EFFECTS OF GENERIC STRATEGIES ON THE PERFORMANCE OF PRIVATE INSURANCE COMPANIES: A CASE OF UAP OLD MUTUAL GROUP

BY

KEVIN KEEBAARA

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2019
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BY
KEVIN KEBAARA

A Research Project Report submitted to the Chandaria School of
Business in Partial Fulfilment of the Requirement for the Degree of
Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2019
STUDENT’S DECLARATION

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

Signed: ___________________________ Date: ________________________________

Kevin Kebaara (652597)

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

Signed: ___________________________ Date: ________________________________

Prof. Timothy Okech

Signed: ___________________________ Date: ________________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to determine the effects of generic strategies on organizational performance in the insurance industry with a case of UAP Old Mutual Group. The following research questions guided the study; what is the effect of cost leadership strategy on business performance at UAP Old Mutual Group? What is the effect of differentiation strategy on business performance at UAP Old Mutual Group, and what is the effect of focus strategy on business performance at UAP Old Mutual Group?

The study used explanatory research design which integrated various elements of the study. The target population constituted managers in the company from which 98 respondents and stratified random sampling technique was used in ensuring that all respondents have equal chances of being selected. A closed-ended questionnaire was used for data collections and Statistical Package for Social Sciences (SPSS) software version 24 was used for data analysis. Descriptive statistics were used to analyze the means and standard deviation while inferential statistics analyzed the regression and correlation analysis was used to establish the relationship between study variables. Tables and figures were used in presenting the results and findings obtained from the target respondents.

In terms of the effect of cost leadership strategy on business performance at UAP Old Mutual group, the findings shows that there is a significant and positive relationship between cost leadership strategy and business performance ($r= 0.355$, p-value < 0.05). The findings revealed an adjusted R squared value of 0.113 indicating that there is varying of 11.3% on business performance due to variations in cost leadership strategy.

Regarding the effect of differentiation strategy on business performance, the study reveals that that there exists a significant relationship between differentiation strategy and business performance ($r= 0.589$, p-value < 0.05). The findings of this study revealed an adjusted squared value of 0.337 which implies that there is varying of 33.7% on business performance due to the variations in differentiation strategy.

With regard to the effect of focus strategy on business performance, the study shows that there exists a significant relationship between focus strategy and business performance ($r= 0.304$, p-
value < 0.05). The findings of this study also revealed an adjusted squared value of 0.079 which implies that there is varying of 7.9% on business performance due to the variations in focus strategy.

This study concludes that there is a significant relationship between cost leadership strategy and business performance. This study concludes that cost leadership strategy enhances cost reduction in the organization’s operations, competitive advantage, and customer loyalty. This study concludes that differentiation strategy enhances business performance of the organization. Differentiation strategy enhances creativity and innovation in the organization as the individuals are able to come up with new ideas to create quality products. This study concludes that there is a significant relationship between focus strategy and business performance. This study concludes that focus strategy enhances market segmentation to cater for various needs in the market. Focus strategy is also essential in attracting a significant market share for the company by serving a niche market.

The study recommends that UAP Old Mutual should develop an overall lower cost structure by applying efficient business systems that are in line with cost structure. An efficient business system will create cost efficiencies that allows the company to become the lowest cost service provider. However, implementing the lowest cost structure cannot be achieved by cutting the cost alone in one specific area of the company’s business, it requires a reduction of costs in all departments. This study recommends that UAP Old Mutual should invest heavily in research and development department in order to develop products and services that are needed in the insurance industry while at the same time keeping up with emerging needs as well as trends in the insurance industry. This will help the company gain a competitive advantage that will help it compete with rivals effectively. This study recommends that for UAP Old Mutual Group to achieve focus strategy, the firm should focus on a particular niche market segment to achieve its objective by becoming the market leader in that segment. This ensures that the firm will focus its strength to a narrow target as opposed to a broad target which will enable the firm become more efficient and effective.
ACKNOWLEDGEMENTS

I would like to thank God for this opportunity and enabling me conduct this study. I would also like to thank my wife and son for the love and support they have given me during this period. I would also like to thank project supervisor, Professor Okech, for his guidance and availability.
DEDICATION

This project is dedicated to my loving wife, son, family and friends for the encouragement and sacrifice they have extended to me throughout my studies.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The concept of generic strategies is based on the premise that there are multiple ways in which performance in the business environment can be achieved and ultimately gain a competitive advantage for the firm (Leavy, 2014). If all companies in the industry could follow the principles of a competitive strategy in order to enhance business performance, each firm would select a different approach based on the kind of competitive advantage and not all would succeed. The approach of generic strategies offers an alternative route to superior business performance (Asdemir, Fernando, & Tripathy, 2013). According to Gill, White and Cobelli (2010), generic strategies are approaches used by a firm with the aim of outperforming rivals in an industry. The three potential successful generic strategies that can be used to outperform other firms in a certain industry include; cost leadership strategy, differentiation strategy and focus strategy.

According to Baack and Boggs (2018), cost leadership generic strategy refers to the strategy that is used by companies to increase efficiency and reduce operational costs below the industry average or close to that of the competitor. This strategy is used when a firm intends to reduce costs and produce the least expensive goods or services in a market in an effort of gaining market share. Asdemir et al. (2013), suggest that the modern business environment is complex and sophisticated one since consumers are aware of the choices available to them, One way in which companies can differentiate themselves is through implementation of competitive pricing. Businesses that have low cost production are able to offer the same level of product quality as opposed to their competitor for much lower price.

Differentiation strategy refers to the strategy focusing on offering a product or a service that has distinctive features in comparison with the competitors in order to reach a broad market in the industry the firms operates in (Budayan, Dikmen, & Birgonul, 2013). The smartphone industry for instance has been competitive in recent time with the competition of Android phone market being etremely fierce. Therefore, firms have to upgrade hardware in order to make their products unique and stand out. Sony a Japanese brand is credited for making water resistant android smartphone. HTC on the other hand were the first to make all metal body android smartphone.
with front facing speakers. Samsung is also credited for making large screen Android phones with stylus. These are all attributes added to similar products with the aim of differentiating them from that of their competitor (Pehrsson, 2016). Focus strategy refers to the marketing strategy in which the company concentrates its resources by entering or expanding in a narrow market or sector segment (Paswan, Blankson, & Guzman, 2011). Successful firms leverage competitive advantage in the marketplace to attain high levels of business performance. Companies either use overall market leadership by simply differentiating themselves from competitors or dominate market segments where a firm focuses its efforts. Focus strategy is used to identify market segments where a firm can compete effectively. In this strategy a firm matches market attributes with its competitive advantage in selecting markets where a focus of the firm’s resources is likely to enhance sales volumes, profits and revenues (Baack & Boggs, 2018).

Worldwide, business environment has become very competitive as firms endeavor to outdo each other. For firms to maintain competitiveness it is necessary for them to develop strategies for competitive advantage which they can seek to sustain (Avery & Bergsteiner, 2011). Competitive strategies refer to the action plan an organization adopts in a bid to attract more customers, endure pressure from competitors and enhance their market performance (Asdemir, Fernando, & Tripathy, 2013). The strategies allow a firm to stand out and conduct daily business hence are important in defining the markets or industries to compete in. Firms that can plan adequately and execute their competitive strategies appropriately are seen to have improved performance than their competitors. According to Allio (2015), firms having appropriate generic competitive strategies stand a good chance of exploiting available opportunities which guarantee them a ready market over their rivals. Generic strategies usually employed by firms in a bid to improve performance are pure and hybrid strategies.

In trying to address the aspect of product uniqueness in the market, Porter (1985) suggested that there ought to be a way in which a product, although similar in nature to another product, ought to be unique in order to attract a broader segment of the market. This notion led to the introduction of generic strategies for companies to attract competitive advantage that yields business performance being desired. Product uniqueness, in this case product differentiation, will tend to get the customer have a feel that the particular product is more unique than the other and in the process gaining the loyalty of the same customer (Micheli & Mura, 2017). Product
differentiation also helps the producer of the product or service deliver high quality product and service to the consumer, which is another advantage to the consumer. In trying to establish product uniqueness, the producer of the product or service will have to engage in proper research and survey the market in the stages of development of the product and also try to make a unique innovation of the product to fit the needs of the consumers (Mwangi, 2015).

In the United States of America, Zuelke (2016) notes that business environment has become more and more competitive and firms are losing their market position to other newer firms commonly known us startups that are emerging. The startups are customer specific and mainly tailor their business models to suit specific segments of the market. There are recorded instances in which billion dollar firms are seen to have gone out of business owing to their ignorance to the Porter’s generic strategies. Another study by Musyoki (2018) concluded that the only way to stay afloat in the market environment of the United States which has been affected by globalization is trying to adopt generic strategies in which they make the production costs at the minimum possible and boost on their focus towards studying the ever changing consumer behaviors.

In Germany, Wagner and Paton (2014) opine that effectiveness of generic strategies on some huge multinational European companies especially in Germany. Insurance in Germany is a very important industry and is a huge employer but there has been a decline in profit margins by the insurance firms operating in the country. The future outlook in the insurance industry in Germany and Europe as whole points to lesser investment in the sector by new players and a general shrink in growth. To achieve a better advantage, there is need to actually engage in cheaper production and marketing of the insurance products to avoid companies going out of business (Gill, White, & Cobelli, 2010).

A factor analysis revealed that in Japan, companies are using only two generic strategies which could be identified as those of Michael Porter. The two strategies include cost leadership strategy being the most frequently used strategy and differentiation strategy which was used least. There was a lack of evidence of Japanese firms that use focus strategy (Erkutlu, 2008). According to Allen and Helms (2017), with efforts of becoming more competitive, Japanese ministry of economic trade and industry implemented the “Porter Prize”. The prize was to recognize Japanese firms that achieve and sustain superior profitability in their sector by implementing unique strategies that were based on innovations in processes, products and management
techniques. The policy makers in Japan think that a significant shift in strategy is necessary for a successful transition from the traditional Japanese system to having a more globally competitive system. Acknowledging the degree to which Japanese firms are embracing strategic management that is the “Porter style” is crucial to understanding the future of Japanese economy (Musa & Hassan, 2010).

Markets in the African context are rather more complex with most products being produced by government owned industries. These industries are notorious for wastages and inefficiencies thereby affecting the cost of final products in the market (Micheli & Mura, 2017). To remain competitive, the firms must actually engage in subsidized prices in order to afford a space in the market. However in the recent times, there are cases of green field investments by companies that have changed the landscape of business and markets in Africa (Kruger & Johson, 2014). There is an increased use of cheap (affordable labor) and control of human resource by firms in Africa in order to break even in the dominance of the government owned industries and become competitive by focusing on either differentiation strategy or cost leadership.

Tchamyou (2017) found out that the elements of cutting on costs and focusing on the market structures and trends in Africa has really helped out the companies to remain competitive in the African market. Nigeria and South Africa has had a difficult time in trying to manage the effects of globalization into their markets. Firms are increasingly trying to wave off the hard competition from Chinese companies in order to remain competitive. Cheaper methods of production and a better focus of the market and products by the Nigerian and South African companies are seen as the key elements in which the companies will be able to maintain a competitive edge in the market and wade off the effects of globalization (Urban & Gaffurini, 2018).

Insurance companies in Egypt offer unique financial services that are crucial for the growth and development of the country economy as a whole. Specialized financial services can range from the underwriting of risks inherent in economic entities and mobilization of large amount of funds channeled through premiums for long-term investments (Elbanna & Younies, 2008). The ability of insurance companies to continue to cover their risk in the economy hinges on their ability to create profits or value for their shareholders. According to Kuada (2014) indeed, a well-developed and evolved insurance industry is a boon for economic development as it provides
long-term funds for infrastructure development of every economy. There is a positive correlation between a country’s level of development and insurance coverage. It widely acknowledged that innovation strategies are critical to the growth of output and productivity in many economies despite the fact that insurance has been practiced for over a long period of time. It is still a fact that the insurance uptake is still very low, hence calling upon generic strategies that will enhance its uptake in the dynamic business environment (Avery & Bergsteiner, 2011).

The insurance industry in Ethiopia is one of the most important sector in the country’s economy. It fulfills various functions which are indispensable for many modern economy and society (Atsebaha, 2018). The insurance industry contributes to the financial security of private households and take on risks from companies, laying the foundation for economic activities, innovation and sustainable economic growth. In case of major losses such as natural disasters the insurance industry provides the affected insured’s with financial means, hence, contributing to macroeconomic stability (Kinyuira, 2014). In addition to that, insurance companies are the biggest group of institutional investors and their focus on long term investments makes the companies anchor of stability in the financial markets. Risks and insecurity are an integral part of the business. Managing these risks is the best possible way is one of the major challenges of each individual and each business as well as the society as a whole.

In Rwanda, the liberalization of trade is a governmental objective. The integration of Common Market for Eastern and Southern Africa and the country’s full membership in the East African Community are some of the most important efforts that have been realized. The insurance industry is free and continues to improve, despite remaining small and poorly developed (Charity, 2012). Many insurance organizations in Rwanda are small, making the level of risk high and unhinged. The phenomenon opens the insurance market to players within and out of the country currently as they strive to establish stronger market presence. In order to survive, insurance companies have to change with dynamics of the industry (Atsebaha, 2018). Therefore, this leads to having in place strategies that will enable the insurance companies to survive in the increasingly competitive environment.

In trying to manage the cost factor owing to the high production costs in Kenya, firms are moving towards better methods of production and better channels towards engaging with the consumers of products and services (Banker, Mashruwala, & Tripathy, 2014). This has enabled
them to cut unnecessary costs associated with the production and the supply chain of their products. Owing to the advantage of cheaper or rather affordable human resource in the country, there is a better outlook in terms of performance in the companies in Kenya as they are able to save more.

There is growth of the insurance industry in Kenya. The industry contributes to the economy by providing foreign and local investment, giving opportunities to save to the general public and offering a safety net to businesses to cover themselves against risks that they are exposed to. Insurance penetration, which is the ratio of Gross Direct Insurance Premiums to Gross Domestic Product (GDP), remained relatively stable in 2017 at 2.7% compared to a world average of 6.1% and 3.0% for Africa (Insurance Regulatory Authority, 2017). There is an uptake of more insurance products as consumers are becoming increasingly aware on the importance of insurance. The dominant insurance product includes the motor vehicle insurance, owing to the mandatory legislation by government to compel every motor vehicle owner to have a motor insurance cover (Mwangi, 2015). Other forms of insurance such as life insurance are increasingly becoming important in that the level of awareness of the importance of such covers is growing at an alarming rate. Insurance businesses are also diversifying their investments in other sectors in a bid to attract more earnings. The insurance firms are adopting generic strategies with the intention of differentiating themselves from competitors or becoming the most affordable option for potential customers based on product offering.

UAP Old Mutual group is among the big players in the insurance industry in the Kenyan market. It has a 7.78% market share in non-life insurer making it the third largest Kenyan Insurer (Association of Kenya Insurers, 2017). In Life Assurance, the firm has a 4.74% market share, ranking it as the 7th largest Life Assurer in Kenya (Association of Kenya Insurers, 2017). Established under a merger between UAP Holdings and Old Mutual Limited, the insurance group offers a wide range of products from motor insurance, life insurance and general retirement plans plus other general investment plans. UAP Old Mutual group has interest in micro finance and banking in Kenya (Juma, 2015). This is after the acquisition of Faulu micro finance bank. It is one of the two insurers that has operations in five East African countries which are Kenya, Rwanda, South Sudan, Uganda and Tanzania (Michira, 2018). Too much information that need to be cleaned up
1.2 Statement of the Problem

Worldwide, in a developing economy, many companies intend to gain the biggest market share in ensuring that they can generate enough profits to serve purpose of their existence (Parnell, 2011). With rapid growth of the middle class as the market risk for projects accelerate due to the investments in the country, the need for insurance products and services also increases. For insurance companies to facilitate the growth and take up of new opportunities, the use of generic strategies like differentiation and innovation have become an important function in the current business environment (Aboyassin & Abood, 2013).

The competition in the insurance sector has made some firms engage in price competition to attract customers (Banker, Mashruwala, & Tripathy, 2014). Studies have been done on generic strategies and business performance, for instance, Mwaniki (2017) conducted the study on the effect of strategy on the performance of firms in the medical insurance industry in Kenya and found a statistically significant relationship between generic strategies and performance, Omwoyo (2016) carried out a study on effects of generic strategies on the competitive advantage of firms listed in NSE and Chege and Bula (2015) on the effect of generic strategies on the performance of dairy industries in Kenya and found out that lowering costs leads to an increased volume of sales. The previous studies have focused on other sectors as opposed to private insurance companies, therefore, this study sought to determine the effects of generic strategies on performance of private insurance companies in the insurance industry with a focus on UAP Old Mutual Group.

1.3 Purpose of the Study

The purpose of this study was to determine the effects of generic strategies on the performance of private insurance companies industry the case of UAP Old Mutual Group.

1.4 Research Questions

The following research questions guided this study:

1.4.1 What is the effect of cost leadership strategy on business performance at UAP Old Mutual Group?

1.4.2 What is the effect of product differentiation on business performance at UAP Old Mutual Group?
1.4.3 What is the effect of focus strategy on business performance at UAP Old Mutual Group?

1.5 Significance of the Study

1.5.1 UAP Old Mutual Group

Since the study will take place at UAP Old Mutual Group the company’s management and decision makers will be the primary beneficiaries of this study. The company will benefit from the findings of the study as they get to understand the effects of generic strategies on business performance. This will be essential for their decision making in regards to their strategies.

1.5.2 The Insurance Industry

Players in the insurance sector will benefit from the findings of the study as they get to know the impact of generic strategies on organizational performance. The players will be able to formulate their competitive strategies to obtain a competitive advantage in the industry.

1.5.3 Academicians and Scholars

Academicians and researchers will also benefit from the findings of the study since they can use it in their literature as long as the subject area on generic strategies and organizational performance is concerned. They will also have additional knowledge on the subject matter.

1.5.4 Policy Makers

Policy makers will also benefit from the findings of the study and formulate laws as well as regulations that are in line with the effect of generic strategies on organizational performance to help the insurance companies to do well.

1.6 Scope of the Study

This study focused on the effects of generic strategies on business performance in the insurance industry with a focus on UAP Old Mutual Group. The study targeted 131 managers working at UAP Old Mutual head office in Upper Hill, Nairobi., Kenya The study took place at the head office in Nairobi and took a period of six months from January 2019 to July 2019. The study was limited to UAP Old Mutual Group and obtaining a high response rate was a challenge. This was mitigated by making a follow up using phone calls to remind the respondents to respond to questionnaires provided.
1.7 Definition of Terms

1.7.1 Generic Strategies

The Porter’s generic strategies refers to the strategies that describe how the organization pursues competitive advantage across its chosen market scope (Todorov & Akbar, 2015).

1.7.2 Cost Leadership Strategy

Cost leadership strategy refers to the process of establishing a competitive advantage by having the lowest cost of operation in the sector which is often driven by company size, efficiency, scope and cumulative experience (Powers & Hahn, 2014).

1.7.3 Differentiation Strategy

Pehrsson (2016) defines differentiation strategy as the decision whereby a firm attempts to become unique in the industry it operates in by offering products and services that have value to the customers.

1.7.4 Focus Strategy

Focus strategy refers to the marketing strategy in which the company concentrates its resources by entering or expanding in a narrow market or sector segment (Paswan, Blankson, & Guzman, 2011).

1.8 Chapter Summary

This chapter presented the background of the study on the effect of generic strategies on business performance with a scope focusing on the insurance industry with a case study of UAP Old Mutual group. The statement of the problem describes the need for the research project in terms of the knowledge gap to be filled. There have been previous studies on the insurance industry focused on Medical insurers only and firms listed on the NSE. The purpose of the study was to determine the effects of generic strategies on business performance. The following research questions guided the study; what is the effect of cost leadership strategy on business performance at UAP Old Mutual Group? What is the effect of differentiation strategy on business performance at UAP Old Mutual Group? and what is the effect of focus strategy on business performance at UAP Old Mutual Group. Chapter two presented the literature review of the study.
Chapter three presented the research methodology that was used. Chapter four highlighted the results and findings while chapter five presented the discussion, conclusions and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter presents literature review on the effects of generic strategies on the business performance in the insurance industry based on the research questions highlighted in chapter one. The first part presents the literature on the effect of cost leadership strategy on business performance, followed by the effect of differentiation strategy on business performance and lastly the effect of focus strategy on business performance.

2.2 The Effect of Cost Leadership Strategy on Business Performance
According to Phongpetra and Johri (2011), cost is what is given up, both in terms of monetary and materially in order to produce something. They further explain that cost comes into play when a product or a service is produced. Cost can be quantified by both material and immaterial terms. A further explanation on cost indicates that cost can be regarded as the effort or sacrifice required to produce something. Cost is more than just an estimative element in terms of production of a good or a service. Cost has to be quantified in terms of the total input into the good or a service plus the estimated profit that is expected from the product (Soltanizadeh, 2016). In other words, cost is the sum of the total effort, both intrinsic, added to the other efforts, both in the terms of the distributions costs plus any other costs as well as the total profits of the products (Soltanizadeh, 2016).

As stated by Soltanizadeh (2016), in order to be efficient in market place a firm had to put the element of cost into consideration. According of his study, cost has to constitute the forces brought in by the buyers in a market place, potential entrant into a market place and the prices of the substitute products in the market place. In other words, the total cost of a product is influenced by the three listed factors. Yuliansyah and Jermias (2018), states that the cost leadership of a product entails having the lowest cost of a product compared to the other players in the market arena. In keeping the cost of production as low as possible compared to other competitors in the market, a firm will derive a competitive advantage by deriving a better margin that lead to better profits.
In trying to put together the cost advantage in a business model, there are various factors that have to be involved. These elements include low cost structure and efficiency in the management of the good or the service (Mastrangelo, Eddy, & Lorenzet, 2014). These elements may extent towards the employment of highly specialized technology, in a bid to cut down on the overall cost of production. It may also extend towards making the effective use of strategic mix to achieve the best product or service in the market in order to achieve the best in terms of profitability. All these strategies are employed in order to have a market or product advantage so that a firm achieves market leadership required and therefore a good market share (Chege & Bula, 2015). In trying to beat competition in the housing market in the Western European market, both the sellers and the buyer agents have tried to make use of cost leadership so as to achieve as many transactions as possible. Selling a house in the Western European market is an expensive affair and entails high commission payment, which go as high as 6% of the value of the house (Banker, Mashruwala, & Tripathy, 2014). In order to have the most number of sales, most selling companies have made the effective use of cost leadership, whereby they negotiate on lowering commission rates, lowering the cost of purchase which brought about an increase in the number of sales. This strategy helped companies keep afloat in a very cut throat housing market whereby consumers were able to save money and the agents were able to attract more sales.

As indicated by Muijs (2011), cost leadership is a way in which organizations try to enhance customer relationship. A company can employ a cost advantage as a strategy when trying to win a bigger market share. Trying to attract more customers into the book by employing cheaper but superior quality production techniques and keeping the cost of service as low as possible has helped companies gain better market advantage. In trying to investigate this phenomenal, Mwangi (2015), in his study on the petroleum industry in Kenya, demonstrated the effectiveness of this strategy. When investigating the competitive bidding strategy employed by the petroleum products regulating body in Kenya, the National Oil Corporation of Kenya, he noted that the organization employs competitive bidding in the process of procuring oil into the market. All the oil marketers are required to deposit with National Oil Corporation of Kenya bids as to how much they are willing to import oil into the country. Since there is a policy towards encouraging the most discounted oil prices into the market in order to counter inflation in the country, the corporation awards the firm that can import the oil at the most competitive prices into the
country. By doing this National Oil Corporation is able to achieve its objective of having low cost good quality oil in the market by giving exclusive rights of importing oil commodity into the market to the most competitive low cost bidder (Aboyassin & Abood, 2013).

2.2.1 Profitability

According to Elnaby, Hwang and Vonderembse (2012), profitability is what actually yields a financial gain into an entity. They further view it as a gain over a financial cost for a product or a service that is put out as an entity. The difference between the total cost of production, including the costs of distribution, and the differentiated cost with the final product cost to the seller is what declares profitability. Moreover, Mujis (2013) declares that profitability towards a business is made more when the volumes that are pushed into the markets are large. In other words, the more the products are distributed in the market, the larger the profitability by the firm. (Banker, Mashruwala, & Tripathy, 2014).

Profitability is a factor of the size of a firm (Mwaniki, 2017). In trying to measure the profitability levels of a firm, the market share of the firm in the market is the best indicator of the performance of a firm in the market. In other words the larger the size of the firm, the higher the profitability of the firm in the market sphere. In his study on the relationship of the firm size and profitability, Kruger and Johnson (2014) found out that the larger the size of the firm, the larger margins in terms of profitability that the firm is expected to produce. Men and Stacks (2013) found out that the level of profitability by large firms outweighed the levels of profitability by small firms. The hypothesis for this phenomenal was that the larger firms actually had a higher level of output in terms of products and services compared to the smaller firms thus the higher levels of profitability.

In his study of Australian firms and profitability Erkutu (2008), concluded that of the 250 firms listed in the Australian securities exchange, size of a firm had an effect on the declared profitability. Larger Australian firms were more profitable that smaller Australian firms. Larger firms were found to be recording larger and better profits since their turnovers were larger than the smaller firms. The larger the firm was the larger the profit margins declared. On the levels of profitability by Australian firms, he tried to explain that most Australian firms actually employed
the techniques of cost leadership during their different levels of production in order to keep their production costs as low as possible and thus a recorder an increase in their levels of profits.

2.2.2 Low Cost Operations

Cost leadership strategy is an integrated set of actions that are taken to produce goods and services that have features that are accepted to the customers at the lowest cost possible compared to that of the competitor (Gill, White, & Cobelli, 2010). Cost leadership strategy also tends to be influenced by a firm’s competitors rather than consumer needs. Parnell (2011) suggests that a company that successfully pursues cost leadership strategies puts emphasis on a vigorous pursuit of cost reduction through tight cost and overheads controls, research and development and advertisement among other factors of production so as to achieve a low cost position.

According to Avery and Bergsteiner (2011), states that the aim of cost leadership strategy is to enable a firm offer low cost and competitive products in its marketplace. It takes place through experience, production facilities investments, conservation and a careful monitoring of the total cost of production. Jayaram and Tan (2014), states that companies that pursue cost leadership strategy benefit from the use of more leverage in terms of the increased managerial efficiency that corresponds from monitoring. The sources of cost advantage depends on the sector structure. Cost advantages may come from the economies of scale. It may also come from proprietary technology and preferential access to material which translates to low cost operations that the organization has put in place as a result of cost leadership strategy Asdemir et al. (2013).

2.2.3 Sustainable Competitive Advantage

Cost leadership strategy empowers organizations to have an upper hand in the market. This can enable it to structure deals and have a robust turnover that is significant for development plans (Cvetanovic, 2016). Any cost initiative procedure must be one in which the firm can accomplish the activities with minimal expense per unit of generation, contrasted with others in a similar industry. An overall cost leadership strategy concentrates attention on a company’s value chain resulting in low-cost products and services (Muijs, 2011). Little attempt is made to differentiate products or services from those of competitors, and a wide net is cast over the entire potential market. By offering the lowest possible cost, these companies gain market share through price
alone. The most successful companies are those that limit down costs at each point in the value chain (Muijs, 2011).

Companies succeed when they possess some relative advantage over their competitors (Parnell, 2011). Gaining this kind of competitive advantage is the objective of firms that gain competitive advantage in their sector. They usually adopt specific strategies including improved operational processes, higher quality production techniques, lower cost production and marketing with a purpose of attaining their goals (Erkutlu, 2008). When a firm has achieved a competitive advantage and successfully raises the barriers preventing imitation by competitors it thereby “resists erosion by competitor behavior” and achieves sustainable competitive advantage. Preventing imitation however does not last forever. Thus a firm’s capacity to defer this projection is fundamental so as to get the highest profits.

2.3 The Effect of differentiation Strategy on Business Performance

Differentiation in the business environment refers to the art of marketing specific products or services in a way that makes it stand out against other services or products (Micheli & Mura, 2017). It involves differentiating it from competitor’s products and the firm’s own product offering in the market. The concept of differentiation was first proposed by Edward Chamberlin in 1933 in his hypothesis of Monopolistic challenge. Distinctive marketing competencies are the skills that businesses can develop to form the basis for competitive advantage over their competitors (Cvetanovic, 2016). Therefore, it means that differentiation strategy has the potential of creating competitive advantage to a company that leads to improved sales performance. Generic differentiation strategy involves creating a market position that is perceived as being unique industry-wide and that is sustainable over the long run. Such differentiation can be founded on plan or brand picture circulation (Gill, White, & Cobelli, 2010).

As stated by Leavy (2014), differentiation strategies are based on providing buyers with something that is different or unique, that makes the company’s strategic positioning, product or service distinct from that of its rivals. Superior value is made on the grounds that the item is of higher quality. In reality by a firm differentiating itself in the market, it achieves client loyalty. Also, purchasers are less inclined to look for other elective items once they are fulfilled. Some of the differentiation strategies adopted by organizations to foster sales performance evolve around interplay of various elements of the retail mix (Phongpetra & Johri, 2011). These include:
offering quality products, wide selection, assortment, strategic positioning, after-sales service, quality service, convenient location, parking space, attractive design and layout, conducive atmosphere, sales incentives, convenient operating hours, own branding/value addition and a one-stop-shop. Economically valuable bases of product differentiation can enable a firm to increase its revenues, neutralize threats and exploit opportunities Asdemir et al. (2013).

According to Maiga (2015), although a company may have several basis of differentiation, at the end what matters is the customer perception. Approach to differentiation can take numerous structures, for example, plan and brand picture, innovation, item includes, client care or vendor systems (Porter, 1998). All these make perpetual difficulties against competitors. The upsides of separation are that it gives protection against focused contention in view of brand sovereignty by clients; it increment edges which stays away from the requirement for the firm to embrace an ease position and positions the firm better opposite substitute items that its rivals offers (Aboyassin and Abood, 2013). A separation procedure is one in which a firm offers items or administrations with one of a kind highlights that clients esteem. The key attributes of separation technique is seen quality whether genuine or not. This might be through unrivaled item structure, innovation, client care or different measurements. Separation technique calls for improvement of an item or administration that offer, new highlights to the clients. The firm wants to take care of the additional expenses by the exceptional cost told by the item or administration uniqueness. In the event that providers increment their costs, the firm might probably go along the expenses to its clients who can't discover substitute items effectively (Chege & Bula, 2015).

The advantage of differentiation strategy is that the perceived quality insulates a company from threats from any of the five forces that determine the state of competition in an industry (Srivastava, 2017). Again, firms using differentiation strategy have some internal strength including high research and development capabilities, strong sales team and corporate reputation for quality and innovation. By a firm gaining brand loyalty, it enables the firm protect itself from threats of substitute products. Allio (2006) contends that differentiation is often the secret to extending the life cycle of business and making it more expensive to enter and follow. There exists the risks of imitation from the competition plus changing customer tastes while employing the differentiation strategy. The shelf life of differentiation strategy is getting shorter and shorter. Differentiating the product offering of a firm means creating something that is perceived industry
wide as being unique. It is a means of creating your own market to some extent. There are several approaches to differentiation: Different design, brand image, number of features, new technology. A differentiation strategy may mean differentiating along two or more of these dimensions (Avery & Bergsteiner, 2011). Differentiation is a defendable strategy for earning above average returns because: It insulates a firm from competitive rivalry by creating brand loyalty; it lowers the price elasticity of demand by making customers less sensitive to price changes in your products. Uniqueness, almost by definition, creates barriers and reduces substitutes. This leads to higher margins, which reduces the need for a low-cost advantage. Higher margins give the firm room to deal with powerful suppliers. Differentiation also mitigates buyer power since buyers now have fewer alternatives.

### 2.3.1 Value Proposition to Customers

According to Wilkies (2011), an offering or differentiation advantage is viewed as one form of competitiveness that occurs if customers perceive a product or service as superior; hence they become more willing to pay a premium price relative to the price they will pay for competing offerings. Differentiation is one of the two types of effective strategies a firm may possess. Megicks (2007), indicates that cost advantage and differentiation are the two strengths of a firm which can be applied in either broad or narrow scopes resulting in three generic strategies. An organization can differentiate itself from its competitors if it can offer something that is unique and valuable to its customers.

As cited by Watkins (2014), differentiation strategy seeks to provide products or services that offer benefits that are different from those of competitors and that are widely valued by buyers. Differentiation is about creating uniqueness and the principal uniqueness drivers according to Porter (1998) include policy choices, supplier and value chain linkages, timing, location, interrelationships, learning and spillovers, integration, scale and institutional factors. Aboyassin and Abood (2013), argue that the literature on differentiation strategies relates to: core competence, technology, leadership styles, markets, culture, people and environment. Potential strategies for product or service differentiation include: product features and benefits, location(s), staff, operating procedures, price, customer incentive programs, guarantees and warranties, brand name recognition, goodwill, value-added products/services, extended growing/operating season, soils, buildings, location, and landscape, water, access to irrigation and wetlands, weather, plants
and animals, organization and alliances, customer experience and quality. A venture’s most effective differentiation - the one that will bring the venture the most success - will likely come from just one or two strategies.

2.3.2 Market Share

According to Wu, Gao and Gu (2015), market share is generally viewed in marketing literature as one of the basic marketing objectives and measure of product performance. Organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, and return on investment), market performance (sales, market share and shareholder return) and economic value added. As noted by Erkutu (2008) market share constitutes one of the major components describing product/business strength in almost all currently available nonfinancial portfolio models.

In differentiation strategy, a firm seeks to differentiate its product or service by creating something that is perceived industry-wide as being unique. Differentiation approach seeks appropriate and most suitable ways of aligning services and products to meet unique customer requirements and unlike cost leadership strategy deals mostly with the external business environment (Leavy, 2014). With this strategy, regardless of price being an important factor, it is not the primary concern of consumers when deciding on the purchase since customers are willing to pay a premium price. With more sales volume and value on differentiated products, a firm is able to attain a higher market share than its competitors. Therefore, there is a positive relationship between differentiation and market share Asdemir et al. (2013).

Market share growth is premised on a company attaining relative competitive advantage (Micheli & Mura, 2017). According to Men and Stacks (2013) competitive advantage is attained when a company achieves a unique configuration of its value chain, defines an appropriate scope of operation and aligns the two with the value chains of its target customers. Pehrsson (2016) argues that strategies based on high quality may, up to a point, actually increase the potential market share that a firm can gain. One landmark study noted, in fact, that competitive strategies
based on high product quality actually increased market share and resulted in significantly increased profitability. Product quality often leads to higher reputation and demand that translate into higher market share. Market share can be conceptualized and measured in terms of the unit of measurement (dollar sales, unit sales, units purchased etc.)

2.4 The Effect of Focus Strategy on Business Performance

The focus basis for competitive advantage involves a firm either concentrating on offering lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences (Allio, 2006). The niche is defined by geographical uniqueness, specialized requirements in using the services based on a certain physiological aspects or by special attributes that appeal to members of a certain social class. A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market based on their income levels. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes. In the focus strategy, a public university targets a specific segment of the market (Wathen, 2015). The public university can choose to focus on a select customer group, certain services and products range, geographical area, or service line. Focus also is based on adopting a narrow competitive scope within an industry (Maiga, 2015).

Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors (Yeh, 2012). These niches arise from a number of factors including geography, buyer characteristics, and services and products specifications or requirements. For a focus strategy to be successful it is dependent on an industry segment having good growth potential but judged not of importance to other competitors. Market penetration or market development can be an important focus strategy. Midsize and large public universities use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival public universities (Chege & Bula, 2015).

Effective generic strategies consist of all those approaches that a firm has and is taking to attract buyers, be competitive in the marketplace and improve its market position. Competitive strategies are employed by firms within a particular Industry (Banker, Mashruwala, & Tripathy,
The strategies adopted are expected to relate to performance of the company. From a scheme developed by Grant (2002), long term strategy should derive from a firm’s attempt to seek and sustain a competitive advantage based on one of the three generic strategies which are cost leadership, differentiation and focus strategies.

Firms need generic strategies to enable them overcome the competitive challenges they experience in the environment where they operate. An effective generic strategy therefore enables a firm to gain a competitive advantage over its rivals and sustain its success in the market. A firm that does not have appropriate strategies cannot exploit the opportunities available in the market and will automatically fail (Megicks, 2007). A company with a competitive advantage is superior over its rivals in securing and defending against competitive forces. Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers perceive as superior value. Competition is generally believed to reduce the amount of slack a manager can afford and to have a positive influence on managerial effort (Leavy, 2014). Competition affects the congruence of interests between the manager and the organization and through a reduction in profits that increases the likelihood of poor performance and through the associated threat to the manager’s incumbency. At first strengthening of competition induces the manager to make decisions more in line with the interests of the organization, therefore leads to increased managerial autonomy as commonly argued (Allio, 2006).

The Focus strategy where a company chooses to concentrate on one particular segment or a limited segment of the target market (Morrison, 2015). For a business firm using this focus strategy approach can opt to either seek lower costs or product differentiation strategy and thus bringing about a focus or market niche strategy based on lower cost and a focus or market niche strategy based on differentiation. In the lower cost strategy, the firms concentrate on a narrower buyer segment and out compete rivals on the basis of lower cost of operation; while in the differentiation strategy the company concentrates on the market niche by offering the customers a product that best suits their tastes, preferences and expectations (Aboyassin & Abood, 2013).

For firms to be successful they must be able to integrate both the cost leadership and differentiation strategy especially for those firms targeting the regional and global markets.
(Banker, Mashruwala, & Tripathy, 2014). The integration of the cost leadership in a market segment is critical in developing a competitive advantage; and this is more effective than just adopting one dominant business level strategy. The firm that successfully uses the integrated cost leadership strategy is in a better position to adapt to environmental changes, learn new skills and techniques more quickly and effectively leverage its core competencies against its rivals. In order for firms to successfully execute the integrated strategy they must be able to produce relatively differentiated products at relatively low cost (Avery & Bergsteiner, 2011).

2.4.1 Market Segmentation

The focus strategy whether secured in a minimal effort base or separation base, endeavors to take care of the necessities of a specific market section (Fernandes, 2017). It lays on the reason that a firm can serve its thin key objective more successfully or effectively than contenders who are contending all the more extensively. Thus the firm accomplishes either separation from better addressing the requirements of the specific objective market or lower costs in serving this market or even both (Asdemir, Fernando, & Tripathy, 2013).

In an investigation of the engine business it was noticed that organizations needed to cause considerable modifications in their vital factors so as to make due in the focused condition (Oltra & Flor, 2010). The firms introduced new techniques in product development, differentiated their products, segmented and targeted their customers more and improved customer service. Karanja (2012) observes in a study of real estate firms in Kenya that an increase in the number of players in the industry has led to increased competition. The most popular type of competitive strategy was on the basis of focused differentiation. Firms in the real estate market tended to target certain customer segments especially the middle and upper class who resided in certain targeted estates.

According to Megicks (2007), firms pursuing this strategy are willing to service isolated geographic areas, satisfy needs of customers with special financing, inventory or servicing problems or even to tailor the products to somewhat unique demands of the small to medium-sized customers. The firms that achieve this strategy may potentially earn above-average returns for its industry. It can also be used to select targets that are least vulnerable to substitute products or where competitors are weakest.
2.4.2 Identification of Customer Needs

Firms choose to adopt the focused strategy when they want their core competencies to serve the needs of a particular industry segment. According to Klat and Moeller (2011), this strategy entails concentrating on a narrow buyer segment and outcompeting rivals on the basis of lower cost. Using the focus strategy to compete on the basis of low cost is a fairly common business approach. To successfully execute the focus strategy, a firm needs to have products that are lower in cost than rivals while at the same time offering products of superior quality. Firms may decide to lower their marketing, distribution and advertising costs by concentrating on direct sales retailers whilst pursuing a cost advantage through focusing on a specific target market. This works well when the firm can find ways to lower costs significantly by limiting its customer base to well define buyer segment (Oltra & Flor, 2010). A differentiated based-focused strategy is aimed at targeting upscale buyers who want products with world class attributes. These customers are willing to pay a premium for the finest items available because they have the money to spend to satisfy their specific tastes and preferences. The focus strategy is effective when the competitors find it costly and difficult to meet the specialized needs of the niche market and when the industry has many segments suited to its strengths and capabilities (Parnell, 2011).

There are several risks associated with the focused strategy One of the risks involves the potential for the niche buyer preferences and needs to shift towards the products attributes desired by the market as a whole (Muijs, 2011). A second risk that exists involves the niche market segments attracting new competitors who start to zone in on it bringing about reduction in market share and profits. The third risk that exists is whereby competitors will find effective ways to match the firm employing this strategy. Finally the focused firm may focus on the specific niche at the expense of the bigger general market which may account for the bigger profits in the long run even though it may be characterized by many competitors (Chege & Bula, 2015).

According to Pehrsson (2010) the most successful firms competing in low-profit potential industries were integrating the attitudes of the cost leadership and differentiation strategies. Avery and Bergteiner (2011) states that businesses which combined multiple forms of competitive advantage out-performed businesses that were only identified with only one form of competitive advantage and thus integration of strategies is important to the performance of
business organizations. Many firms have difficulties in implementing the integrated cost leadership and differentiated strategy though it is very commonly adopted due to the fact that both the cost leadership and differentiation strategy emphasize on different primary and support activities. According to Banker et al. (2014) in order to achieve the low cost position, firms emphasize on product and product engineering that entails frequent product changes. To achieve a differentiated position, the firms emphasize on marketing and new product research and development (R & D) while the product and process engineering are not emphasized. Therefore the successful implementation of the integrated cost leadership and differentiation strategy requires the firms to carefully combine activities aimed to create a differentiation features.

2.5 Chapter Summary

This chapter presented a literature review on the effects of generic growth strategies on business performance. The first part presented a literature review on the effects of cost leadership strategy, followed by the literature review on the effect of differentiation strategy on business performance and lastly the literature review on the effect of focus strategy on business performance. The next chapter presents the research methodology that was adopted by the researcher. Chapter four presents the results and findings obtained from the respondents. Chapter five presents the discussion, conclusion and recommendations of the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents the research methodology used in carrying out this study. The chapter presents the research design that was used in integrating various elements of the study, followed by population and sampling design, data collection methods, research procedures and data analysis methods. The chapter had a summary at the end highlighting major components of the research methodology.

3.2 Research Design
Research design is the roadmap used by the researcher in determining the structure and the methodology used in carrying out the study (Cooper & Schindler, 2014). Yin (2017), defines research design as an overall strategy that is used by the researcher to carry out a study to ensure that there is a logical sense in responding to the study objectives or questions guiding the study. This study adopted explanatory research design to enable the researcher establish the relationship that exists between study variables. According to Wagner (2016), explanatory research design refers to a research design that is conducted with the aim of identifying the extent and the nature of cause and effect relationships. Explanatory research design was suitable for this study since it enabled the researcher to establish the relationship that exists between study variables to efficiently address the research problem under investigation.

3.3 Population and Sampling Design
3.3.1 Population
Population is defined as the items of a study that the researcher seeks to investigate or study for the purpose of addressing the research problem (Rahman, 2012). Cooper and Schindler (2014), on the other hand, defines population as the subjects that the study intends to draw inferences from by defining the context from which the study is being conducted. The population in this study focused on managers working for UAP Old Mutual Group. The study targeted managers since they are the ones involved in strategy formulation process.
Table 3.1: Population Distribution Table

<table>
<thead>
<tr>
<th>Level of Management</th>
<th>Population</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level Managers</td>
<td>29</td>
<td>22</td>
</tr>
<tr>
<td>Middle Level Managers</td>
<td>37</td>
<td>28</td>
</tr>
<tr>
<td>Lower Level Managers</td>
<td>65</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>131</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: UAP Old Mutual Human Capital

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Sampling frame is the final list that consists of entire population on which the researcher intends to investigate. Sampling frame defines the parameters of the population and it restricts the study within the boundaries of the population when the sample is being selected to represent the entire study population (Cooper & Schindler, 2014). Sampling frame for this study was obtained from Human capita office of UAP Old Mutual.

3.3.2.2 Sampling Technique

Sampling technique is the way or a process that is used in selecting the entities of the sample under investigation (Cooper & Schindler, 2014). There are two types of sampling techniques, which are probability and non-probability sampling. This study made use of stratified random sampling technique since the population was stratified in nature making it suitable for this study.

3.3.2.3 Sample Size

Cooper and Schindler (2014) defines sample size as a unit representation of an entire population with similar characteristics upon which inferences are drawn to represent the entire target population. This study used Yamane’s formula in determining the sample size to represent the entire population.
From  \[ n = \frac{N}{1+Ne^2} \]

Where, \( n \) = sample size

\( N \) = Study Population, =131

\( e \) = Alpha level of 0.05

Substituting these values in the above equation, the sample size was:

\[ n = \frac{131}{1 + 131(0.05^2)} \]

\[ n = 98 \]

The sample size of this study was 98 managers at a confidence level of 95%.

Table 3.2: Sample Size Distribution Table

<table>
<thead>
<tr>
<th>Level of Management</th>
<th>Population</th>
<th>Sample Size</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level Managers</td>
<td>29</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Middle Level Managers</td>
<td>37</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Lower Level Managers</td>
<td>65</td>
<td>49</td>
<td>51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>131</strong></td>
<td><strong>98</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Data collection refers to the process of gathering data and information that the researcher needs in order to answer the research objectives or research questions (Baraldi & Bocconcelli, 2011). Data collection is also defined as a systematic way used in collecting information that can be used in addressing the research questions (Cooper & Schindler, 2014). This study made use of a closed-ended questionnaire which enables the researcher to structure the views of the respondents providing an effective data analysis. The questionnaire made use of a Likert Scale for the respondents to indicate their views, the scale had five levels of measurement that is 1 for
Strongly disagree, 2 for Disagree, 3 for Neutral, 4 for Agree and 5 for Strongly agree. The study questionnaire had four sections whereby the first section had demographic questions of the respondents, second section had questions on the effect of cost leadership on business performance, third section had questions on the effect of differentiation strategy on business performance and fourth section had questions on the effect of focus strategy on business performance.

3.5 Research Procedures
Research procedures refers to the detailed step by step framework that the researcher uses in carrying out the study by allowing the researcher to accomplish the research process in a coherent manner (Cooper & Schindler, 2014). Upon the approval of this research proposal from the supervisor, a research permit was sought form NACOSTI. The approval of the letter was accompanied with another letter drafted to the human resource manager of UAP Old Mutual Group asking permission to conduct the study. Once the permission was granted, a pilot study was carried out using 10 percent of the sample size which accounts for 9 respondents to participate in the pilot study. Reliability of the study instrument was determined using Cronbach Alpha. Any inconsistencies that were found, were corrected before the questionnaire was administered for the actual study. The questionnaires were then distributed to the target respondents to provide their responses in order to address the research questions.

3.6 Data Analysis Methods
Cooper and Schindler (2014) defines data analysis as the process through which raw data from a survey is converted into information that is meaningful and easily understood through data analysis. The researcher collected the questionnaires from the respondents, cross-checked to ensure completeness in responses provided after which the researcher carried out data analysis using Statistical Package for Social Sciences (SPSS) software version 24. This study used both descriptive and inferential statistics that enabled the researcher to summarize the qualities of data that could be easily understood. Descriptive statistics were used to analyse frequencies and percentages while inferential statistics analysed correlation and regression analysis to establish the relationships among study variables. Data analysis was done using Statistical Package for Social Sciences (SPSS) software version 24 and data presented in tables and figures.
3.7  Chapter Summary

This chapter has presented the research methodology that was used in carrying out the study. Explanatory research design was used in conducting the study, a population of 131 managers was used to determine a sample of 98 respondents. A closed-ended questionnaire was used in data collection and data presented in tables and figures. The next chapter presents the results and findings of the study while chapter five provides summary, discussion, conclusion and recommendations.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

Chapter four presents results and findings obtained from the respondents. The first section of the chapter presents the response rate and general information of the respondents involved in this study, second section provides findings on cost leadership strategy and business performance, third section presents the findings on the effect of differentiation strategy on business performance and the last section provides the effect of focus strategy on business performance.

4.2 Response Rate and Background Information

4.2.1 Response Rate

This study established a response rate of 71% since out of 98 questionnaires that were administered, only 69 were obtained from the study respondents. A response rate of 71% was adequate therefore good for data analysis. Table 4.1 below indicates the response rate of this study.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>Sample Size</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned Questionnaire</td>
<td>69</td>
<td>71</td>
</tr>
<tr>
<td>Un-returned questionnaire</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.2 Background Information

This section presents demographic information of the respondents, the variables include; gender, age, number of years in service, department, and education level.

4.2.2.1 Gender of Respondents

When the respondents were asked to indicate the gender, the majority 70% were male while 30% were female as shown in Figure 4.1. This means that UAP Old Mutual has a diverse gender representation in the organization.
4.2.2.2 Age of the Respondents

When the respondents of this study were asked to indicate their age bracket, 9% of the respondents were above 50 years, 22% aged between 42-49 years, 49% aged between 34-41 years, 13% aged between 26-33 years and 7% aged between 18-25 years as shown in Figure 4.2. This implies that UAP Old Mutual has diverse age groups working in the organization with youth representing the majority.
4.2.2.3 Number of Years in the Organization

The respondents were asked to state the number of years they have been working for the organization. 14% of the respondents had worked for a period of 0-1 year, 30% had worked for 2-4 years, 30% had worked for 5-7 years, 15% had worked for 8-10 years and 11% had worked for more than 10 years as shown in Figure 4.3. This implies that the respondents had sufficient knowledge of the organization.

Figure 4. 2: Age of the Respondents

Figure 4. 3: Number of Years in the Organization
4.2.2.4 Respondents Department

The respondents were asked to indicate their work department, 9% of the respondents were in human resources, 19% were in marketing, 11% were in operations, 13% were in finance and accounting, 16% were in administration and 32% were in sales department. The findings are presented in Figure 4.4. It implies that the respondents had sufficient knowledge on the information sought in this study.

![Figure 4.4: Respondents Department](image)

4.2.2.5 Respondents Education

The respondents were asked to indicate their highest level of education, 35% of the respondents had a master’s degree, 59% had a bachelor’s degree and 6% of the respondents had a diploma as shown in Figure 4.5. This implies that the respondents had the ability to read and interpret the information sought in this study.
4.3 The Effect of Cost Leadership Strategy on Business Performance

This study sought to determine the effect of cost leadership strategy on business performance at UAP Old Mutual Group. The variables include; cost leadership strategy, profitability, revenue generation, cost of operation, competitive advantage, company reputation and cost of monitoring. The findings covering descriptive statistics as well inferential statistics on cost leadership and business performance are presented as follows;

4.3.1 Cost Leadership Strategy

The respondents were asked whether cost leadership strategy is essential for business performance in the organization, 3% of the respondents disagreed, 4% were neutral, 44% agreed, 49% strongly agreed while 0% strongly disagreed as presented in Table 4.2. This implies that cost leadership strategy is essential for business performance.

Table 4.2: Cost Leadership Strategy

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>4.0</td>
</tr>
<tr>
<td>Agree</td>
<td>30</td>
<td>44.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>34</td>
<td>49.0</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
</tbody>
</table>
4.3.2 Profitability

The respondents were asked whether cost leadership strategy enhances profitability, 3% disagreed, 4% were neutral, 0% strongly disagreed, 31% agreed, and 61% strongly agreed as shown in Figure 4.6. This means that cost leadership strategy enhances profitability of the company.

![Figure 4.6: Profitability](image)

4.3.3 Revenue Generation

On the question whether cost leadership strategy contributes largely to the revenue generation in the organization, 45% of the respondents strongly agreed, 54% agreed, 0% were neutral, 0% neither disagreed nor strongly disagreed as shown in Figure 4.7. This indicates that cost leadership strategy affects company revenues positively.
4.3.4 Cost of Operations

The respondents were asked to indicate whether cost leadership strategy enhances low cost operations, 3% of the respondents strongly disagreed, 4% disagreed, 64% agreed, 29% strongly agreed and 0% were neutral as shown in Table 4.3. This implies that cost leadership strategy enhances low cost operations in the company.

Table 4.3: Cost of Operations

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>4.0</td>
</tr>
<tr>
<td>Agree</td>
<td>44</td>
<td>64.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>20</td>
<td>29.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.3.5 Competitive Advantage

On the question whether cost leadership strategy is essential in building a sustainable competitive advantage, 42% of the respondents strongly agreed, 4% strongly disagreed, 3% were
neutral, 0% disagreed and 51% agreed as shown in Figure 4.8. This implies that cost leadership strategy is essential in building a competitive advantage.

![Competitive Advantage](image)

**Figure 4. 8: Competitive Advantage**

**4.3.6 Customer Loyalty**

The respondents were asked whether cost leadership strategy enhances customer loyalty, 3% of the respondents disagreed, 4% were neutral, 57% agreed, 36% strongly agreed while 0% disagreed as shown in Figure 4.9. This implies that cost leadership strategy enhances customer loyalty in the market.
4.3.7 Company Reputation

The respondents were asked whether cost leadership strategy is essential in building company reputation, 48% strongly agreed, 0% were neutral, 52% agreed, 0% neither disagreed nor strongly disagreed as shown in Figure 4.10. This means that cost leadership strategy is essential in building company reputation.

Figure 4.9: Customer Loyalty

Figure 4.10: Company Reputation
4.3.8 Cost Monitoring

The respondents were asked to indicate whether there is constant monitoring of costs in the organization, 3% strongly disagreed, 3% disagreed, 4% were neutral, 42% agreed and 48% strongly agreed as shown in Table 4.4. This implies that there is a constant monitoring of costs.

Table 4.4: Cost Monitoring

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>4.0</td>
</tr>
<tr>
<td>Agree</td>
<td>29</td>
<td>42.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>34</td>
<td>48.0</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.3.9 Correlation between Cost Leadership Strategy and Business Performance

In this particular study the researcher made use of both correlation and linear regression analysis to determine the relationship between the study variables. Correlation analysis was used in determining the strength of the relationship between the independent variable cost leadership strategy and the dependent variable business performance. Table 4.5 showed that cost leadership strategy has a significant positive association with business performance ($r= 0.355$, p-value < 0.05).

Table 4.5: Correlation between Cost Leadership Strategy and Business Performance

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Business Performance</th>
<th>Cost Leadership Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
<td>Pearson Correlation</td>
<td>N</td>
</tr>
<tr>
<td>Business Performance</td>
<td>Sig. (2-tailed)</td>
<td>.355**</td>
</tr>
<tr>
<td>Cost Leadership Strategy</td>
<td>Sig. (2-tailed)</td>
<td>.003</td>
</tr>
<tr>
<td>N</td>
<td>69</td>
<td>69</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
4.3.10 Regression Analysis between Cost Leadership Strategy and Business Performance

Regression model is a statistical procedure that allows a researcher to estimate the linear or straight line relationship that exists between the study variables. The findings in Table 4.6 presented the fitness of model of regression model in explaining the study variables. R squared value is the coefficient of determination that explains the varying in the dependent variable cause change in the dependent indicator. The findings revealed an adjusted R squared value of 0.113 indicating that there is varying of 11.3% on business performance due to variations in cost leadership strategy and the remaining 88.7% is associated with other factors outside the regression model.

Table 4.6: Regression Analysis between Cost Leadership Strategy and Business Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.355a</td>
<td>.126</td>
<td>.113</td>
<td>.26604</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Cost Leadership Strategy

4.3.11 ANOVA between Cost Leadership Strategy and Business Performance

In order to determine the goodness of the study model, ANOVA analysis was carried out by the researcher. Table 4.7 shows that the results after the test, the findings of ANOVA analysis was significance since the P-value was less than 0.05 (sig = 0.003) which indicates that goodness of fit in the study model. The regression model was significant with F statistic value = 9.636 at p-value = 0.003 which falls within the satisfactory significance level of 0.05. This implies that the independent variable cost leadership strategy has a positive influence on business performance and the influence is significant.

Table 4.7: ANOVA between Cost Leadership Strategy and Business Performance

<table>
<thead>
<tr>
<th>ANOVAa</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>.682</td>
<td>1</td>
<td>.682</td>
<td>9.636</td>
<td>.003b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>4.742</td>
<td>67</td>
<td>.071</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>5.424</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3.12 Coefficients of Cost Leadership Strategy and Business Performance

From the regression equation, it was noted that holding business performance to a constant zero, cost leadership strategy would be at 2.344. A unit increase in cost leadership strategy would lead to an increase in business performance by a factor of \( B = 0.355, P<0.05 \). Therefore, there is a significant relationship between the independent variable and dependent since the p-value < 0.05. The model was established as follows; \( Y = 2.344 + 0.474 \) cost leadership strategy.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.344</td>
</tr>
<tr>
<td></td>
<td>Cost Leadership Strategy</td>
<td>.474</td>
</tr>
</tbody>
</table>

4.4 The Effect of Strategy Differentiation on Business Performance

This study sought to determine the effect of differentiation strategy on business performance at UAP Old Mutual Group. The variables include; differentiation strategy, value proposition, research and development, service and products, value added service, unique products, company capabilities and price mix. The findings covering descriptive statistics as well inferential statistics on cost leadership and business performance are presented as follows:

4.4.1 Differentiation Strategy

The respondents were asked to indicate whether differentiation strategy is essential for business performance, 2% of the respondents disagreed, 31% agreed, 0% strongly disagreed, 0% were neutral and 67% strongly agreed as shown in Figure 4.11. This implies that differentiation strategy is essential for business performance.
Figure 4.11: Differentiation Strategy

4.4.2 Value Proposition

When the respondents were asked to indicate whether differentiation strategy enhances value proposition to the customers, 58% of the respondents strongly agreed, 42% agreed, 0% disagreed, 0% strongly disagreed and 0% were neutral as shown in Figure 4.12. This implies that differentiation strategy enhances value proposition.

Figure 4.12: Value Proposition
4.4.3 Research and Development

On the question whether the firm invests in research and development to enhances business performance, 3% strongly disagreed, 4% disagreed, 59% agreed, 0% neutral and 34% strongly agreed as shown in Table 4.9. It means that UAP Old Mutual invests in research and develop to enhance its business performance.

Table 4.9: Research and Development

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>4.0</td>
</tr>
<tr>
<td>Agree</td>
<td>41</td>
<td>59.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>23</td>
<td>34.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.4.4 Service and Products

The respondents were asked whether the company attempts to offer products and services that cannot be imitated easily by competitors, 4% of the respondents disagreed, 35% strongly agreed, 0% strongly disagreed, and 0% were neutral as shown in Figure 4.13. This implies that the company attempts to offer products and services.
4.4.5 Value Added Service

The respondents were asked to indicate whether the company offers value added service at premium prices, 51% agreed, 49% strongly agreed, 0% disagreed, 0% strongly disagreed and 0% were neutral as shown in Figure 4.14. This implies that the company offers value added service at a premium price.

![Figure 4.14: Value Added Service](image)

4.4.6 Unique Products

The respondents were asked to indicate whether the company offers unique products in various market segments, the majority of the respondents making up 58% agreed, 3% disagreed, 4% neutral, 35% strongly agreed and 0% strongly disagreed as presented in Table 4.10. This implies that UAP Old Mutual provides unique products and services in various market segments.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>4.0</td>
</tr>
<tr>
<td>Agree</td>
<td>39</td>
<td>58.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>25</td>
<td>35.0</td>
</tr>
</tbody>
</table>
4.4.7 Company Capabilities

On the question whether the firm’s capabilities are essential in delivering high quality service and products, majority of the respondents making up 50% agreed, 42% strongly agreed, 0% strongly disagreed, 3% disagreed, and 5% were neutral as shown in Figure 4.15. This means that firm’s capabilities are essential in delivering high quality service and products.

![Company Capabilities](image)

**Figure 4.15: Company Capabilities**

4.4.8 Price Mix

On the question whether the company uses various prices in their product range, 2% of the respondents strongly disagreed, 4% disagreed, 3% were neutral, 49% agreed and 42% strongly agreed as presented in Figure 4.16. This means that UAP Old Mutual uses various prices in their product range.
4.4.9 Correlation Analysis between Differentiation Strategy and Business Performance

Correlation analysis was used in determining the strength of the relationship between the independent variable differentiation strategy and the dependent variable business performance. Table 4.11 showed that differentiation strategy has a significant positive association with business performance ($r = 0.589$, p-value < 0.05).

Table 4.11: Correlation Analysis between Differentiation Strategy and Business Performance

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Business Performance</th>
<th>Differentiation Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Business Performance</td>
<td>Sig. (2-tailed)</td>
<td>69</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>69</td>
</tr>
</tbody>
</table>
4.4.10 Regression Analysis between Differentiation Strategy and Business Performance

Regression analysis was carried out to determine the relationship that exists between the study variables. The findings in Table 4.12 revealed an adjusted squared value of 0.337 which implies that there is varying of 33.7% on business performance due to the variations in differentiation strategy and the remaining 62.3% is associated with other factors outside the regression model.

Table 4.12: Regression Analysis between Differentiation Strategy and Business Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.589a</td>
<td>.347</td>
<td>.337</td>
<td>.22989</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Differentiation strategy

4.4.11 ANOVA between Differentiation Strategy and Business Performance

In order to determine the goodness of the study model, Analysis of Variance was carried out between the study variables. Table 4.13 shows the results after the tests. The results of ANOVA analysis between differentiation strategy and business performance was significant as the p-value was less than 0.05 (sig=0.000) which indicates the goodness of fit in the study model. The model was significant with F-statistic value of 35.63 which was significant at p-value = 0.000 as indicated in the table which falls under satisfactory significance level of 0.05.

Table 4.13: ANOVA between Differentiation Strategy and Business Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>183.1</td>
<td>183.1</td>
<td>35.63</td>
<td>.000b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>3.541</td>
<td>67</td>
<td>.053</td>
<td></td>
</tr>
</tbody>
</table>
Total  5.424  68

a. Dependent Variable: Business Performance
b. Predictors: (Constant), Differentiation Strategy

4.4.12 Coefficients of Differentiation Strategy and Business Performance

From the regression equation, it was noted that holding business performance to a constant zero, differentiation strategy would be at 0.824. A unit increase in differentiation strategy would lead to an increase in business performance by a factor of 0.589 ($B = 0.818$, $P<0.05$. Therefore, there is a significant relationship between the independent and dependent variables since $p$-value < 0.05. The regression model was established as follow; $Y = 0.824 + 0.818$ Differentiation Strategy.

Table 4.14: Coefficients of Differentiation Strategy and Business Performance

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.824</td>
<td>.601</td>
</tr>
<tr>
<td>Differentiation Strategy</td>
<td>.818</td>
<td>.137</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Performance

4.5 The Effect of Focus Strategy on Business Performance

This study sought to investigate the effect of focus strategy on business performance. The variables include; focus strategy, market segmentation, customer needs, niche market, customized services, emerging needs, expertise, referrals and market share. The findings of the study covering both descriptive and inferential statistics are presented as follows:

4.5.1 Focus Strategy

When the respondents were asked to indicate whether focus strategy is essential for business performance, 3% of the respondents disagreed, 4% were neutral, 40% agreed, 53% strongly
agreed and 0% strongly disagreed as presented in Table 4.15. This implies that focus strategy is essential for business performance.

**Table 4. 15: Focus Strategy**

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>4.0</td>
</tr>
<tr>
<td>Agree</td>
<td>28</td>
<td>40.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>36</td>
<td>53.0</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**4.5.2 Market Segmentation**

The respondents were asked to indicate whether focus strategy enhances market segmentation, 36% of the respondents strongly agreed, 64% agreed, 0% neutral, 0% disagreed and 0% strongly disagreed as shown in Figure 4.17. This means that focus strategy enhances market segmentation.

**Figure 4. 17: Market Segmentation**

**4.5.3 Customer Needs**
The respondents were asked whether focus strategy is enables the organization to accurately identify customer needs, the majority of the respondents making up 48% strongly agreed, 6% disagreed, 46% disagreed, and 0% neutral and 0% strongly disagreed as shown in Figure 4.18. This implies that focus strategy enables the company to accurately identify customer needs in the market.

Figure 4. 18: Customer Needs

4.5.4 Niche Market

The respondents were asked whether focus strategy is essential in serving a niche market, 4% of the respondents disagreed, 3% were neutral, 64% agreed, 29% strongly agreed and 0% strongly disagreed as shown in Table 4.16. This implies that focus strategy is essential in serving a niche market.

Table 4. 16: Niche Market

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>3</td>
<td>4.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>Agree</td>
<td>44</td>
<td>64.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>20</td>
<td>29.0</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.5.5 Customized Services

On the question whether the company offers customized services to its clients, 3% of the respondents strongly disagreed, 3% disagreed, 48% strongly agreed and 46% agreed as shown in Figure 4.19. This implies that UAP Old Mutual offer customized services to the customers.

Table 4.17: Customized Services

4.5.6 Emerging Needs

On the question whether the company responds quickly to emerging needs of customers, 6% of the respondents disagreed, 42% strongly agreed, 52% agreed, 0% neutral and 0% strongly disagreed as shown in Figure 4.18. This implies that the company quickly responds to the emerging needs of customers.
4.5.7 Expertise

The respondents were asked to indicate whether the organization as employees with specialized expertise to develop products and services, 3% of the respondents disagreed, 3% were neutral, 38% strongly agreed and 56% strongly agreed as shown in Figure 4.20. This implies that UAP Old Mutual has employees with specialized expertise to develop insurance products and services.
4.5.8 Referrals

The respondents were asked to indicate whether the company obtains new businesses from referrals, 65% of the respondents strongly agreed, 35% agreed, 0% neutral, 0% neither disagreed nor strongly disagreed as shown in Figure 4.21. This implies that UAP Old Mutual gets new businesses from referrals.

![Figure 4.21: Referrals](image)

4.5.9 Market Share

The respondents were asked to indicate whether focus strategy attracts market share to the company, 3% of the respondents strongly disagreed, 4% disagreed, 48% agreed, 0% strongly disagreed and 45% strongly agreed as presented in Figure 4.22. This implies that focus strategy is essential in attracting market share.
4.5.10 Correlation Analysis between Focus Strategy and Business Performance

Correlation analysis was used in determining the strength of the relationship between the independent variable focus strategy and the dependent variable business performance. Table 4.17 showed that focus strategy has a significant association with business performance ($r= 0.304$, $p$-value $< 0.05$).

**Table 4.18: Correlation Analysis between Focus Strategy and Business Performance**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Business Performance</th>
<th>Focus Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Performance</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>69</td>
</tr>
<tr>
<td>Focus Strategy</td>
<td>Pearson Correlation</td>
<td>0.304*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.011</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td></td>
<td>69</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).

4.5.11 Regression Analysis between Focus Strategy and Business Performance

Regression analysis was conducted to determine the relationship that exists between the study variables. The findings in Table 4.19 revealed an adjusted squared value of 0.079 which implies...
that there is varying of 7.9% on business performance due to the variations in focus strategy and the remaining 92.1% is associated with other factors outside the regression model.

**Table 4. 19: Regression Analysis between Focus Strategy and Business Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.304a</td>
<td>.092</td>
<td>.079</td>
<td>.27109</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), Focus Strategy*

**4.5.12 ANOVA between Focus Strategy and Business Performance**

In order to determine the goodness of the study model, Analysis of Variance was carried out between the study variables. Table 4.20 shows the results after the tests. The results of ANOVA analysis between focus strategy and business performance was significant as the p-value was less than 0.05 (sig=0.002) which indicates the goodness of fit in the study model. The model was significant with F-statistic value of 6.802 which was significant at p-value = 0.002 as indicated in the table which falls under satisfactory significance level of 0.05.

**Table 4. 20: ANOVA between Focus Strategy and Business Performance**

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.500</td>
<td>1</td>
<td>.500</td>
<td>6.802</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>4.924</td>
<td>67</td>
<td>.073</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.424</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Business Performance  
b. Predictors: (Constant), Focus Strategy*

**4.5.13 Coefficients of Focus Strategy and Business Performance**

From the regression equation, it was noted that holding business performance to a constant zero, differentiation focus strategy would be at 0.298. A unit increase in focus strategy would lead to an increase in business performance by a factor of 0.304 (B = 0.298, P<0.05. Therefore, there is
a significant relationship between the independent and dependent variables since p-value < 0.05.
The regression model was established as follow; \( Y = 5.707 + 0.298 \) Focus Strategy.

**Table 4.21: Coefficients of Focus Strategy and Business Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficientsa</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>5.707</td>
<td>.499</td>
</tr>
<tr>
<td>Focus Strategy</td>
<td>.298</td>
<td>.114</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Performance

**4.6 Chapter Summary**

This chapter has presented results and findings obtained from the study respondents. The first section presented general information of the respondents, second section offered findings on the effect of cost leadership strategy followed by section three covering the findings on differentiation strategy on business performance. Fourth section presented the findings on the effect of focus strategy on business performance. The next chapter covers the discussion, conclusion and recommendations in respect to the study findings.
CHAPTER FIVE

5.0 SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction
This chapter offers the summary of the study, discussion followed by conclusion and recommendations of each research questions. The first section presents the summary of the study, second section presents the discussion of the study in line with the findings. The third section presents the conclusion of each research question and fourth section presents the recommendations for improvement.

5.2 Summary
The purpose of this study was to determine the effects of generic strategies on organizational performance of the insurance industry with a case of UAP Old Mutual Group. The study was guided by the following research questions; what is the effect of cost leadership strategy on business performance at UAP Old Mutual Group? What is the effect of differentiation strategy on business performance at UAP Old Mutual Group, and what is the effect of focus strategy on business performance at UAP Old Mutual Group?

The study used explanatory research design which integrated various elements of the study. The target population constituted managers in the company from which 98 respondents and stratified random sampling technique was used in ensuring that all respondents have equal chances of being selected. A closed-ended questionnaire was used for data collections and Statistical Package for Social Sciences (SPSS) software version 24 was used for data analysis. Descriptive statistics were used to analyze the means and standard deviation while inferential statistics analyzed the regression and correlation analysis to establish the relationship between study variables. Tables and figures were used in presenting the results and findings obtained from the target respondents.

The first research question sought to investigate the effect of cost leadership strategy on business performance. The findings of this study revealed that there is a significant and positive relationship between cost leadership strategy and business performance ($r= 0.355$, p-value $< 0.05$). The findings revealed an adjusted R squared value of 0.113 indicating that there is varying of 11.3% on business performance due to variations in cost leadership strategy.
The second research question sought to determine the effect of differentiation strategy on business performance. The findings of this study revealed that there exists a significant relationship between differentiation strategy and business performance ($r= 0.589$, p-value $< 0.05$). The findings of this study revealed an adjusted squared value of 0.337 which implies that there is varying of 33.7% on business performance due to the variations in differentiation strategy.

The third research question sought to determine the effect of focus strategy on business performance. The findings of this study revealed that there exists a significant relationship between focus strategy and business performance ($r= 0.304$, p-value $< 0.05$). The findings of this study also revealed an adjusted squared value of 0.079 which implies that there is varying of 7.9% on business performance due to the variations in focus strategy.

5.3 Discussion
5.3.1 The Effect of Cost Leadership Strategy on Business Performance

This study sought to determine the effect of cost leadership strategy on business performance. The findings of the study revealed that there is a significant relationship between cost leadership strategy and business performance. According to Phongpetra and Johri (2011), cost is what is given up, both in terms of monetary and materially in order to produce something. They further explain that cost comes into play when a product or a service is produced. Cost can be quantified by both material and immaterial terms. A further explanation on cost indicates that cost can be regarded as the effort or sacrifice required to produce something. Cost is more than just an estimative element in terms of production of a good or a service. Cost has to be quantified in terms of the total input into the good or a service plus the estimated profit that is expected from the product (Soltanizadeh, 2016). In other words, cost is the sum of the total effort, both intrinsic, added to the other efforts, both in the terms of the distributions costs plus any other costs as well as the total profits of the products (Soltanizadeh, 2016).

Soltanizadeh (2016), in his work tried to highlight the relationship between cost and business performance. He asserted that in order to be efficient in market place a firm to put the element of cost into consideration. In the explanation of his studies, the elements of cost has to constitute the forces brought in by the buyers in a market place, potential entrant into a market place and the prices of the substitute products in the market place. In other words, the total cost of a product is
influenced by the three listed factors. Yuliansyah and Jermias (2018), states that the cost leadership of a product entails having the lowest cost of a product compared to the other players in the market arena. In keeping the cost of production as low as possible compared to other competitors in the market, a firm will derive a competitive advantage by deriving a better margin that lead to better profits.

The findings of this study revealed that cost leadership strategy enhances cost advantages in the organization. These findings confirm with the findings of Mastrangelo, Eddy and Lorenzet (2014), arguing that in trying to put together the cost advantage in a business model, there are various factors that have to be involved. These elements include low cost structure and efficiency in the management of the good or the service. Furthermore, the author indicates that these elements may extent towards the employment of highly specialized technology, in a bid to cut down on the overall cost of production. It may also extend towards making the effective use of strategic mix to achieve the best product or service in the market in order to achieve the best in terms of profitability. All these strategies are employed in order to have a market or product advantage so that a firm achieves market leadership required and therefore a good market share (Chege & Bula, 2015).

The findings of this study also revealed that cost leadership strategy enhances customer loyalty. According to Muijs (2011), cost leadership is a way in which organizations try to enhance customer relationship. A company can employ a cost advantage as a strategy when trying to win a bigger market share. Trying to attract more customers into the book by employing cheaper but superior quality production techniques and keeping the cost of service as low as possible has helped companies gain better market advantage . In trying to investigate this phenomenal, Mwangi (2015) in his study on the petroleum industry in Kenya, demonstrated that this strategy is effective. When investigating the competitive bidding strategy employed by the petroleum products regulating body in Kenya, the National Oil Corporation of Kenya, he noted that the organization employs competitive bidding in the process of procuring oil into the market. All the oil marketers are required to deposit with them competitive bids indicating how much they are able to import oil into the country. Since there is a policy towards encouraging the most competitive oil prices into the market in order to counter inflation in the country, the corporation awards the firm that can import the oil at the most competitive prices in the country.
The findings of this study show that cost leadership strategy enhances profitability. Elnaby, Hwang and Vonderembse (2012) state that profitability is what actually yields a financial gain into an entity. They further view it as a gain over a financial cost for a product or a service that is put out as an entity. The difference between the total cost of production, including the costs of distribution, and the differentiated cost with the final product cost to the seller is what declares profitability. Moreover, Mujis (2013) declares that profitability towards a business is made more when the volumes that are pushed into the markets are large. In other words, the more the products are pushed into the market, the larger the profitability by the firm. (Banker, Mashruwala, & Tripathy, 2014).

5.3.2 The Effect of Differentiation Strategy on Business Performance

This study sought to determine the effect of differentiation strategy on business performance. This study showed a significant relationship between differentiation strategy and business performance. According to Micheli and Mura (2017), differentiation in the business environment refers to the art of marketing specific products or services in a way that makes it stand out against other services or products. It involves differentiating it from competitor’s products and the firm’s own product offering in the market. The concept of differentiation was first proposed by Edward Chamberlin in 1933 in his theory of Monopolistic competition. Distinctive marketing competencies are the skills that businesses can develop to form the basis for competitive advantage over their competitors (Cvetanovic, 2016). Therefore, it means that differentiation strategy has the potential of creating competitive advantage to a company that leads to improved sales performance. Generic of differentiation strategy involves creating a market position that is perceived as being unique industry-wide and that is sustainable over the long run. Such differentiation can be based on design or brand image distribution (Gill, White, & Cobelli, 2010).

Leavy (2014) indicate that differentiation strategies are based on providing buyers with something that is different or unique, that makes the company’s strategic positioning, product or service distinct from that of its rivals. Superior value is created because the product is of higher quality, is technically superior in some way, comes with superior service, or has a special appeal in some perceived way. In effect, differentiation builds competitive advantage by making customers more loyal - and less price-sensitive to a given firms product or service. Additionally,
consumers are less likely to search for other alternative products once they are satisfied. Some of the differentiation strategies adopted by organizations to foster sales performance evolve around interplay of various elements of the retail mix (Phongpetra & Johri, 2011). These include: offering quality products, wide selection, assortment, strategic positioning, after-sales service, quality service, convenient location, parking space, attractive design and layout, and conducive atmosphere.

The findings of this study also revealed that differentiation enhances value proposition. Maiga (2015) says that though a company may have several basis of differentiation, at the end what matters is the customer perception. Approach to differentiation can take numerous structures, for example, plan and brand picture, innovation, item includes, client support or seller systems (Porter, 1998). All these make unending obstructions against contenders. The benefits of separation are that it gives protection against aggressive contention due to mark sovereignty by clients; it increment edges which keeps away from the requirement for the firm to receive an ease position and positions the firm better opposite substitute items that its rivals offers (Aboyassin and Abood, 2013). A separation technique is one in which a firm offers items or administrations with special highlights that clients esteem. The worth included by the uniqueness directions a top notch cost. The key attributes of separation technique is seen quality whether genuine or not. This might be through prevalent item structure, innovation, client support or different measurements. Separation methodology calls for improvement of an item or administration that offer, one of a kind credits to the clients. The firm plans to take care of the additional expenses by the superior cost directed by the item or administration uniqueness. On the off chance that providers increment their costs, the firm might most likely go along the expenses to its clients who can't discover substitute items effectively (Chege & Bula, 2015).

The findings of the study revealed that differentiation strategy enhances quality of goods and services. According to Srivastra (2017), the advantage of differentiation strategy is that the perceived quality insulates a company from threats from any of the five forces that determine the state of competition in an industry. According to Allio (2006), firms using differentiation strategy have some internal strength including high research and development capabilities, strong sales team and corporate reputation for quality and innovation. Brand loyalty protects a firm from threats of substitute products. The author contends that differentiation is often the secret to
extending the life cycle of business and making it more expensive to enter and follow. The risks associated with differentiation strategy include imitation by competition and changing customer tastes and preferences. The shelf life of differentiation strategy is getting shorter and shorter. Differentiating the product offering of a firm means creating something that is perceived industry wide as being unique. It is a means of creating your own market to some extent.

5.3.3 The Effect of Focus Strategy on Business Performance

This study sought to determine the effect of focus strategy on business performance. This study revealed that there exists a significant relationship between focus strategy and business performance. According to Allio (2006), the focus basis for competitive advantage involves a firm either concentrating on offering lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences. According to Wathens (2015), a focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market based on their income levels. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes. In the focus strategy, a public university targets a specific segment of the market (Wathen, 2015). The public university can choose to focus on a select customer group, certain services and products range, geographical area, or service line. Focus also is based on adopting a narrow competitive scope within an industry (Maiga, 2015).

The findings of this study revealed that focus strategy is essential in enhancing market niche. According to Yeh (2012), Focus strategy aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and services and products specifications or requirements. A successful focus strategy depends upon an industry segment large enough to have good growth potential but judged not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large public universities use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival public universities (Chege & Bula, 2015).
The findings of this study revealed that that focus strategy enhances competitive advantage. According to Banker, Mashruwala and Tripathy (2014), competitive strategies consist of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. Competitive strategies are employed by firms within a particular Industry. The strategies adopted are expected to relate to performance of the company. From a scheme developed by Grant (2002), long term strategy should derive from a firms attempt to seek and sustain a competitive advantage based on one of the three generic strategies. These are cost leadership, differentiation and focus strategies.

The findings of the study revealed that focus strategy enhances market segmentation. According to Fernandes (2017), the focus strategy whether anchored in a low-cost base or differentiation base, attempts to attend to the needs of a particular market segment. It rests on the premise that a firm is able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly. As a result the firm achieves either differentiation from better meeting the needs of the particular target market or lower costs in serving this market or even both (Asdemir, Fernando, & Tripathy, 2013). In a study of the motor industry it was noted that firms had to make substantial adjustments in their strategic variables in order to survive in the competitive environment (Oltra & Flor, 2010). The firms introduced new techniques in product development, differentiated their products, segmented and targeted their customers more and improved customer service. Karanja (2012) observes in a study of real estate firms in Kenya that an increase in the number of players in the industry has led to increased competition. The most popular type of competitive strategy was on the basis of focused differentiation. Firms in the real estate market tended to target certain customer segments especially the middle and upper class who resided in certain targeted estates.

5.4 Conclusion

5.4.1 The Effect of Cost Leadership Strategy on Business Performance

This study concludes that there is a significant relationship between cost leadership strategy and business performance. This study concludes that cost leadership strategy enhances cost reduction in the organization’s operations, competitive advantage, and customer loyalty.
5.4.2 The Effect of Differentiation Strategy on Business Performance

This study concludes that differentiation strategy enhances business performance of the organization. Differentiation strategy enhances creativity and innovation in the organization as the individuals are able to come up with new ideas to create quality products. This study concludes differentiation strategy is essential for research and development in the organization that is aimed that developing value proposition to customers through products and services that satisfies their needs accordingly.

5.4.3 The Effect of Focus Strategy on Business Performance

This study concludes that there is a significant relationship between focus strategy and business performance. This study concludes that focus strategy enhances market segmentation to cater for various needs in the market. Focus strategy is also essential in attracting a significant market share for the company by serving a niche market.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 The Effect of Cost Leadership Strategy on Business Performance

This study recommends that UAP Old Mutual should develop an overall lower cost structure by applying efficient business systems that are in line with cost structure. An efficient business system will create cost efficiencies and economic of scales that allows the company to become the lowest-cost service provider. However, implementing the lowest cost structure cannot be achieved by cutting the cost alone in one specific area of the company’s business, it requires a reduction in costs on all departments.

5.5.1.2 The Effect of Differentiation Strategy on Business Performance

This study recommends that UAP Old Mutual should invest heavily in research and development department in order to develop products and services that are needed in the insurance industry while at the same time keeping with emerging needs as well as trends in the insurance industry. This will help the company gain a competitive advantage that will help it compete with rivals effectively.
5.5.1.3 The Effect of Focus Strategy on Business Performance

This study recommends that for UAP Old Mutual Group to achieve focus strategy it should focus on a particular market segment to achieve its objective by becoming the market leader in a niche market. This will help the organization to become more efficient and effective by focusing its efforts to a narrow target rather than broad target.

5.5.2 Recommendations for Further Studies

This study investigated the effects of generic strategies on business performance of private insurance companies. Future studies should be carried out on other sectors such as manufacturing, tourism, retail and education to determine the effects of generic strategies on business performance.
REFERENCES


**APPENDICES**

**APPENDIX I: STUDY QUESTIONNAIRE**

**SECTION I: GENERAL INFORMATION**

This section contains general questions. Kindly answer to the best of your knowledge

1. Kindly indicate your gender.
   
   Male □       Female □

2. Kindly indicate your age range

   18-25 Years □
   26-33 Years □
   34-41 Years □
   42-49 Years □
   50 and Above □

3. Kindly indicate the number of years you have worked at your organization

   0-1 Years □
4. Kindly indicate your job designation

<table>
<thead>
<tr>
<th>Job Designation</th>
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<tbody>
<tr>
<td>Marketing</td>
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<tr>
<td>Operations</td>
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<tr>
<td>Finance and Accounting</td>
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<td>Administration</td>
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<td>Sales</td>
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<td>Human Resource</td>
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5. Kindly indicate your level of education.

<table>
<thead>
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<th>Level of Education</th>
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<tbody>
<tr>
<td>Certificate</td>
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<tr>
<td>Diploma</td>
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<tr>
<td>Bachelor’s Degree</td>
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<tr>
<td>Master’s Degree</td>
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<tr>
<td>Doctorate Degree</td>
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</table>

**SECTION II: The Effect of Cost Leadership Strategy on Business Performance**

Kindly answer the following questions to the best of your knowledge using the following Likert scale. Strongly disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, Strongly agree = 5.

<table>
<thead>
<tr>
<th>No</th>
<th>Questions</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Cost leadership strategy is essential for business performance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
7. **Cost leadership strategy enhances profitability in the organization.**

8. **Cost leadership contributes largely to the company’s revenues.**

9. **Cost leadership strategy enhances low cost operations in the organization.**

10. **Cost leadership strategy is essential in building a sustainable competitive advantage.**

11. **Cost leadership strategy enhances customer loyalty.**

12. **Cost leadership strategy is essential in building the company’s reputation.**

13. **There is a constant monitoring of costs in the organization.**

**SECTION III: Effect of Differentiation Strategy on Business Performance**

Kindly answer the following questions to the best of your knowledge using the following Likert scale. Strongly disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, Strongly agree = 5.

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<thead>
<tr>
<th>No</th>
<th>Questions</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<tbody>
<tr>
<td>14</td>
<td>Differentiation strategy is significant in the organization’s business performance.</td>
<td></td>
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<tr>
<td>15</td>
<td>Differentiation strategy enhances value proposition to the customers.</td>
<td></td>
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<tr>
<td>16</td>
<td>The firm invests in research and development to enhance business performance.</td>
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<tr>
<td>17</td>
<td>The company offers services that cannot easily be imitated by competitors.</td>
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<tr>
<td>18</td>
<td>The company offers value added service at a premium price.</td>
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<tr>
<td>19</td>
<td>The company provides unique services to various market segments.</td>
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<tr>
<td>20</td>
<td>The company’s capabilities to deliver high quality service and products is essential for business growth.</td>
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SECTION IV: Effect of Focus Strategy on Business Performance

Kindly answer the following questions to the best of your knowledge using the following Likert scale. Strongly disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, Strongly agree = 5

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<tr>
<th>No</th>
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<tr>
<td>22</td>
<td>Focus strategy is essential for the business performance.</td>
<td></td>
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<tr>
<td>23</td>
<td>Focus strategy enhances market segmentation that is crucial for business performance.</td>
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<tr>
<td>24</td>
<td>Focus strategy enables the organization to accurately identify customer needs.</td>
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<td>25</td>
<td>The company has services for a niche market.</td>
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<tr>
<td>26</td>
<td>The firm provides customized services to its target market as opposed to competitors.</td>
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<tr>
<td>27</td>
<td>The firm responds quickly to the emerging needs of consumers.</td>
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<tr>
<td>28</td>
<td>The firms’ employees have specialized expertise.</td>
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<td>29</td>
<td>The firm acquires new business through referrals.</td>
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</table>
30. Focus strategy enabled the company to attract a significant market share.

Thank you for your participation
25 July 2019

To whom it may concern

RESEARCH PROJECT BY KEBAARA GATONYE KEVIN ID: 652597

The bearer of this letter is a student at the United States International University-Africa pursuing a Master in Business Administration-Strategic Management.

As part of the program, he is required to undertake a research project on “Effects of generic strategies on the performance of private insurance companies: A Case of UAP Old Mutual group.” This requires him to collect data and information from various relevant institutions.

Kindly assist by enabling him access data, information, and contact with respondents who can complete his questionnaire. I assure you that the information provided will be treated with the utmost confidentiality.

Should you have any queries regarding the student research, please feel free to contact me on my email: kgatonye@usiua.ac.ke or phone: +254 730116419

Yours sincerely,

Dr. Veresin Lingi
Acting Dean, Chandaria School of Business
APPENDIX III: NACOSTI RESEARCH PERMIT

Ref No: 237150  Date of Issue: 09/September/2019

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