



**RESPONSE STRATEGIES AND COMPETITIVE ADVANTAGE OF UAP INSURANCE LIMITED IN SOUTH SUDAN**

**Muiruri, E. G., & Njuguna, J. W.**

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<sup>1\*</sup> Muiruri, E. G., & <sup>2</sup> Njuguna, J. W.

<sup>1\*</sup> MBA Candidate, School of Business, Economics and Tourism, Kenyatta University, Kenya

<sup>2</sup> Lecturer, Department of Business Administration, School of Business, Kenyatta University, Kenya

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### ABSTRACT

*The broad objective of this study was to ascertain the impact of response strategies on UAP's competitive advantage in South Sudan. Descriptive research design served as the study's primary research framework. All 60 UAPSS personnel were the intended demographic for this census research. First hand data was gathered through Semi-structured questionnaires, while financial records of UAPSS, archival library materials, and South Sudan Insurance publications were used to get secondary data on revenues, expenses, and market share. Correlation highlighted the relationships existing between variables. To conduct inferential statistics, the use of multiple regression analysis was employed to check impacts of independent factors on dependent ones. The study results showed that product development ( $=0.206$ ,  $t=1.269$ ,  $p=0.021$ ), market development ( $=0.29$ ,  $t=2.025$ ,  $p=0.049$ ), information technology ( $=0.228$ ,  $t=6.688$ ,  $p = 0.001$ ), and knowledge management ( $=0.054$ ,  $t=3.389$ ,  $p = 0.006$ ) all significantly impacted UAPSS's competitive advantage. According to the study's findings, UAPSS's competitive advantage was positively impacted by its response strategies of product development, market development, information technology, and knowledge management. As a result, the study suggested the following: The four response strategies should be used by UAPSS management going forward since they had all been shown to improve competitive advantage. The management should consider enhancing utilization of market development, information technology and product development respectively as these three strategies were found to be very strong predictors of competitive advantage. Additionally, the management should consider evaluating how other response strategies not covered in the study, which included, organizational structure, new processes, new services, restructuring, marketing, leadership, and culture change, could support the four response strategies that have been studied, in improved competitive advantage of the company. It was advised that a study be conducted incorporating additional response strategies and other insurance companies in order to enable broader generality of findings.*

**Key Words:** *Competitive Advantages, Product Development, Market Development, Information Technology, Knowledge Management*

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## INTRODUCTION

Response strategies are actions taken by companies to address a variety of problems or even seize opportunities (Muriira, 2014). They are an organization's main defense against the impact of both present and future environmental drives (Chong and Besharati 2014). Cherotich (2017) maintains that response strategies concern how an organization reacts to changing operational environments that pose threats to its long-term trajectory while losses escalate if those threats are not responded to. According to Wang (2004), these responses can take numerous forms and may include, but are not limited to; new product development, organizational structure, market development, new processes, new services, and new strategies for connecting to the market, restructuring, marketing, information technology, leadership, culture change, and advancing organizational operations through knowledge management. To counter crises or shifts in the business environment, organizations must also adjust their structures, operations, and methods (Roulin and Krings, 2020). This study focussed on four response strategies in seeking competitive advantages: Product Development, Market Development, Information Technology, and Knowledge Management.

The conception, design, development, and marketing of freshly developed or rebranded goods or services are all part of the product development process. Mbithi et, al (2015) observe that the purpose of product creation is to meet customer needs in order to increase, maintain, and improve a company's market share. In emerging countries, new product creation is very critical for business success. Market development strategy entails expanding revenues by introducing existing products to new markets. According to Cherotich (2017), when a firm wants to expand its market reach or has identified previously untapped markets, this strategy is applied. Information technology (IT) includes software, hardware, and computers that help with the

processing and production processes of an organization. For an organization to be successful in its operations, the implementation of Information Technology is critical. The aim of knowledge management strategy is to find out how much collaborative learning empowers employees to boost revenue.

A competitive advantage is achieved when a firm has an upper hand over its competitors in acquiring and maintaining customers, as well as the ability to fend off competitive pressures. A firm should aim to deliver greater value to its consumers to attain a position of competitive advantage. As a result, a company's principal purpose is to give value to purchasers that outweighs the expense of doing so. According to Muriira (2014), pricing cheaper than rivals for the same value or giving differentiated features for the equivalent price provides a competitive advantage. Competitive advantage was measured mainly through constant growth trajectory, low-cost product, and service delivery, differentiated product and service delivery, a focus on certain market segments, and improvement in the organization's innovation in the context of this study.

The Comprehensive Peace Agreement (CPA) signed in 2005 was a crucial turning point in South Sudan's history, according to a study conducted in 2011 by the Bank of South Sudan on the growth of the financial sector in South Sudan. It cleared doors for investors in a variety of industries, including financial services. The Wealth Sharing Agreement which had been signed in Kenya one year prior to the signing of the CPA founded the Bank of South Sudan, which oversaw chartering and regulating all financial institutions in South Sudan, including insurance firms, a responsibility it still does today. Twenty insurance firms, five insurance brokers, and an unknown number of insurance agents are listed with the Association of South Sudan Insurers (ASSI). There are no reinsurers in the market, and all reinsurance business is placed offshore.

The government, small and medium-sized businesses, non-governmental organizations, and

financial institutions all play leading functions in the country's insurance industry. Insurance provides economic protection from identified risks and is a fundamental service to the economy of the country through indemnifying of losses and ensuring the cogs of the wheels running the economy continue to move despite the unforeseen and unexpected shocks. Insurance companies are shaped by the broader economy, which includes demographics, sociocultural attitudes and behaviours, rules and regulations set by the government, technological developments, political actions, and other external and internal factors important enough to affect the business' final decisions regarding its future, goals, strategy, and business models (South Sudan Economic update, 2017).

UAP Holdings Ltd, which controls a number of financial services companies in East Africa, is the parent firm of UAPSS. UAPSS started operations in South Sudan in 2006 and is fully licensed and capitalized to transact all classes of insurance risks. UAPSS is the ideal choice of study since there are very few studies that have been done focusing on South Sudan, consequently, there is a substantial knowledge gap that has to be closed. Secondly, the country is relatively young as it only gained independence 11 years ago, hence it is currently building the different sectors of the economy, and the insurance sector will be a major support sector to the other sectors in the economy. Thirdly, according to the World Fact book (2021), the country is endowed with huge deposits of oil, gas, and other natural resources, which has potential to earn the country a lot of foreign exchange if exploited. The country is also vastly arable, meaning there is huge potential for agriculture. There is therefore huge potential for production, serving the local and regional market and growing the economy. In summary, the country has huge potential to grow its economy even surpassing those of its East African neighbors. With a developing economy, the insurance industry has tremendous development potential.

In recent years, competition among the insurance players has been stiff due to the limited number of customers, key being Non- Governmental Organizations, Financial Institutions, Small and Medium Enterprises and Government Agencies. Moreover, Ambuko (2012) notes that the marketing and distribution of insurance products is a problem, given the level of illiteracy, the age profile, and the location, including the country's multi-faceted social – economic dynamics, mostly arising from many years of instability. South Sudan is presently a developing economy attracting several regional and international investors according to the World Bank South Sudan Economic Update (2017). There are generally few obstacles to entry, which is why new entrants are likely to provide competition. Due to its underdeveloped infrastructure and human capital pools, South Sudan is a high-cost economy. The cost of conducting business is higher in South Sudan compared to her Eastern Africa neighbours since most inputs including human resources are obtained in the neighbouring countries.

#### **Problem Statement**

According to Ambuko, 2012, The insurance environment in South Sudan is currently facing the challenge of rising cost levels, which leads to shrunk bottom lines. This remains a major challenge in management of insurance companies as there are competing pressures to increase revenues and profitability at the same time. According to Arasa and Gathanji (2014), today's complex and dynamic contemporary world is intrinsically difficult to predict, and the underlying uncertainties can make it extremely uncertain and potentially unstable. The stiff competition existing amongst insurance firms in the country is because majority of the firms in the insurance sector sell similar products and offer similar services. The insurance firms are busy competing for a limited market share.

As a result of years of civil instability, South Sudan has a myriad of social, political, and economic challenges. According to the World Fact book (2021), more than 80% of South Sudan's population of 11 million live upcountry, with most of them

relying on small scale farming and animal husbandry. More than 1 million people have fled the country to seek refuge in neighbouring countries. Education attainment is extremely low at only 34% literacy, dependency ratio is very high at 81%, and the populace is faced with high mortality rates and low life expectancy. The economy is heavily dependent on oil revenues and the country is very poor, with 66% of the population spending less than USD 1 a day. Only 28% of the population has access to electricity, with only 34% having access to a phone and only 7% have access to internet. Combatting corruption, increasing agricultural output, reducing poverty and unemployment, increasing transparency, particularly with relation to oil revenues, curbing inflation, and establishing a rules-based economic environment are among the other concerns the country is facing. (The World Fact book, 2021).

According to the financial reports of UAPSS, the company has seen its market share dip from 40% in 2015 to 24% in 2019. Furthermore, the gross written revenue reduced from USD 19.2M in 2015 to USD 14.1M in 2019. The cost profile also increased from USD 5.5M to USD 7.1M, which resulted in decline of profitability from USD 7.9M to USD 5.4M in that period. Evidently, the fast mover advantage that UAPSS enjoyed in the earlier years of setting shop in South Sudan has since been watered down by the new market entrants, and UAPSS must therefore craft strategies that will counter the turbulent and competitive environment to attain competitive advantage and survive.

Several studies have examined Competitive advantage of insurance companies, Nyaguthii (2014) investigated AON Insurance Company's competitive strategies in Kenya and found that product innovation was the most effective, there is a conceptual gap as response strategies are not mentioned. Ombati (2012) explored the linkage between Kenyan insurance firms' competitive advantage and skills needed, but the study creates a contextual gap as it does not link response strategies to competitive advantage and

contextually, it covered Kenya's insurance institutions. Mutimu et, al (2013) looked at the correlation between strategy and competitive advantage and observed a substantial link between the two. The study focuses on strategies in general, which necessitates narrowing the framework and doing research on response strategies that are linked to competitive advantages. This study undertook to address gaps in the sampled studies by examining the impact of response strategies on UAPSS's competitive advantage.

### **Objectives of the Study**

The study's overall objective was to investigate the influence of response strategies on competitive advantage of UAP Insurance Limited in South Sudan. The specific objectives of this study were:

- To determine the influence of product development on competitive advantage of UAP Insurance Limited in South Sudan.
- To evaluate the influence of market development on competitive advantage of UAP Insurance Limited in South Sudan.
- To assess the influence of information technology on competitive advantage of UAP Insurance Limited in South Sudan.
- To evaluate the influence of knowledge management on competitive advantage of UAP Insurance Limited in South Sudan.

## **LITERATURE REVIEW**

### **Theoretical Literature Review**

#### **Resourced Based View Theory**

This theory rests on two fundamental assumptions: resource diversity and resource immobility. For instance, to grow a diverse workforce, firms must put in place adequate HCM policies, company procedures, educational opportunities, and social interaction practices. This theory supported all the variables under study. Firstly, it supported the variable of market development by showcasing how the firm should focus on the resources it has to penetrate new markets and gain a competitive advantage. Secondly, it also exposes the use of tacit knowledge in firms to create new products and



processing units that help in achieving competitive advantages. Third, it demonstrates how a firm can utilize its resources, which include human resources, knowledge, and information technology systems to develop new products which can propel the firm above its contemporaries. RBV also shows how firms can exploit use of IT systems as core resources to support in reduction of costs and provision of higher value to customers through convenient and exemplary customer service, which will provide competitive advantage. This theory demonstrates how resources when exploited by a firm will be key in increasing competitive advantage, hence supporting the dependent variable of competitive advantage.

### **The Disruptive Innovation Theory (DIT)**

Disruptive innovations result in less complex products, at a lower cost that deliver increased convenience (Gobble, 2016). Startups could disrupt larger businesses by developing new products that are initially unappealing in current markets while gaining a profitable niche in serving emerging and underserved markets. New business models developed to deal with disruptive innovations, which might threaten international trade balances, is an alternative to disruption (Meseko, 2014). By doing this, executives can focus on developing growth opportunities by partnering and creating new models. Disruptive innovation can endanger the existence of established organizations (Corsi & Di Minin, 2014). Corporate leaders are responsible for devising strategies to raise the product development success rate in developing markets. The DIT, on the other hand, has its detractors since it misses to expound on influences of management and market aspects on innovations that are disruptive (Sandström et, al2014). DIT's validity and generalizability has not been validated in all management scenarios (King & Baartartogtokh, 2015). This theory was useful to this research because the concepts in the DIT and the correlation to competitive advantage are essential in enhancing

organizational leaders' ability to develop the best response strategies in the insurance industry.

### **Technology Acceptance Model (TAM)**

Davis (1986) proposed the theory, which he used to describe companies' technology behavior. TAM is built on a fundamental principle about which technologies will be adopted and which will be rejected. It is one of the most important foundation sources in assessing how well technology is being used and performing in companies. The model is founded on two major factors: the willingness of users to utilize new technology and the perceived simplicity of technological systems and applications, and perceived usefulness and advantages that are derived from it (Legris, Ingham & Collette, 2003).

TAM notes that consumer attitudes, projected utility of technology, and comfort or anticipated ease all have an impact on technology use, either directly or indirectly. This framework is important to the present research in that a company will incorporate technology into its supply chain only if it is seen as useful (Muk & Chung, 2015). TAM helped document the factors surrounding distinct technologies that are applied in the insurance sector, their perceived ease of usage and benefits, which help in determining the adoption of technologies in the insurance sector.

### **The Porters' Theory of Competitive Advantage**

According to this theory, a firm's competitive advantage is the value it delivers to consumers that surpasses its production costs. Customers' willingness to pay establishes the value, which may be acquired through cost leadership or differentiation (Porter, 1998). To be considered a leader in an industry, a firm must take action that either enhances or defends the industrial structure in which it operates. As a result, if a firm wants to be more competitive, it must first comprehend its industry's structure and then plan for the long-term repercussions of strategic decisions resulting to improved overall performance. This theory supported the variable of competitive advantage by seeking to explore executable strategies that

increase a firm's competitive advantage in the industry.

### **Empirical Literature Review**

To understand leaders' strategies for product development, Uloaku (2019) conducted a study. The researcher employed a multiple case study and non-probability purposeful sampling. The research included participants from three Nigerian firms that had developed innovative products. Document analysis and triangulation was the mode of data collection used. Data analysis involved organizing data, identifying emergent themes, and finally connecting them to the research. Leadership models, organizational culture and structure, key demographic needs, and affordability emerged as thematic areas that were relevant to developing new products, according to the research. The study having been done in Nigeria leaves a contextual gap. Since the study only focused on what leaders do, there is need to expand the scope and look at what the whole organization can do to develop new products that would lead to benefits in terms of competitive advantage.

Koks et al, (2016) looked at the link between product development strategy and company performance. The research revealed that the adoption of product development will have a favorable correlation with performance. The results revealed that the success of a firm is based on market characteristics that promote product adoption. The research has contextual gaps since it does not discuss competitive advantage, indicating the necessity to investigate that topic. The methodological gap is such that the research was a co-relationship of the variables, and so there is a need to research how response strategies lead to competitive advantage and reveal the importance of new product development to the firm's competitiveness.

Cherotich (2017) examined impacts of growth strategies on SMEs' in Kenya. A descriptive research approach was adopted, with a sample size of 95 employees selected from a total population of 126 of The Good Food company. According to the

findings, market penetration and development have a positive impact on SME performance. Empirical and contextual gaps however exist in this research due to the absence of discussion of response strategies and their relationship to competitive advantage. As a result, it is necessary to broaden the empirical base on the issue by examining market development and its effect on organizational competitive advantage.

Mwau et al, (2016) looked at the impact of market development on insurance firms in Kenya found that expansion into new geographic regions negatively affected insurance organizations' performance. Except for businesses with strong brands, the research indicated that enterprises must exercise extreme caution when entering new markets. The research introduces a conceptual and empirical gap by failing to demonstrate how market development as a strategy, results in enhanced business performance. As such, there is a need to extend the body of knowledge by examining strategies of market development and their impact on competitiveness and performance of insurance companies.

The use of information technology for competitive advantage, as well as the reasons for this, their impact, and the constraints faced by Internet Service Providers' (ISPs') were the focus of a study undertaken by Gicha and Lelei (2015). This study used a census-based approach where 22 respondents who included CEOs and CTOs of each of the firms, were selected by Telecommunications Service Providers of Kenya (TESPOK). According to the findings, the main advantage of IT was to help ISPs make better decisions, while the biggest challenges was using the inappropriate IT platform, and these companies saw the need to accelerate their operations as the greatest incentive to use IT.

Chukwunonso, Omoju, and Ikani (2017) studied the connection between information and communication technology (ICT) and business performance. Firms must manage and arrange information and communication technology to harness complementary human and economic

resources to reap long-term advantages. A company's competitive advantage may be enhanced by employing information technology, according to the study. This research creates empirical and conceptual gaps by linking ICT to performance; hence, there is a need to investigate information technology and its adoption and application in insurance organizations to develop competitive advantages.

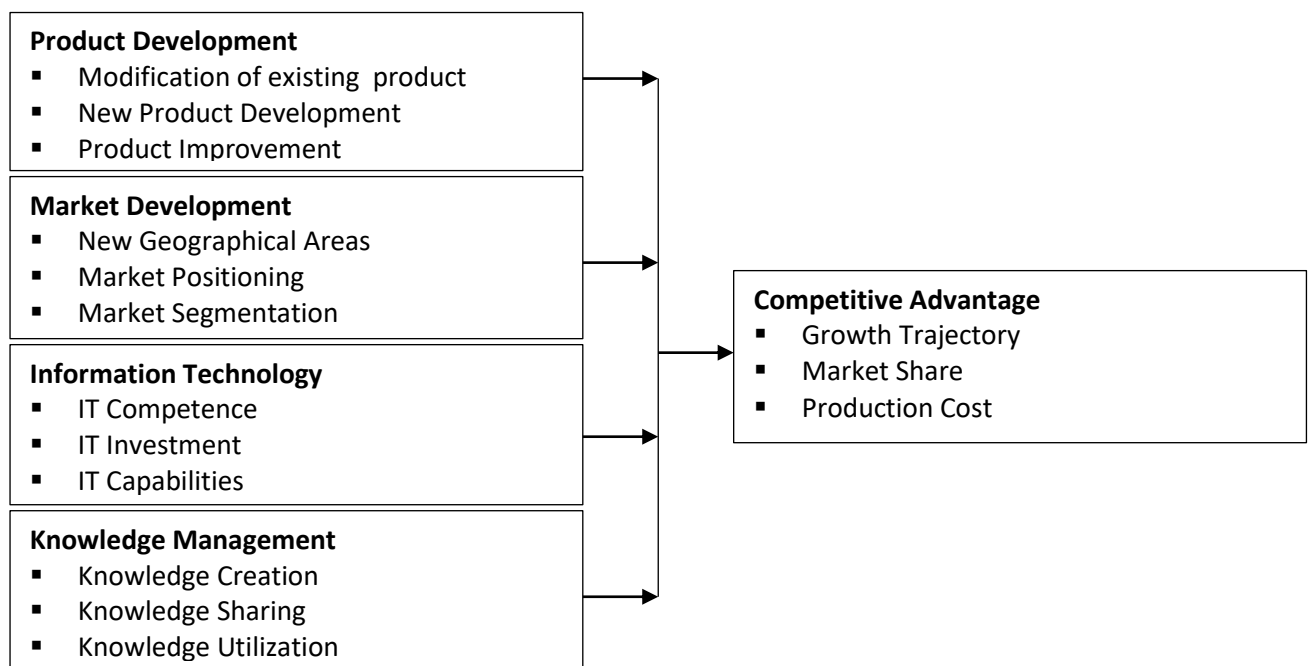
Nabeel, Mohammad, and Saad (2018) analyzed 420 SMEs in Pakistan to assess the indirect effect of IT on company performance through corporate entrepreneurship (CE). According to the study's practical implications, CEOs should build a flexible IT infrastructure and leverage IT resources to promote CE, allowing manufacturing SMEs to enhance their performance.

The impact of KM in the competitive advantage of hotel industries in South-East Nigeria was examined by Orga, Chikizie, and Chioma (2018). Cronbach's formula of sample size calculation was used to give 553 individuals from where 502 staff were randomly selected. The instrument was validated using test and test technique. It was observed that

there was a strong influence on the empowerment of employees through greater collaboration, which led to higher growth for the organization. The study presents a methodological gap and contextual gap as it covered the food and beverage firms in Nigeria. There is need to analyze knowledge management and competitive advantage variables in South Sudan's insurance sector to bridge the gap.

Tacit knowledge sharing in organizations has been studied by Fatemeh and Jamal (2017) at Iran's Koosa Bank. Based on the findings, employees' sharing of tacit information has a direct influence on productivity. Additionally, the study indicated that information sharing enhanced not just productivity but also employee innovation because of exposure to others' knowledge, skills, and experiences. The study examined just one component of knowledge management, tacit knowledge sharing, hence more research is needed to examine other areas of knowledge management, including knowledge creation, sharing, transfer, and utilization, in order to enhance organizational performance and acquire competitive advantages.

**Conceptual Framework**



**Independent Variables**

**Dependent Variables**

**Figure 1: Conceptual Framework**



## METHODOLOGY

The study adopted descriptive research design. The researcher targeted all the staff at the head office of UAPSS in Juba South Sudan and from the records held by the human resources division, there were 60 employees. The research took the form of a census which is a statistical tally method that examines all members of a population. A semi-structured questionnaire was used to gather primary data from the UAPSS employees. The Likert scale was used in the study tool to gauge reactions to statements. Secondary data was collected for information on competitive advantage indicators on growth trajectory, market share and production costs. The researcher looked for information from the financial records held by UAPSS.

## FINDINGS

In the study, 60 questionnaires were distributed out of which 51 duly filled ones were returned, representing an 86.7% response rate as shown in Table 1.

The response rate was deemed appropriate for the study to continue. In accordance to Mugenda (2011), and Kothari(2012), a level of response of above 50% is adequate for data description,

exploration, presentation and reporting in a descriptive study. Therefore, 86.7% was considered a very good and adequate response rate for the analysis to give reliable information that could be used to generalize the views of the whole population.

## Descriptive Statistics

The study was also keen on knowing the response strategies UAPSS has adopted to achieve a competitive advantage in South Sudan. This was done by determining the descriptive measures of the study variables (Product Development, Market Development, Information Technology and Knowledge management) and their effects on competitive advantage as tested by the questionnaire. The analysis was done using mean with a Likert scale of 1-5. The following sections outline the results.

## Product Development

Respondents were provided with several statements where they were to rate either No Extent, Little Extent, Moderate extent, Great Extent and Very Great Extent on a scale of 1,2,3,4 and 5 respectively. Percentage frequency and mean were the descriptive statistics used to sum up the responses as shown in Table 1.

**Table 1: Descriptive statistics for Product Development variables**

	Mean	Std. Dev.	N
UAP has come with new insurance products for the South Sudan market	3.33	0.909	51
The product prices communicate value for products	3.61	0.695	51
The products cater for the needs of a wide market (e.g. personal/corporate)	3.76	0.764	51
There are tailor-made products to cater for customers' preferences	3.65	0.77	51
The product features as per market trends	3.53	0.703	51
UAPSS has improved its insurance products to reflect current times	3.45	0.783	51
The products have been improved to be flexible enough to attract a wide variety of clients	3.59	0.726	51
<b>Aggregate</b>	<b>3.56</b>	<b>0.764</b>	

The means of the different statements that were used to measure Product Development had a scope of 3.33 to 3.76 indicative that most employees to some moderate extent and great extent agreed with the statements. This reveals that most employees to a moderate extent concurred that UAPSS has come with new insurance products for the South Sudan market (Mean = 3.3). The respondents said that the product prices at UAPSS communicate value for products to a Great Extent (Mean = 3.6). Most employees were of the opinion that UAPSS products cater for the needs of a wide market like personal and corporate to a great

extent (Mean = 3.8). Majority of the employees to a great extent agreed that UAPSS has tailor-made products that cater for customers' preferences (Mean = 3.6). Most employees to a great extent agreed that UAPSS product features are as per market trends (Mean = 3.5) and that UAPSS has improved its insurance products to reflect current times to a great extent (Mean = 3.5).

### Market Development

The employees were required to evaluate market development statements scaled from 1- 5, the results are presented in Table 2.

**Table 2: Descriptive statistics for Market Development variables**

	Mean	Std. Deviation	N
UAPSS has geographically covered a large part of the South Sudan market	3.22	0.879	51
UAPSS has positioned its products effectively to the market and the consumers and prospective customers know of the products of UAPSS	3.45	0.73	51
The products cater for the needs of a wide market (e.g. personal/corporate)	3.65	0.744	51
There are tailor-made products to cater for customers' preferences	3.57	0.728	51
UAPSS has segmented its market and provides products that cater for the various market segments	3.37	0.799	51
<b>Aggregate</b>	<b>3.452</b>	<b>0.776</b>	

On the basis of Table 2 the means of the different statements that were used to measure market development were between 3.22 to 3.65 indicative that most employees to some moderate extent and great extent concurred with the statements. The research results reveal that most respondents to some moderate extent agreed to the statement that UAPSS has geographically covered a large part of the South Sudan market (Mean = 3.2). Respondents also agreed that UAPSS has positioned its products effectively to the market and the consumers and prospective consumers are aware of the products of UAPSS to a Great extent (Mean = 3.5). A higher representation stated that to a great extent UAPSS products cater for the needs of a

wide market (Mean = 3.6). Most employees agreed to a great extent that UAPSS has tailor-made products to cater for customers' preferences (Mean = 3.6). The participants of the survey were of the opinion that UAPSS has segmented its market and provides products that cater for the various market segments to a moderately (Mean = 3.4). The employees generally agreed that market development to a great extent impacts competitive advantage at UAPSS. The standard deviations show a small disparity in respondents' responses.

### Information Technology

Summary statistics for statements under IT are as shown in Table 3.

**Table 3: Descriptive statistics for Information Technology variables**

	Mean	Std. Deviation	N
UAPSS has incorporated IT effectively in its operations	3.86	0.749	51
UAPSS has invested significantly in IT	4.1	0.806	51
IT is adopted to complement human and business resources	3.59	0.753	51
Use of competent IT staff leads to innovative practices?	3.49	0.784	51
IT infrastructure is integrated into the business	3.78	0.757	51
<b>Aggregate</b>	<b>3.764</b>	<b>0.7698</b>	

The researcher assessed how information technology impacts competitive advantage of UAP Insurance in South Sudan. The research findings reveal that most respondents were of the opinion that UAPSS has incorporated IT effectively in its operations to a Great Extent (Mean = 3.9). They also supported the statement that UAPSS has invested significantly in IT to a Great Extent (Mean = 4.1). The employees agreed that IT has been adopted to a great extent by UAP to complement

human and business resources (Mean = 3.6). On average, they generally affirmed that market development impacts competitive advantage at UAPSS to a great extent. The standard deviations depict minimal variations in the responses of the employees.

#### **Knowledge Management**

The descriptive analysis results for statements under information technology are in Table 4.

**Table 4: Descriptive statistics for Knowledge management variables**

	Mean	Std. Deviation	N
Collaboration of information empowers the staff	3.59	0.853	51
Knowledge sharing have innovative contributions to our firm	3.61	0.94	51
Creation of new knowledge is adopted from experts in insurance field	3.51	0.809	51
The company's system stores our information for future usage	3.82	0.842	51
Utilization of new knowledge seen our firm grow	3.67	0.739	51
<b>Aggregate</b>	<b>3.64</b>	<b>0.8366</b>	

This is indicative that respondents' opinions were that Collaboration of information empowers the staff at UAPSS to a Great extent (Mean = 3.6). They also agreed that knowledge sharing has innovative contributions to UAP to a great extent (Mean = 3.6). They concurred that in great extent, creation of new knowledge is adopted from experts in insurance field (Mean = 3.5). Majority of them also said that to a great extent, UAPSS systems stores their information for future usage (Mean = 3.8). They also agreed that the utilization of new

knowledge to a great extent has seen UAPSS grow (Mean = 3.7)

#### **Inferential analysis**

This study employed Pearson correlation and Regression analysis to carry out inferential analysis. The results are as follows.

#### **Correlation analysis**

This study utilized Pearson correlation to determine direction and strengths of interrelation linking the study variables. Results are in Table 5.

**Table 5: Correlation Results**

		Product Development	Market Development	Information Technology	Knowledge Management	Competitive Advantage
Product Development	Pearson Correlation	1				
	Sig. (2-tailed)					
Market Development	Pearson Correlation	.778**	1			
	Sig. (2-tailed)	0.000				
Information Technology	Pearson Correlation	.676**	.605**	1		
	Sig. (2-tailed)	0.000	0.000			
Knowledge Management	Pearson Correlation	.748**	.693**	.740**	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
Competitive Advantage	Pearson Correlation	.643**	.651**	.593**	.552**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The results showed significant positive correlations between the study variables and Competitive advantage. Market Development had the maximum correlation ( $r = 0.651$ ,  $n = 51$ ,  $p = 0.000$ ), followed by Product Development ( $r = 0.643$ ,  $n = 51$ ,  $p = 0.000$ ) then Information technology ( $r = 0.593$ ,  $n = 51$ ,  $p = 0.000$ ), Knowledge management had the least correlation ( $r = 0.552$ ,  $n = 51$ ,  $p = 0.000$ ). The findings showed that with every enhancement in market development, product development, information technology and knowledge management, there was a positive increase in competitive advantage. King'oo (2015) asserted that multicollinearity in variables is shown by

coefficients of correlation above 0.8. In this study, all our independent variables had coefficients that were less than 0.8 which proved that multicollinearity was not a factor in our variables and further indicated that the study used reliable predictors

#### Regression Analysis

Linear regression was performed to ascertain the end result of product development, market development, information technology and knowledge management on the Competitive advantage of UAPSS. The resulting regression model summary is displayed in Table 6.

**Table 6: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.710 <sup>a</sup>	0.504	0.460	0.380

a. Predictors: (Constant), Knowledge Management, Market Development, Information Technology, Product Development

The 0.710 R-square indicated that 71.0% of the variation in competitive advantage of UAPSS was

accredited to Product Development, Market Development, Information Technology and

Knowledge management while the remaining 29.0 % was explained by other aspects not looked at in this study. The findings conform with Maina and Manyara (2004) who in their study affirmed that an institution's competitive advantage is determined by how strategically it responds to the competitive environment.

### **CONCLUSIONS AND RECOMMENDATIONS**

According to the findings of the study, product development leads to the attainment of a competitive advantage. It can be concluded that if properly executed, new product development, product price reviews, product diversification, product improvement, and product revamping would significantly add to any firm's competitiveness. It was further established that market development leads to achievement of competitive advantage. It can be concluded that geographic penetration, market positioning, product diversification and market segmentation would contribute to the creation of sustainable markets for the firm's products which will continue to support attainment of a competitive advantage.

Further, the study revealed that IT has a positive and significant impact on competitive advantage. It can therefore be concluded that IT adoption to complement business and human resources, IT investment, integration of IT infrastructure to the business and having competent IT staff are key aspects of information technology leads to creation of efficient operational framework that leads to competitive advantage. Further study findings were that knowledge management positively and significantly impacted on competitive advantage. It can be deduced that knowledge sharing, knowledge creation, utilization and storage are important elements that support the evolution towards a robust KM framework which consequently support the company to realize competitive advantage.

Finally, the research concluded that response strategies evaluated (product development, market development, information technology, and knowledge management) represent up to 71% of

the disparity in UAPSS's competitive advantage. This highlights their value on the competitive advantage of insurance firms, thus the research concludes that UAPSS and other insurance firms should invest more time and resources in establishing other aspects of these response strategies that were not addressed in the study and implementing them as part of their strategic plans, which will help them achieve competitive advantage.

According to the study, considering product development positively and substantial influenced competitive advantage, UAPSS plus other insurance sector players should include product development as a key objective in their strategic plan. Under this, the firms should proceed to have key initiatives such as new products development, product pricing reviews, products diversification, products improvement, and products revamping which shall be tracked closely and be time bound. This will ensure there is an intentional and strategic approach to the products agenda, which will subsequently lead to robust, customer-led and fit for purpose products that will support in achievement of a competitive advantage. Product development strategy should be emphasized to ensure that the insurance firms have robust and fit for purpose products that satisfy the requirements of the diverse customer segments that they serve or intend to acquire. Further, decision makers of these firms should purpose to determine if there are other additional product development factors not accounted for in this study and seek to establish if and how they can build up on the product development objective.

The study also recommends that UAPSS and other insurance industry players should incorporate market development as a key pillar in the strategic plan. Under this, the companies should proceed to have key initiatives such as geographic penetration, market positioning, product diversification and market segmentation which shall be tracked closely and be time bound for accountability. This will ensure there is an intentional and strategic approach to the market development agenda,



which will subsequently lead to creation of sustainable markets that will support towards achieving a competitive advantage.

The study further recommends the need for investment in information technology, adoption of IT to complement human and business resources, integration of IT infrastructure into the business and having in place competent IT staff as these have emerged as key aspects of information technology that support in attainment of a competitive advantage and that should be emphasized to create a robust operational framework which will improve efficiency, reduce costs, and support achievement of a competitive advantage. Further recommendation is that the leadership of insurance firms should seek to determine if there are other additional information technology factors not accounted for in this study and seek to establish if and how they can build up on the IT pillar.

Finally, the study recommends that UAPSS and other insurance firms should incorporate knowledge sharing, knowledge creation, knowledge utilization, knowledge storage and collaboration of information as these are important KM practices that can be leveraged on to increase their

competitive advantage. Insurance companies, for example, can benefit from several knowledge management enablers described by Botha et al (2008) as culture, infrastructure, measure, and technology. The authors contend that it is these characteristics that make knowledge management practical. For instance, knowledge management initiatives are destined to fail from the outset in a business where a culture of competition inhibits knowledge sharing.

#### **Suggestions for further studies**

According to the study's findings, product development, market development, information technology, and knowledge management account for the 71% of the variance in comparative advantage. Other, unaccounted-for factors comprise the remaining 29%. This researcher submits that additional studies be carried out to identify the additional response strategies that are unaccounted for. An example of such response strategies could include but not limited to organizational structure, business process reengineering, new strategies for connecting to the market, restructuring, marketing, leadership, and culture change, among others.

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