Strategic Competitive Practices and Performance of Insurance Firms in Nairobi City County, Kenya

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Abstract
Insurance companies have faced stiff competition that has led to price wars hence the need for the companies to align their competitive strategies. The Kenyan insurance market has had a shift in trends over the recent past characterized by a number of insurance firms developing innovative products to meet the demanding technological shift for the clients. The purpose of the current study was to assess the relationship between strategic competitive practices and performance of insurance firms in Nairobi City County, Kenya. The study sought to specifically determine the influence of differentiation, cost leadership, market focus, as well as customer relationship management strategies and their perceived influence on the performance of insurance firms. The study was anchored on: Resource Based View, Dynamic Capability, and the Institutional theories. The study adopted descriptive design, and this being a census study, all the 52 insurance firms were targeted. The primary data was collected through semi structured questionnaires. The collected data was analyzed both descriptively and inferentially by use of SPSS version 24.0 programme. Data was presented by use of frequency distribution tables. From the study results, cost leadership strategy was found to have a major contribution. However, customer relationship management strategy was found to have had the least contribution to performance of these insurance firms. Following the study results, the outcome of the study will be of significant contribution to insurance company's management, regulators and policy makers for competition in the insurance industry, as well as future researchers in the insurance sector.
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1.Introduction

The present-day vibrant business environment is ever changing as a result of globalization, changes in technology, increased competition, increased demand by customers, and regulatory changes (Ngonga, 2011). These changes have led to markets being considered as more and more turbulent and unpredictable triggering organizations to seek competitive capabilities to enable them surpass customer's expectations and improve performance. For that reason, organizations need to have contingency plans which permit implementing strategies that allow quick alignment and redistribution of assets to deal with the environmental changes. With the increase of movement towards a single globalized economy, organizations have always competitively competed. Among the ways organizations have sought to improve their competitive position in the new business environment has been to increase the role of competitive strategies in their operations to achieve competitive advantage (Raiborn, 2009). Managers need to determine how a firm is to compete so that it can obtain advantages that are sustainable over a lengthy period of time. Strategy represents managerial commitment in setting up actions and strategies to grow businesses, attract while pleasing customers, and improving the company's financial performance (Nyakundi, 2015). Organization needs a well formulated strategy to guide and allocate an organization's resources into a unique and possible condition based on internal competencies and shortcomings (Rhee et al. 2010). A conquering strategy must fit business's external and internal environment, build sustainable competitive advantage and improve company performance (Thompson & Strickland, 2005).

In order to operationalize competitive strategies, Thompson, Strickland & Gamble (2010) intones that it is the action plan that an organization adopts in order to attract more customers, wade off competition in order to enhance their market performance. According to Lester (2009), these strategies allow a firm to stand out and conduct daily business hence are important in defining the markets or industries to compete in. Firms that can plan adequately and execute their competitive strategies appropriately are seen to have improved performance than their competitors (Aaker, 2011; Jonsson & Devonish, 2009). And accordingly, firms with a more appropriate competitive strategies have better chance of exploiting current opportunities guaranteeing them ready market at the expense of their arch rivals (Atikiya, 2015). According to Kotler (2012), competitive strategies are classified into cost leadership, differentiation, and focus. Based on this categorization, cost leadership relates to the developing pricing concepts to be adopted by the rival firms. In this regard, an insurance company installs an updated software in risk pricing that outwits competitors to rate various risks (Welch & Welch, 2005). Differentiation comprises unique products with salient features that competitors are unable to match, while cost focus as a strategy, entails implementing lean methods of management which reduces overall costs of business increasing the company's profitability (Kotler, 2012).

According to Muriira (2014), the insurance industry has continued to undergo a series of changes occasioned through financial reforms, advancement of communication and information technologies, globalization of financial services and economic development. Consequently, those changes have had a considerable effect on efficiency, productivity change, market structure and performance in the murky insurance market. In addition, the low insurance penetration is one of the challenges hindering the development of the insurance industry in terms of market share, product diversification among other measures.

1.1.1 Global Perspective of the Insurance Industry

United Kingdom (UK) has the largest insurance industry in Europe and is the fourth largest in the world. UK also leads as the world exporter of insurance to the world (Cherowbrier, 2019). Despite the tough business environment, insurance companies in the UK focus on reducing expenses through cutting down staff and marketing costs and restructuring to remove regional duplication (Cherowbrier, 2019). Besides Belgium, France, Spain, and United Kingdom, most European markets in the recent past witnessed a decline in premium endowment with major markets such as Germany declining by €0.3 billion (Binder & Mubhoff, 2017).

In Turkey, the insurance sector displays resilience, making it an attractive industry for investment and expansion opportunities. One of the key drivers of growth in the sector has been the rise in mergers and acquisitions (M&A) in the country in recent years. In 2016 Turkey's insurance segment saw more M&A activity than any other part of the country's financial sector. The Indian insurance sector has experienced tremendous improvement in the areas of market expansion, product development, customer services, and distribution channel (Joshi, 2005). A study by Mishra and Mishra (2005) observed significant changes such as new market entrants, new substitutes for traditional market offerings, more focus on market selection, new and varied distribution channels, and bundling and unbundling of products and services in an effort to customise and achieve greater value while re-engineering and consolidating for efficiency. The insurance market in the United Arab Emirates (UAE) experienced an increase in profits in 2018 from premium growth (Dowding, 2019). The insurance sector in UAE is witnessing a major overhaul of the regulatory framework as governments are deploying efficient and stringent guidelines to make the insurance sector globally competitive (Burggraf, 2017). Projections from new projects in the UAE, and especially those in Abu Dhabi will lead to insurance growth of 15-20% in 2019 in terms of premiums written.

1.1.2 Regional Perspective of the Insurance Industry

In Zambia, the growth of the insurance industry has been quite low in the recent years (Alushula 2019). This low penetration is replicated in among African countries. For instance, the penetration levels have continued to be very low in Zambia compared to other countries standing at 1.37 compared to Africa average of 3.75. In Ethiopia, the overall performance of the insurance industry is still substantially at the lowest stage in regard to GDP contribution which does not exceed 0.5% (Tewelde, 2018). The country has 17 insurance companies operating currently which opened 40 new branches in the last 2years. Comparatively, the overall insurance penetration in Ethiopia to Kenya is 0.4 and 2.6 respectively, even though the insurance industry in Ethiopia faces the challenges of lack of strategic alliances among the companies, lack of dynamism, lack of skilled manpower and tightened regulations (Tewelde, 2018).

Across the East African region, the insurance industry is expecting improved performance in the wake of a stable macroeconomic and political environment (Muchira, 2018). Insurance Regulatory Authority of Uganda (IRAU) data put total insurance premiums collected from bancassurance channels at between Ush4 billion ($1.07 million) and Ush5 billion ($1.3 million) between October and December 2017. Uganda has launched a market growth and development plan to grow insurance penetration from less than 1 per cent to 3 per cent by 2025. In Uganda, most leading insurance companies have partnered with commercial banks as a strategy to counter competition with their products called Bancassurance products. Bancassurance products refer to insurance policies sold by commercial banks to their clients on behalf of insurance companies. This is a strategic partnership meant to grow in the insurance industry by expanding the customer base, making distribution networks cheaper and running joint marketing campaigns. In Tanzania, industry players argue that it is expected that there will be a rise in premiums from the property, transport and infrastructure sectors of the economy due to increased government projects. In Rwanda, however, the uptake of insurance products is restricted by the 18 per cent value added tax applied to premiums (Miriira, 2014).

1.1.3 Local Perspective of the Insurance Industry

Kenya's insurance industry is becoming more competitive due to propagation of marketing activities in various categories (Turayishimye, 2015). Stiff competition in the recent past has resulted to some players in the industry resulting to price undercutting, offering lower prices to lock down business instead of pricing based on the risk insured. Insurance companies that will strategically invest in the data analytics space will differentiate themselves from their competitors (Mumo, 2019). The Kenya insurance sector remains one of the least penetrated globally, yet it presents great opportunities for growth (Alushula 2019). Most of these insurance companies more so in

Kenya are using consumer sales promotion strategies to differentiate one's offer from the other. More budgetary allocations are used to fund these activities by the companies in the industry in order to lure customers to patronize their services with an aim to gain better competitive advantage over the rivals in the industry, since most consumers who patronize the insurance services would not mind switching from one company to another for the same service (Rangsan & Titida, 2011). Further, a study report by Mbogo (2010) opines that these insurance companies operating in Kenya do use various strategies to create a niche for themselves in the environment they choose to operate which include diversification, decentralization, centralization and mass distribution.

A report by Ndungu (2012) revealed that the average growth rate has been 16% per year over the last 5 years. According to Cyton investment analysis of 2018, there are 50 companies, 3 insurance companies and 198 insurance brokers and 4 reinsurance brokers licensed in Kenya by June 2018. Kenya's insurance penetration currently stands at 3% compared to other Sub-Saharan African countries. However, the Industry in Kenya remains very optimistic that the insurance penetration in Kenya was to rise up to 3.5% by 2019, according to the insurance regulatory authority (IRA, 2017).

The 2017 Association of Kenya Insurers (AKI) report indicated that the gross written insurance premium posted a marginal 6.5 per cent growth to stand at $2 billion, up from $1.9 billion in 2016 (AKI, 2017). The industry asset base grew by 12 per cent to $5.6 billion, from $5 billion in 2016. However, despite the small increase in premiums, the industry had to contend with a 2.5 per cent rise in net claims, at $553.6 million, from $539.8 million in 2016. According to the AKI report, Kenya's insurance sector plans to use technology and the digital revolution to push growth and deeper penetration (Muchira, 2018). In addition, the AKI report (2009) showed that the Kenya's insurance sector growth rate was 2.84% in the year 2009 compared to a growth rate of 2.63% in the previous year, while in South Africa, the growth rate stood at 12.9% in the same period. Moreover, the study showed that a paltry 6.8% of the entire Kenya population has consumed any insurance cover. This leaves out an overwhelming 91% of the population having never purchased and insurance cover. In this regard, the insurance firms must formulate competitive strategies for for comparative advantage for each to have a credible market share. This low-level market penetration by insurance firms in Kenya demonstrates an excess capacity indicating existence of numerous market opportunities for growth and profitability, through encouraging increased uptake of insurance products in order to cushioning clients from the negative impact of various risks in today's shifty environment.

1.2 Statement of the Research Problem

In any growing economy, firms compete to gain the largest market share so as to maximize the profits to serve their purpose of existence (Sumer & Bayraktar, 2012). To facilitate sustainable growth and take up new opportunities, strategic practices are needed (Deloitte & Touche, 2015). Stiff competition in insurance sector has led to price wars, hence to remain relevant, they need to align their competitive strategies (Arasa & Gathinji, 2014). The number of firms in the insurance sector in Kenya has significantly increased in the last decade having 54 insurance companies proving the services. This increase has changed the operations of the sector even as the companies are facing harder tasks in trying to attain competitive advantage (Kollie, 2017). Even though the number of insurance firms have increased, Miriira (2014) argues that there has been low insurance uptake negatively impacting on their market share and product diversification. Statistics show that a paltry 6.8% of the Kenya's population has managed to purchase any insurance product, implying that whooping 91% of the population have never embraced insurance idea. This has forced insurance companies which are experiencing huge losses such as Invesco Assurance Company, CIC Insurance and Standard Assurance to seek other alternatives to remain in the market or close down (Mumo, 2019). This reveals that despite the significance the insurance sector has on the economy it is very delicate sector raising concerns. There is need to determine strategic competitive practices that the insurance companies may employ in their quest to remain more competitive given the frequent dynamic changes.

Several authors have delved into the areas of strategic management and its perceived link to the performance of organizations around the globe, more so exploring different strategies used by these insurance firms (Miyienda, 2015; Velani 2017; Ouma, 2016; Nolega et al., 2015; Nyakundi, 2015; Sifuna, 2014; Gathoga, 2011; Boniface, 2011; Karanja, 2002). However, all failed to offer detailed insights on the statistical correlations between strategic competitive practices and their perceived influence on the performance of insurance firms. Most of the studies done have concentrated on developed countries with a few being conducted in developing nations such as Kenya. Understanding the strategic competitive practices is an important step towards promoting the growth of insurance sector which plays a huge role in economic development. There are paucity previous published studies on the contributory effect of strategic competitive practices on the improved performance, more so on the insurance firms, more so in the context of developing economies in a dynamic African environment like Kenya. Consequently, the current study intends to bridge this gap of knowledge that exists.

1.3 Study Objectives

1.3.1 General Objective of the Study

The main objective of the study was to assess the effect of strategic competitive practices on the performance of insurance firms operating in Nairobi City County, Kenya.

1.3.1 Specific Objectives of the Study

1. To determine the effect of differentiation strategy on performance of insurance firms in Nairobi County, Kenya.
2. To determine the effect of cost leadership strategy on performance of insurance firms in Nairobi County, Kenya.
3. To explore the effect of market focus strategy on performance of insurance firms in Nairobi County, Kenya.
4. To examine the effect of customer relationship management strategy on performance of insurance firms in Nairobi County, Kenya.

2. Literature Review

2.1 Theoretical Review of Literature

Theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions (Swanson, 2014). The theoretical review is the structure that can hold or support a theory of a research study. The current study was anchored on: Resource – Based View (RBV) theory of a firm; Dynamic Capability Theory (DCT), as well as the Institutional Theory (IT). Their major tenents and implications are as well discussed and their relevance to the study provided.

2.1.1 Resource – Based View (RBV) Theory

The resource – based view (RBV) theory of a firm can be traced back to Penrose in 1959 indicating crucial resources for growth and development to any organization. The RBV of a firm offers an insight of the internal resources accumulated by an individual firm as key to superior performance by the firm relative to its rivals in the same industry (Odollo, Iravo & Sakwa, 2019). This implies that a firm with the right combinations of these critical resources is able to not only create, but also be able to implement appropriate operational strategies easily and much better that will enable the firm gain and sustain competitive advantage over their rivals in the same industry. According to the theory, such a firm is able to have a superior performance when it finds the right combination with its unique resources, and will be able to drive better performance in all the operational areas within the organization (Odollo, Iravo & Sakwa, 2019).

The RBV states that a firm's sustainable competitive advantage hence performance, depends on its ability to manage the institutional context of its resource decisions. It states that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it (Csaszar, 2012). According to the proponents of the theory, the resource-based view of a firm attempts to link the firm's internal capabilities to strategy formulation to achieve competitive advantage. According to the key tenents of the theory, a firm is viewed as an interconnectivity of resources and capabilities. Hence, the RBV of the firm emphasizes the importance of strategic choice of critical resources whose tasks include identifying, developing and deploying core resources to maximize profits (David, 2011).

Krim (2003) argued that basing on resource-based theory that organizations wish to maintain a distinctive product (competitive advantage) and will plug gaps in resources and capabilities in the most cost-effective manner. The theory emphasizes that resources internal to the firm are the principal driver of a firm's profitability and strategic advantage (Barney, 1991). Many firms plan and implements various strategies in order to create competitive advantages thus outperforming their competitors and earn a higher rate of profits in their industry. For organization to achieve superior competitive advantage, the firm must create more values, which depends on its stock of resources and distinctive capabilities of using those resources. For long-term profitability, a firm must ensure that the adopted and competitive created are sustainable. Wilkens (2004) stated that a firm that exploits its internal resources and capabilities could achieve a good performance, as the resources are stable and reliable in the process of strategic making the firm able to face market dynamics and competition. A successful firm can identify their idiosyncratic characteristics are differentiated from those of their competitors, and carve out a distinctive niche in the market (Barney 2011). Thus, they should select their peculiar resources and find the best way to use and organize them in order to deploy specific capabilities and to set up a successful strategy allowing them to operate profitably in the market.

2.1.2 Dynamic Capability Theory (DCT)

According to the dynamic capabilities theory as pioneered by Teece (1989), describes the ability of a firm to intentionally formulate, establish or carry out a modification to its resources in response to the ever-changing forces in an environment (Teece, 1989). Successful companies in the international or global market place achieve competitive advantage by having a timely response to market dynamics and speedy service/ product innovation and are in position to timely schedule and deploy their external and internal competences (Teece, 1997). This theory suggests three factors that help in explaining competitive advantage of an organization. These factors include; processes showing how activities and operations are done, positions that show assets categories and relations within an organization and lastly paths that describe the strategic direction of an organization. In general, processes within an organization, various positions of assets and the presents and future paths of an organization form the basis of competitiveness under dynamic capabilities theory (Teece, 1997). According to Bowman & Véronique (2009), position falls into two broad categories; external and internal. Internal position is related with the internal assets of an organization including institutional and reputational assets while external position refers to the external environment of a firm. The current position of the firm is influenced by boundaries and market assets of a firm.

2.1.3 Institutional Theory

The institutional theory was advanced by Scott (1995) and argues that an organization relies heavily on the institution's social constructs that help define both the organization's structure and processes (Scott, 1995). The author further postulates that according to the theory, the society is viewed as an integrated whole and plays a vital role in determining the legality of an institution and may as much as wield much power that facilitates its operations within the organization (Forgaty, 2014). In addition, the theory postulates that the organization's immediate environment can significantly influence the development of systems and the formal structures within the institution and most often, more profoundly than the overall market pressures would demand and sustain, especially in a highly competitive environment (Meyer, 2012). According to Burns (2010), the gap between the expected societal views and an organization's actual actions is bridged by the institutional theory bridges (Burns, 2010). The institutional theory is hence relevant to the current study in exploring the competitive strategy formulation process, and specifically, it anchors the cost market focus strategy. Since an institution conforms to the societal norm's requirements within the organization, it must tailor its services to suit the needs and preferences of the society within which it operates, and other targeted niche markets. The standard practice shall ensure that the organization remains sustainably competitive within its industry and hence its performance improves with time, in the long run.

2.2 Conceptual Framework

According to Mugenda and Mugenda (2003), a conceptual framework as a hypothesized model identifying the concepts under study and their relationships. In the conceptual framework for the current study, the independent variables are differentiation, cost leadership market focus as well as customer relationship management strategies, while performance of insurance firms is the dependent variable. Figure 2.1 shows the interrelationships amongst the study variables.

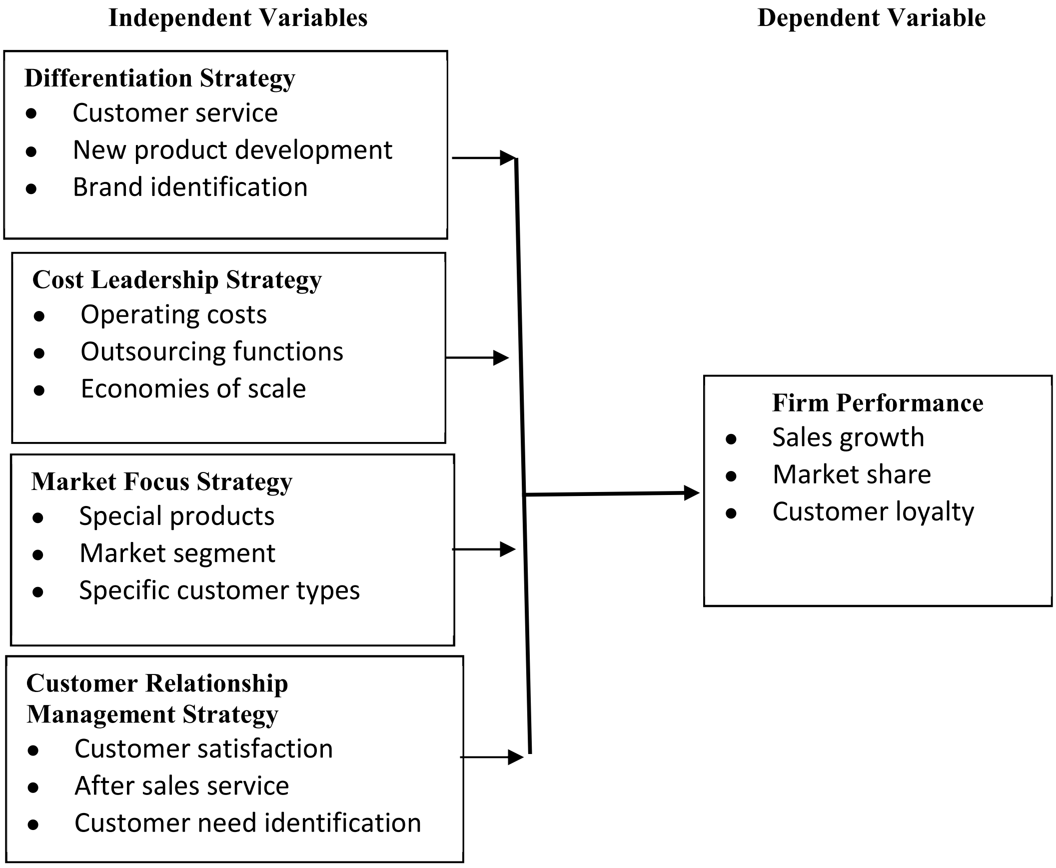

Figure 2.1: Conceptual framework showing study variables interrelationships

2.2.1 Differentiation Strategy

Differentiation is known to increase sensitivity of the buying process for customers in regard to company image and this influences performance of the organization. Indicators for differentiation strategy for this study include: new product development, brand identification, responsive customer service, and procedures through TQM. Porter (1980) refers to differentiation strategy as a strategy by an organization or business planned intensification of the perceived value of the organization's commodities likened to competitors aimed at creating customer preference from its distinctive features. Lemak & Choi (2013) define differentiation as the positioning of a brand in a way to distinguish it from other competitors while creating a unique organizational image. In addition, product differentiation should be about how the customer perceives the organization, implying that it can be done explicitly for a product or a service to make them attractive, or for a service (Kamau, 2013; Barnley & Hesterly, 2013).

According to Olegube (2014), product differentiation involves physical aspects such as location, space and layout of location, while Kamau (2013) intones that for a service, differentiation refers to how after sales services are utilized, lengthened operating hours, incentive programs among others. Differentiation is known to increase sensitivity of the buying process for customers in regard to company image and therefore the need for companies to develop personalized products (Allen & Helms, 2006). Differentiation strategy is most suitable where the targeted customers price insensitive, where the market is infinitely competitive, or, where a firm has a unique bund of critical resources and capabilities which enable it satisfy the needs of its clients (Porter, 1985). Porter (1980) gives a number of examples on various differentiation techniques which include: responsive customer service, creating unique features in products and services, integration of various tastes and preferences of customers, and innovation of new designs. An organization must therefore develop products and services that have distinctive characteristics that are appreciated by both of its current and potential customers and are deemed better than its competitors can actually offer (Kamua, 2017). Whenever a firm adds value to products and services as a differentiation strategy, this enables the individual firm to have high returns from sales hence more profitability (Barnley & Hesterly, 2013; Prajogo, 2007).

Bauer (2011) posits that differentiation is about sustaining a strong and consistent image to its customers, while having innovations in its marketing techniques; developing new product development and strict adherence to quality control procedures and measures using Total Quality Management (TQM). Differentiation is about identifying gaps not filled by products and services and incorporating them to attract customers (Kamua, 2017).

As a fact, differentiation results in high costs, however the organization can recover costs by keeping the differentiation costs below the premium price, or setting higher premium (Allen, 2012; Helms, 2012). According to an argument fronted by Jacome (2011), there exists different bases of differentiation as a strategy that is applicable by an organization. An outline by Jacome (2011) hence lists three categories of product differentiation. Either, an organization focus to improve relationships between itself and its core customers. The firm can hence utilize product customization by modifying its products or services according to customer needs (Yasar, 2010). Secondly, the organization focuses directly on its commodities' features with distinguishing characteristics in a service, and which attracts the potential buyers and timing product introduction to the targeted market segment (Barnley & Hesterly, 2006). Lastly, an organization can differentiate by focusing on the network linkages within the organization which includes product mix, distribution channels as well as service support (Barney, 2007).

In order to sustain differentiation, it is vital for an organization to have in place a strong research and development team, and highly creative personnel with strong marketing skills (Kamau, 2017). Organizations that are creative will always attempt to be a step ahead of their competitors in a bid to gain competitive advantage (Marques & Lisboa, 2011). Some of the advantages differentiation brings to an organization include: earning superior profits relative to competitors due to higher prices that organizations charge as a result of offering value added products and services, strong brand loyalty by the organizations loyal customers due to uniquely defined products and services that suit their needs, creating both physical and perceived barriers to entry of new entrants in the industry, and equally mitigating buyer power so that the buyers may lack the comparable substitute products oblivious to prices, according to Porter (1980). All in all, these competitive advantages result in superior performance for the organization (Nolega *et al*., 2017). However, differentiation as a strategy also has its shortcomings. An organization that succeeds to implement differentiation is prone to a major downside known as imitation from competitors who imitate their business methods with intentions of taking away customers (Kamau, 2017). Another downside of differentiation is that it is costly given that it may take time before an organization achieves a strong image. This also comes with risks of customers changing their tastes and preferences and the organization if not keen may not be able to meet customer demands leading to losses.

Several studies have been conducted to explore the relationships between differentiation as a strategy and firm performance most of them in developed nations. Internationally some studies have investigated differentiation as a strategy in organizations. A study by Prajogo & Sohal (2006) established that Total Quality Management had a positive association with differentiation strategy. Abdullahi & Haim (2017) investigated whether environmental munificence directly and indirectly influence the relationship between differentiation strategy and a firm's performance in Hotels from Kano State, Malaysia. The study results revealed that differentiation strategy, environmental munificence was positively associated with performance. Manjeet et al. (2017) carried out a study examining the impact of differentiation strategy on firm's performance and the mediating role of quality management among the manufacturing firms of India. From the study results, there was no direct significant effect of differentiation strategy on firm performances.

Locally, numerous studies have been conducted on differentiation as a strategy in businesses. For instance, a cross-sectional study by Demba et al. (2018) aimed at establishing a relationship between differentiation strategy and performance among selected car rental businesses in Nairobi City, Kenya. The study results showed that differentiation as a strategy had a statistically insignificant effect on performance. However, the correlation analysis results showed a negative relationship between indicators for performance improvement and differentiation strategy used ($r = -0.05$). This relationship was though considered weak. Moreover, a multiple regression analysis showed that there was no significant impact of product differentiation as a strategy on the performance. Consequently, the study hence concluded that product differentiation strategy adopted by these selected car rental businesses in Nairobi City County had no significant effect on the performance of these businesses.

A study by Atikiya et al. (2015) sought to establish the effect of differentiation as a strategy on the performance of manufacturing firms in Kenya. The study hence confirmed previous studies on positive relationship between differentiation strategy and firm performance. The study concluded that manufacturing firms interested in enhancing their performance and staying ahead of competition should pursue differentiation strategy. Adimo (2018) examined the influence of product differentiation and organizational performance in Sameer Africa Limited. The study found that product differentiation strategy had a positive relationship with organizational performance. The study concluded that integrating product differentiation strategies through specific product attributes relevant to competitors and variety of products to match the need of various customers would result in improved performance. An analysis of the significant effect of differentiation strategy on business performance among Betting firms in Kenyan was designed by Chege (2018). The study results revealed that as a strategy, the effect of differentiation on business performance was statistically significant. Moreover, a study by Nolega et al. (2015) sought to explore the effect of product differentiation on a firm's performance at the Kenya Seed Company (KSC), Kenya. From the study conclusion, customer base of KSC showed that there was a steady rise from 10v – 15 years before, all attributed to the product differentiation strategies employed and more so product quality.

2.2.2 Cost Leadership Strategy

As a strategy, the cost leadership enables a firm to establish a competitive advantage by increasing sales turnover to help in any expansion plans thereby influencing organization performance. The indicators for cost leadership strategy for this study include: low operating costs, the economics in scale of operations, outsourcing functions, as well accessibility to low-cost capital. Porter emphasizes the generic competitive strategies that a firm may seek to achieve a low-cost operator in its industry, according to Pearce and Robinson (2012). And according to Daniella (2014), it may involve among other others but not limited to: pursuit of economies of scale, low manufacturing costs, as well as the preferential access to raw materials. Moreover, Porter (1996) posits that a cost leadership strategy emphasizes gaining competitive advantage by pursuing the lowest cost strategy in the industry. This implies that for an organization to be successful and competitive, its personnel must equally be both competent and committed to embrace the low-cost strategy that is designed by the management. As a strategy, the cost leadership allows the firm to be a low-cost producer and thus making more profits than rivals due to low costs of production and economies of scale (Barney, 2007).

Cost leadership strategy occurs in a firm through use of experience as a result of investment in production, conservation and careful monitoring of operating costs so as to optimize organizational performance (Helms, 2012). Cost leadership enables firms to establish a competitive advantage by increasing sales turnover to help in any expansion plans. Firms that utilize cost leadership have an intention of targeting a large group of customers (Bauer, 2011). Low costs strategy of pricing products and services enable a firm to offer relatively standardized products or services to its customers, which leads to the firm gaining sustainable competitive advantage relative to its competitors in the market, thereby improving its profitability base as a result of its increased market share (Porter, 1980). An explorative study by Seth (2013) concluded that a firm must command a larger market share under its control for the organization to be successful low-cost leader. When successful, the market new market entrants will be competed away and the cost strategy may fail to benefit the entrants since from the economies of production leading to mass production, distribution and economies of scale may fail to make a significant positive impact on the new market entrants. In essence, as a result, the low-cost leadership as a strategy would become and act as a defense mechanism against market competitors in a highly competitive industry (Parker, 2014).

According to David (2014), firms seek to attain efficiency from pursuing cost leadership, being the degree to which per unit output of production is low. Moreover, an outline by David (2014) on cost leadership categorizes cost leadership strategy into cost efficiency as well as asset parsimony. According to the author, cost efficiency seeks to measure the degree to which costs per unit product or service produced and offered in the market are low. Otherwise, asset parsimony is said to be a strategy used to minimize expenditures on assets that are used in the production process of a commodity being produced. Further, a research study by David (2014) argues that parsimony defines the degree to which assets per unit of output are low. This helps the firm improve its performance. However, there are lope sides of the cost leadership as a strategy. For instance, lack of customer loyalty that may come with it. This implies that those customers who are price sensitive will always switch to the substitute product the moment a lower price product or service is introduced into the market (Green, 2013). Since the objective of cost leadership is to reduce operational costs, this might compromise quality of products or services rendered which might ruin the firm's reputation. In addition, low prices creating a negative attitude towards the quality of the product in the mindset of customer (Miller, 2014).

An investigative study was conducted by by Atikiya et al. (2015) to explore whatever effect that cost leadership strategy may have on the performance of firms in the manufacturing sector in Kenya. The study adopted both descriptive and explanatory research designs. From the study findings, revealed the performance of manufacturing firms is significantly influenced by cost leadership strategy employed by these firms in Kenya. In addition, the study concluded that the management of these manufacturing firms appropriately adopt cost leadership strategy in order to improve their competitiveness and performance within the sector. In addition, a study by Marangu et al. (2017) analyzed the influence of cost leadership strategy on organizations' competitiveness of sugar firms in Kenya, and was based on competitive advantage, generic framework and resource-based theories. The study concluded that there was a statistically significant influence of cost leadership strategy on organization competitiveness concluding that sugar firms' management in Kenya should make more efforts in employing cost leadership strategies to improve on organizations' competitiveness. Chepchirchir *et al.* (2018) carried out an explanatory research study on how logistics firms operating at Jomo Kenyatta International Airport, Nairobi use cost leadership strategy to drive their performance. The study looked at the degree to which application of cost leadership strategies resulted to performance improvement. This research was guided by Porters five forces theory. The study found out that cost leadership had a significant positive effect ($p<0.05$) on logistics firms performance. It also found out that as a result of utilizing this approach, there was increased sales volume and profits. Further, there was reduction of costs associated with operations that resulted to increased profit margin.

An assessment study by Odollo, Iravo and Sakwa (2019) explored the relationship between cost strategy and its perceived effect on the operations performance of sugar manufacturing firms in Kenya. The study was hinged on a resources-based view (RBV) of these sugar manufacturing firms. The study adopted a descriptive survey research design and used both the qualitative and quantitative approaches in collecting the study data, and targeted all the 12 licensed sugar producing firms in Kenya by the time the study was being conducted. A sample of 165 respondents was generated and primary data was obtained using structured questionnaires. The study results revealed an accumulation of 45 percent of respondents generally disagreed that the sugar manufacturing firms have low manufacturing unit cost. The study argued that focusing on lower costs, often did not contribute to overall performance since they may have a reducing effect on other operational objectives of the firm, hindering the capacity to obtain a trade – off among the chosen competitive priorities. These results however, contradicted the general perception of sugar firms' managers who were in agreement that their firms focused more on cost at all levels. There appears a paradox between cost focus and the performance. The managers however submitted that as much as their policy is to minimize costs across operations areas, over time, the firms' production costs seem to ever increasing lowering their bottom line.

2.2.3 Market Focus Strategy

The third independent variable for the study is market focus strategy which is conceptualized to influence organization performance. Market focus strategy addresses a specific market niche, geographical area and/or customer's thereby influencing organization performance. Indicators for market focus strategy for this study include: special products and services, specific market groups, and specific customer types. The focus strategy is another strategy proposed by Porter (1985). Through focus strategy, the company aims to serve the customers in a narrow market segment through low cost or differentiation (Davidson, 2001). The focus strategy addresses a specific market niche, geographical area and/or customers. It is suitable because it focuses on maintaining a faithful group of clients by providing good services and encouraging personal relationships (Hassan, 2015). This strategy is also realistic for small firm sizes as they require limited resources and entry barriers to small market segments may be fairly low. This strategy requires a smaller number of staff who have essential skills and a wide breadth of knowledge, are able to handle multiple tasks and are well trained (Hassan, 2015). This strategy focuses on three elements: strong networking, IT, and specific projects (Reeves & Deimler, 2011).

The focuser's basis for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from its competitors. Focusing as a strategy is based on selective market niche, with the buyers having distinctive preferences. The selected niche market may be defined by either geographical uniqueness or by any specialized requirements in using the services based on a certain preferred physiological aspect or by special attributes that appeal to members of a certain social class (Stone, 2008). A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market based on their income levels. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes.

Caxton (2015) intones that a firm using a focus strategy often enjoys a superior degree of loyalty from its customers, and this entrenched loyalty discourages other firms from competing directly. Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well. Some risks of focus strategies include imitation and changes in the target segments (Bob & Ron, 2010).

2.2.4 Customer Relationship Management (CRM)

The customer relationship management (CRM) strategy seeks to improve the organization's performance through engaging critical customers in long term relationships in order to improve profits and the operations of the firm. For the current study, the study indicators for customer relationship management strategy for this study include: satisfaction of customer needs, customer needs identification, and investment in IT support. In order to improve the performance of an organization, the customer relationship management (CRM) as a business strategy is often used. Several authors have since delved in the area of customer relationship and its effect on performance of an institution. For instance, a study conducted by Buttle (2011) found a statistically and significant positive relationship between customer relationship management as a strategy as used by differing organizations and performance. Thus, it highlights a critical argument since customer relationship management strategy is usually perceived as a comprehensive and overall strategy used by organizations to partner with selected customers, retain and acquire new customers of interest to improve quality for the company and value to the customer set (Sunder, 2015).

To underscore the importance of customer relationship management strategy, authors in the area of customer service have integrated the functions, and external network internal processes to the organization to create and supply and or offer services of values for target customers. It is based on high quality data concerning the customers with the support of information technologies. The overall goal of the customer relationship management (CRM) is to find, attract and win new potential clients, nurture and retain those the firm already has, entice former clients back into the fold and reduce the cost of marketing and client service. A study by Coltman (2011) contented that as a strategy, CRM is an important process in enhancing competitiveness and performance of a firm. Accordingly, the study further asserts that the CRM policies of an organization in the service sector must concentrate to improve the rate of customer satisfaction, retention and management of quality of services provided for customer. In addition, a study by Gibson (2013) concluded that by use of appropriate customer relationship management strategies has the ability to improve performance of an organization through its varied internal processes. Thus, such actual strategies enable organizations monitor and equally evaluate their performance efficiency in serving its customers that form part of critical mass. Moreover, Banerjee (2012) intones that in the current competitive business environment, every business enterprise has to solve the problem of satisfying the individual needs of customers. This is critical if the organization needs to survive and eventually grow in the market and thereby sustaining long-term beneficial relationships with its customers more so in the service industries.

An analysis by Atkinson (2013) on customer relationships argue that one of the most expensive yet critical intangible assets that any firm operating in the service industry must have, more so since a satisfied customer is more likely to engage in repeat purchases and if satisfied, is more likely to recommend others to the services of the firm. Organizations that are able to maintain long run performance are those ones that have been able to build customer loyalty and retention. Hence, the customer relationship management strategies lead to superior performance as a resulting of both acquiring new customers as well as sustaining customers for competitive advantage in the highly competitive market. As a strategy, the customer relationship management has been found to have ability to reduce operational costs incurred especially in acquiring and retaining the critical customers. This leads to improved profitability by the firm resulting from customer loyalty, according to a study conclusion by Gruen (2011). Moreover, a study conclusion by Thomas (2014) posits that customer relationship management as a strategy should be more customer centered strategy rather than be of product centered. This has been proved to add more value to the services being offered by the organization to enhance the desired results (Thomas, 2014).

Richards and Jones (2015) argue that as a strategy, the customer relationship management leads to an improved performance of the organization through exploiting the well-established long-term engagements with the critical customer. The CRM process should be made a highly interactive with the main aim of reaching and striking an optimal balance between the business investment as well as satisfying and exceeding customers' identified needs. This calls for the management of these institutions to both apply and execute the customer relationship management strategies appropriately in order to attract new and potential customers. This emphasis should be more so in the insurance sector where there is intense competition among market players in Nairobi City County in Kenya. This otherwise faces stiff competition from the well-established firms, which requires that they differentiate their customers according to some basic characteristics (Richards & Jones, 2015). Otherwise, firms are advised to assess the satisfaction level of its user's user of their services. This shall enable the firm to employ the feedback to make positive adjustments to both their operations as well as their services rendered. Equally, a study by Picton (2010) assessed the level of dissatisfaction of customers. The study concluded that in essence, any dissatisfied customer is usually disloyal to the organization and ill – talk to other customers about the organization concerning their bad and unfortunate experiences. In this regard, the current study sought to assess how the customer relationship management (CRM) is applied as a customer relationship management strategy for acquiring, managing and retaining customers' loyalty and hence improving performance in the service industry especially in life assurance in Kenya.

2.2.5 Performance of Insurance Firms

Performance of an organizational may be measured either by the actual output produced or results of an organization as measured against its intended goals and objectives that are predetermined by the management (Delaney and Huselid, 2006). A firm's performance considers three specific areas of output (Richard et al., 2009). In addition, the authors outline that these specific areas include: financial performance measured by profit ratios of return on assets (ROA) and return on investments (ROI); market performance indicated by sales volumes and market share; and lastly shareholder return as measured by economic value addition. Performance of a firm hence may consider the financial and non – financial measurement outcomes of key performance indices of an organizations. However, other researchers intone that it might not be only be restricted to only the economic outcomes (Upadhaya, Munir & Blount, 2014). However, to effetely utilize the performance of the firm, the current study used a combination of both financial and non-financial measures of performance as indicated in the conceptual framework.

According to Kollie (2017), organization performance is affected by the strategies that the organization has chosen, thus performance may take many forms depending on whom and what the measurement is meant for. Improved organizational performance results are attained when all the available organizational resources are refocused on the attainment of specific goals and objectives (Ireland et al., 2011; Richard et al., 2009). To measure the performance of these insurance companies in Nairobi City County in Kenya, profitability, which is a relative measure of success for a business was used as estimates of performance. Accordingly, such measures as market share, customer loyalty as well as return on investment were the indicators used to measure the performance of insurance firms operating in Nairobi City County in Kenya.

3 Research Methodology

3.1 Research Design

According to Cooper and Schindler (2014), a research design is an overall and grand plan for research undertaking. The current study employed a descriptive research design. The research design was chosen for this research because the design establishes factors associated with certain occurrences, and conditions as well as its ability to ensure minimization of bias and maximization of reliability of information gathered. The descriptive research design attempts to collect data from members of a population, helps the researcher to get the descriptive existing phenomena by asking individuals about their perceptions, attitudes, behavior or values (Maxwell, 2012; Nachmias and Nachmias, 2007).

3.2 Target Population

Population is defined as the entire group of people, events or things of interest that the researcher wishes to investigate (Wambugu, Kyalo, Mbii & Nyonje, 2015). Consequently, the population for the current study was all the fifty – two (52) registered and insurance companies that have been operating in Kenya as listed by AKI (2019). For the current study, the unit of analysis is the insurance firm while the units of observation were the managers in charge of strategy formulation for these companies.

3.3 Sampling Size and Technique

A sample is a subset of the population. Cohen, Manion, and Morrison (2007) define sampling as the process of selecting a small part (sample) from the entire population to be studied. Choosing a sample is a key feature of any research undertaking. This being a census survey, all the 52 insurance firms registered and operate in the country as at 2019 will be sampled. The unit of observation was purposively sampled. The study purposively sampled manager in charge of strategy formulation since the manager is considered knowledgeable enough to offer crucial information relating to strategies that the insurance firm formulates and implements as recommended by Cooper and Schindler (2014). The benefits of using this method are that it increases confidence interval, it has a maximum chance of identifying negative feedback and everyone is involved.

3.4 Data Collection Instruments

Data collection instruments as the tools and procedures used in the measurement of variables in research (Kothari, 2010). In addition, Kothari (2010) views questionnaire as a collection of questions or statements that assesses attitudes, opinions, beliefs, biographical information or other forms of information. The study utilized both primary and secondary data. Primary data for the study was collected by use of semi – structured. For the current study, the questionnaire contained a mix of questions, allowing for both open-ended and specific responses to a broad range of questions to collect both qualitative and quantitative data structured on a 5 – point slanting Likert scale. For a survey, questionnaires are preferred to collect data since the respondents of the study are assumed to be literate and quite able to answer questions asked adequately and for their efficiency and ease of administration (Berger, 2013), while Kothari (2010) recommends that questionnaire is the most appropriate instrument due to its ability to collect a large amount of information in a reasonably quick span of time. It is for the above reasons that the questionnaire will be chosen as an appropriate instrument for this study. To validate primary information, the study utilized secondary data collected from the company's annual reports and published journals on profitability and return on investments over a period of five years as a measure of performance for the insurance companies. this shall be incorporated in the data analysis and reported and discussed together in chapter four.

3.5 Pilot Study Results

A pilot study is a small study done to test research protocols, data collection, and other research techniques in preparation for a larger study (Kothari, 2010). The study questionnaire was piloted on five insurance firms. This is in line with a pilot study target sample of a minimum of 10% of the targeted population (Kothari, 2010). The piloting, with an aim of testing both the reliability and validity of the research instruments, was used to extract comments from respondents which will help in the improving the instruments modifying and making clear the instructions given in order to avoid misinterpretation during the actual data collection.

3.5.1 Reliability Results

Reliability is the degree of consistency that the instrument or tool demonstrates on repeat trials (Kothari, 2010; Wambugu, Kyalo, Mbii, & Nyonje, 2015). Cronbach's Coefficient Alpha approach was used as recommended by Cohen, Manion, and Morrison (2007), to test reliability of the reseach instruments. In this regard, the questionnaire measurement items were accepted at a minimum reliability index of 0.70 for item loadings (Cohen et al., 2007). Higher alpha coefficient values mean there is consistency among the items in measuring the concept of interest.

The pilot study results show that all the five study variables were reliable as their reliability indices exceeded the prescribed threshold of 0.7, as shown in Table 4.1. Specifically, the study variables had the following Cronbach's Alpha indices: Differentiation Strategy (0.805), Cost Leadership Strategy (0.793), Market Focus Strategy (0.898), Customer Retention Management Strategy (0.826) and Performance of insurance firms (0.887). All the items tested for reliability posted a score above the recommended 0.7 an indication that there was internal consistency in the questions.

Table 4.1: Pilot Study Results

Scale	Cronbach's Alpha	No. of Items
Differentiation Strategy	.805	6
Cost Leadership Strategy	.793	6
Market Focus Strategy	.898	5
Customer Retention Management Strategy	.826	6
Performance	.887	4

3.5.2 Validity of instruments

According to Wambugu et al. (2015), validity is the meaningfulness, appropriateness, and usefulness of the inferences a researcher makes, while Kothari (2010) argues that validity relates to an instrument designed to obtain what it supposed to. To attain the validity of the study measurement items, the current study adopted both content and construct validities. The content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. To achieve content validity, the questionnaire measurement items were crafted from the construct measurements from the conceptual framework (figure 2.1). Moreover, the supervisor assessed, evaluated and determined whether the measurement items measured what they ought to measure. The researcher incorporated the supervisor's inputs and opinions in the questionnaires to ensure that the contents represent what was being measured.

For construct validity, the questionnaire was divided into several sections to ensure that each section assessed information for a specific objective, and also ensure that the same closely ties to the conceptual framework for this study. Construct validity was established by relating the survey questionnaire to a general theoretical framework. The instrument measuring provides adequate coverage of the investigative questions, criterion-related validity where the instrument should make accurate predictions of expected information and the instrument measures the presence of those constructs that is intended to be measured (Kothari, 2010). Communalities were used in the Component Factor Analysis (CFA) was adopted in measuring construct validity where a factor loading value of values greater than 0.4 was adopted. The study findings revealed that all the construct measurement items assessing differentiation, market focus, cost leadership, customer relationship management (CRM) strategies, as well the performance of the firm had sufficient factor loadings (Kothari, 2010). This shows that all the questionnaire measurement items for all the variables of the study were valid.

3.6 Data Processing and Analysis

Data analysis is defined as the process of cleaning, transforming, and modeling data to discover useful information (Kothari, 2010). Before data analysis, data has to be cleaned for its completeness. The process of data analysis will involve data clean up. The data was then coded and checked for any inconsistencies, errors and omissions (Kreswell, 2014). Responses in the questionnaires were processed by use of SPSS version 24.0 software because of its ability to appropriately create graphical presentations of questions, data for reporting, presentation, and publishing. SPSS is able to handle large amount of data and given its wide spectrum of statistical procedures purposefully designed for social sciences, it is efficient for the study.

Qualitative data was analyzed through content analysis. This method entails making interpretations by analytically and accurately ascertaining specific features of messages and information as the foundation to relate to trends. Content analysis provides a qualitative image of the respondents, apprehensions, thoughts, outlooks and approaches. In addition, it provides valuable historical and cultural insights through analysis of texts. Upon analysis, data was presented in various forms. A frequency distribution table was used to summarize categorical or numerical data. According to Kothari (2010), a frequency table is a table showing how often each value of the study variable occurs in a data set in a simple form.

Quantitative data was analyzed and presented in tabular form by use of percentages and frequencies. In addition, data was analyzed descriptively by use means and standard deviations of measures of central tendencies. The study utilized inferential statistics to analyze data, where both regression and correlation analyses shall be done. As for the parametric data, Pearson's Product Moment Correlation analysis(r) and multivariate regression analysis were used to test the relationship between variables, and to measure the strength of a linear association between two variables and is denoted by (r) (Kothari, 2010). A Pearson product-moment correlation attempts to draw a line of best fit through the data of two variables, and the Pearson correlation coefficient, r, indicates how far away all these data points are to this line of best fit (Greener, 2008).

Regression analysis will be applied in all the cases where correlation will be found to exist between the independent and dependent variables. It is important to carry out regression analysis so as to establish the extent of the perceived influence of the explanatory variables exerted on the dependent variable. The study used 95% confidence interval implying that for an independent variable to have a significant influence on the dependent variable, the p-value ought to be below the significance level (0.05). To establish the relationship between the strategic competitive practices (SCP) and performance (Y) of insurance companies, the study will use a generic multiple regression model, presented in a functional form:

$$\boldsymbol{Y = \beta_0 + \beta_1 DS + \beta_2 CLS + \beta_3 MFS + \beta_4 CRMS} + \in \cdots \ldots \boldsymbol{equation\ 1.1}$$

Where:

Y	=	Performance of insurance firms in Kenya
B0β1β2 β3β4	=	Coefficients of explainable variables
DS	=	Differentiation Strategy
CLS	=	Cost Leadership Strategy
MFS	=	Market Focus Strategy
CRMS	=	Customer Relationship Management Strategy
ε	=	Error term

4. Data Analysis and Discussions

4.1 Response Rate

Even though the study purposively targeted managers in charge of strategy formulation in all the 52 insurance firms registered and operate in the country, forty – nine (49) respondents were able to complete the questionnaires making a return rate of 94.23%. This response rate was considered adequate since Creswell (2017) notes that a response rate of 30%-40% should be considered sufficient for a study.

4.2 Demographic Information

4.2.1 Age group of Respondents

The study requested the respondents to indicate their company has been in operation, figure 4.1 presents the study findings. From the study findings, 14.3% of the insurance firms have been operating for less than a year, 34.7% have been in operation for between one to five years, 32.7% have been in operations for between five to ten years, while 18.4% of the insurance have been in operation for over ten years. In essence, accumulation of over 50.7% of the insurance firms have been operation for over five years. Given the intense competitive environment of the sector, it implies that these entrenched insurance firms Nairobi City County, Kenya, have to devise competitive strategies for performance.

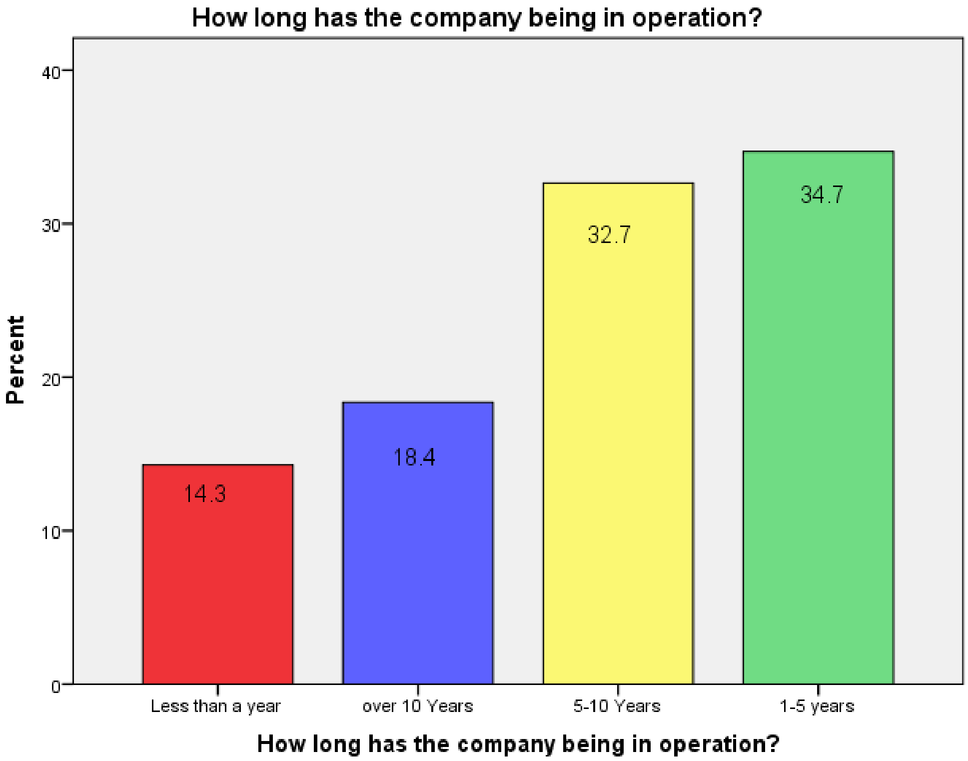

Figure 4.1: age of the company

4.2.2 Work Experience in the industry

It is envisaged that employees' performance and output vary depending on experience level. The results in Table 4.2 show that 12.2% of the valid respondents have work experience below one year, but 38.8% have experience between 0ne year to five years. However, an accumulation of 49.0% of the valid respondents have worked over five years in the sector, meaning that they are aware of the industry intrigues. During 5-10 years of service many employees build a perception that they have attained adequate experience in their profession. This means that the respondents had adequate working experience with the insurance sector and therefore they possess the necessary knowledge and information which was considered useful for this study.

Table 4.1: How long have you worked in the insurance sector

Experience items		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than a Year	6	10.3	12.2	12.2
	1-3 Years	19	32.8	38.8	51.0
	3-4 Years	15	25.9	30.6	81.6
	Over 5 Years	9	15.5	18.4	100.0
	Total	49	84.5	100.0	
Missing	System	9	15.5		
Total		58	100.0		

In order to determine the longevity of time an individual had worked in the same insurance company; the respondents were required to indicate their perception on their experience with the same company. From the study results in table 4.3, of the valid respondents surveyed, 8.2% had worked in the same insurance company for less than a year. However, 26.5% of the respondents surveyed between one- and three-years' experience, 42.4% of the respondents had worked for between three and four years, while of the valid respondents 22.4% had worked for over five years. This gives an accumulation of 65.3% of the valid respondents who have worked in the same company for over three years. This means that the respondents had adequate working experience with the insurance sector and therefore they possess the necessary knowledge and information which was considered useful for this study. From this perspective, therefore, longevity of service can be linked to low performance in organizations. For example, according to Fuzi, Halim and Khudzair (2016) states that the sooner such employees are promoted to the higher grade they start to work with passion and drive.

Table 4.2: How long have you worked for your current insurance company?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than a Year	4	6.9	8.2	8.2
	1-3 Years	13	22.4	26.5	34.7
	3-4 Years	21	36.2	42.9	77.6
	Over 5 Years	11	19.0	22.4	100.0
	Total	49	84.5	100.0	
Missing	System	9	15.5		
Total		58	100.0		

4.3 Descriptive Analysis of Study Variables

Descriptive analysis was done to generate trends of associations of the measurement items of the study variables. The analysis is done as per the study objectives. Results are presented in tables and their implications discussed. In order to determine to what extent strategic competitive practices, affect performance of insurance firms in Kenya, results are as presented in table 4.4. a paltry 14.3% of the valid respondents indicated to moderate extent, 42.9% indicated great extent while 42.9% equally indicated to very great extent. This gives accumulation of 85.8% of the respondents generally agreeing that strategic competitive practices is important to performance to a great extent.

Table 4.3: To what extent strategic competitive practices affect performance?

		Frequency	Percent	Valid Percent	Cumulative Percent
	Moderate Extent	7	12.1	14.3	14.3
	Great Extent	21	36.2	42.9	57.1
	Very Great Extent	21	36.2	42.9	100.0
Valid	Total	49	84.5	100.0	
Total		58	100.0		

4.3.1 Differentiation Strategy and Performance

In order to determine to what extent, the respondents felt that differentiation affects performance the study results are as presented in table 4.5. from the study results, it was revealed that the companies do offer a wide range of products to suit their customer needs, with a mean of 4.4792 (std. deviation = 0.652). in addition, the insurance companies put efforts to differentiate our products from those of competitors with a mean of 4.3878 (standard deviation = 0.7587). Generally, the respondents agreed that keen with products our competitors bring to the market, supported by a mean of 3.694 (standard deviation = 1.103). Meanwhile, the respondents agreed that their companies invest heavily in innovation of new products, supported with a mean of 3.6327 (standard deviation = 1.2532). Moreover, majority of respondents agreed that their companies continuously develop new products, with a mean of 4.3061, standard deviation of 0.82169. In addition, the respondents generally agreed that their products have developed strong brand identification, with a mean of 4.5306 (standard deviation = 0.50423).

Table 4.4: differentiation strategy on performance of insurance firms

Information Disclosure	**Mean**	**Std. Dev**
We offer wide range of products to suit our customer needs	4.4792	.65199
We put efforts to differentiate our products from those of competitors	4.3878	.75874
We are keen with products our competitors bring to the market	3.6939	1.1031
My company invests heavily in innovation of new products	3.6327	1.2532
We continuously develop new products	4.3061	.82169
Our products have developed strong brand identification	4.5306	.50423
Average Mean	**4.1717**	

Generally, the respondents agreed that the measurement the differentiation strategy measurement items affect the performance insurance firms in Nairobi City County, Nairobi, with a mean of means of 4.1717. This agrees with Allen & Helms (2006) that noted that differentiation is known to increase sensitivity of the buying process for customers in regard to company image and therefore the need for companies to develop personalized products.

4.3.2 Effect of Cost Leadership Strategy on Performance of Insurance Firms

From the study results the respondents generally agreed that the insurance company strive to reduce cost in administration activities (mean = 4.1429, standard deviation = 0.88976). In addition, the respondents moderately agreed that they reduce labour input through automations (mean = 3.3878, std. deviation = 1.11461). With a mean of 3.8367 (standard deviation = 1.0072), majority of the respondents believe that their company engage suppliers who provide discounts. Moreover, the majority of respondents generally agreed that their company outsource functions and enters into joint ventures to control costs, this is supported by a mean of 3.875 (standard deviation = 0.9368). however, of the valid respondents surveyed, did agree that their products are more affordable, with a mean of 4.3673 and standard deviation of 0.60187. Moreover, the majority of the respondents generally agreed that their company identify underperforming areas in order to cut costs supported by a mean of 3.3265 (std deviation = 1.3752).

Table 4.5: Cost Leadership Strategy on Performance of Insurance Firms

Cost Leadership measurement items	Mean	Std. dev
We strive to reduce cost in administration activities	4.1429	.88976
We reduce labour input through automations	3.3878	1.11461
We engage suppliers who provide discounts	3.8367	1.0072
We outsource functions and enters into joint ventures to control costs	3.875	.93680
Our products are more affordable	4.3673	.60187
We identify underperforming areas in order to cut costs	3.3265	1.37519
Average mean	**3.8227**	

On average, from the respondents it was evident that cost leadership measurement items strongly affect the performance of insurance firms in Nairobi City County, Nairobi, being supported by an average mean of 3.8227. This confirms Daniella (2014) arguing that cost leadership helps a firm gain competitive advantage by pursuing the lowest cost strategy in the industry. Moreover, a study by Atikiya et al. (2015) confirms that the performance of firms is significantly influenced by cost leadership strategy employed by these firms.

4.3.3: Effect of Market Focus Strategy on Performance of Insurance Firms

From the study results, majority of the valid respondents strongly agreed that their company focus on marketing special products with a mean of 4 and standard deviation 0.93541. However, majority of the respondents were neutral in their perception about whether the insurance company offers special products for specific target market, with a mean of 2.7347 (standard deviation = 1.4829). this however goes against the general expectations since insurance products are actually tailor-made for different cliental depending of their market niche. In retrospect, the respondents strongly agreed that their company serves a specific geographical market, being supported by a mean of 4.18379standard deviation = 0.9503). In addition, majority of respondents generally agreed that the insurance company tailor their products to meet their customers' needs, with a mean of 4.1224 and standard deviation of 0.9494.

Table 4.6: Market Focus Strategy and Performance of insurance firms

Information Disclosure	Mean	Std. Dev
We focus on marketing special products	4.0000	.93541
The company offers special products for specific target market	2.7347	1.48290
The company serves a specific geographical market	4.1837	.95030
We tailor our products to meet our customers' needs	4.1224	.94940
Average Mean	**3.7602**	

On average, the valid respondents surveyed highly agreed that their insurance company use market focus as a strategy to improve performance in Nairobi City County, Nairobi (mean = 3.7602). These study results confirm a study by Caxton (2015) intoning that a firm using a focus strategy often enjoys a superior degree of loyalty from its customers, and this entrenched loyalty discourages other firms from competing directly. And that firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well (Bob & Ron, 2010).

4.3.4: Effect of Customer Relationship Management (CRM) Strategy on Performance

From the study results, the respondents highly agreed that the company maintains and keeps personal records and contacts of all its clients, supported by a mean of 4.9167 9standard deviation = 0.27931). With a mean of 2.9167 (standard deviation = 1.14545), majority of respondents generally remained neutral that their company conducts customer satisfaction surveys regularly to evaluate quality of services. Equally, majority of the respondents generally remained neutral that their company invests in research and development aimed at identifying customer needs (mean = 2.6939, standard deviation = 1.15838). however, supported by a mean of 4.3750 (standard deviation = 0.67240), majority of the surveyed respondents generally highly agreed that the company uses customer information to create products that will satisfy the customer's needs, unlike the majority of the respondents who remained neutral that the company has invested in support tools to monitor customer behavior (mean of 2.6667, standard deviation of 1.05857).

Table 4.7: Customer Relationship Management Strategy on Performance

Ownership Concentration	Mean	Std. Dev
The company maintains and keeps personal records and contacts of all its clients	4.9167	.27931
The company conducts customer satisfaction surveys regularly to evaluate quality of services	2.9167	1.14545
The company invests in research and development aimed at identifying customer needs	2.6939	1.15838
The company uses customer information to create products that will satisfy the customer's needs	4.3750	.67240
The company has invested in support tools to monitor customer behavior	2.6667	1.05857
Average Mean	**4.39225**	

All the same, irrespective of neutrality of the respondents on some of the measurement items, on average, the majority highly agreed that customer relationship management (CRM) strategy affect performance of these insurance firms, being supported by an average mean of 4.39225. these study results generally confirm arguments by Buttle (2011) that there is a positive relationship between customer relationship management and organizational performance, and as such, CRM is a comprehensive strategy for acquiring, retaining and partnering with selected customers to improve quality for the company and the customer. In addition, a study by Thomas (2014) suggested that CRM brings benefits in terms of superior performance as resulting from acquiring new customers as well as sustaining customers for competitive advantage. In equal measure a study by Gruen (2011) revealed that CRM also improves performance from customer loyalty.

4.3.5: Performance of Insurance firms in Nairobi City

Performance of insurance firms in Nairobi City County was as was measured by Sales growth, Market share and Customer loyalty. The scores have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of 'Neutral' has been taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0. To show the past trends of Sales growth, Market Share and Customer Loyalty figure 4.2 shows the study results. From the study results, Sales growth, Market Share and Customer Loyalty have been fluctuating, with current times showing an improvement.

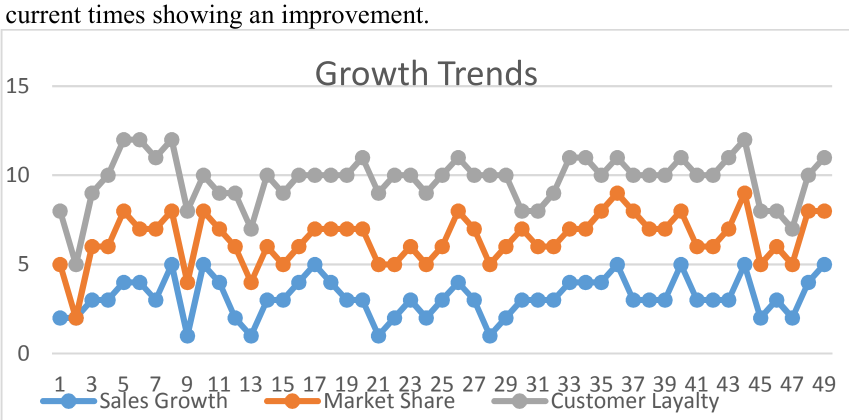

Figure 4.2: Growth Trends

In addition, Figure 4.3 presents the descriptive statistics for the measure of return on investment as the mean ROI for each year across the 5 years. Across the period, the maximum annual mean returns on equity ranged from 0.248 (lowest) for the year 2016 and 2.654 (highest) in 2015. The mean ROI thus seem to have no linear trend against time with means between 1.678 in 2014 and 1.438 in the year 2017.

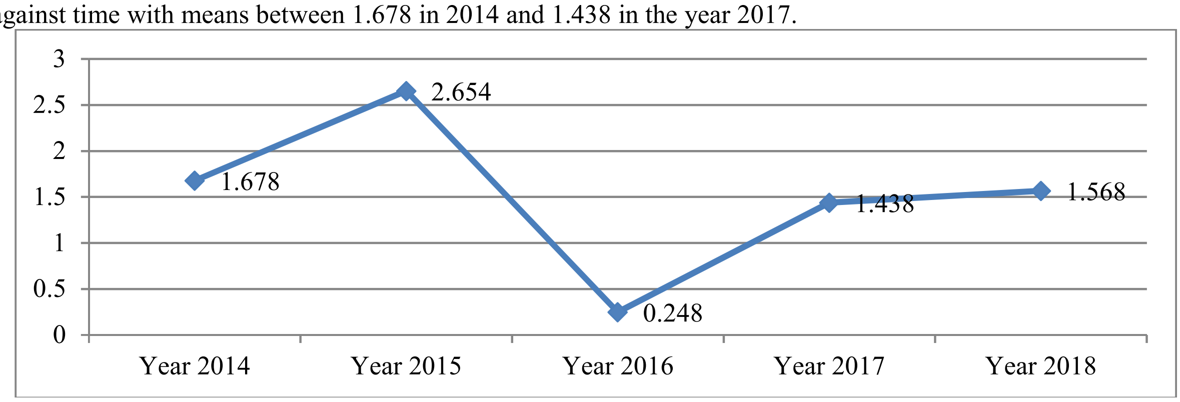

Figure 4.3: Annual Mean Returns on Investment (RoI)

4.4. Diagnostic Tests

The study used linear regression model due to its ability to show relationships between the independent and the dependent variables (Castillo, 2009). The assumptions are required to show that the regression model is fit to estimate the relationship between strategic competitive practices and performance of these insurance firms.

4.4.1 Normality Test

Normality tests are done to determine whether the sample data has been drawn from a normally distributed population. The normality test was done using the Shapiro-Wilk test which also has power to detect departure from normality due to either skewness or kurtosis or both. Shapiro-Wilk statistic ranges from zero (0) to one (1) and figures higher than 0.05 indicate the data is normally distributed (Razali & Wah, 2011). The criterion is to reject the null hypothesis if the p-value of the Shapiro-Wilk statistic is less than 0.05. The results in Table 4.8 shows the distribution of data on Differentiation Strategy (p-value 0.834>0.05), Cost Leadership Strategy (p-value 0.921>0.05), Market Focus (p-value 0.095>0.05), CRM (p-value 0.092>0.05), and Performance of Insurance firms (p-value 0.61>0.05). Therefore, according to Shapiro-Wilk test we fail to reject the null hypothesis and conclude that the sample data was normally distributed.

Table 4.8: Normality Tests

Variable	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Differentiation	0.152	48	0.078	0.944	48	0.834
Cost Leadership	0.209	48	0.092	0.918	48	0.921
Market Focus	0.154	48	0.32	0.956	48	0.095
CRM Strategy	0.214	48	0.233	0.892	48	0.092
Performance	0.164	48	0.731	0.913	48	0.610

4.4.2. Test for Multicollinearity

Multicollinearity was tested through the Variance Inflation Factors and the tolerance. It is a situation in which the predictor variables in a multiple regression analysis are themselves highly correlated making it difficult to determine the actual contribution of respective predictors to the variance in the dependent variable. The Variance Inflation Factor (VIF) quantifies the severity of multicollinearity in a regression analysis. VIF's greater than 10 are a sign of multicollinearity; the higher the value of VIF's, the more severe the problem. Results in Table 4.10 shows that all the study variables had a variance inflation factors (VIF) of less than 10: Differentiation Strategy (1.269), Cost Leadership Strategy (2.725), Market Focus Strategy (2.590), CRM Strategy (1.851) and Performance of Insurance firms (1.842). This implies that there was no severe collinearity with the variables thus all the study variables were maintained in the regression model.

Table 4.9: Test for Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	Differentiation	0.788	1.269
	Cost Leadership	0.367	2.725
	Market Focus	0.386	2.590
	CRM Strategy	0.540	1.851

a. Dependent Variable: Performance

4.4.3. Test for Heteroscedasticity

Heteroscedasticity refers to non-constant variance while homoscedasticity refers to constant variance. A classical assumption in linear model estimation is that the residual term is homoscedastic. A statistical test of heteroscedasticity was carried out to confirm homoscedasticity with statistical significance. The Breusch-Pagan test was carried out where the BP Lagrange multiplier (LM) statistic was computed for the residuals. The BP and Koenker tests the hypothesis:

H_0: residuals do not exhibit heteroscedasticity (residuals are homoscedastic).

The P-value of the BP-LM test as shown in Table 4.11 were greater than 0.05 implying that we fail to reject H_0 and therefore conclude that the residuals do not exhibit heteroscedasticity thus meeting the homoscedasticity assumption.

Table 4.10: Test for Heteroscedasticity

	LM	Sig	Conclusions
BP	5.998	0.320	Fail to reject H_0
Koenker	1.986	0.654	

4.4.4 Test for Autocorrelation
Pedace (2013) looked at autocorrelation as the relationship between members of a series of observations ordered in time or space suggests using Durbin-Watson test to check for the presence of autocorrelation between variables. According to Zeng (2016), Durbin-Watson statistic ranges from 0 to 4. A value near 0 indicates presence of positive autocorrelation while a value close to 4 indicates presence of negative autocorrelation. A value ranging from 1.5 to 2.5 indicates that there is no presence of autocorrelation between the variables. The results presented in Table 4.12 indicate that there was no autocorrelation between the variables since the Durbin-Watson coefficient was 1.765.

Table 4.11: Autocorrelation Statistics

Model	Durbin-Watson
1	1.765

a. Predictors: (Constant), Differentiation, Cost Leadership, Market Focus, CRM.
b. Dependent Variable: Performance

4.4.5. Test for Linearity
Linearity Assumption of linear estimation is that the dependent variable has a linear relationship with the independent variables. Computation of ANOVA statistics was used to test for the linearity assumption. The study hypothesizes that: H_0: the dependent variable has no linear relationship with the independent variables. The study results as shown in Table 4.13 indicate that the F-statistic (4, 45= 2.5828, p-value <0.05). The ANOVA results indicated the model is significant and therefore we reject the null hypothesis and conclude that the study dependent variable (performance) has a linear relationship with the independent variables (Differentiation, Cost Leadership, Market Focus, CRM).

Table 4.12: Test for Linearity ANOVA Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	70.908	4	17.722	2.5828	.000[b]
	Residual	308.902	45	6.864		
	Total	379.910	49			

a. Dependent Variable: Performance
b. Predictors: (Constant), Differentiation, Cost Leadership, Market Focus, CRM

4.5 Inferential Statistics
4.5.1 Correlation Analysis
The Pearson correlation coefficient was used, and which can take a range of values from +1 to -1, with a value of 0 indicates that there is no association between the two variables while a value greater than 0 indicates a positive association. A value less than 0 indicates a negative association (Greener, 2008). The pearson Product moment correlation (r) was used to determine the relationship between independent variables (Differentiation, Cost Leadership, Market Focus, CRM) and dependent variable (Performance).

i. Correlation Analysis for Differentiation Strategy and Performance
The study sought to establish the relationship between Differentiation Strategy and Performance of Insurance firms in Nairobi City County, Kenya. The result of the Pearson correlation presented in table 4.13, indicates statistically significant correlation relationship between the Differentiation Strategy and Performance (r = 0.678; p<0.05) of insurance firms in Nairobi City County, Kenya. The implication of this results is that differentiation is statistically and positively correlated with performance of these insurance firms.

Table 4.13: Correlation Analysis for Differentiation Strategy and Performance

		Performance of insurance firms
	R	1.000
Performance of Insurance firms	Sig. (2-tailed)	.
Differentiation Strategy	R	.678
	Sig. (2-tailed)	.000
	N	49

This study finding confirms study results by Abdullahi & Haim (2017) which showed that differentiation strategy and a firm's performance are positively related. Moreover, a study by Demba et al. (2018) established a statistically insignificant relationship between differentiation strategy used by a firm and its performance. Equally, an exploratory study by Tuva (2015) on the influence of differentiation strategy on performance of water bottling companies in Mombasa County, Kenya, revealed a positive statistical relationship between differentiation strategy and firm performance. Moreover, Chege (2018) analyzed the relationship between differentiation strategy and business performance among Betting firms in Kenyan showed that differentiation on business performance was statistically significant. However, a study among selected car rental businesses in Nairobi City, Kenya, showed that the effect of differentiation as a strategy was statistically insignificant, while a correlation analysis revealed a negative relationship between indicators for performance improvement and differentiation strategy used (r = -0.05).

ii. Correlation Analysis for Cost Leadership Strategy and Performance

In addition, the study sought to establish the relationship between cost leadership and performance of insurance firms in Nairobi City County, Kenya. Table 4.14 shows a positive and statistically significant correlation (r = 0.876; p<0.05) between cost leadership and performance of insurance firms in Nairobi City County, Kenya. This implies that cost leadership is positively correlated to the performance of insurance firm in Nairobi City County, Kenya.

Table 4.14: Correlation Analysis for Cost Leadership Strategy and Performance

		Performance of Insurance Firms
	R	1.000
Performance of Insurance Firms	Sig. (2-tailed)	.
Cost Leadership Strategy	R	.876
	Sig. (2-tailed)	.000
	N	49

The study results confirm a study by Atikiya et al. (2015) that revealed that the performance of manufacturing firms in Kenya is significantly influenced by cost leadership. Moreover, an exploratory study by Chepchirchir *et al*. (2018) showed that forms use cost leadership strategy to drive their performance, and found out that cost leadership had a significant positive effect (p<0.05) on logistics firms performance. In addition, the current study results confirm study results by Odollo, Iravo and Sakwa (2019) that revealed that an accumulation of 45% of respondents generally disagreed that the sugar manufacturing firms have low manufacturing unit cost. However, the study argued that focusing on lower costs, often did not contribute to overall performance since they may have a reducing effect on other operational objectives of the firm, hindering the capacity to obtain a trade – off among the chosen competitive priorities. These results however, contradicted the general perception of sugar firms' managers who were in agreement that their firms focused more on cost at all levels. There appears a paradox between cost focus and the performance. The managers however submitted that as much as their policy is to minimize costs across operations areas, over time, the firms' production costs seem to ever increasing lowering their bottom line.

iii. Correlation Analysis for Market Focus and Performance

Further, the study sought to establish the relationship between market focus and performance of insurance firms in Nairobi City County, Kenya. Table 4.15 shows a statistically significant correlation (r = 0.811; p<0.05) between market focus and performance of insurance firms in Nairobi City County, Kenya.

Table 4.15: Correlation Analysis for Market Focus on Performance

		Performance of Insurance firms
	R	1.000
Performance	Sig. (2-tailed)	.
Market Focus	R	.811
	Sig. (2-tailed)	.000
	N	49

The study results confirm past study results by Stone (2008) that showed that a focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market based on their income levels. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes. Further, Caxton (2015) intones that a firm using a focus strategy often enjoys a superior degree of loyalty from its customers, and this entrenched loyalty discourages other firms from competing directly. Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well. Some risks of focus strategies include imitation and changes in the target segments (Bob & Ron, 2010).

iv. Correlation Analysis for CRM and Performance

Finally, the study sought to establish the relationship between CRM and performance of insurance firm in Nairobi City County, Kenya. Table 4.16 show statistically significant correlations between CRM and performance of insurance firms in Nairobi City County, Kenya (r = 0.743; p<0.05). This implies that CRM is positively correlated to the performance of insurance firms in Nairobi City County, Kenya.

Table 4.16: Correlation Analysis for CRM and Performance

		Performance of Insurance Firms
	R	1.000
Performance	Sig. (2-tailed)	.
CRM	R	.743
	Sig. (2-tailed)	.000
	N	49

The correlation results of the Customer Relationship Management (CRM) confirm study results by Buttle (2011) which showed a positive relationship between customer relationship management and organizational performance. In the same measure, a study by Gibson (2013) also revealed that CRM as a strategy improves performance through its various processes because it enables organizations to evaluate their efficiency in serving customers, while according to Gruen (2011), CRM improves performance through reduction of the costs incurred in acquiring customers and also the profitability that result from customer loyalty.

4.5.2. Regression Analysis

Regression analysis was applied in all the cases where correlation was found to exist between and amongst the study variables. The regression analysis was done in order to establish the extent of the perceived influence of the explanatory variables exerted on performance. This study applied a 95% confidence level. A multiple regression analysis was conducted to determine the direction of association using the coefficient of determination (R^2). From the study findings, the four independent variables jointly accounted for 80.80% (R^2 = 0.8082) variation in the performance of these insurance firms in Nairobi City County, Kenya. This implies that other factors not included in the study accounts for approximately 19.20% variation in the performance of insurance firms in Kenya.

Table 4.17: Model Summary (Overall)

Model	R	R^2	Adj R^2	Std. Error of the Estimate	Change Statistics R^2 Change	F Change	df1	df2	Sig. F Change
1	.899a	.8082	.782	.032	.322	68.398	4	45	.000

Further, the analysis of variance is used to determine whether the regression model is a good fit for the data. It also gives the F-test statistics; the linear regression's F-test has the null hypothesis that there is no linear relationship between the two variables. The F-critical (4,45) was 13.876 while the F-calculated was 47.347, $\rho<0.05$ as shown in Table 4.19. This shows that F-calculated was greater than the F-critical and hence there is a linear relationship between the independent variables and the dependent variable. Therefore, the model can be considered to be a good fit for the data and hence it is appropriate in predicting the influence of the four explanatory study variables on the dependent (Performance) variable.

Table 4.18: ANOVA

Model		Sum of Squares	d.f	Mean Square	F	Sig.
1	Regression	55.678	4	13.9195	47.347	.000
	Residual	13.230	45	.294		
	Total	68.908	49			

NB: F-critical Value = 13.876;

Further, the study ran the procedure of obtaining the regression coefficients, and the results were as shown on the Table 4.19. The coefficients or beta weights for each variable allows the researcher to compare the relative importance of each independent variable. In this study the unstandardized coefficients and standardized coefficients are given for the multiple regression equations. However, discussions are based on the unstandardized coefficients.

Table 4.19: Regression Coefficient Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	P-value.
		B	Std. Error	B		
1	(Constant)	8.765	0.987		8.880	.000
	Differentiation	0.613	0.199	.456	3.080	.003
	Cost Leadership.	0.767	0.208	.643	3.687	.000
	Market Focus	0.736	0.211	.602	3.348	.002
	CRM	0.543	0.267	.406	2.034	.004

From the Multiple regression analysis results, the multi regression model equation can be deduced as thus:

$$\mathbf{Y = 8.765 + 0.613X_1 + 0.767X_2 + 0.736X_3 + 0.543X_4.}$$

This indicates that Performance of Commercial Banks = 8.765 + 0.613 (Differentiation) + 0.767 (Cost Leadership)

+ 0.767 (Market Focus) + 0.543 (CRM).

According to the regression equation established, holding all factors at a constant at zero, Performance of insurance firms was 8.765. Findings in Table 4.19 further showed that differentiation had coefficients of estimate which was significant basing on $\beta_1 = 0.613$ (p-value < 0.05). Also, the effect of differentiation is more than the effect attributed to the error, this is indicated by the t-test value = 3.080, thus we conclude that there is a significant relationship between differentiation and Performance of insurance forms in Kenya.

In addition, the findings in Table 4.19 indicates that cost leadership had coefficients of estimate which was significant basing on $\beta_1 = 0.767$ (p-value<0.05). Also, the effect of cost leadership is more than the effect attributed to the error, this is indicated by the t-test value = 3.687, thus we conclude that there is a significant relationship between cost leadership and Performance. Further, the findings in Table 4.19 indicates that market focus had coefficients of estimate which was significant basing on $\beta_1 = 0.736$ (p-value<0.05). Also, the effect of market focus is more than the effect attributed to the error, this is indicated by the t-test value = 3.687, thus we conclude that there is a significant relationship between market focus and Performance of insurance in Kenya. Table 4.19 equally indicates that CRM had coefficients of estimate which was significant basing on $\beta_1 = 0.543$ (p-value<0.05). Also, the influence of CRM is more than the effect attributed to the error, this is indicated by the t-test value = 2.034, thus we conclude that there is a significant relationship between CRM and Performance of insurance firms in Nairobi City County in Kenya.

These study findings agree with arguments by Raiborn (2009) that w the increase of movement towards a single globalized economy, organizations have always competitively competed. Among the ways organizations have sought to improve their competitive position in the new business environment has been to increase the role of competitive strategies in their operations to achieve competitive advantage, and as Atikiya, 2015accordingly confirms, firms with a more appropriate competitive strategies have better chance of exploiting current opportunities guaranteeing them ready market at the expense of their arch rivals. By individual contributory power to performance of these insurance firms in Nairobi City County, the study used the t- statistics on table 4.20. From the study results, cost leadership was found to have the highest statistical significance contribution to performance ($t = 3.687$, $\rho<0.05$). This is followed by market focus strategy ($t = 3.48$, $\rho<0.05$), then differentiation ($t = 3.08$, $\rho<0.05$). However, CRM as a strategy was found to have the least contribution to performance.

5. Summary, Conclusion and Recommendations

5.1. Summary of the Findings

The study was designed to establish the effect of strategic competitive practices on the performance of insurance firms in Nairobi city County, Kenya. The strategic competitive practice is the independents variable and was operationalized through: differentiation strategy, Cost Leadership, Market Focus and Customer Relationship Management; while performance is the dependent variable of the study. This study has drawn several conclusions all of which bear on the influence of strategic competitive practices on the performance of insurance firms in Nairobi city County, Kenya. In summary, the study concluded that insurance firms have adopted strategic competitive strategies to improve their performances. In essence, differentiation strategy differentiation strategy, Cost Leadership, Market Focus and Customer Relationship Management contributed most significantly to performance of insurance firms. The most significant aspect of the strategic competitive practice was cost leadership while CRM as a strategy was found to have the least contribution to performance.

5.1.1. Differentiation Strategy

The first study objective sought to assess the effect of differentiation strategy on performance of insurance firms in Nairobi County, Kenya. In order to determine to what extent, the respondents felt that differentiation affects performance the study results revealed that the companies do offer a wide range of products to suit their customer needs. In addition, the insurance companies put efforts to differentiate our products from those of competitors. Generally, the respondents agreed that keen with products our competitors bring to the market, Meanwhile, the respondents agreed that their companies invest heavily in innovation of new products. Moreover, majority of respondents agreed that their companies continuously develop new products. In addition, the respondents generally agreed that their products have developed strong brand identification.

5.1.2. Cost Leadership Strategy

The second specific objective was to determine the effect of cost leadership strategy on performance of insurance firms in Nairobi County, Kenya. From the study results the respondents generally agreed that the insurance company strive to reduce cost in administration activities. In addition, the respondents moderately agreed that they reduce labour input through automations while majority of the respondents believe that their company engage suppliers who provide discounts. Moreover, the majority of respondents generally agreed that their company outsource functions and enters into joint ventures to control costs. The majority of the valid respondents did agree that their products are more affordable. Moreover, the majority of the respondents generally agreed that their company identify underperforming areas in order to cut costs.

5.1.3. Market Focus Strategy

The third specific objective was to explore the effect of market focus strategy on performance of insurance firms in Nairobi City County, Kenya. From the study results, majority of the valid respondents strongly agreed that their company focus on marketing special products. However, majority of the respondents were neutral in their perception about whether the insurance company offers special products for specific target market. This however goes against the general expectations since insurance products are actually tailor-made for different cliental depending of their market niche. In retrospect, the respondents strongly agreed that their company serves a specific geographical market. In addition, majority of respondents generally agreed that the insurance company tailor their products to meet their customers' needs.

5.1.4. Customer Relationship Management Strategy

The fourth specific objective was to assess the effect of customer relationship management strategy on performance of insurance firms in Nairobi County, Kenya. From the study results, the respondents highly agreed that the company maintains and keeps personal records and contacts of all its clients, while majority of respondents generally remained neutral that their company conducts customer satisfaction surveys regularly to evaluate quality of services. Equally, majority of the respondents generally remained neutral that their company invests in research and development aimed at identifying customer needs. However, majority of the surveyed respondents generally highly agreed that the company uses customer information to create products that will satisfy the customer's needs, unlike the majority of the respondents who remained neutral that. The company has invested in support tools to monitor customer behavior.

5.3. Conclusion

This study concludes that there is a positive and statistically significant relationship between differentiation strategy and performance of insurance firms in Kenya. This study found that generally, the differentiation strategies that are used by individual insurance firms have a significance in shaping the performance of these insurance firms hence making them competitive in the current wave of stiff business environment, in Kenya.

This study concludes that there is a positive and statistically significant relationship between cost leadership strategy and performance of insurance firms in Kenya. The study results the respondents generally agreed that the insurance company strive to reduce cost in administration activities. However, the study results negated earlier studies that revealed mixed effect of cost leadership as a strategy to drive performance. The study further concludes that there is a positive and statistically significant relationship between market focus strategy and performance of insurance firms in Kenya. From the study results, majority of the respondents were neutral in their perception about whether the insurance company offers special products for specific target market. This however goes against the general expectations since insurance products are actually tailor-made for different cliental depending of their market niche. In retrospect, the respondents strongly agreed that their company serves a specific geographical market. In addition, majority of respondents generally agreed that the insurance company tailor their products to meet their customers' needs

It is also notable that there is a positive and statistically significant relationship between customer relationship management and performance of insurance firms in Kenya. Majority of the surveyed respondents generally highly agreed that the company uses customer information to create products that will satisfy the customer's needs, unlike the majority of the respondents who remained neutral that. The company has invested in support tools to monitor customer behavior. However, the respondents generally remained neutral that their company invests in research and development aimed at identifying customer needs.

5.4. Recommendations

Since the study established that strategic competitive practices statistically and significantly influence performance of insurance firms in Nairobi City County, Kenya, the study recommends that these insurance companies improve these strategic competitive practices

5.5. Areas for Further Research

The area of strategic competitive practices is an essential area in most sectors around the globe. There are still many more strategic competitive practices variables and performance measures that the study has not studied. Meanwhile, the study showed that customer relationship management practices had the least contribution to performance of insurance firms. Being a service industry, it was expected that the customer relationship management strategies be very core in improve performance of a service firm like an insurance company. Therefore, the study recommends that further research be done on the contribution of the CRM strategies to performance.

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