

**COMPETITIVE STRATEGIES AND PERFORMANCE OF SELECTED INSURANCE
COMPANIES IN NAIROBI CITY COUNTY, KENYA**

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DECLARATION

Student Affirmation

I confirm the originality of this project and affirm that it has not been submitted for any academic award elsewhere.

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DEDICATION

I devote to my entire household this research undertaken, particularly for always encouraging me to push myself further and for enduring moments of absence when I was preoccupied with this academic pursuit.

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ABBREVIATIONS AND ACRONYMS

AKI	Association of Kenya Insurers
GDP	Gross Domestic Product
IRA	Insurance Regulatory Authority
MSEs	Medium and Small Enterprises
NACOSTI	National Commission for Science, Technology and Innovation
NSE	Nairobi Securities Exchange
RBV	Resource Based View
ROA	Return on Asset
ROE	Return on Equity
SACCOs	Savings and Credit Cooperative Societies
SEM	Structured Equation Modeling
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences

DEFINITION OF KEY CONCEPTS

Competitive Strategies	Competitive strategies are strategies designed or formulated to help organizations gain competitive advantage. The measures of competitive strategy include; innovation, differentiation, cost leadership and market focus strategies.
Cost Leadership Strategy	is regarded as a tactic or approach companies employ to cut the costs of their goods and services. It was assessed in terms of service cost, operational cost, and optimal capacity utilization.
Differentiation Strategy	It entails a company establishing its distinctiveness and originality and differentiating itself from rivals as a result. It was measured by product, technology, and process differentiations.
Innovation Strategy	It refers to plans utilized by companies to promote improvements in services. It was measured in terms of improved processes, enhanced implementation, and advertisements.
Market Focus Strategy	It comprises a company deciding to concentrate on a specific industrial niche based on the qualities of its market, customers, and services. Customer analysis, market segmentation and targeted niche was used to assess it in this research.
Organizational Performance	is commonly known as the aptitude of organizations to attain their set objectives and produce good outcomes. It was assessed as profitability, and market share.
Performance	this is a vital phenomenon aimed at determining the accomplishment of an establishment. It was measured as profitability and market share.

ABSTRACT

Kenyan insurance companies have been able to provide insurance services to array of people and businesses. The insurance industry has, however, lately been subjected to intense competition, which led to a fall in their performance and forced them to put in place procedures that can enhance their performance and effectiveness. In 2018, there was a Kes 6.3 billion loss in net profit for the Kenyan insurance sector. Therefore, this study attempts to look into the effect of competitive strategies on selected insurance firms' performances of within City County of Nairobi, Kenya. Particularly, it sought to find out what effect differentiation, market focus, innovation strategies as well as cost leadership has on selected insurance firms' performance in Nairobi, Kenya. Theories which provided the background in this study were Resource Dependency theory, theory of dynamic capabilities and theory of resource-based view. 194 management-level workers from the four insurance companies with headquarters located in Nairobi County, Kenya, served as the target demography. The 135 responders from the target population were specifically selected by utilizing the stratified random sampling method. A questionnaire that is well structured was the means by which primary quantitative data was obtained. Using a descriptive research approach and an insurance company document examination yielded secondary data. The questionnaire had two sections which were self-administered. The questionnaire validity was assessed with content and construct validity, while reliability was determined through internal consistency of 0.70. Following the collection of data, the researcher proceeded to carry out an analysis by the use of inferential as well as a descriptive statistic, with the findings being displayed in tables. All through the process of the research the researcher dutifully complied with ethical principles. Findings disclosed that cost leadership insignificantly and positively affected these selected insurance companies' performances. Pertaining to the effect, the regression findings discovered that strategy of differentiation has an insignificant positive influence on performance. The regression output demonstrated that market focus strategy has an insignificant effect that is positive on performance. The regression findings found that innovative strategy has a significant effect that is positive on the selected insurance firms' performance in Kenya's County of Nairobi. The research recommends that insurance companies should focus on developing robust operational efficiency strategies. This could involve investing in digital transformation to streamline processes, improve customer service through technology-enabled platforms, and enhance data analytics capabilities to better understand market trends and customer needs. By shifting focus towards operational excellence and technological innovation, these companies can potentially improve their overall performance more effectively than relying solely on cost leadership strategies.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Within the framework of the financial services setting the insurance market is a significant participant in almost every developed and developing nation. The efficiency of insurance companies supports industrial growth in addition to helping individual enterprises' market values rise. In the end, it contributes to the economy's general growth and success (Omondi & Muthuri, 2018). In 2019, the insurance sector's worldwide GDP contribution increased to 7.23% from 6.1 percent in 2018 (Swiss Reinsurance Company, 2020). Nonetheless, this suggests that in the event of a global economic disaster, around 92% of the world's wealth might be lost and might not be recouped. The earlier Covid-19 epidemic was predicted to cause a global recession because of lost income, joblessness, and the unfortunate bearing it had on all commercial operations. The sector of insurance suffered greatly, and it was predicted that global growth would drop by 4% in 2020 before picking up in 2021. Due to multiple instances of insurance companies failing, worries about the performance of the insurance industries have been raised recently.

In USA, the profits of insurance firms have fallen 2.9% yearly for the majority of the past three years. Lower earnings are the result of increasing investment expenses notwithstanding higher revenue growth. When compared to equivalents in other financial services, the market capitalization of life insurers has dropped over the past 35 years, from 40% in 1985 to 17% in 2005 to only 9% in 2020 (Gaganis & Pasiouras, 2018). The recent worldwide crises' impact on liquidity has impacted the financial soundness of insurance enterprises in the United Kingdom. Since this has had a significant impact on both their assets and obligations, many insurers have suffered

greatly. Insurance coverage and insurance density have decreased in the UK insurance market (Mehari & Aemiro, 2018).

In China, the Chinese insurance market has struggled to generate returns larger than the cost of capital. Nearly two-thirds of insurers in the worst quintile of performance stayed there after ten years, and insurers have failed to outperform their peers in this regard (Choi, 2019). The sector is having trouble producing income that is profitable after capital costs.

East Africa is known for having the best economic development on the continent, implying that the industry has even more room for improvement. The East African area had the greatest market penetration in 2019, with 2.37 percent, the same proportion as the Kenyan market (AKI, 2019). However, according to Deloitte & Touche (2018), the insurance sector in East Africa has experienced a decline in performance, which may be ascribed to the market's and technology's quick changes as well as the many rules that place limitations on performance. A spike related to emergence of new insurance enterprises as well as the advancement of different branches as a result of trade tariff streamlining adopted by regional executives at insurance firms led to strong competition and a loss in performance (AKI, 2018). It is advised for insurance businesses to act to differentiate themselves as a result of the enormous number of participants in the insurance sector in order to stand out in terms of products and services, which can improve their performance (Odhiambo, 2020).

Kenya's insurance sector, according to Price-Waterhouse Coopers, is not as sophisticated as that of Western and Asian countries, although growing at a slower rate (Price Waterhouse Coopers, 2020). Competition, regulations, and financial reporting are the three most pressing challenges in Kenya's insurance market. In this industry, changes have been undertaken to build investor

confidence and generate much-needed investment. If insurers are to consolidate, a combative setting must be established in order for them to appropriately take pricing risks as opposed to engaging in price dispute. Insurance businesses in Kenya have struggled to function successfully since the products they offer are simple to copy and the market climate in Kenya is always changing (Ouma, Obonyo & Yabs, 2019). There are now more new competitors and industry competition as a result. The industry's bad performance is mostly due to a high staff turnover rate as well as a negative public perception of insurance companies' products (AKI, 2018). Insurance companies must come up with tactics to enhance performance so as to get over these challenges and become a sought-after industry (Ouma *et al.*, 2019).

Businesses compete for consumers' needs and wants, market share, clients, revenues, and services in the rapidly changing business and economic environments of today. Due to the degree of high-tech vicissitudes brought about by global market competition, customers actively search for high-value goods and services at competitive prices (Dwivedi, 2021). Consequently, the increasing levels of global competition have led to the decline in product life cycle, thereby leading to concentration on competitive advantage with the aim of having an edge over another competitor in marketplace. Though there are many objectives that a firm seeks to achieve, gaining a competitive edge and improving organizational performance in comparison to their rivals are the two main goals. (Charles, Kule & Kapaya, 2021). Porter (1980) noted that competition is not the result of coincidence or lack of luck. In actuality, competition fosters the growth of an industry. competitive strategy is thus the chase for an edge within a specific market or niche, the actual base for competition. The entire target of competitive strategy is setting up a gainful and enduring posture against the influences of rivalry within the industry.

1.1.1 Organizational Performance

Organizational performance is the difference between an organization's current output or results and its target efficiency or goals (Abdalkrim, 2013). The structure within which choices on which possibilities to choose are made to guarantee an organization's path, is regarded as organizational performance (Babelova, Vanova & Prajova, 2018). The major objective entails developing a very thorough understanding of the circumstances surrounding an organization's performance. However, the managers must try to closely watch and examine their surroundings, in addition to examining their rivals. Efficiency is a sign of a corporation, firm, or person achieving its aims, according to Al-Ababneh (2018). The performance of business is reported to be a company's capability to achieve its targets through effective and efficient resource management. Effectiveness relates to how a company uses strategies to achieve set goals, while efficiency relates to how it provides products that meet customer needs. Furthermore, according to Abdi and Kinyua (2018), performance shows a company's ability to accomplish its goals through strong administration, efficient managerial strategies, and ongoing recommitment to achieving the desired results. According to Poister (2018), it is possible to use financial factors to evaluate a company's organizational success and it's the same for non-financial factors. The key to obtaining significant financial results and great levels of client satisfaction is believed to be internal business processes. Non-financial performance measures include consumer satisfaction, business connection and employees. companies are beginning make use of the performance measurement technique of performance analysis in recent years.

Financial profitability, excellent customer service, internal company processes, including skill development, are all areas where fair overall scores measure a company's performance (Ben, 2021). When determining efficiency, there must be a significant connection between business goals, measurement techniques, and real results. The importance of performance measurements

must also be explained explicitly. Divergent approaches can be utilized to measure success of business such as, performance measurement, balanced scorecards, and key performance indicators (KPIs). They specify a system of principles in opposition to which to determine. There are 2 types of KPIs: qualitative and quantitative. Ingestion, results, action, method, regulation plus period are all elements that are measured. When developing KPIs, precise, quantifiable, achievable, reasonable, and time-bound standards should be followed (Ben, 2021). This study evaluates the establishment's success as tied with combative edge over its rivals, as well as its overall profitability and market share.

Hossain *et al.* (2019) measured organizational performance using revenue, client loyalty, market share, clients retained, and client satisfaction. Njoki (2018) utilized company's market position, financial achievements, and market share to assess its organizational performance. According to Chebet and Muturi (2019), organizational performance was assessed in terms of the income the company generates. According to Akintokunbo (2018), market share and productivity was used to measure performance. Studies have been carried out on performance measurements of Insurance companies. Sharma, Jadi and Ward (2018) utilized rating grades as indicators of financial performance in UK insurance companies. Maroofi *et al.* (2017) investigated the organizational performance of insurance companies in Kurdistan Province and measured performance in terms of customer satisfaction and ROA. Kang'ombi and Mungule (2023) assessed performance of insurance companies in Zambia by utilizing ROA. Waeni (2022) measured performance of insurance companies in Nigeria with efficiency, effectiveness, product quality, number of branches and customer satisfaction.

1.1.2 Competitive Strategies

Competitive strategies are strategies designed or formulated to help organizations gain competitive advantage (Isaboke, 2018). According to Johnson and Scholes (2005) competitive strategy are driven to ensure business corporations and organizations can maintain competitive advantage in the market industry. High-performing strategies are those that prioritize customer satisfaction and focus on product and service innovations that adapt to changing market demands. By retaining existing clientele and attracting new ones, these innovations also increase market penetration (Nguyen, 2018). Using technology effectively, finding new markets, providing exceptional customer service and support, promoting widely, utilizing outside funding, stressing cost-effectiveness, and being mindful of staff productivity are other activities linked to high-performing methods. The purpose of competitive strategies is to provide firms with a competitive edge (Isaboke, 2018). For business corporations and organizations to maintain competitive advantage within the marketplace there is need for a sound strategy that is competitive as well (Johnson & Scholes, 2005).

Businesses employ several strategies which includes cost leadership. This is made possible by lowering the prices they charge for the goods or services they provide. The most reliable method for boosting an organization's market share and overall performance, according to Edson *et al.* (2021), is to implement a cost leadership strategy that attracts many potential customers. According to Kimiti, Muathe, and Murigi (2020), a cost leadership strategy that focuses on cost advantages, operational efficiency, and average total cost of production improves the performance of the enterprises and gives them a competitive edge. A company's capacity to offer services and goods at cheaper prices than its rivals is known as their cost leadership strategy. To gain a significant market share, the cost leadership approach emphasizes the idea of low cost (Wairimu

et al., 2020). It is possible to implement a cost leadership strategy through attaining low operational expenses, minimal loss of assets, and logistics and purchasing efficiency.

Differentiation strategy entails an organization establishing its distinctiveness and originality and being distinguished from its rivals based on that (Edson *et al.*, 2021). Differential approach aids businesses in gaining customers' loyalty, particularly through either product or service differentiation (Elikwu & Mohammed, 2020). The research, branding, customer service, technology, and other aspects of their niche are typically dominated by companies that use differentiation strategies (Okeke & Ugwuegbu, 2018). Differentiation strategy is the process by which businesses market their goods and services in a way that sets them apart from those of their rivals (Isaboke, 2018). Organizations are able to achieve a competitive edge through differentiation strategy, which subsequently aids in improving their overall performance (Njoroge, 2017). Part of the unique positioning strategy is creating unique products that stand out in the marketplace and building the company's brand in terms of service quality, options offered, hours of operation, design, etc.

Market focus strategy is a competitive approach that focuses on delivering exclusive offerings to its clientele. It is about creating a niche surrounding customers' needs and preferences in order to keep them satisfied which in turn helps to boost organizational performance (Akintokunbo, 2018). Organizations that adopt market focus strategy rely on a given niche thereby putting efforts into studying the nitty-gritty of the market thereby imitating those approach and dynamics to give customers satisfaction and improve their growth (Khan, 2019). The basic importance of market focus strategy is about concentrating on a particular customer base, niche, geographical location, and production process. In line with Njoroge (2017), market focus strategy can either be

differentiation or has low-cost advantage while focusing on customer and market needs and also the production and delivery process.

Innovation strategy act as a road map for decisions about how to spend resources in order to accomplish a business goal for creativity, give importance, and obtain an advantage over competitors (Povolná, 2019). Innovative business plans that support technology or delivery advancements also fall under the category of strategies. In a changing environment, innovation becomes crucial for driving growth, maintaining performance, and advancing results. Two related essential competitiveness goals that must be controlled are raising the level of product quality and the technological standard of the entire organization (Aksoy, 2017). Innovative corporate plans are those put in place to support technical or delivery advancements. According to Petersen and Kruss (2019), organizations must adopt a proactive strategy if they wish to retain both profitability and growth.

1.1.3 Kenya's Insurance Companies

Kenyan Insurance legislation's Act Chapter 487 states that the Authority of Regulatory for Insurance (IRA) is in charge of overseeing the industry of insurance. The government organization known as IRA is in charge of monitoring and promoting the development of Kenya's insurance sector. Founded in 1987 by brokers of Kenya the Association of Kenyan Insurers (AKI) target was supporting members with standard practices, enlightening the public and the expansion of the market for insurance. As of 2017, 55 companies in Kenya were authorized to provide insurance (AKI 2017). According to a 2013 Standard Investment Bank research, there is market concentration in Kenya, with five major insurers controlling 40% and 70% of the general insurance as well as and life assurance markets, correspondingly.

The various actors in the sector include brokers, agents, loss adjustors, surveyors, reinsurers, and risk managers. The fastest-growing insurance market in East Africa is in Kenya, as reported by the KPMG Kenya Insurance Survey Report (2016), with 3 percent penetration and 51 businesses. According to the Association of Kenyan Insurers' (2015) report, life insurance and general insurance account for 1.2 percent and 3% of Kenya's GDP, accordingly. According to Kamau (2017), the main concerns hurting Kenya's insurance market are intense competition and poor participation. According to the IRA industry report (2016), the creation of new brands, enhanced guidelines, insurance products, increasing consciousness, and digitization of business operations are the primary factors of insurance growth in Kenya. As shown in the IRA's 2014 annual report, certain insurance companies lack the necessary capitalization to cover big and growing risks including political unrest and terrorism. As a result, a study of the Kenyan insurance industry was required.

1.2 Statement of the Problem

The insurance sector has recently experienced fierce competition, which has compelled them to put in place methods that can support their growth and effectiveness. The Kenyan insurance industry's net profit decreased in 2018, resulting in a loss of KES 6.3 billion. Additionally, its market share decreased from 2.88% in 2014 to 2.4% in 2018 (IRA, 2019). Their revenue growth has decreased as a result of the rigorous requirements from the Insurance Regulatory Authority (IRA), which has had a detrimental impact on their performance (IRA, 2019). Only 7.9% of Kenya's population, according to Odhiambo (2020), has access to insurance, whereas 89% of Kenyans lack any kind of insurance, indicating a low market share for insurance providers in Kenya. Additionally, Odhimabo (2020) asserted that low market share and intense competition account for the insurance industries in Kenya subpar performance.

A variety of people and organizations have enjoyed insurance services from Kenyan insurance corporations through risk pooling and their products, which include health insurance, auto insurance, pension insurance, and fire insurance (Morara & Sibindi, 2021). Through the services they provide, they have been able to assist people in protecting their homes and lives from unfortunate events and unavoidable circumstances (Morara & Sibindi, 2021).

On the part of the government, increase in the minimum requirements for capital which aims at increasing efficiency and stability in the insurance industry have not yielded any fruit. Competition for more premiums in the quest for market share and development in the insurance industry of Kenya has made some executives to be cautious of losses as most firms are using pricing as an arsenal for purposes of having increased market share. However, what is of importance is how profitable these firms are in the adoption of these strategies (Mbogo, 2018). Additionally, according to IRA (2018), the sector for insurance has a fall in profitability as their ROE was recorded to be 14.36% and ROA 2.69% in 2017 while their ROE was recorded to be 8.29% and ROA 1.36% in 2018. This therefore implies that insurance firms must strategically position themselves in the midst of intense competition to have sustainable competitive advantage in increasing market share in the industry.

A number of research studies have made contribution regarding the examination of the influence competitive strategies have on performance. Akintokunbo (2018) concentrated on how the market focus strategy affected the Nigerian telecommunications industry's performance. Elikwu *et al.* (2020) assessed what kind of influence small-scale manufacturing businesses' differentiation methods had, and their findings showed a favorable effect on firm efficiency. In a similar vein, Ngugi (2021) conducted research and found that innovative methods had a favorable impact as it regards functioning of insurance establishments within Kenyan Nyeri County. Research by

Hossain *et al.* (2019) demonstrated a noteworthy correlation amongst cost leadership approach with the efficiency commercially of the nutrition industry in Bangladesh. These investigations revealed methodological and contextual flaws. Considering there is currently not a great deal of study on insurance companies in Nairobi City County, Kenya, this research aims to establish how competitive strategies impact a selected insurance firms' performance.

1.3 Objective of the Study

1.3.1 General Objective

The general study was to investigate competitive strategies influence on selected insurance companies' performances in City County of Nairobi, Kenya.

1.3.2 Specific Objectives

The specific objectives of the of the research are:

- I. To exrmine cost leadership strategy impact on Nairobi City County selected insurance companies in performances
- II. To ascertain how performances of insurance companies in City County of Nairobi, Kenya is affected by differentiation strategy.
- III. To determine the consequence on selected insurance companies' performances in the City County of Nairobi, Kenya by market focus strategy impact.
- IV. To assess the significance of innovation strategy on the performances of Kenyan selected insurance firms Nairobi County City.

1.4 Research Questions

The inquiries of this research are:

- I. How is cost leadership strategy significant to performances of Nairobi City County's selected insurance companies?

- II. How is differentiation strategy connected with the performances of specific Nairobi City County insurance companies?
- III. How is the performance of selected insurance companies specific to Nairobi City County, Kenya influenced by market focus strategy?
- IV. How is the innovation strategy linked to performances of selected insurance companies in Kenya specifically City County in Nairobi?

1.5 Significance of the Study

This study is important in various fronts. First and foremost, the Insurance Regulatory Authority (IRA) are going to realize the study to be very valuable in developing and implementing rules about competitive strategies that can improve organizational performance in the insurance industry. Insurance company management would also find the study's conclusions helpful in determining which competitive strategies to pursue and which to avoid based on how various strategies affect their performance. Finally, academic scholars would find the study useful in being a reference for further studies in the strategic management turf.

1.6 Scope of the Study

The research's objective is to determine how the performances of a specific group of Nairobi City County insurance businesses in Kenya are interplayed by competitive strategies. Organizational performance was the dependent variable, whereas market focus, differentiation, cost leadership and innovation initiatives were the independent variables. The research reviewed the Resource Dependency, Dynamic Capabilities theories and Resource-Based View. The target demographic was four of the 55 insurance businesses headquartered in Kenya's Nairobi County, was the target demographic. Using research descriptive design, primary quantitative data was utilized gathered

using questionnaire and secondary data through document review which was then subjected to inferential and descriptive statistical analysis, with the findings displayed in tables.

1.7 Limitations of the Study

Nairobi County insurance corporations' management found it uncomfortable and reluctant to disseminate sensitive information regarding their mode of operations however, the researcher assured them of confidentiality and privacy and also showed them the research permit collected from NACOSTI. Furthermore, because the investigation is restricted to a few insurance businesses in the County of Nairobi, its conclusions are unique to Kenya and cannot be applied to other counties.

However, the result of the findings was helpful to not only insurance companies in Nairobi County but those of other counties in Kenya.

1.8 Organization of the Study

The study's framework is comprised of the five chapters. The first chapter addressed the following topics: background, problem statement, research aims, study importance, scope, and constraints. Part two addressed the theoretical, empirical, and conceptual framework reviews. The third part covered the research's methodology, target population, research design, sampling strategy, collected information procedures and instruments, methods for assessment of information and presentation, along with moral guidelines. The fourth chapter of the investigation detailed the data assessment outcomes while the fifth chapter provided the summary, conclusion and recommendations of the survey.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The study's review section concentrated on offering the resource-based view, resource dependency, and dynamic capacities theories, which served as the study's secondary foundation. It also evaluated previous research that has been done in relation to the independent and dependent variables.

2.2 Theoretical Review

Based on the variables of the study, Resource Based View, Resource Dependency theory, and Dynamic Capabilities theory was reviewed in this part.

2.2.1 Resource Based View Theory

In an attempt to illuminate the on the connection amongst company resources with outstanding operational efficiency, Wernerfelt (1984) developed the RBV theory. The idea is that companies with superior, unique resources have an advantage over competitors. As to the idea, a company can enhance its operations and obtain a competitive advantage by utilizing its unique resources (Wernerfelt, 1984). According to the hypothesis, businesses with superior and distinctive resources can perform more precise sales projections, efficient key evaluations, and improvements to their procedures and learning, all of which help the businesses get a differentiate its services to gain a competitive advantage, which then improves performance. According to Currie's 2009 study, without taking into account various elements within the sector's framework, each business's distinct assets as well as competences are what cause differences in operations and performances over time. This supports the resource-based viewpoint.

In their analysis of how businesses employ training resources to gain a competitive edge, Borg and Gall (2009) expand on Wernerfelt's (1984) research. The theory since was critiqued by Priem and Butler (2001) stating that distinct resources do not always translate into value for a company and

do not also confer a competitive advantage. According to Hoops, Madsen, and Walker (2003), the Resource Based View focuses on corporate competencies and has few prescriptive implications. The idea is germane to this research as it underlines the need for businesses to create unique strategies and tactics so as to increase sales, be competitive, as well as equally enhance organizational operation and efficiency.

2.2.2 Resource Dependency Theory

Pfeffer and Salancik (1978) is believed to have introduced the resource dependency theory. It stated that organizational influence and performance is evident in its market power and strength (Pfeffer, 1981). It opines that organizations should seek to leverage competitive strategies and relationships so as to gain access to needed resources for performance improve. Thus, organizations that maximize strategic alliances and relationships to acquire and control resources would perform better (Jones, 2011). Also, relationships and strategic alliances should not only be between organizations but also between several units and departments within the organization. However, a badly structured organizational department with unskilled employees and bad production process would adversely affect performance (Weber, 1947).

It further stated that organizations should have access to resources ranging from raw materials to human capital and production systems and should adopt strategies to collaborate alongside other establishments so as to gain access to additional resources (Michael, 2013). In line with Johnson and Scholes (2008), the resource dependency theory asserted that organizations could decide to limit their dependency on other organizations or increase their dependency with other organizations. Stakeholders in every organization are assets to the full maximization of the organizational resources (Mutinda & Mwasiaji, 2018). The resource dependency theory posits that organizations should leverage their resources through building competitive strategies to enhancing

their performance (Gray & Yan, 1992). Also noting that an organization is not self-sufficient and self-sustainable and should leverage on building strategic relationships (Leiblein, 2003). The focus of the resource dependency theory to achieve cost efficiency and building competitive advantage to enhance organizational performance makes it suitable for this research.

2.2.3 Dynamic Capabilities Theory

According to idea presented by Shuen, Pisano, and Teece (1997) businesses should be able to take responsibility for averting unforeseen and uncertain situations while also continuously adjusting how they allocate their resources. Organizations need to be able to continuously grow, expand, or reconstruct their competencies so as to remain competitive throughout time (Helfat & Peteraf, 2009). Teece *et al.* (1997) conceptualized this as the amount of competitiveness that a business can achieve as by meeting predefined production and operational targets that also ensure continued dominance of market. The theory of dynamic capabilities, according to Helfat and Peteraf (2009), is concerned with how organizational resources are used effectively and efficiently as well as how adaptive they are to use resources to match current needs. Businesses that prioritize their customers' requirements when creating competitive strategies would be better equipped to utilize resources both within and without to enhance their efficiency and reputation in the market, claim Zahra, Sapienza, and Davidson (2006). According to Teece's (2007) opinion, businesses should try to recognize market dangers and opportunities therefore leveraging on innovation before using the data to develop and put into practice competitive strategies.

The notion of dynamic capacities is concerned with directing and maintaining a firm's competitive edge (Zahra *et al.*, 2006). Dynamic capabilities of firms offer greater advantages than operational capabilities in achieving a competitive edge. Organizations must leverage their existing market conditions to enhance their competitive position (Helfat *et al.*, 2009). They went on to say that a

firm must use all of its resources, including both tangible and intangible ones, to have a competitive edge. Based on Teece (2007), dynamic capability notion highlights the necessity for market feedback from consumers, which may be achieved by leadership cost or either an approach of differentiation. Helfat and Peteraf (2009) state that the analysis of focus differentiation, cost leadership, and differentiation techniques has shown that dynamic capabilities are essential. Since the theory contends that strategies like cost leadership, differentiation, and market focus have a beneficial impact on a firm's output and fits in with study's unique goal, it is relevant to the inquiry.

2.3 Empirical Review

A discussion of the strategies for cost leadership, differentiation, market focus, innovation, and organizational performance was provided in this chapter.

2.3.1 Cost Leadership Strategy and Organizational Performance

Using Kenyan life insurance businesses as a case study, Kamau (2018) performed research on how cost leadership as a strategy can influence the performance of an organization. Twenty-six (26) Kenyan life insurance companies which include a total of seven hundred and eighty (780) managers make up the population in this descriptive design study. The study chose one hundred and fifty (150) managers using a systemic random sampling procedure. Primary source while utilizing a semi-structured questionnaires was the means by which data was sourced. SPSS platform using descriptive analysis was maximized to show how cost leadership influences employees' performance in a good way. The previous study used only primary data and systemic random sampling approach, whereas the current investigation utilized primary as well as secondary data and the sampling technique was stratified random method.

Hossain *et al.* (2019) talked about the effects cost leadership has on boosting organizational productivity in Bangladesh's food sector. The population for the study was chosen from fifteen (15) food manufacturing companies in Bangladesh using a descriptive technique of research. Using a random sampling process, one thousand twenty-five (1025) people who have worked in the management section for more than twelve (12) years were selected. The study made use of primary research data from questionnaires that are closed-ended and equally open-ended. The research employed descriptive analysis, with the findings demonstrating that the company's utilization of cost leadership approach aided consolidation of its market share and the acceleration of its market superiority. While the current study took place in Kenya and exclusively used closed-ended surveys, the previous study was conducted in Bangladesh.

Kimiti, *et al.* (2020) evaluated cost leadership strategy and how it improves processing enterprises' performance in Kenya. Twenty-nine (29) processing milk enterprises participated in the study using a descriptive and explanatory design, and one hundred and sixty-eight (168) respondents were proportionately stratified sampled and given semi-structured questionnaires. The responses that were received underwent inferential and descriptive analysis. Results showed that their cost approach had major impacts on their performances. While the intended study used the former and utilizes structured questionnaires, the prior study employed a semi-structured questionnaire and applied both descriptive and explanatory research designs equally.

Importance of cost strategy in affecting the organizational effectiveness of life insurance enterprises in Nyeri, Kenya, was ascertained by Njugana *et al.* (2020). For the purpose of choosing twenty-five (25) insurance companies, the research used a census approach. Using the purposive sampling strategy, questionnaires were given to one hundred twenty-five (125) respondents to fill to get data which is a primary source. Firms' accounting records and articles provided secondary

data which was gathered for five years between 2014 and 2018. Cost leadership highly positively correlates with organizational success, according to inferential study. The previous study employed the purposive sampling method and took place in Nyeri County. Census sampling was used in the current investigation in the County of Nairobi.

2.3.2 Differentiation Strategy and Organizational Performance

Njoki (2018) established the connection between performance and differentiation strategy. The study chose eight (8) active SACCOs in Murang'a County using a census survey approach. The study employed purposive sampling for choosing its respondents. The bulk of the data was collected by giving questionnaires to sixty-four (64) respondents. The secondary data for the study came from the SACCO's financial records and other publications. A statistically significant association exists between differentiation approach with performance, according the investigation's findings of the data collected by inferential and descriptive analysis. In contrast to the previous study, which used census approach and purposive sampling method, the current study utilized descriptive design and stratified sampling.

Elikwu *et al.* (2020) looked into how differentiation strategy affected small-scale manufacturing companies' performance. In the study, cross-sectional research data were used. The sample consisted of 183 respondents, and questionnaire was the instrument utilized to gather data which is a primary source. Industrial enterprises are selected using both purposive-stratified and random sample strategies. Regression testing and basic frequency examination of the data showed that product package differentiation was favorably and substantially influential to client acceptability. The aforementioned study was carried out in Nigeria. The present investigation was conducted in Kenya and employ descriptive research method.

Edson *et al.* (2021) looked into the possibility that differentiation strategy affects the bottom line of Zimbabwean apparel and textile industries. A research strategy known as casual design was employed by the researchers, and the study had 50 out of 150 apparel and textile manufacturing enterprises as its target audience. Structured questionnaires that were used in the process were distributed to the one hundred fifty (150) respondents from the selected companies. Using SPSS, descriptive statistics was used for analysis and data presentation. Following that, it was concluded that differentiation strategy improved company performance. Prior research focused on Zimbabwe's textile industry, whereas the present study was centered on Kenya's insurance businesses.

The effectiveness of the differentiation strategy on Sisco Superior Cargo handling services LTD's performance was evaluated by Wangui *et al.* (2021). The target population for the descriptive research approach was forty-five (45) employees in the management area of the firm. Both primary data source and a census sample technique were employed. results showed that the firm's differentiation strategy was its greatest asset in achieving the targeted performance. The aforesaid study used census sampling, questionnaires and in-depth interviews together, but the current study just utilized questionnaires and stratified random sampling.

2.3.3 Market Focus Strategy and Organizational Performance

Rubi (2018) investigated market focus strategy consequences on supermarket performances in Nairobi Central Business District. 5420 customers from Carrefour, Tuskys, Nalvas, Unchumi, and Ukwala supermarkets formed the target population of the research and a cross-sectional approach, was utilized. The primary data collection instrument was questionnaire as the study utilized primary data which went through analysis. Results demonstrated a significant correlation amongst the market focus approach and supermarket performance. The previous study however utilized

cross-sectional method of design and only primary data while the current research shall utilize a descriptive method of design with primary as well as secondary data source been adopted.

Njoki (2018) identified the current connection between performance and market focus-based strategy. The study used a census study approach in selecting as a case study eight (8) active SACCOs in the County using SACCOs that provide deposit services in Murang'a, Kenya. A purposive sample strategy was employed to select the respondent choice class for the research. The use of administered to a total of sixty four (64) respondents allowed for the collection of primary data. The SACCOs' financial reports from 2012 to 2016 and other important reports served as the primary sources for the secondary data. The results of the inquiry showed that the focus-based approach improved their performance. The prior study utilized purposive sampling and Murang'a County, whereas the recent study utilized stratified random sampling in Nairobi County. Research on the significant effect that market focus strategy has on the general performance of Nigerian telecommunications businesses was carried out by Akintokunbo (2018). Using a cross-sectional research approach, the researcher examined four (4) different telecoms companies. From the research population of 134 individuals, a sample size of 100 people was chosen using a basic random selection approach. Ninety-three (93) people participated in the questionnaire distribution. The study's found a market focus approach has a favorable, favorable impact on their success. The previous study employed a cross-sectional way of design and took place in Nigeria, whereas this study would use a descriptive method and be performed in Kenya.

Isaboke (2018) considered market focus and differentiation strategies effect on performances of Nairobi County micro and small businesses. The inquiry utilized organizational performance as the explained factor. The research concentrated on SMEs in 17 Kenyan sub-counties using the census sample approach. Regression analysis was utilized to assess data gotten using questionnaire

that is structured. Performance of the SME is significantly impacted by the market focus approach, the data showed. However, the aforesaid study made use of census sampling and was centered on SMEs while this current study utilized stratified random sampling and centered on insurance companies in Nairobi, Kenya.

2.3.4 Innovation Strategy and Organizational Performance

Webi and Karuiki (2019) assessed how innovation efforts impacted performance of businesses registered on NSE Kenya. Descriptive research design was maximized. Sample consisted of the 66 NSE-listed businesses. Directors of strategy, marketing, and management from sixty-six (66) different companies were among the 138 participants in the study. Secondary data was obtained from records, and data primarily sourced was obtained through questionnaire usage. The information was assessed through descriptive statistics, including frequencies, percentages, means, and standard deviations. Outcome of research indicated that innovation initiatives positively affect listed firms' performance. The previous study embraced companies registered on the Nairobi Securities Exchange and utilized linear regression model, and insurance companies was the context of the current study with the utilization of multiple regression model.

In a research, Ngugi (2021) ascertained the impact that innovation tactics had on the insurance businesses' performance in Kenya's Nyeri County. The sample size for the purposive sampling study consisted of branch leaders, marketing leaders, and finance leaders from the 25 insurance businesses in the county that made up the target population. Questionnaires were put to use in order to gather primary data from respondents and financial records and publications provided secondary data for analysis. The researcher proceeded to evaluate that data, which revealed that innovation initiatives favorably influence insurance businesses' performance. The context of the

study differs with that of this study as the context of the research was Nyeri County whereas this study was focused on Nairobi County.

Kithinji (2022) aimed to explore the effects of innovative strategies on the operations of small and medium-sized enterprises (SMEs) in Nairobi County, Kenya. The researcher employed a descriptive study design alongside a quantitative research methodology. A total of 398 SME proprietors participated as respondents, forming the study participants. After the surveys were disseminated, primary data was collected. Following this, regression analysis was utilized to evaluate the link innovation initiatives have with the operational effectiveness of SMEs in Nairobi County. Results demonstrated that the SMEs' functioning was considerably impacted by advancements in services, marketing, goods, and procedures. However, the aforementioned study assessed performance in relation to SMEs and utilized only primary data. Primary together with secondary data was employed in this research and Insurance firms operating within Nairobi City County was the emphasis of the current study.

Mboga, Datche, and Kising'u (2023) examined the business performance and innovation strategies of manufacturing businesses in Nairobi County, Kenya, using a cross-sectional survey study approach. Using stratified random selection, 228 manufacturing organizations were chosen from a target demography of 526 manufacturing companies. A pilot study was conducted to evaluate the survey questionnaire's validity and reliability. The drop and pick method was used to collect primary source data from manufacturing enterprises in Kenya. After being created, the data were entered into SPSS version 2 for analysis. The study, which employed a cross-sectional research approach, revealed that innovation tactics have a significant impact on Nairobi's industrial businesses. Nevertheless, the analysis was limited to manufacturing companies. Hence, the recent study concentrated on insurance companies and utilized a descriptive research design.

2.4 Summary of Publications and Knowledge Gaps

Year and Author	Purpose for study	Inferences	Disparities	Bridging Disparities
Rubi (2018).	Researched ways in which market focus techniques affected the Central Business District of Nairobi grocers' performance.	The findings demonstrated a significant correlation between the market focus approach and supermarket performance.	Cross-sectional research approach and primary data only were used in the aforementioned study.	The present study utilized descriptive research design method and both primary and secondary data
Akinotokunbo (2018)	investigated how the market focus strategy affected the operations of Nigerian telecom firms.	Market focus strategy was found to have substantial effects on the selected Nigerian telecommunication companies.	The previous study made use of cross-sectional research design and was carried out in Nigeria	This research was performed within Kenya and utilized descriptive research design
Kamau (2018)	examined how the cost leadership strategy affected the chosen organizations' organizational performance.	The results of the analysis showed that the cost leadership strategy had a significant beneficial impact on the	The prior study utilized primary data and systemic random sampling approach	The current study utilized both primary and secondary data and stratified

		company's performance.		random sampling method
Hossain <i>et al.</i> (2019)	evaluated the impact of cost leadership on the food industries' organizational performance in Bangladesh	Study findings revealed that cost leadership strategies significantly enhanced the market superiority of the food sectors in Bangladesh	The aforesaid study was carried out in Bangladesh and employed open and close ended questions	The recent study was carried out in Kenya and employed close ended questionnaire.
Webi and Karuiki (2019)	Attempted to find out the impact's innovation strategies has on the performance of companies listed at the NSE	the industries' performances was majorly influenced by Innovation tactics	The previous study concentrated on companies listed at the NSE and utilized linear regression	The present study focused on Insurance companies in Kenya and utilize multiple regression model
Elikwu <i>et al.</i> (2020)	assessed how differentiation strategies affected Nigerian small-scale	The research findings were that differentiation technique improved the efficiency of the	The aforementioned study employed a cross-sectional research design	The research utilized a descriptive approach and

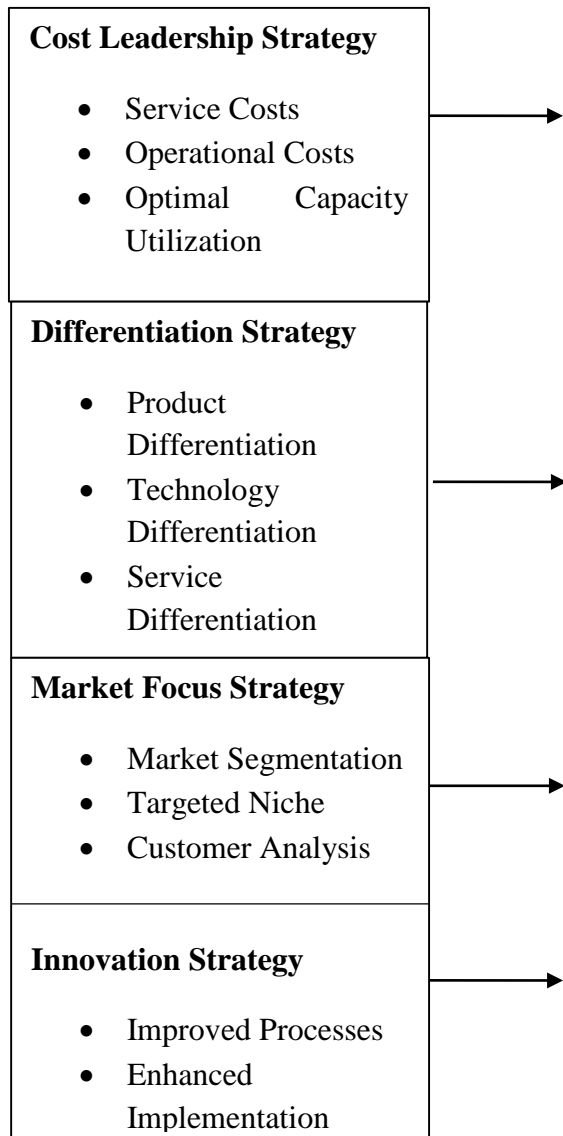
	manufacturers' productivity	small manufacturing enterprises in Nigeria.	and was conducted in Nigeria.	be conducted in Kenya.
Edson <i>et al.</i> (2021)	examined how Zimbabwe's textile and apparel sectors performed in relation to their differentiating strategy.	The study's findings demonstrated that differentiation approach significantly improves the performance of Zimbabwe's textile and garment industries.	The aforesaid study was centered on clothing and textile industries and took place in Zimbabwe	The present study was conducted in Kenya with an emphasis on insurance businesses.
Kithingi (2022)	Explained how innovation strategies affected the performances of SMEs in Nairobi County, Kenya	The results demonstrated that innovation strategies had positive impacts on the performance of SMEs in Nairobi County, Kenya	The prior study utilized only primary data and was focused on SMEs	The current research project was conducted in Kenya and made use of primary and secondary data.

Source: Researcher, 2024

2.5 Conceptual Framework

A conceptual framework visually depicts how the independent variables are linked to the outcome variable, organizational performances.

Independent Variables



Dependent Variable

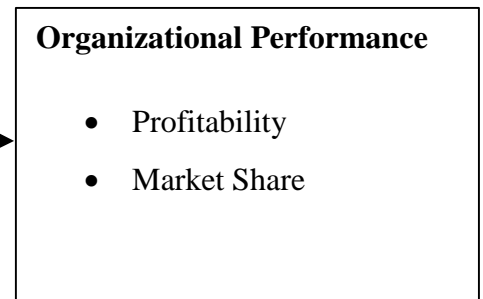


Figure 1: Conceptual framework

Source: Researcher, 2024

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The methods that were employed to conduct the study's research were covered in great detail in this chapter. The study design that was selected, the population target, strategy for sampling, information techniques for collection and protocols, Assessment for information, and consideration for ethics at the conclusion were all discussed.

3.2 Research Design

The systematic organization of procedures involved in data collecting and analysis with respect to a study goal is regarded to be research design (Kombo & Tromp, 2006). It is equally the outline for research intended to address a certain research question. Examining the relationships between research variables without altering the research environment is the goal of descriptive research design (Mugenda & Mugenda, 2021). This approach is fitting because the study seeks to evaluate the performance of insurance firms in Nairobi City County, Kenya and the interplaying role of competitive strategies.

3.3 Target Population

Based on scholarly definition target population is a specific set of people with essential characteristics for research (Ott & Longnecker, 2015). The specific target demography for this research comprised 194 employees who hold executive positions with significant responsibility, such as financial, operations, investment, and risk officers, in addition to heads of various departments or divisions of four insurance companies. Target population was specific to four out of 55 insurance companies that are headquartered in Nairobi City County, Kenya due to accessibility.

Table 3.1: Target Population

Target Population Category	Population	Population Percentage
Jubilee insurance	60	30.93%
Britam Insurance	50	25.77%
Pan Africa Insurance Holdings	46	23.71%
Liberty Kenya Holdings	38	19.59%
Total	194	100%

Source: Researcher, 2024

3.4 Sampling Design

Sampling design is the method through which samples of a research are selected (Mugenda, 2008). Stratified random sampling was used because it is appropriate for target populations larger than thirty, which must then be chosen based on a specific criterion (Mugenda & Mugenda, 2021). One hundred thirty-five respondents was the sample size, chosen from among the 194 employees of insurance companies with headquarters located in Nairobi City County, Kenya, using the Yamane approach.

$$n = N / (1 + N(e^2))$$

Where, n = sample size

e = error probability

N= population size estimate

$$n = 194 / (1 + 194(0.05^2))$$

$$n = 135$$

Table 3.2: Sampling Size

Category	Size of Sample	Percentage
Jubilee insurance	42	30.93%
Britam Insurance	35	25.77%
Pan Africa Insurance Holdings	32	23.71%
Liberty Kenya Holdings	26	19.59%
Total	135	100%

Source: Researcher, 2024

3.5 Data Collection Instrument

In this investigation, secondary and primary data sources were used. As such, the major instrument for gathering data was a closed-ended structured questionnaire, which accurately captures the characteristics and attributes of the data in connection to the investigation's aims (Oso and Onen, 2008). There were two components to the questionnaire: the first had inquiries about the respondents' demographic characteristics, and the second asked questions and provided answers on the study's particular goals. It went through a pilot study, validity, and reliability assessments before to use. The insurance firms' document evaluation process yielded secondary data.

3.6. Pilot Study

A study carried out in preparation for a main survey to evaluate research methodologies, data gathering, and other research techniques is what is termed Pilot study (Kothari, 2010). In order to ascertain whether the study questionnaire can successfully collect the responses required for the study, managers of five insurance businesses in Kenyan Nairobi City County, was used as a pretest for the questionnaire. Responses to the questionnaire were obtained by random sampling technique. All corrections and adjustments discovered were thereafter factored in by the researcher on the questionnaire. According to a pilot study sample that represented at least 10% of the target population, this is accurate (Kothari, 2010).

3.6.1 Study Validity

Both content validity and construct validity was used to assess the legitimacy of the study's instrument. The supervisor and a research specialist got the survey questionnaire in order to confirm its content validity. They proofread it for faults and grammatical misuse as well as to make sure it follows standard procedure. Construct validity was confirmed by analyzing literature that pertains to competitive strategies and performance.

3.6.2 Reliability of Research Instrument

The internal reliability of the questionnaire was assessed using the Cronbach-Alpha metric for internal uniformity. A study is considered reliable if its coefficient value is greater than 0.70, per Gliem & Gliem (2003). Thus, the research project used a threshold of 0.70 to evaluate the questionnaire's reliability.

3.7 Data Collection Procedure

The study permit from NACOSTI and the permission of the insurance company management are required before the questionnaire may be sent to the branch managers, financial executives, and marketing managers of the four insurance companies. During the questionnaire distribution procedure, the investigator assured respondents' secrecy and ensures that their answers were only utilized for research. However, the drop and choose later technique was employed by the researcher, and the responses were then compiled.

3.8 Data Analysis and Presentation

In the information assessment, both inferential and descriptive statistics was employed, with the research investigation adopting a descriptive research design. The essential characteristics of the research variables was depicted through descriptive statistics, including mean, percentage, frequency, and standard deviation, while inferential analysis was conducted utilizing the multiple regression technique. As a result, inferential statistics was used to scrutinize competitive strategies link with performances of Nairobi City County specific insurance companies. The multiple regression model to be utilized is presented below:

$$OP = \beta_0 + \beta_1CS + \beta_2DS + \beta_3MS + \beta_3IS + \varepsilon$$

Where:

OP = Organizational Performance

CS = Cost Leadership Strategy

DS = Differentiation Strategy

MS = Market Focus Strategy

IS = Innovation Strategy

β_1 - β_3 = Coefficients

ε = Error term

The outcome of the research analysis was thereafter presented in tables

3.9 Ethical Considerations

Approval by the researcher from Kenyatta University Graduate School and NACOSTI was obtained to ensure the study adheres to the research ethics standards set forth. The researcher also reassured the interviewees of their privacy and clearly noted that their comments would only be used for academic purposes before providing background information on the study's objectives to ensure there was informed consent.

In addition, the researcher obtained consent to conduct the study from the management of the four Insurance companies headquartered.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter contains the findings of the study data which was collected and analyzed to investigate the influence of competitive strategies on performance of selected insurance companies in Nairobi city, Kenya. Specifically, the study applied descriptive and inferential statistical techniques, including correlation and regression analyses, to identify patterns and relationships between competitive strategies and organizational performance. Findings presented offered insights into the effect of various strategies competitively on Kenya's insurance market performance, providing practical implications for industry stakeholders aiming to strengthen competitiveness.

4.1.1 Response Rate

Response rate plays a critical role in ensuring research reliability and validity. A high response rate reflects strong respondent participation, leading to more accurate findings into the effect of competitive strategies on organizational performance. The breakdown of the response rate from the respondents is detailed in table 4.1.

Table 4.1 Response rate

Response	Frequency	Percent
Retrieved	117	86.7
Unretrieved	18	13.3
Total	135	100

Source: Field Survey (2025)

The response rate in table 4.1 demonstrated that 86.7% of the questionnaires were retrieved, while 13.3% remained unretrieved. This high response rate suggests a strong level of engagement and cooperation from respondents, which is crucial for ensuring the reliability and validity of research findings. The high retrieval rate could be attributed to effective data collection methods or strong

relationships with participating organizations, allowing the researcher to gather comprehensive perspective into how competitive strategies affect performance in Kenya's insurance sector.

4.2 Descriptive Statistics Results

Descriptive analysis utilizing statistical measures such as frequencies, percentages, means, and standard deviations provided perspective into the subjected under consideration. This analytical approach simplifies complex information, enabling identification of trends and patterns influencing adoption of differentiation, market focus, cost leadership, and innovation strategies. Through examination of key factors such as differentiation, market focus, cost leadership, and innovation strategies, descriptive analysis establishes a foundation for interpretation and conclusion, facilitating effective decision-making to enhance competitiveness within Kenya's dynamic insurance market.

4.2.1 Information of the Respondents

This information offers depth into demographic and professional characteristics of individuals in Nairobi City County's insurance sector, informing competitive strategy development and implementation. Understanding these demographics enables insurance firms to align strategies with workforce needs and perspectives, enhancing organizational performance. Analysis of respondent data, including age, gender, academic attainment, and length of service was considered helping in identifying trends influencing adoption of competitive strategies. The information of the interviewees is obtainable in Table 4.2.

Table 4.2: Information of the Respondents

	Frequency	Percent
Identification		
Male	64	54.7
Female	53	45.3
Total	117	100.0
Group		
Below 25 years	16	13.7
25-30 years	48	41.0
30 and above	53	45.3
Total	117	100.0
Academic Attainment		
PhD	1	0.9
Diploma	35	29.9
Masters	8	6.8
BSc	47	40.2
KSCE	12	10.3
Others	14	12.0
Total	117	100.0
Length of Service		
< 3 years	63	53.8
3-10 years	41	35.0
Above 10 years	13	11.1
Total	117	100.0

Source: Field Survey (2025)

Gender distribution among respondents showed in table 4.2 disclosed the predominance of males, with 54.7% of the respondents being male and 45.3% female. This pattern may be attributed to traditional gender roles that position men as primary financial decision-makers, making them more likely to engage in insurance-related surveys. Differences in awareness and accessibility of insurance services may also influence participation, as men may have greater exposure through professional networks or workplace interactions. Socioeconomic factors, such as higher levels of education or financial literacy among men, could further explain their increased involvement in

financial decision-making and survey participation. These combined influences likely account for the observed gender distribution in the study.

Demographic distribution of respondents indicated in table 4.2 disclosed that 13.7% of the respondents are below 18 years, 41.0% fall within the 18-24 age range, and 45.3% are aged 25 and above. A significant presence of younger individuals, particularly those between 18 and 24 years, suggests increased involvement in financial decisions and greater familiarity with insurance products through digital platforms. The substantial proportion aged 25 and above represents a mature segment likely holding more financial responsibilities and possessing deeper knowledge into insurance strategies. The skew towards younger adults may also reflect growing awareness within this demographic regarding the importance of insurance services in Kenya's evolving market environment.

Academic attainment distribution designated in table 4.2 displayed that 0.9% of the respondents hold a PhD, 6.8% have a master's degree, 40.2% possess a BSc, 29.9% hold a diploma, 10.3% completed KSCE, and 12.0% fall under the "Others" category. A predominantly educated group emerges, with significant representation from bachelor's degree and diploma holders, reflecting the industry's preference for skilled personnel capable of understanding complex insurance products and strategies. The high proportion of BSc degree holders suggests that insurance companies in Nairobi City County value foundational knowledge in business or related fields for competitive strategy formulation and performance enhancement. Additionally, the presence of diploma holders indicates an emphasis on practical skills training within the industry.

As contained in table 4.2, length of service distribution indicated that 53.8% of the respondents have been employed for less than three years, 35.0% have served between three and ten years, and

11.1% have more than ten years of service. A significant proportion of relatively new employees emerges, potentially reflecting high turnover rates commonly observed in Kenya's insurance industry. High turnover may result from unfavorable job characteristics or poor work environments. The presence of a substantial number of newer employees suggests challenges in retaining experienced staff, which could impact the formulation and execution of competitive strategies within insurance companies in Nairobi City County.

4.2.2 Cost Leadership Strategy

Cost leadership strategy is a crucial competitive approach enables insurance firms to reduce operational costs and offer affordable premiums, thereby enhancing their market competitiveness. Leveraging economies of scale and improving operational efficiencies, insurance firms effectively implement cost leadership strategies to gain a competitive edge over rivals. The responses of the respondents regarding cost leadership are tabulated in 4.3.

Table 4.3 Respondents responses on Strategy for Cost Leadership

Statement	Percentage					Mean	Std. Deviation
	SD	D	N	A	SA		
Cost leadership strategy is an effective competitive strategy	3.4	3.4	0.9	46.2	46.2	4.2821	.91770
The insurance companies use low service cost	4.3	5.1	2.6	59.8	28.2	4.0256	.95106
The insurance companies are committed to utilizing low operational cost to gain competitive advantage	4.3	6.8	4.3	69.2	15.4	3.8462	.91553
The insurance companies utilize optimal capacity utilization	0	0	2.6	74.4	23.1	4.2051	.46495
The insurance companies use low-cost advantage	0	0.9	3.4	72.6	23.1	4.1795	.51887
Average Score						4.1077	0.75362

Source: Field Survey (2025)

Table 4.3 demonstrated the responses of the respondents pertaining to the assertion that cost leadership is perceived as an effective competitive strategy, as indicated by 46.2% of respondents agreeing and 46.2% strongly agreeing with this statement. However, 3.4% disagree and 3.4% strongly disagree, while 0.9% remain impartial, reflecting a small degree of uncertainty or alternative viewpoints. The statement that cost leadership is an effective competitive strategy receives a high mean score of 4.28, suggesting strong overall support. A 0.92 standard deviation implies modest inconsistency in responses, indicating that while most respondents share a positive perception, a small subset expresses reservations regarding its applicability.

Low service costs are widely recognized as a strategy employed by insurance companies, with 59.8% of respondents agreeing and 28.2% strongly agreeing with this assertion. However, 5.1% disagree and 4.3% strongly disagree, while 2.6% remain neutral, suggesting some variation in perspectives. The statement that insurance companies use low service costs attains a mean score of 4.03, reinforcing general agreement. A standard deviation of 0.95 reflects a moderate dispersion of opinions, implying that while cost efficiency is acknowledged as a prevalent strategy, some respondents may perceive it differently due to variations in service experiences or market conditions.

Commitment to utilizing low operational costs for competitive advantage is acknowledged by 69.2% of respondents agreeing and 15.4% strongly agreeing with this assertion. However, 6.8% disagree and 4.3% strongly disagree, while 4.3% remain neutral, indicating that some respondents may question the extent or effectiveness of this approach. The statement that insurance companies are committed to utilizing low operational costs to gain a competitive advantage achieves a mean score of 3.85, suggesting a generally positive perception, though less pronounced than other cost-

related strategies. A standard deviation of 0.92 signifies moderate variability, implying that while cost efficiency is widely recognized, differing industry practices or company policies may influence perceptions.

Optimal capacity utilization is widely acknowledged within the insurance industry, with 74.4% of respondents agreeing and 23.1% strongly agreeing with this assertion. No respondents disagree or strongly disagree, while only 2.6% remain neutral, highlighting a strong consensus. The statement that insurance companies effectively utilize optimal capacity attains a high mean score of 4.21, reinforcing this perception. A low standard deviation of 0.46 indicates minimal variation in responses, suggesting that most respondents consistently recognize capacity utilization as a key strategic priority contributing to operational efficiency and competitive advantage.

Low-cost advantage is recognized as a strategic approach employed by insurance companies, with 72.6% of respondents agreeing and 23.1% strongly agreeing with this assertion. However, 0.9% disagree, while 3.4% remain neutral, indicating minimal opposition to this view. The statement that insurance companies leverage a low-cost advantage receives a mean score of 4.18, further supporting strong agreement among respondents. A low standard deviation of 0.52 suggests little variation in responses, implying that the perception of cost efficiency as a fundamental competitive strategy is consistently shared among participants.

Findings from table 4.3 showed an average score mean of 4.1077 which aligns with 0.75362 deviations on standard. This implies that cost leadership strategy is a key driver of the selected insurance companies' performance. The outcomes are in agreement with Hossain *et al.* (2019) that indicated that employing a cost leadership approach facilitated market share consolidation and enhanced market superiority for companies. Similarly, Kimiti *et al.* (2020) and Njugana *et al.*

(2020) highlighted the significant positive impact of cost leadership strategies on organizational performance and success.

4.2.3 Differentiation Strategy

Differentiation strategy plays a pivotal role in enhancing firms by enabling them to offer unique products and services that distinguish them from competitors. The adoption of differentiation strategies allows insurance companies to effectively manage market competition and improve their service delivery. Outcomes gathered from the respondents responses are documented in table 4.4.

Table 4.4 Respondents responses on Differentiation Strategy

Statement	Percentage					Mean	Std. Deviation
	SD	D	N	A	SA		
Differentiation strategy is adopted by the insurance companies	0.9	1.7	6.8	67.5	23.1	4.1026	.66156
The insurance companies utilize product differentiation	2.6	6.0	12.8	61.5	17.1	3.8462	.86717
The insurance companies adopt technology differentiation	0	0	0.9	5.1	76.9	4.1026	.49801
The insurance companies utilize service differentiation	0.9	1.7	4.3	70.9	22.2	4.1197	.63194
Differentiation strategy is an effective competitive strategy	0	1.7	6.0	69.2	23.1	4.1368	.58584
Average Score						4.0616	0.64890

Source: Field Survey (2025)

Table 4.4 unveiled the responses concerning the statement that insurance companies actively adopt a differentiation strategy, as signified by 67.5% of respondents agreeing and 23.1% strongly agreeing with this declaration. However, 1.7% disagree and 0.9% strongly disagree, while 6.8% remain neutral, suggesting that some respondents may perceive differentiation strategies differently depending on market conditions. The statement that insurance companies adopt a differentiation strategy receives a mean score of 4.10, indicating a generally positive consensus. A

standard deviation of 0.66 suggests moderate variability in responses, implying that while differentiation is widely recognized, perceptions may vary due to differences in service offerings across companies.

Product differentiation is widely utilized by insurance companies, as indicated by 61.5% of respondents agreeing and 17.1% strongly agreeing with this perspective. However, 6.0% disagree and 2.6% strongly disagree, while 12.8% remain neutral, reflecting a degree of uncertainty or differing experiences regarding product differentiation. The statement that insurance companies utilize product differentiation attains a mean score of 3.85, suggesting a generally positive perception, though not as strong as other competitive strategies. A standard deviation of 0.87 indicates moderate variability in responses, implying that while many recognize product differentiation, a subset of respondents may not perceive it as a dominant strategy across all insurance firms.

Technology differentiation is overwhelmingly recognized among insurance companies, as reflected by 5.1% of respondents agreeing and 76.9% strongly agreeing with this assertion. No respondents disagree or strongly disagree, while only 0.9% remain neutral, emphasizing a near-universal belief in technology as a key competitive factor. The statement that insurance companies adopt technology differentiation achieves a mean score of 4.10, reinforcing this strong consensus. A low standard deviation of 0.50 suggests minimal variability in responses, indicating that respondents consistently perceive technology differentiation as a widely adopted strategy, likely reflecting advancements in digital platforms, automated services, and innovative technological solutions.

Service differentiation is actively implemented by insurance companies, as evidenced by 70.9% of respondents agreeing and 22.2% strongly agreeing with this assertion. However, 1.7% disagree and 0.9% strongly disagree, while 4.3% remain neutral, suggesting that while most recognize service differentiation, a small proportion may have differing experiences or perspectives. The statement that insurance companies utilize service differentiation receives a mean score of 4.12, reinforcing a strong agreement with this strategy. A standard deviation of 0.63 reflects moderate variability in responses, implying that while service differentiation is widely acknowledged, variations in service quality may contribute to differing perceptions across firms.

Differentiation is considered an effective competitive strategy, as indicated by 69.2% of respondents agreeing and 23.1% strongly agreeing with this assertion. 1.7% of the respondents disagree, while 6.0% remain neutral, suggesting that while differentiation is widely recognized as beneficial, some respondents may be uncertain or hold alternative views. The statement that differentiation is an effective competitive strategy attains a mean score of 4.14, further highlighting the overall positive perception of this approach. A standard deviation of 0.59 indicates relatively low variability in responses, suggesting a consistent agreement that differentiation plays a crucial role in maintaining a competitive edge in the insurance industry.

Table 4.4 unveiled 4.0616 as an average mean score corresponding with 0.64890 standard deviations for all the statements. The outcome suggests that differentiation plays decisive role in enhancing the performance of these selected insurance companies. The current findings diverge from previous studies by Njoki (2018), Elikwu *et al.* (2020), Edson *et al.* (2021), and Wangui *et al.* (2021), which collectively suggest that strategies that differentiated significantly influenced performance. Specifically, these earlier studies found that differentiation approaches enhance

company performance, improve client acceptability through product package differentiation, and serve as a key asset in achieving targeted outcomes.

4.2.4 Market Focus Strategy

This is a competitive approach that insurance firms leverage on to concentrate on specific segments of the market, thereby narrowing services to achieve unique requirements of those segments. Market focus adoption allows these firms to enhance their performance by increasing customer satisfaction and loyalty within targeted niches. The survey collected responses from the respondents regarding market focus strategy with the outcome reported in table 4.5.

Table 4.5 Respondents responses on Market Focus Strategy

Statement	Percentage					Mean	Std. Deviation
	SD	D	N	A	SA		
Targeting a particular market niche enhances performance	1.7	3.4	6.0	79.5	9.4	3.9145	.66401
Customer analysis and responses serves as a template on how to improve performance	0.9	0.9	6.0	82.1	10.3	4.0000	.52523
Targeted niche enhances competitive advantage	1.7	1.7	11.1	70.9	14.5	3.9487	.69290
Market segmentation enhances profitability	0	6.8	4.3	74.4	14.5	3.9658	.68142
Market segmentation helps to improve market share	2.6	20.5	7.7	54.7	14.5	3.5812	1.05241
Average Score						3.8820	0.72319

Source: Field Survey (2025)

Table 4.5 disclosed the respondents responses regarding the assertion that targeting a particular market niche is widely recognized as a performance-enhancing strategy, as demonstrated by 79.5% of respondents agreeing and 9.4% strongly agreeing with this assertion. However, 3.4% disagree and 1.7% strongly disagree, while 6.0% remain neutral, indicating that some respondents may perceive alternative strategies as more effective. The statement that targeting a particular market

niche enhances performance receives a mean score of 3.91, suggesting a generally positive perception, though not as strong as other competitive strategies. A standard deviation of 0.66 indicates moderate variability in responses, highlighting differences in opinion regarding the strategy's effectiveness in the insurance sector.

Customer analysis and responses are regarded as essential for performance improvement, as indicated by 82.1% of respondents agreeing and 10.3% strongly agreeing with this perspective. Minimal disagreement is observed, with 0.9% disagreeing and 0.9% strongly disagreeing, while 6.0% remain neutral, suggesting that some respondents may be uncertain about its impact. The statement that customer analysis and responses serve as a template for improving performance achieves a mean score of 4.00, reflecting a generally positive perception. A low standard deviation of 0.53 indicates minimal variation in responses, reinforcing a strong consensus on the importance of leveraging customer feedback for performance enhancement in the insurance industry.

Targeting a specific niche is perceived as a competitive advantage, with 70.9% of respondents agreeing and 14.5% strongly agreeing with this assertion. However, 1.7% disagree and 1.7% strongly disagree, while 11.1% remain neutral, indicating that some respondents may either be uncertain or believe alternative strategies contribute more to competitiveness. The statement that targeting a specific niche enhances competitive advantage attains a mean score of 3.95, reflecting a generally positive perception. A standard deviation of 0.69 suggests moderate variability in responses, implying that while most respondents acknowledge its benefits, differing views exist on its overall effectiveness in the insurance sector.

Market segmentation is considered a key driver of profitability, as reflected by 74.4% of respondents agreeing and 14.5% strongly agreeing with this perspective. Opposition remains

limited, with 6.8% disagreeing, while 4.3% maintain a neutral stance, suggesting that some respondents may view other factors as more influential in driving profitability. The statement that market segmentation enhances profitability receives a mean score of 3.97, reinforcing a generally positive perception. A standard deviation of 0.68 indicates moderate variability in responses, suggesting that while segmentation is widely acknowledged as beneficial, differing opinions persist regarding its overall impact on the insurance industry.

Market segmentation's effectiveness in increasing market share is met with more divided opinions, as shown by 54.7% of respondents agreeing and 14.5% strongly agreeing with this perspective. A significant proportion expresses disagreement, with 20.5% disagreeing and 2.6% strongly disagreeing, while 7.7% remain neutral, indicating greater variation in perceptions compared to other competitive strategies. The statement that market segmentation helps improve market share attains a mean score of 3.58, reflecting a moderate level of agreement. A higher standard deviation of 1.05 suggests considerable variability in responses, implying that perceptions of market segmentation's role in expanding market share may differ based on individual experiences or industry-specific factors.

Given the outcomes regarding the market focus strategy in table 4.5, an average mean score of 3.8820 was disclosed alongside 0.72319 as standard deviation. The outcome demonstrates that market focus strategy performs a crucial role in improving the selected insurance companies' performance. The current findings are consistent with earlier research conducted by Rubi (2018), Njoki (2018), Akintokunbo (2018), and Isaboke (2018). These studies collectively indicate that employing a market focus approach leads to improved performance in various business settings.

Specifically, they highlight how focusing resources on specific target markets enhances business outcomes across different sectors such as supermarkets and small to medium-sized enterprises

4.2.5 Innovation Strategy

Innovation strategies perform a decisive task in improving the competitive advantage and firms' performance. Innovative adoption improves firms' market position and increase penetration in Kenya's insurance market. The respondents' responses concerning this are noted in 4.6 Table.

Table 4.6 Respondents responses on Innovation Strategy

Statement	Percentage					Mean	Std. Deviation
	SD	D	N	A	SA		
Advertisement helps improve performance	0.9	9.4	7.7	64.1	17.9	3.8889	.83849
Enhanced implementation boosts profitability	0	0.9	10.3	66.7	22.2	4.1026	.59284
Improved processes enhance performance	0.9	1.7	3.4	74.4	19.7	4.1026	.60721
Product innovation improves profitability	0	3.4	3.4	70.1	23.1	4.1282	.62337
Process innovation improves customer satisfaction	1.7	0.9	2.6	69.2	25.6	4.1624	.66898
Average Score						4.0769	0.66618

Source: Field Survey (2025)

Table 4.6 revealed the responses regarding the statement that advertisement is perceived as an effective marketing strategy, as reflected by 64.1% of respondents agreeing and 17.9% strongly agreeing that it helps improve performance. However, skepticism exists, with 9.4% disagreeing and 0.9% strongly disagreeing, indicating some doubts about its effectiveness. A neutral stance is maintained by 7.7%, suggesting that alternative factors may be considered more influential. The mean score of 3.89 highlights a generally favorable perception of advertisement's role in performance enhancement. A 0.84 deviation from the standard value signifies fair unevenness in

responses, reflecting differing perspectives based on individual experiences and industry dynamics.

Enhanced implementation is widely recognized for its role in boosting profitability, as shown by 66.7% of respondents agreeing and 22.2% strongly agreeing with this assertion. Despite this consensus, 0.9% disagree, while 10.3% remain neutral, indicating that some respondents may question its significance or consider other factors equally important. The mean score of 4.10 signifies a predominantly positive view of the relationship between implementation and profitability. A standard deviation of 0.59 suggests relatively low variability in responses, reinforcing the belief that effective implementation is essential for financial success within the industry.

Improved processes are acknowledged as a key driver of enhanced performance, with 74.4% of respondents agreeing and 19.7% strongly agreeing with this perspective. Opposition remains minimal, as 1.7% disagree and 0.9% strongly disagree, while 3.4% adopt a neutral stance, suggesting a limited degree of uncertainty regarding the role of process efficiency. A mean score of 4.10 confirms a broadly positive perception of process improvements in driving performance. A standard deviation of 0.61 reflects relatively low variability in responses, indicating a consistent recognition of the significance of refined processes in achieving superior outcomes.

Product innovation is regarded as a significant factor in profitability, as demonstrated by 70.1% of respondents agreeing and 23.1% strongly agreeing with this assertion. However, 3.4% disagree, and another 3.4% remain neutral, suggesting that while the majority acknowledge its positive impact, a minority either question its influence or prioritize other factors. The mean score of 4.13 highlights a generally positive perception of innovation's contribution to profitability. A standard

deviation of 0.62 indicates relatively low response variability, reflecting a widespread belief in the importance of product innovation for financial success in the industry.

Process innovation is seen as a major contributor to customer satisfaction, with 69.2% of respondents agreeing and 25.6% strongly agreeing with this statement. A neutral position is taken by 2.6%, while 1.7% disagree and 0.9% strongly disagree, demonstrating minimal opposition. The mean score of 4.16 reflects a predominantly favorable perception of process innovation's role in enhancing customer satisfaction. A standard deviation of 0.67 suggests moderate variability in responses, implying that while a strong consensus exists, some variations in perspective persist based on individual experiences and industry-specific conditions.

The average of 4.0769 mean and corresponding 0.66618 deviations from the standard value demonstrates that innovative strategy play a significant role in enhancing the performance of these selected insurance companies. The current findings align with previous research by Webi and Kariuki (2019), Ngugi (2021), Kithinji (2022), and Mboga, Datche, and Kising'u (2023). These studies collectively suggest that innovation initiatives have a positive impact on business performance across various sectors. Specifically, they highlight how innovation enhances the performance of listed firms, insurance businesses, small to medium-sized enterprises through advancements in services, marketing, products, and processes. Additionally, these studies demonstrate that innovative tactics significantly influence industrial businesses in Nairobi. This convergence underscores the critical role of innovation as a strategic driver for improving business outcomes across diverse contexts.

4.2.6 Organizational Performance

Organizational performance is significantly influenced by various factors including corporate governance, organizational structure, and capabilities. Furthermore, organizational capabilities like marketing and product development also perform important function in improving performance by allowing insurance companies to adapt to market demands and maintain competitiveness in a rapidly evolving industry. Respondents offered their views of the insurance companies performance with the outcome detailed in table 4.7.

Table 4.7 Respondents responses on Organizational Performance

Statement	Percentage					Mean	Std. Deviation
	SD	D	N	A	SA		
Following the adoption of competitive tactics, the market share improved.	0	0	3.4	65.8	30.8	4.2735	.51902
Following the implementation of competitive strategies, profitability became evident.	0.9	2.6	7.7	70.9	17.9	4.0256	.66256
After using competitive methods, client approval improved.	0	0	0.9	79.5	19.7	4.1880	.41381
Over time, the performance of insurance firms has improved.	0.9	0.9	2.6	72.6	23.1	4.1624	.58659
Average Score						4.1624	0.54549

Source: Field Survey (2025)

As contained in Table 4.7, a pronounced consensus emerges regarding the adoption of competitive tactics, demonstrating a substantial improvement in market share. An overwhelming 96.6% of respondents either agree (65.8%) or strongly agree (30.8%), with no recorded disagreement and only 3.4% maintaining a neutral stance. This distribution underscores widespread acknowledgment of competitive strategies as instrumental in expanding market presence. A high mean score of 4.27 further substantiates this positive outlook, while a low standard deviation of

0.52 indicates minimal variability, reflecting a consistent perception of the effectiveness of competitive approaches in driving market growth.

Considerable agreement exists on the impact of competitive strategies in enhancing profitability, with 88.8% of respondents either agreeing (70.9%) or strongly agreeing (17.9%). A minority (3.5%) either disagree (2.6%) or strongly disagree (0.9%), whereas 7.7% maintain a neutral stance. While the overall sentiment remains largely positive, these variations suggest that certain respondents may perceive different outcomes based on market conditions or firm-specific circumstances. The mean score of 4.03 reflects a generally affirmative assessment of competitive strategies in fostering profitability. A standard deviation of 0.66 indicates moderate response variability, suggesting that while consensus exists, some diversity of opinion persists regarding the magnitude of the impact.

An awesome positive perception emerges concerning the role of competitive methods in improving client approval. A substantial 99.2% of respondents either agree (79.5%) or strongly agree (19.7%), with no disagreement recorded and only 0.9% remaining neutral. These findings point to a nearly universal recognition of competitive strategies as key drivers of customer satisfaction. A high mean score of 4.19 further reinforces this prevailing view, while a notably low standard deviation of 0.41 signifies a strong alignment among respondents, affirming the effectiveness of competitive approaches in enhancing client approval within the insurance sector.

Widespread recognition is evident regarding the improvement in insurance firms' performance over time. A significant 95.7% of respondents either agree (72.6%) or strongly agree (23.1%), with only 1.8% expressing disagreement (0.9% disagreeing and 0.9% strongly disagreeing), and 2.6% maintaining neutrality. These results suggest that while the majority acknowledge notable

advancements, a small proportion of respondents perceive varying outcomes. A mean score of 4.16 highlights a broadly positive perception of industry performance improvements. Additionally, a standard deviation of 0.59 indicates relatively low response variability, underscoring a prevailing consensus that insurance firms have experienced operational and outcome enhancements over time. The mean average score of 4.1624 across all statements indicates a generally agreement among respondents regarding the effectiveness of competitive tactics and strategies in enhancing market share, profitability, client approval, and overall performance improvement over time in the insurance industry.

4.3 Correlation Analysis

Analysis of correlation involves examining the nexus between various strategic approaches such as customer leadership, differentiation, market focus and innovative strategy with organizational performance. This type of analysis helps identify which strategies have a significant positive or negative association with performance. The outcome obtained from the analysis is recorded in table 4.8.

Table 4.8 Correlation results

		Organizational Performance	Cost leadership Strategy	Differentiation Strategy	Market Focus Strategy	Innovative Strategy
Organizational Performance	Pearson Correlation Sig. (2-tailed)	1				
Cost leadership Strategy	Pearson Correlation Sig. (2-tailed)	.238**	1			
		.010				

Differentiation Strategy	Pearson Correlation	.413**	.380**	1		
	Sig. (2-tailed)	.000	.000			
Market Focus Strategy	Pearson Correlation	.369**	.041	.471**	1	
	Sig. (2-tailed)	.000	.658	.000		
Innovative Strategy	Pearson Correlation	.498**	.287**	.490**	.375**	1
	Sig. (2-tailed)	.000	.002	.000	.000	

Source: Field Survey (2025)

Table 4.8 offered displayed the correlation coefficient for cost leadership strategy and organizational performance as 0.238 with a significance level of 0.010. This suggests a weak but statistically significant positive relationship, implying that as insurance companies enhance their cost leadership strategies, their performance improves. The findings converge with Hossain *et al.* (2019); Kimiti *et al.* (2020) and Njugana *et al.* (2020) who highlighted the significant positive connection of cost leadership strategies with organizational performance and success. Differentiation Strategy showed a moderate positive correlation with organizational performance, with a value of 0.413 and a p-value of 0.000. This strong statistical significance indicates that insurance firms that adopt differentiation—offering unique products and services—tend to perform better. The current findings agree with previous studies by Njoki (2018), Elikwu *et al.* (2020), Edson *et al.* (2021), and Wangui *et al.* (2021), which collectively suggest that differentiation strategies have a significant positive link with performance.

The correlation between market focus strategy and organizational performance is 0.369 amid a p-value of 0.000, indicating a moderate positive connection. This connotes that targeting specific

market segments enhances the performance of insurance companies. The findings corroborate with previous research by Rubi (2018), Njoki (2018), Akintokunbo (2018), and Isaboke (2018), which collectively indicate that a market focus approach has a positive and significant connection with performance of supermarkets and small to medium-sized enterprises. Among all the competitive strategies analyzed, innovative strategy exhibited the strongest positive correlation with organizational performance, with a value of 0.498 and a probability value of 0.000. This implies that insurance companies that prioritize innovation—such as adopting new technologies, improving processes, and offering novel products—experience higher levels of performance. The current findings align with previous research by Webi and Karuiki (2019), Ngugi (2021), Kithinji (2022), and Mboga, Datche, and Kising'u (2023). These studies collectively suggest that innovation initiatives have a positive link with business performance across various sectors.

4.4 Regression Analysis

Regression analysis involves evaluating how different strategic approaches influence organizational outcomes. This statistical method helps identify which competitive strategies—such as cost leadership, differentiation, market focus or innovative strategy—have a significant influence on the studied firms. The output is reported in Table 4.9.

Table 4.9 Regression results

Model	Unstandardized		Standardize	t	Sig.
	Coefficients		d		
	B	Std. Error	Coefficients	Beta	

1	(Constant)	1.854	.350		5.302	.000
	Cost leadership Strategy	.062	.066	.083	.946	.346
	Differentiation Strategy	.106	.083	.131	1.279	.204
	Market Focus Strategy	.125	.066	.174	1.887	.062
	Innovative Strategy	.279	.075	.344	3.706	.000
	R	.556 ^a				
	R Square	.309				
	F	12.546				
	Sig.	.000 ^b				

Source: Field Survey (2025)

Table 4.9 uncovered a positive constant value of 1.854 and the value of $p = 0.000$. This suggests that even in the absence of the competitive strategies examined, the insurance companies in Nairobi would still exhibit a baseline level of performance. This implies that while strategic approaches contribute to performance, other organizational and environmental factors also play a role. An R value of 0.556 was disclosed indicating a moderate positive correlation between the selected competitive strategies and the performance of insurance companies. This means that as

these strategies improve, insurance companies' performance also tends to increase. The F-statistic (12.546, $p = 0.000$) confirms that the model is significant, meaning that the combination of these competitive strategies has a meaningful effect on performance. However, the R^2 value of 0.309 suggests that about 69.1% of the variation in performance is influenced by other factors not captured in this model, such as regulatory policies, economic conditions, or internal company dynamics as the factors in the model only accounted for 30.9% changes in the insurance companies' performance variation.

The outcome disclosed that cost leadership strategy has a positive and insignificant effect on performance of the selected insurance companies. A coefficient of 0.062 with a p-value of 0.346 shows that an increase of one unit in the cost leadership strategy would lead to an increase in organizational performance of 0.062 units. Nevertheless, this is regarded as having no statistically significant effect since the p-value, 0.346, is greater than the 5% level. The differentiation strategy has a positive coefficient of 0.106 and a p-value of 0.204, indicating an effect on performance of these insurance companies that is not significant. A coefficient of 0.106 implies that an increase of one unit in the differentiation strategy would result in an increase of 0.106 units in organizational performance; however, this would be regarded as not statistically significant at the 5% level given the p-value of 0.204.

Market focus strategy has a positive coefficient of 0.125 with an insignificant p-value of 0.062. Every 1 unit increase in market focus strategy would result in 0.125 unit increase in organizational performance. The p-value (0.062) is slightly over the 0.05 cutoff, indicating that this effect is not practically significant to performance. Innovativestrategy bears the greatest and significant effect on the insurance companies' performance as indicated by its positive coefficient of 0.279 and a significant p-value of 0.000. Thus, the 0.279 coefficient indicates that for every one-unit increase

in innovative strategy, performance should grow by 0.279 units in insurance companies. The p-value (0.000) confirms that this effect is highly statistically significant on the performance.

4.5 Discussion of Findings

The findings are discussed in relation to the specific objectives of the investigation. Drawing from this, the study sought to investigate the effect of cost leadership strategy on the selected insurance companies' performance. Drawing from this, the findings disclosed that cost leadership strategy has insignificant positive effect on the selected insurance companies' performance. This means that enhancing cost leadership alone does not necessarily lead to substantial improvements in the overall performance of these insurance firms. The outcome could be due to the fact that many customers in the insurance industry may not be highly loyal to a specific company, as decisions are often influenced by factors such as policy coverage, and claim processing efficiency rather than direct cost leadership engagement. If customer retention is largely driven by personalized leadership rather than price sensitivity efforts, the strategy's effect on performance remains weak. The findings are conflicted with Hossain *et al.* (2019) who demonstrated that the company's utilization of cost leadership approach aided consolidation of its market share and the acceleration of its market superiority. Kimiti, *et al.* (2020) showed that their cost approach had major impacts on their performances. Njugana *et al.* (2020) noted that cost leadership highly positively correlates with organizational success. The conflicting results may be attributed to differences in the specific industry, geographical context, or methodological approaches used in the studies, which can influence the effectiveness of strategic management practices such as cost leadership.

The strategy for differentiation effect was examined on the selected insurance firms' performance. Going by the objective, the outcome revealed that differentiation strategy has a positive but an insignificant effect on the performance of the selected insurance companies. This implies that

while efforts to distinguish products and services—such as offering unique insurance packages, enhancing customer experience, and incorporating brand differentiation—may contribute to performance improvement, their impact is not strong enough to be significant. Therefore, differentiation alone does not drive substantial performance gains in the insurance sector within this market. The insurance sector is inherently standardized, with companies offering similar policy structures and coverage. Unlike other industries where differentiation through unique features and branding can create a competitive edge, insurance products often follow regulatory guidelines that limit how much a company can differentiate its offerings. As a result, differentiation may not be a major factor influencing customer choice. The outcomes are in disalignment with Njoki (2018) who discovered significant effect of differentiation approach on performance. Elikwu *et al.* (2020) showed that product package differentiation was favorably and substantially influential to client acceptability. Edson *et al.* (2021) concluded that strategy for differentiation improved company performance. Wangui *et al.* (2021) outcome unveiled that the firm's differentiation strategy was its greatest asset in achieving the targeted performance. The conflicting results may be due to differences in industry-specific dynamics, market conditions, or methodological approaches used in the studies, which can affect the effectiveness of differentiation strategies across various contexts.

Market focus strategy effect was analyzed on the performance of selected insurance companies. Findings uncovered that market focus strategy has insignificant and positive effect on the performance of these insurance companies. This signifies that while targeting specific customer segments, tailoring products to niche markets, and concentrating on specialized insurance needs may contribute to performance improvement, the effect is not significant. In other words, market segmentation and targeted marketing efforts alone do not necessarily translate into substantial

performance gains for these insurance firms. This could be accredited to the fact that the insurance industry in Nairobi is highly competitive, with many firms targeting similar customer groups. Even if companies focus on specific market segments, they may struggle to differentiate themselves effectively from competitors offering similar products and services. This limits the competitive advantage gained from market focus strategies. The outcomes are in disagreement with Rubi (2018) who demonstrated a significant effect of market focus approach on supermarket performance. Njoki (2018) showed that the focus-based approach improved their performance. Akin Tokunbo (2018) found a market focus approach has a favorable, favorable impact on their success. Isaboke (2018) disclosed that Performance of the SME is significantly impacted by the market focus approach. This discrepancy highlights potential differences in how market focus strategies are applied or perceived across various industries or contexts.

Furthermore, the effect on innovative strategy was assessed on the selected insurance companies' performance. Drawing, it unveiled that strategy for innovation has a positively significant performance effect on these insurance companies. This implies that the adoption of new technologies, improved service delivery processes, digital transformation, and the development of unique insurance products plays a crucial role in enhancing organizational performance. Therefore, insurance firms that embrace technological and operational advancements experience greater efficiency, customer satisfaction, and profitability. This could be linked to the introduction of new and flexible insurance products tailored to emerging market needs—such as micro insurance, pay-as-you-go policies, and digital-only coverage which allows firms to attract a broader customer base. Companies that continuously innovate their product offerings stand out in a highly competitive industry, leading to increased market share and profitability. The findings concur with Webi and Karuiki (2019) who indicated that innovation initiatives positively affect listed firms'

performance. Ngugi (2021) revealed that innovation initiatives favorably influence insurance businesses' performance. Kithinji (2022) demonstrated that the SMEs' functioning was considerably impacted by advancements in services, marketing, goods, and procedures. Mboga, Datche, and Kising'u (2023) disclosed that innovation tactics have a significant impact on Nairobi's industrial businesses.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This segment of the study reported the overview investigation outcomes detailed in the preceding chapter. The key findings are provided concisely in this chapter leading to the conclusions tie to the specific objectives. The chapter further offered recommendations that emanated from the key outcomes summarized in this chapter. In addition, contribution to already existing body of knowledge as well as suggestions for advance studies was provided.

5.2 Summary of Findings

The emphasis of the study was on the effects of competitive strategies on the performance of the selected insurance companies within Nairobi City County in Kenya. Specifically, the effect of cost leadership, differentiation, market focus, and innovation strategies on the independent dependent variable of selected insurance companies' performance was analyzed. The theoretical postulations upon which this study was anchored include the resource-based view, resource dependency theory, and dynamic capabilities theory. The empirical evidence presented by this study was from correlation and regression analysis, with the results summarized hereafter.

Determination of strategy for cost leadership strategy was assessed on selected insurance firms performance. The technique of correction disclosed that cost leadership possessed weak positive but significant connection with performance. The outcome attributed to the technique of regression unveiled that cost leadership insignificantly and positively affected these selected insurance companies' performances. This suggests that while prioritizing customer needs, enhancing customer engagement, and implementing customer-centric policies contribute to performance

improvement, the effect is not significant. In other words, cost leadership alone does not drive substantial improvements in company performance within this sector.

Concerning strategy for differentiation effect on selected performance of insurance companies, the correlation approach uncovered that a moderately weak positive and significant linkage of differentiation strategy with performance. Pertaining to the effect, the regression findings discovered that the strategy has an insignificant effect that is positive on performance. This signifies that while efforts to distinguish products and services from competitors may contribute to performance, the impact is not significant. This implies that differentiation alone does not substantially enhance business outcomes in the insurance sector within this market.

The investigation further sought to unravel the effect of market focus strategy on the performance of selected insurance companies. The outcome that emanated from correction denoted that market focus strategy has weak direct and significant connection with performance. The regression output demonstrated that market focus strategy has an insignificant effect that is positive on performance. This demonstrates that while targeting specific market segments may contribute to performance improvement, the effect is not significant. This means that focusing on niche markets alone does not substantially drive the overall success of these insurance firms.

As regards the effect of innovative strategy on the firms' performance, the output for correlation displayed that strategy for innovative has a moderately weak affirmative and significant linkage with the firms' effectiveness. The regression findings unfolded that innovative strategy has a significant effect that is positive on performance. This implies that investment in innovation plays a crucial role in driving business success. This means that insurance companies that embrace

technological advancements, process improvements, and innovative service delivery models are more likely to experience enhanced efficiency, customer satisfaction, and financial growth.

5.3 Conclusion

Although the study evaluated the competitive strategies effect on the performance of selected insurers in Nairobi City County, Kenya, the conclusion derived from the specific outcomes. Meanwhile, it had established that cost leadership effect, according to findings, has an insignificant effect on performance with respect to insurance enterprises. The study concludes that focusing solely on cost leadership may not be a decisive factor in enhancing their overall performance. Therefore, while focusing on customers is important for any business, this study highlights that other competitive strategies may play a more significant role in driving success within Kenya's insurance sector in Nairobi City County. Therefore, insurance companies should consider diversifying their strategic focus beyond just cost leadership to achieve better performance outcomes.

The investigation also sought to unravel strategy for differentiation effect on performance of these insurance companies. Outcomes denoted that differentiation strategy has an insignificant effect on the insurance companies' performance. Conclusively, efforts to differentiate themselves from competitors through unique products or services do not significantly enhance their overall performance. The results imply that while differentiation may enhance brand perception, it may not be a primary driver of competitive advantage in the insurance sector. Instead, other strategies, such as cost leadership or market expansion, may play a more influential role in determining firm performance. These findings underscore the need for insurance companies to adopt a more holistic and integrated approach to strategic management in order to achieve sustainable growth and competitiveness in the industry.

Market focus strategy effect was examined on the selected insurance companies' performance. Findings that emanated noted that market focus strategy has an insignificant effect on the performance. In conclusion, leaning on the specific segments of the market does not significantly enhance their overall performance. The results imply that while a focused market approach may enhance customer engagement and brand loyalty, it may not be a decisive factor in driving overall firm performance. Instead, other competitive strategies, such as cost leadership or innovation, may have a more substantial impact. These findings highlight the need for insurance companies to adopt a more diversified strategic approach that integrates multiple competitive strategies to enhance their market position and long-term growth.

The effect innovative strategy was determined on the selected insurance companies' performance. Outcomes disclosed that strategy innovative has a significant influence on performance. The conclusion arrived at noted that efforts to innovate through new products, services, or processes significantly enhance their overall performance. The results imply that embracing innovation enhances operational efficiency, improves customer experiences, and strengthens competitive positioning within the insurance sector. Consequently, insurance companies that prioritize continuous innovation are more likely to achieve sustainable growth and adaptability in a dynamic business environment. These findings underscore the importance of integrating innovation into strategic decision-making to drive long-term success in the industry.

5.4 Recommendations

Drilling from the specific findings, the following recommendations are put forward. Considering the effect of customer leadership, the study recommends that insurance companies should focus on developing robust operational efficiency strategies. This could involve investing in digital transformation to streamline processes, improve customer service through technology-enabled

platforms, and enhance data analytics capabilities to better understand market trends and customer needs. By shifting focus towards operational excellence and technological innovation, these companies can potentially improve their overall performance more effectively than relying solely on cost leadership strategies.

Insurance companies should prioritize reducing operational costs while maintaining quality services. This can be achieved by implementing efficient underwriting processes, leveraging technology to automate claims handling, and negotiating better deals with service providers. By focusing on cost reduction and efficiency improvements, these companies can enhance their competitiveness in the market and potentially improve their financial performance more effectively than relying solely on differentiation strategies.

The management should adopt a broader market approach by diversifying product offerings and expanding customer segments. Specifically, insurance companies should consider developing products tailored to emerging markets or underserved segments within Nairobi. This could involve creating micro-insurance products for low-income households or specialized policies for small businesses and startups. By expanding their market scope beyond traditional customer bases, these companies can potentially uncover new revenue streams and improve their overall performance more effectively than relying solely on focused market strategies.

Insurance companies should prioritize the development and implementation of cutting-edge technologies such as artificial intelligence (AI) for risk assessment, blockchain for secure data management, and mobile applications for streamlined customer engagement. By embracing these technological advancements, these companies can enhance operational efficiency, improve customer experience through personalized services, and stay competitive in a rapidly evolving

market. This strategic focus on innovation can further boost their performance by opening new avenues for growth and differentiation.

5.5 Contribution to Knowledge

The finding that customer leadership, differentiation, and market focus strategies have an insignificant effect on the studied firms' performance, while innovative strategy has a significant effect, contributes significantly to theoretical understanding. It highlights the limitations of traditional strategic frameworks in dynamic markets like Kenya's insurance sector. Theoretically, this suggests that models such as Porter's generic strategies (differentiation and focus) may not be universally applicable or effective in all contexts. Instead, innovation-based theories like the Dynamic Capabilities framework might offer more relevant insights into how firms can adapt and thrive in rapidly changing environments. This study underscores the importance of contextualizing strategic management theories with local market conditions.

5.6 Suggestion for Further Studies

Further studies can avail themselves of several avenues based on the findings that customer leadership, differentiation, and market focus strategies have little or no impact on the performance of selected insurance companies in Nairobi City County, Kenya, while innovative strategy has a significant effect. One potential area of investigation is to consider the specific types of innovation strategies that are most impactful. For instance, research could examine how product innovation versus process innovation versus marketing innovation contributes to performance in different segments of the insurance market. Also, other studies could investigate how regulatory environments influence the adoption and effectiveness of innovative strategies among insurance companies. Furthermore, a comparison of these findings could be done across different regions

within Kenya or across similar emerging markets to identify any regional variations in strategic effectiveness. The low R-square suggests that other studies should consider other competitive strategies that were not captured in this investigation.

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APPENDICES

Appendix 1: Letter of Introduction

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Department of Business Administration

School of Strategic Management Option

Kenyatta University

Kenya.

RE: REQUEST FOR RESEARCH PARTICIPATION.

Dear respondent,

I am Margaret Gathoni, currently pursuing an MBA at Kenyatta University. My research focuses on the " Performances of Insurance Companies in Nairobi City County, Kenya and the role Competitive Strategies plays ". I kindly request your participation in this study by completing a confidential questionnaire. Please be assured that your responses wasutilized solely for academic purposes and waskept anonymous. Your cooperation and support in this research endeavor are greatly valued.

Thank you in advance.

Yours Sincerely,

Margaret Gathoni

APPENDIX II: QUESTIONNAIRE

This survey has been designed to solicit your candid feedback regarding the impact of competitive strategies on the performance of insurance companies in Nairobi, Kenya. Therefore, your assistance and cooperation in accurately completing the questionnaire below would be greatly valued, as the responses would contribute to drawing further conclusions about the objectives of this study and would serve as a basis for additional research by other academic professionals. The questionnaire is divided into two sections.

SECTION A

PERSONAL DATA OF RESPONDENT'S

Instruction: Kindly select () response that most accurately reflects your opinion.

Identification :Male () Female ()

Group :Below 18 () 18 – 24 () 25 and above ()

Academic Attainment: PhD.() Diploma () Masters () BSc () KSCE. () others ()

Length of Service: < 3years (), 3 – 10 years (), above 10 years ()

SECTION B: COMPETITIVE STRATEGIES AND PERFORMANCE

COST LEADERSHIP STRATEGY

Kindly select () the column that most accurately reflects your response: 1-Strongly Agree, 2-Agree, 3-Neutral, 4-disagree and 5-Strongly Disagree.

No	Statement	1	2	3	4	5

1	Cost leadership strategy is an effective competitive strategy					
2	The insurance companies use low service cost					
3	The insurance companies are committed to utilizing low operational cost to gain competitive advantage					
4	The insurance companies utilize optimal capacity utilization					
5	The insurance companies use low-cost advantage					

DIFFERENTIATION STRATEGY

Kindly select () the column that most accurately reflects your response: 1-Strongly Agree, 2-Agree, 3-Neutral, 4-Disagree and 5-Strongly Disagree.

No	Statement	1	2	3	4	5
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1	Differentiation strategy is adopted by the insurance companies					
2	The insurance companies utilize product differentiation					
3	The insurance companies adopt technology differentiation					
4	The insurance companies utilize service differentiation					
5	Differentiation strategy is an effective competitive strategy					

MARKET FOCUS STRATEGY

Kindly select () the column that most accurately reflects your response: 1-Strongly Agree, 2-Agree, 3-Neutral, 4-Disagree and 5-Strongly Disagree.

No	Statement	1	2	3	4	5
1	Targeting a particular market niche enhances performance					

2	Customer analysis and responses serves as a template on how to improve performance					
3	Targeted niche enhances competitive advantage					
4	Market segmentation enhances profitability					
5	Market segmentation helps to improve market share					

INNOVATION STRATEGY

Kindly select () the column that most accurately reflects your response: Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree.

Statement	1	2	3	4	5
Advertisement helps improve performance					
Enhanced implementation boosts profitability					

Improved processes enhance performance					
Product innovation improves profitability					
Process innovation improves customer satisfaction					

ORGANIZATIONAL PERFORMANCE

Kindly select () the column that most accurately reflects your response: Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree.

Statement	1	2	3	4	5
Following the adoption of competitive tactics, the market share improved.					
Following the implementation of competitive strategies, profitability became evident.					

After using competitive methods, client approval improved.					
Over time, the performance of insurance firms has improved.					

APPENDIX III: LIST OF INSURANCE COMPANIES

- Pan Africa Insurance Holdings
- Jubilee insurance
- Liberty Kenya Holdings
- Britam Insurance