COMPETITIVE STRATEGIES AND LIFE INSURANCE UPTAKE IN UGANDA: A CASE STUDY OF KAMPALA CENTRAL BUSINESS DISTRICT

JONAN BWIRE

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A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS AND ADMINISTRATION IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF A MASTER'S DEGREE OF BUSINESS ADMINISTRATION OF UGANDA CHRISTIAN UNIVERSITY

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DECLARATION

I **Jonan Bwire**, hereby declare that this is my original work, and that, to the best of my knowledge, it has never been presented to any institution of higher learning for the award of an academic qualification. Where other people's work has been used, they have been dully acknowledged.

Signature: .... Date: 28/06/2021.......................

Jonan Bwire

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APPROVAL

This is to certify that this dissertation has been done under my supervision and is now ready for submission to the Faculty of Business Administration of Uganda Christian University (UCU).

Signature: ………………………………… Date: …24/06/2021…

Dr. Olobo Maurice

University Supervisor

DEDICATION

I dedicate this dissertation to my dear sisters Racheal, Lea, Naume, Nandera and Joyce. Thank you for your prayers, encouragement, understanding, patience and moral support throughout the entire MBA program.

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I thank the Almighty God for good health and strength freely granted to me, and for keeping me focused through the entire MBA program.

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LIST OF ACRYNOMS

CBD:	Central Business District
CIC:	Cooperative Insurance Company
ICEA:	Insurance Company of East Africa Limited
NIC:	National Insurance Corporation
PGCM:	Porter's Generic Competitive Model
RBV:	Resource Based View
TQM:	Total Quality Management
UIC:	Uganda Insurance Commission

ABSTRACT

The study examined the effect of competitive strategies on life insurance uptake in Uganda using Kampala Central Business District as a case study. The specific objectives of the study included to: establish the extent to which differentiation strategy affects life insurance uptake in Uganda; assess how cost leadership strategy affects life insurance uptake in Uganda; and examine the extent to which distribution channel affects life insurance uptake in Uganda. A cross – sectional research design was used with a mixed research approach employing both qualitative and quantitative approaches. A sample size of 306 respondents was selected from a study population of 1500 using of Krejcie & Morgan's table. Descriptive analysis was used where frequencies, percentages, mean and standard deviation were used. In addition, Pearson's correlation and regression analysis were used to analyse the relationship between competitive strategies and life insurance uptake, and to determine the most significant predicator variable among the independent variables respectively. A pre-test was done and all variables had an alpha value greater than 0.70 thus, considered reliable for the study. The study revealed a significant positive relationship between differentiation strategy and life insurance uptake at Pearson's correlation coefficient ($r = 0.291$, $N=181$, $P =0.000$). The study also established a significant positive relationship between cost leadership strategy and life insurance uptake ($r =0.169$, $N=181$, $p=0.023$). It was also established that there exists a significant positive relationship between distribution channel and life insurance uptake at Pearson's correlation coefficient ($r = 0.241$, $N=181$, $p=0.001$). The R square was 0.12 indicating that differentiation strategy, cost leadership strategy and distribution channels explain 12.0% of the life insurance uptake. The researcher concluded that differentiation strategy, cost leadership strategy and distribution channel strategy have a significant positive effect on life insurance uptake. The researcher recommended that there should be more differentiation of life insurance products and services offering, as this will enable companies experience growth in the areas of premium volumes, market share, and profitability levels. The researcher also recommended that the cost of life insurance premiums should be further reduced to allow even low income earners afford life insurance policies. Finally, the researcher recommended that there should be streamlined product distribution channels such that customers are able to receive reliable and accessible products/services at very competitive prices.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The examined the effect of competitive strategies on life insurance uptake in Uganda. This chapter presents background to the study, statement of problem, study objectives and questions, scope of the study, significance of the study and the conceptual framework.

1.1 Background to the Study

Over the last four decades, Congden (2005) observed that successful company executives lay emphasis on how competitive strategies of the organization can lead to attainment of competitive advantage and operational performance. According to Tumbo (2012), competitive strategy plays a critical role in the attainment of competitive advantage in all companies. However, lack of a comprehensive competitive strategy is a recipe for ultimate failure in the competitive market (Ogolla, 2005).

A study conducted by Cole (2004) revealed that competitive strategies assure insurance businesses of higher market share, profits and survival in the industry due to attainment of competitive advantages over the rivalries within the industry (Cole, 2004). Nyaguthii (2014) also established that product innovations was the highest ranked competitive strategy adopted by AON Insurance Company in Kenya and product differentiation and the introduction of new products and service experiences was a strategic response in the competitive environment by British American Insurance Company (Ngumo, 2012).Going by the findings of Porter (1980) a mix of all competitive strategies leads to a situation referred to as 'stuck-in-the-middle' that is having no valid strategy and therefore achieving low performance. However, another school of thought disapproves this notion arguing that these strategies complement and help improve the quality of the firm product (Enida, Vasilika & Amali, 2015). This conflict between the schools of thoughts forms the foundation of current study.

In Uganda, there are 29 insurance companies with 20 companies offering non-life insurance policies and 9 companies offering life policies (Insurance Regulatory Authority, 2018). However, a reportby the Uganda Insurance Commission UIC, (2009) reveals that the insurance business in Uganda is experiencing relatively low uptake by customers. Ekudu (2016) reports that as an industry, the uptake rate stands at 1%which represents over 98% untapped market viability.

In regard to the above concept, insurance firms have to formulate competitive strategies for each to have credible market share and increase insurance uptake (Sserumaga, 2016). The level of low life insurance uptake in Uganda demonstrates that there are numerous market opportunities for insurance firms and thus ways in to permeate the market must be identified in order to increase growth and profitability for firms through increased uptake of life insurance as well as improve the lives of people by cushioning them from the impact of various risks in today's ever changing environment (Insurance Regulatory Authority of Uganda Annual report, 2018).

1.2 Statement of Problem

The increased number of insurance companies in the business has necessitated the need for companies to come up with competitive strategies to increase insurance uptake and survive in the market. These strategies include product differentiation where new life products such as school fees schemes and health membership for organizations have been introduced to meet needed by the needs of middle income class; improvement in distribution channels such as sales agents, office branches, internet and bancassurance, which all form part of the strategy for effective competition (Insurance Regulatory Authority report, 2018).

Despite these strategies, life insurance uptake in Uganda has remained low at 1%compared to its counterparts in East Africa (Financial Sector Deepening Uganda, 2018), as show in table 1.1.

Table 1.1: Life insurance uptake in East Africa

Country	Insurance uptake rate
Uganda	1%
Kenya	3.5%
Rwanda	2.3%
Tanzania	1.1%

Source: *Financial Sector Deepening Uganda, 2018*

According to a 2018 report on the insurance industry in Uganda, general insurance uptake nationally dropped from 0.76 in 2015 to 0.73 in 2016 (UIA Report, 2018). Life insurance uptake has remained low with a decline in life premium growth rates (Insurance Regulatory Authority, 2018); as shown in the table below.

Table 1.2: Life insurance uptake in Uganda

YEAR	2014	2015	2016	2017	2018
Life Insurance Companies	8	8	8	9	9
Penetration Rate	0.85%	0.86%	0.76%	0.73%	0.81%
Life premium growth rate	42.05%	33.6%	34.8%	32.77%	27.19%

Source: IRA Uganda report 2019.

With so many life insurance products available, it is worth finding out why the majority of Ugandan population does not have any life policy. Therefore, this study sought to examine the effect of competitive strategies on life Insurance uptake in Uganda.

1.3 Purpose of the Study

To examine the effect of competitive strategies on life insurance uptake in Uganda using Kampala Central Business District as a case study.

1.4 Specific Objectives

The study was guided by the following objectives:

(i) To establish the extent to which differentiation strategy affects life insurance uptake in Uganda.

(ii) To assess how cost leadership strategy affects life insurance uptake in Uganda.

(iii) To examine the extent to which distribution channel affects life insurance uptake in Uganda

1.5 Research Questions

(i) What is the extent to which differentiation strategy affects life insurance uptake in Uganda?

(ii) How does cost leadership strategy affects life insurance uptake in Uganda?

(iii) What is the extent to which distribution channel affects life insurance uptake in Uganda?

1.6 Research Hypothesis

(i) H_o: There is no significant relationship between differentiation strategy and life insurance uptake in Uganda

(ii) H_o: There is no significant relationship between cost leadership strategy and life insurance uptake in Uganda

(iii) H_o: There is no significant relationship between distribution channels and life insurance uptake in Uganda

1.7 Significance of the Study

The study shall be significant in practice, theory and policy; these research findings will provide intellectual and valuable discussion to researchers, insurance companies' management and key government policy makers.

1.7.1 Insurance Companies

The study will help the management of Insurance companies and other players in the industry to realize how competitive strategies adopted are beneficial to their business. By adopting specific competitive strategies then businesses will be able to gain competitive advantage in their industry and increase life insurance uptake. For those managers who may not be aware of which strategy to adopt to boost their companies' performance, then they stand to gain from recommendation and conclusion made from this study.

1.7.2 Policy makers

Information that results from this study may be used as insights to policy development in the insurance industry that would enable regulators and policy makers such as government officers, Insurance Regulatory Authority and Association of Uganda Insurance to make policy and guidelines for competition in the insurance industry.

1.7.3 Academicians

This research shall bridge the current gap that exists in the body of knowledge. The study findings shall act as a useful source of reference for scholars and researchers who might be interested in carrying out further research based on the findings of the current study. The research findings shall act as a stimulus for further research in this area of study. Scholars in other disciplines of business management will use the literature from this research in theory building in their areas of specialty.

1.8 Scope of the Study

The scope of study was presented in three perspectives;

1.8.1 Content scope

The study covered competitive strategies as the independent variable conceptualized as differentiation strategy, cost leadership strategy and distribution channel; and dependent variable life insurance uptake which was defined by accessibility, perceived ease of use and perceived usefulness. The theories that were focused on include the Generic Competitive Model (PGCM) and the Resource Based View of the firm (RBV).

1.8.2 Geographical scope

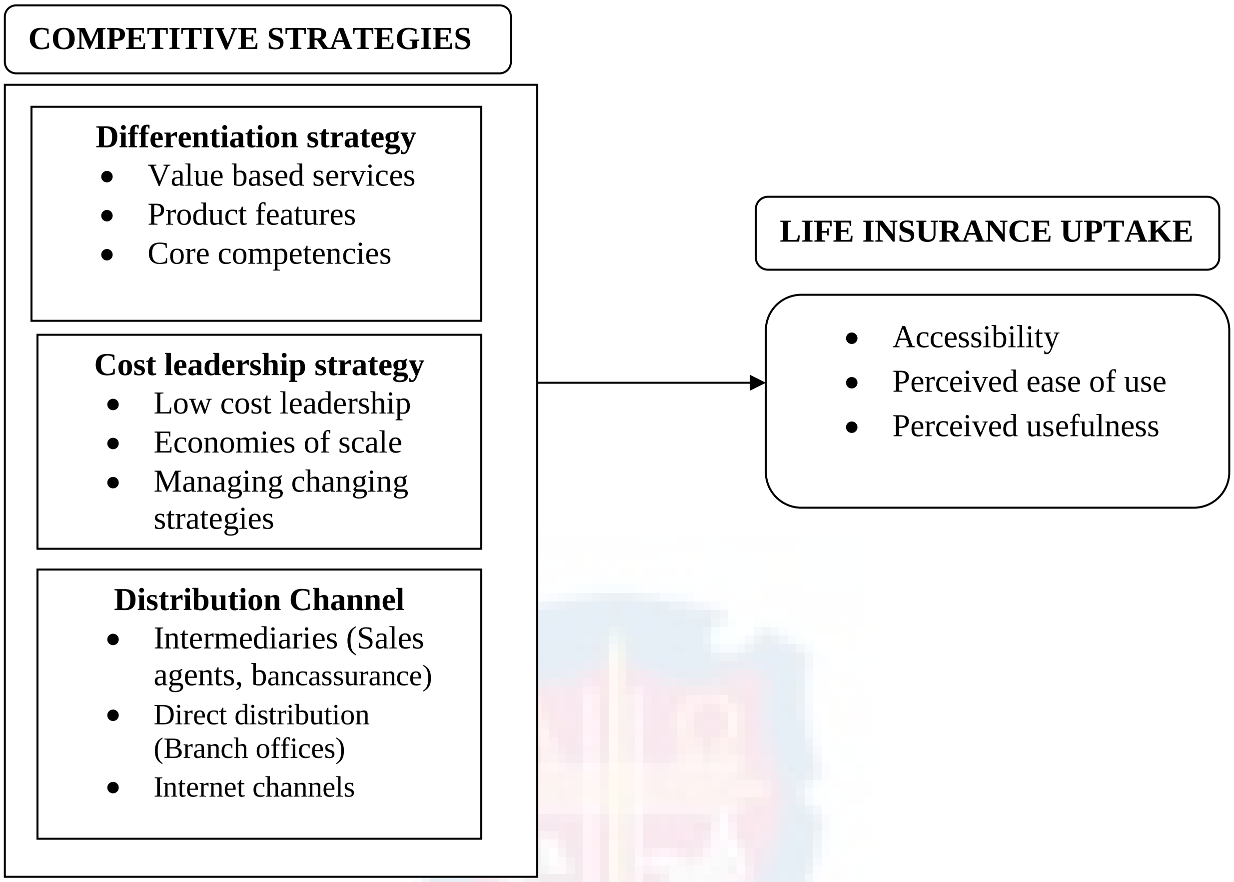
The study was conducted in the Central Business District (CBD) of Kampala that comprises of areas of old Kampala, Nakasero, Kololo, Kamwokya, Kisenyi and Kampala’s industrial area. According to the Insurance Regulatory Authority (2018), there are 29 insurance companies in Uganda with 20 companies offering non-life insurance policies and 9 companies offering life policies. The study however focused on 9 life insurance companies in the Central Business District of Kampala. This geographical area was preferred because all insurance companies in Uganda have operational offices in this area.

1.8.3 Time scope

The study took a period of 6 months from proposal writing to research report. The period chosen was appropriate since the study is cross sectional and this allowed the collection of field data, analysis, discussion and writing of the research report.

1.9 Conceptual Framework

INDEPENDENT VARIABLE **DEPENDENT VARIABLE**



Source: ***Adopted from Makheti (2014)***

Figure1.1: Conceptual framework showing the relationship between Competitive Strategies and Life Insurance Uptake.

Figure 1.1 above shows the relationship between the independent variable competitive strategies operationalised as differentiation strategy, cost leadership strategy and distribution channel; and the dependent variable Life Insurance Uptake measured in relation to accessibility, perceived ease of use and perceived usefulness.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter focuses on the review of past related literature on competitive strategies and insurance uptake. The literature will be reviewed in accordance with the study objectives as indicated in chapter one. Also included in this chapter is the review of theories that will guide the study.

2.1 Theoretical Framework

This study was informed by Porter's Generic Competitive Model (PGCM) as the primary theory, which emphasizes the need for creating a favourable position and outcompeting rivals in a business sector (Porter, 1998). The model is based on three broad strategies: cost leadership where a firm seeks competitive edge over its rivals through significant cost minimization; differentiation where a firm picks a line of uniqueness valuable to clients in the market especially when the target customers are price insensitive; and focus that is applied by a firm in either differentiation, cost leadership or jointly in a specific narrow market segment (Pearce and Mital, 2008). This theory is relevant to this study due to its two key strategies of differentiation and cost leadership which formed part of independent variables in the conceptual framework.

The secondary theory that informed this study is the Resource Based View of the firm (RBV). The theory focuses on a firm's internal capacity as the main driver of competitive advantage. The theory states that the resources available within an organization are enough to enable the firm compete effectively (Ansoff, 1965; Chandler, 1962).

2.2 Review of Related Literature

2.2.1 Differentiation Strategy and Life insurance uptake

According to Porter (1980) as cited in Kamau (2013) differentiation strategy is a business strategy intended to increase the perceived value of the firm's products or services compared to competitors so as to create a customer preference due to its distinct features. Kamau (2013) argues that differentiation can be done specifically for a product to make them attractive, or for a service through utilization of after sales services like consideration of quality, incentive programs, increased operating hours and so on (Kamau, 2013). To add to this, Olegube (2014) states that differentiation also includes physical aspects which would cover location, space, design and display/layout and stores atmosphere. Moreover, Allen and Helms (2006) stress the importance of differentiation in a company image which increases the sensitivity of the buying process for customers. All this confirms to the statement made by Thompson and Strickland (2008) that there are numerous ways and dimensions by which firms can differentiate themselves. Today's cut throat competition is the driving force describing why most companies are putting a lot of effort to strategize on differentiation.

Few studies have focused and investigated the association between differentiation strategy and organizational performance. However, out of the few studies most of them have been conducted in the developed Nations. Acquaah and Yasai-Ardekani (2008) under took a study to determine the benefits of executing cost leadership, differentiation, and multi strategy and they established no significant difference exist between performance of firms pursuing only the differentiation strategy and cost leadership. However, those in pursuit of a multi strategy (cost leadership combined with differentiation) gained more performance related benefits (Acquaah & Yasai-Ardekani, 2008). Companies that utilize a differentiation strategy consider the entry into the market first as a top priority. Being the first means that the company has the pleasure to set prices however they want, and exploit the wider market segment, this is done with the aim of achieving high profit and growth margins (Acquaah & Yasai-Ardekani, 2008). For differentiation strategy to be a benefit to a firm, there is a need for it to ensure good product quality and put emphasis on innovation at the fore front of the company.

Barney (2010) argues that differentiation is ultimately an expression of the creativity of individuals and groups within a firm, this builds up a competitive advantage of the firm. To maintain differentiation, it is important for a firm to have a strong and aggressive research and development team, strong marketing skills, and highly creative personnel. To add to this, Marques and Lisboa (2011) states that the rarity of a differentiation strategy depends on the creativity of firms to come up with new ways to differentiate their products or services. Creative firms will always strive to be one step ahead of their competitors. Firms should use bases for differentiation that are costly to duplicate. This will earn the firm a sustainable competitive advantage.

Githumbi and Ragui (2017) determined influence of differentiation on performance of large rice processing plants. Focus was on product, physical and service differentiations. The findings demonstrated that service and product differentiation significantly influenced performance of rice firms. However, the study failed to take into account consumer perspective such as; consumer behavior, brand loyalty and product quality which greatly influence market share, thus, an indicative of the gap in literature. Consistent to this, Khaled (2012) studied differentiation strategy and performance of Jordanian industrial firms and established an insignificant influence of differentiation on performance of the firms. According to the study, Jordanian companies were yet to fully exploit differentiation strategy and this could explain the finding which contradicts most of previous studies. This study focused on a relatively mature industry that has experienced significant level of differentiation.

Mwanzia (2015) assessed level of application and influence of differentiation on market share of Kenyan based tea export companies and found that firms had extensively adopted differentiation strategy. However, the influence of differentiation strategy was minimal. The export firms focus on different markets that are relatively heterogeneous with different attributes. However, this study was only based on export companies with diverse markets. The current study was based on insurance companies in Uganda operating in relatively homogeneous market. Also, using non-experimental survey design, Kamau (2013) observed positive co-relation between differentiation and performance. This study focused on insurance market which has differing orientation with fast moving goods retail market.

A company can differentiate itself by offering innovative features, providing superior service, launching effective promotions, and developing a strong brand name (Li & Zhou, 2010). Hilman (2009) states that corporations that use a differentiation strategy tend to establish intricate details to make buyers aware of the difference in what they are offering compared to the competition. Companies with this tactic also tend to offer their products at slightly higher prices than competitors as compensation for its unique features, the cost of the system prompt delivery, quality of service and distribution channels (Hilman, 2009; Porter, 1990). According to Porter (2008) firms that are able to implement a differentiation strategy have the following internal strengths; access to best scientific research, highly skilled and creative product development team, shrewd sales team with the ability to successfully communicate the perceived strengths of the product, corporate reputation for quality and innovation. In general, the power of differentiation is scarce and costly to imitate and is also a source of sustainable competitive advantage.

Value Based Service and life insurance uptake

In insurance companies, value based services involve a shift from the traditional focus of managing and building a process to maximizing the value of the firms. Chmielowiec-Lewczuk (2015) says that the focus of value based services entails coming up with a strategy, plan, value drivers, monitoring techniques, a way of reporting, creating communication channels and motivating the employees toward achieving a common goal. In short, a value based systems would not favor the interest of some stakeholders in the companies but the focus is usually inclusive. In this connection, studies have been conducted on differentiation that focuses on value created on the face of the customer for competition purpose. Hugosson and McCluskey (2009) found that a change toward differentiation in Swedish sawmill from commodities to manufactured goods through better marketing, moved a majority of their business to what is now known as relationship marketing. This development is referred by others as a move from commodity to value-adding activities (Brege et al., 2010) or to specialty and custom-made products.

Product Features and life insurance uptake

As competition continues to grow in the insurance companies, product features form one of the avenues applied to differentiate firms for survival. A product that appeals to right customers, that is up to date with technology, and manages risk is important for the ongoing success of insurance companies (Organ, 2014). Creation of products or services perceived to be unique may give the company an opportunity to charge a premium on its product. Features such as brand image, technology, networks and customer services are all desired towards being ahead of your competitors. When these features are maintained over time they lead to customer loyalty and increased customers buying insurance packages.

Atikiya et al. (2015) examined the relationship between differentiation strategy and manufacturing firm performance in Kenya. The differentiation strategy was attributed as being mindful of product differentiation, by having customized products as compared to competitors, continuous development of new products, innovative product, continuous and faster introduction of new products, quick response to competitor's product innovation, heavy reliance on research and development of reputable products on the market in a bid to create value to the customers.

Aliqah (2012) examined the empirical evidence between differentiation strategy and organization firm performance among Jordanian manufacturing firms. The study adopted measures of product differentiation strategy using Chenhall and Langfield-Smith (1998) five product differentiation tool, "providing high-quality products, fast deliveries, making changes in design and introducing new products and providing unique product features". Firm performance was operationalized as return on assets, sales growth rate, cash flow from operations, customer satisfaction, product quality and market development, all of which were measured using a five-point Likert scale. The results of the study revealed that there was a positive and significant relationship between differentiation strategy and organizational performance. In contrast, Dawes and Sharp (1996); Parker and Helm's (1992) empirical study concluded that Porter's competitive strategies (differentiation strategy and cost leadership strategy) had no effect on firms performance.

Dirisu, Iyiol, and Ibidunni (2013) examined the effect of product differentiation strategy as a competitive advantage in Unilever performance. Product differentiation was operationalized as high productivity growth, innovative product development, product design, and unique product features. On the other hand, firm performance was operationalized as sales growth, customer satisfaction. Results of the study revealed a positive and significant relationship between product design, unique product features, innovative product development and firm performance. Nolega, Oloko, Sakataka and Oteki (2015) examined the effect of products differentiation strategy and seed company firm performance. Results of the study revealed that to enhance performance there is need to develop products which are resistant to diseases. To mitigate the challenges there is a need for insurance companies to develop products which mitigate against product risks.

Core Competencies and life insurance uptake

Core competencies are the propelling abilities that drive the company into enjoying a competitive advantage. The brand image represents one of the core competencies that a company trades on. Evaluation done by the potential policyholder majorly focus on the brand. The performance of the company over time is normally used as the basis for judging a good insurance service and the company that offers it.

Experimental studies have been carried out on the impact of differential strategy on performance of different countries and sectors of the economy. To begin with, Arasa and Gathanji (2014) examined the relationship between competitive strategies and telecommunication firm performance in Kenya. The study hypothesized that cost leadership strategies, market focus strategies, strategic alliances and differentiation strategies all jointly have an influence on firm performance and both correlation and regression analysis revealed that there was a positive and significant relationship between differentiation strategy and firm performance. The study however did not use factor analysis to generate an overall index for each independent variable.

A study by Mashruwala and Tripathy (2014) has shown that benefits that come as results of differentiation are more likely to be sustainable. This is only made possible when the services or products are unique to customers and cannot be replicated by competitors. Moreover, Banker et al. (2014) adds that since differentiation strategies are developed around firm-specific and product-specific innovations and marketing, copying the idea may not happen quickly. For example, changes in the pricing of commodities can be imitated easily in all industries, while innovation that comes about through research and development is not easily imitated. This means that the firm would enjoyed increased customer base and performance before the new innovation is available to all players. Earlier, Coombs and Bierly (2006) observed that research and development places firms at a competitive advantage due to the technological capability that is built. This makes it even harder for competitors to replicate an idea, hence maintain to a large extent a sustained advantage owing to longer competitor response.

In addition, a differentiation that focuses on quality of the product and service provision always yield a significant growth in sales, particularly to the industries that are in the maturity stage of their life cycles and where they are vulnerable to the high cost and poor performance (Porter, 1985). Insurance companies that carry out differentiation focusing on product and service customization are forced to maintain a very close relationship with the clients or customers whom with time serve to build good reputation for the companies and this may translate to increased customers and improved performance (Graham & Bansal, 2007). Further, when companies wish to customize their products to fit their customers, they have to also maintain a close relationship with the suppliers. This calls for a close check on the complex relationship between two parties (customer and suppliers) which is a costly affair that makes it difficult to duplicate and hence become a source of sustained competitive advantage (Banker et al., 2014).

Kotler (2008) notes that even though service companies have developed clear market segmentation and a well-conceived positioning strategy for their services, the brand can still fail because of insufficient attention put on the service differentiation strategy. This strategy must be geared at positively enhancing the perception consumers have of the service quality through their reliability, responsiveness, assurance, empathy and appearance.

Treacy and Wierserma (2003) highlighted three strategies that lead to successful differentiation and market leadership. These are operational excellence, customer intimacy and product leadership. Operational excellence involves providing customers with reliable products and services at competitive prices and easy availability. Customer intimacy is about knowing customers intimately and being able to respond quickly to their specific and special needs. Product leadership involves offering customers innovative products and services that enhance the customers' utility and outperform competitors' products. The increased competition in the insurance services sector has made many companies to realize the need for a strong differentiated service brand as an essential part of their growth strategy and competitive advantage (Ahmad & Rehman, 2015).

Chernatony and McDonald (2003) maintain that financial services companies and all service providers need to realize that brands are even more important for services than for goods since consumers have no tangible attributes to assess the brand. They stress the inseparability of the services from the service providers in the marketing of services. Their observation is echoed by Leigh (2017) who maintains the inseparability of the services from the service providers and the need to train staff and agents to ensure a greater likelihood of consistent delivery of the service to the clients. Shahi (2013) holds the view that training of agents is key for insurance firms to increase their business volume and retain market share. The need to train agents to improve service provision is also echoed by Kotler, (2008); and Chernatony and McDonald (2003).

2.2.2 Cost Leadership Strategy and Life Insurance uptake

Cost leadership as a strategy allows the firm to be a low-cost producer and thus making more profits than rivals due to low costs of production and economies of scale (Barney, 2007). Cost leadership strategy occurs in a firm through use of experience as a result of investment in production, conservation and careful monitoring of operating costs so as to optimize organizational performance. Cost leadership enables firms to establish a competitive advantage by increasing sales turnover to help in any expansion plans. Subsequently, firms seeking after a cost initiative practice should constantly benchmark themselves against other competing firms with a definite end goal to examine their relative cost (and therefore profitability) position in commercial center. A firm that seeks after cost initiative system accomplishes an ease position by emphasizing on forceful development of effective scale offices, energetic quest for cost reduction for a fact, tight cost and overhead control, shirking of negligible client records, and cost minimization in ranges like innovative work (R&D), administrations, deals drive, publicizing, and some more (Porter, 1985).

Seth (2013) states that for low cost leadership to be effective, a firm should have a large market share. New entrants may not benefit from cost leadership since mass production, mass distribution and economies of scale may not make an impact on the new entrants. Cost leadership becomes a defense mechanism against competitors in a highly competitive industry (Parker, 2014). Eventually, cost leadership generates sustainable competitive advantage in a firm therefore high performance.

David (2014) states that another objective of cost leadership is efficiency, the degree to which per unit of output is low. It can be categorized into cost efficiency, and asset parsimony. Cost efficiency measures the degree to which costs per unit are low, and asset parsimony is the reduction or minimization of assets used in making a product or service. They both capture the firm's cost leadership orientation which help the firm improve its performance. Lack of customer loyalty is one of the disadvantages of cost leadership, as price sensitive customers will always switch the moment a lower price product or service is introduced into the market (Green, 2013). As cost leadership objective is to reduce costs, this might result to low quality products or services which might ruin the firm's reputation. Also, low prices will result in creating a negative attitude towards the quality of the product in the mindset of customer, (Miller, 2014).

Gorondutse and Gawuna (2017) observed significant positive influence of cost-leadership on performance of Nigeria based hotels. However, Customer perspective and attributes such as consumer behavior and loyalty were not captured by the study. This study incorporated consumer perspective that was missing in the previous studies. Similar findings were echoed by Atikiya et al. (2015) who established a significant influence of cost-leadership on performance of manufacturing companies based in Kenya. This study was based on insurance sector which was significant in checking consistency of the results across industries.

Nyauncho and Nyamweya (2015) demonstrated significant influence of cost-leadership on performance of Eldoret based liquid petroleum gas firms. However, only accounting parameters was considered in assessing performance. This study applied both accounting and market based performance parameters. Hashem, Hamid and Samira (2012) determined influence of cost-leadership on performance of forty five Tehran Security Exchange (TSE) listed companies for a seven year period. The results identified positive relationship of the variables. The sampling of 15 firms in different industries with differing business environment is a limitation in generalizing the outcome. The current study focused on a single industry which is Ugandan insurance industry.

However, on the contrary note, Hamid et al. (2014) determined cost-leadership and performance of selected Tehran Security Exchange (TSE) listed companies for a four year period. The study employed accounting based indicators of performance and established negative influence of cost leadership on performance. The finding is inconsistent with Hashem et al. (2012) who found a positive relationship between cost leadership and performance. The inconsistency is attributable to differing performance measure basis (market-based and accounting-based) employed by the two studies. Cost leadership strategy includes the following:

Low Cost Leadership Strategy and life insurance uptake

Low Cost leadership strategy involves the process which the company utilizes to produce or distribute products and services at a lower cost than competitors in the same industry. Cost leadership strategy, as indicated by Porter (1980, 1985) means the strategy of trading with standard products together with aggressive pricing. As Porter (1985) proposes, cost leadership strategy is one of the most successful ways of achieving sustainable competitive advantage by being in a capacity to reduce and control costs, both production and non-production costs. Use of technology, economies of scale employing experienced and working toward minimizing or controlling administrative costs to realize their low-cost strategy that further translates to increased customers and beating the targeted performance (Hansen et al., 2015). In this regard, an insurance company adopts the cost leadership strategy through creation of a low-cost position relative to their competitors. The motivation behind companies adopting different resource allocation methods is to achieve cost leadership, large-scale facilities, process improvements, benchmarking, cost minimization, total quality management (TQM), and indirect expense control (Banker et al., 2014).

Unlike companies adopting the differentiation strategy to gain a competitive advantage by investing in evolving products or services, low cost leadership strategy allows the firm to command a better price. Cost Leadership strategy creates a low-cost operation in their market niche with the core objective of attaining advantage over competitors; this is done by reducing operating costs below that of other players in the market. Cost leadership strategy is coined around organization-wide efficiency, therefore companies implementing the strategy need to maintain a strong competitive position so as to sustain their profit margin overtime; they therefore have to place a premium on operations efficiency in all the major functional areas (Porter, 1998).

Insurance companies that implement cost leadership strategy have the capability of securing a large market share due to their low cost in the industry or market. Thus, companies implementing the strategy can obtain super profits as a result of their ability to lower prices to match or beat those of competitors and earn profits. By utilizing the strategy, the firm benefits from operation efficiency, effective price leadership, growth in the industry, lower prices, higher quality, or both (Spulber, 2009). By innovating best practice organizational processes, with careful monitoring on purchasing expenditures, application of computer and communications technology in a cost-effective way, trimming of overhead cost, and efficient operations, a firm can achieve the cost reduction. With the same quality level but lower cost, the low-cost firm could be able to undermine the price of competing firms. The reason for applying the strategy on cost leadership is to obtain the advantage by reducing economic costs amongst its competitors (Barney, 2002). This strategy results in efficiency by producing standardized products while enjoying economies of scale and experience, the firm also strives to gain competitive advantage.

However, according to Palepu and Healy (2008), a firm may suffer low profit margin by adopting cost leadership strategy. However, the strategy helps corporations produce high-volume product and service at competitive price to customers. Montgomery and Porter (2009) identified challenges that may hamper cost leadership. These include financial muscle, technology, regulatory issues as well as structural and economic barriers in the industry. Other challenges include climatic and at times ecological concerns brought about by unseen weather conditions and influence firms whose products are seasonal.

Economies of Scale and Life Insurance Uptake

The aim of cost leadership strategies is to ensure timely and efficient processing of the demanded products and services. Provision of standardized products and services allows the firm to enjoy economies of scale while serving customer (Swink & Nair, 2007). With standardized products, the firm can be able to search for different strategies to cut down cost. On the other side, the cost should not compromise the value of the products but instead complement it to be able to beat the value created by the competitors. One way of achieving a minimum cost as cited by Flynn et al (2010) is through standardization of materials, products, and process or alternatively having a centralized system. Internal integration processes on cross-functional collaboration also aids in forecasting demand, level scheduling and efficient warehouse management which are all in line with minimizing the process of production costs. This can further help increase the quality of customer service and reduce wastage (Swink & Nair, 2007).

Mahdi, Abbas, Mazar and George (2015) discovered that a cost minimizing enterprise tends to make products with an acceptable quality and very few standard features available in order to gain competitive advantage and to maximize its market share. This kind of strategy tries to attract a wide group of customers. In contrast, Duran and Akci (2015) too studied the implication of using competitive strategies on the change in firm performance among manufacturing companies quoted in Borsa Istanbul, Turkey. The results demonstrated that under the condition of high uncertainty, competitive strategies had no positive and significant effect on firm performances as confirmed by the findings of the previous researchers.

Jiri, Stanislav, and Petr (2013) observed that the organizations operating in a transformation economy ascertain that the strategies used to date, especially the low-cost strategy, is losing strength. This leaves behind questions on the ability to adapt to a new situation once the low-cost strategy is pursued. In other surveys, the cost leadership strategy has been mostly affected by the access to financial sources leading to question of capital strength to support demand from existing and new customer as result of new pricing strategy. Although Cater and Cater (2009) noted that differentiation strategy is, on the contrary, mostly affected by the access to an intellectual capital and the financial strength of the organization itself, some prior surveys have realized that in developed countries low-cost strategy is more affected by capital which consequently affects customer attraction (Auzair, 2011).

Huo, Qi, Wang, and Zhao (2014) discovered that firms following a low-cost strategy stress operational efficiency which a firm can achieve by modernization, mechanization of the firm equipment, economies of scale, and applying experienced. Kim et al. (2004) consider these issues in the context of e-business firms. These authors argued that firms pursuing a strategy of cost leadership could easily become locked in a malicious cycle of price-cutting because internet technologies tend to be based on cost structures that combine "low variable costs and high fixed costs". Nevertheless, each of these pros could be temporary and not durable. Otherwise, the strategy based on differentiation through products, brand building, and reputation, and strong provider and customer connections, provided more lasting rewards that allow performance in the long run.

Managing Changing Strategies and life insurance uptake

Cost management in the last two decades was a non-issue, however, things have taken a new direction. A study by Hilman and Kaliappen (2014) about the influence of cost leadership and innovation on firm performance of Malaysian hotel industry revealed a positive relationship between cost leadership and innovation as well as firm performance. More so, innovation has a significant moderating effect on firm performance and cost leadership.

A comparative study conducted by Amoako-Gyampah and Acquaah (2007) on strategies employed in manufacturing and competition environment relative to the performance of Ghanaian firms revealed that the competitive strategies pursued were cost leadership and differentiation while the performance was measured in terms of sales growth and market share. The findings revealed a significant positive association between the competitive strategy and performance of firms specifically in cost, delivery, flexibility and quality. The uniqueness with this study is that quality as a result of costs indirectly influenced the customer perceived usefulness of the products and services of insurance companies performance of firms. This implies that irrespective of the competitive strategies used, the central point revolved around developing a quality product.

Porter (1985) in his book, "Competitive Advantage: Creating and Sustaining Superior Performance" stimulated many scholars to study how companies gain competitive advantages and formulate competitive strategy. According to porter a firm can gain competitive advantage if it's able to create value for its buyers. Companies can provide this superior offering by offering products/services that are lower in prices than that of their competitors. To be successful, this strategy needs a significant market share advantage or better access to important inputs. However, it should be noted that in the absence of some of these advantages the strategy can easily be copied by competitors.

2.2.3 Distribution Channel and Life Insurance uptake

Studies have been done and suggest that the distribution channel is influential in insurance demand. To begin with, Regan and Tennyson (1996) show that the choice of distribution channel is associated with an insurer's product lines. McCabe (2009) highlighted the necessity of understanding how to get access to the customer to deliver the marketing message and the organisation's products and services. Hudson (2008) agreed with him and stressed the importance of designing a distribution system to work as a framework for making the organisation's services available for customers. Similarly, Baranoff and Sager (2003) indicate that there is a relation between the distribution channel and the life insurance uptake. Previous literature also shows that intermediation can affect sales volume (Focht et al., 2013) and that certain distribution channels especially fit specific insurance customers (Karaca-Mandic et al., 2018).

Intermediaries and life insurance uptake

In practice, insurance demand might be affected by the marketing mix, including price, product design and distribution channel, in addition to the need for economic security. Consumers usually do not contact the insurer directly but go through an intermediary. Robson and Sekhon (2011) indicate that an intermediary's recommendation significantly influences insurance sales. Shi et al. (2016) find that the perceived relationship investment strongly influences insurance customers and that employees can guide consumers' perceptions. In general, sales intermediaries can reduce consumers' search costs and information uncertainty, and thus the distribution channel plays an important role in insurance consumption (Karaca-Mandic et al., 2018).

Consistently, Choi et al. (2015) show that the intermediary's characteristics are important in developing and maintaining a buyer–seller relationship. Besides, the distribution channel is closely associated with operational efficiency due to the acquisition costs associated with commissions

(Berger et al., 1997). Fields et al. (2007) find that bancassurance for example can provide positive gains and enhance financial strength. It is expected that the insurer will choose a distribution channel according to its enterprise risks.

On the other hand, the distribution channel might create risks for the insurer. Since sales intermediaries represent the insurer, consumers may interpret or judge the insurer's risks through them. Abtin and Pouramiri (2016) study the insurance industry and show that customer loyalty is significantly affected by trust, communication and competence. Moreover, brand loyalty can affect price sensitivity to the insurance product (Dominique-Ferreira et al., 2016). Dadzie et al. (2018) suggest that interpersonal trust can influence the duration of a buyer–seller relationship in emerging markets.

Mahfooz (2014) finds that service quality is significantly related to customer satisfaction. Service quality is also an influential factor for corporate reputation and building long-term relationships with customers (Lemmink et al., 2003), which implies reputation risk is associated with the distribution channel used by the insurer. Furthermore, the distribution channel has an impact on an insurer's efficiency and competitiveness in the industry (Carr et al., 1999). For instance, Emilia and Bolovan (2012) indicate that bancassurance may cause new risks for an insurance company. In summary, the chosen distribution channel might influence the enterprise risks of the insurer which may have a negative impact on life insurance uptake.

Feyen, Lester and Rocha (2011) state that their primary challenge for growth is getting their products and services in front of potential and actual customers. Ngoima (2011) studied the effects of insurance agents in insurance penetration in Kenya and reveled that insurance agents played a big role in increases insurance penetration. He further contended that in this modern world the traditional use of insurance agents and brokers can make a significant change in fostering market penetration for the insurance companies.

Moreover, Malik (2011) in the research on the determinants of insurance companies' profitability: an analysis of insurance sector of Pakistan, found that even in this modern world full of advancement and new technologies, there is still room for the traditional/ conventional way of selling insurance products as dictated by different cultures. The culture can still be incorporated into the insurance penetration strategy and gain the organization success through increased market size, increase volumes in terms of uptake of policies and increased profitability through high premiums that are paid by the policy holders. Malik (2011) further mentions that with the right strategies and adopting a mixed approach between the traditional way of using agents and a bit of modern technologies could further increase sales and the insurance companies' products' presence in the market.

Direct distribution and life insurance Uptake

The insurance industry has struggled a lot in its aim to penetrate the market and get more clientele and this has forced the management to re-think on the strategies that would help gain market penetration. To this effect, Outreville (2011) mentions that many channels that would aide in distribution have to be thought through to see that they are fit and can work. Direct distribution is one of the many channels that are forwarded for consideration (Outreville, 2011).

Chen and Chang (2010) in a journal on Distribution channel strategy and efficiency performance of the life insurance industry in Taiwan found that a direct distribution channel strategy performed better than a non-direct distribution channel strategy or any other distribution channels in terms of efficiency and productivity change. This means that direct distribution channel strategy fared much better than other distribution channels.

Consistently, Chaudhury and Das (2015) argue that personalizing insurance products and using direct distribution channel would increase penetration as the customer awareness is rising and their needs are more varied thus require customized products and flexible products. Finding a niche market, right product mix, effective branding and product differentiation will increase the customer base, increased collected premiums and increase in presence in the market through increased penetration.

Internet channel and Life Insurance Uptake

Technological advancements have also paved a way for life insurance penetration. To this effect, Akoth (2011) found out that the using technology to access information about the economic behavior of customer segments provides valuable insights about insurance-selling opportunities. The use of internet enables insurance companies to penetrate the insurance market which in the past was very difficult to penetrate. For instance, customers buying a home through a bank mortgage can be approached for a variety of insurance products. Similarly, Kaguri (2013) alludes that Bancassurers should use technology to simplify the insurance purchase as much as possible, thereby making the purchase an easier, more pleasant experience and further differentiating themselves in the process. Buying insurance in the traditional way means dealing with agents and the complications of the underwriting process, which banc assurance can eliminate and simplify the whole process (Akoth, 2011).

Murigu (2014) reveals that in the past most insurance products were sold via direct distribution, where the insurance products were sold through the insurance sales agents and brokers but with the invention and advancement of technology, penetration has improved greatly. Since insurance sales agents and brokers failed to yield the results that is the market penetration for the insurance companies, then internet based channels were adopted. Chikweche and Fletcher (2012) stated that the usage of social networks like groups for the youths and women have helped build awareness of the available products and policies offered by insurance companies and opened a channel of communication, whereby the organization can get feedback on what the potential and current customers are saying about their products, policies and services they are getting. Also Kitua (2009) revealed that majority of the insurance companies in Kenya use Electronic mail (E-mail) to sell their products and services to clients on a daily basis. The insurance companies also use the social media platforms like facebook accounts, twitter handle and pop-ups on the internet to advertise and influence customers to buy their products. Furthermore many of the insurance companies have a current website running with all the information that a potential customer may seek on their services, processes and policies (Kitua, 2009).

Prasad et al. (2001) believe that internet has changed many marketing functions and tasks such as mediated inactivation, customer relationship management, mass customization, sales force automation, marketing decision support information, joint cooperation, and coordination. To add to this, Bengisson et al. (2007) contends that integration of internet and marketing operations emphasizes that acceptance and use of internet for more advanced marketing operations can provide challenging opportunities for companies of all sizes. Moreover, Asfidany et al. (2011) revealed that the use of internet can increase the marketing performance of life insurance.

Mehrabadi et al. (2010) as investigated the relationship between entrepreneurship and electronic sales of life insurance, assessing the process of entrepreneurship and its impact on electronic sales of life insurance. In this study, it is emphasized on clients and customer orientation so that it is recommended to organizations planners and decision makers to pay special attention to their clients

2.2.4 Competitive strategies and Life Insurance uptake

Jonsson and Devonish (2009) did an exploratory study of competitive strategies among hotels in Malaysia and found out that firms that correctly applied competitive models of strategy experienced superior performance compared to those that did not have clear competition models of strategy. The research confirmed existence of a relationship between organizational performance, client satisfaction and improved competitive position of a company’s activity.

O'Regan, Kluth, and Parnell (2011) stated that there is no consensus as to what works best for firm performance and sustained competitive advantage as most previous studies have been at the centre of strategic management. Pearce and Robinson (2007) have also argued that the relationship between competitive strategies and organizational performance has been a contentious and unresolved matter in the field of strategic management. Despite many past studies on competitive strategies, there have been inconclusive results. For instance, Hambrick (1983) and Kim and Lim (1988) found that firms that adopted cost leadership and differentiation strategy were the most profitable thus confirming Porter's finding. In contrast, Dawes and Sharp (1996); Parker and Helm's (1992) empirical study concluded that Porter's competitive strategies had no effect on firms performance.

Yasar (2010) conducted a study about competitive strategies and firm performance of a carpeting sector in Beijing. The research annulled any relationship between competitive strategy and the firm performance of the carpeting industry. The research found out that competitive strategies are outlived by transient management theory which holds that competitive advantage may not be sustainable in the long run hence not suitable to influence performance on a carpeting industry.

Muriira (2014) studied Competitive Strategies adopted by insurance companies in Kenya. The study focused on the following competitive strategies: differentiation, cost leadership, focus and niche, diversification, product development, market development and market penetration. The findings were that most organizations within the Industry tend to lean towards differentiation and product development. There is a gap in the study done since though many companies are seen to adopt differentiation and product development we still cannot tell if the strategies make them more competitive.

A study by Arasa and Gathinji (2014) focused on the relationship between competitive strategies and firm performance in Telecommunication industry in Kenya. The study outlines that competition was steep in the mobile telecommunication sector and only firms that developed competitive strategies that focused on cost leadership and differential tactics survived the steep competition in the sector.

Ilovi (2011) examined how to sustain a competitive advantage in reference to the insurance industry in Kenya. The study recommended that players in the insurance sector should constantly evaluate their strategies with the aim of outdoing competition. In light of the foregoing, the author suggested adoption of cost reduction strategies, focus strategy and investing in resources as some of the measures of addressing issues of competition in the industry.

Oyeila (2011) studied competitive strategies and performance of commercial banks and observed that strategies adopted such as agency banking, mobile banking has led to increased networking and customer base. Likewise Adhiambo (2009) studied competitive positioning and performance of commercial banks and observed that firms must repackage their products, be innovative and move with technology for survival in the so dynamic world of business. All these studies have focused on different areas, other than the correlation between competitive strategy and performance in the Insurance sector particularly the life insurance companies. Thus, a knowledge gap exists and this study sought to bridge this inherent knowledge gap.

Kaplan and Norton (2008) observed that successful strategy implementation has two basic rules. They understand management cycle and the link between strategy and operations. More importantly, Peng and Littlejohn (2001) posited that managerial knowledge about which tools to apply at each stage of the implementation cycle is equally critical. Aaltonen and Ikavalko (2002) study showed that communication is imperative in detail of implementing a strategy and is dependent on process, context and objectives. Strikingly, an organization fails to implement 70 percent of the strategies (Miller, 2002). They can respond through cost leadership strategy, focus strategy and differentiation or a combination of any of them as per the need of the firm and the competitive pressure experienced.

According to Capon (2008), porter's three competitive strategies centre on two issues; the scope of the market to be served and the basis of competition. The scope of the market can be either narrow or broad; on basis criteria it can be cost based or value added based. Synergy is said to exist where it's more advantageous to combine two or more activities than to undertake them separately. Synergy may be sales & distributions; production and investments. Majority of firms strive to remain competitive through cost effective avenues and through customer satisfaction practices. Competitive and innovative strategies become important in achievement of all the above goals. Failure to be innovative can be disastrous for the firm (lacovok & dexter 2005), resulting effects range from loss of business to competition, loss of opportunities which could have led to organizational growth and create strong presence in the market place.

Jonsson & Devonish (2009) did an exploratory study of competitive strategies among hotels in Malaysia. The study identified that firms that correctly applied competitive models of strategy experienced superior performance compared to those that didn't have clear competition models of strategy. The research confirmed existence of a relationship between organizational performance, client satisfaction and improved competitive position of a company's activity.

Akena (2018) conducted a study to assess why there is limited uptake of life assurance in Uganda using a mixed research. Key informant interviews were purposively selected from eight life assurance companies while questionnaires were administered to obtain quantitative data where random sampling was employed and a sample of 76 respondents selected. The findings of the study showed that there has been more growth in life assurance compared to general insurance over the last ten years. The growth in life assurance is seen in retail business however general business is stagnant and most of the businesses keep switching between insurers. It was observed that there was a general increase in the number of consumers buying life assurance policies and most bought educational products. However, the study did not consider the aspect of competitive strategies used by these companies to increase life insurance uptake, which forms a contextual gap.

2.4 Conclusion

Various studies have been done relating to competitive strategies, however, most of them were done in manufacturing firms with a few in the service sector, thus an indicative of the research gap for the same study in the service sector particularly life insurance company. Additionally, most studies were done outside Uganda thus a geographical literature gap. For the few studies done in

Uganda for example, Akena (2018) who assessed why there is limited uptake of life assurance in Uganda using a mixed research, the study did not consider the aspect of competitive strategies used by these companies to increase life insurance uptake, which forms a contextual gap. Likewise Muriira (2014) studied Competitive Strategies adopted by insurance companies in Kenya. However, the there is a gap in the study done since it did not reveal whether the strategies make insurance companies more competitive. Thus, the current study sought to fill the research gaps by conducting a study on the effect of competitive strategies on life insurance uptake in Uganda.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter covers the methodology that was adopted for the study. It covers research design, study population, sample size selection, sampling techniques, data sources, data collection methods, data collection procedure, Validity and reliability, data analysis, ethical considerations and limitations of the study.

3.1 Research Design

This study used a cross – sectional survey. The researcher applied correlation and regression research design to study the effect of competitive strategies on life insurance uptake in Uganda using Central Business District of Kampala as a case study. In addition to using correlation and regression design, a mixed research approach was employed for the study where both qualitative and quantitative approaches were used. A mixed research was ideal because it provides a better understanding of a research problem.

3.2 Study Population

Kampala Central Business District has 29 insurance companies with 20 companies offering non-life insurance policies and 9 companies offering life policies (Insurance Regulatory Authority, 2018). The 9 life insurance companies namely: UAP, ICEA, Jubilee, Liberty, CIC, Prudential, NIC, Sanlam and Metropolitan will form the study population. According to Insurance Regulatory Authority of Uganda Annual report (2019), 76,013 life premiums were sold in 2019, showing the customer base for life insurance products. These companies will be selected because they offer life policies, which is the focus of the study. However, for this study a total population of 1500 comprising of 9 general managers from 9 insurance companies and 1491 customers were targeted.

The study targeted general managers due to the role they play in ensuring the company builds its competitive advantage; customers were selected because they are the end users of the services.

3.3 Sample Size Selection

Under the quantitative approach, the sample size was based on Krejcie and Morgan's sample size determination table, where a sample 300 was selected. In addition, 6 general managers were selected from the nine life assurance companies using simple random sampling, to provide the qualitative sample. Table 3.1 shows sample size selection.

Table 3.1: Sample Size Determination

Category	Population	Sample Size	Sampling Technique
General Managers	9	6	Simple random sampling
Customers	1491	300	Simple random sampling
Total	**1500**	**306**	

Source: ***Researcher (2021)***

3.4 Sampling Techniques

A multi-stage sample design was used. At the first stage, the sampling unit was Life insurance companies in the Central Business District whereby the names of all life insurance companies in Kampala CBD were written on pieces of paper, folded and put in a bowl where after they were shuffled and 6 picked randomly without replacement from the bowl and formed a cluster. The second sampling unit was customers who were selected from every cluster using simple random sampling and were subjected to questionnaires. Customers who came for services at these Life insurance companies were given questionnaires to fill and returned them to the research assistant. The third sampling unit was general managers who were selected from each cluster and were subjected to interviews. The interviews were conducted with managers from their places of work at the time that was convenient to them.

3.5 Data Collection Sources

The study collected data through primary and secondary sources. Primary data was obtained through interview guides and questionnaires from the respondents. Secondary data was obtained through review of documents which include policy manuals, government departments, annual reports by the industry regulatory authority, journals and other published information.

3.6 Data Collection Methods

The researcher used questionnaire and Interviews as data collection methods

3.6.1 Questionnaire Method

The questionnaire method was used to collect data from the customers with life assurance policies. The researcher prepared a questionnaire containing both closed and open ended questions. The questionnaire was anchored on a five point likert scale ranging from 5 for strongly agree to 1 for strongly disagree. It contained three sections where section A contained demographic characteristics of the respondents, section B covered components of competitive strategies (differentiation strategy, cost leadership strategy and distribution channel) that were linked to components of life insurance uptake contained in section C.

3.6.2 Interview Method

Interview method was used to collect data from key informants who comprised of general managers. The questions included both open and closed categories so that a lot of information can be collected. Face to face interviews were conducted. Interview guide was designed in such a way that it contained questions that covered the various components of Competitive strategies which include differentiation ,cost leadership and distribution channel that were compared against life insurance uptake.

3.7 Validity and Reliability

3.7.1 Validity of the instruments

Validity of the research instruments were done by giving instruments to 2 research experts who gave their comments on the relevance of the items in the instruments and language used. The instruments were later modified by removing unclear questions and remained with only those relevant for the study objectives. Content Validity index (CVI) was also computed using the formula: CVI = Number of items considered valid on the draft

Number of items on the draft instruments

Table 3.2: Validity of research instruments

Judges	Total Items	Items rated right	CVI
Jude 1	24	21	0.875
Jude 2	24	19	0.792
Total	**48**	**40**	**0.833**

The overall CVI value of 0.833 was obtained which was considered valid for the study since according to Oso and Onen (2008), the CV value of least 0.70 is considered valid for the study.

3.7.2 Reliability of the Instruments

To ensure reliability, the researcher conducted a pilot test on a sample of 10 respondents from an insurance company, using a 5 point likert questionnaire. Responses from the pilot test were used to refine the questionnaire before the final data collection was done. Cronbach's alpha test was also done where responses were entred into a Statistical package for Social Scientists (SPSS version 20) and all the variables had an alpha value greater than 0.70 thus, considered reliable for the study as suggested by George & Mallery (2003) that the Cronbach's alpha value grater or equal to 0.70 is considered acceptable for the study.

Table 3.3: Reliability test

Reliability Statistics

Variable	Items	Cronbach Value
Differentiation Strategy	6	.731
Cost Leadership Strategy	6	.789
Distribution Channel	6	.719
Life Insurance Uptake	6	.724

3.8 Data Collection Procedure

An authorization letter from Uganda Christian University was obtained and presented to the selected insurance companies seeking permission to carry out a study. After receiving the permission, questionnaires were distributed to respondents to be filled and interviews were consequently held. One front desk staff was selected from each company as research assistant, who helped in the distribution of the questionnaires and management of the collected data. Customers who came for services at these Life insurance companies were given questionnaires to fill and returned them to the research assistant. Follow – up via phone calls, whatsup messages and emails were made to ensure that the respondents fully complete the questionnaires in time.

3.9 Data Analysis

The collected data was edited and analysed using Statistical Package for Social Scientists (SPSS) version 20. Descriptive statistics namely frequency counts and percentages were used to analyze the respondents' demographic characteristics and the mean and standard deviation were used to analyze the respondents' opinions about competitive strategies and life insurance uptake.

Pearson's correlation and regression analysis were also used to test effect and relationship between competitive strategy and life insurance uptake.

Qualitative data collected was analysed using content analysis where responses from different interviewees were compared and summarized according to the objective of the study. Narratives from interviews were used to emphasize certain basic facts during the process of presenting quantitative data.

3.10 Analytical Model

The data collected was analyzed in order to determine the relationship between competitive strategies and insurance uptake. To establish this relationship a Pearson's Product Moment Correlation Coefficient was pre-ceded by testing for the linearity of the data that was collected. A scatter diagram was drawn with a line of best fit to capture this data format. The linear pattern that was emerged between both variables revealed a relationship. Pearson's-Product moment correlation coefficient was computed following the formula below;

$$\boldsymbol{r_{xy}} = \frac{\boldsymbol{n(\sum xy) - (\sum x)(\sum y)}}{\sqrt{\{(\boldsymbol{n \sum X^2) - (\sum X)2}\}\sqrt{\boldsymbol{n\left(\sum y^2\right) - (\sum y)2}\}}}}$$

Where;

$n =$ The number of paired observations,

$\sum xy$= The sum of the gross product of Competitive strategies and Life insurance uptake

$\sum x^2$ =The sum of all the squared values of Competitive strategies,

$\sum y^2$ =The sum of all the squared values of Life insurance uptake,

$(\sum x)2$= The sum of Competitive strategies Squared

$(\sum y)2$=The sum of Life insurance uptake squared

3.11 Regression Model

The results were tested to see the extent of relationship using the following linear regression equation model:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Where; Y= Insurance Uptake in the insurance industry

X_1 =Differentiation strategy of the insurance company

X_2 = Cost leadership strategy of the insurance company

X_3 =Distribution strategy of the insurance company

ε = Error term Regression analysis which will be used. The β coefficient from the equation represented the strength and direction of the relationship between the variables.

3.12 Ethical Considerations

3.12.1 Confidentiality

The researcher ensured that the information collected is handled and treated with utmost confidentiality. The researcher made sure that no names are indicated on the research instruments for anonymity purposes.

3.12.2 Informed Consent

Respondents participated on the basis of informed consent. The principle of informed consent involved the researcher providing sufficient information and assurances about taking part in the study to allow individuals understand the implications of participation. There was Voluntary participation of respondents since participants had rights to withdraw from the study at any stage if they wished to do so.

3.12.3 Plagiarism

To ensure that there are no plagiarized contents, the researcher ensured that this work does not contain any material previously published by another person. Where other peoples' ideas were used in this work, due acknowledgement was made.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the findings of the analysed data that was collected from the respondents. The findings are presented in tabulated form and explained using frequencies and percentages for demographic data; mean and standard deviation were used for descriptive data. Analysis of relationships and the extent of the relationship were also done using correlations and regression analysis respectively. The presentations were done according to the specific objectives, namely: to establish the extent to which differentiation strategy affects life insurance uptake in Uganda; to assess how cost leadership strategy affects life insurance uptake in Uganda; and to examine the extent to which distribution channel affects life insurance uptake in Uganda.

4.1 Analysis of Response Rate

The study targeted a sample size of 306 respondents out of which 300 questionnaires were printed and distributed to the respondents and 6 key informants were interviewed. Out of the 300 questionnaires distributed, 181 questionnaires were returned fully completed, giving a response rate of 60.3%. This response rate was representative for the study since according to Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

4.2 Demographic Characteristics of the Respondents

This section provides results of the demographic characteristics of the respondents. The study explored respondents' gender, education level and time spent as a customer of life insurance products. This was intended to get basic information about respondents' characteristics and know whether they had qualities that would make their responses reliable. The responses are shown in the tables below;

Table 4.1: Gender of the respondents

	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	114	63.0	63.0	63.0
	Female	67	37.0	37.0	100.0
	Total	181	100.0	100.0	

Source: ***Primary Data (2021)***

Table 4.1 indicates that 114 (63.0%) of the respondents were male and 67 (37.0%) were female. This implied that majority of the respondents that took part in the study were males than females. It also implied that males have taken more life assurance policies than the females. This tallies with Hasanbanu and Nagajyothi (2007) who opined that there is significant relationship between gender and insurance uptake, as it has been found out by the study.

Table 4.2: Distribution of respondents by education level

	Education level	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary	40	22.1	22.1	22.1
	Diploma	40	22.1	22.1	44.2
	Degree	95	52.5	52.5	96.7
	Post graduate	6	3.3	3.3	100.0
	Total	181	100.0	100.0	

*Source: **Primary data (2021)***

Table 4.2 shows that a big number of the respondents 95(52.5%) were degree holders followed by 22.1% with diploma and secondary. This implied that most of the respondents had the required knowledge to understand and answer the questions that were being asked to them. It also suggests that most customers are probably among the educated class. It also indicates that educated people have product knowledge about the insurance products thus taking up insurance. This conquers with Baek and DeVaney (2005) who established a positive relationship between education and insurance demand. They recognized that those who have a better education will purchase more insurance.

Table 4.3: Respondents by duration as a customer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 – 5 year	6	3.3	3.3	3.3
	6 - 10 years	48	26.5	26.5	29.8
	11 - 15 years	79	43.6	43.6	73.5
	16– 20Years	41	22.7	22.7	96.1
	Above 20 years	7	3.9	3.9	100.0
	Total	181	100.0	100.0	

*Source: **Primary data (2021)***

From figure 4.3, majority of the respondents 79 (43.6%) had been customers of life insurance products for the period of 11– 15 years, followed by 48 (26.5%) who had been customers for the period of 6 – 10 years. This implied that majority of the respondents had good experience since they had been customers of life insurance products for many years. It also implied that customers were satisfied with the life insurance premiums since they had held them for a long period.

4.3 Presentation of Descriptive Statistics

In this section, descriptive statistics were presented using mean (M) and Standard Deviation (SD); inferential statistics were done to establish the relationship between the variables using correlation and regression analysis. The Mean shows the incidence of a response and the Standard Deviation shows the extent to which scores deviate from the Mean. The standard deviation (SD) shows the variability among the responses where, SD > 0.49 is interpreted to show high variability among the responses. They are presented on the basis of the study objectives as laid out in chapter one.

4.3.1 Differentiation Strategy and Life Insurance Uptake

In order to get an understanding of how differentiation strategy affects life insurance uptake, respondents were asked to give their opinions on statements related to the phenomenon using a five point Likert scale ranging from 1= Strongly Disagree, 2= Disagree, 3= Not sure, 4= Agree, and 5= Strongly Agree. The results are interpreted using mean and standard deviation as shown in table 4.4

Table 4.4: Differentiation strategy and life insurance uptake

Statement	**Mean**	**Std. Deviation**
My insurers offer a broad range of life insurance products	4.38	.486
I take on my life policy because it is only found at this company not anywhere else on the market	4.12	.884
My insurers continuously develops new products life policies that meet my demands	4.35	.663
I have been attracted to this company by the unique product they offer	4.25	.651
My insurers offer good services which meets my demands as a customers	4.29	.728
My insurers strive to build strong reputation within the industry	4.03	.532
Global Mean and Standard Deviation	**4.24**	**.657**

N=181
Legend: *4.21-500 (very high); 3.41-4.20 (high); 2.61-3.40 (moderate); 1.81-2.60 (low); 1.00-1.80 (very low).*

Source: primary Data 2021

Several statements were put to respondents regarding differentiation strategy and life insurance uptake. Respondents expressed agreement to the statement that their insurers offer a broad range of life insurance products (M = 4.38 and SD = 0.486). Likewise, respondents expressed agreement to the statements that: my insurers continuously develops new products life policies that meet my demands (M= 4.35 and SD = 0.663); I have been attracted to this company by the unique products they offer (M = 4.25 and SD = 0.651); and that I take on my life policy because it is only found at this company not anywhere else on the market (M = 4.12 and SD = 0.884). All the four statements generated high mean scores implying that differentiated products offered by life insurance companies attract customers to by life insurance premiums. The high standard deviation of (0.663, 0.651 and 0.884) shows high variability among respondents, which points to differences in knowledge, perception and bias as well. In supplement to this, key informant **R_1** opined that: *"In Uganda, people have not yet embrace life insurance in large numbers, they see it as a wasted. However, we try to come up with a variety of life policies such as school fees schemes to attract people to take life policies. Although many people think that the products/services offered by insurance sector are similar, we try much to differentiate our products."*

Further supplement comes from key informant **R_3** who said that: *"we have come up with a different life policies segmented to meet different demands of customers such as mid – term life policies which are affordable to various sections of people. In fact I can say that we have as many products as our market segments. These products include but not limited to: medical product, travel policy, personal accident, machinery breakdown, public liability and medical products."*

These findings are congruent with Allen and Helms (2006) who stressed that differentiation is important in building a company image, which increases the sensitivity of the buying process for customers. Consistently, Kamau (2013) argued that differentiation can be done specifically for a product to make them attractive, or for a service through utilization of after sales services like consideration of quality, incentive programs, increased operating hours and so on, which attracts more customers.

The findings also tally with Li and Zhou (2010) who argued that a company can differentiate itself by offering innovative features, providing superior service, launching effective promotions, and developing a strong brand name. Similarly, Hilman (2009) states that corporations that use a differentiation strategy tend to establish intricate details to make buyers aware of the difference in what they are offering compared to the competition.

The researcher went on to ask respondents whether their insurers offer good services which meets their demands as customers, respondents expressed agreement to this statement (M = 4.29 and SD = 0.728). Similarly, when respondents were asked whether their insurers strive to build strong reputation within the industry, they expressed and agreement (M = 4.03 and SD = 0.532). The outcomes show high mean scores, implying that the good services offered by life insurance companies attract customers to buy life insurance premiums. In complement to this, key informant **R$_1$** opined that: *"Insurance business is very competitive, we actually compete with other financial institutions such as banks, therefore, we try to give customers the care they need so as to keep them and attract others to buy in life policies.*

Another key informant **R$_2$** supplemented to this finding and this is what she had to say: *"insurance companies are mushrooming making competition so stiff, however, good customer offering good services to customers has been our competitive strategy to keep us in the market."*

In agreement to these findings are Graham and Bansal (2007) who argued that insurance companies that carry out differentiation focusing on product and service customization are forced to maintain a very close relationship with the clients or customers whom with time serve to build good reputation for the companies and this may translate to increased customers and improved performance.

Further agreement comes from Ahmad and Rehma, (2015) who argued that the increased competition in the insurance services sector has made many companies to realize the need for a strong differentiated service brand as an essential part of their growth strategy and competitive advantage. Consistently, Mashruwala and Tripathy (2014) opine that benefits that come as results of differentiation are more likely to be sustainable. This is only made possible when the services or products are unique to customers and cannot be replicated by competitors.

Overall, the study showed that differentiation strategy has an effect on life insurance uptake as observed from the high global mean of (4.24) although, the SD of 0.657 showed a fair variability meaning that despite the difference in opinions, the contrast between the opinions was not so high. The variability can be explained by limited sharing of information and possible bias among respondents due to differences in attitudes and perceptions. This conquers with Aliqah (2012) who avers that there is a positive and significant relationship between differentiation strategy and organizational performance. However, this finding was in disagreement with Acquaah and Yasai-Ardekani (2008) who argued that there is no significant difference that exists between performance of firms pursuing only the differentiation strategy.

4.3.2 Cost Leadership Strategy and Life Insurance Uptake

In order to get an understanding of how cost leadership strategy affects life insurance uptake, respondents were asked to give their opinions on statements related to the phenomenon using a five point Likert scale ranging from 1= Strongly Disagree, 2= Disagree, 3= Not sure, 4= Agree, and 5= Strongly Agree. The results are interpreted using mean and standard deviation as shown in table 4.5

Table 4.5: Cost leadership strategy and life insurance uptake

Statement	Mean	Std. Deviation
My individual term life insurance policy is affordable	4.62	.519
I am up – to date with the policy payments I make	3.86	1.089
I find it easy and cheap to pay for my insurance premium for example using mobile money	4.36	.605
It has been made cheap to access my insurance policy through the internet	4.13	.472
I can now pay for my life policy through the agents thus cutting on the transport costs	4.06	.535
It is cheaper to take a joint life insurance policy	4.48	.592
Global Mean and Standard Deviation	**4.252**	**.635**

N=181
Legend: *4.21-500 (very high); 3.41-4.20 (high); 2.61-3.40 (moderate); 1.81-2.60 (low); 1.00-1.80 (very low).*

Source: primary Data 2021

Table 4.5 indicates that respondents agreed to the statements that: My individual term life insurance policy is affordable (M = 4.62 and SD = 0.519); I am up – to date with the policy payments I make (M = 3.86 and SD = 1.089); and that it is cheaper to take a joint insurance policy (M = 4.48 and SD = 0.592). The outcomes generated high mean scores implying that life insurance products have been made affordable, which has attracted customers to buy life. There was a very high standard deviation of 1.089, indicating a sharp contrast in the opinions amongst respondents regarding whether customers are up – to – date with the policy payments. This agreed with Spulber (2009) who opined that insurance companies that implement cost leadership strategy have the capability of securing a large market share due to their low cost in the industry or market.

However, a key informant **R_2** disagreed with majority respondents and this is what he had to say: *"The costs of operating an insurance business are high, for example, the taxes are so high, which translates into high prices of life policies. This I think has deterred people from taking up life policies."*

Respondents were further asked whether they find it easy and cheap to pay for their insurance premium for example using mobile money. Respondents demonstrated agreement to this statement (M = 4.36 and SD = 0.605). Respondents also demonstrated agreement to the statement that they can now pay for their life policy through the agents thus cutting on the transport costs (M = 4.06 and SD = 0.535). With respondents expressing agreement to these two statements, it implied that insurance companies have put cheap payment methods such as mobile money through which customers can pay for insurance premiums at low costs, thus attracting more customers. This was supported by key respondent **R_6** who said that: *"we do whatever it takes to remain in the market irrespective of the high operational costs which at times increase the final price of our products. For instance we put a mobile money number to enable our customers pay conveniently; however, customers still travel to our branch offices to make payments."*

Similarly, respondents expressed agreement to the statement that it has been made cheap to access my insurance policy through the internet (M = 4.13 and SD = 0.472). This implied that accessing life insurance services through the internet has made it affordable to people, attracting more people to buy in life insurance policies thus increasing life insurance uptake. This agreed with Hansen et al. (2015) who argued that use of technology enables working toward minimizing or controlling administrative costs to realize their low-cost strategy that further translates to increased customers and beating the targeted performance. However, key informant **R_5** responded with a different opinion from the majority respondents and he had this to say*: there is a number of customers who* *purchase their premiums because they got to know about it from the internet platforms, however, they still visit our offices to make more inquiries and take up our products."*

Further disagreement to the finding comes from Kim et al. (2004) who argued that firms pursuing a strategy of cost leadership could easily become locked in a malicious cycle of price-cutting because internet technologies tend to be based on cost structures that combine low variable costs and high fixed costs.

Overall, the effect of cost leadership strategy on life insurance uptake was rated high with global mean of 4.25 and standard deviation of 0.635. The standard deviation of 0.635 shows a fair variability meaning that despite the difference in opinions, the contrast between the opinions was not so high. This implied that cost leadership strategy highly affects life insurance uptake. This is in line with Amoako-Gyampah and Acquaah (2007) who found a significant positive association between the cost competitive strategy and performance of firms, where the quality as a result of costs indirectly influences the customer perceived usefulness of the products and services of insurance companies hence increasing performance. However, on the contrary, Palepu and Healy (2008) opined that a firm that practices cost leadership strategy may suffer low profit margin.

4.3.3 Distribution Strategy and Life Insurance Uptake

In order to get an understanding of how distribution strategy affects life insurance uptake, respondents were asked to give their opinions on statements related to the phenomenon using a five point Likert scale ranging from 1= Strongly Disagree, 2= Disagree, 3= Not sure, 4= Agree, and 5= Strongly Agree. The results are interpreted using mean and standard deviation as shown in table 4.6

Table 4.6: Distribution Channel and life insurance uptake

Statement	Mean	Std. Deviation
I was convinced to buy an individual term life insurance by a sales agent	3.91	.808
It was easy purchasing my life insurance premium through the internet	2.75	1.145
We purchased our group creditor annuity policy through our bankers	3.12	1.186
It is easier accessing my life policy through the insurance branch office	3.83	.773
I often interact with my insurers and get up-to-date information regarding my life policy through the internet	3.70	.830
I find it cheap to renew my individual term life policy through the agents	4.05	.877
Global Mean and Standard Deviation	**3.56**	**0.937**

N=181

Legend: *4.21-500 (very high); 3.41-4.20 (high); 2.61-3.40 (moderate); 1.81-2.60 (low); 1.00-1.80 (very low).*

As indicated in table 4.6, respondents agreed to the statements that: It is easier accessing my life policy through the insurance branch office (M = 3.83 and SD = 0.773); I find it cheap to renew my individual term life policy through the agents (M = 4.05 and SD = 0.877). The outcomes demonstrated high mean scores implying that majority of the respondents purchase their life insurance policies through branch offices and sales agents. However, the high standard deviation ranging from 0.73 and 0.877 indicated a sharp contrast in the respondents' views which can be explained by differences in respondents' opinions. In complement to these findings, key informant **R_4** opined that: *"We have made our products known to people through various channels such as the internet platform which has changed the way we used to do things. However, one of the common channels our customers access products and sign up for life policies is through agents and our branch offices scattered all over major towns."*

These findings agreed with Karaca-Mandic et al. (2018) who argued that in general, sales intermediaries can reduce consumers' search costs and information uncertainty, and thus the distribution channel plays an important role in insurance consumption. The findings are also in line with Robson and Sekhon (2011) who argue that Consumers usually do not contact the insurer directly but go through an intermediary thus, an intermediary's recommendation significantly influences insurance sales. According to them, insurance demand might be affected by the marketing mix, including price, product design and distribution channel, in addition to the need for economic security.

Similarly, it was agreed that customers often interact with their insurers and get up-to-date information regarding their life policy through the internet (M = 3.70 and SD = 0.830). However, regarding whether it is easy purchasing life insurance premium through the internet, respondents expressed a disagreement (M = 2.75 and SD = 1.145). This implied that regardless of customers using the internet to access life insurance information, they do not purchase their life policies through the internet. They prefer purchasing their premiums through other channels such as agents and branch offices. This was supported by key informant **R_6** who opined that: "*Through the help of brokers, agents and direct channels, we have been able as a company to reach out to our customers.*"

The overall mean core of 3.56 implied that distribution channels have an effect on life insurance uptake. There are many distribution channels such as internet, bancassurance, branch offices and sales agents which attract customers to buy life insurance premiums. There was a high standard deviation of 0.937, which showed a sharp contract on the respondents' view regarding effect of distribution channels which can be explained by the differences in the respondents' opinions. In agreement to this finding is Baranoff and Sager (2003) who indicates that there is a relation between the distribution channel and the life insurance uptake. Similarly, Berger et al. (1997) avers that the distribution channel is closely associated with operational efficiency due to the acquisition costs associated with commissions. This was similarly echoed by Fields et al. (2007) who found that bancassurance for example can provide positive gains and enhance financial strength. It is expected that the insurer will choose a distribution channel according to its enterprise risks.

4.4 Linearity of the data

To establish whether the data was linear, a scatter plot was drawn with a line of best fit to capture this data format. The scatter plot is show in figure 4.1.

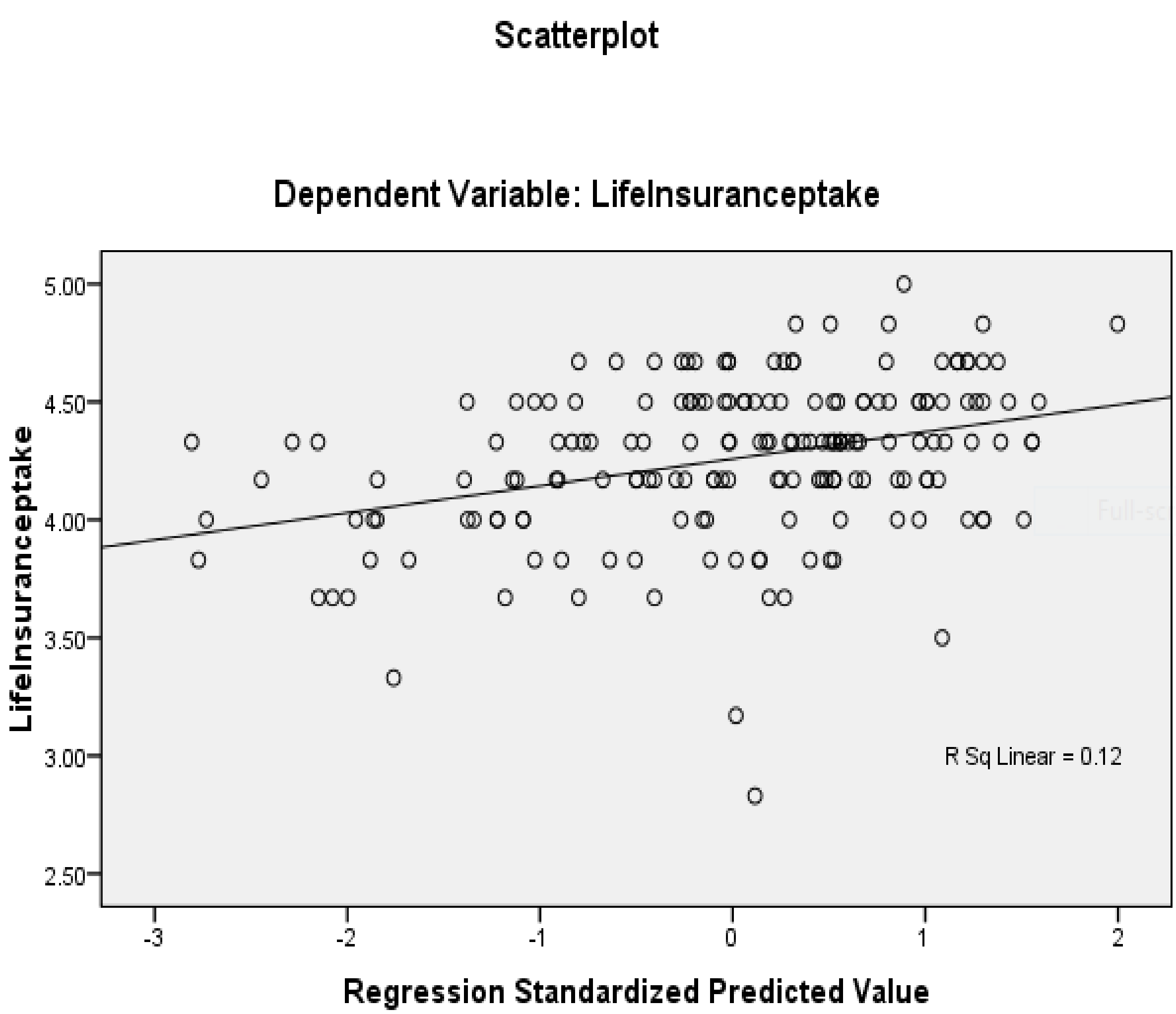


Figure 4.1: Scatter Plot

From figure 4.1, the R-square was 0.12 implying that that the model explains 12.0% of the fitted data in the regression model. When the R2 value is high, it suggests a better fit for the model. However, it should be note that R-squared does not indicate if a regression model provides an adequate fit to your data. Thus, a good model can have a low R^2 value and on the other hand, a biased model can have a high R^2 value, depending on the nature of the variables. For example, studies that try to explain human behavior generally have R^2 values less than 50%. People are just harder to predict than things like physical processes. Therefore, a low R2 value can also end up in a good predictive model (Armstrong, 2019).

The scatter plot above shows a linear relationship between two variables implying that a change in one variable is associated with a proportionate change in the other variable thus, Pearson's Correlation Coefficient (r) was suitable to use for this data. Pearson's *r* tests the degree of linear correlation between two variables and is often applied without examining whether a degree of curvature may be present (Armstrong, 2019).

Table 4.7: Pearson's correlation coefficient

		Life Insurance Uptake
Differentiation Strategy	Pearson Correlation	.291**
	Sig. (2-tailed)	.000
	N	181
Cost Leadership Strategy	Pearson Correlation	.169*
	Sig. (2-tailed)	.023
	N	181
Distribution Channel	Pearson Correlation	.241**
	Sig. (2-tailed)	.001
	N	181

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

Table 4.7 shows the matrix of Pearson's correlation coefficient for the two variables of competitive strategies and life insurance uptake. The study revealed a significant positive relationship between differentiation strategy and life insurance uptake at Pearson's correlation coefficient ($r = 0.291$). The significant value was at $p = 0.000$ implying that the relationship between the two variables was significant. This implied differentiation strategy significantly affects life insurance uptake. This conquered with Aliqah (2012) who examined differentiation strategy and organization firm performance among Jordanian manufacturing firms and revealed a positive and significant relationship between differentiation strategy and organizational performance. However, in contrary to this finding, Dawes and Sharp (1996) opined that differentiation strategy has no effect on firms' performance.

The study also tested the relationship between cost leadership strategy and life insurance uptake and revealed a significant positive relationship between the two variables ($r = 0.169$). The p value was 0.023 which was not different from zero since it was less than the alpha $\alpha = 0.05$. This implied that the relationship between the two variables was significant. This further implied that cost leadership strategy significantly contributes to life insurance uptake. This agreed with Amoako-Gyampah and Acquaah (2007) who opined that there is a significant positive association between the cost competitive strategy and performance of firms, where the quality as a result of costs indirectly influences the customer perceived usefulness of the products and services of insurance companies hence increasing performance. However, on the contrary, Palepu and Healy (2008) who opined that a firm may suffer low profit margin by adopting cost leadership strategy.

Finally, the study a significant positive relationship between distribution channel and life insurance uptake at Pearson's correlation coefficient ($r = 0.241$), with a significant value of $p = 0.001$ which was less than the significant alpha $\alpha = 0.05$. This implied that the relationship between the two variables was significant. This further implied that distribution channel has a significant effect on life insurance uptake. This tallies with Baranoff and Sager (2003) who purported that there is a relation between the distribution channel and the life insurance uptake. Similarly, Focht et al. (2013) contends that the intermediation can affect sales volume.

4.5 Regression Analysis

In order to determine the extent to which competitive strategy affects life insurance uptake, a regression analysis was conducted. The results are summarized in table 4.8

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.347[a]	.120	.105	.31248

a. Predictors: (Constant), Distribution Channel, Differentiation Strategy, Cost Leadership Strategy

b. Dependent Variable: Life Insurance Uptake

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.365	3	.788	8.072	.000[a]
	Residual	17.283	177	.098		
	Total	19.648	180			

a. Predictors: (Constant), Distribution Channel, Differentiation Strategy, Cost Leadership Strategy

b. Dependent Variable: Life Insurance Uptake

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.359	.430		5.482	.000
	Differentiation Strategy	.275	.085	.240	3.234	.001
	Cost Leadership Strategy	.053	.086	.047	.621	.035

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.347[a]	.120	.105	.31248

a. Predictors: (Constant), Distribution Channel, Differentiation Strategy, Cost Leadership Strategy

Distribution Channel	.143	.060	.176	2.361	.019

a. Dependent Variable: Life Insurance Uptake

From the regression findings, the substitution of the equation $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$ becomes;

$Y = 2.359+0.275X_1+0.053X_2+0.143X_3+ \varepsilon$

Where Y is the dependent variable (Life Insurance Uptake), X1 is Differentiation strategy variable, X2 is Cost Leadership strategy and X3 is Distribution channel variable.

From table 4.8, the R square was 0.12 indicating that 12.0% of the life insurance uptake is influenced by differentiation strategy, cost leadership strategy and distribution channels as per this study. According to the ANOVA values, the significant value was 0.000, indicating that the model is significant in predicting the effect of independent variable on the dependent variable.

At 5% level of significance and 95% level of confidence, the regression coefficients results revealed a significant positive relationship between differentiation strategy and life insurance uptake (P = 0.001), thus the researcher rejected the null hypothesis that there is no significant relationship between differentiation strategy and life insurance uptake in Uganda and considered the alternative. Likewise the regression analysis revealed a significant relationship between cost leadership strategy and life insurance uptake (P = 0.035) and rejected the null hypothesis that there is no significant relationship between cost leadership strategy and life insurance uptake in Uganda and considered the alternative. Finally, the regression analysis revealed a significant positive relationship between distribution channel and life insurance uptake (P = 0.019), thus the researcher rejected the null hypothesis that there is no significant relationship between distribution channels and life insurance uptake in Uganda and considered the alternative.

According to the equation, taking all factors (Differentiation Strategy, cost leadership and distribution channel) constant at zero, Life Insurance Uptake will be 2.359. The data findings also show that a unit increase in differentiation strategy would lead to a 0.27582 increase in Life Insurance Uptake; a unite increase in Cost Leadership Strategy would lead to a 0.053 increase in Life Insurance Uptake; and a unit increase in Distribution Channel strategy would lead to a 0.143 increase in Life Insurance Uptake. This means that the most significant factor is differentiation strategy, followed by distribution channel and lastly cost leadership strategy.

4.6 Conclusion

This chapter looked at results, analysis and interpretation of the study findings. It looked at the response rate, demographic characteristic of respondents, presentation of findings according to study objectives using descriptive statistics correlation coefficient and regression analysis. The next chapter draws conclusion from study findings, makes recommendations and suggests areas for further research.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

Whereas the previous chapter presented the study findings, this chapter draws conclusion from the study findings, suggests recommendations based on the study findings and later suggest areas for further research.

5.1 Summary of Findings

The study examined the effect of competitive strategies on life insurance uptake in Uganda using Kampala Central Business District as a case study. The study sought to answer the following questions: What is the extent to which differentiation strategy affects life insurance uptake in Uganda?; how does cost leadership strategy affect life insurance uptake in Uganda?; and what is the extent to which distribution channel affects life insurance uptake in Uganda? A cross – sectional research design was used with a mixed research approach employing both qualitative and quantitative approaches. Data was analysed using frequencies, percentages, mean and standard deviation, Pearson's correlation and regression analysis. The study revealed a significant positive relationship between differentiation strategy and life insurance uptake at Pearson's correlation coefficient ($r = 0.291$, $N=181$, $P =0.000$). The study also established a significant positive relationship between cost leadership strategy and life insurance uptake ($r =0.169$, $N=181$, $p=0.023$). It was also established that there exists a significant positive relationship between distribution channel and life insurance uptake at Pearson's correlation coefficient ($r = 0.241$, $N=181$, $p=0.001$). The R square was 0.12 indicating that differentiation strategy, cost leadership strategy and distribution channels explain 12.0% of the life insurance uptake.

5.2 Conclusion

Based on the study findings, the following conclusions were made in accordance with the study objectives;

Regarding differentiation strategy, the study established is a significant positive relationship between differentiation strategy and life insurance uptake. According, the researcher concluded that product differentiation strategy is a significant contributor of life insurance uptake in Uganda. Customers are attracted by the unique life insurance products on the market which ultimate increases life insurance uptake.

Regarding cost leadership strategy, the study revealed a significant relationship between cost leadership strategy and life insurance uptake. Thus, the researcher concluded that cost leadership strategy significantly affects life insurance uptake. Offering life insurance products attracts more customers to buy life insurance premiums thus, increasing on the uptake.

Regarding distribution channel, the study established a significant positive relationship between distribution channel and life insurance uptake. Consequently, the researcher concluded that the channel of distribution has a significant positive effect on life insurance uptake. Availability of various distribution channels such make it easy for customers to access life insurance products thus, increasing uptake.

5.3 Recommendations

Base on the study findings and conclusion, the following recommendations were made:

Regarding differentiation strategy, the researcher recommended that there should be more differentiation of life insurance products and services offering, as this will enable companies experience growth in the areas of premium volumes, market share, and profitability levels.

Insurance companies should introduce many new and innovative products in order to keep up with the competition that is posed by the growing customer demands in the ever changing business environment.

Regarding cost leadership strategy, the researcher recommended that the cost of life insurance premiums should further be reduced to allow even low income earners afford life insurance policies. This will increase the number of customers, thus bringing about economies of scale and its associated benefits.

Regarding distribution channels, the researcher recommended that there should be streamlined product distribution channels such that customers are able to receive reliable and accessible products/services at very competitive prices.

5.4 Areas for further research

The research was contextually limited to three dimensions of competitive strategies namely; differentiation, cost leadership and distribution channel strategies on how they affect life insurance uptake, leaving aside other competitive strategies. A similar study should be done to include other competitive strategies such as brand positioning and market segmentation to have a comprehensive understanding of the effect of competitive strategies on life insurance uptake in Uganda.

Secondary, the study only focused on life insurance companies, a similarly study should be done to include non – life insurance companies to equally find out the effect of competitive strategies on non – life insurance uptake.

Lastly, the study only focused on the Central Business District of Kampala thus, an indication on the geographical scope, a similar study should be done to include other areas to have a comprehensive understanding of the effect of competitive strategies on life insurance uptake.

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APPENDICIES

Appendix i: Questionnaire Guide for Customers

Dear Respondent,

I am Jonan Bwire a student of Uganda Christian University pursuing a Masters degree of Business Administration. As a partial fulfillment of the requirement for the award of this degree, I am conducting a study titled: Competitive Strategies and Life insurance uptake in Uganda, using a case study of Kampala Central Business District. You have been scientifically selected to participate in this study, your views will be treated with uttermost confidentiality and will only be used for academic purposes.

SECTION A: BACKGROUND INFORMATION

1. Gender:

Male ☐ Female ☐

2. Highest education level

Secondary ☐ Diploma ☐ Degree ☐ Post graduate ☐

Others, specify: …………………………………………………………………………………..

2. For how long have you been a customer of this company?

0 – 5 year ☐ 6-10 years ☐ 11-15years ☐ 16– 20Years ☐

Above 20 years ☐

SECTION B:

For this section, indicate the extent to which you agree or disagree with the following statement related to differentiation strategies, cost leadership strategy and distribution channel, using the scale; SA= Strongly Agree A=Agree, NS=Not Sure, D=Disagree SD= Strongly Disagree

Differentiation Strategy

	Statement	**SA**	**A**	**NS**	**D**	**SD**
a	My insurers offer a broad range of life insurance products	5	4	3	2	1
b	I take on my life policy because it is only found at this company not anywhere else on the market	5	4	3	2	1
c	My insurers continuously develops new life policies that meet my demands	5	4	3	2	1

d	I have been attracted to this company by the unique product they offer	5	4	3	2	1
e	My insurers offer good services which meet my demands as a customers	5	4	3	2	1
f	My insurers strive to build strong reputation within the industry	5	4	3	2	1

Cost Leadership Strategy

	Statement	SA	A	NS	D	SD
a	My individual term life insurance policy is affordable	5	4	3	2	1
b	I am up – to date with the policy payments I make	5	4	3	2	1
c	I find it easy and cheap to pay for my insurance premium for example using mobile money	5	4	3	2	1
d	It has been made cheap to access my insurance policy through the internet	5	4	3	2	1
e	I can now pay for my life policy through the agents thus cutting on the transport costs	5	4	3	2	1
f	It is cheaper to take a joint life insurance policy	5	4	3	2	1

Distribution Channel

No	Statement	SA	A	NS	D	SD
a	I was convinced to buy an individual term life insurance by a sales agent	5	4	3	2	1
b	It was easy purchasing my life insurance premium through the internet	5	4	3	2	1
c	We purchased our group creditor annuity policy through our bankers	5	4	3	2	1
d	It is easier accessing my life policy through the insurance branch office	5	4	3	2	1
E	I often interact with my insurers and get up-to-date information regarding my life policy through the internet	5	4	3	2	1
F	I find it cheap to renew my individual term life policy through the office branch	5	4	3	2	1

SECTION E: Life Insurance Uptake

Indicate the extent to which you agree or disagree with the following statement related to life insurance uptake using the scale; SA= Strongly Agree A=Agree, NS=Not Sure, D=Disagree SD= Strongly Disagree

No	Statement	SA	A	NS	D	SD
a	I feel I am getting my individual term life policy at a fair price	5	4	3	2	1
b	It has been easy operating a group term life policy for my family	5	4	3	2	1
c	I have found it cheap to have a whole – life insurance policy for my family	5	4	3	2	1
d	I have recommended other people to buy term life insurance policies	5	4	3	2	1
e	I can easily access my life insurance policy through agents	5	4	3	2	1
f	I have found it easy renewing my term insurance policy	5	4	3	2	1

Thank you for your cooperation

Appendix ii: Interview Guide to managers

1. What is your experience in the insurance industry?

……

2. Are consumers buying life assurance policies? If yes, what is the number of those buying per annum? ………………………………………………………………………………………..

3. If no, to question 2 above, what could be some of the factors limiting their purchase of life assurance policies?……………………………………………………………………………....

4. Death is real yet life assurance provides enormous benefits. Why do people still not appreciate life assurance?……………………………………………………………………………………

5. What are some of the major competitive strategies adopted by your company?

……

6. In you view, comment on the application of the following strategies at your company

(a) Product differentiation strategy

……………………………………………………………………………………………………….

(b) Cost leadership strategy

……

(c) Distribution channel

………………………………………………………………………………………………………..

Thank you for your cooperation

UGANDA CHRISTIAN UNIVERSITY

"A Centre of Excellence in the Heart of Africa"

School of Research and Postgraduate Studies

P.O. BOX ....

....

TEL....................................

The Dean,
Faculty of Business and Administration
Uganda Christian University,
P.O. Box 4, Mukono.

Thru:
The Supervisor

Dear Sir / Madam,

SUBMISSION OF DISSERTATION/THESIS FOR EXAMINATION

I hereby submit my dissertation/thesis entitled Competitive Strategies and Life Insurance uptake in Uganda. Case study Kampala Central Business District.

for examination for the award of the degree of MBA in Uganda Christian University

of Uganda Christian University.

NAME OF CANDIDATE: Bwire Joan REG NO KS18M15/102

SIGNATURE: JBbwire.

DATE: 28/06/2021

NAME OF THE SUPERVISOR: Dr Olobo Maurice

SIGNATURE: ....

DATE: 29/06/2021

(TO BE FILLED AND SUBMITTED IN TRIPLICATE)