STRATEGIC RESPONSES TO CHANGES IN BUSINESS ENVIRONMENT: CASE STUDY OF BRITAM INSURANCE COMPANY IN KENYA

BY

ITHIRU ROBERT KANYOTU

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2017

STRATEGIC RESPONSES TO CHANGES IN BUSINESS ENVIRONMENT: CASE STUDY OF BRITAM INSURANCE COMPANY IN KENYA

BY

ITHIRU ROBERT KANYOTU

A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters of Business Administration

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2017

DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other institution, or university other than the United States International University-Africa in Nairobi for academic credit.

Signed: _________________________ **Date: ________________________________**

Ithiru Robert Kanyotu (ID NO. 649160)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: _________________________ **Date: ________________________________**

Fred Newa

Sign: ______________________________ **Date_________________________________**

Dean, Chandaria School of Business

COPYRIGHT

ABSTRACT

The purpose of this study was to establish the strategic responses to changes in the business environment by Britam Insurance Companies in Kenya. The study was guided by the following research question: What are the markets based strategies used by Britam Insurance Company in response to the changing business environment? What are the products based strategies used by Britam insurance company in responding to changes in the business environment? What are the operational based strategies used by Britam insurance Company in response to the changing external business environment?

This study adopted a descriptive research design to find out the strategic responses to changes in the business environment by Britam Insurance Companies in Kenya, this involved mean, standard deviation and percentages of the variables under study. The target population for this study was 579 employees of Britam insurance in Kenya. A simple random sampling technique was employed while data collection was conducted with the help of a questionnaire. The data was analyzed using descriptive and inferential statistics with the help of the Statistical Package for Social Sciences (SPSS). The results were then presented in tables and figures.

The study revealed that there was a positive significant relationship between market based strategies and responsiveness to the changes in business environment. Implying that the response to changing environment is influenced market based strategies such as clearly defined market segment for all its products, appropriate promotional channels, different distribution channels, Shares information with other players in the insurance, benefit of the community, as well as carefully selecting suppliers and developing strategies to align its operations to the changing market conditions.

The study also revealed a positive relationship between product based strategies and responsiveness to the changes in business environment. This findings imply that the firm's responsiveness to changing business environment and its performance is influenced by product based strategies such as differentiated insurance products, new product development, technology incorporation, extension of benefits of existing products, developing unique insurance products, and investment in product research.

Furthermore, the study revealed that operational based strategies significantly positively impacted on the responsiveness to the changing business environment. This findings

imply that the responsiveness to the changing environment and firm performance is influenced by operational based factors such as automation of majority of its operations, diversified communication media among staff, improved the level of efficiency, training of employees from time to time, a well-organized job orientation for new staff, well defined job descriptions for all staff, and offering employees enlarged duties to build their capacities.

The study concludes that market based strategies, product based strategies and operational based strategies, affect the responsiveness to the changing environment among insurance companies in Nairobi Kenya.

The study recommends that insurance firms need to devise aggressive market based strategies that could help counter the impact of today's market uncertainties and dynamics such as; defining clear market segments for all their products, utilizing appropriate channels in their promotional activities, different distribution channels, sharing information with other players in the insurance, as well as supporting the community to build a strong competitive image in the market through CSR. It also recommends that the insurance firms need to invest in research and innovation in order to generate new products in the market. Additionally, the Human Resource Management departments need to be equipped with necessary resources and facilities to develop capabilities of manpower. Finally the study recommends that further research be carried out on the same topic but focusing on other variables such as leadership styles in insurance industry.

ACKNOWLEDGEMENTS

I would like to thank God for his provision and my family for their help. I would also like to thank my project supervisor, Dr. Fred Newa, for his guidance, guidance meetings and availability.

DEDICATION

This study is dedicated first and foremost to God for seeing me through, to my family and my friends.

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

In the worldwide business environment, firms need possibilities to change by implementing strategies that allow faster alignment and redeployment of resources to manage environmental changes (Burnes, 2012). Ngonga (2009) takes note of that organizations need to adopt strategies that would empower them keep up focused positions in the market or risk (Kotler, 2014). Ansoff and McDonnell (2013) expressed that associations are environment subordinate thus their cooperation with environmental variables is fundamental for survival. For an association to have competitive advantage it needs to look at its business surroundings both internal and external environment and react as needs be (Ngonga, 2009).

Businesses work in internal and external environment which is always showing signs of change and they have no power over it. The external environment is portrayed by turbulence connected with globalization, deregulation of business sectors, changing client and speculator requests and expanded rivalry. There is along these lines a developing requirement for associations to move past taking care of existing issues to persistently enhancing even with evolving conditions (Drucker, 2012). The difficulties postured by the changing environment can't be settled in an indiscriminate way. There is requirement for associations to embrace a strategic way to deal with managing the progressions, on the off chance that they are to survive (Drucker, 2012).

Past studies done as of late in Kenya focused on business methodologies in business banks and the petroleum business. Kudoyi (2010) embraced a methodology on business methodologies to the changing environment in Kenya Commercial Bank and built up that adjustments in nature has prompted to extraordinary rivalry in the managing an account industry through accessibility of substitute items. Johnson and Scholes (2008) saw that the bank has reacted enough to changes in the earth through redesigning its hierarchical structure, growing new items, enhancing its administration conveyance and social change. Kudoyi, (2010) tended to environment as arbitrator of the relationship between business strategies and implementation a boost of Small and Medium Enterprises in Kenya. Awino (2011) embraced a methodology on an analysis of the relationship between HR frameworks, business methodology strategy and implementation. It is through strict administrative system that is presently turning the business from misfortune making to benefit. Britam Insurance Company in Kenya in push to succeed and survive the turbulent environment has concentrated on building inner limit and grasping the idea of the research. The development of risk administration and consistence division is intended to upgrade the risk administration work furthermore check environment and art methodologies which are in accordance with the changing business environment. Moreover, safety net providers have been harried by a broad emergency of certainty with respect to budgetary markets since money related emergency in 2008 (Fein, 2012). Besides, the industry needed to manage perceptible changes in customer conduct which has not just began with the triumphal parade of the web as medium of data (Cooper and Schindler, 2016). Along these lines, the changing system conditions defy guarantors with expanding strategic difficulties and this requires a reasonable quality of procedure. Effective back up plans discover answers to the current strategic issues keeping in mind the end goal to make their business fit for the future or more all to separate it from contenders (Awino, 2011).

Insurance companies require strategic thinking and that must be accomplished by adopting good business strategies (Scott, 2011). Strategic management is important for the reasons of molding the business, guiding and relating an organization to its environmental needs or demand. The competitiveness of organizations rely on upon their capacity to dissect their surroundings are adjust to the earth as needs be. Information about insurance has been out there, however regardless of the level of learning about structure and elements of business organizations having been there, there stays little gratefulness and concern about how administrators see their aggressive surroundings. It’s more along these lines, on the effect of administrative conditions on the business element (Caeldries, 2011).

This concern informs that organizations require direction successful practical territories where to put adequately so as to support and enhance environmental business implementation. Little and substantial organizations are all environment subordinate. Along these lines, no single organization can exist without the earth or without alternate organizations. The organizations rely on upon environment for their development and survival and they need to appropriately filter the earth in thus as to spot maturing patterns in the earth (Caeldries and Dierdonck, 2011). Overlooking the environmental investigation would prompt to genuine strategic issue which can be portrayed by maladjustment of organization's implementation and development (Scott, 2011).

Until 1980 the Insurance Companies in Kenya worked in a somewhat stable environment. In any case, taking after the issuance of the order by the Government in 1978 requiring all foreign owned companies to be incorporated in Kenya by 1980 and the introduction of the Insurance Act Cap 487 of the Laws of Kenya, the industry has since experienced huge difficulties and turbulence with some of the companies giving way and numerous others springing up from 15 in 1978 to the current 51. The expanded numbers have prompted to heightened rivalry in the business bringing about the players to dive into remarkable exploitative practices of premium rate undermining and impersonation of contender's activities, installment of unauthenticated claims just to hold clients and piece of the pie. This has bargained service delivery.

Insurance keeps on playing a critical part in the advancement of the economy subsequently the survival of the business ought not to be left to risk. As per Irukwu (1977), protection assumes two essential parts in the economy. Insurance industry has been under pressure to change throughout the previous couple of years to offer more services that suit the clients' needs. Additionally, the insurers have been significantly disturbed by broad emergency of certainty with respect to the Kenyan budgetary markets since monetary emergency in 2008 credited by the post races viciousness in Kenya. The business needed to respond to this circumstance by managing observable changes in the customer conduct. Along these lines the changing structure conditions stood up to back up plans with expanding strategic difficulties and required strategic reactions to the adjustments in the dynamic business environment by in the insurance agencies in Kenya. Britam Insurance Company in Kenya is one of the most seasoned insurance companies in Kenya. The organization was normally and once in the past known as British-American Investments Company. The organization was consolidated in Kenyan insurance agency in 1965. The market environment in the Kenya insurance industry is changing quickly to the degree that Britam Insurance Company in Kenya must change by making methodologies to propel the insurance business or face the outcomes of powerlessness to fit in the turbulent environment (Irukwu 1977).

1.2 Problem Statement

In spite of the way that insurance has been practiced for over a thousand years around the world, it is still a reality that insurance take-up is still low, in Japan as well as everywhere throughout the world. The Insurance business confronted troublesome financial environment in 2011. Overall gross premium declined by 0.8% in genuine terms. Premium development in the industrialized nations was negative 1.1%. Developing markets had a normal development of 1.3%, (Swiss Re Sigma, 2012). Measurements demonstrate that Global disaster insurance premiums shrank by 2.7% in 2011. Advanced markets shrunk by 2.3%, with the most keen decay saw in Western Europe (9.8%).The US showcase recorded direct development of 2.9%. Worldwide non-extra security premiums rose by 1.9% in 2011 (Caeldries and van Dierdonck, 2011). Insurance entrance is a worldwide issue with created markets like UK at around 11% and USA at around 8.6% (Swiss Re, Economic Research and Consulting).

The insurance business in Kenya is administered by an overseeing body in particular the Insurance Regularity Leadership. As indicated by Peteraf (2013), there were 43 insurance agencies in Kenya, with just two privately fused insurance organizations authorized. There were 20 general insurance agencies, 7 long terms back up plans and 15 composite, issuing both life and general insurance covers (Cooper and Schindler, 2016).

Insurance industry has been confronting energizing and element challenges in the 21st century. This has been particularly in the globalized business. Organizations require strategic intuition and just by advancing great business systems would they be able to wind up distinctly deliberately focused (Caeldries, and Dierdonck, 2011).

As a consequence of this pattern, the industry environment has turned out to be more aggressive, especially as far as costs. Administration builds this implementation in light of market strengths, client requests, and hierarchical capacities. The insurance business has been under extreme weight to change throughout the previous couple of years. Kenyan insurance agencies have in the past reported high misfortune proportions. Between the time of 2004 and 2007, the misfortune proportions Britam Insurance Company in Kenya ran somewhere around 56% and 60%. As per the Nairobi Securities trade report, on April, 2016, Britam Insurance Company in Kenya declared a KES 1.2 billion pre-assess loss for the budgetary year that ended December 31, 2015 (Star, The 2016). The gathering said the downturn in the implementation of the Nairobi Securities

Exchange contrarily influenced the reasonable estimation of its profit by and large. As per Benson Wairegi, the overseeing chief, the business got enormous misfortunes brought about by the reasonable esteem compose downs on its general interests in the Nairobi Securities Exchange.

Government approaches have assumed product based strategies in unreasonable events. There have been a few administrative and price changes that have been made as of late. Product based strategies approaches have had negative effect on the exhibitions of Britam Insurance Company in Kenya and insurance industry. These polices included increment in the base capital prerequisites for safety net providers, presentation of 'money and convey' decides which will require that back up plans should accept endless supply of the excellent, unwinding of venture cutoff points for general guarantors, increment in the dissolvability edge particularly for long term safety net providers, presentation of a few punishments on late settled cases. Also, finally, the adjustments in the product based strategies in terms of standards on tax collection of long term insurance business and revenue earned by the revenue leadership. It is these issues that have incited the exploration on strategic measures that could be taken to change the dynamic environment of Britam Insurance Company in Kenya Insurance organizations in Kenya.

Several studies have been directed in Kenya to address the parts of strategic reactions to evolving market environment: Awino, (2011), set up that Kenya Insurance Corporation reaction to changes in market based strategies in the environment was through expanding level of capitalization and market speculation enhancement; she led a the research which built up that Jubilee Insurance reaction to changing market environment was through nonspecific systems of cost leadership, selection and core interest. Different variables here included item enhancement, advertise advancement and utilization of current innovation together with enhanced dispersion and reasonable valuing. Kudoyi (2010) in his analysis of Kenya Insurance industry set up that market based operations were influenced by political, financial, social and innovative components.

Aras and K'Obonyo (2012) conducted a study on the connection between strategic planning and both financial and non-financial performance indicators. The discoveries of the review are that company's operational based strategies enhanced performance once they applied strategic planning. Aosaet al (2012) did a study on the implications of Strategy and operational based strategies on performance of non-governmental organizations. The review built up that strategy intangible resources were significant with different domains on performance.

Regardless of the previously mentioned studies, no known study has been directed to build up the strategic responses to changes in business environment for Britam insurance Company in Kenya changes her strategies habitually and there is need to discover the impact of these variations on the performance of the insurance company. In view of the above issue, the analysis topic most suitable to address it is "strategic responses to changes in the business environment by Britam Insurance Company in Kenya." Based on the research problem, the research topic will center consideration more in business procedures in different parts and there has been no the research done particularly on strategic reaction to changing business environment in insurance industry in Kenya.

1.3 Purpose of the Study

The purpose of this study was to establish the strategic responses to changes in the business environment by Britam Insurance Companies in Kenya.

1.4 Research Questions

The study was guided by the following research questions.

1.4.1 What are the markets based strategies used by Britam Insurance Company in response to the changing business environment?

1.4.2 What are the products based strategies used by Britam insurance company in responding to changes in the business environment?

1.4.3 What are the operational based strategies used by Britam insurance Company in response to the changing external business environment?

1.5 Importance of the Study

1.5.1 Britam Insurance Company in Kenya

At various levels of management will gain value added information on adapting business strategies in response to changing competitive environment. For instance, insurance managers responsible for strategy may use the findings to formulate effective monitoring and control systems to mitigate against the challenges while formulating and adopting business strategies.

1.5.2 Other Insurance Companies

The study benefits to other insurance players in the context of applying strategy in changing business environment by matching internal capabilities with the external environment.

1.5.3 Insurance Policy Holders

The Insurance policy holders gains an understanding of the performance of Britam insurance company and the impact of environmental changes on insurance company and how to strategically reinvent it so as to manage such changes.

1.5.4 Partners and Business People

The study hopes to make theoretical, practical and methodological contributions to partners of the Britam Insurance. The findings helps partners of the company such as the insurance brokers, independent financial advisors, banc assurance partners and other service providers in business strategy management by helping to understand the current challenges for adopting strategy and their effects on environmental response in various organizations in general.

1.5.5 Scholars and Academicians

University and other higher learning scholars and academicians will be able to borrow from the findings of this research to support literary citations as well as develop themes for further research.

1.6 Scope of the Study

The study was conducted on responsive strategies adopted by Britam insurance to changing business environment. It focused on 579 employees of Britam Insurance. The study was carried out between the month of February 2017 and July 2017.

The study was limited to the activities of this year. The limitations of the study were the fear of ananymity on the side of the respondents. This was however eliminated by the assurance that the study was for academic purposes and that the findings was not to be shared to any other party.

1.7 Definition of Terms

This is a definition of terms used in the study as intended by the researcher.

1.7.1 Strategy

Strategy relates to future plans for interacting with the competitive environment to accomplish an organizations objective (Grant, 2016)

1.7.2 Strategic Responses

Strategic Responses are market-based move that involves a significant commitment of organizational resources and is difficult to implement and reverse Peteraf (2013).

1.7.3 Changing Business Environment

Changes are the forces or properties that stimulate growth, development, or change within a system or process. Changes in business environment describes the dynamic, or changing, price signals that result from the continual changes in both supply and demand of any particular product or group of products. Market dynamics is a fundamental concept in supply, demand and pricing economic models (Helfat, 2013).

1.7.4 Market Based Strategies

A market-based strategy is a strategy based on price. It links to competition-based approach. In this strategy, the company aims to evaluate the prices of similar products that are on the market so as to set the price either higher or lower. (Korter, 2014).

1.7.5 Product Based Strategies

Product-based strategies are strategies that focus on a company’s product offering rather than any particular customer. The strategy assumes that customers are already looking for products in a company's portfolio (Dess, 2013).

1.7.6 Operational Based Strategies

This is a plan of action implemented by a firm and the strategy describes how they will employ the resources they have in the production of a product. This strategy is a necessary element for a business and supports the firm's corporate strategy (Kanter, 2014).

1.7.7 Insurance

Insurance is financial risk management tool in which the insured transfers a risk of potential financial loss to the insurance company that mitigates it in exchange for monetary compensation known as the premium (Helfat, 2013).

1.8 Chapter Summary

This chapter has established the background information of Insurance Industries in Kenya, with specifically, Britam Insurance Company in Kenya. The chapter has shown the challenges Insurance Industries face and how studies have been done to help address the challenges specifically on strategic response to changing business environment in insurance industry in Kenya. There are several theories providing theoretical framework for understanding environment and influence on organisation’s performance. The open system shows the link between internal and external environment whereas the chaos theory provides framework for understanding the intricacy and turbulent of the environment and how the firms should align their strategies to these changes in the environment.

In this chapter, back ground of the study, problem statement, scope and limitations of the study has been explored. The next chapter, chapter two will analyse literature study based on the stated objectives in chapter one. Chapter three will cover research methodology in terms of the research design, population and sampling design, data collection methods and analysis. Chapter 4 will present and explain the data collected while Chapter 5 will cover the study discussion, conclusion and recommendations.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This part covers both hypothetical and observational writing for the study. It unveils imperative issues which frame the foundation of this study. The exact study concentrates on the past discoveries or studies on strategic response to change in business environment. The literature consists mainly of review and analysis of peer reviewed journals, news articles and academic journals all obtained from online database sources and academic books. This literature meets the research objectives by covering the relationship that exists between the independent variable external environment (remote, industry and operating) and how each of them affects the dependent variable; firm performance.

2.2 Market Based Strategies and Response to Changing Business Environment.

2.2.1 Changes in Business Environment

The business environment refers to all the elements existing outside the boundary of the organization that has the potential to affect all or part of the organization. It is a continuously dynamic phenomenon that creates problems for the management (Milliken, 1987). The business environment is constantly changing due to changes in the micro and macro-economic factors. These changes affect the stability of an organization and the manner in which it had planned to achieve competitive advantage in a given industry. It is therefore paramount that adequate arrangements are made to counter the changes occurring in the operating environment for the benefit of the organization. This calls for high level of dynamism in the operations of an organization if it is to sustain its competitiveness in a given industry. Kotter (1999) established that changes in an organization are majorly caused by political, economic, social or technological factors which are beyond the control of an organization as they affect all organizations in a given industry.

Changing business environments influence how the business is performed. Adoptions made to suit the firm in view of the turbulent and complex environments may be viewed as strategic response. Effective strategic responses call for continuous scanning of both internal and external environment in order to keep abreast of all environmental variables that underpin current and future business operations of a firm (Thompson and Strickland, 2003). According to Aosa (1992) firms have adapted to being, learning organization‟ in order to effectively cope with the environment turbulence as failure to do so may jeopardize future survival of these organizations.

Ansoff and McDonnell (2013) argue that strategic response encompass change in a firm's strategic behavior. Competition in the insurance industry is intense and consolidation, globalization and the convergence of services are making it more difficult for insurance companies to survive. Today's challenges of responding to such issues as poor economic conditions, poor economic policies and hostile economic legislation have led to significant underwriting losses, reduced investment returns and other negative effects. In this volatile business environment, the insurance industry is struggling to find ways to create sustainable value. A firm may alter its strategy to deal with the environmental changes. The strategy-alteration may take any of the forms: slight change in strategy; adopting an entire new strategy; or maintain status quo. Which one would better meet the demands of its competitive business environment depends on the situations that prevail.

Kamau (2007) established that Kenya reinsurance corporation response to changes in economic environment was through increasing level of capitalization and investment diversification; Tumbo (2009) conducted a study which established that Jubilee Insurance response to changing environment was through generic strategies of cost leadership, differentiation and focus. Other responses included product diversification, market development and use of modern technology together with improved distribution and fair pricing. Kudoyi (2010) in his study of Kenya Insurance industry established that operations were influenced by political, economic, social-cultural and technological factors. Majority of the firm's response was through adoption of strategic response such as new product development, differentiation and cost advantage.

According to Ansoff and McDonnell (2013), as the turbulence levels changed, management developed systematic approaches to deal with the increasing unpredictability, novelty and complexity of the environment. These systems became more sophisticated with the changes. Strategy and strategic management started being adopted as turbulence became discontinuous. Ansoff and McDonnell (1990) explained the changes in the environment in terms of turbulence. Environmental turbulence is a combined measure of the changeability and predictability of a firm's environment.

Changeability consists of the complexity of the firm's environment and the relative novelty of the successive challenges the firm encounters in the environment. Predictability consists of the rapidity of the change which is the rate of the speed with which environmental challenges evolve compared to the speed of the firm's response and visibility of the future which assesses the adequacy and timeliness of information about the future. They categorized environmental turbulence in five levels namely repetitive, expanding, changing, discontinuous and surprising At level 1, firms do not change their products and services unless forced by a threat to their survival since the environment is stable and repetitive. At level 2, the environment changes slowly and incrementally and firms succeed by adapting reactively to change. Decisions are based on experience and they do not change their products or services unless there is threat from the competition. At level 3, the environment changes incrementally but fast. To succeed firms seek to progressively improve their products and services in anticipation of changing customer needs. Level 4 becomes very difficult because the firm has to be ready to abandon its historical position and be driven by its perception of new opportunities that will exist in the environment. The firm has to continuously scan the environment to identify future discontinuities and only stays in industries which are profitable and exits industries in a timely manner before they become unprofitable. At level 5, the only way to succeed is by remaining a leader in developing products and services using cutting edge innovation and technology. According to them strategic management becomes vital to a firm's success and even continued survival at levels 4 and 5.The table below illustrates the different survival levels for an organization based on Ansoff's model.

Table 2.1 Matching turbulence/Aggressiveness/Responsiveness triplets

Turbulence Level	1	2	3	4	5
Environmental turbulence	Repetitive No Change Discontinuous	Expanding Slow incremental change	Changing Fast incremental change	Discontinuous predictable change	Surpriseful Discontinuous unpredictable change
Strategic Aggressiveness	Stable Stable base on precedents	Reactive Incremental change based on experience	Anticipatory Incremental change based on extrapolation	Entrepreneurial Discontinuous new strategies based on observable opportunities	Creative Discontinuous novel strategies based on creativity
Responsiveness of general management capability	Stability seeking Rejects change	Efficiency driven Adapts to change	Market driven Seeks familiar change	Environment driven Seeks related change	Environmental creating Seeks novel change

Source: Adapted from Ansoff and McDonnell (2013), Implanting Strategic Management, p.38.

There are several theories guiding changes in business environment, Kotter built on Lewin's Three-Step Model to create a more detailed approach for implementing change by arguing that people change what they do less because they are given analysis that shifts their thinking than because they are shown a truth that influences their feelings. An organization needs to create a sense of urgency in the implementation of change program (Kotter and Cohen, 2002). This is achieved by bringing an end to the old habits and making employees understand the need to quickly adopt new ways of doing things if they are to remain relevant in the changing times. This is followed by teamwork among employees to ensure that the planned actions are implemented. This is achieved through eloquent communication of the change and its desired results so that employees focus their actions. This also enables the anchoring of new actions in organizational culture so that it can guide the day today activities (Kinicki and Williams, 2008). Kotter's contribution lies in providing managers and change agents with a more detailed guide for successfully implementing large scale change in a turbulent world by providing specific recommendations about behaviors that managers need to exhibit to successfully lead organizational change (Kotter, 1996). This theory supports the role of communication in guiding execution of change in an organization. Change implementation involves several people in an organization and the effectiveness with which they perform their duties depends on the clarity of communication. Communication has to be co-ordinate for effective change management.

In advancing the strategic success hypothesis, Ansoff and McDonnell (1990) introduced what they term as a firm's strategic aggressiveness. This they described by the degree of continuity from the past of the firm's new products, competitive environments and marketing strategies and timeliness in introducing the new products appearing on the market. Timeliness ranges from reactive, anticipatory, innovative and creative. Discontinuity ranges from no change, incremental change, discontinuous and creative change. The strategic success hypothesis prescribes that for a firm to succeed its strategies must match the environment and further that its internal capability must match the strategies. The strategic success hypothesis states that a firm's performance potential is optimum when the aggressiveness of the firm's strategic behavior matches the turbulence of its environment, the responsiveness of the firm's capability matches the aggressiveness of its strategy and components of the firm's capability are supportive of each other. If these are not matching, a strategy-capability gap results.

Pearce and Robinson (2011) argued that for strategy to succeed three ingredients must be in place. The strategy must be consistent with the competitive environment conditions, the strategy must place a realistic demand on the firm's internal resources and capabilities and the strategy must be carefully executed. They suggested that internal analysis is therefore very crucial in order to succeed however difficult and challenging it is. Despite the different approaches by the above authors, the dominant idea is that an organization has to respond to changes in the environment. This is because the environment it operates in, dictates the responses the organization puts in place to guide managerial decision making. The environment by extension also dictates the capabilities the organization needs to support chosen strategies.

2.2.2 Market Based Strategies

Marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage (Baker, 2014). A marketing strategy should be centered on the key concept that customer satisfaction is the main goal. Marketing strategy is a method of focusing an organization's energies and resources on a course of action which can lead to increased sales and dominance of a targeted market niche. A marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe (Simons, 2013).

Market based strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. As the customer constitutes the source of a company's revenue, marketing strategy is closely linked with sales. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement (Jain and Haley, 2009).

Market based strategy formulation involves selecting a specific target market and making decisions regarding the crucial elements of product, price, promotion and distribution so as to satisfy the needs of customers in that market (Porter, 2008). In the formulation of an effective marketing strategy, there are several internal forces and external forces incorporated. A marketing strategy identifies customer groups which a particular business can better serve than its target competitors, and tailors product offerings, prices, distribution, promotional efforts, and services toward those market segments (Porter, 2008). Ideally, the strategy should address unmet customer needs that offer adequate potential profitability. A good strategy helps a business focus on the target markets it can serve best.

An organization develops new products to sell to its present markets. For example the Apple company has extended the product lines; the original iPod has been succeeded by the launches of the iPod nano, shuffle and touch, this has given its target market a greater variety to choose from in terms of capacity, size and price (Jobber, 2010). Jobber argues that product replacement can also feature here; whereby the firm can replace the old brands/models with new ones. This is most prominent in the automobile industry. Market development options include the pursuit of additional market segments or geographical regions. According to Etzel et al., (2007) firms engage in market development to spread their risk especially when the firms involved depend on a few customers. The authors mention that the firms continue to sell their existing products but to a new market altogether. The development of new markets for the product may be a good strategy if the firm's core competencies are related more to the specific product than to its experience with a specific market segment(Jobber, 2010). Because the firm is expanding into a new market, a market development strategy typically has more risk than a market penetration strategy. Jobber (2010) adds that market development could entail getting overseas opportunities for exploitation. Perreault, Can non and McCarthy (2011) argue that firms strive to improve their sales by selling current products and services in new markets.

Ansoff introduced the concept of balancing "external characteristics of the product-market strategy and (creating) internal fit between strategy and business resources" (Ansoff, 2007).Ansoff's work is based on developing an instrument which facilitates a top manager's ability to analyze data with the objective of exploring and exploiting the "future profit potential" and, as a result, improve the firm's competitive position. Ansoff's approach can quantify information in a way that enables management to match their behavior and capabilities to the external operating environment. He noted that managers frequently try a "one-size fits all "approach and do not vary their plans and behaviors based on current conditions; instead they tend to develop plans and manage in ways that are based only on historical data. Ansoff was able to empirically prove that using data to account for both historical and future scenarios as well as changing plans and behavior to match these scenarios as they evolve is a valid method for optimizing the firm's success (Ansoff, 2007).

Ansoff divided the environment primarily into two large categories: historic and discontinuous. In historic environments, decisions about the future are based on past and present events that can be extrapolated into the future. Change is incremental, predictable, and visible. In discontinuous environments, the future is partially visible and predictable; therefore, change is possible by using weak signals from the environment. Lastly, the future could be completely unpredictable and invisible; hence, changes are based on building scenarios utilizing weak environmental signals (Emery and Trist, 1965).Alignment is complete when the analytic software can declare three things:"(I) the aggressiveness of the firm's strategic behavior must match the turbulence of its environment, [II] the responsiveness of the firm's capabilities must match the aggressiveness of its strategy and [III] the components of the firm's capabilities must be supportive of one another" (Ansoff, 2007).

2.2.2.1 Market Segmentation

Market segmentation refers to the process of dividing the target market group into smaller groups to understand their current behaviors, evaluating each segment and selecting target segments and then developing an appropriate marketing mix for these segments which includes developing messages and tailoring programs to meet their specific needs (Magaki, 2014). Market segmentation, in its tactical sense, often refers to such things as the use of particular statistical techniques for identifying groups of potential customers who have different needs, wants, tastes, and preferences (Wedel and Kamakura, 2012).

There is a three step procedure for identifying market segments according to Kotler, Keller, Manceau and Hémonnet-Goujot (2015) namely: survey, analysis and profiling. Mc Donald (2012) on the other hand contends the same number of stages for identifying market segment. The survey stage focuses on groups to gain insight into consumer motivations, behavior and attitudes. This stage entails addressing the questions" who buys and what is bought. The second step is analysis stage, which involves analyzing the data collected in the first stage, so as to identify different segments with isolated consumer behavior. The last stage in segmentation process is profiling stage which involves describing the segments in terms of distinguishing attitudes behavior, demographic variables, and psychographic factors and so on. Each segment profiled is given a specific name based on its dominant feature. For instance, Muslim market segment, Teenager Market segment and so on (Mc Donald, 2012).

Several approaches to market segmentation are useful to locate and describe target segments and influence a company's strategy. Knowing consumers' level of interest in alternative benefits is important in shaping, and perhaps changing, a company's product portfolio (Wedel and Kamakura, 2012). Moreover, such knowledge is helpful in predicting the attention that will be paid to advertising developed around those benefits. Thus, benefit segmentation can be used by insurance companies in Kenya not only to develop new products and reposition or discontinue old products, but also to facilitate a two-way communication process between the consumers and the insurance companies (Muthomi, 2012).

Marker segmentation planning process can be divided into five stages (Sharma and Lambert, 2013). The first stage involved the identification of dimensions that a company might use for segmenting its markets based on its products or service portfolio. The second stage is the development of market segment profiles determining the differences in needs. Thirdly, is where the organization needs to forecast the application of forecasting procedures in order to calculate the company's market share and compare costs and benefits of each segment. The last stage includes the assessment of delivered benefits from each segment in relation to corporate goals which will provide the rationale and justification for further development of each market segment or evaluating the potential and likely success of the segments (Mcdonald and Brown, 2016).

Suchman, Beckman, McDaniel and Deci(2003) divided the segmentation variables into four categories: Geographic variables which include region, city size, climate, population density. Demographic variables like age, sex, income, occupation, education, stage in family life cycle. Psychographic variables such as social class, lifestyle, personality, attitudes, perceptions and behavioral variables including occasions, benefits, user status, buyer readiness stage, and attitude towards the product. All in all, as part of the research on marketing strategies, the strategies given in Ansoff's matrix will be critically utilized in this paper. Among the four alternatives given in the matrix (Ansoff, 2007) market and product development are the most relevant logically, though market penetration and diversification could also be adopted at both the extreme ends of Britam's market performance.

2.2.2.2 Promotion

According to Kotler and Keller (2012), promotions involves the activities that communicate the benefits and merits of the products and services and persuades the target consumers to either purchase it, consume it or use it. Promotion may include advertising, sales promotion, public relations, personal selling or direct marketing. An organization uses the different tools of promotion but relies more on advertising. Institutions should strive to find a suitable mix of promotional tools to carry out its activities effectively (O'Quinn, Allen, Semenik and Scheinbaum, 2014).

Marketing theory distinguishes between two main kinds of promotional strategy - "push" and "pull" (Phaal, Farrukh and Probert, 2004). A "push" promotional strategy makes use of a company's sales force and trade promotion activities to create consumer demand for a product. The producer promotes the product to wholesalers, the wholesalers promote it to retailers, and the retailers promote it to consumers. These strategies are appropriate where there is low brand loyalty in a category, brand choice is made in the store, product is an impulse item and product benefits are well understood (Kotler, 2014). A "push" strategy tries to sell directly to the consumer, bypassing other channels. A “pull” selling strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. If the strategy is successful, consumers will ask their retailers for the product, the retailers will ask the wholesalers, and the wholesalers will ask the producers.

A pull strategy is appropriate when there is high brand loyalty and high involvement in the category, when people perceive differences between brands and when people choose the brand before they go to the store (Kotler, 2014). Companies in the same industry may differ in their emphasis on push or pull strategies. Promotional activities are necessary to communicate the features and benefits of a product to its intended target markets (Kotler, 2003). Promotion mix decisions are also affected by product price, because lower-priced products tend to have a lower profitability per unit that would dictate advertising while higher-priced products include a level of margin that makes covering the costs of personal selling feasible (Lai and Vinh, 2013). Advertising which is usually one of the most visible components of integrated marketing communications, is paid, non-personal communication that is transmitted through the mass media (Ferrell et al, 2002). It may be of the form of product or institutional advertising.

Sales promotion may be an activity or object that acts as an incentive or inducement providing added value for a buyer. It can be targeted towards resellers, sales persons or consumers (Fill and Turnbull, 2016). In general, it attempts to persuade or encourage product trial and purchases. Sales promotion is commonly referred to as “Below the Line” promotion. It can be directed at the ultimate consumer (a “pull strategy” encouraging purchase) or the distribution channel (a “push strategy” encouraging the channels to stock the product). This is usually known as “selling into the trade”. Methods of sales promotion include price promotions commonly known as” price discounting”, Coupons, Gift with purchase, Competitions and prizes, Money refunds, Frequent user / loyalty incentives and point-of-sale displays.

2.2.2.3 Supplier Integration

Supplier integration is the discipline of strategically planning for and managing all interactions with third party organizations that supply goods and services to an organization in order to maximize the value of those interactions. It entails creating closer, more collaborative relationships with key suppliers in order to uncover and realize new value and reduce risk (Tangus, Oyugiand Rambo, 2015). Herrmann and Hodgson (2011) defined supplier integration as the process involved in managing preferred suppliers and finding new ones whilst reducing costs, making procurement predictable and repeatable, pooling buyer experience and extracting the benefits of supplier partnerships.

Supplier segmentation represents a step between supplier selection and supplier relationship management and helps determine distinct groups of suppliers based on their similarities (Rezaei and Ortt, 2013). A company's ability to strategically segment suppliers in such a way as to realize the benefits of both the arms-length as well as the partner models may be the key to future competitive advantage in supply chain management. Ellram and Cooper (2014) argues that relationship with selective suppliers result in mutual advantages such as reducing overall cost, enhance customer satisfaction, flexibility to cope with changes, productivity improvement and long-term competitive advantages in the marketplace. Gadde (2010) many organizations now need to differentiate among its suppliers in order to handle the variety, complexity and heterogeneity in the supply base.

Companies have to craft strategies that are responsive to environmental regulations, growing use of the internet and broadband technology (MacCormack, Crandall, Henderson and Toft, 2012).However, the factors and forces in a company's macro-environment having the biggest strategy-shaping impact typically pertain to the company's immediate industry and competitive environment, the actions of rival firms, supplier-related considerations and so on (Parker, Zsidisin and Ragatz, 2008). Organizations also employ vertical integration strategies enabling them to operate across more stages of the industry value chain. Vertical integration extends a company's operations and competitiveness within the same industry and involves expanding the company's range of activities backward into suppliers of inputs and/or forward toward the final consumers (Parker, Zsidisin and Ragatz, 2008). The main reasons for investing company resources in vertical integration are to strengthen the firm's competitive position and to enhance its profitability.

The sharing of information with supply chain partners is critical to the success of the supply chain. Information sharing is described by Cooper (1993) as "frequent information updating among the chain members for effective supply chain management." In this dynamic and unpredictable world, an organization's capability to access the right information at the right time holds the key to sustenance and longevity. As the suppliers are important and integral part of supply chain management and supplier management an important part of any organization's strategies, having the right information on suppliers and supplier's performance becomes imperative (Kearney, 2013). Effective inter-organizational communication could be characterized as frequent, genuine, and involving personal contacts between buying and selling personnel (Nagati and Rebolledo, 2013).

2.2.2.4 Corporate Social Responsibility

According to Lindgreen and Swaen (2010), corporate social responsibility is the extent to which organizations become socially responsible by striving to meet legal, ethical and economic responsibilities placed on them by the many stakeholders whom they interact with. Firms adopt CSR activities so that they can create higher living standards and quality of life of people in the communities that they operate in whereas at the same time preserving wealth maximization of the shareholders. Modern day firms have readily recognized that they do not operate in isolation as they have an impact on various stakeholders who have vested interests in their organizations.

All companies have a responsibility to give back to society through the adoption of activities that potentially develop the community as well as the immediate environment. By donating financial resources as well as equipment firms can be able to help diverse communities thereby developing them socially and economically (Crane and Matten, 2010). In the modern global business environment, various firms have been observed to adopt volunteer employee groups who endeavor to donate their time, experience and skill in order to enhance attainment of specific community projects (Cadbury, 2006).

Bassen Jastram and Meyer (2005) deduced that social responsibility are the economic, ethical, legal and philanthropic expectations placed on organizations by the same society that they serve. In essence, social responsibility factors focuses on market place, immediate environment, the immediate community and the workplace environment. Firms ought to promote the well-being of the society by willingly sharing their organizational resources. This is beneficial to both the firm and the society, the firm gains imperative positive returns due to the improvement of organizational reputation which is strengthened when organization undertake to willing fully meet the expectations of the community. In addition, CSR pursuance motivates employees thereby creating organizational employee loyalty (Khojastehpour and Johns, 2014).

The adoption of CSR practices that are geared towards the community undoubtedly satisfy firm's credibility as the adopted activities direct firm interests towards the betterment of the community. According to Deng, Kang and Low (2013) firms which readily integrate all stakeholders interests during their normal business operations enhances operational efficiency which in turn improves on long-term profitability which serves to increase both organizational value and shareholder wealth (Kang, Deng and Low, 2013). Auka (2006) deduced that the factors that determine CSR practices adoption were; corporate image, moral obligations and pressure to solve societal problems. Diverse firms in Kenya have resorted to adopting CSR activities due to the realization that firms cannot thrive where immediate communities languish in abject poverty.

2.3 Product Based Strategies and Response to Changing Business Environment.

A product can be defined as a bundle of attributes, which provide value to customers at a cost. Kotler (2014) the looks at product differentiation as a combination of varying items such as product's form, features, performance, and conformance to quality, durability and reliability of the product. Physical products vary in their potential for differentiation. Many products can be differentiated in forms, which include size, shape or physical structure. Most products can be offered with varying features that supplement its basic function (Stark, (2015).

Product based strategies a focus of all promotion on the items being sold and their availabilities. Product based marketing strategies are used by retail outlets and companies that wish to sell a large selection of merchandise to a large portion of the consumer market (Maine, Lubik and Garnsey, 2012). Product based strategies refer to innovations that defy straightforward classification in terms of existing product categories (Liu, Li, Chen and Balachander, 2017). This can be through product extension, differentiation and innovation. The processes go through the stages of idea generation, idea screening, concept testing, business analysis, product development, test marketing and commercialization (Ngirwa, 2014).

Ansoff (1990) proposed a matrix that can be of much help to organizations when it comes to responding to the environmental issues. These strategies are seeking growth: (1)

Market penetration: by pushing existing products in their current market segments. (2) Market development: by developing new markets for the existing products. (3) Product development: by developing new products for the existing markets. (4) Diversification: by developing new products for new markets.

Product marketing strategies refers to a is process of continually and systematically assessing needs of the market and its different segments to support product development and innovation that caters for those needs in the most feasible and profitable manner. Selling products is made considerably easier when approached in a systematic manner (Ryan, 2016). There is a relatively straightforward method for preparing the key messages for a product marketing strategy that is built on taglines, ultimate selling propositions and benefit statements. A financial institution’s sales strategy will depend on its products and its target market. These will dictate the balance between pull-and-push based strategies to selling the products. Ansoff (2007) proposed a matrix that can be of much help to organizations when it comes to responding to the environmental issues. These strategies are seeking product growth: Product development: by developing new products for the existing markets. The matrix depicts the kind of risk a particular strategy will expose one to; adopting a new strategy will always represent its own risks.

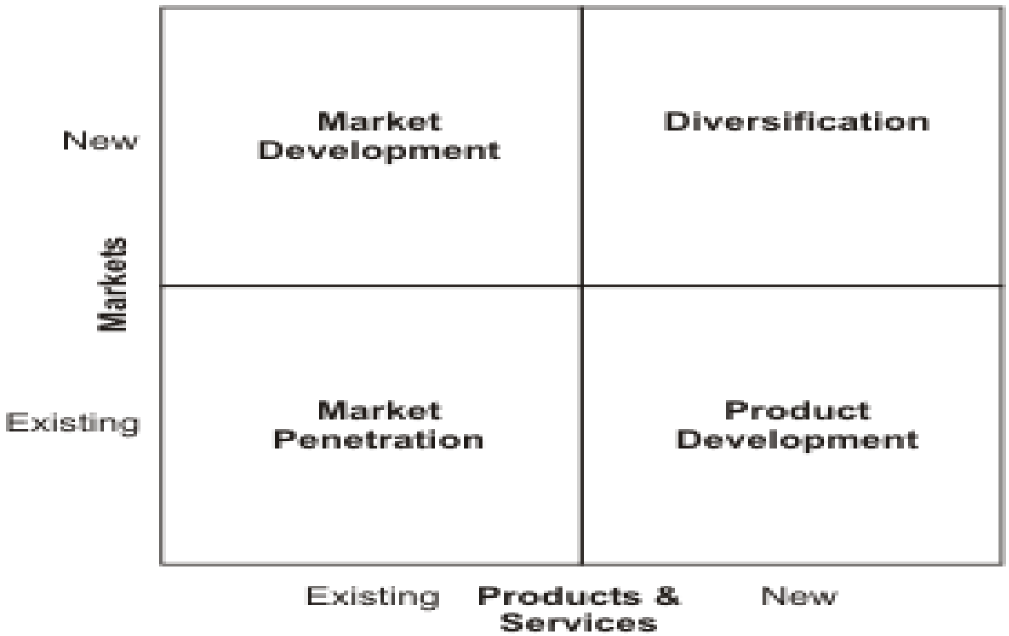

Figure 2.1: The Ansoff Matrix

Source: Jobber (2010)

The matrix depicts the kind of risk a particular strategy will expose one to; adopting a new strategy will always represent its own risks. According to Jobber (2010) one can achieve market penetration by winning competitors' customers. Firms can achieve this by effectively utilizing promotion or distribution and price cuts. For example Apple used price to achieve market penetration in the launch of the 3G iPhone. Jobber (2010) says that another way of gaining market penetration is by way of buying or acquiring the competitors. For example, a supermarket chain (Morrisons), bought Safeway, a competitor, in order to gain market penetration (Jobber, 2010). According to Havila, Johanson and Thilenius (2004) the market penetration strategy is the least risky since it leverages many of the firm's existing resources and capabilities. In a growing market, simply maintaining market share will result in growth, and there may exist opportunities to increase market share if competitors reach capacity limits. However, market penetration has limits, and once the market approaches saturation another strategy must be pursued if the firm is to continue to grow (Havila, Johanson, and Thilenius, 2004).

2.3.1 Product Differentiation

For institutions that require sustainability in the ever volatile business environment, through their research and development department have to come up with ways to differentiate their products from what the competition is offering the market. Orry (2011) noted that for any organization functioning within its hypercompetitive environment over time needs to achieve sustainable competitive advantage through a strong product differentiation strategy. For instance while Orry (2011) looked at the banking sector, mentioning that if the credit cards are the product the bank is selling then to create a difference, they might think of visa cards or master credit cards.

While working on the product differentiation, Makadok and Ross (2013) in the study on taking industry structuring seriously; a strategic perspective on product differentiation; the study noted that organizations must think about strengths that the product has and how best to enhance it, developing a strong marketing campaign that would push the product further into the market, creating a unique logo and brand name that would sell the product, and lastly the organization must also look at having a unique image in order to have sustainable competitive advantage (Makadok and Ross, 2013).

De Loecker (2011) stated that in this rapidly changing business environment where the marketplace is increasingly competitive and the rate of innovation is rising and the emergence of global knowledge-based economy, has made the management in different organizations to realize that product differentiation is their key asset in sustaining their growth, gaining competitiveness and improving their returns. Gebauer, Gustafsson and Witell (2011) concur that know-how, practices and processes have become the key source of core competency for organizations. Furthermore, to achieve competitive advantage in the ever-changing business market, it is necessary that firms pursue strategies, which are difficult for competitors to copy.

Whenever an organization wants to exploit the gains of product differentiation, Davcik and Sharma (2015) suggested that the organization should invest in product attributes that are valued by their customers. As this will guarantee the organization, higher sales, higher returns and sustainable business venture even in the changing environment. Such organizations can conduct a survey or engage a consultant to ascertain the specific differentiating attributes valued by customers. Gebauer, Gustafsson and Witell (2011) also noted that organizations should look into price of the product as a differentiating factor. The price should be balanced basing it on the quality of the product. While Makadok and Ross (2013) further noted that other differentiating factors other than the product could be service quality and customer service when and after selling the product.

Ahmed (2015) noted that a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product that is worth paying for even if a premium has been charged or a fairly priced product capable of satisfying the buyer’s needs (Ahmed, 2015).

Diversification is the most risky of the four growth strategies since it requires both product and market development and may be outside the core competencies of the firm (Jobber, 2010). Consider the case of Honda’s move from motorcycles to cars, and Apple Computer’s introduction of the iPod mobile music player, which has the capacity to download music via a computer (Mitchell, 2005). In fact, this quadrant of the matrix has been referred to by some as the "suicides II". Other advantages of diversification include the potential to gain a foothold in an attractive industry and the reduction of overall business portfolio risk. Ireland et al (2013) say that diversification strategies can lead to strategic competitiveness and above average returns. However, according to Wowak and Hambrick (2010), if a firm's governance mechanism is not strong, the executives may diversify the firm to the point that it fails to earn even average returns. Hayward and Shimizu (2006) warn that over diversification can lead to a decline in firm performance, after which units in the business are divested.

2.3.2 New Product Development

Due to the high level of competition in the business environment, differences in customer orientation and changes in preferences, these factors pushes firms all over the world to develops new products. Ansoff (2007) defined product development as the focus on the needs of the current customers and the wider customer markets. Kotler (2014) says in product development firm remains in its present markets but develops new products for these markets. According to McCarthy (2000) product development allows a broader definition of the business while the danger lies in its exposure to one type of customers other business must actively can the economic environment. Although affirm operates in familiar markets, product development carries more risk since there is interest risks normally associated with new product development. The development of new products has been known to attract new customers, retain the already existing customers and eventually increasing the organizational performance (Ernst, Hoyer and Rübsaamen, 2010). With new products the organization is able to gain and sustain its competitive advantage at the market place. Etzel, Walker and Stanton (2007) argue that an organization develops new products to sell to its present markets. For example the Apple company has extended the product lines; the original iPod has been succeeded by the launches of the iPod nano, shuffle and touch, this has given its target market a greater variety to choose from in terms of capacity, size and price (Jobber, 2010). Jobber argues that product replacement can also feature here; whereby the firm can replace the old brands/models with new ones. This is most prominent in the automobile industry.

Chen, Damanpour and Reilly (2010) in the study on understanding antecedents of new product development speed; the study notes that many organizations, firms and companies have built competitiveness and obtained tremendous profits through new product development. Launching new products and services on the market represents an important source of increasing the size of a business and the profits of a company (Chen, et al 2010). For the organizations that regularly create and do innovations to create new products attract consumers to purchase their product and encourage the general society to adopt the new product innovation.

At times developing a new product isn't enough, but rather according to Gmelin and Seuring (2014) the perception of the customers, the general society on the new product will determine if the new product will be adopted and purchased. De Brentani, Kleinschmidt and Salomo (2010) notes that customer's perceives the new product in their own ways either after purchase and use it, if they find it positive, they will continue to purchase it but if it is unfavorable they will stop the new product purchase. Gmelin and Seuring (2014) further argue that new product perception is based on price of the product, the location of the shop they purchase it from and also reveal that a customer's likelihood of product adoption is based on their perception on the value of the product its quality and the level of satisfaction level from acquiring. Consumer perception involves trying to understand how a consumer's feeling about a product or service influences their behavior. Positive perception leads to quick adoption while negative perception may lead to no adoption at all.

Aluga (2011) on the investigation on the influence of new product development on performance of Safaricom phone service provider, Kisumu, Kenya. The study noted that as the forces of global competition and consumer sophistication continue intensifying, business organizations are forced to rethink and redesign their strategies in order to meet the requirements of the changing market place. One of the strategies that could be adopted by organizations was new product development. This means an organization wide process aimed at bringing a new product or service into the market. It comprises a range of activities including idea generation, business analysis, market testing and commercialization. And furthermore, Aluga (2011) noted that if organizations carry out an extensive research and develop new products so as meet the advanced demands that the market and customers need, then such an organization is able to survive in this volatile business environment.

For the successful new product development and or service introductions are of great significance to any organization having a long term performance as one of its agenda

(Sethi, 2000). For firms whose product involves a long process in manufacturing or involves length legal requirements, it is paramount to the organizations management to do a thorough research on what the market needs, what the competition is doing and what the customer prefers before going into production. Such industries may include those in the technological industry like mobile phones, computers, television and the motor vehicle industry (Sethi, 2000). At times Sethi (2000) confirms that the cost of the new product may hinder its adoption. But with the correct branding, advertising where all information is included, the new products that may seem a bit pricey would sell well if proper research has been done on the needs of the customers. Atuahene-Gima and Murray (2007) state that the major stumbling block in the adoption of new products is that information about their existence and their unique characteristics are not easily or readily available

2.3. 3 Product Extension

In the present turbulent economic environment brand integrates the marketing mix activities and thus becomes axes for marketing tactics and strategy. Stahel (1994) defines product extension as the strategy of placing an established product's brand name on a new product that is in the same category. This is majorly done to increase sales, gaining higher returns and have an upper hand at the market place. Sahlmann, Thiemann and Winkler (2001) noted that all firms whether small or larger firms in the global practice product extension so as to raise the sales of a popular product by offering variations. The success of a product depends upon its positioning which in turn is related to its brand name. A brand name may be defined as, a name, term, sign, symbol, or design, or a combination of these, that identifies the manufacturer or seller of a product or service (Kotler and Armstrong, 2002).

In the present volatile business markets, the life span of a newly developed product is very short, for short spanned products it is essential to retain consumer confidence and recognition of its strong brands by carrying out product extension. For instance Levi's a very strong brand name in the clothing industry has over the years introduced several different styles and fits for its jeans to fit all varieties of its clientele base, both women and men, children and the older generation. By extending their product, the Levi’s brand has continued to flourish in markets all over the world.

According to Carter and Curry (2013) in the survey on the perceptions versus performance when managing extensions: new evidence about the role of fit between a parent brand and an extension, noting that extending a product line under an existing brand can attract buyers who have different preferences, lessen the cost of reaching buyers in the same market category who are already familiar with the brand, and ultimately boost profitability, sustainability of the firm and gaining competitive advantage at the market place (Carter and Curry, 2013).

Liu (2009) reveal that this strategy of brand extension is popular because it is less risky and cheaper compared to the creation of a new brand. For two major reasons: one is that consumers have already the knowledge of the company, its product name and brand. The association with the main brand is already done and the main task is communicating the specific benefits of the new innovation as noted by Martínez, Montaner and Pina (2009) in brand extension feedback: The role of advertising. And the second reasons is consumer trust already exists among the existing well-known-strong brands represent a promise of quality, useful features etc. for the consumer. Thus, the extension will benefit from this fame and this good opinion about the brand to create a compelling value proposition in a new segment or markets (Kotler, 2014). Brown, Sichtmann and Musante (2011) reveal that 58% of consumers will be more likely to try a new product from a brand they knew, versus only 3% for a new brand. Furthermore, Martínez, Montaner and Pina (2009) note that product line extensions need to be carefully researched to ensure they will actually serve an unmet demand in the marketplace, without drastically reducing sales of the company's current products.

2.4 Operational Based Strategies and Response to Changing Environment.

2.4.1 Operational Based Strategies

Operational strategies are concerned with how the component part of the organization delivers effectively the corporate and business level strategies in terms of resources, processes and people. Thus, operational strategies look at how corporate and business level strategies can be translated into concrete operational functions and processes in areas like marketing, research and development, manufacturing, personnel and finances (Wahogo, 2012). Operational based strategies are concerned with how the component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes and people (Thompson et al., 2007).

According to Johnson and Scholes (2008), operational strategies are concerned with how parts of an organization deliver effectively the corporate and business level strategies in terms of resources, process and people. Companies adopt strategies directed at improving, the effectiveness of basic operations within the company, such as production, marketing, materials management, research and development, and human resources. Even though strategies may be focused on a given function, they embrace two or more functions and require close co-operation among functions to attain companywide efficiency, quality innovation, and customer responsiveness goals. Such strategies include but are not limited to marketing efficiency, research and development efficiency, human resource efficiency, self-managing teams, paying for performance, information system and internet efficiency as well as infrastructure efficiency.

A study done by Peter et al.(2005), in Singapore firms found out that In environments with higher dynamism (market volatility caused by innovation, changes in technology, or changes in taste), higher performing companies emphasized a strategy based on delivery performance, flexibility, and quality. Low performers emphasized those priorities along with cost reduction, implying that a lack of focus hurt them. In environments with greater competitive hostility, successful firms responded with an emphasis on delivery performance, whereas less successful firms once again lacked focus and emphasized a strategy based on all four competitive priorities. In environments with labor shortages, successful firms focused on achieving flexibility, whereas lower performing companies showed no significant common strategic response. A key insight from their paper was that successful companies that occupy dynamic or hostile environments are less likely to emphasize cost reduction strategies than poor performers facing the same environmental conditions. In other words, good performers in such environments adopt strategies that enable differentiation based on operations capabilities, whereas poor performers typically pursue differentiation and cost reduction and pay the price for their lack of focus.

2.4.2 Operational Automation

Information technology is gradually becoming the foundation stone of modern day organizations. Its adoption is bringing in great changes in management practices and organizational structure. Thus the use of technology to automate services within an organization is one of the strategies that an organization can use to improve its performance and thus gain competitive advantage over its competitors in the market (Gill, Yang, Yao and Lu, 2009).In terms of efficiency, an end to end systems automation approach in an international business reaches across the mainframe and distributed environments of the enterprise with a distinguished scalability that can accommodate the largest IT infrastructures. In international business, multinationals organizations can implement system automation that integrates all the low level information from critical resources with high-level control and view of the business. The efficiency logic in this instance is that the whole system is greater than the sum of its individual parts, a strategy that facilitates operational efficiency, consistency, and simplicity (Premaratne, 2009).

Automation is the use of machines with the aid of human factor to improve the performance of an organization. There are various levels of automation that an organization can adopt. It ranges in degree to what extent the human factor operates and the computer control level all aimed at improving overall human/machine performance (Piyare and Tazil, 2011). Automated systems have traditionally been explored as binary function allocations; either the human or the machine is assigned to a given task. More recently, intermediary levels of automation have been discussed as a means of maintaining operator involvement in system performance, leading to improvements in situation awareness and reductions in out-of-the-loop performance problems (Piyare and Tazil, 2011).

The potential benefits of using automation in internal logistics activities such as internal transports or material handing are vast since manual work is both time consuming and physically strenuous. These tasks are therefore suitable to automate and the potential benefits of the investments are often both obvious and large (Groover, 2008). Schulze and Wüllner (2006) conclude that it is most likely that automation is a key point in the future development of internal logistics. Looking back, automation has also, since the 1960s, played a key role in the development of the internal logistics area (Kartnig et al., 2012), and the sales of automated equipment for use in internal logistics have been growing steadily during the last decades.

However, as much as there are benefits associated with automation, there are also disadvantages (Bussler and Stefan, 2005). One major limitation of any automated process is that an automated system will have limited level of intelligence and thus be prone to errors as it's unable to apply reasoning outside its scope of knowledge. Another drawback is the expensive nature in regards to the adoption of automation. For instance, the research and development costs may surpass the cost saved by adoption of the automated process e.g. installing a very expensive ERP system and your operations are very small to warrant such expenditure. However, automation benefits can still be realized if a firm plans and adopts the best fit software in regards to its operations (Davenport, 2013).

2.4.3 Employee Training and Development

Good employee performance is a necessity for better performing organization. In essence, organizational success depends on employee's creativity, skills and competencies, innovation and commitment (Islam, and Ismail, 2008). One of the key determinants of organizational success is employees training. Effective employee training programs helps staff to take a system's view of the organization as it enables them to apprehend how major functions affect each other thereby improving on organizational efficiency and effectiveness. Firms therefore strive to cultivate skill sets in teamwork, career development, motivation, coach, mentor, change manage and numerous other facets of task performance in organizations so as to improve on both employee and organizational performance. According to Nguku's (2006), training is applicable to performance in a current or anticipated task. It therefore strives to provide all necessary learning so that employees' capacity can be expanded.

By improving employees' ability to perform tasks required in performing their duties, training allows better use to be made of human resources and further gives employees a masterly over their work. This in turn improves on their skills set and quality of work output thus positively impacting in performance (Eerde, Tang and Talbot, 2001). Training is very crucial in organizations. This is because new employees are continuously recruited to fill vacant positions and they must therefore be trained to work in the specific organizational context. The objective of employee training is to eliminate current and even anticipated performance discrepancies. Training serves to improve on organizational performance where there is a stagnating or declining productivity level.

It is also imperative to those organizations that rapidly incorporate new technologies that may increase the chances of employee obsolescence. In essence, training helps organizations to make the workforce more adaptable and flexible. Noe (2010) claims that by matching the size and skills of the workforce to the productive requirements of the organization, and by raising the quality of individual employee' contributions to production, organizations can make significant improvements on their performance. Atieno (2013) endeavored to examine the factors influencing staff training and development decisions in state-owned hotels in western Kenya. The study used a descriptive survey was whereby primary data was gathered via questionnaires. The drop and pick later method was used to distribute the research instruments from the employees. Research findings showed that employees were satisfied with the training opportunities allocated by their organization. The study further showed that there is enhancement of employee career building so as to motivate them to partake higher work responsibilities and thus improve on organizational performance. The study showed the presence of a positive connection between organizational employee training and performance.

According to Serrat (2009), employee job orientation exposes employees to more diverse undertakings for instance; nature of new work and tactics to handle new assigned tasks. Through orientations, employees are able to understand their responsibilities as well as general expectations as held by the firm towards them. They are also able to obtain a general overview of organizations working environment, processes and culture, working conditions and procedures. This in turn enables quickly adoption and assimilation to nature of operations at the organization thus minimizing idle time and improving organizational performance due to injection of new staff. The presence of orientation programs equips employees with necessary skills and drive thus pushing up their performance levels owing to fast familiarity with organization processes and procedures.

2.4.4 Job Enlargement

Job enlargement refers to a situation where workers are rotated to different positions and assigned some extra duties to be performed during his or her daily routine (Dessler, 2005). Job enlargement “transforms the jobs to include more and/or different tasks” (Durai, 2010). Job enlargement affects the motivational level, organizational commitment level and employee satisfaction level (Berdicchia, Nicolli and Masino, 2016).When an employee feels that the job he or she is currently performing is less challenging, oversimplified, lacks diversity and is less meaningful, job enlargement is usually done by the management. Job enlargement has been seen to create lower levels of social interaction of the employees in the work place and decreases the motivational level of the employees. The basic aim of job enlargement is to stimulate the interest of employee in the job, namely increasing job attraction, through the differentiated and various tasks that the employee performs in his/her job. Consequently, the objective of job enlargement is to design jobs where the needs of employees meet the interests of the organization (Durai, 2010).

There are two approaches of job enlargement. The first is the horizontal enlargement, which ‘refers to the degree to which a job contains many tasks” (Durai, 2010). This is achieved through adding more tasks to the existing tasks performed by an employee at the same skill level. The overall goal of horizontal enlargement is to reduce the level of specialization and boredom of work, to reduce the number of difficult tasks, and finally to lead towards the development of new employee skills. For these reasons, this approach is usually preferred in the case of complex and highly structured tasks (Durai, 2010). The second type is vertical enlargement, which refers to “the degree to which the employees decide how the task is to be done” (Durai, 2010). The main goal of this technique is to enhance the status and the self-fulfillment needs of the employees, while it gives the employees the opportunity to take part in the organization, the planning and the control of tasks (Durai, 2010). The potential benefits of job enlargement are; reduction in the level of boredom, utilization of skills, increased efficiency by employees and job enjoyment.

Richter, Näswall, De Cuyper, Sverke, De Witte and Hellgren (2013) identify that due to increase in competition among every kind of organization, the employees’ tendency to work in one organization for a long time period is decreasing and due to that reasons the management has to face some extra responsibilities as well as the organizations has to suffer extra costs. Due to increase in the work pressure in the work place, it is now very common to transform the work activities of the employees on the work place and make them able to work at every level. That thing has increased the work performance of the employees and decreased the overall cost of the companies (Burchell, Mankelow, Day, Hudson, Ladipo, Reed, Noan, Wichert and Wilkinson, 2009).

2.5 Chapter Summary

This chapter covered an analysis of empirical literature consisting of summaries of other related studies conducted in other countries around the world in support of this research. The general objective of this study was to examine the strategic responses that Britam applies to changes in the dynamic business environment. This chapter extensively covered the three research objectives that have formed the backbone of this research. The first section determined to establish how the market based strategies and responses influence the company’s changing business environment. Factors such as market segmentation, promotion, supplier integration and corporate social responsibility have been examined in depth to determine how each of them affects the performance of the company. As evidenced in the literature, firms have little or no control at all of the happenings in the external environment. Indeed the external environment affects the performance of the company either positively or negatively depending largely on the company's reaction. In view of the foregoing, several responses aimed at surviving the turbulence have been established by scholars; market segmentation, promotion, supplier integration, CSR, product innovation, product extension, product differentiation, operational automation, employee training and enlargement among others. Organizations have to keep learning and reinventing themselves in order gain an edge over their peers. They need to develop an art of survival as they do not operate in a vacuum. It is against this backdrop that this chapter covered best practices that could be employed by Britam Kenya to survive turbulence in the industry. The next chapter looks at the research methodology which details how data will be collected and analyzed.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter is mainly concerned with the analysis of the research method which was used in the study. The chapter mainly focused on the study population, sampling design, sampling techniques, sampling frame, sample as well as the sample size that was used in the study. It also focused on the data collection methods, research procedures as well as the data analysis techniques that were employed in the study. Information regarding the presentation of the findings is also provided in the chapter.

3.2 Research Design

According to Kothari (2010) research design is the course of action of conditions for collecting and analyzing of data in a way that means to combine significance to the purpose of research with economy in strategy. The study adopted a mix of descriptive and inferential research design. Bryman, (2012) explains that descriptive/survey research is concerned with describing the characteristics of a particular individual, or of a group. Descriptive research is therefore concerned with specific predictions, with narration of facts and characteristics concerned with individuals, group or situations. Both qualitative and quantitative data were be used in the analysis. A case study is preferred because it enables the researcher have in-depth understanding of a single instance, Britam insurance company in Kenya. Case study focuses more on full relevant contextual analysis of less occasions or conditions their interrelations (Cooper and Schindler, 2016).

3.3 Population and Sampling Design

3.3.1 Population

Population involves all elements, individuals, or units that meet the selection criteria for a group to be studied, and from which a representative sample is taken for detailed examination. The total of all populations is called a universe (Caeldries, 2011). The respondents were Group finance and Strategy Director and managers in Sales, claims, legal, internal audit, actuarial, finance, human asset, risk and compliance, branches and other junior administrators who are included in line administration of the business. The population included employees in Britam life Assurance and Britam General Insurance in Kenya and the Group Strategy office which is instrumental in formulation of strategic responses in combating changing business environment through the various staff in the two companies. The target population was 579 employees.

Table 3.1: Population Distribution

Job Title	General insurance	Life Assurance	Total
Group Finance and Strategy Director	0	0	1
Group Strategy Manager	0	0	1
Chief Executive Officer	1	1	2
General Manager	3	2	5
Senior Manager	4	13	17
Manager	21	39	60
Assistant Manager	28	26	54
Senior Supervisor	19	34	53
Supervisor	46	48	94
Assistant I	25	29	54
Assistant II	66	91	157
Assistant III	1		1
Officer	36	25	61
Others	7	12	19
Total	**257**	**320**	**579**

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

A sample frame refers to a list of elements from which the sample is actually drawn and is closely related to the population (Cooper and Schindler, 2008). The list could be of geographical areas, institutions, individuals, or other units (Gill and Johnson, 2002). The research picked a sample from senior supervisor to the chief executive officer and included all the representatives in the group strategy office who are instrumental in implementation of strategic responses to changes in business environment .The sampling frame is as shown in table 1.1 above. Secondary sources of data were Journals, Financial statements, past research studies and web. According to Copper and Schindler (2006), with unstructured questions, respondent responses offers knowledge to his emotions, foundation, hidden motivations, interests and choices and give however much data as could be expected without keeping down.

3.3.2.2 Sampling Technique

According to Robson, (2002) sampling technique is the process of identification of the specific process by which the entities of the sample have been selected purposive sampling technique was used to select the staff members to be included in the study. The selection was done on the basis of their knowledge, commendable experience and vital information presumed to be important to the study (Tochim, 2006). Patton (2001) describes these at samples within samples and suggests that purposeful samples can be stratified or nested by selecting particular units or cases that vary according to a key dimension. The study used stratified sampling. Stratified random sampling involved dividing the population into a number of groups or strata, where members of a group share a particular characteristic then there is random sampling within the strata (Robson, 2002).

3.3.2.3 Sample Size

Target population size is five hundred and seventy nine employees of Britam Insurance. The number for the sample size of the employees was derived from purposive stratified sampling.

Table 3.2 Sample Size Distribution Table

Job Title	Population			Sample size		
	General insurance	Life Assurance	Total	General insurance	Life Assurance	Total
Group Finance and Strategy Director	N/A	N/A	1	N/A	N/A	1
Group Strategy Manager	N/A	N/A	1	N/A	N/A	1
Chief Executive Officer	1	1	2	1	1	1
General Manager	3	2	5	2	1	3
Senior Manager	4	13	17	2	8	10
Manager	21	39	60	10	15	25
Assistant Manager	28	26	54	8	6	14
Senior Supervisor	19	34	53	5	10	15
Total	**76**	**115**	**193**			**70**

3.4 Data Collection Methods

Primary and secondary data was used. The quantitative data was broken down through content analysis procedure. Content analysis is the efficient qualitative approach of the synthesis of the articles or materials of the study. It includes observation and detailed of articles, thing or things that contain the protest of study. Mugenda and Mugenda (2013) explain that the primary reason for content analysis is to concentrate on the current data keeping in mind the end goal to decide variables that clarify particular context.

According to Kothari (2010), content examination uses categorization of order form to Saunders, Lewis and Thornhill (2016), legitimate and recreates deductions from information to their specific situation. Content analysis was the best strategy for dissecting the open ended questions due to its adaptability and considers objective, precise and quantitative description of the content of communication (Cooper and Schindler, 2013). This strategy has been effectively used by different researchers, for example, Nyamai 2011, Kilonzi 2012, Kiptugen 2013 and Ramona 2008. This was a contextual analysis for displaying an in-depth analysis of the Strategic reactions to changing business environment by Britam Insurance Company.

Data collection involved collecting data directly from the respondents by use of well-structured online based questionnaires and interview sessions. The questionnaire is a structured tool of data collection where the respondents were asked open ended questions in an attempt to get answers to the research questions outlined in the study. The use of a structured questionnaire allows the researcher to collect both qualitative and quantitative data (Muathe, eta al., 2010). The interview was open ended in order to get as much information from the responded without locking or directing their response.

The questionnaire was structured; utilizing both the categorizing and likert scale. Most of the questions were closed with a few being open ended to reduce the response time to five minutes and below. The questionnaire had five sections. The first section sought to come up with the background information of the respondents; the second section looked at the market based strategies adopted by Britam insurance company in its response to changing business environment, third section was the product based strategies adopted by Britam insurance company to changes in business environment, the fourth was operational based strategies adopted by Britam insurance company in responses to changing business environment, and the fifth was on performance of Britam insurance company.

3.5 Research Procedures

The researcher subjected the questionnaire to a pre-test by issuing it to peers randomly who critiqued the structure, length and clarity of the questions. This helped in the refining of the final questionnaire in terms of the content, length, structure and clarity to increase the rate of response from the sample. The feedback from the responded was used to improve the questionnaire. The improved questionnaire was then administered to respondents in the company through the *"survey monkey"* online platform so as to enable quick and efficient distribution. The researcher engaged assistants from the various departments to circulate the online link and follow up completion. The researcher and the assistants ensured a high response rate by administering the online link during work breaks. Further to this the respondents were also assured of confidentiality and anonymity. The researcher intended to call the respondents to remind them to give feedback thus improving on the response rate. In order to ensure appointment with the various executives, the researcher booked meeting in advance during their less busy schedules. The researcher considered recording of the interviews with respondents with their consent.

3.6 Data Analysis Methods

The study used qualitative and quantitative methods to analyze data collected from questionnaires and from the interviews. Qualitative approach is adopted in analyzing data giving description of the phenomena. Quantitative method involves performing analysis on numerical data. Data analysis was carried out in four steps: first data was entered and cleaned for analysis, data analysis, interpretation and report writing. Microsoft Excel and Statistical Package for Social Science (SPSS) version 20 package were used to analyze the data. The researcher generated Frequency tables, Pearson's correlation and linear regression. The three analysis techniques are simple to understand and can be easily interpreted.

3.7 Reliability of the Instrument

According to Sekaran and Bougie (2013), reliability is the degree to which an assessment tool produces stable and consistent results. This refers to the extent to which results are consistent over time. The research instrument is considered to be reliable and accurate when the results of a study can be reproduced under a similar methodology.

There are four types of reliability as indicated by Creswell (2014). First is the Test-retest reliability. This is a measure of reliability obtained by administering the same test twice over a period of time to a group of individuals. The scores from the tests can then be correlated in order to evaluate the test for stability over time. The second type is Parallel forms reliability. This is obtained by administering different versions of an assessment tool made of items that probe the same construct, skill or knowledge base to the same group of individuals. The scores from the two versions can then be correlated in order to evaluate the consistency of results across alternate versions (Christensen, 2014).

The third type is Inter-rater reliability which is used to assess the degree to which different judges or raters agree in their assessment decisions. This is useful because human observers will not necessarily interpret answers the same way. The fourth type is internal consistency reliability which is used to evaluate the degree to which different test items that probe the same construct produce similar results (Connelly, 2008). This is divided into two categories, average inter-item correlation which is obtained by taking all of the items on a test that probe the same, determining the correlation coefficient for each pair of items, and finally taking the average of all of these correlation coefficients (Creswell, 2014). The second category is Split-half reliability which is obtained by splitting in half all items of a test that are intended to probe the same area of knowledge. Then the entire test is administered to a group of individuals, the total score for each set is computed, and finally the split-half reliability is obtained by determining the correlation between the two total set scores (Cooper and Schindler, 2014).
This study tested for inter-rater reliability and average inter-item correlation reliability. A Cronbach’s alpha of above 0.7 was deemed acceptable as indicated in table 3.1.

Table 3.3 Reliability tests results

Questions	Cronbach's Alpha	No of Items
Q1-6	0.836	6
Q7-24	0.821	12
Q19-25	0.816	6
Q26-33	0.864	7
Q34-37	0.772	4

3.8 Validity of the Instrument

Validity refers to how well a test measures what it is purported to measure. Validity defines the strength of the final results and whether they can be regarded as accurately describing the real world. An account is valid or true if it represents accurately those features of the phenomena that it is intended to describe, explain or theorize.

According to Cooper and Schindler (2014) there are five types of validity. The first type is face validity which ascertains that the measure appears to be assessing the intended construct under study. If the stakeholders do not believe the measure is an accurate assessment of the ability, they may become disengaged with the task. Second type is Construct Validity which is used to ensure that the instrument is actually measuring the construct it is intended to measure and not the other variables (Saunders et al., 2016). Using a panel of experts familiar with the construct is a way in which this type of validity can be assessed. The experts can examine the items and decide what that specific item is intended to measure. Third is criterion-related validity, this is used to predict future or current performance then it correlates test results with another criterion of interest. The higher the correlation between the established measure and new measure, the more faith stakeholders can have in the assessment tool (Creswell, 2014).

The fourth type is formative validity which is used to assess how well a measure is able to provide information to help improve the program under study. Lastly, we have sampling validity also known as content validity. This ensures that the measure covers the broad range of areas within the concept under study. Not everything can be covered, so items need to be sampled from all of the domains. This may need to be completed using a panel of experts to ensure that the content area is adequately sampled (Saunders et al., 2016). This study measured the construct validity to ensure that the instrument is actually measuring the construct (Organizational performance) it is intended to measure and not the other variables. To determine validity, input from subject experts was used.

3.9 Chapter Summary

This chapter outlined the research methodology that was used in this study. It identified positivism as the research philosophy and descriptive correlational approach as the research design. The population of the study being the senior managers was discussed. A stratified sampling approach determined the sample size. Questionnaires were used to collect data targeting the 55 respondents. The chapter closed by discussing the research procedures and looking at both the descriptive and inferential techniques for data analysis using SPSS as a tool. The next chapter discusses the results and findings of the study

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents a summary of findings with regards to the three study objectives. The first subsection presents findings with regards to how Britam Insurance applies market based strategies and response to changing business environment, followed by findings on how Product based strategies to respond to the changing business environment. The last subsection presents findings with regards to how Britam Insurance adopts operation based strategies with regard to responding to dynamic business environment.

A total of 70 questionnaires were given out. Of these, 55 were filled and returned. This represented a response rate of 79% which is deemed acceptable as illustrated in figure 4.1

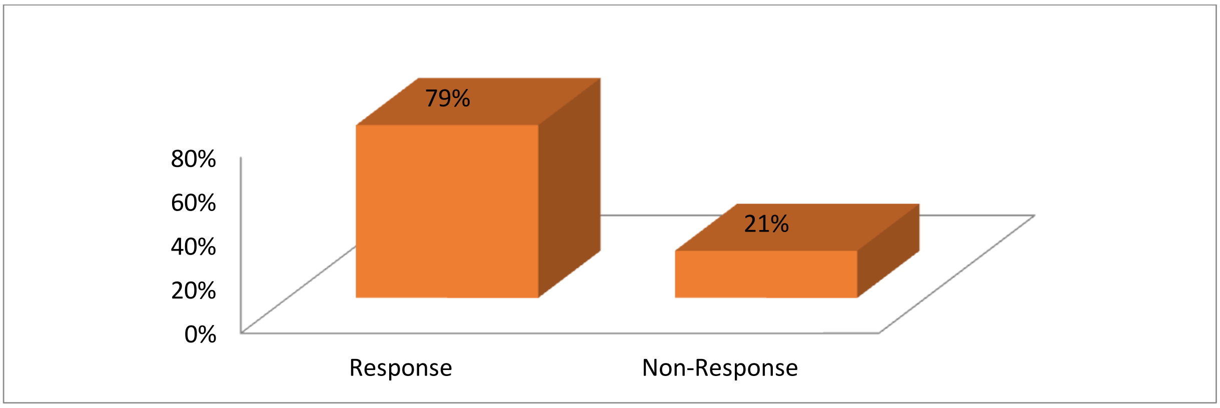

Figure 4.1 Response Rate

4.2 Background Information

This subsection presents findings with regards to the background information of the respondents. Specifically on gender, age, education levels, job title, and years of work experience.

4.2.1 Gender of the Respondents

Table 4.1 presents findings with regards to the gender of the respondents. As seen in the table majority of the respondents were male (58 percent), followed by women who were 42 percent.

Table 4.1: Gender of the Respondents

Gender	Frequency	Percent
Male	32	58
Female	23	42
Total	**55**	**100**

4.2.2 Classification of Respondents by Age

Of the 55 respondents, about 46% were within the age bracket of 26 and 33 years whereas those within the age bracket of 34 and 41 years accounted for 28%, 15% fell between age of 18 and 25 and finally those above the age of 50 years accounted for 2% as shown in table 4.3.

Table 4.2: Age Distribution of the Respondents

Age of Respondents	Frequency	Percent
18 to 25	8	15%
26 to 33	25	46%
34 to 41	15	28%
42 to 49	5	9%
50 and Above	1	2%
Total	**55**	**100%**

4.2.3 Job Titles of the Respondents

As seen in table 4.2 majority of the respondents involved in the study were managers (33 percent), followed by 29 percent who were Officers and above thereafter 15 percent of the respondents were assistant managers and supervisors each. The senior managers only comprised of 6% of the respondents while senior supervisors were 4% and finally the rest comprised 0 percent.

Table 4.3: Job Titles of the Respondents

Job Title	Frequency	Percent
Chief Executive Officer	0	0%
General Manager	0	0%
Senior Manager	3	6%
Manager	18	33%
Officer	16	29%
Assistant Manager	8	15%
Senior Supervisor	2	4%
Supervisor	8	15%
Total	**55**	**100**

4.2.4 Classification of Respondents by Level of Education

The results in table 4.4 show the number of respondents by levels of education. From this figure, it is seen that majority of the respondents, 63%, held bachelor's degrees. Further to this, those with postgraduate degrees accounted for 35%, while those with certificates/diplomas accounting for 2% of the total respondents.

Table 4.4: Level of Education

Level of Education	Frequency	Percent
Postgraduate	19	35%
Degree	34	63%
Certificate/Diploma	1	2%
Total	**55**	**100**

4.2.5 Classification of Respondents by Work Experience

Table 4.4 shows the number of years that each respondent had worked for Britam Insurance. From the findings, most of the respondents (67%) had worked for less than 15 years, those who had worked for a period of between 6 and 10 years accounted for 27% whereas, those who had worked for periods of between 11 to 15 years,16 to 20 and 21 years and above accounted for 2% each.

Table 4.5: Number of Years worked for the Company

Number of Years working with Britam	Frequency	Percent
Less than 5 years	37	67
Between 6 and 10 years	15	27
Between 11 and 15 years	1	2
Between 16 and 20 years	1	2
21 years and Above	1	2
Total	**55**	**100**

4.3 Market Based Strategies and Changing Business Environment

The first objective of the study was to determine the market based strategies adopted by Britam insurance in responding to changing business environment. As seen in the table 4.8 it is evident that the following market based strategies are used by Britam: market segmentation, firm differentiation, promotional channels, distribution channels, defined products, stakeholder engagement, supplier selection, closer working relationships, information sharing, support to the society and community support are market based strategies adopted by the firm in responding to the dynamic insurance environment.

Table 4.6: Market Based Strategies

Market Strategies	SD	D	N	A	SA	Mean	Rank

Frequency	f%	f%	f%	f%	f%	f/n	
Clearly defined market segment	1.85%	3.70%	20.37%	61.11%	12.96%	3.80	3
A differentiated position	3.70%	1.85%	22.22%	59.26%	12.96%	3.76	5
Appropriate promotional channels	1.89%	7.41%	16.67%	59.26%	14.81%	3.78	4
Different distribution channels	0.00%	7.55%	28.30%	49.06%	15.09%	3.72	6
Segmented its market	0.00%	9.26%	38.89%	42.59%	7.41%	3.49	8
Takes into account the needs of stakeholders	0.00%	9.43%	39.62%	43.40%	7.55%	3.49	8
Careful selection of suppliers	1.89%	5.66%	30.19%	47.17%	15.09%	3.68	3
develops strategies to align its operations	1.96%	5.88%	27.45%	47.06%	17.65%	3.73	7
works closely with other firms	1.85%	3.70%	16.67%	53.70%	24.07%	3.94	1
Shares information with other players	3.85%	17.31%	40.38%	34.62%	3.85%	3.38	2
considers the welfare of the society in which it operates	0.00%	16.67%	38.89%	33.33%	3.70%	3.91	2
several initiatives to benefit community	0.00%	1.85%	22.22%	59.26%	16.67%	3.91	1

4.4 Product Based Strategies and Changing Business Environment

The second objective of the study was to determine the product based strategies adopted by Britam insurance in responding to changing business environment. Table 4.7 further shows that indeed the following product based strategies were adopted by Britam Insurance, these include: differentiation of insurance products, development of new products, use of technology in product development, extension of existing products, as well as the investment of product research and development.

Table 4.7: Product Based Strategies

Product Based Strategies	SD	D	N	A	SA	Mean	Rank
Frequency	**f%**	**f%**	**f%**	**f%**	**f%**	**f/n**	
Differentiated insurance products	1.89%	15.09%	24.53 %	43.40 %	15.09 %	3.55	5.00
New product development	1.89%	5.66%	11.32 %	64.15 %	16.98 %	3.89	4.00
Technology incorporation	0.00%	5.66%	13.21 %	54.72 %	26.42 %	4.02	4.00
Extension of benefits of existing products	3.85%	1.92%	34.62 %	50.00 %	9.62%	3.60	3.00
Developing unique insurance products	1.89%	16.98%	24.53 %	45.28 %	11.32 %	3.47	1.00
Investment in Product research	5.77%	11.54%	21.15 %	42.31 %	19.23 %	3.58	1.00

4.5 Operational Based Strategies

The third objective of the study was to determine the operational based strategies adopted by Britam insurance in responding to changing business environment. Table 4.10 shows that the following operational based factors are applied by Britam insurance: Automated operations, diverse communication media , improved overall efficiency, training of employees time to tie, a well-organized job orientation ,well defined job descriptions ,and the enlargement of employees' duties to equip them with diverse skills.

Table 4.8: Operational Based Strategies

Operation Based Strategies	SD	D	N	A	SA	Mean	Rank
Frequency	**f%**	**f%**	**f%**	**f%**	**f%**	**f/n**	
Automated operations	1.92%	7.69%	23.08%	38.46%	28.85%	3.85	2
Diverse communication media	1.89%	3.77%	24.53%	47.17%	22.64%	3.92	1
Improved overall efficiency	1.89%	9.43%	35.85%	39.62%	13.21%	3.60	4
Trains its employees frequently	3.85%	5.77%	26.92%	50.00%	13.46%	3.63	3
a well-organized job orientation	3.64%	16.36%	32.73%	34.55%	12.73%	3.56	5
well defined job descriptions	3.77%	9.43%	30.19%	43.40%	13.21%	3.60	4
Enlarged employees' duties	5.66%	5.66%	35.85%	43.40%	9.43%	3.52	6

4.6 Firm Performance

The study sought to establish the overall impact of the three strategic responses to changing business environment to the performance of the firm. The findings are illustrated in the table 4.9 below. The measures of performance included; growth in premium underwriting, decline in number of claims, increase in number of clients and reduction in the firm's operating expenses.

Table 4.9: Firm Performance

Performance Measures	SD	D	N	A	SA	Mean	Rank
Frequency	**f%**	**f%**	**f%**	**f%**	**f%**	**f/n**	
Growth in overall premium underwritten	1.92%	0.00%	26.92%	55.77%	15.38%	3.02	4
Decline in claims experience	3.85%	3.85%	50.00%	34.62%	7.69%	4.81	1
Number of customers increased	1.92%	1.92%	36.54%	50.00%	9.62%	3.60	2
Operating expenses reduced	4.08%	10.20%	44.90%	28.57%	12.24%	3.35	3

4.6.1 Correlation Analysis.

Market based strategies were found to be positive and significantly related to performance among insurance firms ($r = 0.559$, p-value=0.000<0.05). Product bases strategies were found to be positive and significantly related to performance among insurance firms ($r = 0.667$, p-value=0.000<0.05) as well as operational based strategies ($r=0.582$) as indicted in table 4.10.

Table 4.10 Correlation Analysis

F	Statistic	Operational Strategies	Market Strategies	Product Strategies
Firm performance	Pearson Correlation	.582**	.559**	.667**
	Sig. (2-tailed)	.000	.000	.000
	N	55	55	55
	**. Correlation is significant at the 0.01 level (2-tailed).			

Market based strategies were found to have a positive linearly significant influence on firm performance among insurance firms in Nairobi Kenya. ($\beta=0.251$, T-value=2.117, p-value=0.044<0.05). Here one unit change in market strategy results in 0.251 unit increase in firm performance among insurance firms in Nairobi Kenya.

Product based strategies were found to have a positive linearly significant influence on firm performance among insurance firms in Nairobi Kenya. ($\beta=0.372$, T-value=3.100, p-value=0.38<0.05). Here one unit change in product strategy results in 0.372 unit increase in firm performance among insurance firms in Nairobi Kenya.

Operational based strategies were found to have a positive linearly significant influence on firm performance among insurance firms in Nairobi Kenya. (β=0.496, T-value=4.133, p-value=0.00<0.05). Here one unit change in product strategy results in 0.496 unit increase in firm performance among insurance firms in Nairobi Kenya.

The beta coefficients indicate the relative importance of each independent variable (market, product and operational based strategies) in influencing the dependent variable (financial performance among insurance firms in Nairobi County. Operational strategies and Product strategies are the most important influencing firm performance among insurance firms in Nairobi Kenya (βeta=0.516) followed by Market based strategies (βeta=0.259).

4.6.2 Regression Analysis

The R square value in this case is 0.492 which clearly suggests that there is a strong relationship between market strategies, product strategies and operational based strategies and firm performance among insurance firms in Nairobi County as indicated in table 4.11. This indicates that market based strategies, product based strategies and operational based strategies share a variation of 49.2 % of firm performance among insurance firms in Nairobi Kenya.

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.702[a]	.492	.538	.712

a. Predictors: (Constant), Market, Product, Operational based strategies
b. Dependent Variable: Firm performance

The ANOVA table in table 4.12 indicates that the overall model was a good fit since (F-value =16.286 and p-value=0.000<0.05).

Table 4.12 ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	27.360	3	9.12	16.286	.000[b]
	Residual	29.450	52	.56		
	Total	56.81	55			

a. Dependent Variable: Firm performance
b. Predictors: (Constant), Market, Product, Operational based strategies

Table 4.13 Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.223	.094		2.372	.025
	Market based Strategies	.251	.120	.259	2.117	.044
	Product based strategies	.372	.120	.462	3.100	0.38
	Operational Strategies	.496	.120	.516	4.133	.000

a. Dependent Variable: Firm performance

The model becomes

$$\text{Performance} = 0.223 + 0.251_{Market\ startegies} + 0.492_{Products} + 0.496_{operational} + \varepsilon$$

4.7 Chapter Summary

Chapter four has provided results and findings as per the data collected from the respondents who were the employee of Britam Insurance. Analysis on the background information, determination of vital factors of market, product and operational strategies on firm performance. The next chapter will look at a summary of the findings, as well as discussions, conclusions and recommendations.

CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter consists of four sections, namely summary, discussion, conclusions, and recommendations following that order. The first section provides a summary of the important elements of the study which includes the study objectives, methodology and the findings. The second section discusses the major findings of the study with regards to the specific objectives. The third section discusses the conclusions based on the specific objectives, while using the findings and results which are obtained in the fourth chapter.

5.2 Summary of the Study

The general objective of the study was to examine strategic responses to changes in business environment: Case study of Britam insurance company in Kenya. The study was guided by the following research questions: What are the markets based strategies used by Britam Insurance Company in response to the changing business environment? What are the products based strategies used by Britam insurance company in responding to changes in the business environment? What are the operational based strategies used by Britam insurance Company in response to the changing external business environment? Descriptive research design was employed in the study. The target population included all the 579 employees of Britam Insurance Kenya in Nairobi. Simple random sampling techniques was employed while data collection was conducted with the help of a questionnaire. The data was analyzed using descriptive and inferential statistics with the help of the Statistical Package for Social Sciences (SPSS). The results were then presented in tables.

The study revealed that there was a positive significant relationship between markets based strategies and firm performance with a beta of .251 and a T-value of 2.117. These findings imply that insurance firms respond to the changing environment through strategies and tactics such as; clearly defined market segment for all its products, appropriate promotional channels, different distribution channels, Shares information with other players in the insurance, benefit of the community, as well as carefully selecting suppliers and developing strategies to align its operations to the changing market conditions.

The study further revealed there was a positive significant relationship between product based responsive strategies to changing environment with a beta of .372 and a T-value of 3.100. These findings imply that the firm's responsiveness to changing business environment and its performance is influenced by product based strategies such as differentiated insurance products, new product development, technology incorporation, extension of benefits of existing products, developing unique insurance products, and investment in product research.

It was also revealed that there was a positive significant relationship between operation based strategies and responsiveness to changing environment with a beta of .496 and a T-value of 4.133. These findings imply that the responsiveness to the changing environment and firm performance is influenced by operational based factors such as automation of majority of its operations, diversified communication media among staff, improved the level of efficiency, training of employees from time to time, a well-organized job orientation for new staff, well defined job descriptions for all staff, and offering employees enlarged duties to build their capacities.

Lastly, the study revealed that there was a positive significant positive impact on form performance as a result of applying the three strategies of responding to changing business environment. Growth in overall premium underwritten, decline in claims experience, increase in number of customers, and reduction in operating expenses were performance measurement parameters used.

5.3 Discussion

5.3.1 Market Based Responsive strategies to changing business environment

The study revealed that there was a positive significant relationship between markets based strategies and firm performance with a beta of .251 and a T-value of 2.117. These findings imply that insurance firms respond to the changing environment through strategies and tactics such as; clearly defined market segment for all its products, appropriate promotional channels, different distribution channels, Shares information with other players in the insurance, benefit of the community, as well as carefully selecting suppliers and developing strategies to align its operations to the changing market conditions.

The study affirms that the firm can respond to the changing environment through market strategies. This can be achieved by the company's potential to respond timeously, effectively and efficiently to the changing customers' needs, competitive threats, and market and business environmental changes. Therefore, companies need to gather, analyze, process data into meaningful information in order to make viable and appropriate strategic decisions so as to maintain or even increase their competitive advantage in the market. This is what many scholars call strategic intelligence.

The findings agree with Jackline (2014) who posits that today, firms in the insurance sector are operating a very sensitive business environment. She attributes the dynamics in the business environment to the emergence of a well-informed consumer segment. In her findings, Rono (2013) also identifies changing consumer needs as one force that is behind the growing rate of change in business environment. She adds that changes in customer tastes and preferences is one of the major forces of change hence affect the overall performance of the firm in the industry. The two findings are in line with the results of this study that market based strategies play a very important role towards responding to the changing environment.

The study also correlates with Etzel et al., (2007) who conducted a study on why firms engaged in market development. Their findings illustrated that the firms continue to sell their existing products but to a new market altogether. In this study, Britam had managed to keep developing its market owing to the lower up taking of insurance products by Kenyan market. The firm has also been seeking regional expansion opportunities for exploitation according to firm's 2012-2016 strategic plan. Britam has also invested heavily in marketing. Respondents cited mainstream media, both electronic and print as some of the responses adopted by the organization to counter competition which was identified as a major threat affecting the company.

The findings also reveal that the firm had closer relationships with the suppliers. Furthermore, it had managed to strategically segment their suppliers for proper relations and the ease of doing business. The strategy has assisted the firm in gaining competitive advantage through its well organized supply chain. This study confirms findings by Ellram and Cooper (2014) who argue that relationship with selective suppliers result in mutual advantages such as reducing overall cost, enhance customer satisfaction, flexibility to cope with changes, productivity improvement and long-term competitive advantages in the marketplace.

5.3.2 Product Based Responsive strategies to changing business environment

The study further revealed there was a positive significant relationship between product based responsive strategies to changing environment with a beta of .372 and a T-value of 3.100. These findings imply that the firm's responsiveness to changing business environment and its performance is influenced by product based strategies such as differentiated insurance products, new product development, technology incorporation, extension of benefits of existing products, developing unique insurance products, and investment in product research.

The study affirms that indeed one essential product variable that influences firm's competitiveness and sustainability in the long-run is product differentiation. This mainly because the insurance products offered by insurance companies are almost the same, characterized with very low switching costs. Therefore, the consumer can easily move to the competitor's product. De Loecker (2011) confirms that in this rapidly changing business environment where the marketplace is increasingly competitive and the rate of innovation is rising and the emergence of global knowledge-based economy has made the management in different organizations to realize that product differentiation is their key asset in sustaining their growth, gaining competitiveness and improving their returns.

The findings agree with a study by carried out by Makadok and Ross (2013) in the study on taking industry structuring seriously; a strategic perspective on product differentiation; the study noted that organizations must think about strengths that the product has and how best to enhance it, developing a strong marketing campaign that would push the product further into the market, creating a unique logo and brand name that would sell the product, and lastly the organization must also look at having a unique image in order to have sustainable competitive advantage (Makadok and Ross, 2013).It is therefore paramount that firms must address key elements of the product to support its success in the market.

The findings also agree with Chen, Damanpour and Reilly (2010) in the study on understanding antecedents of new product development speed; the study notes that many organizations, firms and companies have built competitiveness and obtained tremendous profits through new product development. This is simply because through development of new products, firms are able to exploit the new market niche by acting as a market leader hence power to influence pricing mechanisms, retain consumers and grow their revenue base. In this study, the firm has given priority to developing new products through innovative programs and supporting extensive research in insurance sector.

Another factor that has led to the need to develop new products is the high uncertainties in the market with competitors offering almost similar products. The study by Aluga (2011) on the investigation on the influence of new product development on performance of Kenyan firm, the study noted that as the forces of global competition and consumer sophistication continue intensifying, business organizations are forced to rethink and redesign their strategies in order to meet the requirements of the changing market place. As a result, innovation, product development becomes crucial tool towards responding to the ever dynamic business environment.

5.3.3 Operational Based Responsive strategies to changing business environment

It was also revealed that there was a positive significant relationship between operation based strategies and responsiveness to changing environment with a beta of .496 and a T-value of 4.133. These findings imply that the responsiveness to the changing environment and firm performance is influenced by operational based factors such as automation of majority of its operations, diversified communication media among staff, improved the level of efficiency, training of employees from time to time, a well-organized job orientation for new staff, well defined job descriptions for all staff, and offering employees enlarged duties to build their capacities.

It was also revealed that the firm had automated most of the operations to enhance efficiency and better service delivery to the clients as well as reducing loopholes in the operation's system. The study agrees with (Piyare and Tazil, 2011) who found out that intermediary levels of automation have been discussed as a means of maintaining operator involvement in system performance, leading to improvements in situation awareness and reductions in out-of-the-loop performance problems

However, not to large extent, the findings also revealed that the firm had considered employee development as a technique to respond to the environmental changes. This was done through job orientation which the majority felt it was not satisfactorily conducted.

As Serrat (2009) notes, employee job orientation exposes employees to more diverse undertakings for instance; nature of new work and tactics to handle new assigned tasks. Through orientations, employees are able to understand their responsibilities as well as general expectations as held by the firm towards them. They are also able to obtain a general overview of organizations working environment, processes and culture, working conditions and procedures. This in turn enables quickly adoption and assimilation to nature of operations at the organization thus minimizing idle time and improving organizational performance due to injection of new staff. The presence of orientation programs equips employees with necessary skills and drive thus pushing up their performance levels owing to fast familiarity with organization processes and procedures.

Finally the findings align with Richter, Näswall, De Cuyper, Sverke, De Witte and Hellgren (2013) identify that due to increase in competition among every kind of organization, the employees' tendency to work in one organization for a long time period is decreasing and due to that reasons the management has to face some extra responsibilities as well as the organizations has to suffer extra costs. Due to increase in the work pressure in the work place, it is now very common to transform the work activities of the employees on the work place and make them able to work at every level. That thing has increased the work performance of the employees and decreased the overall cost of the companies (Burchell, Mankelow, Day, Hudson, Ladipo, Reed, Noan, Wichert and Wilkinson, 2009). Britam Insurance had resorted to enlarging employees' capabilities through assigning of varied tasks.

5.4 Conclusions

5.4.1 Market Based Strategies

This findings lead to a conclusion that insurance firms respond to the changing business environment through strategies and tactics such as; clearly defined market segment for all its products, appropriate promotional channels, different distribution channels, sharing information with other players in the insurance, benefit of the community, as well as carefully selecting suppliers and developing strategies that align the firm to the market conditions.

5.4.2 Product Based Strategies

These findings also lead to a conclusion that insurance firms' responsiveness to changing business environment and its performance is influenced by product based strategies such as differentiated insurance products, new product development, technology incorporation, extension of benefits of existing products, developing unique insurance products, and investment in product research.

5.4.3 Operational Based Strategies

Finally the study concludes that there was a positive significant relationship between the firm's responsiveness to the changing environment, its performance and operational based factors such as automation of majority of its operations, diversified communication media among staff, improved the level of efficiency, training of employees from time to time, a well-organized job orientation for new staff, well defined job descriptions for all staff, and offering employees enlarged duties to build their capacities.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Market based Strategies and Responsiveness to Changing Environment

The study recommends that insurance firms need to devise aggressive market based strategies that could help counter the impact of today's market uncertainties and dynamics such as; defining clear market segments for all their products, utilizing appropriate channels in their promotional activities, different distribution channels, sharing information with other players in the insurance, as well as supporting the community to build a strong competitive image in the market through CSR. In this regard they need to scan the market environment and inherent forces, design and implement comprehensive strategic market plans.

5.5.1.2 Product based Strategies and Responsiveness to Changing Environment

The study acknowledges that insurance products have been attracting demand at a slow but increasing rate. Therefor these is need to generate products that are differentiated in the market, products which take into consideration different income levels of Kenyan consumer, geographical distributions, psychological and even other demographic factors such as age, education levels. These can be enhanced if the company is able to invest in research, innovation and product development; study the various market needs and introduce products that are on high demand and are rare to imitate by the competitors. Another aspect of product is its development, there is need to ensure quality in terms of the products delivered to the consumers since customer satisfaction plays a critical role in insurance sector. Finally it is it is important to understand the products that are highly preferred by the customers' in order to maximize the firm's resources on the most demanded products.

5.5.1.4 Operational based Strategies and Responsiveness to Changing Environment

The study recommends the need for automobile companies to consider strengthening the existing operational programs. This is because demography factors are vital and measurable statistics of a population that s helps to locate target market; they are easier to measure and are suitable for psychographic and sociocultural studies. Additionally, the Human Resource Management department has to be equipped with necessary resources and facilities to develop manpower. The firm could implement poaching and hiring of competent and skilled employees from its competitors in the insurance industry. Also, continuous training and development of staff, cross-departmental assignments could help employees in sharing information, supporting each other in various teams. The firm also needs to conduct an assessment of all the key operational processes such as service delivery, knowledge management, communication, employee motivation, and customer feedback.

5.5.2 Recommendations for Further Studies

The study recommends for additional studies on this area of study since the insurance industry is one of the fastest growing industries in Kenya. Additionally it is important for other researchers to consider carrying out studies on the effect of leadership styles to strategic responses in the organization. This study should also be done on other companies in the insurance industry so as to get comprehensive information on how the other players in the industry have responded to the challenges posed by competitive changing environment.

REFERENCES

Ahmed, S. (2015). *Realization of sustainable competitive advantage through product differentiation in commercial banks in Kenya*: a case study of first community bank (Doctoral dissertation, University of Nairobi).

Aluga, F. M. (2011). *Influence of new product development on performance of Safaricom phone service provider, Kisumu, Kenya* (Doctoral dissertation, University of Nairobi, Kenya).

Ansoff, H. I. and McDonnell, E. J. (2013). Critique of Henry Mintzberg's. The design school: reconsidering the basic premises of strategic management. *Strategic management journal,* 12(6), 449-461.

Armstrong, G. A., and Durkin, M. G. (2007). Using behavioral and motivational thinking in food segmentation. *International Journal of Retail and Distribution Management*, 35(9), 691-702.

Atieno, J. I. (2015). Factors influencing staff training and development decisions in state-owned hotels in western Kenya (Doctoral dissertation, University of Nairobi).

Atuahene-Gima, K., and Murray, J. Y. (2007). Exploratory and exploitative learning in new product development: A social capital perspective on new technology ventures in China. *Journal of International Marketing*, 15(02), 1-29.

Awino, Z. B. (2011). *Strategic Management*: An empirical investigation of selected strategy variables on Firm's performance: A study of supply chain management in large private manufacturing firms in Kenya.

Baker, M. J. (2014). *Marketing strategy and management*. Palgrave Macmillan.

Bassen, A., Jastram, S., and Meyer, K. (2005). *Corporate Social Responsibility*: Eine Begriffserläuterung. Zeitschrift für Wirtschafts-und Unternehmensethik, 6(2), 231-236.

Berdicchia, D., Nicolli, F., and Masino, G. (2016). Job enlargement, job crafting and the moderating role of self-competence. *Journal of Managerial Psychology*, 31(2), 318-330.

Brown, B., Sichtmann, C., and Musante, M. (2011). A model of product-to-service brand extension success factors in B2B buying contexts. *Journal of Business and Industrial Marketing*, 26(3), 202-210.

Burnes, B., (2012). *Change management*: Leadership, values and ethics. Journal of Change Management, 12(1), 1-5.

Cadbury, A. (2006). *Corporate social responsibility*. Twenty-First Century Society, 1(1), 5-21.

Caeldries, F., and van Dierdonck, R. (2011). How Belgian business make strategic planning work. Long range planning, 21(2), 41-51.

Caeldries, F.,(2011). Communication flows in international product innovation teams. *Journal of product innovation management,* 17(5), 360-377.

Carter, R. E., and Curry, D. J. (2013). Perceptions versus performance when managing extensions: new evidence about the role of fit between a parent brand and an extension. *Journal of the Academy of Marketing Science,* 41(2), 253-269.

Chen, J., Damanpour, F., and Reilly, R. R. (2010). Understanding antecedents of new product development speed: A meta-analysis. *Journal of Operations Management*, 28(1), 17-33.

Cooper .A.C., and Schindler J.G.(2002) Entrepreneurs: Process of founding and New firm Performance. In D.L. Sexton and J.L. Kasarda, Eds. *The State of the Art of Entrepreneurship.* Boston. PWS- Kent Publishing.

Crane, A., and Matten, D. (2010). Business ethics: Managing corporate citizenship and sustainability in the age of globalisation. Aufl., New York.

Davcik, N. S., and Sharma, P. (2015). Impact of product differentiation, marketing investments and brand equity on pricing strategies: A brand level investigation. *European Journal of Marketing*, 49(5/6), 760-781.

De Brentani, U., Kleinschmidt, E. J., and Salomo, S. (2010). Success in global new product development: Impact of strategy and the behavioral environment of the firm. *Journal of Product Innovation Management*, 27(2), 143-160.

De Loecker, J. (2011). Product differentiation, multiproduct firms, and estimating the impact of trade liberalization on productivity. *Econometrica*, 79(5), 1407-1451.

Deng, X., Kang, J. K., and Low, B. S. (2013). Corporate social responsibility and stakeholder value maximization: Evidence from mergers. *Journal of Financial Economics*, 110(1), 87-109

Drucker, P. F. (2012). *Managing in turbulent times.* New York: Routledge Publisher

Durai, P. (2010). Human resource management. India: Pearson Education

Eerde, E., W., Simon Tang, K. C., and Talbot, G. (2008). The mediating role of training utility in the Relationship Between Training Needs Assessment and Organizational Effectiveness. *The International Journal of Human Resource Management*, 19(1), 63-73.

Ellram, L. M., and Cooper, M. C. (2014). Supply chain management: It's all about the journey, not the destination. *Journal of Supply Chain Management,* 50(1), 8-20.

Ernst, H., Hoyer, W. D., and Rübsaamen, C. (2010). Sales, marketing, and research-and-development cooperation across new product development stages: implications for success. Journal of Marketing, 74(5), 80-92.

Fein, M.L. (2012). *Shooting the messenger: The fed and money market funds.* Retrieved from https://www.sec.gov/comments/4-619/4619-157.pdf

Ferrell, J. E. (2002). *Self-perpetuating states in signal transduction*: positive feedback, double-negative feedback and bistability. Current opinion in cell biology, 14(2), 140-148.

Fill, C., and Turnbull, S. L. (2016*). Marketing communications: brands, experiences and participation*. Pearson.

Gebauer, H., Gustafsson, A., and Witell, L. (2011). Competitive advantage through service differentiation by manufacturing companies. *Journal of Business Research*, 64(12), 1270- 1280.

Gill, J. and Johnson, P., (2002). *Research Methods* for Managers, 3rd edition:London, UK: Sage

Gill, K., Yang, S. H., Yao, F., and Lu, X. (2009). *A zigbee-based home automation system*. IEEE Transactions on Consumer Electronics, 55(2).

Gmelin, H., and Seuring, S. (2014). *Determinants of a sustainable new product development.* Journal of Cleaner production, 69, 1-9.

Grant, R. M. (2016). *Contemporary strategy analysis:* Text and cases edition. John Wiley and Sons.

Graves, C. W. (1970). Levels of existence: An open system theory of values. *Journal of humanistic psychology*, 10(2), 131-155.

Helfat, C. E., (2013). The impact of dynamic capabilities on resource access and development. *Organization science*, 24(6), 1782-1804.

Herrmann, J. W., and Hodgson, B. (2011). SRM: leveraging the supply base for competitive advantage. In Proceedings of the SMTA International Conference, Chicago, IL (Vol. 1).

Irukwu, J. O. (1977). *Insurance management in Africa.* Ibadan, Nigeria: Caxton Press

Islam, R., and Zaki Hj. Ismail, A. (2008). Employee motivation: a Malaysian perspective. *International Journal of Commerce and Management*, 18(4), 344-362.

Jain, S. C., and Haley, G. T. (2009). Marketing planning and strategy. Cincinnati South-Western Publishing Company 1985.

Johnson, G., and Scholes, K., (2008). Exploring corporate strategy: text and cases. Pearson Education.

Kanter, R.M. (1989). When Giants Learn to Dance: Mastering the Challenges of Strategy Management and Careers in the 1990s. London: Unwin.

Khojastehpour, M., and Johns, R. (2014). The effect of environmental CSR issues on corporate/brand reputation and corporate profitability. *European Business Review*, 26(4), 330-339.

Kinicki, A., and Williams, B. K. (2008). Management, A Practical Introduction. Mc Grew-Hill Irwin, New York.

Kotler, P. (2014). The problem of questionable marketing outputs. Business and Economics Journal, 5(3), 1.

Kotler, P., and Keller, K. (2012). *Marketing management*. Praha: Grada Publishing.

Kotler, P., Keller, K. L., Manceau, D., and Hémonnet-Goujot, A. (2015). *Marketing management* (Vol. 14). Englewood Cliffs, NJ: Prentice Hall.

Kudoyi, D.M. (2010). Strategic Responses to changes in the external environment by Insurance Companies in Kenya. Unpublished MBA project. Nairobi: University of Nairobi.

Lai, W. H., and Vinh, N. Q. (2013). How promotional activities and evaluative factors affect destination loyalty: Evidence from international tourists of Vietnam. *International Journal of Marketing Studies*, 5(1), 70.

Lewin, K. (1947). Frontiers in group dynamics: Concept, method and reality in social science; social equilibria and social change. Human relations, 1(1), 5-41.

Lindgreen, A., and Swaen, V. (2010). Corporate social responsibility. *International Journal of Management Reviews*, 12(1), 1-7.

Liu, H. T. (2009). *The extension of fuzzy QFD*: From product planning to part deployment. Expert Systems with Applications, 36(8), 11131-11144.

Liu, Y., Li, K. J., Chen, H., and Balachander, S. (2017). The Effects of Products' Aesthetic Design on Demand and Marketing-Mix Effectiveness: The Role of Segment Prototypicality and Brand Consistency. *Journal of Marketing*, 81(1), 83-102.

London, T., and Hart, S. L. (2004). Reinventing strategies for emerging markets: beyond the transnational model. *Journal of international business studies*, 35(5), 350-370.

MacCormack, A., Crandall, W., Henderson, P., and Toft, P. (2012). Do you need a new product-development strategy*? Research-Technology Management*, 55(1), 34-43.

Magaki, E. (2014). *Environmental diversity, market segmentation and performance of commercial banks in Kenya* (Doctoral dissertation, University of Nairobi).

Maine, E., Lubik, S., and Garnsey, E. (2012*). Process-based vs. product-based innovation: Value creation by nanotech ventures*. Technovation, 32(3), 179-192.

Makadok, R., and Ross, D. G. (2013). Taking industry structuring seriously: A strategic perspective on product differentiation. *Strategic Management Journal*, 34(5), 509-532.

Martínez, E., Montaner, T., and Pina, J. M. (2009). Brand extension feedback: The role of advertising. *Journal of Business Research*, 62(3), 305-313.

Mcdonald, M. A. L. C. O. L. M., and Brown, L. (2016). 5 Strategic Marketing planning. The marketing book, 86.

Muthomi, R. K. (2012). The use of market segmentation as a strategic management tool by commercial banks in Kenya (Doctoral dissertation).

Nagati, H., and Rebolledo, C. (2013). Supplier development efforts: The suppliers' point of view. Industrial Marketing Management, 42(2), 180-188.

Ngirwa, B. J. (2014). Consumer perception and the rate of new product adoption in commercial banks in Kenya (Doctoral dissertation, University of Nairobi).

Ngonga, F. L. (2009). *Corporate strategy, organizational politics, and firm performance* (Doctoral dissertation, School of Business,).

Nguku, J. K. M. (2006). *A survey of Staff Training and Development Practices in state Corporations In Kenya*. Unpublished MBA project; University of Nairobi.

Noe, R. A. (2010). *Employee training and development*. McGraw-Hill/Irwin.

O'Quinn, T., Allen, C., Semenik, R., and Scheinbaum, A. C. (2014). Advertising and integrated brand promotion. Nelson Education.

Orry, D. S. (2011). *Product Differentiation as a Strategy for Sustainable Competitive Advantage in Banks issuing credit cards in Kenya* (Doctoral dissertation).UON.

Parker, D. B., Zsidisin, G. A., and Ragatz, G. L. (2008). Timing and extent of supplier integration in new product development: a contingency approach. *Journal of Supply Chain Management*, 44(1), 71-83.

Pearce, J.A. and Robinson, R.B. (2011). *Strategic Management: Strategy Formulation and Implementation*. Illinois: Richard D. Irwin Inc.

Peteraf, M., (2013). The elephant in the room of dynamic capabilities: Bringing two diverging conversations together. *Strategic Management Journal*, 34(12), 1389-1410.

Peters, T. (1987). *Thriving on Chaos*. New York: Harper Collins.

Phaal, R., Farrukh, C. J., and Probert, D. R. (2004). *Technology roadmapping-a planning framework for evolution and revolution.* Technological forecasting and social change, 71(1), 5-26.

Piyare, R., and Tazil, M. (2011, June). *Bluetooth based home automation system using cell phone*. In Consumer Electronics (ISCE), 2011 IEEE 15th International Symposium on (pp. 192-195). IEEE.

Porter, M. E. (2008). The five competitive forces that shape strategy. *Harvard business review*, 86(1), 25-40.

Porter, M. E. (2008). *Competitive strategy*: Techniques for analyzing industries and competitors. Simon and Schuster.

Re, S. (2012). *World insurance in 2011*: non-life ready for take-off. Sigma, 3.

Rezaei, J., and Ortt, R. (2013). Multi-criteria supplier segmentation using a fuzzy preference relations based AHP. *European Journal of Operational Research*, 225(1), 75-84.

Richter, A., Näswall, K., De Cuyper, N., Sverke, M., De Witte, H., and Hellgren, J. (2013). Coping with job insecurity: Exploring effects on perceived health and organizational attitudes. *Career Development International*, 18(5), 484-502.

Ryan, D. (2016). Understanding digital marketing: marketing strategies for engaging the digital generation. Kogan Page Publishers.

Sahlmann, H., Thiemann, T., and Winkler, O. (2001). *Coherent states for canonical quantum general relativity and the infinite tensor product extension*. Nuclear Physics B, 606(1), 401-440.

Schulze, L., and Wullner, A. (2006). The approach of automated guided vehicle systems. In Service Operations and Logistics, and Informatics, 2006. SOLI'06. *IEEE International Conference on* (pp. 522-527). IEEE.

Scott, P. (2011). Towards the 'cult of the equity'? Insurance companies and the interwar capital market. *The Economic History Review*, 55(1), 78-104.

Sethi, R. (2000). New product quality and product development teams. Journal of Marketing, 64(2), 1-14.

Sharma, A., and Lambert, D. M. (2013). Segmentation of markets based on customer service. *International Journal of Physical Distribution and Logistics Management*.

Sherif, K. (2006). An adaptive strategy for managing knowledge in organizations. *Journal of Knowledge Management*, 10(4), 72-80

Simons, R. (2013). *Levers of control*: How managers use innovative control systems to drive strategic renewal. Harvard Business Press.

Stahel, W. (1994). *The utilization-focused service economy*: Resource efficiency and product- life extension. The greening of industrial ecosystems, 178-190.

Star, The (2016). Britam posts Sh1 billion loss for 2015. Nairobi: The Standard Printing House

Stark, J. (2015). Product lifecycle management. In Product Lifecycle Management (pp. 1-29). Springer International Publishing.

Suchman, A.L., Beckman, H.B., McDaniel, S.H., and Deci E(2003). Relationship-centered administration. In: Frankel R., Quill,T. and McDaniel, S. *The biopsychosocial approach: Past, present, and future*. Rochester, NY: The University of Rochester Press, 180-198

Swiss Re Sigma, (2012). *World insurance in 2012: Progressing on the long and winding road to recovery*. Zurich, Switzerland: Swiss Re Ltd

Tangus, C., Oyugi, L. A., and Rambo, C. (2015). *Effect Of Supplier Relationship Management Practices On Performance Of Manufacturing Firms In Kisumu County, Kenya*.

Wahogo, B. W. (2012). *Response strategies to change in the environment by financial audit firms in Nairobi, Kenya* (Doctoral dissertation).UON.

Wedel, M., and Kamakura, W. A. (2012). *Market segmentation*: Conceptual and methodological foundations (Vol. 8). Springer Science and Business Media.

Yoon, S. and Kuchinke, K. P. (2005). *Systems theory and technology. Lenses to analyze an organization.* Performance Improvement, 44(4), 15-19.

APPENDIX I: INTRODUCTION LETTER

July 2017

Dear respondent,

I am a student at United States International University Africa (USIU-Africa) pursuing a Masters of Business Administration program. In partial fulfillment of my course work, I would like to conduct a research project to assess **THE STRATEGIC RESPONSES TO CHANGES IN BUSINESS ENVIRONMENT**

Kindly therefore, complete the attached questionnaire with accurate information that will be used entirely for this research while observing utmost confidentiality.

Your assistance is highly valued. Thank you in advance.

Yours faithfully,

ROBERT KANYOTU

APPENDIX II: QUESTIONNAIRE

STRATEGIC RESPONSES TO CHANGES IN BUSINESS ENVIRONMENT: CASE STUDY OF BRITAM INSURANCE COMPANY IN KENYA

Kindly respond to the following questions by ticking on the appropriate box (√) or filling the answers in the blank spaces

SECTION A: DEMOGRAPHIC INFORMATION

You are requested to fill out your personal information in the spaces below. Please tick only one response.

1. Please indicate your gender Male [ ] Female: [ ]
2. Please indicate your age?
   18-25 [ ] 26-35 [ ] 36-45 [ ] 46 and above [ ]
3. Highest Level of education
   Certificate/Diploma [ ] Degree [ ] Postgraduate [ ]
4. Number of years worked in this company?
   Less than 5 years [ ] between 6 and 10 years [ ]
   Between 11 and 15 years [ ] between 16 and 20 years [ ]
   21 years and above [ ]

PART B: MARKETS BASED STRATEGIES

5. Below are several statements on various elements of market strategies used by organizations to respond to the changes in the operating environment. Kindly indicate the extent to which you agree with each of these statements in as far as Britam Insurance Company is concerned. Please rate using a 1-5 scale where: Strongly agree (5) Agree (4) Neutral (3) Disagree (2) Strongly disagree (1).

Statements	**5**	**4**	**3**	**2**	**1**
Britam has a clearly defined market segment for all its products					
Britam has set itself a differentiated position in the insurance industry in Kenya					
Britam has applied appropriate promotional channels for its products					
Britam has different distribution channels for different market segments					
Britam has segmented its market for efficient service delivery					
Britam takes into account the needs of different stakeholders in strategic planning					
Britam carefully selects its suppliers for better service delivery					
Britam develops strategies to align its operations to the changing market conditions					
Britam works closely with other insurance industry members to ensure better insurance industry performance					

Britam Shares information with other players in the insurance industry for better insurance management					
Britam always considers the welfare of the society in which it operates					
Britam has several initiatives for the benefit of the community it operates in					

6. In your opinion, what other market based strategies has Britam applied in response to the changes in the business environment?

____
____
____
____

PART C: PRODUCTS BASED STRATEGIES

7. Below are several statements on various elements of product based strategies used by organizations to respond to the changes in the operating environment. Kindly indicate the extent to which you agree with each of these statements in as far as Britam Insurance Company is concerned. Please rate using a 1-5 scale where: Strongly agree (5) Agree (4) Neutral (3) Disagree (2) Strongly disagree (1).

Statements	5	4	3	2	1
Britam has well differentiated insurance products from other players in the insurance sector					
Britam engages in new product development to come up with new products for the changing customer needs					
Britam incorporates technology in its products for better customer satisfaction					
Britam involves in extension of benefits of existing products to respond to changing business environment					
Britam Develops unique insurance products to respond to changes posted by the operating environment					
Britam has invested in product research and development for better response to changing business environment					

8. In your opinion, what other product based strategies has Britam applied in response to the changes in the business environment?

____
____

____

PART D: OPERATIONAL BASED STRATEGIES

9. Indicate the extent to which planning as a strategy affect performance in your company? (Place a check mark in the appropriate square bracket). Very great extent (5) Great extent (4) Moderate extent (3) little extent (2) Not at all (1)

	5	4	3	2	1
Britam has adopted automated majority of its operations					
Britam has diverse communication media among staff					
Management has improved the level of efficiency in the Company					
Britam trains its employees from time to time to improve their performance at work					
Britam has a well-organized job orientation for new staff					
Britam has well defined job descriptions for all staff					
Britam offers employees an enlarged duties to build their capacities					

10. In your opinion, what other operation based strategies has Britam applied in response to the changes in the business environment?

____

____

PART E: PERFORMANCE OF BRITAM INSURANCE COMPANY

8. Below are several measures of organization performance among organizations. Kindly indicate the way Britam Insurance Company has performed on these measures due to the above identified strategies. Use a 1-5 scale where: Greatly Improved (5) Improved (4) Constant (3) Decreasing (2) Greatly decreased (1)

	5	4	3	2	1
Growth in overall premium underwritten					
Decline in claims experience					
Number of customers increased					
Operating expenses reduced					

APPENDIX III: INTERVIEW GUIDE

STRATEGIC RESPONSES TO CHANGES IN BUSINESS ENVIRONMENT: CASE STUDY OF BRITAM INSURANCE COMPANY IN KENYA

Section A: Demographics Information

1. Name of the respondent (Optional)
2. What is your position within the organization (Britam insurance company-optional)
3. How long have you worked at Britam?
   a) Less than one year [ ]
   b) 1 to 3 years [ ]
   c) 4 to 5 years [ ]
   d) 6 years and above [ ]

Section B: Markets based strategies to changes in business environment

4. Are you personally involved in the crafting of the strategic responses in the company?
5. Which are the markets based strategies adopted by your company in response to changes in business environment?
6. In your answer above, how does Britam use the following in its response to changing business environment:
   a) Is there a clearly defined market segment for its product?
   b) How differentiation is used response to changes in the environment.
   c) What promotional and distribution channels are utilized in executing the market based strategies.
7. How does Britam cooperate with the community in its response to turbulent environment and ensure welfare of the community is upheld.
8. Are there other market based strategies that Britam adopts in response to changes in business environment?
9. What are the benefits associated with adoption of these strategies in response to changing business environment?

Section C: Products based strategies to changes in business environment

10. What are the products based strategies adopted by your company in response to changing business environment?
11. In your response to the above question; how has Britam adopted new product development, product differentiation and incorporation of technology in the products for the changing customer needs?
12. Does Britam have a research and development unit adopted in the both companies?
13. In your opinion, what other product based strategies has Britam applied in response to the changes in the business environment?

Section D: operational based strategies to changes in business environment

14. What are the products based strategies adopted by your company in response to changes in business environment?
15. In your response to the above question; how has Britam adopted automation of its operations and improved level of efficiency.
16. What operational based strategies has Britam adopted to ensure that its employees are capable of adopting strategies in response to changing business environment?
17. What are the benefits derived from adoption of operational based strategies to changes in business environment?
18. To sum it all up, in a scale of 1-5 please elaborate on Britam performances in the following parameters in lieu of the above strategies:
    a) Growth in overall premium underwritten
    b) Decline in claims experience
    c) Number of customers increased
    d) Reduced Operating expenses

Thank You for your Participation