

ABSTRACT

Competitive strategies consist of all those moves and approaches that a firm makes to attract buyers, withstand competitive pressure and improve its market position. These strategies include cost leadership, product differentiation and customer focus strategies drawn from Porter's Generic competitive strategies. Due to the benefits of application of Porter's Competitive strategies by firms, many studies have been conducted on the effect of Porter's Competitive strategies and performance of organizations. However, none of these studies has investigated the effect of these competitive strategies on insurance firms. More so, the studies were conducted in developed countries among non insurance firms. The objective of the study was to determine the effect of Porter's Generic Competitive strategies on organizational performance using the case of non-life- insurance companies in Eldoret town, Kenya. The specific objectives of the study were to: determine the effect of product differentiation on performance of non-life-insurance companies in Eldoret, Kenya; establish effect of customer focus on performance of insurance companies in Eldoret, Kenya; determine the effect of cost leadership strategy on performance of insurance companies in Eldoret, Kenya, and to establish the joint effect of product differentiation, customer focus and cost leadership strategies on performance of insurance companies in Eldoret, Kenya. Using a questionnaire, the study used a census method to collect data from 42 branch managers of insurance companies in Eldoret town, Kenya. The data collected was analyzed using correlation and regression analyses with the help of SPSS. The study found out that Porters competitive strategies positively affect performance of non life insurance companies in Eldoret town, Kenya. The findings of the study are of significance to policy makers, practitioners, and scholars in the insurance industry in formulating their competitive strategies. The study recommends that the management and policy makers in the insurance industry should employ the Porter's generic competitive strategies while formulating their policies to improve the performance of their organizations. Similar studies on the effect of Porter's generic strategies should be done in other developing countries or in other growing towns in Kenya using different industries other than insurance to verify whether the results would be similar to the current study.