment, but also as a result of activities of imitation by means of which they try to copy rivals' behaviour as well as actions in response to being admitted into the market in the selected service-market position.

In this context the points of inflection which mark the sub-periods of homogeneity of behaviour in relation to the most important strategic dimensions are detected as a first step in the identification of strategic groups of firms. The longitudinal methodology consists of forming strategic responses in the different stable periods. This allows us to obtain information regarding the dynamic behaviour of the sector by means of comparing their structures in the above-mentioned periods. The number of responsive strategies and their mobility may change with time.

2.2.2 Change in the Number of Responses

At present, no consensus has been reached among authors regarding the explanatory factors of change in the number of strategic responses. Cool and Schendel (1987) observed that when the strategies of their members are no longer viable or when all their members change to other markets there is decreasing strength of responsive strategies. From an ecological point of view, these conditions suggest the presence of selection processes, whereas from a traditional point of view of "adapting to the environment" suggests processes of systematic adaptation. In other words, changes in the number of responsive strategies in a sector with time is basically due to discontinuities in the environment. Some authors even believe that the sector's life cycle is the best way to characterize change. For example, Hergert (1987) points out that this number increases in the final stages of the industries' life cycles due to the fact that as markets develop and grow, the nature of the demand or technology changes and the potential firms entering the sector are faced with new strategic options.

2.2.3 Time and Strategic Responses

The literature on strategic responses has concentrated on examining the "relative" movement between different times by means of analyzing the frequency of movement between them. On the other hand, Carroll et al. (1994) propose a combination of the latter with companies' absolute movement, basing this on changes in their strategic positions with an analysis of the history of the companies. They therefore offer the following typology: an absence of movement of the group and of the company; the group remains stationary and the firm moves, entering and/or leaving the group; movement of the group but not of the company, characteristic of situations where a group invades the position of

a pioneer company, or where a company hindered by organizational inertia could be left behind by a migrating group, or where a dominant firm might force its rivals to leave; and movement of the group and of the company, which could be motivated by a change in the nature of the market.

However, practically all strategic response literature (particularly this study) only analyse relative movement. This can be explained in terms of three factors: economic conditions of the sector, performance differences and mobility barriers (Feigenbaum and Thomas, 1993). From the point of view of the companies' absolute movement, the experience curve would be the approach to the mobility barriers (Carroll et al., 1994).

2.2.4 Change in the Strategic Positioning of Strategic Responses

Mascarenhas (1989) proposes that the change in the firm's strategy begins when some of its companies modify their strategy and the others support this behaviour. It is probable that the members of a group follow similar strategies in time, due to the fact that the companies in the same group share the same assumptions regarding the potential future of the sector, and the members tend to have similar capacities and aims and react to changes in the environment in the same way. Consequently, companies within a group have similar mechanisms for adaptation (Feigenbaum and Thomas, 1993), which differ between groups.

On the other hand, on a level of individual companies, the repositioning of companies in a competitive environment occurs as a result of obtaining poor performance, or because they have accumulated important assets (Feigenbaum and Thomas, 1993). In these situations, and according to Huff (1982), they try to follow the behaviour of certain similar organizations - strategic groups - which are used as a point of reference within the same competitive environment. In this way, the companies examine the elements which distinguish these groups and analyse their movements in terms of the changes in the variables of key decisions with time. They can therefore move in accordance with their own strategic group or follow the strategy of another group or define the position of a completely new group.

2.2.5 Processes of Strategic Response adaptation

These processes are closely related to strategic change, as they are developed by two theories of organizational adaptation: incrementalism and quantum. Incrementalism (Quinn, 1980) proposes that managers adjust to environmental change in a piecemeal, incremental manner, responding to local crises as they arise. However, quantum theory (Miller and Friesen, 1984) criticized incrementalism, advancing the proposition of dramatic and infrequent change. Organizations exhibit momentum in their evolution. Since the pervasiveness of momentum will bind strategies for long periods of time, change will be resisted until a critical stage of incongruence with the environment occurs relative to the set of key strategic decision variables.

On a strategic group level, these have distinct recipes and are bound together by forces such as mobility barriers, institutional forces and social enactment mechanisms (Feigenbaum and Thomas, 1993). Consequently, groups will also tend to exhibit momentum over time particularly regarding the key strategic decision variables. Group momentum will be disrupted by quantum, dramatic and concerted change.

2.2.6 Evaluating Strategic Responses to Competition

There are some suggestions for evaluating how the company measures up to the competition. According to Leseketeti (2006) one needs to assess what they do well--underwriting could be a case in point--and try to sell it. One also need to assess what they do poorly and either improve it or minimize the significance of it.

Staff: This always starts because it is the single most important factor in the success or failure of a company (Hudson et al, 2001). The company management need to know if they have an intelligent, motivated and informed staff, if they can't their response lacks a positive remark, the deck is stacked against them, if they have good players, they will win the competition game. This is the one criterion of competitor analysis that one can never afford to let slide.

Price: The premiums charged and the pricing tools available are often the most obvious comparisons to the competition (Hodgin, 1988). The company needs to know where they fit in with the tools they have available and the prices they are charging. Their clients are

usually more than willing to share their opinions on this, especially when they consider the prices to be too high.

Products: This is sometimes forgotten when a company compares itself to others, but there can be a wide variance in the products that are offered to the company's clients. The company may have specialty forms and coverages or the company likes to stick to the basics (Grant, 2000). Are the forms that they use different from the forms of their competitors? How much capacity can they provide?

Client Services: There are numerous value-added services that the company may provide (Fiegenbaum, 1993). How does the company handle claims? Does the company have a reputation for fair and expedient claims service? Does the company have a risk control staff that can help the risk management efforts of their clients? Is the underwriting staff a pool of knowledge, a resource for the clients?

Automation: The insurance brokerage sector has struggled to maximize the benefits of technology. Some carriers have used automation to effectively boost their productivity or to improve the ease of doing business (Dees, 1998). The bursting of the dot-com bubble has slowed many company's technology issues, but there are going to be numerous and significant changes in the future. It is important to stay on top of this issue.

Customer Service: There is no excuse for not having high scores in this category. Is dealing with the company a pleasant experience or an annoying one? Seemingly small things like getting the policies and endorsements issued quickly and properly go a long way toward presenting a positive image of the company. If the company provides prompt, courteous service, then the clients will notice (Fiegenbaum, Thomas, 1990).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This research problem was best studied through the use of a case study. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2008). The primary purpose of a case study is to determine factors and relationships among the factors that have resulted in the behavior under study. Since this study sought to investigate the strategic responses to competition in the insurance brokerage sector in Kenya with a special focus on Aon Kenya, a case study design was deemed the best design to fulfill the objectives of the study.

3.2 Data Collection

The respondents of this study were employees in different levels at Aon Kenya. This included six (6) Aon Kenya staff specifically; Human Resource and Compliance Director, Marketing & Risk Director, Personal Lines Director, Public Relations Manager, a Service Manager & an Account Executive all from different departments as interviewees. These were selected as a representative sample as they are the people involved in policy issues and implementation.

The study collected both primary and secondary data. Primary data was collected from the respondents using Self-administered questionnaires with open and closed ended questions. The close-ended questions provided more structured responses to facilitate tangible recommendations. Secondary data sources were employed through the use of previous documents or materials to supplement the data received from questionnaires and information from interviews. An interview guide enabled oral administration of questions in a face to face encounter therefore allowing collection of in depth data. This involved in-depth discussion through individual meetings with the senior managers of the firm in question.

3.3 Data Analysis

A content analysis and descriptive statistics was employed. According to Mugenda and Mugenda (2003) the main purpose of content analysis is to study existing information in order to determine factors that explain a specific phenomenon. To conduct the conceptual content analysis, the data collected was coded on the theme basis of strategic responses, vision, strategies adopted to respond to the competition and various organizational responses, levels of competition and implementation in as far as competition of the sector is concerned. The data was then coded to enable the responses to be grouped into various categories. Descriptive statistics were used to summarize the data. This included percentages and frequencies. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. Secondary data was analyzed to give information under the objectives.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented to establish the nature of competition in the insurance broking sector and the strategies adopted by Aon Kenya Insurance Brokers in dealing with the competition. The data was gathered from a questionnaire and an interview guide as the research instruments. The questionnaire and the interview guide were designed in line with the objectives of the study.

4.1.1 Response Rate

The study targeted 6 respondents in collecting data with regard to the strategies adopted by Aon Kenya Insurance Brokers in dealing with the competition. From the study, 6 out of the 6 sample respondents filled-in and returned the questionnaires making a response rate of 100%. The 6 respondents were also interviewed.

4.2 Demographic Information

Table 4. 1: Gender of the respondents

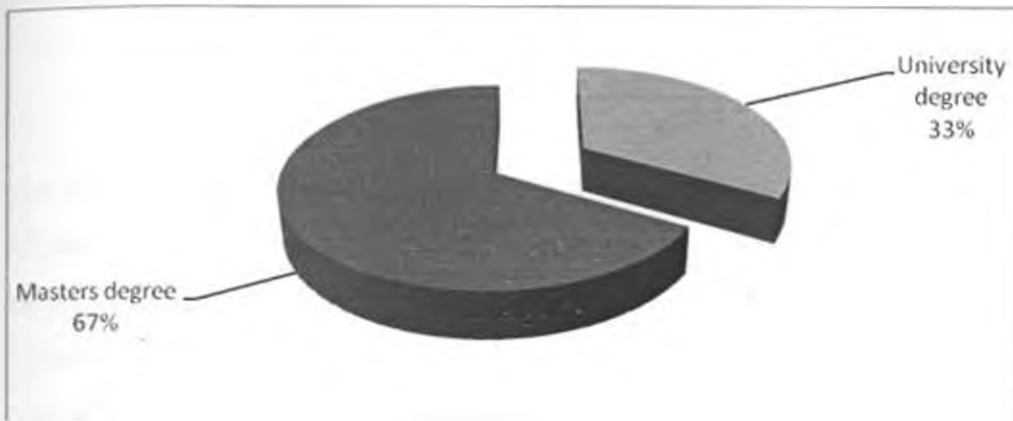
	Frequency	Percentage
Male	4	67
Female	2	33
Total	6	100

The Study sought to find out the gender of the respondents. According to the findings, 67% of the respondents were male while 33% of the respondents were female. The result indicated that there were more males than females in the organization. Majority of the respondents were at management level as they are involved in the company's policy matters. There was however no significant difference in the responses as pertained to gender.

Table 4. 2: Age of the respondents

	Frequency	Percentage
30 – 39 Years	2	33
40 – 49 Years	3	50
Over 50 years	1	17
Total	6	100

Figure 4. 1: Highest level of education of the respondents



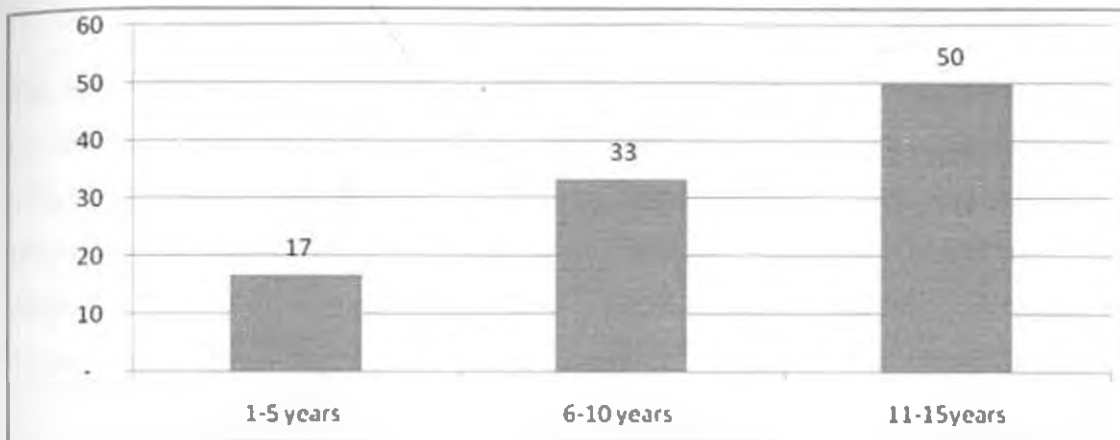
According to the findings 50% of the respondents were aged 40-49 years, 33% of the respondents were aged 30 -39 years and 17% of the respondents were aged over 50 years.

The study intended to ascertain whether perception of the nature of competition varied based on age. The findings implied that the older generation (over 50 years) felt that competition was intense since they had years of experience in their working life and had an opportunity to compare it within a number of years.

The Study sought to find out the highest level of education of the respondents. According ton the findings, 67% of the respondents had a master's degree and 33% of the respondents were undergraduates.

These findings indicated that the organization places importance of education on its employees especially those in policy strategy and implementation as they become more exposed and are able to identify competition in good time and assist in coming up with strategies of dealing with the same.

Figure 4. 2: Period the respondents had worked in the institution



The Study sought to find out the period the respondents had worked in the institution. According to the findings, 50% of the respondents had worked for 11-15 years, 33% of the respondents had worked for 6-10 years and 17% of the respondents had worked for 1-5 years.

These findings implied that Aon Kenya was possibly a good employer as most respondents had worked in the organization for many years. The company places a lot of importance in its human resources making it a motivating factor for staff to perform. Improved staff performance in turn aids the company to beat competition as the employees all work as a team to meet the goals and objectives that have been set.

The findings also indicated a relationship between age, education and the number of years spent in the company. It was evident that the longer the employees stayed in the company, the more educated they became as they were encouraged to develop their skills and hence stayed on in the company for longer years gaining a lot of expertise, hence the motivation to work hard and ensure that their employer is the best in the industry.

4.3 Competition and Types of Brands

The interviews conducted established that the market share of Aon Kenya in the insurance brokerage sector was estimated to be 14%. The last two years showed significant growth for Aon Kenya, with improved revenues and margins and increased

vertical market and product expansion. This confirmed its top position in the sector as widely mentioned in the study.

The interviewees also confirmed that the target customers/clients are the general public i.e. both individuals and corporates. They ascertained that the company is a market leader offering insurance broking, risk management, actuarial consulting, medical scheme administration and medical fund management, life and pension's administration, and employee benefits consulting services to individuals, medium and large organizations. These services are mostly offered by major Insurance Brokers as many others do not have the capacity to handle the risk portfolios.

Respondents also mentioned major competitors of Aon Kenya, in no particular order, as Eagle Africa Ins. Brokers, Alexander Forbes Ins. Brokers, Chancery Ins. Brokers, Sedgwick Ins. Brokers, M.I.C. Global Ins. Brokers, Pacific Ins. Brokers. Others are agents, banks and Insurance Companies. These industry players contribute to intense competition as they are all targeting similar clients.

Table 4. 3: Extent that types of services given to the clients faced competition in the insurance sector

Scale of 1-5 where 1= no extent and 5= very great extent

Insurance services	1	2	3	4	5	Mean	St.dev.
Insurance broking	2	3	18	72	5	3.75	0.7
Risk management	6	4	24	64	12	4.02	0.4
Actuarial consulting	1	3	22	68	6	3.75	0.4
Medical scheme administration	2	4	15	72	7	3.78	0.6
Medical fund management	1	2	2	21	74	4.65	0.7
Life and pensions administration	3	4	24	64	7	3.74	0.1
Employee benefits consulting services	2	14	4	23	57	4.19	0.5

NB: Significance of findings from tables in this study will be based on the Mean (> 3.5) and Standard Deviation (<1) will indicate that there was general agreement and >1 will indicate that the findings varied.

The Study sought to find out the extent that different types of services given to the clients faced competition in the insurance sector. According to the findings, risk management (4.02), medical fund management (4.65) and employee benefits consulting services (4.19) faced the stiffest competition.

This indication is as a result of many brokers offering similar services and also noting that Aon Kenya has not endeavored to differentiate itself from its competitors so as to enjoy a bigger share of the market especially with these services.

However, other services like insurance broking (3.75), actuarial consulting (3.75), medical scheme administration (3.78), and life and pensions administration (3.74) faced competition but not to such a huge extent as those mentioned above.

This implies that the company could be employing superior strategies than those of their competitors and they may also have superior product packages. Also, the services are not offered by majority of the industry players hence giving Aon Kenya an advantage.

The findings also implied that the respondents were in general agreement as the Standard Deviation was below 1 (<1) for all of them.

Table 4. 4: Nature of competition that the company faced in the running of its operations

	Frequency	Percentage
Intense	6	100
Low	0	0
Average	0	0
Total	6	100

The Study sought to find out the nature of competition that the company faced in the running of its operations. According to the findings, all the respondents indicated that the company faced intense competition in the running of its operations.

As expected, these findings concluded that the sector is very competitive. It is therefore mandatory for the company to stay abreast of its operating environment so as to maintain and/or increase its market share so as to guarantee business continuity.

The interviews found out that among the strategies the company employed to beat competition included the Aon Corporation's sponsorship of Manchester United which created awareness about the company to the public and realized increased sales volumes.

The company also has in the recent past initiated an intensive media advertising campaign in the printed press. This strategy also created awareness especially amongst the Kenyan general public who had once associated the company with solely handling corporate portfolios. The company's intention is to use this strategy frequently.

As expected from the findings, the respondents agreed that the company's global presence makes it capable to handle all sorts of portfolios, even the most complex; as offices liaise with each other to arrange most desired covers. This implies that Aon

Kenya obviously has undue advantage over many other players in its sector as they do not have the capacity to handle many of the clients risks.

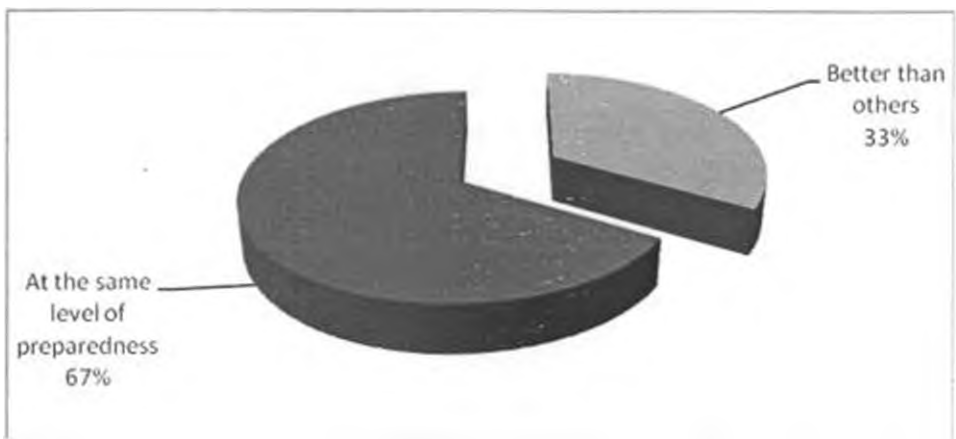
From the interviews, it also emerged that each client receives an 'Aon Client Promise' which states that *'Everything we do at Aon is focused on creating distinctive value for you based on insightful analysis, powerful execution and a deep understanding of your business and risk issues'*. The company uses this strategy as a value added service to all its clients to assure them that they are not only after their premiums.

Interviewees also affirmed that Aon is a pioneer in product innovations amongst brokers with successful products such as Aon Health, Aon Assist, Aon Rescue, Rest Easy, Aon SME Solution among others. Competitors mostly concentrate on selling insurers products hence they cannot totally identify themselves with the products they are selling. This implied that Aon Kenya used branding as a competitive strategy to give it an edge over its competitors.

The study also found out that Aon conducts semi-annual client training programmes where clients are invited and educated on existing products and policies. This also indicated that Aon strategy was mainly to assure clients of their value added services over and above superior products and premiums.

4.4 Strategic Response to Competition

Figure 4. 3: The company's preparedness to competition compare with other companies within the insurance broking sector



The Study sought to find out the company's preparedness to competition compare with other companies within the insurance broking sector. According to the findings, 67% of the respondents indicated that the company was at the same level of preparedness with other companies within the insurance broking sector and 33% of the respondents indicated that the company was better than others within the insurance broking sector.

The interviewees (67%) also indicated the company is not well prepared towards competition. The process of implementing a new strategy in this institution takes approximately four months. These findings are as a result of lack of a specific department that is charged with market research and policy issues. The respondents agreed that the company is often caught unaware when competitors employ new strategies in the market and hence it ends up playing more of reactive role to counter the competition. Establishing such a department within the firm will enable it shift its strategy to a proactive one.

Table 4. 5: Type of strategic responses employed towards different forms of competition

	Frequency	Percentage
Short term	0	0
Long term	0	0
Both short term and long term	6	100
Total	6	100

The Study sought to find out the types of strategic responses employed towards different forms of competition. According to the findings, all the respondents indicated that the company used both short term and long term strategic responses. It emerged that the company employs both methods depending on market forces at the time, external environment and sometimes the intensity of the competition. This implies that the number of strategies employed can vary from time to time depending on market conditions.

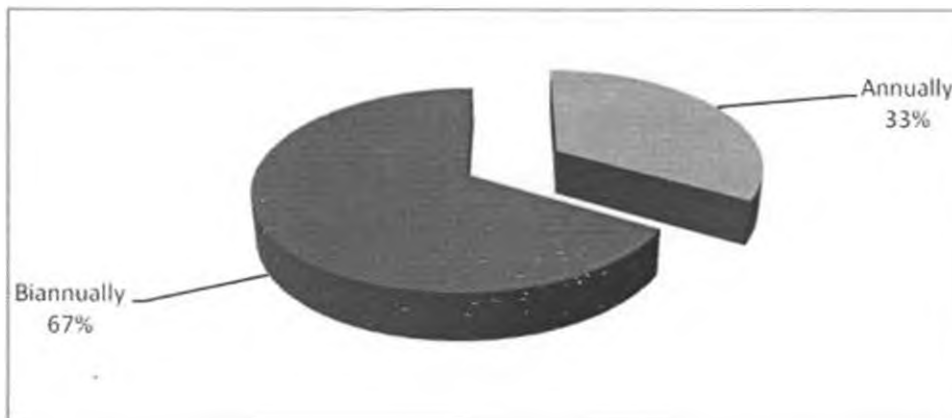
Table 4. 6: Those who implement the strategic responses within the department

	Frequency	Percentage
The board of directors	2	33
The senior management team	1	17
Departmental heads	3	50
Total	6	100

The Study sought to find out those who implement the strategic responses within the department. According to the findings, 50% of the respondents indicated that strategic responses within the department was implemented by departmental heads, 33% of the respondents indicated that strategic responses within the department was implemented by board of directors and 17% of the respondents indicated that strategic responses within the department was implemented by senior management team.

The findings indicated that the respondents had different views on policy implementation depending on their experience and department as there is no one department or office charged with this specific task. This implies that policy implementation at the company is done across the board with no specific responsibility. This could result to the reactive nature of the company to competition.

Figure 4. 4: How often the strategies were reviewed or amended



The Study sought to find out how often the strategies were reviewed or amended. According to the findings, 67% of the respondents indicated that the strategies were

reviewed or amended biannually while 33% of the respondents indicated that the strategies were reviewed or amended annually.

This implies that the company does not prioritise review of competitive strategies. It could also be as a result of being in a sector that is not very actively employing new strategies. Many players in this industry compete by imitation.

Table 4. 7: Extent that the company employed the response strategies to counter competition from other brokerage firms

Scale of 1-5 where 1= no extent and 5= very great extent

Response Strategies	1	2	3	4	5	Mean	St.dev.
Cost leadership differentiation	1	3	57	33	6	3.40	0.3
Products/quality differentiation	1	5	4	17	73	4.56	0.6
Market focus strategy	1	3	6	22	68	4.53	0.4
Staff motivation and training	2	3	5	23	67	4.50	0.8
Value-added Client Services	3	3	4	32	58	4.39	0.6
Automation to maximize the benefits of technology	2	2	6	32	58	4.42	0.8
Customer Service	3	3	4	26	64	4.45	0.6

The Study sought to find out the extent that the company employed the response strategies to counter competition from other brokerage firms. According to the findings, cost leadership differentiation strategy had the lowest mean of 3.40 as compared to product/quality differentiation (4.56), market focus strategy (4.53), staff motivation and training (4.50), value added client service (4.39), automation (4.42) and customer service (4.45).

The possible explanation is that the company does not compete with other players on cost as it chooses other non-monetary strategies to counter competition. Product/quality differentiation (4.56) seems to be the main strategy that the company employs as compared to others. This also implies that the company puts a lot of emphasis on products and service that it gives to its clients.

The findings also implied that the respondents were in general agreement as the Standard Deviation was below 1 (<1) for all of them.

Table 4. 8: Extent the respondents support the suggested points with regard to responses towards competition

Scale of 1-5 where 1= no extent and 5= very great extent

Steps in ensuring quality service	1	2	3	4	5	Mean	St.de
Service quality must be intertwined which requires commitment to the concept from the whole organization	3	1	6	24	56	3.99	0.2
There should be consistency in product and delivery standards	6	4	12	24	64	4.66	0.4
Control of standards must be achieved by adopting techniques that will turn service into tangible measurements	1	2	23	67	7	3.77	0.7
Chosen quality levels must be kept under review	1	1	32	64	2	3.65	0.3

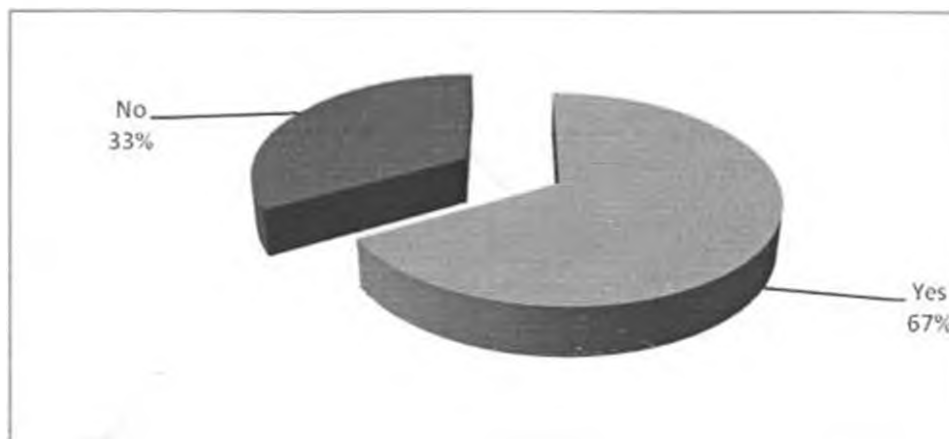
The study sought to find out the extent the respondents support the suggested factors with regard to responses towards competition. According to the findings, the respondents strongly agreed that there should be consistency in product and delivery standards as shown by a mean of 4.66. All other factors were also seen to be significant as they all scored a mean above 3.50, that is, intertwined service quality (3.99), control of standards turning service into tangible measurements (3.77) and review of quality levels (3.65).

The findings also indicated that the respondents were in general agreement as the Standard Deviation was below 1 (<1) for all of them.

These findings implied that the most frequently used strategy, as seen earlier in the study, is that of product differentiation and service delivery. However, as the competitors mostly imitate other's products, it is essential that policies be frequently reviewed from time to time so that they are not caught unawares.

The respondents also agreed that it is important that quality levels be reviewed and the best way to do this is to have a company policy on policy issues and implementation which includes market research. A suggestion would be to come up with a department that deals with such matters.

Figure 4. 5: If the strategic responses adopted by the firm enabled the firm to continue successfully in the competitive environment



The Study sought to find out if the strategic responses adopted by the firm enabled the firm to continue successfully in the competitive environment. According to the findings, 67% of the respondents indicated that they enabled the firm to continue successfully in the competitive environment while 33% of the respondents indicated that they did not.

The varying responses indicated different views of the respondents for various reasons: the majority of respondents who had positive results based their views on the market share of the firm which happens to be largest amongst its competitors. They argued that the responses employed by the firm had so far enabled it to counter the competition and stay on top.

However, the remaining 33% argued that Aon Kenya owes its number one position to its affiliation with Aon Corporation, a global enterprise, hence giving it undue advantage over its competitors. They also implied that the strategies used were not unique as the same were also used by other competitors, this being an assumption as there was no

comparison carried out. This response was also an indication of the reactive approach the company takes to deal with uprising competition.

CHAPTER FIVE: SUMMARY OF THE FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions, limitations and recommendations of the study based on the objectives of the study.

The objectives were to establish the nature of competition in the insurance broking sector and the strategies adopted by Aon Kenya Insurance Brokers in dealing with the competition.

5.2 Summary of the Findings

The study intended to ascertain whether perception of the nature of competition varied among different age groups. The findings implied that the older generation felt that competition was intense since they had years of experience in their working life and had an opportunity to compare it within a number of years.

The study findings indicated that the organization places importance of education on its employees especially those in policy strategy and implementation as they become more exposed and are able to identify competition in good time and assist in coming up with strategies of dealing with the same.

The findings implied that Aon Kenya was possibly a good employer as most respondents had worked in the organization for many years. The company places a lot of importance in its human resources making it a motivating factor for staff to perform. Improved staff performance in turn aids the company to beat competition as the employees all work as a team to meet the goals and objectives that have been set.

The findings also indicated a relationship between age, education and the number of years spent in the company. It was evident that the longer the employees stayed in the company, the more educated they became as they were encouraged to develop their skills

and hence stayed on in the company for longer years gaining a lot of expertise, hence the motivation to work hard and ensure that their employer is the best in the industry.

The interviews conducted established that the market share of Aon Kenya in the insurance brokerage sector was estimated to be 14%. The last two years showed significant growth for Aon Kenya, with improved revenues and margins and increased vertical market and product expansion. This confirmed its top position in the sector as widely mentioned in the study.

The interviewees also confirmed that the target customers/clients are the general public i.e. both individuals and corporates. They ascertained that company is a market leader offering insurance broking, risk management, actuarial consulting, medical scheme administration and medical fund management, life and pension's administration, and employee benefits consulting services to individuals, medium and large organizations. These services are mostly offered by major Insurance Brokers as many others do not have the capacity to handle the risk portfolios.

Respondents also mentioned major competitors of Aon Kenya, in no particular order, as Eagle Africa Ins. Brokers, Alexander Forbes Ins. Brokers, Chancery Ins. Brokers, Sedgwick Ins. Brokers, M.I.C. Global Ins. Brokers, Pacific Ins. Brokers. Others are agents, banks and Insurance Companies. These industry players contribute to intense competition as they are all targeting similar clients.

Findings also implied that the company could be employing superior strategies than those of their competitors and they may also have superior product packages. Also, the services were not offered by majority of the industry players hence giving Aon Kenya an advantage.

As expected, the findings concluded that the sector is very competitive. It is therefore mandatory for the company to stay abreast of its operating environment so as to maintain and/or increase its market share so as to guarantee business continuity.

The study established that among the strategies the company employed to beat competition included the Aon Corporation's sponsorship of Manchester United, intensive

media advertising, use of an 'Aon Client Promise', product innovation and client training programs.

Another finding was that the company is not well prepared towards competition. The process of implementing a new strategy in this institution takes approximately four months. This can be attributed to lack of a specific department that is charged with market research and policy issues. The respondents agreed that the company is often caught unaware when competitors employ new strategies in the market and hence it ends up playing more of reactive role to counter the competition.

According to the findings, all the respondents indicated that the company used both short term and long term strategic responses. It emerged that the company employs both methods depending on market forces at the time, external environment and sometimes the intensity of the competition. This implies that the number of strategies employed can vary from time to time depending on market conditions.

The findings implied that the company does not prioritise review of competitive strategies. It could also be as a result of being in a sector that is not very actively employing new strategies. Many players in this industry compete by imitation.

The study also indicated that the company does not compete with other players on cost as it chooses other non-monetary strategies to counter competition. Product/quality differentiation seems to be the main strategy that the company employs as compared to others. This also implies that the company puts a lot of emphasis on products and service that it gives to its clients.

The varying responses to whether the company's strategies resulted to its success indicated different views of the respondents for various reasons: the majority of respondents who had positive results based their views on the market share of the firm which happens to be largest amongst its competitors. They argued that the responses employed by the firm had so far enabled it to counter the competition and stay on top. However, others argued that Aon Kenya owes its number one position to its affiliation with Aon Corporation, a global enterprise, hence giving it undue advantage over its

competitors. They also implied that the strategies used were not unique as the same were also used by other competitors, this being an assumption as there was no comparison carried out. This response was also an indication of the reactive approach the company takes to deal with uprising competition.

5.3 Conclusions

The study concluded that there exists very intense competition in the insurance brokerage sector citing the many players, however, Aon Kenya has managed to keep its top position as the market leader.

The size of the company obviously gives them undue advantage especially because of its affiliation to Aon Corporation enabling it to handle the most complex portfolios unlike the competitors. This results to increased business as clients are guaranteed specialized services because of the company's experience.

The study also concluded that among the strategies employed by the company to counter competition, product differentiation and quality service standards were the most significant strategies used by the company.

However, the study also concluded that Aon Kenya was more reactive to competition than proactive, unlike other market leaders in other industries. This is as a result of not having a clear structure on market research and policy issues and implementation.

5.4 Limitations

This study, however, has its limitation. The findings cannot be generalized to be applicable to all industry players. This is because Aon Kenya is a huge company with global interaction, while some of its competitors are quite small in size.

5.5 Recommendations

The study recommends that Aon Kenya should come up with strategies to enable them increase as well as retain their market share, and to establish a department that will undertake market research and assist the entire company implement policies and

strategies across the entire company. This will enable the company play a more proactive role in dealing with its competitors.

5.6 Recommendation for Further Studies

This study has reviewed the nature of competition in the insurance broking sector and the strategies adopted by Aon Kenya Insurance Brokers in dealing with the competition. To this end, therefore, the same study should be carried out in other brokerage companies to find out if the same results would be obtained, and whether the strategies used by Aon Kenya are unique or more superior to those of their competitors.

Moreover the study focused on insurance brokerage sector thus it may also be carried out in other industries/sectors.

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APPENDICES

Appendix I: Letter of Introduction to Respondents

University of Nairobi

School of Business

P.O BOX 30197

Nairobi.

8th September, 2010

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a masters' program student at University of Nairobi, School of Business.

In order to fulfil the master's program requirements, I am undertaking a strategic management research project on "strategic responses to competition in the insurance brokerage sector in Kenya: A case study of Aon Kenya insurance brokers limited".

You have been selected to form part of this study. Therefore, I kindly request you to assist me to collect data by filling out the accompanying questionnaire.

The information provided will be used exclusively for academic purposes and will be held in strict confidence.

Thank you.

Yours faithfully,

Christine Gathigia Miano

Appendix II: Research Instrument

Kindly answer all the questions by ticking in the appropriate box or filling in the spaces provided.

Part A: Demographic Data

1. Please indicate your Gender.

Male

Female

2. What is your age bracket?

19 – 24 Years

30 – 34 Years

40 – 49 Years

35 – 39 Years

25 – 29 Years

Over 50 years

3. What is your highest level of education?

Secondary

Masters degree

College diploma

Other (please state)

.....

University degree

4. How many years have you worked in this institution?

1-5 years

16-20 years

26-30 years

6-10 years

21-25 years

Over 30years

11-15years

Part B: Competition and Types of Brands

1. To what extent do the following types of services given to the clients face competition in the insurance sector? Use a scale of 1-5 where 1= no extent and 5= very great extent

Insurance services	1	2	3	4	5
Insurance broking					
Risk management					
Actuarial consulting					
Medical scheme administration					
Medical fund management					
Life and pensions administration					

Employee benefits consulting services					
Others (Specify.....)					

2. What is the nature of competition that your company faces in the running of its operations?

- Intense [] Average []
 Low [] None at all []

3. In your view, how does the company's preparedness to competition compare with other companies within the insurance broking sector?

- Better than others []
 At the same level of preparedness []
 Worse than others []

Explain your answer

Part C: Strategic Response to Competition

1. Which type of strategic responses do you employ towards different forms of competition?

- Short term []
 Long term []
 Both short term and long term []

2. Who implements the strategic responses within your department?

- The board of directors []
 The senior management team []
 Departmental heads []
 All staff []

3. How often are the strategies reviewed or amended?

- Quarterly []
- Semiannually []
- Annually []
- Biannually []

4. To what extent does the company employ the following response strategies to counter competition from other brokerage firms? Use a scale of 1-5 where 1= no extent and 5= very great extent.

Response Strategies	1	2	3	4	5
Cost leadership differentiation					
Products/quality differentiation					
Market focus strategy					
Staff motivation and training					
Value-added Client Services					
Automation to maximize the benefits of technology					
Customer Service					

5. To what extent do you support the following suggested points with regard to responses towards competition? Use a scale of 1 to 5 where 1= no extent and 5= very great extent.

Steps in ensuring quality service	1	2	3	4	5
Service quality must be intertwined which requires commitment to the concept from the whole organization					
There should be consistency in product and delivery standards					
Control of standards must be achieved by adopting techniques that will turn service into tangible measurements					
Chosen quality levels must be kept under review					

6. Has the strategic responses adopted by your firm enabled the firm to continue successfully in the competitive environment?

Yes [] No []

Explain your answer.....
.....
.....
.....
.....

THANK YOU!!!

Appendix II: Interview Guide

1. How would you estimate the market share of Aon Kenya in the insurance brokerage sector?
2. Who are your target customers/clients?
3. Who are your competitors?
4. Which of the services given to the clients face the stiffest competition in the insurance sector?
5. a) Does Aon have a separate department that deals with competition?
b) If yes, which is that department?
6. What competitive strategies does the company employ?
7. How does the company integrate the various competitive strategies in its operations?
8. In your opinion, how does the company's preparedness to competition compare with other companies within the insurance broking sector?
9. How long does the process of implementing a new strategy take in this institution?
10. Which market conditions can lead to adoption of more than one strategic response at a given period of time?
11. In your experience, how does competition of brands compare during its initial entry into the market with other established brands and after adopting new strategic responses?

THANK YOU!!