

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

¹ Margaret Gathoni Mwangi, ² Elishiba Murigi, PhD

Department of Business Administration, School of Business, Economics and Tourism, Kenyatta University

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Abstract: 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, Dynamic Capabilities theory and Resource-Based View theory. 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. Findings disclosed that cost leadership insignificantly and positively affected these selected insurance companies' performances. Pertaining to the effect, the regression findings discovered that differentiation strategy has an insignificant positive effect on performance. The regression output demonstrated that market focus strategy has an insignificant effect that is positive on performance. The regression findings unfolded that innovative strategy has a significant effect that is positive on the selected insurance companies' performance in Nairobi City County, Kenya. 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.

Keywords: Competitive Strategies, Performance and Insurance Companies.

1. 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 amount 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 Water Coppers, 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.

1.2 Statement of the Problem

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). 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, Odhiambo (2020) asserted that low market share and intense competition account for the insurance industries in Kenya subpar performance.

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 insurance sector has a decline 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 is 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

To examine competitive strategies influence on selected insurance companies' performances in City County of Nairobi, Kenya.

2. LITERATURE REVIEW

2.1 Review of Theoretical Concepts

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

2.1.1 Resource Based Theory

In an attempt to illuminate the on the connection amongst company resources with outstanding operational efficiency, Wernerfelt (1984) developed the RBV. 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 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.

2.1.2 Resource Dependency Theory

Pfeffer and Salanak (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 strategies 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).

2.1.3 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 before using the data to develop and put into practice competitive strategies.

2.2 Empirical Review

2.2.1 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 performance of life insurance enterprises in Nyeri, Kenya, was examined 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 Nairobi County.

2.2.2 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.

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 insurance businesses in Kenya.

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.

2.2.3 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) looked at how market focus and differentiation strategies affected the performances of Nairobi County micro and small businesses. The study used organizational performance as the dependent variable. 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.

2.2.4 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 primary data was obtained through the use of a questionnaire. The data was analyzed 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.

3. RESEARCH METHODOLOGY

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 that have their headquarters located in Nairobi City County, Kenya.

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

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

$$n = 135$$

Multiple regression model was utilized as presented below:

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

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

4. RESEARCH FINDINGS AND DISCUSSION

4.1 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 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 effect on the selected insurance companies' performance in Nairobi City County, Kenya. The output of the analysis is reported in Table 4.2.

Table 4.2 Regression results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	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 4.2 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 statistically 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. This is demonstrated by a coefficient of 0.062 with a p-value of 0.346. The coefficient of 0.062 suggests that a one-unit increase in cost leadership strategy would lead to a 0.062-unit increase in organizational performance. However, the p-value (0.346) is greater than 0.05, indicating that this effect is not statistically significant. Differentiation strategy has a positive coefficient of 0.106 with a p-value of 0.204, indicating non-significant effect on performance of these insurance companies. The coefficient of 0.106 implies that a one-unit increase in differentiation strategy would result in a 0.106-unit increase in organizational performance. With a p-value of 0.204, this effect is not statistically significant at the 5% level.

Market focus strategy has a positive coefficient of 0.125 with an insignificant p-value of 0.062. A one-unit increase in market focus strategy would result in a 0.125-unit increase in organizational performance. The p-value (0.062) is slightly above the 0.05 threshold, suggesting that this effect is insignificant on the performance. Innovative strategy has the strongest and most significant effect on the insurance companies' performance, with a positive coefficient of 0.279 and a significant p-value of 0.000. The coefficient of 0.279 suggests that a one-unit increase in innovative strategy leads to a 0.279-unit increase in the insurance companies' performance. The p-value (0.000) confirms that this effect is highly statistically significant on the performance.

4.3 Discussion of Findings

The discussion of findings was done 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. Njuguna *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 effect of differentiation strategy was examined on the selected insurance companies' 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

differentiation strategy improved company performance. Wangui *et al.* (2021) results showed 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. Akintokunbo (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 from the outcome, it was unveiled that innovative strategy has a significant positive effect on the performance of 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.

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Although the study investigated the effect of competitive strategies on the performance of selected insurance companies in Nairobi City County, Kenya, the conclusion was offered in view of the specific outcomes. Therefore, regarding the effect of cost leadership effect on the performance of the insurance companies, the findings disclosed that cost leadership has an insignificant effect on performance. 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 the effect of differentiation strategy on the performance of these insurance companies. Findings 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, concentrating efforts on specific market segments or niches 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 from the study disclosed that innovative strategy has a significant effect on the 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.

5.2 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.

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