INFLUENCE OF CUSTOMER VALUE STRATEGY ON COMPETITIVENESS OF INSURANCE COMPANIES IN KENYA

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DECLARATION

I hereby affirm that this research project is my original work and has never been presented in any institution of higher learning for any academic qualification.

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DEDICATION

In loving memory of my parents, Patrick Kamoni and Rose Nyambura.

I am especially grateful to my husband Joshua and children Jeremy, Justin and Joanna, for believing in me and their patience, encouragement and moral support as I undertook this project. You've all been absolutely amazing!

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To God be the Glory.

ABSTRACT

The state of globalization that transcends economic development in different countries has led to markets being increasingly volatile, fragmented and thus becoming challenging for managers to maintain their state of competitiveness. The study's goal was to ascertain how customer value initiatives affected the competitiveness of Kenyan insurance firms. The study's specific goal was to determine how functional, relational, and emotional value strategies affected the competitiveness of insurance businesses in Kenya. The research was anchored by the unified service theory, the resource-based view, and the structure-conduct-performance framework. Because the study included a univariate topic and the researcher did not tamper with the data collection, a cross-sectional descriptive research method was used. The sample included each and every insurance company doing business in Kenya. The researcher used a simple random sampling approach for ease of use. The researcher provided one questionnaire to each insurance firm targeting marketing managers, business development managers, or those who held similar roles since this was the target audience for each insurance company. The primary data for this research came from structured questionnaires with closed-ended questions. The computation of descriptive and inferential statistics was done using a statistical package for social science. While the inferential statistics demonstrated the link between the dependent and independent variables, the descriptive statistics gave a summary of the study's results. The research indicated that insurance firms have adopted strategies that support the emotional, relational, and functional dimensions of customer value strategies to a fair level based on the descriptive data. The relational element of customer value strategy and organizations' competitiveness were shown to have a favourable and substantial relationship. The research discovered a positive beta coefficient (β=0.371) and a significant value smaller than 0.05 (α=0.000) for relational value. Based on the regression model, functional value contributes a positive β(=0.291) and significant (α=0.000) value to competitiveness of the enterprises. The research demonstrated a positive and substantial effect of functional dimension on competitiveness of the firms in question. The research also showed that functional value strategy results in the frequent generation and updating of client needs. The results also show that the practical use of a customer value strategy significantly enhances competitiveness. Based on the results, it was determined that emotional value had a favorable (β=0.086) but insignificant (α=0.138) impact on insurance businesses' ability to compete. According to the study, insurance companies have implemented ways to improve the execution of their emotional value approach. These include addressing customer concerns in a satisfactory manner, caring for its clients, and using feedback from clients to raise the quality of the products. The research determined that the deployment of customer value strategies has significantly boosted the competitiveness of insurance businesses based on the overall impact of those strategies on that factor. The research found a modest association between customer value strategy and organizational competitiveness, with a correlation coefficient of 0.532. Additionally, the study found that the three dimensions of customer value strategies; relational, functional and emotional value strategies explain 28.3% of the overall company competitiveness. In conclusion, in relation to relational value, insurance companies have frontline staff who take good care of customers and they have products that are reliable and serve the interests of their customers. The functional aspect was concluded as enhancing competitiveness by positively and significantly improving competitive capacity of insurance companies. The study recommends enhanced implementation of customer value strategies for enhanced competitiveness.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The state of globalization that transcends economic development in different countries has led to markets being increasingly volatile, fragmented and thus becoming challenging for managers to maintain their state of competitiveness. Even high-speed decision making, employment of internal resources and a leadership that is agile has been found to lack the sustainable impetus to competitiveness and thus requiring re-direction to seeking a satisfied customer base which has been found to withstand changes in business environment (Sarkar, Qian & Peau, 2020). The need to maximise customer value is important to not only be manifested at the marketing stage but rather requires different functional areas to co-ordinate with each other (Madhani, 2017). To remain competitive, it is imperative that the organization recognizes that the present-day customers are no longer the passive ones that characterized the market in the last decade but rather the current customers have more information, skills, and expertise, and they are ready to study and practice. Consequently, business organizations need to strive to maintain customers through establishment of a long-lasting relationship that is anchored on the creation of customers' value. Customer value is a major ingredient in all fields of business, according to Owino and Kibera (2015), and knowing how organizations generate, convey, and provide value to consumers is a critical aspect in developing a long-term competitive advantage.

The research was based on three theories, namely; Unified service theory, Resource based view and the Firm - structure - performance theory. The unified service theory (UST) was advanced by Sampson and Froehle (2006) and suggests that in order to effectively define a production process, there is need to incorporate the customer input in an organization service offering process since this is the most important distinction between service and non-service processes. The RBV model states that organizational resources and internal organizational capabilities have an impact on the multidimensional construct known as business performance. While capabilities are related to how certain operations are carried out, resources are semi-permanent intangible and tangible properties. The structure-conduct-performance framework (SCP) which was advanced by (Mason, 1939) is of the view that structural characteristics in a market influence the behaviour of firms within that market, and cumulatively the behavior of firms within the market determines measurable market performance.

Insurance companies in Kenya, like other insurance firms globally, are engaged in risky and competitive business by virtue of being in the business of mitigating risks exposure by other businesses and individuals. The insurance industry in Kenya has witnessed the growth in the number of players from 38 in 2005 to 55 insurance firms in 2020, and this has resulted in increased level of competition (Too & Simiyu, 2019). A total of 11 foreign firms have entered the Kenyan market through outright acquisition or mergers and this has led to the need to develop new products and services to the same market base. Considering that the insurance penetration in Kenya has remained at 2.34% in Kenya as opposed to an average of 2.78% in other African countries and 12.56% in European countries, the level of competition has been compounded in the country (IRA, 2019). Under such an operating environment that persists in the Kenyan insurance industry, it becomes imperative that the firms establish a strong relationship with their customers through establishment of value creating strategies. Therefore, the understanding of the influence of customer value strategies as a source of competitive advantage will be an important exercise in improving performance of the insurance firms.

1.1.1 Customer Value Strategies

In management practice, being able to generate customer value is becoming a central theme in current day competitive business environment. Traditionally, the concept of customer value is concerned with functions and performance that is generated from products as value-in-exchange; but in the current business dispensation, customer value emanates from processes that increase customers' value through its usage (Gro¨nroos, 2011). From the managers' perspective, customer value strategies are concerned with the movement from purely offering products to going for upgraded products through an integrated solution offering (Reinartz and Ulaga, 2008). From the two perspectives, what is evident is that customer value strategies are not tied or based on the actual object product offering, but rather through adoption of an integrated process of value delivery by which suppliers and customers interact to increase skills and knowledge that eventually result in value addition to a customer. Through this relationship, Ulaga and Eggert (2006) points out that from the business perspective, customer value strategies will involve striking a trade-off between the benefits that accrue to the customer and the costs that will be incurred by the business organization and it will be worthwhile to pursue the strategy if the benefits outweigh the costs.

Several value delivery process frameworks have been identified in various literature streams. According to Li, (2014), customer value strategies from the part of a business organization include developing customer intimacy, operational excellence, leader in product development, integrated value system and management training. Under all circumstances, customer value addition is concerned with understanding customer needs, being able to identify a problem that exists from the customer perspective and at the same time solving the identified problem in order to achieve a satisfied customer. Similarly, customer value strategies facilitate higher market share and result in lower operating costs (Lalinsky, 2013). This means that enhancement of customer value is important to be considered by a firm that seek to increase their competitive position since a satisfied customer would result in a loyal customer and thus increase the business' market share.

1.1.2 Organization Competitiveness

Sustainable competitiveness refers to the long-term benefit of implementing a distinctive value-creating strategy. This advantage should be based on an exclusive combination of internal organizational skills and resources that a rival cannot match (Rosa et al., 2016). Huggins and Izushi (2011), citing Porter (1980), state that having an organization's ability to operate in one or more areas better than its rivals generates sustainable competitive advantage when discussing the operational condition that leads to improved organizational competitive advantage. Further, a company is claimed to enjoy a state of competitiveness if it implements a strategy of value creation and which is not implemented concurrently by any potential or current competitors or cannot easily be duplicated by the same competitors (Zhuang & Li, 2017). This implies that a firm's competitiveness is measured by its ability to do business in a better way in one or several areas as compared to its competitors. Porter (1996) submits that by a firm achieving competitive advantage, it is able to make it difficult for the competitors to imitate the same activities in which it is undertaking.

Porter (1980) emphasizes that the adoption of three competitive strategy constructs, namely differentiation, focus strategies, and cost leadership, is where the firm gains its competitive advantage. The goal of a cost leadership strategy is to produce goods or services at a competitive price for a given quality while incurring less variable costs, a lower level of marketing expenses, or to reduce operating and administrative costs. Differentiating an organization's services or products from those of competing firms by giving them unique features or by making them more appealing than those of competitors is referred to as a differentiation strategy. The focus strategy is the ultimate tactic, according to Porter, and it aims to gain competitive advantage in the target market by reducing costs and differentiating products and geographic regions (Akben-Selcuk, 2016). Offering of superior value delivery to customers through meeting customer's needs and solving their problems has also been acknowledged as a significant source of competitive advantage. Tsai, Tsai & Chang (2010) assert that by an organization increasing customer value, it is expected to generate increased market segment, advanced customer loyalty, reduced costs of operations and retention of customers which will results in improved competitiveness to the firms.

1.1.3 Insurance Companies in Kenya

One of the integral sectors in Kenya is the insurance industry due to its significant role in the economic development. The explanation is that due to its ability to mobilize savings and redistribution of risk, a well-developed insurance market is a lever for an effective deployment of capital. In Kenya, the insurance sector is regulated under the Cap 487 of the Kenya Insurance Act and operates under the IRA which regulates licenses and develops the insurance industry. By the end of 2019, a total of 55 insurance companies, 28 health insurers, 211 insurance brokers, 5579 insurance providers and 129 service providers and cost adjusters, several compensation officers, policy analysts, hazard managers or life insurance inspectors were licensed (IRA, 2019). In addition, the Association of Kenya Insurers (AKI), the Association for Insurance Brokers of Kenya (AIBK) and the Medical Insurance Practice Association of Kenya (MIPAK), are also some of the active associations that are also part of the insurance players.

The business performance of the Kenyan insurance firms is majorly supported by the general insurance segment which in 2019 contributed slightly over 62% of the premium collected, while both the Medical and Motor insurance lines of business made up for 66.8% of the gross premium income collected in the industry under the general insurance sector. In Kenya, the performance of insurance companies over the last few years has, in the recent past, faced with fluctuating performance curves especially on financial returns. Out of the 8 listed insurance companies, three issued a profit warning in 2019 while out of the 55 insurance companies, eight had issued a profit warning in the same period (CMA, 2019). Profit warnings represent cautionary statements issued by investors of public firms that are listed in security exchange over the expected dismal performances arising from either the business environment or the internal firm factors such as financial risks and competition. Under such operating environment, it is plausible that the insurance companies consider customers to be at the heart of their business by coming up with strategies that will increase their value and consequently result in customer satisfaction. Adoption of appropriate customer value strategies is expected to affect the level of competitiveness being enjoyed by a business organization (Tambade, Singh & Modgil, 2019).

1.2 Research Problem

In the current business environment that is characterized by rapid technological and environmental changes, a company's existence and competitiveness will be determined by its practices and ability to adapt to external conditions such as changing consumer preferences, technology, rivals, and government laws (Kiveu, Namusonge & Muathe, 2019). The ability of an organization to align its activities to meeting customer desires is not only a survival tactic but also generates necessary competitive advantage. Business firms need to deploy appropriate resources and build capabilities that create product advantages on what they offer as compared to competing firms with the aim of maintaining a high profitability level and strong market position (Kathanga, Awino & Kabiru, 2016). Since customer value has been established as a significant basis of a firm competitiveness, the organization management should come up with an appropriate service delivery system that is flexible enough to accommodate any changes in the operating environment and that will eventually result in a satisfied customer. At the same time, it should be recognized by business organizations that no one single strategy is adequate to bring about necessary competitive advantage but rather a combination of different strategies that will eventually result in a satisfied customer (Li et al, 2020). Consequently, the sources of firm competitiveness have been investigated by different scholars and management practitioners.

The Kenyan insurance industry is characterized by changes emanating from disruptive technology innovation, higher customer expectations and newcomers that have entered the industry through acquisition of local insurance companies. These changes have made the local insurance landscape to become so competitive and coupled with a low insurance penetration rate that stood at 2.34% in 2019 (IRA, 2019) and below the African average of 2.78%, means that there are many insurance firms chasing after few customers. In the face of this fact, insurance companies have had to come up with distinct customer focused approaches that will enable them to compete in the crowded industry. Adoption of the customer-based strategies is considered one of the strategies that the insurance companies can pursue to improve their efficiency, among other strategies. Therefore, this study will try to determine how customer value strategies influence the competitiveness of the Kenyan insurance companies.

Keränen and Jalkala (2014) sought to investigate the customer value strategies in business firms in the manufacturing sector in Finland through a sample of 35 managers in 12 firms through the use of three customer value strategies, namely; emergent sales value, life-cycle value management and the dedicated value strategies. The research findings suggest that managers should select appropriate customer value strategy that is dependent upon the market and also the product offering. The nexus between customer-value and pricing strategies was investigated by Codini, Saccani and Sicco (2012) using data from 139 different washing machine models. The results suggest that alignment between customer value and pricing differed between models with those with less capacity than 10kg showing a stronger relationship between the variables. The misalignment between pricing and customer value was found to be due to the lack of the sector to develop appropriate sensing capabilities. Weinstein (2020) investigated ways to increase customer value and found that value is not defined by sellers but customers through which organizations turn buyers into long term customers. The findings found that value is what differentiates one set of offering from another. Customers were found to appreciate innovative companies and those that also seek to establish long-term relationship. The key customer value drivers that were found to affect organization performance were price, quality, image and service.

Gekonde (2020) investigated the managers' perception on how the investment and mortgage bank performance was being affected by the adopted customer value strategies. The results show that organizational culture was the variable that influenced the perception of managers in linking customer value strategies and performance. Other than that, the managers' opinion of the relationship between customer value strategies and performance was not influenced by leadership, job experience, education level, or marital status. Makau (2018) investigated how environmentally friendly logistics practices affected the consumer value of food processing businesses in Mombasa County, Kenya. The data show that green storage warehousing and customer value have a favorable and substantial relationship. Likewise, an insignificant relationship was found between green distribution, green packaging, and green management system and the customer value strategies. Furthermore, Owii, Wasike, and Ntale (2018) looked at the Kenya School of Government's customer relationship management and competitive advantage. Customer retention methods, customer acquisition techniques, customer engagement, and participation strategies all had a major impact on Kenya School of Government's competitiveness, according to the findings.

The studies above and other studies reveal the important role that customer value strategies play in organizations outcomes. In terms of the context, the Kenyan studies have concentrated in commercial banks and also the predictor variables differ from the current study ones. Consequently, in trying to understand the individual and joint effect of customer intimacy, operational excellence, product development and integrated value system on the competitiveness of insurance companies, the research sought to answer the following research question; what is the effect of customer value strategies on the competitiveness of insurance companies in Kenya?

1.3 Research Objective

The objective of the study was to determine the influence of customer value strategies on competitiveness of insurance companies in Kenya.

1.4 Value of the Study

The findings of this study add value to the furtherance of theoretical underpinnings of customer value and competitiveness of insurance firms. Empirically, this study further adds to the budding literature on customer value firms in emerging economies, like Kenya that have weak institutional practices and development of marketing practice. Further, different studies have enumerated different challenges faced by business units in Africa in identifying approach value strategies that will increase firm competitiveness and this research will help in identifying customer value strategies that can be used to improve their competitiveness.

The modern theory of management stipulates that the main role of management team is not only identifying the best customer segment but also to ensure that there is a good customer relation between the organization and its customers. While creating value for customers and maintaining good customer relations, customer loyalty is enhanced and consequently increases organizational sales leading to continuous production and hence, sustainable competitive advantage. As a result, in order to attain this aim, it is advised that firms should develop a strategy of customer value creation to ensure continuous double-edged customer-organization benefit. Building relationships with devoted consumers is advantageous when it results in a better knowledge of their needs and, as a result, the creation of marketing strategies that increase the business's customer value.

The Insurance companies are now able to device better customer value strategies both through use of internal resources and external opportunities available to the sector. The research is also of benefit to researchers who can be able to identify the role of customer value strategies and at the same time identify ways of linking the different models developed to being a source of competitive advantage. Further, the study has identified areas of research that can be pursued by researchers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers a review of the relevant literature that relates to the influence of customer value strategies on firm competitiveness. The areas covered include the theories that underpin the research, discussion on the customer value strategies and how they affect firm competitiveness as well as a section on the summary of literature and research gap.

2.2 Theoretical Review

This section delves into the theories that are pertinent to the study's goals. The unified service theory, resource-based theory and structure-conduct-performance framework anchored the study.

2.2.1 Unified Service Theory

The unified service theory (UST) was advanced by Sampson and Froehle (2006) and suggests that in order to effectively define a production process, there is need to incorporate the customer input in an organization service offering process since it is the most important distinction between service and non-service processes. According to the theory, customer inputs contribute to the product transformation process and as a result, the theory is of the view that the unit of analysis of a service is by how customer input is involved. The UST suggests that within the service processes, the inputs of a customer have an important role in the production process since it is of the view that customer participation is an essential component of service delivery. Indeed, the customer input is considered to be the root cause of the service uniqueness and how its management is to be actualized. Similarly, it distinguishes between service design and non-service design where process design should be an outcome of how customer inputs have been incorporated to the service offering by an organization (Florian & Constangioara 2013).

Customer involvement (as co-production) is an essential and inalienable core component of service delivery, according to its basic premise: Without participation, it is impossible to provide (public) services.

The theory identifies operational excellence and quality as being important dimensions of operational outcomes (Wang, Wallace, Shen & Choi, 2015). In the process, it becomes imperative that customer inputs to a service design should be the basis of gaining competitiveness. Accordingly, the important role of customer inputs that the unified service theory postulates provides a framework that cuts across all other theories that looked at customer presence as the key factor of customer service (Hawkins et al., 2015). However, though the UST provides an important basis of analysing customer service strategy, it has neither defined what customer input involves and what the expected outcome is to be like nor conducted strategic trade-off from the varied perspectives of the firm and customers in service delivery systems.

2.2.2 Resource Based View Theory

Penrose and Wernerfelt (1984) advanced the Resource Based View (RBV) theory in the beginning, and Barney (1991) subsequently enhanced the theory in different perspective. The RBV views the business as a particular collection of crucial physical and intangible resources that the company manages and that enable the organization to develop and put into action plans that boost its productivity and effectiveness. According to Barney (1991), a resource will only be a source of organizational competitiveness if it possesses a certain set of distinguishing characteristics that set it apart from those of other market participants. These include characteristics that a resource must possess in order to develop a sustainable competitive edge, including the need for it to be valuable, rare among both current and potential competitors, imperfectly imitable, and the inability to provide substitutes for well-known products that are technically comparable. However, because resources cannot be totally replicated or moved, it is anticipated that the product markets would remain steady and consistent (Barney, 1991, Kraaijenbrink et al., 2010).

Therefore, regardless of how strong a firm's competitive position may be right now, it is necessary to support the strategy by making use of its core capabilities, customer-driven tactics, and ongoing product and service development. This is due to the fact that, as Boyer, Swink, and Rosenzweig (2005) point out, the management must be able to successfully integrate these internal competencies in order to build a synergy before they can serve as a source of competitive advantage. The creation of customer service strategies is anticipated to provide a business the competitive edge needed to create items that other market rivals will find difficult to imitate. As Styles and Lages (2016) noted, customer-oriented sensitivity and product-innovation capacities are specific and socially dynamic and capable of producing specific export market positions. These controllable capabilities and resources determine the strategic advantage of the business in the export sector. As a result, the organization will be eager to develop internal capabilities that will support their long-term sustainability and build their operational structure within the parameters of these capabilities.

2.2.3 Firm-Structure–Performance theory

The structure, conduct, and performance (SCP) paradigm has its origins in Mason's (1939) work, which argue that organizations gain competitive advantages by tailoring their operational capabilities to the industry in which they compete. From the same background, firms should adjust their operational and technological innovations by being cognizant to the prevailing market conditions which alter market conditions, firm conduct and eventually result in a positive performance (Ralston, Blackhurst, Cantor & Crum, 2015). The SCP framework's core thesis is that an industry's economic success is a result of how customers respond, which in turn aligns organizational innovation, which is a function of the industry's structure. The SCP looks at efficient ways of improving productivity in an organization through analysis of the industry structure which guides the firm on which area it needs to improve its operations for sustained profits.

According to the structure – conduct – performance (SCP) framework, the importance of cross–firm collaboration is the pooling of resources in order to achieve certain operational efficiencies that might be difficult at individual firm level to achieve (Bierwerth, Schwens, Isidor & Kabst, 2015). This requires that firms appreciate that acting alone may not be enough due to a lack of adequate capabilities and resources such that a multi-firm approach will be a better option to be pursued. According to Flynn et al., (2010) operational processes and actions that require cross-organizational and cross-functional integration appreciate the benefits from strategic framework due to the benefits associated with coordinated actions that match the processes of different organizational activities. A case in point is the innovation processes that require substantial financial resources which can best be achieved through combination of what the customer wants and in which way.

Porter (1991) supports the aspect of industry composition that is generated from the adoption of standard operating procedures which come about due to the need to respond to the industry dynamics. The regulator for example might demand that certain operation standards be adopted and if an organization has the intrapreneurial culture, it can easily capture the policy shift as an opportunity and this will create necessary operational competitiveness. However, despite the importance that the SCP play in explaining the industry level phenomenon, Rumelt (1991) observed that it fails to account for the changes in the industry and associated regulatory environment, as well as the dynamic nature of competition. The scholar therefore recommends that it is important to not only liaise with other firms but more importantly is to look at incorporating the views of customers in coming up with new products.

2.3 Customer Value Strategies and Firm Competitiveness

Keränen and Jalkala (2014) sought to investigate three customer value strategies in the business by using business managers using the business-to-business operating in Finland. The research specifically sought to identify the influence of emergent sales strategy, having a dedicated value strategist and the life-cycle strategy and how they jointly and collectively impact the performance of the firms under investigation. The study established the different approaches that firms adopt in implementing customer value strategies through the process of sales delivery and post sales purposes. The results reinforce the importance of customers' value strategies being a company-wide activity and not only being considered as a marketing department function. The results contradict the earlier position held by such scholars (Lindgreen et al., 2012, Gro¨nroos, 2011). The results reinforce the need for business organizations to have a dedicated team of staff who will be involved in the assessing on continuous basis areas in which customer value can be increased with the objective of improving the firm competitiveness.

In India, Sahi, Gupta, and Lonial (2018) looked at the effect of customer value categories on the relationship between market orientation and commercial bank performance. The study emphasizes the fact that in today's industry, organizations have limited resources at their disposal, and as a result, a company can choose to be customer-focused or competitor-focused. Customer orientation, economic value, functional or technological value, and relational value were among the customer tactics examined. The findings to the study identify that for the Indian banks, improved firm performance was witnessed when both strategies are adopted by the financial institutions and at the same time direct more resources to the technical and functional value aimed at targeting the customers. The research findings suggest that as financial institutions, the firms need to aim at increasing different customer value types that are aimed at increasing the economic benefits (Bove & Johnson, 2009). Similarly, the study supports the earlier study that has shown that there is a relationship between the perceived value and a customer intention to repurchase a product or service in future (Parasuraman & Grewal, 2000; McDougall & Levesque, 2000).

Agus (2011) sought to determine solutions to improve production and customer performance through the use of overall quality management in order to improve Malaysia's manufacturing sector competitive advantage. TQM improved manufacturing company performance as well as customer-related performance by boosting customer-added performance in satisfying customer demands, according to the findings of the study (Gaither & Frazier, 2002). The results support earlier literature that shows that implementation of TQM practices resulted in improved performance. Service quality was acknowledged as an important strategy that results in customer satisfaction and in return results in customer loyalty since loyal customer was found to be less sensitive to price fluctuation (Porter, 1985). In turn, the high market performance enables a firm to attract more customers and be able to better management short-term business turbulence. The findings reinforce the observation that the success of a firm is as a result of the interaction between employees and customers and therefore making service quality to be a key strategic goal (Huggins, & Izushi, 2011).

Li (2009) submits that the relational value of the customer strategy aims at a firm committing to always take good care of its customers, maintain good relationship through addressing all the complains promptly to the satisfaction of its customers. Relational value between a firm and its customer is considered as a long-term collaboration and cooperation in business set up and is majorly developed through the interaction between suppliers and customers (Chien, Chen, & Hsu, 2012). A firm that aims to develop a strong relational value with its customers will have the customer complains being addressed and at all times the interest of the customers takes a prominent role. The importance of establishing a strong relational value include the ability of the customers sharing tacit information, develop a long-term partnership in business endeavours and at the same time result in establishment of mutual understanding. All these positive outcomes are expected to result in reduced transactional costs and results in customer satisfaction (Hassan, Nawaz, Lashari & Zafar, 2015). In return, the increase in customer satisfaction level will entice customer revisits of the service point or product, a move that will increase the store sales and eventually result in increased profit.

Frambach, Fiss and Ingenbleek (2016) sought to evaluate the importance of customer orientation on firm performance by attempting to establish the nexus between customer orientation, organizational strategies and business environment. The study highlights that the concept of customer orientation strategy requires that the organization evaluates on regular basis the level of customer service, customer satisfaction, encourages feedback from customers and develops products that are tailor made to customer specifications. Codini, Saccani and Sicco (2012) further expound by stating that customer orientation actions by an organization will include taking corrective action when the customer is dissatisfied from the organization actions, ensuring that the organization practices and procedures are tailored towards delivering customer satisfaction. This implies that customer orientation is concerned with implementation of marketing function from the level of individual customers and making the purchasing function to satisfy their needs and generate long-term satisfaction.

A firm’s long-term success depends on a company's capacity to create value for its customers (Voss, Voss, & Moorman, 2015). This, in regard to Barney (1991), is because creating functional value is a factor of competitive advantage. According to Slater's (1997) organizational theory based on customer value, the idea of customer value is a concept and aim that is gaining importance in corporate management ground since it aids the firm in achieving better performance. The functional value strategy deals with coming up with products and services that meet customer value, updating regularly customer requirements, management promising what it promises and always seeking to understand customer needs and requirements (Smith & Colgate, 2007). The addition to a customer perceived value is manifested by their willingness to pay for the same and the higher the willingness of the customers to pay for a service or product is a sign that the product value is higher. Customers will be reluctant to pay for a service which is inappropriate for them, even if it is delivered to them at lower price than the initial one (Chang & Wu, 2018).

2.4 Summary to the Literature and Research Gap

The literature covered and the empirical studies on the influence of customer value strategies on the firm competitiveness have attracted increased interest in the current competitive business environment. This interest has arisen due to the realization that firm competitive strategies can arise from adopting competitor-oriented strategies or through customer-oriented ones. However, the literature shows that a firm in most cases does not have control over competitor strategies and consequently justifying the use of the customer strategies (Chang & Wu, 2009; Codini, Saccani and Sicco, 2012).

From the studies undertaken, it is evident that majority of the studies have been undertaken in developed countries and limited in the developing countries, like Kenya. The competitiveness of the Kenyan insurance industry has increased over the period and due to the need to develop internal competency – according to the resource-based theory, customer centred strategies become a more viable option to be adopted by business entities. Consequently, this research will seek to fill the academic lacuna in the Kenyan context on how customer value strategies improve the competitiveness of Kenyan insurance firms.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section explores the methodology that was used in the study to achieve the study's goal. Target population, the study's research design, and data collection processes are the topics covered in this chapter. Additionally, the strategy and statistical data analysis techniques that was employed is also discussed.

3.2 Research Design

The study design included parameters of the research methodology that was employed to carry out the study so as to achieve its goals and objectives. It is referred to as a framework or action plan for research, a blueprint, or a master plan outlining strategies, techniques, and procedures for gathering and analysing relevant information (Collis & Hussey, 2017).

A cross-sectional descriptive research design was used because the research was univariate problem and thus the researcher did not interfere in the data being collected. It was cross-section because the research cut across all the insurance firms operating in Kenya at the same time. This research design was used in establishing the effect of customer value strategies on competitiveness of the insurance firms in Kenya.

3.3 Population of the Study

Hancock and Algozzine (2016) define the study population as a group of study components—either living or non-living—that a researcher has formed an interest in examining in relation to a certain hypothesis. These research components, or the target audience, are chosen depending on a number of criteria, such as the study's geographical limitations, its scope, its availability, and its deadline. The study's sample included each and every insurance company doing business in Kenya. As at 30th June 2021 there were 55 insurance firms registered by the

Insurance Regulatory Authority (Appendix II). Since all the insurance firms were investigated, the research was a census.

3.4 Sampling Technique

The researcher used a simple random sampling approach for convenience of sample identification. The researcher provided one questionnaire to each of the insurance firm and asked them to fill it out. Specifically, the target respondents in each insurance firm consisted of the marketing managers and business development managers. Due to time constraints, 1 respondent was selected from insurance companies registered by the IRA. The main reason for the inclusion criterion used is as due to the fact that marketing managers and business development managers play a critical part in development of policies in relation to customer value strategies. In addition, they are more conversant with the level at which organizational competitiveness has reached particularly before and after implementation of various customer value strategies.

3.5 Data Collection

This study used primary data collected through closed-ended questions on standardized questionnaires. Closed-ended items in the questionnaire are more likely to get quick responses. The questionnaire was divided into three segments. The demographic information provided by the respondents was covered in Section A, while Section B looked at the insurance companies' customer value strategies. Section C explored the effects of customer value strategies on insurance firms' competitiveness. The questionnaire was designed in a structured manner so as to capture the relevant information required for establishment of the research objective.

3.6 Data Analysis

After collecting the data, the researcher aligned the responses to ensure that they matched the expectations for completeness, consistency, and precision, which are essential to provide exact conclusions in keeping with the study's purpose. Data entry was carried out using the completed questionnaire after data cleaning was completed to eliminate missing values that might have adversely impacted the results.

In order to achieve appropriate findings, the researcher ensured that only the questionnaires that meet completeness and consistency criteria are coded and raw data entered into the statistical software for analysis. For ease of interpretation, descriptive statistics was computed specifically in relation to mean and standard deviation. Tables were used to display the data, and a regression equation was used to determine the strength of the association between customer value strategies and insurance firms’ competitiveness. The regression equation took the following form:

$Y = \alpha + B_1X_1 + B_2X_2 + B_3X_3 + \acute{\varepsilon}$

Y = Organizational Competitiveness

α = Constant (Co-efficient of intercept)

X_1 = Relational Value

X_2 = Functional Value

X_3 = Emotional Value

$\acute{\varepsilon}$. = Error Term

$B_1 \ldots B_3$= Regression co-efficient of three variables

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The chapter delves on the outcome of the findings from data analysis which was scientifically computed as discussed in the previous chapter. This is in regard to the study objective and the variables incorporated in the study. The data analysis technique was carried out utilizing social science statistical software. To summarize the data into presentable and interpretable conclusions, descriptive statistics were used. Inferential statistics, on the other hand, were produced in order to build a statistical link between the dependent and independent variables.

4.2 Response rate

The study's population consisted of 55 insurance firms operating in Kenya. The researcher sent one questionnaire to each insurance firm, aimed at marketing managers, business development managers, or others in similar roles. The research anticipated that the higher the response rate, the more credible the results, and hence the greater the generalization impact.

Table 4. 1 Response Rate

Questionnaires	Number	Percentage
Filled and collected	49	89.1
Non-response	6	10.9
Total	55	100

The research's sample size was 55 insurance company employees who were anticipated to respond in accordance to the study objectives. The researcher received 49 complete mailed questionnaire responses, with a return rate of 89.1%. As a result, the response rate was deemed appropriate for drawing inferences and reaching conclusions about the study topic. According to Mugenda & Mugenda (2003), a 50% response rate is adequate, 60% is considered acceptable, and 70% is considered very good. Similarly, Bailey (2000) recommends that a response rate of 50% is adequate, and a response rate of more than 70% is deemed as excellent. Therefore, the 89.1% response rate was deemed as extremely excellent for generalization of the results.

4.3 Demographic Information

Demographic information of the respondents yields significant information in regard to the level of understanding of the study area in theory and practise. The study aimed to establish demographic information distribution in regard to respondents' level of management, experience or tenure, organizational length of service and the number of employees in the organizations.

4.3.1 Hierarchy in Management

Employees' hierarchy in management determines the extent to which a research participant gets involved in organizational decision-making process. As such, the higher the hierarchy in management of a respondent, the more organizational information one has in regard to research subject. This is due to the fact that senior employees are more informed on organization operations because they are involved or informed of every aspect of daily activities in the firm.

Table 4. 2 Hierarchy in Management

Variable category		Frequency	Percent	Cumulative Percent
Valid	Senior management	18	36.7	36.7
	Middle management	26	53.1	89.8
	Supervisory	5	10.2	100.0

Total	49	100.0	

From the findings, more than 50% of the respondents (53.1%) indicated that they held middle level management positions in their firms, 36.7% and 10.2% of the respondents were senior level managers and supervisors respectively. The findings imply that the respondents were informed as far as customer value strategies and competitiveness of the firm was concerned.

4.3.2 Level of Experience

The number of years that an employee has served a given firm is an important demographic characteristic in research perspective because it informs the researcher about the level of understanding about different phenomena relating to the research objective. A more experienced respondent can tell the difference before and after introduction of a change that forms the foundation of independent variable which in this case is customer value strategy and its effect on the dependent variable, competitiveness.

Table 4. 3: Level of Experience

Variable Category		Frequency	Percent	Cumulative Percent
Valid	Less than five years	3	3.0	6.2
	5-10 years	20	40.8	47.0
	11-15 years	17	34.7	81.4
	More than 15 years	9	18.6	100.0
	Total	49	100.0	

The study findings shows that majority of the respondents (40.8%) had 5-10 years tenure in insurance industry, 34.7% have been serving insurance sector for 11-15 years, 18.6% for more than 15 years while the majority group (6.2%) have less than five years experience in insurance sector. The findings imply that majority of the respondents have a significant level of experience thus are informed of various operational activities before and after introduction of a change for instance customer value strategies.

4.3.3 Number of Employees

The number of employees in a organization aids in assessing the size of a given organization. Other research, on the other hand, may consider asset base as the true factor in measuring an organization's size. Table 4.4 summarizes the data on the number of employees in reference to the organizations in question.

Table 4. 4: Number of Employees

Variable Category		**Frequency**	**Percent**	**Cumulative Percent**
Valid	Less than 100 employees	3	6.1	6.1
	101 - 150 employees	16	32.7	38.8
	151 - 200 employees	22	44.9	83.7
	Over 201 employees	8	16.3	100.0
	Total	49	100.0	

As shown from the findings, 44.9% of insurance firms have between 151 and 200 employees, a third of the firms (32.7%) have 101 - 150 employees. In addition, less than a quarter (16.3%) of the firms have over 200 employees while 6.1% have less than 100 employees. As a result, the implication drawn from the findings is that majority of insurance firms are medium-sized organizations.

4.3.4 Length of Operation

The length of time in years an organization has been in existence aids in establishing a firm's viability in respect to the operational environment. It describes the degree to which an organization has experienced various components of customer value initiatives and their impact on organizational competitiveness.

Table 4. 5: Length of Operation

Variable category		Frequency	Percent	Cumulative Percent
Valid	Less than 10 years	5	10.2	10.2
	11-15 years	18	36.7	46.9
	16-20 years	17	34.7	81.6
	Over 21 years	9	18.4	100.0
	Total	49	100.0	

The study findings shows that 36.7% of insurance firms have been operating for 11-15 years, 34.7% for 16-20 years, 18.4% for over 21 years 10.2% for less than 10 years. The study findings imply that a larger number of insurance firms have been operating for a significant length of time thus have experienced different phenomena in regard to customer values strategies and organization competitiveness.

4.4 Customer Value Strategies

Customer value strategies plays a critical role in enhancing customer loyalty which culminates to organizational enhanced performance thus market competitiveness. The study measured customer value strategies based on three dimensions; relational, functional and emotional value strategies. In estimation of the extent of customer value strategy implementation among the insurance companies, the study used a five-point Likert scale where 1-strongly disagree and 5-Strongly agree. The statement with means of 3.5 and above indicated more responses inclined towards the agreement side, 3.0-3.4 indicated neutrality while less than 3.0 showing disagreement. The standard deviation shows the extent of variation in responses. Standard deviations less than 1 shows minimal variation while greater than 1 shows significant variation.

4.4.1 Relational Value

Table 4. 6 Relational Value

Statement	N	Mean	Std. Deviation
Customers feel committed to the insurance company	49	4.221	.8315
The insurance company redresses customer complaints satisfactorily	49	4.190	.8392
The company takes good care of its customers	49	4.061	1.1364
The frontline staff take good care of customers	49	3.948	.7668
Feelings of trust to the insurance company is strong	49	3.886	1.1232
The insurance firm is dependable because it is mainly concerned with customers interest	49	3.871	.9489
We treat our customers fairly	49	3.690	.9534
Valid N (listwise)	49		

Relational value has a total aggregate mean value of 3.981. As shown in the findings in relation to relational component of customer value, majority of the respondents agreed that customers feel committed to the insurance company (mean=4.221, std. deviation=0.8315) as a result of relational aspect of customer value strategies. In addition, the study revealed that insurance companies in their majority redresses customer complaints satisfactorily (mean=4.190, std. deviation=0.8392) and that takes good care of its customers (mean=4.061, std. deviation=1.1364). additionally, the study established that frontline staff in the insurance firms take good care of customers (mean=3.948, std. deviation=0.7668) thus enhancing their feelings of trust to the insurance company (mean=3.886, std. deviation =1.1232). According to majority of the respondents, insurance firms are reliable because they are mainly concerned with customers interest (mean=3.871, std. deviation=0.9489) while treating their customers fairly (mean=3.690, std. deviation=0.9534). The standard deviations established that there was minimal variation among the respondents' views in relation to relational value of customer value strategies. Generally, the findings imply that insurance companies have enhanced relational value aspect with an aim of enhancing customer value strategies and consequently improve organizational competitiveness.

4.4.2 Functional Value

Table 4. 7 Functional Value

Statement	N	Mean	Std. Deviation
The customers' requirements are generated and updated regularly	49	4.118	.8585
Insurance company employees are sympathetic to the customers concerns	49	4.061	1.1364
The organization uses customers' information to improve on the product quality	49	4.056	1.1066
The products offered by the company add customer value	49	3.487	.5689
Friendly environment exists in the company	49	3.485	.5688
The organization informs its customers about the advantages and limitations of its new products	49	3.331	.5445
The insurance company advertises its products through effective media channels	49	3.327	.5412
The organization sponsors cultural and social activities in the society	49	3.156	.5819
Valid N (listwise)	49		

Functional value has a total aggregate mean value of 3.628. Based on the findings, majority of the respondents agreed that as a functional value strategy, customers' requirements are generated and updated regularly by the insurance companies (mean=4.118, std. deviation=0.8585) and that insurance companies' employee are sympathetic to the customers concerns (mean=4.061, std. deviation=1.1364). We can also see from the findings that according majority of insurance companies' customers, the firms use customers' information to improve on the product quality (mean=4.056, std. deviation=1.1066) and that the products offered by the companies add value to the cost incurred by the customers (mean=3.487, std. deviation=0.5689). Additionally, majority of the study participants agreed that there is a friendly environment in the insurance companies (mean=3.485, std. deviation=0.5688) though majority were undecided on whether insurance firms inform their customers about the advantages and limitations of new products (mean=3.331, std. deviation=0.5445). Similarly, the study established that to enhance information flow to customers, majority of the respondents agreed that insurance companies advertise their products through effective media channels (mean=3.327, std. deviation=0.5412). As part of social responsibility among insurance firms, the study found that insurance firms sponsor cultural and social activities in the society (mean=3.156, std. deviation=0.5819). The findings thus imply that there are indeed functional customer value strategies implemented by insurance firms since majority of the respondents who are the employees of the firms agreed on various aspects of functional dimensions.

4.4.3 Emotional value strategy

Table 4. 8 Emotional value strategy

	N	Mean	Std. Deviation
The insurance firm has measures to enhance the level of customer service	49	4.191	.8392
The objectives of the insurance firm are tailored to the customer needs	49	4.093	1.1018
The insurance firm’s products are tailored according to the customer needs	49	3.691	.9534
The insurance firm practices and procedures are tailored towards delivering customer satisfaction	49	3.479	.5686
Whenever customers complain on the quality of the firm’s products, corrective measure is undertaken	49	3.282	.6333

	N	Mean	Std. Deviation
The insurance firm measures customer satisfaction on regular basis	49	3.103	.6826
The insurance firm consistently works to meet customer expectation	49	2.201	.9634
Valid N (listwise)	49		

Emotional value has a total aggregate mean value of 3.434. In relation to emotional aspect of customer value strategy, the findings show that insurance firms have measures to improve the level of customer service (mean=4.191, std. deviation=0.8392) and to align customer needs to organizational products, objectives of the firms are tailored to the customer needs (mean=4.093, std. deviation=1.1018). Furthermore, the findings established that organizations products are tailored according to the customer needs (mean=3.691, std. deviation=0.9534) with majority of the practices and procedures being tailored towards delivering customer satisfaction (mean=3.479, std. deviation=0.5686). From the findings, majority of the respondents were undecided on whether when customers complain on the quality of the organization's products, correction measures are undertaken (mean=3.282, std. deviation=0.6333) while measuring customer satisfaction on regular basis (mean=3.103, std. deviation=0.6826). The study findings also established that majority of the respondents disagreed on the fact that insurance firms consistently work to meet customer expectation (mean=2.201, std. deviation=0.9634). In reference to the findings, it is believed that insurance firms have put up measures to incorporate emotional aspect of customer value strategy with an aim of enhancing loyalty and thus competitiveness.

4.5 Organizational Competitive Measures

Table 4. 9 Organizational Competitive Measures

Statement	N	Mean	Std. Deviation
The advantage our products have over those of our rivals is considerable.	49	4.180	.85378
We keep tabs on how the demands and desires of our customers evolve	49	4.036	1.13527
Our product modifications are unique	49	3.990	.76848
Within the company, the rate at which we share information on competitor moves is satisfactory	49	3.881	1.12961
Complaints from customers are addressed expeditiously	49	3.861	.96906
Our capacity to gather strategic information from other businesses for the purpose of using it in strategic planning is strong	49	3.686	.95987
We adapt well to the shifting conditions of the market	49	3.314	.53779
Valid N (listwise)	49		

The primary aim of the research was to investigate the impact that customer value initiatives have on the organizational competitiveness of insurance companies. According to the findings of the research, one important competitive indicator is that the goods offered by insurance companies have a considerable advantage over those offered by competitors (mean=4.180, std. deviation=0.8578) and that customer value strategies have enabled insurance firms to track changes in customer needs and wants (mean=4.036, std. deviation=1.13527). Similarly, the study established that as a way of showing competitiveness, the product modifications are unique in majority of insurance firms (mean=3.990, std. deviation=0.76848) with good speed of sharing competitor moves (mean=3.881, std. deviation=1.12961). In addition, the study established that insurance firms have gained competitiveness since they respond quickly to customer complains (mean=3.861, std. deviation=0.96906) and also gather strategic information from competitors for use in strategic planning (mean=3.686, std. deviation=0.95987). Furthermore, majority of the respondents were undecided on the fact that insurance companies respond well to changes in the market (mean=3.314, std. deviation=0.53779). The study findings imply that there has been a positive impact realized on competitiveness of insurance companies as a result of customer value strategies.

4.7 Regression Analysis

The inferential part of statistical analysis of the dataset was achieved through computation of regression analysis. The analysis was done using statistical software for social science (SPSS V26). The data values were coded numerically and entered in the software to ease analysis and interpretation. Regression analysis provides three major tables that are normally used to interpret the association of the variables. The three tables comprise of the model summary table, the ANOVA table and the regression coefficient tables.

4.7.1 Model Summary

The degree of correlation (R), the coefficient of determination (R square), the adjusted R square coefficient, and the standard error of the estimate are included in the model summary of the regression analysis. The correlation coefficient has a standard range of -1 to 1, and it displays the degree of connection between the dependent variable and the independent variables as well as the direction of that correlation. The coefficient of determination on the other hand provides information in regard to the variation experienced in the outcome variable attributed to the predictor variables.

Table 4. 10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.532[a]	.283	.272	.8906

a. Predictors: (Constant), Relational, Functional, Emotional

According to the findings of the study in regard to the model summary of the regression analysis, it was discovered that the coefficient of correlation had a score of 0.532, which indicates that there is a positive and moderate correlation between customer value strategies and organization competitiveness. This was discovered in light of the findings of the research study project concerning the model summary of the regression analysis. Secondly, the coefficient of determination (R square=0.283) implies that the three aspects of customer value strategies; functional, relational and emotional value strategies explain 28.3% of the overall competitiveness of insurance companies.

4.7.2 ANOVA

The analysis of variance (ANOVA) table tests the significance of the model in relation to goodness of fit for the study data.

Table 4. 11 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	59.515	3	19.838	25.010	.000[b]
	Residual	150.712	46	.793		
	Total	210.227	49			

a. Dependent Variable: Competitiveness

b. Predictors: (Constant), Relational, Functional, Emotional

The ANOVA table computed showed that the F statistic= variation between sample means / variation within the samples was 25.010 and the significance level was 0.000. This implies good model fit for the data since the significance value was less than 5% ($0.000<\alpha\leq 0.05$).

4.7.3 Regression Coefficients

Regression coefficients demonstrates the relationship between each of the independent variable and the outcome variable on positivity or negativity aspect. The regression coefficient table also provides the extent of significance in each of the variables based on the significance values tested at 5% significance level.

Table 4. 12 Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	.796	.338		2.359	.019
Relational	.371	.072	.365	5.176	.000
Functional	.291	.068	.266	4.251	.000
Emotional	.086	.058	.106	1.489	.138

a. Dependent Variable: Competitiveness

Based on the study findings, keeping relational, functional and emotional customer value strategies constant, competitiveness of insurance companies will have a constant value of 0.796 units. However, effective implementation of relational aspect of customer value strategy improves competitiveness of the companies in question by 0.371 units. Similarly, strategies put in place to enhance functional value strategy brings a positive impact on competitiveness of insurance companies by 0.291 units. In addition, emotional value strategies influence organizational competitiveness by 0.086 units. In regard to the significance of the positive effect, the study established that the effect of relational and functional customer value strategies has a significant effect (α=0.000 and α=0.000 respectively) while emotional customer value strategy insignificantly (α=0.138) affects competitiveness of the firms under study.

Hence the resulting regression model is presented as;

Competitiveness = 0.796 + 0.371(relational value strategy) + 0.291(functional value strategy) + (emerging errors)

4.7 Discussion of the Findings

The study aimed to establish the effect of customer value strategies on organizational competitiveness among insurance companies. The study incorporated three dimensions of customer value strategies; relational, functional and emotional value strategies. From the descriptive statistics computed, there is an average agreement among the respondents that insurance firms have greatly implemented strategies that enhances customer value strategies in all the three dimensions; relational, functional and emotional.

In regard to inferential statistics, the study established that effective implementation of relational aspect of customer value strategies brings a positive effect on competitiveness of insurance firms. This therefore implies that there exists a positive relationship between relational aspect of customer value strategy and competitiveness of insurance companies. In the same line, the study established that the relationship between the relational component of customer value strategy and organization competitiveness is significant. Hence, in relation to previous studies, the study findings laud the study by Chien, Chen and Hsu (2012) that a firm that aims to develop a strong relational value with its customers will have the customer complains being addressed and at all times the interest of the customers takes a prominent role thus enhancing customer loyalty and long-term improved results relating to competitiveness.

Based the second specific objective of the study that is; the effect of functional value strategy on competitiveness of insurance firms, the study found that appropriate implementation of various strategies relating to functional value strategies enhances customer loyalty hence performance. As a result, there is a positive effect realized on organization competitiveness attributed to functional aspect of customer value strategy. Similarly, the study established that the effect is statistically significant. Thus, the study findings are in tandem with Codini, Saccani and Sicco (2012) that firms that have adopted the functional value strategy assessed the continuous improvement benefits made to customers process leading to increased firm competitiveness through such benefits as cost reduction, customer loyalty and satisfied customer.

Thirdly, the study established that with effective formulation and implementation of strategies relating to emotional aspect of customer value strategies, competitiveness of insurance firms will improve. As a result, the resulting model coefficient of emotional dimension was positive thus a positive effect on competitiveness of insurance companies. In this regard, there is similarity between the study findings and those of Hassan et al. (2015) that emotional aspect of customer value strategy makes customers to be identified with products of a given company in return, there will be an increase in customer satisfaction level thus allowing customer revisit of the service point or product, a move that increase the sales and eventually result in increased profit.

In conclusion, it can therefore be argued based on the study findings that effective implementation of customer value strategies enhances customer-organization relationship. The relational aspect of customer value strategy brings the aspect customer-product identity where customers create the sense of belonging towards an organization product that is tailor-made based on the needs of customers. On the other hand, the functional aspect enhances the role of employees in the organization in delivering services to the customers. In turn, long term efficiency in service delivery improves customer satisfaction due to the seamless flow of operations in the organization. Based on the emotional aspect of customer value strategy, it goes without saying that customers will tend to attach themselves to an organizational product through subscription of the products and therefore enhancing customer loyalty and long-term success.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The results of the study are analyzed, and a summary, a conclusion, as well as some recommendations to both theory and policy are provided in this chapter. In addition to providing specifics on the constraints that were present during the course of the research, the study also offers recommendations that future researchers may take into consideration. The suggestions were presented with consideration to the findings of the study.

5.2 Summary of the Findings

The purpose of the study was to determine whether or not a customer value strategy had an impact on the level of competition among insurance firms in Kenya. The research took into account the relational, functional, and emotional value strategies for customers as the three primary components of customer value strategy. In order to undertake an exhaustive analysis of the data, the research used both descriptive and inferential statistical methods. The differentiation statistics demonstrated the link between the dependent and independent variables, while the descriptive statistics presented a summary of what the investigation found. From the descriptive statistics, the study found that insurance firms have implemented strategies that supports emotional, relational and functional aspects of customer value strategies to a good extent.

On the other hand, inferential statistics gave individual influences of the three dimensions of customer values strategy on competitiveness of insurance firms. To begin with, it was established that there is a positive and a significant relationship between relational component of customer value strategy and competitiveness of firms. The study found a positive beta coefficient (β=0.371) and significant value less than 0.05 (α=0.000). In promotion of emotional aspect of customer value strategies, the study established that insurance companies take good care of customers thus promoting trust and loyalty among customers. In addition, customers belief more on the products of insurance companies due to reliability of its products.

In regard to the influence of functional dimension on competitiveness of the firms in question, the study established a positive and significant influence. Based on the regression model, functional value brings a positive (β=0.291) and significant (α=0.000) value to competitiveness of the firms. Furthermore, the study established that as a result of functional value strategy, the requirements of customers are generated and updated on regular basis. To further enhance implementation of functional value strategy, the findings showed that employees of insurance companies are sympathetic to the customers' concerns. According to the findings also, the functional aspect of customer value strategy has been a significant customer value strategy addition that enhances customer loyalty culminating to competitiveness of insurance firm.

The study also aimed to establish the influence of emotional aspect of customer value strategy on competitiveness of insurance companies. From the findings, it was established a positive (β=0.291) but insignificant (α=0.138) influence that emotional value has on competitiveness of insurance firms. In this aspect, the study found that insurance firms have put strategies that enhance implementation of emotional value strategy.

The majority of insurance companies have products that have an advantage over those of their rivals as a result of the alignment of those products in accordance to the needs and wants of customers, as was determined by the study, which was based on the overall influence that customer value strategies have on competitiveness. In addition, customer value initiatives have made it possible for insurance businesses to more swiftly react to complaints from customers as well as changes in the market. According to the findings of the research, the customer value strategy and organizational competitiveness have a correlation coefficient of 0.532, which indicates a modest level of connection between the two. According to the findings of the research, the three different types of customer value strategies, namely relational, functional, and emotional value strategies, are responsible for 28.3% of the total competitiveness of the organization.

5.3 Conclusion

In respect of the study findings, the study makes conclusions as follows. First, insurance companies have averagely achieved implementation goals in relation to customer value strategies. This is in relation to the fact that majority of the respondents agreed with availability of strategies that relate to relational, functional and emotional value strategy. In relation to relational value strategy, insurance companies have frontline staff who takes good care of customers and have products that are reliable because the products are customer oriented and serve their interest. Hence, a positive and significant influence on competitiveness of insurance companies.

Additionally, the study concludes that the functional aspect of customer value strategy enhances competitiveness of insurance companies. This is due to the fact that the functional value positively and significantly improves competitive capacity of insurance firms. The study further concludes that the functional value strategy allows insurance firms to generate and update the requirements of customers. In addition, it allows employees to feel sympathetic towards customer concerns.

Thirdly, the study concludes that the emotional value strategy brings a positive although insignificant influence on competitiveness of insurance firms. The products of insurance firms create the emotional value for customers in the sense that products are tailored according to the customer needs. Further, the emotional aspect is realized among the customers in that insurance firm practices and procedures are tailored towards delivering customer satisfaction.

Based on the overall influence of customer value strategy on performance, the study concludes that customer value strategy explains less than 30% of the insurance sectors competitiveness.

However, despite the low percentage influence that customer value strategies have on organization competitiveness, the study established that some of the indicators of competitiveness attributed to customer value strategies include responding quickly to customer complaints, unique product changes, tracking changes to customer needs, ability to gather strategic information from competitors for use in strategic planning is good among others.

5.4 Recommendations

Drawing from the summary and conclusion of the findings, the study makes recommendations for practice and theory. First, the study established that relational value strategy positively and significantly influences competitiveness of insurance companies. In this respect, the study recommends that more effective relational strategies should be implemented to enhance customer loyalty which will increase performance of the companies thus resulting to increased competitiveness.

Secondly, since there is positive and significant influence realized on competitiveness of insurance companies as a result of functional value strategy, the study recommends that insurance companies should focus on implementation of appropriate functional value strategies that will serve the customers better and make them realize the value for their money. By doing so, there will be more new customers and increased customer referrals due to customer value realized on functional value strategy aspect.

In respect to the emotional value strategy, the study makes recommendation that the management of insurance companies should delve more on improving the quality of products that will make customers feel good and relaxed. Good customer value through emotional dimension makes customer continuously subscribe to the products thus enhancing loyalty among the customers. In the long run, this will improve competitiveness of insurance companies.

5.5 Limitations of the Study

The research had a few limitations, but because preventative steps that were implemented, the limitations did not prevent the objective from being accomplished. These limitations include the fact that the level of truthfulness among the respondents could not be guaranteed since they were offering comments on their employer, and it is conceivable that they may have provided exaggerated views about specific customer value strategy or its effect on competitiveness. Another restriction is that it is possible that the respondents might have offered responses that were contradictory to one another. In the research, only three different customer value strategies were taken into consideration; however, there is a possibility that there are many more factors; this may explain the limited degree of influence to which the strategies have on competitiveness.

Because the scope of the research was restricted to insurance companies in Kenya, the findings cannot be extrapolated to apply to other organizations or companies operating in other countries or other legal systems. In a similar vein, as the study used a descriptive research strategy, the results cannot be compared to those produced using other research methods, such as a time series. Nevertheless, in spite of the limitations mentioned above, the results of this study will serve as an essential reference material in further research as well as in the regulatory choices that are made by managers and policy makers.

5.6 Suggestions for Future Studies

The study proposes that future studies derive alternative methodologies and sources of data in addition to primary data due to the ambiguity of responses from the samples with regard to data obtained concerning organizational features in particular on the issue of interest. Providing value to customers is another important component of organizational strategic management. As a consequence of this, further research have to contemplate the incorporation of more practices in order to ascertain whether or not the proportion of influence on competitiveness that can be attributed to customer value strategy will rise.

Given that the scope of the present research was restricted to the insurance industry in Kenya, it has been proposed that future research should take into account the possibility of examining other areas of the economy in order to evaluate the significance of generalizing the findings. The descriptive research design was also used in the analysis and presentation of the results of the currents study. On the other hand, it has been recommended that future research should take into account various designs that concentrate on the subject of interest for a predetermined amount of time.

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APPENDIX

Appendix 1: Letter to the Respondents

Anne Kamoni

P. O. Box 102838 - 00101

Nairobi, Kenya.

30th September, 2021

Dear Sir/ Madam,

I am a University of Nairobi student who is now conducting research on the topic "impact of Customer Value Strategies on the Competitiveness of Insurance Companies in Kenya" as part of a course requirement. I'd like to enlist your assistance in completing the accompanying questionnaire. Your answers to the questions will be kept strictly secret and used exclusively for academic reasons. If your will wish to get the results of the research, please get in touch with the undersigned.

For more information about this study, you can contact the Principal Investigator on Tel: **0722994052**

I am looking forward to your cooperation.

With kind regards,

…………………………………………..

Anne Kamoni

Appendix II: Questionnaire

Section A: Demographic and Bio-Data Information

1. Name of the Insurance (Optional)…………………………………….

2. What level of management are you?

a) Senior management	( )	b) Middle management	( )
c) Supervisory	( )	d) Others (Specify)	( )

3. For how long have you worked in the insurance company?

a) Less than 5 years	( )	b) 5 -10 years	( )
c) 11 – 15 years	( )	d) More than 15 years	( )

4. How many employees are there in your organization?

a) Less than 100	( )	b) 101 – 150	( )
c) 151 - 200	( )	d) Over 201	( )

5. For how long has the insurance company operated in Kenya?

a) Less than 10 years	( )	b) 11 – 15 years	( )
c) 16 – 20 years	( )	d) Over 21 Years	( )

SECTION B: Customer Value Strategies

6. The following is a list of many types of customer value strategies that are used inside your insurance firm. Please indicate the degree to which you agree with the statement by marking the checkbox that corresponds to the option that you consider to be the most relevant in light of your perspective. In relation to this, a Likert scale consisting of five points is used:

Key; 5) Strongly agree; 4) Agree; 3) Neutral; 2) Disagree; 1) **S**trongly disagree

Statement	5	4	3	2	1
a) Relational Value					
Customers feel committed to the insurance company					
The company takes good care of its customers					
The frontline staff take good care of customers					
The insurance company redresses customer complaints satisfactorily					
Feelings of trust to the insurance company is strong					
We treat our customers fairly					
The insurance firm is dependable because it is mainly concerned with customers interest					
b) Functional Value					
The customers' requirements are generated and updated regularly					
The organization uses customers' information to improve on the product quality					
The products offered by the company add customer value					
The insurance company advertises its products through effective media channels					
The organization sponsors cultural and social activities in the society					
The organization informs its customers about the advantages and limitations of its new products					
Insurance company employees are sympathetic to the customers concerns					
Friendly environment exists in the company					
c) Emotional Value					
The insurance firm has measures to enhance the level of customer service					
The insurance firm measures customer satisfaction on regular basis					
The firm's products are tailored according to the customer needs					
Whenever customers complain on the quality of the firm's products, corrective measure is undertaken					
The objectives of the insurance firm are tailored to the customer needs					
The insurance firm practices and procedures are tailored towards delivering customer satisfaction					
The insurance firm consistently works to meet customer expectation					

Section C: Organizational Competitive Measures

4. The indicators of organizational competitive advantage are listed below. Please outline the extent to which the organization has met these objectives. Key:

5 - Very great extent   4 - Great extent   3 - Moderate extent   2 - Little extent

1 - No extent

Statement	5	4	3	2	1
The advantage our products have over those of our rivals is considerable					
We adapt well to the shifting conditions of the market					
We keep tabs on how the demands and desires of our customers evolve					
Our product modifications are unique					
The advantages that our goods offer over those of our competitors are tremendous					
Within the company, the rate at which we share information on competitor moves is satisfactory					
Our capacity to gather strategic information from other firms for the purpose of using it in strategic planning is strong					
Complaints from customers are addressed expeditiously					

THANK YOU SO MUCH FOR YOUR TIME.