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Strategic Orientation and the Performance of Insurance Companies in Kenya

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Abstract *: Despite the role of the insurance industry in economic development, the growth of this industry in Kenya is a major concern. The industry is so fragmented given that there are 58 firms and just 5 of them have grown their market share to be able to compete with global firms. Studies done globally and locally in other sectors of the economy have shown a positive relationship between strategic orientation and the performance. This study evaluated the effect of Strategic orientation on the market share and gross premium as performance indicators for insurance firms in Kenya. Specifically, the study determined the effect of differentiation strategy, cost leadership and minimization strategy and customer focus strategy. Results indicated that strategic orientation (differentiation strategy, cost leadership, customer orientation) had a positive but insignificant effect on both the market share gross premium of insurance firms in Kenya.*
Keywords: *Strategic orientation, differentiation, customer, cost, market share.*

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I. Introduction

Insurance industry plays a significant role in the global economy, in both social and economic aspects. The industry was able to cover 60 Billion USD of the 146 Billion USD economic losses that occurred in 2019 underpinning the critical role played by this industry in the economy. According to a recent report on insurance matters[1], Kenyan insurance industry is not as complex as those in Western and Asian markets albeit a marginal growth rate. Key issues facing insurance sector in Kenya are competition, legislation and financial reporting. Other challenges that the industry is plagued by, are unique requiring unique solutions. The rising costs of natural catastrophes, increase in regulation, poor pricing, low and negative growth in many regions as well as low interest rates globally are some of these challenges. Negative perception in the market and cultural as well as religious perspective also hinder growth for the industry. Players in these sector have adopted various solutions most notably the use of technological innovations to lessen the impact of these challenges[2]. Studies done on traditional marketing techniques show that they are inadequate in ambiguous and uncertain market environments and therefore firms are urged to adopt more entrepreneurial tactics in order to excel[3;4]. .Entrepreneurial Marketing has been studied and reviewed by different studies and has been linked to performance in various sectors [5]. Another study[6] linked the variations in market share performance of SMEs and Entrepreneurial marketing and further found that the construct is crucial to the growth and survival of these firms. EMICO framework[7].This study developed an EMO (Entrepreneurial Marketing Orientation) model and categorized the dimensions into four main variables namely, customer orientation (CO), entrepreneurial orientation (EO), market orientation (MO) and innovation orientation (IO). This framework is comprehensive as it includes all the areas and the major elements that interact in an entrepreneurial firm from the two separate areas to bring about a cohesive relationship. A combination of EO and CO depicts the strategic orientation that a firm has adopted and implemented towards the achievement of its goals. Strategic orientation is therefore considered in this study as one the crucial pillars of this framework, it is imperative to assess the impact on the performance of insurance

Global perspective

Global insurance industry accounted for approximately 7.23% of the world GDP up from 6.1% in 2018[8]. This however indicates that about 92% of global wealth is exposed to loss and could be termed as irrecoverable in case of global economic disasters. The current Covid-19 pandemic has been forecasted to cause a global recession due to loss of incomes, unemployment and the negative impact it has on all economic activities. Insurance industry has been affected negatively and the global growth rate is predicted to shrink by 4% in 2020 and recover in 2021[8]. This phenomena is illustrated by the fact that insurance industry in large global economies performed above average: the USA 11.43%, United Kingdom 10.3% while China (Hong

Kong) 19.74%, Germany 6.3% and France 9.21%. The USA market accounted for 49.7% of the total global market share with a gross premium volume of approximately USD 2.362T[8]. However, it was forecasted that the global insurance market will grow by almost 13% from 2020-2021, reaching just over 5.5 trillion USD[9]. This provides an opportunity for insurance firms to increase their performance financially and the potential to increase market share, the study views as only possible if insurance firms employ entrepreneurial marketing when carrying out their operations.

Regional perspective

The best performing country in 2019, in terms of penetration rate in the continent remains South Africa recording 13.4% while Nigeria and Egypt performing dismally at 0.34% and 0.63% respectively[8]. East Africa has been viewed as the best performing in economic growth in the continent which means that the industry has an even greater potential of performance improvement. Kenya and Ethiopia have been pointed out as significant up-coming insurance markets, given the expansion of the GDP[10].

According to Association of Kenya Insurers[11], the highest market penetration in 2019 in East Africa region stood at 2.37 %, a percentage that was recorded in Kenyan market. Rwanda is ranked second in the report and stood at 1.7% while Ethiopia lags behind with a penetration rate of 0.40%.The market is plagued by similar macroeconomic challenges such as poverty, inequality in resources distribution and rampant unemployment. AKI [11] report notes that the strategies that can be adopted to attract different customers and to grow African market include: technological investment, innovation engagement, increasing market presence, and customer centric strategies.

Local Perspective

According to Price-Waterhouse Coopers[1], Kenyan insurance industry is not as complex as those in Western and Asian markets albeit a marginal growth rate. Key Issues facing insurance sector in Kenya are competition, legislation and financial reporting. There have been changes being implemented in this sector, which are aimed at inspiring investors' confidence, and to bring about the much needed consolidation. If consolidation shall be achieved, competitive environment shall be inspired so that insurers can price risk appropriately rather than conduct price wars.

Statement of the problem

Kenya as a developing nation, has one of the best insurance markets in East Africa evidenced by the entry of foreign players, however, the competition is tough[12]. According to AKI, Kenya represents 70% of the East African insurance market, which also includes Tanzania, Uganda, Rwanda and Burundi. Performance of insurance companies in Kenya remains low with the overall insurance penetration at 2.37% in 2019 down from best performance of 3.44% in 2013[11]. In 2019, 24 companies had a market share of below 3% with each struggling to improve market share to no avail. Moreover, lack of consolidation has left this sector so fragmented with only 14 out of 54 registered insurance firms securing more than 1% market share[9], making the competition in the sector so stiff. Marketing is one of the biggest challenges faced by insurance firms yet one of the most important to their survival and growth. Marketing factors such wrong pricing strategy, lack of promotion, competition and low demand for products and services; negatively affect the performance of insurance firms in Kenya[13]. The business environment is constantly changing, and today's market conditions are characterized by chaos, complexity and ambiguity[14]. Insurance firms are under increasing pressure to be more agile, proactive and innovative in their marketing strategies. Instead of the planned, linear, rational approach of conventional marketing, an entrepreneurially creative response to marketing is required. Consequently, insurance firms in Kenya have identified activities such as development of new products or services, firm pro-activeness, and increased risk-taking ability which critically affect their performance which are the dimensions of entrepreneurial marketing. These activities affect the insurance firm's performance including the operating profit, quality of the product, and consumer loyalty. Strategic orientation has been linked to positive changes in small businesses with resource and environmental changes[6] as well as their larger counterparts. However, there is a lack of consensus on the relationship between the strategic orientation and the firm performance from the literature review done in different sectors of the economy and different regions globally. In the constantly changing business environment, companies tend to seek for new opportunities on the market, where they can develop and sustain their competitive advantage and outdo competitors. From the existing literature, it is not known whether there is any relationship between strategic orientation and the performance of insurance firms in Kenya. There is need for a comprehensive and comparative study on strategic orientation and the performance of insurance firms in terms of market share.

General objective

To establish the effect of strategic orientation on the performance of insurance firms in Kenya.

Specific Objective

1. To examine the effect of differentiation strategy, on the market share and gross premium of insurance firms in Kenya.
2. To determine the influence of customer focus on the market share and gross premium of insurance firms in Kenya
3. To investigate the impact of cost leadership and minimization on the market share and gross premium of insurance firms in Kenya.

Research Hypothesis

1. H0: Differentiation strategy has no significant effect on the performance of insurance (market share and gross premium) firms in Kenya.
2. H0: Cost leadership and minimization strategy has no significant effect on the performance (market share and gross premium) of insurance firms in Kenya.
3. H0: Customer Focus strategy has no significant effect on the performance (market share and gross premium) of insurance firms in Kenya.

II. Literature review

Theoretical background

Strategic Orientation Theory

Strategic orienttion[15] has been defined as principles that direct and influence the activities of a firm and generate the behaviors intended to ensure the viability and performance of the firm. They are the guides to action for a firm to achieve its overall purpose-the 'how to get there'. Different scholars have further categorized this construct such as market orientation, customer orientation, entrepreneurial orientation, learning orientation, technology as well as product and production orientation. The level of flexibility and the type of structure adopted by a firm is directly related to the strategic orientation that it has adapted. The behavior of the firm in the market place and further the performance is also determined by the orientation adopted. Rapid changes in customer tastes and preferences, technology and economic environment call for purposeful, deliberate and intentional course of action to ensure survival and success of any business. One study[16] posited that entrepreneurial orientation enables a firm to not only adapt to the environment but actively to change it. This study suggested that this type of orientation allows the firm to be willing to commit resources, exploit uncertain opportunities by exploring new and creative ideas proactively ahead of competition and anticipating future demand. The Jones and Rowley model defines entrepreneurial marketing as a strategic direction and involves a firm's practice of integrating customer preferences, competitor intelligence and product knowledge in the process of creating and delivering superior value to customers. The study has adopted SO as a variable as it includes the flexibility that is at the heart of EM and was indirectly included in the Jones and Rowley framework as EO. This theory posits that the success and performance is directly related to the SO adopted, therefore the success of the insurance industry is determined by their focus on strategic orientation.

Empirical literature

Strategic orientation and firm performance

Strategic orientation and firm performance

A strategy is a plan of action, how an organization intends to achieve its set objectives and goals. One study[17] posited that strategic orientation is the way a firm endeavors to fit it internal resources and the dynamic environment it operates in. In essence how a firm adapts in order to fit in the environment whilst achieving the set goals and possibly surpassing them. For a strategy to be effective, it must be able to conform to many stakeholders expectations, most especially customers, competitor activity and internal resources.

A study done on private insurance companies in Iran[18] analyzed the impact of strategic planning on the overall performance. It was found that the strategic process affects the financial performance of the firms. The study further emphasized the need for strategic planning and a focus on the tools used to analyze pertinent issues. The strategic orientation adopted by a firm has a positive impact on the overall performance emphasized that it affects how the culture of the organization is shaped[19]. The study further indicated that the SO adopted defines how decisions are made and implemented, dines the organizational practices and even affects how resources are allocated. This means that if a firm is adopts a customer orientation as it's SO, all decisions, practices, and allocations are geared towards the satisfaction of the customer. Several studies have found that an integration of several orientations has an even greater impact on the overall performance[20].

The type of orientation adapted by a firm is largely dictated by the activities in the environment most importantly the competitor actions. If a firm finds itself in a highly competitive environment that is technological, then a technological orientation. Hence, the environment that is highly charged with price and quality wars calls for either cost or differentiation strategy. A study on whether a differentiation strategy leads to more sustainable financial performance than a cost leadership strategy[21], found that both differentiation and cost leadership strategies positively influence contemporaneous performance. According to the study, differentiation strategy enables a firm to sustain its current performance in the future to a greater extent than a cost leadership strategy, despite the former being associated with higher systematic risk and more unstable performance. An analysis of competitive strategies and firm performance[22] with the mediating role of performance measurement methods showed that firms' differentiation strategy has both direct and indirect significant impact on firm's performance.

The study on the influence of competitive strategies on the performance of Kenyan insurance firms[23], found a strong positive correlation between differentiation strategy and performance. The regression coefficients showed a positive and significant association between differentiation strategy and performance of insurance. Additionally, a strong and positive significant relationship was found between focus strategy and insurance performance.

In terms of disadvantages when it comes to the customer focus strategy, the limited demand available within a niche can cause problems. First, a firm can find its growth ambitions difficult, because, one its target market is being served, expansion to other markets might be the only way to expand and this often requires developing a new set of skills. Also, the niche could also disappear or taken over by larger competitors. Finally, damaging attacks may come out only from larger firms but also from smaller ones, that adopt an even narrower focus. Focus strategy helps in solving consumer problems and preferences of today however, the frequently changing market preferences in the modern society, makes it difficult to maintain stability and constancy needed for long-term strategy[24].

Studies done on proposed categorization which include customer orientation have varying outcomes on the performance. It was found that a firm that adopts customer orientation is reactive and waits to learn the known and expressed needs and preferences to make decisions[25]. This stance maybe profitable in the short run as the firm may fail to create demand to underlying and hidden preferences thereby losing on loyalty[26]. In turbulent and dynamic environment, firms have poor performance and an exclusive CO firm will suffer from poor performance in the long run[27]. In contrast another study[28] that posited that a customer oriented firm is able to outshine its competitors by serving the customers better and delivering exceptional value. There is need to draw the advantages and minimize the negative effects of any chosen strategic fit such as a balance between a CO approach and the expectations of other stakeholders[29].

A study on selected insurance companies in Nigeria[30] on the effect of strategic orientation dimensions such as customer orientation competitor orientation aggressiveness and pro-activeness found no significant relationship between the dimensions and the performance. This study recommended that the firms studied be more efficient in employing these dimensions in order to have a more pronounced impact in the industry. A similar study done in the Kenyan telecommunication industry[31], on the relationship between strategic orientation and performance, gave contrasting results. It was found that customer and technological innovation have a significance on the overall performance of the firms studied.

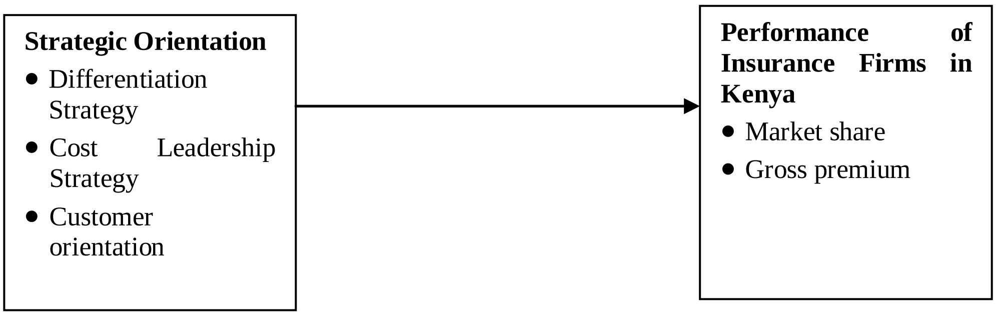
Strategic alliances have been adopted in a bid to improving the performance and outperforming the competition in the Kenyan insurance industry. A study conducted on strategy and performance of British American insurance company Kenya limited[32] concurred with findings by other past studies on the relationship between strategies adopted and effectively implemented and organization performance that suggest a positive relationship. Further analysis conducted on the adoption of strategic planning practices that affect performance of UAP[2] insurance company limited in Kenya. The research findings indicated that there existed strategic planning practices among them competitive pricing to set the premium amounts, controls that ensure high level of performance together with periodic evaluation that ensure UAP Insurance has improved performance.

Studies on the impact of customer orientation in a conjunction with other independent variables of the study, more so for the insurance industry are limited. The contrasting results on the existing studies for other industries are an important factor to consider. There is therefore a need to conduct a study in the field to determine the effect that strategic orientation has on the performance of the insurance in Kenya.

Conceptual framework

The conceptual framework is primarily a model of depicting and summarizing what is being studied, and of what is going on with these things and why, a tentative theory of the phenomena that is being investigated [33]. A conceptual framework showing the relationship between the dependent variable (performance of insurance firms in Kenya) and the independent variable (strategic orientation) has been presented below:

Conceptual Framework



Independent Variable **Dependent variable**

Source: Research data,(2021)

III. Materials and methods

This chapter introduces the methodology that the study utilized in the study. These are, philosophy, the research design, study location and duration, target population, sample and sampling procedure, data collection instruments, pilot test and the methods for data analysis.

Research Philosophy: Positivism
Study Design: Descriptive- Causal Research Design
Study Location: The registered insurance companies in Kenya
Study Duration: 2016 to 2019
Subjects & selection method:
A population refers to the combination of elements that have similar characteristics or behavior[34]. The target population for this research comprised of heads of departments in the 58 parent insurance companies registered and regulated by Insurance Regulatory Authority as at 31st December, 2020. The study focused on the entrepreneurial marketing dimensions adopted by the players registered and regulated by Insurance Regulatory Authority[35]. The study population comprised of 406 heads of the 7 departments in the companies that are involved in the dimensions being studied, namely marketing, finance, human resources, sales, risk, IT, and operations department
Sample size: 197 respondents comprising of senior managers who are the decision makers in the insurance firms
Sample size calculation: Sample can be defined as proportion of population that has been identified by following a specific procedure. Sample help in making inferences about a large population via extrapolation[36]. To determine the number of respondents to be sampled, this study applied the Krejcie and Morgan formula due to its suitability, appropriateness in calculation and explicitness to calculate the sample size at 95per cent confidence level and P = 0.05.It does not require approximation of the proportion of elements in the population that have the required characteristics and it is easy.

$$S = \frac{X^2 \, N \, P \, (1 - P)}{d^2 \, (N - 1) + X^2 \, P \, (1 – P)}$$

Where:
S = required sample size
X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)
N = the population size
P = the population proportion (assumed to be 0.50 since this would give the maximum sample size)
d = the degree of accuracy expressed as a proportion (0.50)

$$S = \frac{3.841^2 * 406 * 0.5 \, (1 – 0.5}{0.05^2 \, (406 - 1) + 3.841^2 \, 0.5 \, (1 – 0.5)}$$

$$S \cong 197$$

Procedure methodology

The type of research determines the tool to use in collecting the data which range from focus group observation, discussions, and interviews to questionnaires[37]. A questionnaire is an accurate measure of self-sufficiency relationship between about items or individuals reported behavior and beliefs[38]. Moreover, it has found that with a questionnaire it is possible to analyze and derive description, correlation and inferential that will be required[39]. This study sought to investigate the influence of Strategic orientation on the market share of insurance firms in Kenya. The study therefore utilized both primary data and secondary data, the secondary data was obtained from regulatory bodies, journals articles and other online sources. The primary data was obtained from the respondents in the insurance companies In this regard, a questionnaire was an appropriate instrument to help the researcher collect the required information from the respondents.

Pilot Test

Pilot test is important for validity of study[38].Validity refers to how accurately the data obtained capture what they were designed and purported to measure[39]. Different scholars have defined and categorized validity in various ways. Validity can be categorized into two, namely, internal and external validity and define the former as the ability of an instrument to measure what it was envisioned to, while external validity is seen as the degree to which results from an instrument can be generalized[40].Criterion validity is defined as the degree to which measuring tools are successful in predicting future outcome or behavior in a different scenario[41]. It is expressed as a coefficient of correlation between current test scores to another. Validity in general is determined the level of systematic errors present.

To ensure content validity, the questionnaire was subjected to a pilot test to check for any weaknesses in design and development. This was done by randomly selecting 2 registered firms from where 7 officials from the relevant departments were selected and invited to take part in pilot study. Their feedback and time required for completion were recorded so that the items were refined and the final questionnaire developed.

Validity and Reliability of the Research Instrument

Reliability of an instrument or a study is the extent of consistency of results, the ability of any measuring tool to produce the same outcomes upon replication. It ensures that the instrument is dependable and allows researchers to draw conclusions and to apply it in other studies. The extent to which an instrument is deemed reliable depends upon the presence or absence of random errors that occur when a researcher fails to address crucial factors during measurement. Cronbach's alpha determines the internal consistency of items in a survey instrument to gauge its reliability. The Alpha can take values from zero (no internal consistency) to one (complete internal consistency). Cronbach's alpha coefficient of 0.70 and above indicates sound and reliable measures for further analysis[42]. In this study, a lower limit of 0.60 was accepted as a sound and reliable measure. On the other hand individual items within the scale will be re-examined if the scale shows poor reliability

Statistical analysis

Quantitative methods of data analysis were used when investigating the relationship between variables. The choice of methods was based on the review of the literature and the study objectives. Regression analysis was used to investigate the effect of independent variables identified in the conceptual framework on the market share. As indicated in the theoretical literature, the identified independent variables could have some effect on the market share as an indicator of performance of insurance firms.

Steps that were followed for the data analysis

This study was designed to address the specific objectives, and five stages were followed in order to address the specific objectives. The first stage was to test the reliability for construct and construct items. The second stage involved description of respondent profiles and the frequency of their responses using descriptive statistics and cross tabulations. In the third stage, correlation analysis was conducted to examine the strength of the relationship between variables considered in this study. This aided in assessing whether or not multicollinearity (a statistical phenomenon in which two or more predictor variables in a multiple regression model are highly correlated) posed any problem.

The fourth stage involved estimation of the multiple regression model to investigate whether the identified independent variables had any positive and significant effect on the performance of insurance firms (market share). All hypotheses were tested at 95% confidence level. In the fifth and final stage, an extended multiple regression (full model) was estimated. The following multiple regression model was estimated to find out whether there is any significant relationship between the dependent variable and the independent variables and was estimated using the method of ordinary least squares. This model is appropriate because in this study, the dependent variable (market share) is continuous. The model is presented as follows:

$$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

$$Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where,

β_0=Constant; Y_1=Market share; Y_2 = Gross premium; X1=Differentiation strategy; X_2=Customer Orientation; X_3=Cost Leadership and minimization;

IV. Results, discussions and Acknowledgements

The pilot study was conducted by administering the questionnaires to seven respondents from 3 firms and retested. The Cronbach's alpha for strategic orientation construct which was 0.77. The value was above the 0.7 level as recommended[43]. This indicated that items used in this construct measured what they were intended to measure in order that reliable results were arrived at. The correlated item-total correlations indicated that there was a moderate item-total correlation for strategic orientation construct items which ranged between r = 0.44 and r = 0.64. The data was then subjected to a Breusch-Pagan test where the residuals and the independent variables were regressed. The table below shows that the relationship between the residuals and the independent variable is insignificant at 0.463, at a P-value of 0.05 thereby concluding that heteroscedasticity did not exist in the data.

Response rate

A review of various studies found that an average acceptable response rate of 52.7% was recorded and submitted from a population of 1607 articles from 22 academic Journals for the period between 2000 and 2005[44]. A Response rate of as low as 30%and above is acceptable in some studies to give generalizable results depending on the distinct characteristics and circumstances of the research[45]. In addition, a suggested rule of thumb in assessing the adequacy of the response rate; that of the 50% response from the questionnaires distributed is adequate for analysis, 60% is good while able 70% is excellent[34]. The study response rate satisfied the above principles at 72% response rate, given a return of 142 from the administered 197 questionnaires. The rate was influenced by the special circumstances of the pandemic protocols of movement cessation and most of the respondents working from home.

Table 1: Job Title of Respondents

	Frequency	Percent	Cumulative Percent
non-committal	1	0.7	0.7
C.E.O	3	2.1	2.8
Director	3	2.1	4.9
General Manager/Sectional Head	68	47.9	52.8
Partner	31	21.8	74.6
Supervisor	36	25.4	100
Total	142	100	

Source: Research data 2021

Data provided showed that 0.7% of the respondents failed to indicate their job title, 2.1% were chief executives of their companies while 2.1% were directors. Data also showed 47.9% of the respondents being sectional heads/ general managers, 21.8% were partners and 25.4% were supervisors. The analysis shows that data was collected from a broad spectrum of individuals within the insurance sector and thus could be relied upon to make conclusions in this study.

Table 2: Respondents Department

	Frequency	Valid Percent	Cumulative Percent
Marketing	61	42.9	42.9
Finance	19	13.4	56.3
Human Resource	12	8.5	64.8
Sales	26	18.3	83.1
IT	19	13.4	96.5
Risk	5	3.5	100
Total	142	100	

Source: Research data 2021

Analysis of data showed that 42.9% of the respondents were in the marketing department, 13.4% from finance department, 8.5% from human resource, 18.3% from sales, 13.4% from IT department and 3.5% from risk department. The data showed a sufficient distribution of respondents from the insurance sector as it includes perspectives from different functional areas

Descriptive analysis

The main objective of the study was to analyze the effect of strategic orientation on the performance (market share) of insurance companies in Kenya. The respondents were asked to rank the extent to which they agree with statement relating to differentiation, customer focus and cost leadership, the predictors being analyzed under this variable.

Differentiation strategy

The table below shows the frequency of the responses from the respondents relating to differentiation.

Table 3: Differentiation Strategy

	Frequency	Percent	Cumulative Percent
Disagree	2	1.4	1.4
somehow disagree	8	5.6	7
neutral	21	14.8	21.8
Agree	64	45.1	66.9
Strongly Agree	47	33.1	100
Total	142	100	

Source: Research data, 2021

The analysis above indicates that 78.2% respondents believed that their companies had implemented the differentiation strategy. This group of respondents believed that their companies had unique products as compared to competition, a strong brand, implemented aggressive marketing campaigns, customized products, and conducted regular competitor analysis. There was 21.8% that either disagreed or were neutral to the statements concerning differentiation strategy.

Customer Focus

The table below summarizes the responses relating to customer service. The respondents were asked to rank their level of agreement on whether their companies prioritize customer service, products are designed according to customer needs, segment markets according customer type, offer after sale services and have various access points for customers. The responses were showed that 69% of the respondents agreed and believed that their companies focus on the customer while a surprising 28.2% were neutral in their belief on their companies' behavior towards their customers. A further 2.8% disagreed with the statements meaning that they believed that their companies were not concerned with customer focus as a strategy.

Table 4: Customer Focus Strategy

	Frequency	Percent	Cumulative Percent
disagree	1	0.7	0.7
somewhat disagree	3	2.1	2.8
neutral	40	28.2	31
agree	55	38.7	69.7
strongly agree	43	30.3	100
Total	142	100	

Source: Research data, 2021

Cost leadership/minimization strategy

Cost leadership strategy was measured by summarizing the ranking by respondents on matters related to cost effective product designs, competitive pricing, promotions and discounted prices, optimized operation costs and investment on latest technology to reduce on cost. The responses showed that about 90.1% of the respondents disagreed with statements that cost leadership is generally not a strategy in the sampled companies, 6.3% of the respondents were neutral in their view, and only 3.5% perceived their companies as cost sensitive in the areas being measured. It can therefore be concluded that the sampled companies do prioritize cost leadership in their strategy.

Table 5: Cost leadership/minimization Strategy

	Frequency	Percent	Cumulative Percent
strongly disagree	47	33.1	33.1
Disagree	52	36.6	69.7
somehow disagree	29	20.4	90.1
neutral	9	6.3	96.5
Agree	5	3.5	100
Total	142	100	

(Source: Research data, 2021)

Table 6: Regression Model I Results

Linear regression		No of obs.		142
		F(10,131))		13.824
		Prob>F		0
		R squared		0.563
		Adj R squared		0.522
		Root MSE		0.674
		Durbin Watson		1.471
	Unstandardized Coefficients			
	B	Std. Error	t	Sig.
(Constant)	2.618	0.478	5.477	0.000
Differentiation strategy	0.064	0.048	1.333	0.187
customer focus	0.057	0.051	1.118	0.263
cost leadership strategy	0.02	0.043	0.465	0.643

(Source: Research data, 2021)

Results indicated that strategic orientation (differentiation strategy) has a positive but insignificant effect on the gross premium of insurance firms in Kenya (Coefficient 0.064, p-value = 0.187). This implies that, holding all things constant, gross premium is expected to be higher by 6.4 million Kenya shillings for firms that have adopted differentiation strategy compared to those which have not. Given that P-value of 0.187 was more than 0.05, hypothesis that strategic orientation (differentiation strategy) has no significant effect on the performance of insurance firms in Kenya was accepted and null hypothesis rejected. The results contradicted findings of studies [21, 22, 23]. However, the researcher findings are in line with findings[19], which found that differentiation strategy has insignificance effect on firm performance.

Results further indicates that customer focus has a positive but insignificant effect on gross premium (Coefficient 0.057, p-value = 0.263). The results imply that holding all other things constant, gross premium is expected to be higher by 5.6 million Kenya shillings for those firms that have adapted this strategy compared to those which did not. Given that P-value of 0.263 was more than 0.05, hypothesis that strategic orientation (customer focus) has no significant effect on the performance of insurance firms in Kenya was accepted, and the null hypothesis rejected. The findings contradicts findings [28, 26, 23] however, the findings supports findings, [24,30] which indicated that customer focus has positive but insignificant effect on firm performance.

Cost leadership strategy has a positive but insignificant effect gross premium as an indicator of insurance firms' performance (Coefficient 0.02, p-value = 0.643). This imply that holding all other things constant, gross premium is expected to be higher by 2 million Kenya shillings for insurance firms which have adapted this strategy compared to those which have not. Given that P-value of 0.643 was more than 0.05, hypothesis that strategic orientation (cost leadership strategy) has no significant effect on the performance of insurance firms in Kenya was accepted. This contradicts the findings of the study by [21] which found adoption of cost leadership strategy to have a positive and significant effect on firm performance.

Table 7. Linear regression summary- Model II

Linear regression		No of obs.		142
		F(10,131))		32.635
		Prob>F		0.000
		R squared		0.714
		Adj R2		0.692
		Root MSE		1.27195
		Durbin Watson stat		1.787
		Unstandardized Coefficients		
	B	Std. Error	t	Sig.
(Constant)	-0.093	1.524	-0.061	0.951
Differentiation strategy	0.336	0.203	1.657	0.01
customer focus	0.069	0.217	0.318	0.05
cost leadership strategy	0.627	0.177	3.545	0.001

(Source: Research data, 2021)

Results indicated that strategic orientation (differentiation strategy) has a positive but insignificant effect on the market share of insurance firms in Kenya (Coefficient 0.060, p-value = 0.627). This implies that, holding all things constant, market share is expected to higher by 6 percent for firms that have adopted differentiation strategy compared to those which have not. Given that P-value of 0.627was more than 0.05, hypothesis that strategic orientation (differentiation strategy) has no significant effect on the performance of insurance firms in Kenya was accepted and null hypothesis rejected. The results contradicted findings of studies[22, 21; 23;] however, the researcher concurs with findings[19].

Results further indicates that differentiation strategy (customer focus) has a positive but insignificant effect on the market share (Coefficient 0.091, p-value = 0.484). The results imply that holding all other things constant, market share is expected to be higher by 9.1 percent for those firms that have adapted this strategy compared to those which have not. Given that P-value of 0.484 was more than 0.05, hypothesis that strategic orientation (customer focus) has no significant effect on the performance of insurance firms in Kenya was accepted, and the null hypothesis rejected. The findings contradicts findings [28 ;26; 23], however, the findings supports findings[24;30].

Differentiation strategy (cost leadership strategy) has a positive but insignificant effect on the market share (Coefficient 0.058, p-value = 0.601). This imply that holding all other things constant, market share is expected to be higher by 5.8 percent for insurance firms which have adapted this strategy compared to those which have not. Given that P-value of 0.601 was more than 0.05, hypothesis that strategic orientation (cost leadership strategy) has no significant effect on the performance of insurance firms in Kenya was accepted. This contradicts the findings[21]. Despite that effect of cost leadership is insignificant, insurance firms should always strive to minimize costs in order to increase revenue required to carry out activities which would increase their market share.

V. Summary and conclusion

The challenges of the sector in the country was highlighted by several empirical studies with a major emphasis on the marketing strategies as well as the perception in the market. The global performance of the sector is generally reviewed is a function of the GDP (penetration). Kenyan insurance industry is rather small in terms of market share in global terms such that they are not a preferred choice when it comes to re-insuring of big risks. Local investors have to turn to big global players, and the question is how the local insurance firms can grow their market share so that they can play in the same league with big global firms. This being the situation, a gap exists which this study seeks to fill, and the purpose of this study was to investigate effect of Strategic orientation on the marketing share of insurance firms in Kenya. Specifically, the study aimed at determining the effect of differentiations strategy, customer focus and cost minimization strategy on the market share of insurance companies in Kenya

After analyzing the data, various conclusions were made concerning each objective that was being addressed in this study. Differentiation and customer focus strategies were seen to be popular with a majority (77.9% and 66.4% respectively) confirming implementation. Cost leadership strategy was the least implemented. The market is seen to have a vibrant sense of creating unique products and focusing on satisfying the customers' needs, without regarding the cost effect but it is not resulting in a significant change on the market share. Therefore, the study concluded that strategic orientation has no significant effect on market share.

The results indicated that effect of strategic orientation (differentiation strategy, customer focus, and cost leadership strategy) on the market share and gross premium of insurance firms in Kenya was positive but statistically insignificant. The Study therefore failed to reject the hypotheses that (differentiation strategy, customer focus and cost leadership) has no significant effect on the performance of insurance firms in Kenya. However, even if the effect is insignificant, there is need to implement this strategy since everything counts when it comes to increasing market share. There is need to differentiate insurance products and processes in order to create value that customers are looking for, at the sometime minimizing costs so that the prices of their products remain affordable relative to those of the competitors. It is important for the firms to integrate these strategies with others such as market surveys innovation.There is need to analyze the effect of customer perception on the strategic orientation being implemented by the firms in order to achieve the expected benefits of differentiation, customer focus and cost minimization.

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