

OPERATIONAL REPOSITIONING AND PERFORMANCE OF INSURANCE COMPANIES IN NAIROBI COUNTY, KENYA

LYDIA KAGENDO SIMBA

MBA Student: Department of Business Administration, School of Business and Leadership Studies,
St. Paul's University, Kenya

Abstract

The dynamic nature of the business environment requires organizations to continuously redesign and adjust their approaches so as to remain competitive and ensure survival. Failure to adapt to these changes may lead organizations into strategic challenges that prevent their growth and sustainability. In Kenya, the insurance companies' performance has remained relatively low, as reflected in the declining insurance penetration rate, which stood at 2.37% in 2020 compared to the peak performance of 3.44% recorded in 2013. Additionally, in 2020, twenty-four insurance companies held a market share of less than 3%, indicating persistent struggles among companies to enlarge their market presence. The objective of this research was to establish the effect of operational repositioning on performance of insurance companies in Nairobi City County, Kenya. The research was grounded on Resource Based View. The research utilized a descriptive research design. This study targeted 56 insurance companies. The observation unit comprised 336 management staff working in these firms at the lower, middle and top management levels. The research's sample size was reached using stratified random technique and calculated using Krejcie and Morgan sample size determination formula, which resulted in a sample size of 179 participants. Questionnaires were administered for primary data collection comprising closed questions. Quantitative data analysis was conducted through descriptive and inferential statistics. Descriptive analysis was done utilizing percentages, standard deviation, frequencies and means. Inferential statistics included correlation analysis and linear regression analysis. The research established that operational repositioning had a positive and significant effect on organizational performance, explaining 54.8% ($R^2 = 0.548$) of the variation in organizational performance. The study recommends that policymakers and boards of directors ensure that operational repositioning strategies are formally developed and aligned with regulatory requirements and organizational objectives.

Keywords: Operational Repositioning, Organizational Performance, Profitability, Strategic Realignment, Cost Efficiency

Introduction

Performance of the insurance industry is important because it is commonly regarded as the cornerstone of a country's risk management system. It contributes to financial security, supports financial intermediation, and provides a source of long-term capital for infrastructure development (Alhawtmeh, 2023). According to Du et al. (2019), the insurance industry plays a vital role in minimizing the effects of risks, thereby fostering economic growth by enabling entrepreneurs to protect themselves against potential exposures. Without insurance, entrepreneurs' capacity to undertake risks would be significantly limited. The insurance industry also supports the growth of small and large firms by providing stability and enabling businesses to operate with lower exposure to financial volatility and failure. Furthermore, insurers mobilize substantial funds by collecting relatively small premiums from policyholders,

which can subsequently be invested over both short- and long-term periods (Du, Li, & Wu, 2019).

Globally, insurance markets have experienced varying levels of performance due to changing economic conditions, market dynamics, and operational challenges. Insurance penetration remains considerably higher in developed markets, with estimates of approximately 11% in the United Kingdom and 8.6% in the United States (Swiss Re, 2019). In South Africa, insurance firms constitute an important component of the financial services sector, with insurers accounting for a significant proportion of the financial market (International Monetary Fund, 2022). The South African insurance industry is also highly consolidated, particularly in life insurance, where a small number of firms command a substantial share of the market (Msomi & Nzama, 2023). These differences in market structure and performance demonstrate the importance of insurance firms continuously reviewing their operational structures and processes to improve efficiency and remain competitive.

Within the East African Community, the liberalization of trade has facilitated the expansion of insurance activities across national borders (Kajwang, 2022). Kenyan insurance companies such as Jubilee Insurance and Britam Holdings Limited have established operations in other regional markets, including Uganda, Burundi, and Tanzania, increasing competitive pressures within the industry (Kimani & Kariuki, 2021). The Kenyan insurance market has also experienced increased competition following the entry and expansion of international insurance groups such as Old Mutual and Sanlam (AKI, 2019). Despite this growth, many insurance firms continue to experience challenges in improving market share and profitability because of intense competition and operational pressures (Muga, 2023). In 2019, Kenya had 55 registered insurance underwriters, yet only 10 underwriters controlled approximately 60% of the market share (IRA, 2019; Odhiambo, 2020). This concentration highlights the need for insurance companies to continuously improve their operational efficiency and realign their activities with changing market conditions.

Operational repositioning refers to the deliberate adjustment and realignment of an organization's operations to improve efficiency, respond to changing environmental conditions, and enhance organizational performance (Normann & Ramirez, 2023). It involves realigning operational strategies, improving cost efficiency, and making appropriate decisions regarding the expansion or contraction of operations. Hussein and Sije (2023) indicate that effective strategy realignment enables firms to adjust their operational activities to changing customer, market, and regulatory requirements, while cost efficiency enables them to optimize resources and control unnecessary expenditure. Similarly, appropriate expansion or contraction of operations allows organizations to adjust their scale of activities according to available resources and market opportunities (Isenah & Ogonu, 2020). These operational adjustments can enable insurance companies to improve service delivery, optimize resources, reduce operating costs, and enhance overall organizational performance. Therefore, this study seeks to investigate the effect of operational repositioning on the performance of insurance companies in Nairobi City County, Kenya.

Statement of the Research Problem

Insurance industry performance is vital because the sector supports risk management, financial stability, financial intermediation, and the provision of long-term capital for economic development (Alhawtmeh, 2023). However, the performance of insurance companies in Kenya remains a concern. Insurance penetration declined from a peak of 3.44% in 2013 to 2.37% in

2020 (IRA, 2021). The sector is also characterized by a fragmented market structure, with 24 of the 56 insurance companies having market shares below 3% in 2020. This situation reflects the challenges faced by insurance companies in improving efficiency, strengthening their market position, and sustaining organizational performance.

One factor that may contribute to these performance challenges is ineffective operational repositioning. Insurance companies operate in a dynamic environment that requires continuous realignment of operational strategies, efficient cost management, and appropriate decisions regarding expansion or contraction of operations. Failure to realign operations with changing business conditions may result in inefficient processes, escalating operating costs, underutilization of resources, and difficulties in responding to market changes. Similarly, inappropriate expansion or contraction decisions may increase operational inefficiencies and constrain organizational performance. Effective operational repositioning is therefore important for insurance companies seeking to optimize resources, improve efficiency, and sustain performance.

Although previous studies have examined repositioning and organizational performance, much of the research has focused on broader strategic repositioning, marketing-related repositioning, or other industries such as transport and communication (Mutunga, 2019; Mungai & Bula, 2018). Limited attention has been given specifically to operational repositioning and its effect on organizational performance in the insurance sector. Furthermore, some previous studies have adopted case-study approaches focusing on individual organizations, limiting the generalizability of their findings (Kimani & Kariuki, 2021; Kiragu, 2019). This study therefore seeks to address these gaps by examining the effect of operational repositioning, measured through strategy realignment, cost efficiency, and expansion or contraction, on the organizational performance of insurance companies in Nairobi City County, Kenya.

This research sought to test the following hypotheses:

H₀₁: Operational repositioning has no significant effect on the performance of insurance companies in Nairobi City County, Kenya.

Litrature Review

Theoretical Review of Literature

This study was anchored by Resource-Based View Theory (RBV). RBV of the Firm initially proposed by Birger Wernerfelt in 1984 and later enhanced by Barney in 1991 with other scholars has substantial impact in literature of business. A Key proposition of RBV is that firm's capabilities and resources depend on competitive advantage. Non-substitutability, imperfect imitability, rarity, and value, , according to Barney (1991), are four traits that cause competitive advantage of a firm. RBV suggests that firms have varying resources and these differences are a key competitive advantage sources. The theory posits that resources and capabilities are imperfectly mobile between firms implying that it is hard for competitors to duplicate resources that are valuable, rare and inimitable. RBV asserts that a lasting firm's competitive benefit can be attained by leveraging capabilities and resources that are unique for value creation to customers and outdo competitors in the long run. Based on RBV, value creation in firm is done by utilizing their capabilities and resources in ways that are distinctive, valuable and hard to copy enabling them earn returns that are above average (Akinseye, et al, 2022).

Resource-Based View Theory has numerous key assumptions. Firstly, it assumes that the key factor of competitive benefit is the capability of a firm to have varying combinations of resources and capabilities. Secondly, it assumes that resources and capabilities are imperfectly mobile among firms implying that firms can maintain a competitive edge if resources are valuable, rare, and inimitable (Akinseye, et al, 2022). RBV is also not without critiques. It is argued by critics that Resource-Based View Theory concentrates narrowly on internal resources and capabilities understating the significance of extrinsic factors like dynamics of the market, structure of the industry and competitive positioning (Nshimiyimana, 2021). In addition, critics argue that key concepts of RBV namely "valuable," "rare" and "inimitable" are too abstract and subjective resulting to tautological reasoning where success of a firm is only considered when they possess resources that are valuable (Ron, 2008, Priem & Butler, 2001).

The Resource-Based View (RBV) theory was applied in this study to explain how insurance companies can strategically utilize and reallocate their valuable, rare, inimitable, and non-substitutable resources to enhance organizational performance through operational repositioning. The theory posits that superior performance is achieved when firms effectively deploy their internal resources and capabilities to improve operational efficiency and adapt to changing business environments. In this study, RBV guided the assessment of how operational repositioning through strategy realignment, cost efficiency, and expansion or contraction enables insurance companies to optimize resource utilization, improve service delivery, and achieve sustainable competitive advantage. The theory therefore provided the basis for evaluating the effect of operational repositioning on the performance of insurance companies in Nairobi City County, Kenya.

Empirical Literature Review'

A research by Ahmed, Montagno, and Firenze (2019) examined the influence of diverse operational strategies on organizational performance among U.S. firms. The results showed that firms employing a variety of operational approaches generally exhibited superior performance in comparison with those that did not. Nevertheless, the advantages reached a plateau after the implementation of a few strategies, suggesting that only a limited number of effective strategies are necessary for firms to substantially boost performance. It was also observed that larger firms tended to adopt multiple strategies more frequently than their smaller counterparts. However, since this research was undertaken in the USA, a developed nation, its conclusions are not directly applicable or generalizable to a developing country such as Kenya.

Leeietial (2020) investigated the influence of operational innovation and Quality Management (QM) practices on performance in the healthcare sector. The research emphasized that QM practices, including continuous process improvement and various quality programs, substantially boosted patient satisfaction and operational outcomes, such as cost reduction and enhanced service quality. The findings underscored the vital role of quality management in fostering performance improvements in healthcare environments. These findings conform to Ahmed, Montagno, and Firenze (2019), who established that the use of diverse operational strategies improves organizational performance. However, since this study concentrated exclusively on the health sector, its conclusions are not directly transferable to the current study, which focused on the insurance industry.

Joe et al (2016) examined the effect of distinct forms of inter-organizational trust, namely, calculative and relational, on organizational performance. The investigation revealed that both types of trust positively influenced performance, underscoring the criticality of cultivating robust, trust-based relationships between organizations to attain superior operational outcomes.

This study thus emphasizes the strategic significance of fostering trust to enhance organizational performance. These findings conform to Lee et al. (2020), who established that quality management practices and operational innovation significantly improve organizational performance through enhanced efficiency, cost reduction, and service quality. These findings are also consistent with Ahmed, Montagno, and Firenze (2019), who reported that the adoption of diverse operational strategies improves firm performance. Nonetheless, the study .focused on inter-organizational trust, current study centers on operational repositioning

Sardana, Terziovski and Gupta (2020) investigated the influence of operational repositioning on performance. The research utilized a mixed-methods approach, integrating survey data from a varied sample of organizations with detailed case studies. The target population comprised organizations actively involved in global supply chains. The findings revealed a positive link, showing that operational repositioning indeed impacts organizational performance. These findings conform to Joe et al. (2016), who established that inter-organizational trust positively influences organizational performance by strengthening operational relationships. The findings also agree with Lee et al. (2020), who reported that operational improvements and quality management practices enhance efficiency, cost reduction, and service quality. However, the study employed a mixed-methods approach, whereas the current research adopts a descriptive research design.

Also in US, Uotila et al. (2009) analyzed 354 organizations listed on the US Standard and Poor's 500 Index, using data from 2005–2006 and 2008–2009. Employing multiple regression to test the hypotheses, the research demonstrated that operational repositioning exhibited a weaker positive association with performance, and that the advantages linked to unrelated diversification were more challenging to realize during periods of crisis. These findings agree with Sardana, Terziovski and Gupta (2020), who established that operational repositioning positively influences organizational performance, as well as Joe et al. (2016) and Lee et al. (2020), who reported that operational and relational strategies enhance performance outcomes. Nevertheless, as this research was undertaken in the USA, a developed nation, its findings are not directly transferable or generalizable to a developing country such as Kenya.

Musembi and Jagongo (2018) examined the influence of operational repositioning on the performance of investment firms listed on the NSE, Kenya. An explanatory non-experimental design was employed, leading to the conclusion that operational repositioning continues to be a universal research phenomenon for management and social science researchers, as its resultant effect continues to be inconclusive. These findings partially align with Uotila et al. (2009), who reported a weaker positive relationship between operational repositioning and performance, suggesting that its effects are not consistently strong across contexts. However, while Uotila et al. (2009) still identifies a measurable positive association. However, the study employed an explanatory non-experimental research design, whereas the current research adopts a descriptive research design. In addition, the study focused on investment firms, while the current study centers on insurance companies.

Karim (2019) investigated the influence of operational repositioning on organizational performance. Through a combination of case studies and quantitative analysis, the authors examined the implementation of lean practices, such as just-in-time production and continuous improvement, across several automotive companies. The target population consisted of automotive manufacturers globally adopting lean principles. The findings indicated that companies embracing lean production methods experienced significant improvements in productivity, quality, lead times, and cost reduction, ultimately leading to enhanced organizational performance and competitive advantage. These findings generally concur with

Musembi and Jagongo (2018), who observed that operational repositioning remains a widely studied phenomenon with inconclusive but potentially significant effects on performance, and are also consistent with Uotila et al. (2009), who reported a weak but positive relationship between operational repositioning and organizational performance. However, since this research adopted an integration of case studies, while this research employed a descriptive research design.

Conceptual Framework

The conceptual framework illustrates the relationship between the independent and dependent variables of the study. It provides a visual representation of how operational repositioning was hypothesized to influence organizational performance. Figure 1 presents the conceptual framework adopted for this study.

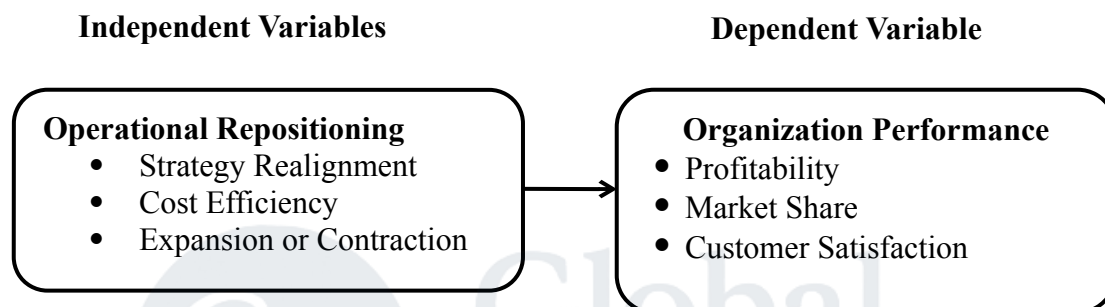


Figure 1: Conceptual Framework

Research Methodology

This study adopted a descriptive research design, which focuses on describing the characteristics of a phenomenon as it exists without manipulating the study variables. The target population comprised 336 management employees drawn from 56 insurance companies in Nairobi City County, Kenya, including top, middle, and lower-level managers. The unit of analysis was the 56 insurance firms in Nairobi City County, as the study focused on firm-level performance outcomes. The unit of observation was the individual managers (top, middle, and lower-level), since they were the primary respondents providing data on organizational practices and performance indicators.

Stratified random technique was used to select respondents from the target population. This technique was appropriate because the population was heterogeneous, consisting of top, middle, and lower-level managers. Stratification ensured that each category was adequately represented, while still giving every manager an equal chance of selection, thereby reducing bias and enhancing sample representativeness. The study's sample size was determined using Krejcie and Morgan's sample size formula. The formula employed for calculating the sample size is;

$$n = \frac{X^2 NP(1-P)}{(ME^2(N-1)) + (X^2(1-p))} = \frac{1.96^2 336 * 0.5 * 0.5}{(0.05^2 * 336) + (1.96^2 * 0.5 * 0.5)} = 179$$

Where: n=sample size; χ^2 =Chi-square for the specified confidence level at degree of freedom; N=Population size(336); P = is the proportion in the target population estimated to have characteristics being studied. As the proportion was unknown, 0.5 was used; ME=desired margin of Error(Expressed as a proportion)

Thus utilizing the formula, 179 respondents was the study's sample size and were selected

through stratified random sampling technique.

Table 1: Sample Size

Category	Target Population	Sample Size
Top Managers	56	29
Middle Level Managers	112	60
Lower Level Managers	168	90
Total	336	179

The study used primary data, which was collected by use of structured questionnaires. The pilot study was conducted among 17 management employees from insurance companies in Kiambu County, representing 10% of the study population, to avoid contamination of the main sample, as recommended by Lancaster, Dodd, and Williamson (2019). Content validity was established through expert review by the study supervisor and an entrepreneurship expert, whose feedback improved the questionnaire's clarity, relevance, and alignment with the study objectives. Reliability was assessed using Cronbach's alpha, with 0.70 adopted as the minimum acceptable threshold. The coefficients ranged from 0.792 to 0.901 across the study variables, confirming satisfactory internal consistency. Construct validity was assessed using Average Variance Extracted (AVE), with values ranging from 0.541 to 0.635, all exceeding the recommended 0.50 threshold. The findings therefore confirmed that the research instrument was sufficiently valid and reliable for the main study.

The research instrument generated quantitative data, which was analyzed using descriptive statistics and inferential statistics with the help of Statistical Package for the Social Sciences (SPSS) version 28. Frequencies, standard deviation, percentages and mean and constituted descriptive statistics. The effect of operational repositioning on performance of insurance companies were analysed through correlation and multiple regression analysis. Correlation analysis helped to determine the link between response and predictor variables. A confidence level of 95% were utilized to test the significance of every predictor variable. Simple linear regression model that was used is illustrated below:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where; Y represents the dependent variable; β represents a constant of Intercept; β_1 represents regression coefficients estimates; X_1 represents Independent variable; ε represents the error term

The study observed ethical principles including informed consent, anonymity, confidentiality, and beneficence throughout the research process. The respondents were informed about the study and participated voluntarily without intimidation or coercion. The researcher obtained the university authorization, National Commission for Science, Technology and Innovation (NACOSTI) research permit, and Institutional Ethical Review Committee (IERC) approval before data collection.

Research Findings and Discussions

Out of the 179 questionnaires issued to lower, middle, and top managers, 163 were duly completed and returned, yielding a 91.06% response rate. The high response rate was achieved through consistent follow-ups with respondents, personal delivery and collection of questionnaires, and allowing sufficient time for completion. In addition, support from selected insurance firms' management facilitated access to respondents and encouraged participation. Lancaster et al. (2019) notes that a 75% response rate is adequate for analysis; therefore, the

attained rate was considered highly sufficient for ensuring reliable and representative findings.

Demographic Information

The respondent's general information included gender, education level, and duration of work in the company, which were used to describe the demographic characteristics of the study participants and assess their suitability in providing informed responses on organizational practices. Gender shows representation balance, education level indicates respondents' analytical capacity, and work duration reflects experience with organizational processes and repositioning strategies.

The findings show a nearly balanced gender representation, with males accounting for 50.3% and females 49.7% of respondents. Regarding education, the majority (54.6%) held undergraduate qualifications, followed by diploma holders (39.9%) and postgraduate qualifications (5.5%). In terms of work experience, 31.3% had worked for 10–15 years, 29.4% for 5–10 years, 20.9% for over 15 years, and 18.4% for less than five years. Overall, the respondents had adequate educational qualifications and substantial organizational experience to provide informed responses.

Table 2: Demographic characteristic

Demographic characteristic	Category	Frequency	Percent (%)
Gender	Male	82	50.3
	Female	81	49.7
Education level	Postgraduate	9	5.5
	Undergraduate	89	54.6
	Diploma	65	39.9
Duration of work	Below 5 years	30	18.4
	5–10 years	48	29.4
	10–15 years	51	31.3
	Over 15 years	34	20.9
Total		163	100.0

Descriptive Analysis

The study used frequency distributions and measures of central tendency (mean and standard deviation) to summarize the data and describe respondents' perceptions of the study variables. The mean indicated the overall level of agreement with statements under each research objective, while the standard deviation measured the consistency or variability of respondents' views, providing a basis for interpreting the variables before inferential analysis. The study employed a five-point Likert scale ranging from 1 = Not at all (N), 2 = Strongly Disagree (SD), 3 = Disagree (D), 4 = Agree (A), and 5 = Strongly Agree (SA).

Operational Repositioning

The study's fourth objective was to investigate the effect of operational repositioning on insurance companies' performance. Respondents were requested to indicate the extent at which they agree with statements on operational repositioning. The findings were as illustrated in Table 3. With a mean of 4.141 (Std. dev=0.627), respondents agreed that operational repositioning has enabled them to identify and capitalize on opportunities for innovation and process optimization within their insurance operations. These findings concur with Leeietal (2020) observations that operational repositioning facilitates the identification and exploitation of opportunities for process improvement within organizational operations. In addition, the respondents agreed with a mean of 4.055 (Std. dev =0.650) that by realigning their operational

strategies with their business objectives, they have enhanced their company's ability to deliver value and meet customer expectations consistently. The respondents also agreed with a mean of 4.025 (Std. dev =0.587) that their recent operational repositioning initiatives have been instrumental in optimizing internal processes and enhancing efficiency across all aspects of their insurance operations. With a mean of 4.018 (Std. dev =0.623), respondents agreed that through strategic operational repositioning, they have successfully streamlined workflows and reduced operational costs while maintaining service excellence.

The respondents further agreed with a mean of 4.006 (Std. dev =0.653) that operational repositioning has improved their company's efficiency and service delivery. These findings are supported by Leeietial (2020) who observed that operational repositioning contributes to improved organizational efficiency and the quality of service delivery. Additionally, the respondents agreed with a mean of 3.969 (Std. dev =0.538) that they have observed measurable improvements in operational performance metrics, like claims processing times and customer service response rates, following their recent operational repositioning efforts. With a mean of 3.945 (Std. dev =0.512), the respondents agreed that operational repositioning has played a key role in improving the agility and responsiveness of their insurance company to changing market demands and regulatory requirements. Overall, the average mean of 4.023 (Std. dev =0.599) indicates that respondents generally agreed that operational repositioning positively impacts efficiency, innovation, service delivery, and responsiveness.

Table 3: Statements on Operational Repositioning

	Mean	Std. Deviation
Our recent operational repositioning initiatives have been instrumental in optimizing internal processes and enhancing efficiency across all aspects of our insurance operations.	4.025	0.587
Through strategic operational repositioning, we have successfully streamlined workflows and reduced operational costs while maintaining service excellence.	4.018	0.623
Operational repositioning has played a key role in improving the agility and responsiveness of our insurance company to changing market demands and regulatory requirements.	3.945	0.512
We have observed measurable improvements in operational performance metrics, like claims processing times and customer service response rates, following our recent operational repositioning efforts.	3.969	0.538
By realigning our operational strategies with our business objectives, we have enhanced our company's ability to deliver value and meet customer expectations consistently.	4.055	0.650
Operational repositioning has enabled us to identify and capitalize on opportunities for innovation and process optimization within our insurance operations.	4.141	0.627
Operational repositioning has improved our company's efficiency and service delivery.	4.006	0.653
Average	4.023	0.599

Organizational Performance

Organization performance was the dependent variable of the study. Respondents were requested to indicate their level of agreement with statements concerning organizational performance in insurance companies. The results are shown in Table 4. With a mean of 4.184 (Std. dev=0.687), participants agreed that they are satisfied with the level of customer satisfaction in their organization. Similarly, with a mean of 4.086 (Std. dev =0.689), participants agreed that their organization has recorded increased profitability over the years.

With a mean of 4.055 (Std. dev =0.611), participants agreed that the performance of their organization has been enhancing over the years. Moreover, with a mean of 4.031 (Std. dev =0.633), participants agreed that their firm maintains a strong market position despite fluctuations. These findings align with Musembi and Jagongo (2018) observations that firms can maintain a robust market position even amid market fluctuations.

Further, with a mean of 3.945 (Std. dev =0.512), participants agreed that operational repositioning has improved their company's efficiency and service delivery. These results concur with Tharamba, Rotich and Anyango (2018) observations that operational repositioning improves organizational efficiency and service delivery. Also, with a mean of 3.908 (Std. dev =0.607), participants agreed that customer loyalty drives their market share growth. These findings align with Worimegbe and Ifedayo (2020) observations that customer loyalty plays a key role in driving market share expansion. Overall, the average mean of 4.035 (Std. dev =0.623) indicates that participants generally agreed that organizational performance has improved in regard to market position, profitability and customer satisfaction.

Table 4: Statements on Organizational Performance

	Mean	Std. Deviation
The performance of our organization has been increasing over the years	4.055	0.611
Our organization has recorded increased profitability over the years	4.086	0.689
Am satisfied with customer's satisfaction level in our organization	4.184	0.687
Our firm maintains a strong market position despite fluctuations.	4.031	0.633
Customer loyalty drives our market share growth.	3.908	0.607
Operational repositioning has improved our company's efficiency and service delivery.	3.945	0.512
Average	4.035	0.623

Inferential Analysis

Inferential statistics were utilized to investigate the correlation between operational repositioning and organizational performance.

Correlation Analysis

In this study, Pearson correlation analysis was conducted to determine the correlation between the dependent and the independent variable. The findings are demonstrated in Table 5. The results demonstrated that operational repositioning was positively and significantly correlated with organizational performance in the insurance company ($r = 0.740$, $p = 0.000$). The p-value below 0.05 confirms that operational repositioning strongly influences performance outcomes. These findings are consistent with Musembi and Jagongo (2018), who noted that improving operational repositioning enhances organizational effectiveness. Further, Karim (2019) emphasized that organizations that focus on operational excellence through innovation and process optimization achieve improved service delivery, customer satisfaction, and overall competitiveness.

Table 5: Correlation Analysis

		Organization Performance	Operational Repositioning
Organization Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	163	
Operational Repositioning	Pearson Correlation	.740**	1
	Sig. (2-tailed)	.000	
	N	163	163

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

Regression Analysis

Simple linear regression was carried out to examine the effect of organizational repositioning on organizational performance. From the results, the R-squared for the relationship between operational repositioning and the dependent variable (organizational performance) was 0.548. This means that 54.8% of the variation in the dependent variable (organizational performance) could be explained by the independent variable (operational repositioning).

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.740 ^a	.548	.545	.31217

a. Predictors: (Constant), Operational Repositioning

ANOVA was employed in this study to evaluate the model's suitability for the data. As shown in Table 7, the calculated F-value was 195.166, while the critical F-value from the F-distribution table was 3.84. Since the calculated F-value exceeded the critical F-value and the p-value (0.000) was below the significance threshold (0.05), the model was deemed a good fit for the data.

Table 7: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	19.019	1	19.019	195.166	.000 ^b
Residual	15.690	161	.097		
Total	34.709	162			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Operational Repositioning

The regression was as follows:

$$Y = 0.693 + 0.810X_4 + \varepsilon$$

From the findings, operational repositioning was found to have a positive and significant effect on organizational performance in insurance companies ($\beta_4 = 0.693$, $p = 0.000$). The statistically significant p-value indicates that operational repositioning enhances performance by increasing internal processes, operational efficiency, and service delivery. These results align with Karim (2019), who observed that optimizing operations and streamlining workflows facilitates better organizational outcomes. Similarly, the results conform to Musembi and Jagongo (2018), who noted that operational repositioning significantly influences overall performance.

Table 8: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	.693	.220		3.154	.002
Operational Repositioning	.810	.058	.740	13.970	.000

a. Dependent Variable: Organization Performance

Conclusions and Recommendations

The study concludes that operational repositioning had a positive and significant effect on organizational performance. The research established that operational repositioning, in terms of strategy realignment, cost efficiency, and expansion or contraction, has an influence on organizational performance in these firms. This means that an enhancement in operational repositioning would result to enhanced organizational performance in insurance companies.

The study recommends that policymakers and boards of directors of insurance companies establish policies that support continuous operational repositioning in response to changing market conditions. Such policies should provide clear guidelines for periodic review and realignment of operational strategies, efficient cost management, and appropriate expansion or contraction of business activities. Regulatory and organizational frameworks should also encourage insurance firms to regularly assess the efficiency of their operational structures and resources to ensure that they remain aligned with organizational objectives and industry requirements.

Management of insurance companies should continuously review and adjust operational activities to improve organizational performance. Particular attention should be given to realigning operational strategies with changing business conditions, strengthening cost-efficiency measures, and making informed decisions regarding the expansion or contraction of operations. Management should regularly assess the performance and efficiency of existing operational processes and allocate resources to areas that generate the greatest organizational value. Where operations become costly or inefficient, appropriate restructuring or contraction should be undertaken, while expansion should be based on demonstrated market opportunities and organizational capacity.

Areas for Further Research

Since the study was limited to insurance companies within a single county, the findings may not be generalizable to insurance companies operating in other counties or to organizations in other sectors due to differences in market conditions, regulatory environments, and organizational structures. Therefore, further studies should examine the effect of operational repositioning on organizational performance in insurance companies in other counties and across different sectors to establish whether similar findings are obtained in different contexts. In addition, the study established that operational repositioning explained 54.8% of the variation in organizational performance, leaving 45.2% unexplained. Future studies should therefore investigate other factors that may influence organizational performance alongside operational repositioning, such as leadership style, technological adoption, innovation, organizational culture, and organizational resource capabilities.

References

Ahmed, N. U., Montagno, R. V., & Firenze, R. J. (2019). Operations strategy and organizational performance: An empirical study. *International Journal of Operations & Production Management*, 16(5), 41–53. <https://doi.org/10.1108/01443579610113933>

- Akinsiye, E. M, Onimole, S. O, Ekundayo, A. O & Adebuseye, A. B. (2022). Impact of marketing strategies on organizational growth: a study of selected industries in Lagos State Nigeria. *International Journal of Business and Economics Research*, 11(1), 1-7.
- Alhawtmeh, O. M. (2023). The Impact of IFRS 17 on the Development of Accounting Measurement and Disclosure, in Addition to Improving the Quality of Financial Reports, Considering Compliance with the Requirements of IFRS 4—Jordanian Insurance Companies-Field Study. *Sustainability*, 15(11), 8612.
- Association of Kenya Insurers. (2019). *Insurance industry annual report 2019*. Association of Kenya Insurers.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Du, X., Li, M., & Wu, B. (2019). Incumbent repositioning with decision biases. *Strategic Management Journal*, 40(12), 1984-2010.
- Hussein, Z. M & Sije, A. (2023). Effect of strategic positioning on performance of listed commercial banks in Kenya. *International Journal of Social Science and Humanities Research*, 11(2), 171-178.
- Important: Your citation says Lancaster, Dodd, & Williamson (2019), but the identifiable publication by these three authors is 2004, not 2019.
- Insurance Regulatory Authority. (2019). *Insurance industry annual report 2019*. Insurance Regulatory Authority.
- Insurance Regulatory Authority. (2021). *Insurance industry annual report 2020*. Insurance Regulatory Authority.
- International Monetary Fund. (2022). *South Africa: Financial sector assessment program—Technical note on insurance sector: Regulation and supervision*. International Monetary Fund. <https://doi.org/10.5089/9798400214615.002.A001>
- Isenah, T. E & Oguna, C. G. (2020). Market repositioning strategy and business success of quoted food and beverages firms in Nigeria. *Journal of Strategic and Internet Business*, 5(2), 1062-1077.
- Joe, J., Su, J., Xin, Z., & Wang, C. (2016). Calculative trust, relational trust, and organizational performance: A meta-analytic structural equation modeling approach. *Journal of Business Research*, 172, 114435. <https://doi.org/10.1016/j.jbusres.2023.114435>
- Kajwang, B. (2022). Global challenges and their role in talent management crisis facing insurance industry. *International Journal of Business Strategies*, 7(1), 1-10.
- Karim, S. (2019). Delaying Change: Examining How Industry and Managerial Turbulence Impact Structural Realignment. *Academy of Management Journal*, 5(3), 21-34
- Kimani, J. G., & Kariuki, P. (2021). Determinants of sustainable competitive advantage in the insurance industry in Kenya. *Journal of International Business, Innovation and Strategic Management*, 5(2), 58-77.
- Kiragu, S. M. (2019). Assessment of challenges facing insurance companies in building competitive advantage in Kenya: A survey of insurance firms. *International journal of social sciences and entrepreneurship*, 1(11), 467-490.

- Lancaster, G. A., Dodd, S., & Williamson, P. R. (2004). Design and analysis of pilot studies: Recommendations for good practice. *Journal of Evaluation in Clinical Practice*, 10(2), 307–312. <https://doi.org/10.1111/j..2002.384.doc.x>
- Lee, J. L., Won, J., & Farr, D. G. (2020). Sport brand positioning strategies and position-congruity on financial performance. *Sport Marketing Quarterly*, 29(2). <https://doi.org/10.32731/SMQ.292.062020.03>
- Msomi, T. S., & Nzama, S. (2023). Analyzing firm-specific factors affecting the financial performance of insurance companies in South Africa. *Insurance Markets and Companies*, 14(1), 8–21. [https://doi.org/10.21511/ins.14\(1\).2023.02](https://doi.org/10.21511/ins.14(1).2023.02)
- Muga (2023). *Influence of turnaround strategies on performance of insurance firms in Nairobi, Kenya*. Retrieved from <https://erepo.usiu.ac.ke/bitstream/handle/11732/7827/>
- Mungai, B. W., & Bula, H. O. (2018). Turnaround strategies and performance of Kenya Airways. *The University Journal*, 1(2), 1–16. <https://doi.org/10.59952/tuj.v1i2.162>
- Musembi, M. M., & Jagongo, A. (2018). The impact of portfolio diversification on financial performance of investment firms listed in Nairobi Securities Exchange, Kenya: Empirical review. *International Journal of Management and Commerce Innovations*, 5(2), 177–187.
- Normann, R., & Ramirez, R. (2023). From value chain to value constellation: Designing interactive strategy. *Harvard Business Review*, 71(4), 65–77
- Nshimiyimana, C. (2021). Effect of market alliance on the performance of microfinance institutions in Rwanda. *Journal of Research Innovation and Implications in Education*, 5(4), 329 – 341.
- Odhiambo, O. A. (2020). *Competitive strategies and performance of insurance companies in Kenya*. Retrieved from <https://ir-library.ku.ac.ke/bitstream/handle/123456789/21699/>
- Priem, R. L., & Butler, J. E. (2001). Is the resource-based “view” a useful perspective for strategic management research? *Academy of Management Review*, 26(1), 22–40. <https://doi.org/10.5465/AMR.2001.4011928>
- Sardana, D., Gupta, N., Kumar, V., & Terziovski, M. (2020). CSR ‘sustainability’ practices and firm performance in an emerging economy. *Journal of Cleaner Production*, 258, 120766. <https://doi.org/10.1016/j.jclepro.2020.120766>
- Sardana, D., Terziovski, M., & Gupta, N. (2016). The impact of strategic alignment and responsiveness to market on manufacturing firm's performance. *International Journal of Production Economics*, 177, 131–138. <https://doi.org/10.1016/j.ijpe.2016.04.018>
- Swiss Re Institute. (2019). *World insurance: The great pivot east continues*. Swiss Re Institute.
- Tharamba, T. M., Rotich, G & Anyango, W. (2018). Effect of strategic positioning on the firms performance in the telecommunications firms in Kenya: a case of Safaricom Limited. *The Strategic Journal of Business & Change Management*, 5(2), 83-105.
- Uotila, J., Maula, M., Keil, T., & Zahra, S. A. (2009). Exploration, exploitation, and financial performance: Analysis of S&P 500 corporations. *Strategic Management Journal*, 30(2), 221–231.

- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(2), 171–180. <https://doi.org/10.1002/smj.4250050207>
- Worimegbe, P. M., & Ifedayo, A. (2020). Corporate rebranding and customers' retention. a study of selected telecommunication firm in Nigeria. *Cactus Tourism Journal*, 2(1), 17-26.

