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**PERCEPTIONS OF CO-OPERATIVE INSURANCE
GROUP MANAGERS TOWARDS STRATEGIC
ALLIANCES AND COMPETITIVE ADVANTAGE**

Linda Faith Otieno and Prof. Martin Ogutu



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PERCEPTIONS OF CO-OPERATIVE INSURANCE GROUP MANAGERS TOWARDS STRATEGIC ALLIANCES AND COMPETITIVE ADVANTAGE

¹* Linda Faith Otieno

¹post Graduate Student: University of Nairobi

*Corresponding Author's E-Mail: lotienof@yahoo.com

²Prof. Martin Ogutu

Lecturer: University of Nairobi

Abstract

Purpose: The Study sought to determine the perceptions of co-operative insurance group managers towards strategic alliances and competitive advantage

Methodology: A survey research design was used in this study. The study populations are all Headquarter office managers of the Co-operative Insurance group of Kenya. The respondents were twenty three heads of departments for the various subsidiaries of CIC insurance group. The collected data was analyzed using quantitative procedures. Quantitative data was analyzed using descriptive statistics and inferential statistics.

Results: Results indicate that strategic alliance has led to Large market share, Huge profitability, Enhanced and stronger customer loyalty, Strong technological capability, Superior Portfolio of products, Stronger financial capability, Stronger, solid anchor shareholder base, Strong distribution network, Stronger supplier loyalty, Stronger brand name, Modern technological infrastructure, Stronger capital base and Stronger and wider interconnected branch Network. Results also indicated that female rated highly that various strategic alliances has led to competitive advantage compared to males. Results also revealed that those respondents who were above 50 years of age rated strategic competitive advantage perceptions highly compared to respondents aged between 18-30 years and 31-50 years. Result findings revealed that those respondents who had long experience in the company rated strategic competitive advantage perceptions highly compared to respondents who had less experience. The findings indicate that the ability to form and manage strategic alliances more effectively than competitors can become an important source of competitive advantage.

Unique contribution to theory, practice and policy: The study recommends that Managers at CIC Group can use the results to craft strategies on which areas to improve and which areas to excel at. It is also suggested that since the managerial perceptions were that formation of strategic alliances have brought about competitive advantages, it may be important to consider investing in the area of strategic alliances with a hope of building and enjoying further competitive advantages.

Keywords: *competitive advantage, strategic alliance*

1.0 Background of the study

One of the fastest growing trends for business today is the increasing number of strategic alliances. Strategic alliances are sweeping through nearly every industry and are becoming an essential driver of superior growth. Corporations have increasingly seen alliances as attractive vehicles through which they can grow and expand their scope, and the rate at which inter-firm alliances have been formed in the last two decades has been unprecedented (Jaloni, 2005). Alliances are essential building blocks for companies to achieve stronger and more effective market presence. Strategic alliances offer a means for companies to access new markets, expand geographical reach, obtain cutting edge technology and complement skills and core competencies relatively fast. Strategic alliances have become a key source of competitive advantage for firms and have allowed them to cope with increasing organizational and technological complexities that have emerged in the global market (Elute and Kathawala, 2001; Thorne and Wright, 2005). Business managers evaluate and choose strategies that they think will make their business successful (Pearce & Robinson, 2005). Businesses become successful because they possess some advantage relative to their competitors. The two most prominent sources of competitive advantage can be found in the business cost structure and its ability to differentiate the business from competitors (Raduan, Jegak, Haslinda and Alimin, 2009). Therefore, it is critical that managers identify and understand strategic orientations that enable a firm to sustain performance, especially in the presence of rapid changes in market conditions (Kumar, 2011).

During the last few years, the insurance industry has undergone a series of changes through financial reforms, advancement of communication and information technologies, globalization of financial services and economic development. Those changes have had a considerable effect on efficiency, productivity change, market structure and performance in the insurance industry (Epetimehin, 2011). Insurance firms have been going at each other's throats in fierce competition. Co-operative insurance group has had to employ strategies to enable it stay ahead of competition in the industry.

1.1 Management perceptions

According to Robbins (2005), perception can be defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. Perception is not necessarily built on reality but merely a perspective from a particular individual's view of a situation. In dealing with the concept of organizational behavior, perception becomes important because 'people's behavior is based on their perception of what reality is, not on reality itself; the world as it is perceived is the world that is behaviorally important (Robbins, 2005).

Perception affects the working relationships of people in an organization in many ways which in turn affect their performance in the organization and ultimately, the effectiveness and efficiency of the organization. Management perceptions are very critical to success in an organization because they are the driving force behind the success of the activities they engage in. Perception measurement can be done using a survey technique with the help of a questionnaire or interview and a further analysis done on the responses.

1.2 Strategic alliance

A Strategic Alliance is a formal relationship between two or more parties to pursue a set of agreed upon goals or to meet a critical business need while remaining independent organizations. A strategic alliance has also been defined as when two or more businesses join together for a set period of time. The businesses, usually, are not in direct competition, but have similar products or services that are directed toward the same target audience (Dotson, 2000). Alliance means "cooperation between groups that produces better results that can be gained from a transaction. Because competitive markets keep improving what you can get from transactions, an alliance must stay ahead of the market by making continuous advances. A strategic alliance is a partnership between firms whereby resources, capabilities, and core competences are combined to pursue mutual interests. According to Scholes (2008), strategic alliance is where two or more organizations share resources and activities to pursue a strategy. Alliances have become increasingly popular because organizations cannot always cope with increasingly complex environments such as competition from internal resources and competences alone. Often alliances involve joint marketing, joint sales or distribution, joint production, design collaboration, joint research or jointly developing new products or technologies. Knowledge and skills are usually exchanged. A strategic alliance is essentially a partnership in which you combine efforts in projects ranging from getting a better price for supplies by buying in bulk together to building a product together with each of you providing part of its production. The goal of alliances is to minimize risk while maximizing your leverage and profit. Alliances are often confused with mergers, acquisitions, and outsourcing. While there are similarities in the circumstances in which a business might consider one these solutions, they are far from the same. Mergers and acquisitions are permanent, structural changes in how the company exists. Outsourcing is simply a way of purchasing a functional service for the company (Comi and Eppler, 2009).

1.3 Competitive advantage

A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost, or deliver benefits that exceed those of competitors. Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself. When a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals. The goal of much of business strategy is to achieve a sustainable competitive advantage (Porter, 1998). A competitive advantage is when a firm has an edge over its rivals in securing customers and defending against competitive forces (Thompson, Strickland & Gamble, 2002).

A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. Porter (1980) argues that competitive advantage grows fundamentally out the value a firm is able to create for its buyers that exceed the firm's cost of creating it. Competitive advantage also occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources, new technologies such as robotics and information technology either to be included as a part of the product, or to assist making it.

The term competitive advantage is the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Al-Swidi and Mahmood , 2011). Competitive advantage depends on how a firm is able to create for its customer's value that exceeds the firm's cost of creating a product. Value is what customers are willing to pay and superior value stems from offering lower prices than competitors or providing unique benefits (Njuguna, 2009).

1.4 Co-operative Insurance Group Ltd

The insurance industry in Kenya is composed of insurance companies, brokers, agents, reinsurance companies, motor assessors, and valuers. In 2012 there are 45 licensed insurance companies (IRA report 2011). The industry is regulated by a body called the insurance regulatory authority. The Co-operative Insurance group comprises CIC General insurance Ltd and CIC Asset Management Ltd and CIC Life assurance Ltd. Co-operative Insurance group is the leading provider of micro insurance and other financial services in Kenya. It has been in operation for the last thirty three years (CIC Profile, 2012) .Co-operative Insurance group is owned by over two thousand Co-operative Societies and over three thousand individual Co-operators with the Co-operative Bank of Kenya Limited holding a twenty one percent stake. Co-operative Insurance group is the market leader in providing insurance services to the co-operative and low-income market segments in Kenya. Co-operative Insurance group insurance has entered into a number of strategic alliances with its various customers in order to gain competitive advantage; these include Co-operative bank, other Banks, churches association and Kenya schools association. This has enabled it to capture a big volume of the insurance market and offer many other services in house. Co-operative Insurance group ranks among the most successful insurance companies in Kenya and is the only thriving and surviving co-operative insurer in Africa. The company is also focusing to be a leader in the region and is targeting to expand operations in the East and Central parts of Africa such as Southern Sudan, Rwanda, Malawi and Tanzania. They believe partnering with companies both nationally and internationally will be their fastest and most effective method to achieve growth in their expansion plan into the region. In 2011, the gross premium income soared to shillings 6.5 Billion from shillings 4.6 Billion the previous year.

1.5 Research problem

Strategic alliances have become a key source of competitive advantage for firms and have allowed them to cope with increasing organizational and technological complexities that have emerged in the global market. Corporations have increasingly seen alliances as attractive vehicles through which they can grow and expand their scope. Perception plays a crucial role in the daily decision making process for all managers. Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment (Robbins, 2005). If a manager perceives something in one way or another and bases an important business decision on the perception; the organization will either benefit or not benefit from the decision. Managers should understand the facts along with the situation in order to conclude with an appropriate decision. A manager's perception and decisions will affect the organization's behavior. Management perceptions are very critical to success in an organization because they are the driving force behind the success of their operations. The extent to which managers will engage in strategic alliances and what types of strategic alliances will depend on their perceptions of the competitive advantages derived from the strategic alliances. Their perception

is very important because it will influence their actions and this will in turn affect the performance of the company. The business environment within which the insurance industry is operating is very competitive. Insurance companies are now even competing with the large banks like Equity, Co-operative bank, brokerage firms, Small and Micro enterprises and Health medical providers. These organizations are now underwriting insurance services and this is in turn creating fierce competition for the insurance companies. Co-operative insurance group have been the major insurer of Co-operative societies but now other insurance companies are aggressively sourcing for the same business. Its continued presence as a major player in the co-operative business hinges on its competitive advantage. The company's competitive advantage is now threatened by strategic and tactical moves by competitors. The Co-operative sector has now been recognized to be a major contributor to the national Gross Domestic income and has attracted many players from different industries to do business with them. Against this background coming up with competitive strategies for sustainability has become extremely important. Whereas studies have been carried out on strategic alliances and competitive advantage such as Wachira (2002), Koigi (2002) and Owuor (2005) and Mwai (2010). Owuor (2005) looked at the relationship between strategic alliances and competitive advantage in major oil companies,

1.6 Research Objectives

- i. To establish the competitive advantages enjoyed by Co-operative insurance group.
- ii. To determine whether the Co-operative insurance group managers perceive strategic alliances as a way of creating competitive advantage for the company.

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews studies on strategic alliances, competitive advantage and perception of managers towards strategic alliances. The style adopted is by citing the topics and themes that have been reviewed. The review will give in-depth knowledge in the concept of strategy, strategic alliances, and reasons for entering into strategic alliances, how strategic alliances are formed, competitive advantages gained from them and finally the link between perception, strategic alliances and competitive advantage.

2.2 Concept of strategy

The concept of strategy is a multi-dimensional concept that has been defined differently by many scholars. There is no universal definition of strategy. Strategy is a unifying theme that gives coherence and direction to the decisions of an organization. Strategy applies to many disparate fields such as gaming strategy, economic strategy, marketing strategy and corporate global strategy. A strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain competitive advantage (Hitt, Ireland & Hoskisson, 2009). When choosing a strategy; firms make choices among competing alternatives as the pathway for deciding how they will pursue strategic competitiveness. In business, strategy is a design or plan for achieving a company's policy goals and objectives (Warnock, 2000). Policy defines the company's goals and objectives while strategy decides how the company goals and objectives will be achieved, what operational units will be used to achieve the company's goals

and objectives and how those operational units will be structured. Strategy also determines what resources will be needed to achieve the company's goal and objectives and how these resources will be acquired and used. Strategy is a design or plan that defines how policy is to be achieved. This definition of strategy applies to corporate strategy and unit strategy. Unit strategies are plans for achieving the goals and objectives of an operating unit, an industry or geographical operating area or a managerial or business function. Unit strategies include a company's marketing strategy, acquisition strategy, alliance or affiliation strategy, human resources recruitment and retention strategy, production strategy and financial strategy. They also include a company's division strategies, subsidiary strategies, and country strategies. Corporate strategy, on the other hand, refers to strategy that is used to achieve corporate goals and objectives, that is, to achieve corporate policy. The study of strategy involves how we go about identifying, establishing, and sustaining competitive advantage. According to Scholes (2002), Strategic decisions are likely to be concerned with the scope of an organization's activities. Strategic decisions are normally about trying to achieve some advantage for the organization. Strategy can be seen as the search for strategic fit with the environment. It can also be seen as creation opportunities by building on an organization's resources and competences; this is also called resource based view of strategy. Strategy of an organization is affected not only by environmental forces and strategic capability but also by the values and expectations of those who have power in and around the organization (Scholes & Johnson, 2008). The environmental forces are political, economical, social, technological and legal. An organization has to analyse these forces in trying to come up with a strategy that will make it competitive. The firm then needs to carry out an assessment of its opportunities, strengths and weaknesses.

According to Porter (1998), the nature and degree of competition in any industry hinge on five forces which are threat of new entrants, Bargaining power of customers, the bargaining power of suppliers and the threat of substitute products. A company must understand how they work in its industry and how they affect the company in its particular situation in order to know how to counter them. The strongest competitive forces determine the profitability of an industry and are important in strategy formulation (Harvard business review, 1979). Strategy can also be distinguished by the levels at which it occurs, we have corporate strategy, business level strategy and finally operational strategy. Corporate strategy is concerned with the overall scope of an organization and how value will be added to the different parts of the organization. Business level strategy sets the strategic direction for a single business unit or product line. Operational strategies are concerned with how the components parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes and people.

2.3 Competitive advantage

The concept of competitive advantage was presented by Porter (1985) and it relates to the ability of an organization to discover and implement ways of competing that are unique and distinctive from those of their competitors and that can be sustained over time. The goal of much of business strategy is to achieve a sustainable competitive advantage (Porter, 1998). These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources, new technologies such as robotics and information technology either to be included as a part of the product, or to assist making it. The term competitive advantage is the ability gained through attributes and resources to perform at a higher level than others in the same industry or market. According to Porter

(1990), a nation's competitiveness depends on the capacity of its industry to innovate and upgrade. Raduan et al (2009) asserts that competitive advantage is perhaps the most widely used term in strategic management, yet it remains poorly defined and operationalized. Ma (2000) makes three observations regarding competitive advantage and conceptually explores the various patterns of relationship between competitive advantage and firm performance, namely: competitive advantage does not equate to superior performance, competitive advantage is a relational term and finally competitive advantage is context-specific.

The most explicit attempt to define competitive advantage and sustainable competitive advantage has come from Barney (1991). He states, "A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy," (p.102). He additionally asserts that, a competitive advantage is sustained only if it continues to exist after efforts to duplicate that advantage have ceased (p. 102). Michael Porter identified cost leadership advantage, differentiation and focus as the basic sources of competitive advantage. The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments. By contrast, the differentiation focus and cost focus strategies are adopted in a narrow market or industry. A firm that engages in each of the generic strategies but fails to achieve any of them is said to be stuck in the middle. It possesses no competitive advantage (Porter,1998). Each generic strategy is a different approach to creating and sustaining competitive advantage. Usually a firm must make a choice among them or it will be stuck in the middle. A firm's value chain can also be a source of competitive advantage. Value chain analysis describes the activities within and around an organization, and relates them to an analysis of the competitive strength of the organization. Therefore, it evaluates which value each particular activity adds to the organizations products or services. Value chain analysis describes the activities within and around an organization, and relates them to an analysis of the competitive strength of the organization. Therefore, it evaluates which value each particular activity adds to the organizations products or services. Porter (1985) argues that the ability to perform particular activities and to manage the linkages between these activities is a source of competitive advantage. The newly emerged resource based view points to a firm's unique resources, core competence, and dynamic capabilities in a rapidly changing global market (Barney, 1991; Prahalad & Hamel, 1990). Core competencies which are resources and capabilities, can serve as a source of competitive advantage for a firm over its rivals. Core competencies are often visible in the form of organizational functions. Distinctive capabilities are the basis competitive advantage. According to the new resource-based view of the company, sustainable competitive advantage is achieved by continuously developing existing and creating new resources and capabilities in response to rapidly changing market conditions. Distinctive capabilities, these are characteristics of a company which cannot be replicated by competitors, or can only be replicated with great difficulty, they are the basis of sustainable competitive advantage. Distinctive capabilities can be of many kinds: patents, exclusive licenses, strong brands, effective leadership, teamwork, or tacit knowledge. Reproducible capabilities are those that can be bought or created by a firm's competitors and thus by themselves cannot be a source of competitive advantage.

2.4 Strategic Alliances

Strategic alliances have become one of the most important organizational forms in modern society and are well known tool available to and used by organizations competing in domestic as well as the international markets (Jaloni, 2005). Strategic alliance is a formal agreement between two or more separate companies in which there is a strategically relevant collaboration of some sort, joint contribution of resources, shared risk shared control and mutual dependence (Strickland, 2002). Strategic alliances can be effective way to diffuse new technologies rapidly, to enter a new market, to bypass governmental restrictions expeditiously and learn quickly from leading firms in a given field (Elmuti & Kathawala, 2001). Strategic alliances are becoming more and more prominent in the global economy it can improve on an organizations operations and competitiveness (Brucellaria,1998). Companies are forming alliances to obtain technology ,to gain access to specific markets ,to reduce financial risk, to achieve and ensure competitive advantage (Wheelen & Hungar,2000). According to Elmuti & Khatawala, (2001), the reasons for creating strategic alliances can be classified into, growth strategies and entering new markets, obtain new technology and ensure competitive advantage. Butto et al (1998) suggested cost saving, market penetration and retention, financial injection, infrastructure constraints and circumventing institutional constraints and market stability as possible reasons for alliance formation Cojohari (2008) conducted a study on the competitive advantage of strategic alliances and concluded that there are various reasons/motives of forming strategic alliances. These include forming a strategic alliances in order to set new global standards. In addition, confronting competition is a valid motive for forming an alliance especially when the competitor has considerable competitive muscle. Overcoming protectionist barriers is another reason for forming a strategic alliance especially when a company's needs to avoid controls on importation and overcome barriers to commercial penetration. Dividing risks is a reason that motivates firms to engage into strategic alliances especially when risk of project failure is high. The cost advantages brought about by economy of scale is probably one of the most important reasons why firms engage into strategic alliances. Access to a market segment is areason for engaging into a strategic alliancespecially if a company often wants to develop in a market segment where it is not present. Others include access to a geographic market, access to technology, uniting forces, and bridging a gap.

3.0 RESEARCH METHODOLOGY

The study adopted survey research design. The study populations are all Headquarter office managers of the Co-operative Insurance group of Kenya. According to the last human resource records of January they are twenty three managers. They consisted of the Finance managers, underwriting managers, Claims managers, Marketing manager, Human resource managers, Medical manager, Unit trust manager, CIC asset manager, Procurement manager, Business development managers, Customer care manager, Information technology managers, Legal manager and the Chief Internal auditor. This study employed a census method. Data was collected through questionnaires The information was codified and entered into a spreadsheet and analysed using descriptive statistics such as frequency tallies and percentages that were generated using SPSS (Statistical Package for Social Sciences. Inferential statistics such as t-test and Analysis of Variances (ANOVA) were also used to test whether the managerial perceptions on the statement that strategic alliances had conferred competitive advantage differed according to gender, age, education, department and experience

4.0 RESULTS AND DISCUSSIONS

4.1 Level of Education of the Respondents

The study sought to establish the level of education of the respondents. The findings were presented in table 1. From the study findings, majority of the respondents (80%) were post graduates while 20 % of the respondents were university graduates. The finding implies that majority of the CIC managers have got a high level of education which perhaps contribute positively into the achievement of the competitive advantages by may be making appropriate decisions as far as CIC's involvement in strategic alliance is concerned.

Table 1: Level of Education of the Respondents

	Frequency	Percent
University level	4	20.0
Post graduate level	16	80.0
Total	20	100.0

4.2 Number of Years in Employment

The study sought to establish the number of years the respondents have been in the employment. The findings were presented in table 2. From the study findings, majority of the respondents (90%) had been in the employment for more than five years, while 10% of the respondents had been in the employment for a period of between 1 to 2 years. The finding implies that most of the CIC managers had been in the employment for quite a considerable period thus is assumed that most of them had a remarkable experience which perhaps leads into the realization of the competitive advantages. In addition, this may have an implication on the formation of strategic alliances.

Table 2: Number of Years in Employment

	Frequency	Percent
1 to 2 year	2	10.0
More than 5 years	18	90.0
Total	20	100.0

4.3 Company of Respondents

The study sought to establish the department of the respondents in the company. The findings were presented in table 3. From the study findings, majority of the respondents (40%) were from the Life Assurance department while equal shares of 30% were from both the Asset Management and CIC General Insurance departments. The findings may have an implication on the perceptions on formation of strategic alliances. Perhaps some departments are more likely to form strategic alliances compared to others. In addition, some departments may enjoy superior competitive advantages than others.

Table 3: Department of Respondents

	Frequency	Percent
Asset management	8	40.0
CIC Life Assurance	6	30.0
CIC General Insurance	6	30.0
Total	20	100.0

4.3 Competitive Advantages of Cooperative Insurance Group.

The study sought to establish the competitive advantage that CIC enjoys. The respondents were asked to indicate the competitive advantages that CIC enjoy in their company. The results are presented in table 4.6. Results revealed that large market share had a mean score of 4.10, huge profitability attracted a mean score of 3.60, enhanced and stronger customer loyalty (4.30), huge returns (3.40), strong technological capability (3.70), superior portfolio of products (3.90), stronger financial capability (4.00), stronger, solid anchor shareholder base (4.40), strong distribution network (4.20), stronger supplier loyalty (3.90), stronger brand name (4.30), modern technological infrastructure (4.10), stronger capital base (4.20), stronger and wider interconnected branch network (4.30), highly experienced industry board of directors (2.70) and higher sales ratio attracted a mean score of 3.60. Results revealed that stronger, solid anchor shareholder base was ranked highly with a mean score of 4.40, followed by enhanced and stronger customer loyalty, stronger brand name, and stronger and wider interconnected branch network with a mean score of 4.30, and highly experienced industry board of directors was ranked lowly which attracted a mean score of 2.70.

The findings imply that according to managerial perceptions, CIC enjoys almost all the stated competitive advantages. The highest perceived competitive advantage enjoyed and perhaps the most important was stronger, solid anchor shareholder base followed by stronger and wider interconnected branch network. Ranked 3rd was enhanced and stronger customer loyalty and the fourth ranked competitive advantage was stronger brand name. Stronger distribution network was ranked fifth. The rest of the ranking are given in table 4.6

Table 4: Preferred Competitive Advantage

Competitive Advantage	Mean	Std. Deviation
Large market share	4.10	0.718
Huge profitability	3.60	0.681
Enhanced and stronger customer loyalty	4.30	0.801
Huge returns on investments	3.40	0.503
Strong technological capability	3.70	0.657

Superior Portfolio of products	3.90	0.968
Stronger financial capability	4.00	0.459
Stronger, solid anchor shareholder base	4.40	0.681
Strong distribution network	4.20	1.005
Stronger supplier loyalty	3.90	0.718
Stronger brand name	4.30	0.801
Modern technological infrastructure	4.10	0.553
Stronger capital base	4.20	0.768
Stronger and wider interconnected branch Network	4.30	0.801
Highly experienced industry board of directors	2.70	0.923
Higher sales ratio	3.60	0.503
Grand Mean	3.91	

4.4 Managers Perception on whether Strategic alliances have led to Competitive Advantage.

4.4.1 Descriptive Results

A mean score of 3.7 was obtained for the statement of “large market share”. This implies that majority of managers indicated that to a great extent “strategic alliances lead to large market as a competitive advantage. A mean score of 3.8 was obtained for the statement of “huge profitability” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to huge profitability as a competitive advantage. A mean score of 4.0 was obtained for the statement of “enhanced and stronger customer loyalty” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to enhanced and stronger customer loyalty as a competitive advantage. A mean score of 3.2 was obtained for the statement of “huge returns on investments” .this implies that majority of managers indicated that to a moderate extent “strategic alliances lead to huge returns on investments as a competitive advantage. A mean score of 3.5 was obtained for the statement of “strong technological capability” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to strong technological capability as a competitive advantage. A mean score of 3.6 was obtained for the statement of “superior portfolio of products” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to superior portfolio of products as a competitive advantage. A mean score of 4.1 was obtained for the statement of “stronger financial capability” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to stronger financial capability as a competitive advantage. A mean

score of 3.9 was obtained for the statement of “stronger, solid anchor shareholder base” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to stronger, solid anchor shareholder base as a competitive advantage. A mean score of 4.2 was obtained for the statement of “strong distribution network” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to strong distribution network as a competitive advantage. A mean score of 4.2 was obtained for the statement of “stronger supplier loyalty” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to stronger supplier loyalty as a competitive advantage. A mean score of 4.2 was obtained for the statement of “stronger brand name” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to stronger brand name as a competitive advantage. A mean score of 3.9 was obtained for the statement of “modern technological infrastructure” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to modern technological infrastructure as a competitive advantage. A mean score of 4.1 was obtained for the statement of “stronger capital base” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to stronger capital base as a competitive advantage. A mean score of 4.2 was obtained for the statement of “stronger and wider interconnected branch Network” .this implies that majority of managers indicated that to a great extent “strategic alliances lead to stronger and wider interconnected branch Network as a competitive advantage. A mean score of 3.2 was obtained for the statement of “highly experienced industry board of directors” .this implies that majority of managers indicated that to a moderate extent “Highly experienced industry board of directors as a competitive advantage. A mean score of 3.05 was obtained for the statement of “higher sales ratio” .this implies that majority of managers indicated that to a moderate extent “higher sales ratio as a competitive advantage. The grand mean for mangers perception on strategic alliances was 3.83 which imply majority of the managers indicated to a great extent that various strategic alliances have led to competitive advantage.

Table 5: Managers Perception on Strategic Alliances

Strategic Alliance and Competitive Advantage	Mean	Std. Deviation
Strategic Alliance lead to Large market share	3.70	0.923
Strategic Alliance lead to Huge profitability	3.80	0.410
Strategic Alliance lead to Enhanced and stronger customer loyalty	4.00	0.795
Strategic Alliance lead to Huge returns on investments	3.20	0.894
Strategic Alliance lead to Strong technological capability	3.50	0.827
Strategic Alliance lead to Superior Portfolio of products	3.60	0.821
Strategic Alliance lead to Stronger financial capability	4.10	0.968
Strategic Alliance lead to Stronger, solid anchor shareholder base	3.90	0.718
Strategic Alliance lead to Strong distribution network	4.20	0.768

Strategic Alliance lead to Stronger supplier loyalty	4.20	0.894
Strategic Alliance lead to Stronger brand name	4.20	0.616
Strategic Alliance lead to Modern technological infrastructure	3.90	0.852
Strategic Alliance lead to Stronger capital base	4.10	0.553
Strategic Alliance lead to Stronger and wider interconnected branch Network	4.20	1.105
Strategic Alliance lead to Highly experienced industry board of directors	3.20	1.005
Strategic Alliance lead to Higher sales ratio	3.05	0.999
Grand Mean	3.83	

4.4.2 Influence of demographic characteristics on Managerial Perceptions

4.4.3 Gender and perceptions

Results in table 6 revealed that female respondents had a higher perception of strategic competitive advantage compared to male respondents. The findings were supported by a mean response of 4.4 for female respondents and 3.2 for male respondents. The p value was 0.000. The detailed table for gender and strategic competitive advantage is at the back in the appendix.

Table 6: Descriptive Statistics

	Male	Female	Sig. (2-tailed)	t
Grand mean on Strategic Competitive Advantage	3.2063	4.4	.000	-6.221

4.4.4 Age and perceptions

Results in table 7 revealed that those respondents who were above 50 years of age had a higher mean on strategic competitive advantage perceptions compared to respondents aged between 18-30 years and 31-50 years. The findings were supported by a mean response of 4.7 for respondents above 50 years of age and 3.7 for respondents aged between 31-40 years and 2.3 for respondents aged between 18-30 years of age. The finding implies that age is one of the factors influencing the manager's perceptions. However, the overall perceptions seems to be high for all respondents as a mean response of 3.8 implied that the respondents indicated that the strategic alliances have led to competitive advantage to a great extent.

Table 7: Descriptive Statistics

Competitive Advantage	21-30 years	31-40 years	41-50 years	Grand Mean	Sig.
Mean	2.375	3.7455	4.7188	3.8031	.000

4.4.5 Education and perceptions

Results in table 8 revealed that those respondents who attained post graduate level of education had a higher mean on strategic competitive advantage perceptions compared to respondents had reached to the university level. The findings were supported by a mean response of 4.0 for respondents post graduate respondents and 2.6 for respondents who had reached the university. The finding implies that education is one of the factors influencing the manager’s perceptions. However, the overall perceptions seems to be high for all respondents as a mean response of 3.8 implied that the respondents indicated that the strategic alliances have led to competitive advantage to a great extent.

Table 8: Descriptive

Competitive Advantage	University level	Post graduate level	Grand Mean	Sig.
Mean	2.6875	4.082	3.8031	.000

4.4.6 Length of experience and perceptions

Results in table 9 revealed that those respondents who had long experience in the company had a higher mean on strategic competitive advantage perceptions compared to respondents who had less experience. The findings were supported by a mean response of 3.9 for respondents with experience of more than 5 years and 2.37 for respondents with experience of 1 to 2 years. The finding implies that length of experience is one of the factors influencing the manager’s perceptions. However, the overall perceptions seems to be high for all respondents as a mean response of 3.8 implied that the respondents indicated that the strategic alliances have led to competitive advantage to a great extent.

Table 9: Descriptive for Length of Experience

Strategic Competitive Advantage	1 to 2 year	More than 5 years	Grand Mean	Sig.
Mean	2.375	3.9618	3.8031	.002

4.4.7 Department and perceptions

Results in table 10 revealed that those respondents from CIC general insurance had a higher mean on strategic competitive advantage perceptions compared to respondents from CIC life assurance and asset management. The findings were supported by a mean response of 4.6 for respondents from CIC general insurance, 3.9 for respondents from CIC life assurance and 3.07 for respondent’s asset management department. The finding implies that department is one of the factors influencing the manager’s perceptions. However, the overall perceptions seems to be high for all respondents as a mean response of 3.8 implied that the respondents indicated that the strategic alliances have led to competitive advantage to a great extent.

Table 10: Descriptive

Competitive Advantage	Asset management	CIC Life Assurance	CIC Insurance	General	Grand mean	Sig.
Mean	3.0703	3.9583	4.625		3.8031	.000

4.5 Discussion

The respondents were asked to indicate the competitive advantages that they enjoy in their company. Results revealed that large market share had a mean score of 4.10, huge profitability attracted a mean score of 3.60, enhanced and stronger customer loyalty (4.30), huge returns (3.40), strong technological capability (3.70), superior portfolio of products (3.90), stronger financial capability (4.00), stronger, solid anchor shareholder base (4.40), strong distribution network (4.20), stronger supplier loyalty (3.90), stronger brand name (4.30), modern technological infrastructure (4.10), stronger capital base (4.20), stronger and wider interconnected branch network (4.30), highly experienced industry board of directors (2.70) and higher sales ratio attracted a mean score of 3.60.

The findings imply that according to managerial perceptions, CIC enjoys almost all the stated competitive advantages. The highest perceived competitive advantage enjoyed and perhaps the most important was stronger, solid anchor shareholder base followed by stronger and wider interconnected branch network. Ranked 3rd was enhanced and stronger customer loyalty and the fourth ranked competitive advantage was stronger brand name. Stronger distribution network was ranked fifth. The finding also indicates that the bottom five competitive advantages enjoyed by CIC include; strong technological capability with a score of 3.7, huge profitability with a score of 3.6, higher sales ratio with a score of 3.6, huge returns on investments with a score of 3.4 and highly experienced industry board of directors with a mean score of 2.7. The findings further imply that CIC group needs to concentrate on improving the bottom five competitive advantages while also maintaining and excelling at the highest ranked competitive advantages. For instance, to improve on the competitive advantage of a strong technological capability, CIC needs to adopt a differentiation strategy in line with Porter (1985), Al-Swidi and Mahmood (2011) and Njuguna (2009). It is through investing in research and development and new technologies that CIC can gain competitive advantage in technological capability. In addition, this may require CIC to look for external resources and capabilities in order to develop this competitive advantage. This in line with Barney (1991) and Prahalad and Hamel (1990) who assert that according to the new resource-based view of the company, sustainable competitive advantage is achieved by continuously developing existing and creating new resources and capabilities in response to rapidly changing market conditions. CIC group may also use cost cutting strategy in order to enjoy the competitive advantage of huge profitability and huge returns on investments. This is in line with Porter (1985) and Porter (1998) which recommend that firms can pursue cost leadership in an effort to improve profitability and returns. A high sales ratio can be achieved through the generic competitive strategies (cost leadership, differentiation and market focus) or through value chain analysis in line with Raduan, Jegak, Haslinda, Alimin (2009), Ma (2000), Flint and Van Fleet (2005). Results indicate that strategic alliance has led to Large market share, Huge profitability, Enhanced and stronger customer

loyalty, Strong technological capability, Superior Portfolio of products, Stronger financial capability, Stronger, solid anchor shareholder base, Strong distribution network, Stronger supplier loyalty, Stronger brand name, Modern technological infrastructure, Stronger capital base and Stronger and wider interconnected branch Network since the statements attracted a mean score of above 3.5 which means the respondents agreed that the strategic alliances have led to competitive advantage. Results also indicated that female rated highly that various strategic alliances has led to competitive advantage compared to males. Results also revealed that those respondents who were above 50 years of age rated strategic competitive advantage perceptions highly compared to respondents aged between 18-30 years and 31-50 years. The finding implies that age is one of the factors influencing the manager's perceptions. The study findings revealed that those respondents who attained post graduate level of education agreed highly to the statement that strategic alliances have led to competitive advantage compared to respondents who had reached to the university level. The finding implies that education is one of the factors influencing the manager's perceptions. Result findings revealed that those respondents who had long experience in the company rated strategic competitive advantage perceptions highly compared to respondents who had less experience. The findings were supported by a mean response of 3.9 for respondents with experience of more than 5 years and 2.37 for respondents with experience of 1 to 2 years. The finding implies that length of experience is one of the factors influencing the manager's perceptions. Finally the results indicated that those respondents from CIC general insurance rated strategic competitive advantage perceptions highly compared to respondents from CIC life assurance and asset management. The finding implies that department is one of the factors influencing the manager's perceptions. The findings agree with those in Dyer et al (2001) who noted that the ability to form and manage strategic alliances more effectively than competitors can become an important source of competitive advantage. The findings also concur with those in Segil (2004) who asserts that strategic alliances are giving companies a competitive advantage. In addition, Segil (2004) notes that strategic alliances are a fast and flexible way to access complementary resources and skills that reside in other companies and hence have become an important tool for achieving sustainable competitive advantage. Furthermore, the findings agree with those in Brucellaria,(1998), Elmuti and Kathawala (2001) and Cojohari (2008) who note that strategic alliances are becoming more and more prominent in the global economy since they improve on an organizations operations and competitiveness. The findings are also consistent with Wheelen and Hungar (2000) who notes that companies are forming alliances to obtain technology to gain access to specific markets, to reduce financial risk, to achieve and ensure competitive advantage.

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The general objective of this study was to establish the competitive advantages enjoyed by Co-operative insurance group and to determine whether the Co-operative insurance group managers perceive strategic alliances as a way of creating competitive advantage for the company. A population of twenty three (23) respondents was drawn from all the managers in CIC group. For purposes of collecting primary data, the researcher developed and administered a questionnaire and the results obtained were analyzed using Microsoft Excel and Statistical Package for Social Sciences (SPSS).

Study findings indicated that (50%) of the respondents were male and (50%) were female. These findings imply that the organization has adhered to gender equality. A majority (70%) of the respondents were aged between 31-40 years, followed by 20% were aged between 41-50 years. This shows that the respondents were at the peak of their careers hence accurate responses. A majority of the respondents (80%) were post graduates while 20 % of the respondents were university graduates. The finding implies that majority of the CIC managers have got a high level of education which perhaps contribute positively into the achievement of the competitive advantages. Majority of the respondents (90%) had been in the employment for more than five years, while 10% of the respondents for a period of between 1 to 2 years. A majority of the respondents (40%) were from the Life Assurance department while equal shares of 30% were from both the Asset Management and CIC General Insurance departments. One of the objectives of the study was to establish the competitive advantages enjoyed by Co-operative insurance group. The study results indicated that the CIC enjoyed various competitive advantages in the strategic alliances but at different levels. The highest perceived competitive advantage enjoyed and perhaps the most important was stronger, solid anchor shareholder base (4.40) followed by stronger and wider interconnected branch network (4.30). Ranked 3rd was enhanced and stronger customer loyalty (4.30) and the fourth ranked competitive advantage was stronger brand name (4.30). Stronger distribution network was ranked fifth (4.30). The finding also indicates that the bottom five competitive advantages enjoyed by CIC include; strong technological capability with a score of 3.7, huge profitability with a score of 3.6, higher sales ratio with a score of 3.6, huge returns on investments with a score of 3.4 and highly experienced industry board of directors with a mean score of 2.7. The other objective of the study was to determine whether the Co-operative insurance group managers perceive strategic alliances as a way of creating competitive advantage for the company. Results indicate that strategic alliance has led to Large market share, Huge profitability, Enhanced and stronger customer loyalty, Strong technological capability, Superior Portfolio of products, Stronger financial capability, Stronger, solid anchor shareholder base, Strong distribution network, Stronger supplier loyalty, Stronger brand name, Modern technological infrastructure, Stronger capital base and Stronger and wider interconnected branch Network since the statements attracted a mean score of above 3.5 which means the respondents agreed that the strategic alliances have led to competitive advantage. Therefore, this results indicate that formation of strategic alliances have brought about the competitive advantages of large market share, huge profitability, enhanced and stronger customer loyalty, huge returns on investments, strong technological capability, superior portfolio of products, stronger financial capability, stronger solid anchor shareholder base, strong distribution network, stronger supplier loyalty, stronger brand name, modern technological infrastructure, stronger capital base, wider interconnected branch network, highly experienced industry board of directors and higher sales ratio. Results also indicated that female rated highly that various strategic alliances has led to competitive advantage compared to males. Results also revealed that those respondents who were above 50 years of age rated strategic competitive advantage perceptions highly compared to respondents aged between 18-30 years and 31-50 years. The finding implies that age is one of the factors influencing the manager's perceptions. The study findings revealed that those respondents who attained post graduate level of education agreed highly to the statement that strategic alliances have led to competitive advantage compared to respondents who had reached to the university level. The finding implies that education is one of the factors influencing the manager's perceptions. Result findings revealed that those respondents who had long experience

in the company rated strategic competitive advantage perceptions highly compared to respondents who had less experience. The findings were supported by a mean response of 3.9 for respondents with experience of more than 5 years and 2.37 for respondents with experience of 1 to 2 years. The finding implies that length of experience is one of the factors influencing the manager's perceptions. Finally the results indicated that those respondents from CIC general insurance rated strategic competitive advantage perceptions highly compared to respondents from CIC life assurance and asset management. The finding implies that department is one of the factors influencing the manager's perceptions. The findings indicate that the ability to form and manage strategic alliances more effectively than competitors can become an important source of competitive advantage. Furthermore, the findings also indicate that that strategic alliance is giving CIC group a competitive advantage. In addition, strategic alliances are a fast and flexible way to access complementary resources and skills that reside in other companies and hence have become an important tool for achieving sustainable competitive advantage. Furthermore, the findings imply that strategic alliances are becoming more and more prominent in the global economy since they improve on an organizations operations and competitiveness. Consequently, companies are forming alliances to obtain technology to gain access to specific markets, to reduce financial risk, to achieve and ensure competitive advantage.

5.2 Conclusions

Following the study findings it was possible to conclude that the CIC group enjoyed various competitive advantages. This was arrived at because all the competitive advantages had attracted a mean of 3 and above. It was possible to conclude that the top five competitive advantages that CIC enjoyed were:

Solid Anchor Shareholder Base, Stronger And Wider Interconnected Branch Network, Stronger Customer Loyalty ,Stronger Distribution Network

It was also possible to conclude that the bottom five competitive advantages enjoyed by CIC group were;

Strong Technological Capability , Huge Profitability , Higher Sales Ratio , Huge Returns On Investments , Highly Experienced Industry Board Of Directors

It was also possible to conclude that the managers had a positive perception of the role of strategic alliances in bringing about competitive advantages. In particular, this was possible to conclude that forming strategic alliances had brought about competitive advantages of;

Large Market Share, Huge Profitability,

Enhanced and Stronger Customer Loyalty, Huge Returns On Investments, Strong Technological Capability, Superior Portfolio Of Products, Stronger Financial Capability, Stronger Solid Anchor Shareholder Base, Strong Distribution Network, Stronger Supplier Loyalty , Stronger Brand Name, Modern Technological Infrastructure , Stronger Capital Base , Wider Interconnected Branch Network , Highly Experienced Industry Board Of Directors Higher Sales Ratio.

Furthermore, it was possible to conclude that perception of the whether strategic alliances confer competitive advantages differ between male and female managers, between managers with university and postgraduate level of education, between managers of different age groups, between managers with different levels of experience and managers in different departments.

5.3 Recommendations

The study recommends that Managers sat CIC Group can use the results to craft strategies on which areas to improve and which areas to excel at. For instance, CIC Group managers may highlight the 5 highest ranked competitive enjoyed as “Strengths” in a SWOT Analysis. The Managers may also identify the 5 lowest raked competitive advantages enjoyed as “Weakness”. With this classification, they may find ways to improve on the drivers of the “weaknesses” and also identify the drivers of “ Strengths” with an intention to excel in this areas. It is also suggested that since the managerial perceptions were that formation of strategic alliances have brought about competitive advantages, it may be important to consider investing in the area of strategic alliances with a hope of building and enjoying further competitive advantages. This investment would take the form of more human and financial resources allocated to strategic alliance formation. The Insurance Regulator may also use this study to come up with policy guidelines to encourage alliance formation between Insurance firms and other partners as doing so would bring about competitive advantages in the insurance sector.

5.4 Suggested Areas for Further Research

The study has validated Molina et al (2004) list of competitive advantages. This is because the managers identified almost all of the competitive advantages as existing and being enjoyed by CIC group. A further area of study would be to replicate the identification of competitive advantages using this list in all insurance firms.

Further areas of study would be to statistically determine, through regression modeling, the effect of choice of from of strategic alliance on the achievement of competitive advantages in surveyed insurance firms.

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