Influence of Strategic Orientation on Diversity of Top Management and Competitive Advantage of Insurance Companies

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Abstract

Whereas strategy literature presents ambiguous findings on the influence of top executives on firm outcomes, there is mixed evidence that several other dynamics can come into play to enhance or downplay this relationship. This study sought to address this gap by interrogating whether strategic orientation would impact the connection between top management team diversity and competitive advantage of insurance companies based in Kenya. 54 companies targeted were subjected to a cross sectional survey and from this, 41 availed a senior executive to complete the research questionnaire presented. Data gathered was subjected to analysis with the aid of statistical software for social sciences and regression analysis applied to test hypotheses. The impact of strategic orientation was tested through the Baron and Kenny approach. The findings revealed that top manager diversity and strategic orientation affected competitive advantage despite not fully accounting for its variability. Additionally, strategic orientation presented a statistically significant effect and proved to be a moderator in the association between top management team diversity and competitive advantage. These findings implied that policy makers and practitioners take guidance on the importance of designing teams with diverse members that can front effective strategies for market competitiveness. The results backed the perspectives in the upper echelon and resource advantage view since it established that when teams have diverse members and calculated strategic positions, they have the capability to attain competitive advantage. The study recommended that future studies take into consideration a longitudinal approach that enables observation and analysis of relationship among variables for a considerable duration.

Keywords: strategic orientation, top management, team diversity, competitive advantage

1. Introduction

Companies in the insurance sector of any nation have a crucial role in the economy given that they manage risks that can affect world economies, livelihoods and additionally jeopardize their functionality. They enable financial transactions, support profitable activities through risk management (Tukur & Bilksiu, 2014) and subsequently mitigate losses for their customers (AKI, 2019). Even though insurance services are essential and critical to economies, Kenya’s insurance sector had an operation rate of 2.37 percent which was way below the average worldwide rate of 6.28 percent (IRA, 2019). Insurance companies are plagued with challenges that include lack of adherence to acceptable premium rates and disinterest from their targeted clients. AKI (2019) explains disinterest to insurance partially due to industry players eroding trustworthiness of the companies because of unfulfilled obligations to stakeholders. Research on insurance companies has interrogated the slow uptake of insurance policies, strategies that they adopt to increase profitability and the impact of these strategies on outcomes of insurance companies (Swalehe et al., 2015; Tukur & Bilksiu, 2014).

Given that insurance companies operate in dynamic and competitive environments, they have a lot of pressure to increase profitability and maintain customer loyalty (Swalehe et al., 2015; Njegomir & Marovic, 2012). The study interrogated whether strategic orientation of these firms and diversity of top managers in their teams could help
improve performance of insurance companies. A report by IRA (2019) noted that improvement of products and services through innovation and significant advancement in service delivery could boost insurance companies’ profits. Njegomir and Marovich (2012) identified five factors that would influence growth of insurance entities in subsequent years. These were assimilation processes which included internationalization, unification and integration, heightened catastrophic events and the appearance of emergent risks mainly due to advancement of technologies.

TMT diversity denotes composition of management teams with individuals that have different skills, talent and experience (Wasike & Owino, 2020; Cambrea et al., 2017). Diverse characteristics in teams is argued to be a positive factor that effects better functionality to teams (Urbancova et al., 2020; Knight et al., 1999). Even though many studies on top management diversity in relation to performance highlight its positive effects (Almatari et al., 2023; Gachugu et al., 2019; Wasike & Owino, 2020; Edem & Noor, 2014; Wiersema & Bantel, 1992), some studies present negative (Knight et al., 1999) and partial support or insignificant consequences of diversity on firm outcomes (Awino, 2013; Mwangi, 2018).

Strategic orientation focuses on strategies adopted by top managers in firms and portrays the direction that leads firms to proper functionalities for incessant sterling performance (Zhou et al., 2005; Noble et al., 2002). Hambrick (1994) analyzed the association between top level executives and strategic orientation while referencing Miles and Snow (1978) typologies of defender, prospector, analyzer and reactor firms. He noted that organizations that adopted a defender position would typically be managed by older executives who were risk averse while those that adopted a prospector strategy would be managed by younger executives who were keen on exploration and risk taking for enterprise growth.

Competitive advantage reflects when an organization possesses or develops a combination of unique attributes that allow it to overtake industry players (Yuleva, 2019). Competitive advantage has attracted the interest of management scholars because it has significant connotations on performance. It has been frontal as a gauge for managers’ effectiveness in decision making. Wang (2014) postulated that organizations that developed or acquired unique qualities could outcompete market players and hence attain competitive advantage. Some companies emphasize technology as their source of competitive advantage while others opt for measures such as product or service differentiation (Lee et al., 2022).

This study addressed conceptual gaps in research by testing whether strategic orientation would moderate the association between TMT diversity and competitive advantage. Through operationalization of the variables using different constructs, it contributed to new knowledge.

2. Literature Review and Theoretical Framework

The ambiguity from research on the effects of top executives diverse qualities on entity outcomes highlight important intervening and moderating variables that can affect this association (Aborahan, 2021). Ogollah et al. (2011) postulated that firm performance was not dependent on one factor but a combination of divergent factors. This research analyzed whether top management team diversity impacted competitive advantage of insurance enterprises, and whether strategic orientation would moderate this relationship.

![Diagram](image_url)

Figure 1. TMT diversity, strategic orientation and competitive advantage linkage
Even though Hambrick and Mason (1984) highlighted that demographics were valid but imprecise measures of psychological constructs, mainstream research on top managers has relied on demographic measures of diversity. These include age, tenancy in firms, functional expertise and education (Rayburn, Patel & Kaleta, 2023; Mkalama & Machuki, 2019; Mwangi, 2018). Scholars however argue that psychological characteristics reflected in one’s personality, values and behavior affect performance and may not be consistent with demographics (Wasike et al., 2015; Kinuu, 2014; Lawrence, 1997). Wasike, Machuki, Aosa and Pokhariyal (2015) interrogated manager qualities using their demography, behavior and psychological characteristics; they highlighted that psychographic and behavioral characteristics were extremely critical for performance. This research consequently operationalized diversity with demographic qualities (age, education achieved, organizational tenure, and functional expertise) and psychographic indicators (hope, optimism, resilience and self-capacity).

Many TMT studies present positive effects of diversity on organizational outcomes (Gachugu et al., 2019; Wasike & Owino, 2020; Edem & Noor, 2014). Urbancova et al. (2020) postulated that teams with diversity displayed innovativeness at firm level. Cambrea et al. (2017) found that having diversity in top management teams was beneficial as it bestowed competitive advantage to firms. When management teams have diverse qualities, their talents, ideas, experiences and traditions (Almatari et al., 2023; Gachugu et al., 2019; Mwangi, 2018; Mkalama & Machuki., 2019) accord superior performance to organizations. Diversity in functional specialization confers the team ability to better analyze the environment and justify suitable strategic orientations for competitive advantage (Canella et al., 2008).

Strategic orientation has numerous conceptualization in empirical literature (Shin & Lee, 2016; Noble et al., 2002). Scholars have described it with terms that include strategic disposition, strategic fit, strategic thrust and strategic choice (Morgan & Strong, 1998). Miles and Snow (1978) conceptualized strategic orientation using four typologies that included defenders, prospectors, analyzers and reactors and these were adopted in this study. These groupings considered an organization’s response to changing environmental conditions and their relationship with stakeholders. Scholars later diversified the concept to include various strategic orientation among them marketing, customer, competitor, entrepreneurial, technology and learning orientation (Rizan et al., 2019; Lita & Faisal, 2018; Noble et al., 2002).

Competitive advantage has been operationalized with numerous indicators that include company size, product uniqueness, innovativeness, internationalization and technological advantage (Lee et al., 2022; Weerawadena, 2003; Moen, 2002; Cavulsgi & Zou, 1994; Aggarwal & Ramaswami, 1992). For many companies, competitive advantage is not sustainable due to the changing nature of the environment, time bound limits of patents and adoption of me too strategies by competitors. Gliebner et al. (2013) reviewed empirical studies on competitive advantage and summarized its common indicators as international experience, strength in innovation and technological advantage and these were adopted in the study.

3. Methodology
The study was conducted in insurance enterprises in Kenya, which were 54 in number as at February 2019 (IRA, 2019). Out of these companies, 28 were classified as general insurance providers, 16 were classified as life insurance companies and 10 companies as composite providers of life and general insurance (IRA, 2019). Since the study population was small, the research was conducted through a census survey and this implied that it had no errors occasioned through sampling. The targeted respondents were managing directors of the enterprises and high level managers heading crucial divisions, among them claims and reinsurance section, marketing and finance departments and human resource divisions. The researcher physically visited the companies to jumpstart the process of data collection.

The questionnaires were dispatched physically or through electronic mail. A period of two weeks was assigned to the targeted respondents to complete the questionnaires with an arrangement for physical collection at an agreed date or dispatch via electronic mail. The questionnaires had structured questions replicated after reviewing empirical literature of studies conducted and anchored on the upper echelon perspective and resource based view (Mkalama & Machuki, 2019; Kinuu, 2014; Gliebner et al., 2013; Gurkov & Obel, 2012). Even though 54 companies were targeted, 41 responded by completing the questionnaire. Since this was 75.9% of the population, the data was adequate for analysis to fulfill the study objectives. Reliability of the research instrument was tested using Cronbach’s alpha index and the scores presented were above 0.8 which was an adequate measure of reliability (Rosaroso, 2015). Validity test was conducted using the Kaiser-Meyer-Olkin test and presented scores above 0.5.

4. Results
The research interrogated the moderating effect of strategic orientation on the TMT diversity and competitive
advantage linkage. The hypothesis was presented as H1: strategic orientation has no significant moderating influence on the association between TMT diversity and competitive advantage of insurance companies in Kenya. Three regression models were outlined to investigate the hypothesis. These were the direct effect model, the model without an interaction term and the model with an interaction term which were expressed as follows:

\[ CA = \beta_0 + \beta_1 \text{TMT} + \varepsilon \]  
\[ CA = \beta_0 + \beta_1 \text{TMT} + \beta_2 \text{SO} + \varepsilon \]  
\[ CA = \beta_0 + \beta_1 \text{TMT} + \beta_2 \text{SO} + \beta_3 \text{TMT*SO} + \varepsilon \]

CA = Competitive Advantage  
TMT = Top Management Team Diversity  
SO = Strategic orientation (Moderating variable)  
TMT*SO = Interaction between TMT diversity and strategic orientation.  
\( \varepsilon \) = error term.  
\( \beta_0 \) = constant term  
\( \beta_1 \) = regression coefficient for top management team diversity  
\( \beta_2 \) = regression coefficient for strategic orientation  
\( \beta_3 \) = regression coefficient for the interaction term.

Model (1) displayed the relationship when competitive advantage was regressed against top management team diversity. Model (2) displayed the relationship when competitive advantage was regressed against top management team diversity and strategic orientation as predictor variables. Model (3) represented the relationship of the interaction term of TMT diversity and strategic orientation on competitive advantage. The findings for regression model (1) were presented in Table 1.

Table 1. Top Management Team Diversity Effect on Competitive Advantage

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error</th>
<th>F Change</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.518</td>
<td>.268</td>
<td>.249</td>
<td>1.989</td>
<td>14.270</td>
<td>.001</td>
</tr>
</tbody>
</table>

Regression Coefficients

<table>
<thead>
<tr>
<th>Unstandardized Coefficient</th>
<th>Standard Coefficient</th>
<th>t-stat.</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beta</td>
<td>SE</td>
<td>Beta</td>
<td>t-stat.</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.886</td>
<td>2.644</td>
<td>-</td>
</tr>
<tr>
<td>TMT Diversity</td>
<td>3.842</td>
<td>1.017</td>
<td>3.885</td>
</tr>
</tbody>
</table>

Analysis of Variance

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Squares</th>
<th>F-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>16.082</td>
<td>1</td>
<td>16.082</td>
<td>14.270</td>
</tr>
<tr>
<td>Residual</td>
<td>43.929</td>
<td>39</td>
<td>1.127</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>60.011</td>
<td>40</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes. Dependent Variable: Competitive Advantage.  
Predictor Variable: TMT Diversity.

A statistically significant and positive relationship was displayed when competitive advantage was regressed against TMT diversity since the correlation index was 0.518. R² value was 0.268 and the corresponding F-statistic was 14.270. This implied that TMT diversity accounted for 26.8 percent of the variability in insurance companies’ competitive advantage. The variability was significant statistically because p = 0.001 which was below 0.05. The regression statistics implied that diversity of top management teams statistically positively impacted competitive advantage in insurance enterprises. The TMT diversity and competitive advantage relationship was presented as:

\[ Y = 0.886 + 3.842 X \]  
Y = Competitive Advantage  
X = TMT Diversity

The findings for regression model (2) without the interaction term were presented in Table 2.
Table 2. Moderating Influence of Strategic Orientation without Interaction Term

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error</th>
<th>F Change</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.539</td>
<td>.291</td>
<td>.254</td>
<td>2.330</td>
<td>7.798</td>
<td>.001</td>
</tr>
</tbody>
</table>

Regression Coefficients

<table>
<thead>
<tr>
<th>Top Management Team Diversity</th>
<th>Unstandardized Coefficient</th>
<th>Standard Beta</th>
<th>t-stat.</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.109</td>
<td>0.451</td>
<td>.652</td>
<td>2.526</td>
<td>.001</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Structural Orientation</th>
<th>Unstandardized Coefficient</th>
<th>Standard Beta</th>
<th>t-stat.</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.838</td>
<td>.219</td>
<td>.619</td>
<td>3.233</td>
<td>.001</td>
</tr>
</tbody>
</table>

ANOVA

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Squares</th>
<th>F-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>17.463</td>
<td>2</td>
<td>8.732</td>
<td>7.798</td>
</tr>
<tr>
<td>Residual</td>
<td>42.548</td>
<td>38</td>
<td>1.120</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>60.011</td>
<td>40</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes. Dependent Variable: Competitive Advantage.
Predictors: Top Management Team Diversity, Strategic Orientation.

The findings revealed a positive correlation coefficient (R = 0.539) and a positive coefficient of determination (R² = 0.291). Therefore, TMT diversity and strategic orientation accounted for 29.1% of the variability of insurance enterprises competitive advantage (R²=0.291, SE=2.330).

The explained variation was significant at 5% significance level (P < 0.05). The regression coefficient values showed that both TMT diversity and strategic orientation significantly and positively affected competitive advantage since the corresponding beta values were positive (β₁’s > 0) and p-values were below 0.05. The observed coefficient values were β₁ = 1.109 (SE = 0.451, P = 0.001) and β₂ = 0.838 (SE = 0.219, P = 0.005). The Analysis of Variance showed that the regression model of competitive advantage on TMT diversity and strategic orientation correctly fitted the data since p was 0.005 and below 0.05. Using the estimated coefficient values, the equation was outlined as

CA = 0.908 + 1.109 X + 0.838 M₁  (4)

The effect of interaction between TMT diversity and strategic orientation on competitive advantage was tested through introducing an interaction term. The findings of this model with an interaction term were presented in Table 3.

Table 3. Moderating influence of strategic orientation with interaction term

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error</th>
<th>F Change</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.549</td>
<td>.301</td>
<td>.244</td>
<td>2.731</td>
<td>5.314</td>
<td>.000</td>
</tr>
</tbody>
</table>

Regression Coefficients

<table>
<thead>
<tr>
<th>Coefficients Unstandardized</th>
<th>Standard Beta</th>
<th>t-stat.</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.761</td>
<td>3.113</td>
<td>.244</td>
</tr>
</tbody>
</table>

| Top Management Team Diversity | 2.016 | .798 | .652 | 2.526 | .001 |
| Strategic Orientation | .981 | .306 | .481 | 3.206 | .002 |

| Interaction term | .624 | .193 | .619 | 3.233 | .001 |

Analysis of Variance

<table>
<thead>
<tr>
<th>Squares Sum</th>
<th>Df</th>
<th>Mean Squares</th>
<th>F-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>17.463</td>
<td>2</td>
<td>8.732</td>
<td>7.798</td>
</tr>
<tr>
<td>Residual</td>
<td>42.548</td>
<td>38</td>
<td>1.120</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>60.011</td>
<td>40</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A higher correlation index ($R = 0.549$) and a higher coefficient of determination ($R^2$ value = 0.301) were displayed compared to the second model. TMT diversity, strategic orientation and the interaction term explained up to 30.1% variation in competitive advantage of insurance companies in Kenya ($R^2= 0.301$, $SE=2.731$). The explained variation was statistically significant since $p = 0.000$. With the addition of the interaction term, the explained variation in competitive advantage increased, implying that the interaction between TMT diversity and strategic orientation significantly impacted competitive advantage. The regression coefficients showed that the three predictor variables positively affected competitive advantage because all beta values were positive ($\beta_0 = 0.761$, $\beta_1 = 2.016$, $\beta_2 = 0.981$ and $\beta_3 = 0.624$). Significant influence of TMT diversity, strategic orientation and the interaction term were shown by $p$ values of 0.001, 0.002 and 0.001 respectively, which were lower than 0.05. The Analysis of variance showed that the model was fit for the data analyzed at 5% level of significance. This was displayed by a significant F-statistic (5.314) and $p$-value = 0.000 that was lower than 0.05. This model with estimated coefficients was outlined as

$$CA = 0.761 + 2.016 \text{TMT} + 0.981 \text{SO} + 0.624 \text{TMT} \times \text{SO}$$  \hspace{1cm} (5)

Diversity in top management was significant in the two regression models. Additionally, similar to strategic orientation, it independently affected competitive advantage of insurance companies. Strategic orientation significantly moderated the top management team diversity and competitive advantage linkage of insurance enterprises hence the null hypothesis $H_1$, which stated that strategic orientation has no significant moderating effect on the relationship between TMT diversity and competitive advantage of insurance companies in Kenya was rejected.

5. Discussion and Conclusion

The research examined the moderating effect of strategic orientation on the link between TMT diversity and competitive advantage of insurance companies in Kenya. The study first examined the influence of TMT diversity on competitive advantage of insurance companies and found that TMT diversity had a statistically significant positive impact on competitive advantage. The research supported findings of several scholars (Al matari et al., 2023; Wasike & Owino, 2020; Edem & Noor, 2014; Tihanyi et al., 2000). Firms that display heterogeneity in the mix of senior managers enjoy diverse talents, insights, cultures and expertise (Ponomareva, 2022; Al matari et al., 2023; Mkalama & Machuki, 2019; Urbancova, 2022) that can confer superior outcomes. Diversity enhances creativity and innovation that improves a firm’s competitiveness and market share (Qian et al., 2013; Ferrier, 2001).

Strategic orientation impact on the association between TMT diversity and competitive advantage without the interaction term was examined. The findings revealed that strategic orientation statistically and significantly affected competitive advantage. The findings that strategic orientation was significantly important and a moderating variable supported those by Yohannes and Ayako (2016) and Awino and Bwire (2018) who presented evidence that the connection between diverse manager qualities and entity outcomes was mediated by generic strategies and corporate strategies respectively. Carpenter (2002) had earlier reported that the association between diversity and firm outcomes was mediated by international strategies, thus reinforcing that strategies were important in the diversity and firm outcomes linkage. Faisal et al. (2018) in their study demonstrated that while certain strategic orientations positively impacted firm outcomes, others were inconsequential. It was thus prudent that enterprises carefully analyze their strategic orientation to make them contingent to their operating environments.

TMT diversity and strategic orientation influenced competitive advantage significantly, implying that the more diverse a team was, the more a firm benefitted from the strategic orientation options provided. Strategies therefore presented a link through which top managers’ diversity impacted competitive advantage positively. The study established that when TMT diversity interacted with strategic orientation, a statistically significant effect on competitive advantage was observed. Strategic orientation thus was beneficial for competitive advantage (Rizan et al., 2019; Faisal et al., 2018; Abiodun, 2016). Therefore, the TMT diversity and competitive advantage linkage was boosted when strategic orientation of firms was taken into consideration. This implied that firms benefitted when top managers with diversity directed strategic positions to be taken by organizations. The different
perspectives on strategies to be employed presented by diverse managers, significantly and positively impacted competitive advantage of enterprises.

The findings from the research ascertained that strategic orientation had a moderating impact on the TMT diversity and competitive advantage association in insurance companies in Kenya. TMT diversity and strategic orientation influenced competitive advantage but not in totality. Despite categorization of insurance companies as general, life and composite insurance providers, the study revealed that strategic orientation provided a means through which diverse managers conferred insurance companies’ competitive advantage.

Among the three indicators presented as means through which insurance companies achieved competitive advantage, the respondents rated highly the use of digitalized operating systems and proficient communication and information systems, which implied that technological advantage was useful for competitive advantage. An organization’s strength with respect to innovation and advantages due to technology were ranked as more important as means of gaining competitive advantage compared to experience internationally.

The research revealed that insurance companies could attain competitiveness through adopting diversity in their top management teams and being intentional about strategic orientations taken. It thus concluded that top management team diversity was beneficial for competitive advantage and strategic orientation had a moderating impact on the association between diverse top management teams and competitive advantage of insurance companies in Kenya.

6. Study Implications

6.1 Theoretical Implications

Results from the study revealed that TMT diversity and strategic orientation statistically affected insurance enterprises competitive advantage in Kenya. The upper echelon perspective (Hambrick & Mason, 1984) that anchored the study proposed that variation of TMT in qualities like age, education level and tenure in the organization influenced firm performance. Since the study deduced from analysis of data that manager heterogeneity was useful for competitive advantage of enterprises, it buttressed the upper echelon perspective.

The resource advantage perspective postulates that entities can achieve market leadership through ownership of unique resources or competences (Wernefelt, 1984; Barney 1991). Organizations within an industry are disparate when scrutinized based on their wealth and competences. Among resources possessed by firms are physical assets, internal systems and knowledge. These resources enhance their overall efficiency enabling them attain competitive advantage (Barney, 1991; Wernefelt, 1984). TMTs that have managers with diverse characteristics possess knowledge and attributes that influence strategic orientation adopted by firms. They thus are part of internal factors that enable companies achieve competitive advantage. By deducing that diversity of senior executives and strategic orientation enhanced competitive advantage, the study supported the resource advantage theory.

6.2 Implications on Policies

The study deduced that TMT diversity and strategic orientation positively and significantly affected competitive advantage of firms. Diversity was examined with composite indicators of demographics (education level, organizational tenure, functional expertise, age) and psychographics (hope, optimism, self-efficacy and resilience). By revealing that manager diversity was beneficial for firms, management practitioners should encourage and front for policies of heterogeneity in top management teams. Diversity enables harnessing of valuable skills from different individuals that can confer market competitiveness to firms.

The study demonstrated that strategic orientation significantly and positively impacted competitive advantage. This challenges policy makers in insurance companies to adopt strategic planning and embrace mixed strategies in their policies that are contingent to the operating environment for competitive advantage. The findings revealed that insurance companies generally acquired competitive advantage though adopting modern technology and application of proficient communication and digitalized systems. They also improved performance through continuously addressing customer expectations implying that they were customer focused.

6.3 Implications on Practice

The study revealed that diversity in top management teams with respect to education acquired, functional expertise, tenancy in firms and age were useful for performance. This implied that it is paramount that human resource managers consider diversity of demographics during hiring of senior executives. Organizations would thus capitalize on heterogeneous qualities of managers’ to achieve their objectives and enhance profitability.

The findings revealed that strategic orientation was critical towards achievement of competitive advantage. It observed that because of the competitive and dynamic environments in which insurance companies operated, they
adopted a wide array of actions to achieve competitive advantage. Managers therefore needed to continuously monitor the environment and design strategies contingent to the changing environment. Adoption of new technology and proficient communication systems that improved service delivery were observed to be key in enhancing competitiveness of insurance companies and thus should be taken into practice.

7. Limitations of the Study
The study exhibited limitations because not all targeted companies provided a respondent. Despite their regulation by the Insurance Regulatory Authority that encourages performance disclosure, some companies were reluctant to provide a respondent. This was due to perceptions that confidential information if accessed by competitors could be misused to their detriment, hence they disallowed any form of research in the companies. Despite submission of the research instrument to 54 companies, 41 participated in the study and this was sufficient for data analysis. Secondly, the study applied a survey that was cross sectional to collate data. This limited the research because surveys are time bound and specific to industries unlike longitudinal studies that take into consideration changes over time. Because many companies in the private sector are unwilling to be subjected to academic studies, a longitudinal study was not feasible. Finally, insurance companies in Kenya are private entities and operate in different internal environments compared to public sector enterprises. This exposed limitations of inability to generalize the research findings to certain contexts especially the public sector.

8. Suggestions for Further Studies
The variables that were adopted to analyze competitive advantage were top manager diversity and strategic orientation. They did not explain fully the variability in competitive advantage of insurance companies’ hence future researchers could interrogate other variables that would impact this relationship. The study established that strategic orientation moderated the top manager diversity and competitive advantage linkage and that diversity and strategic orientation independently affected competitive advantage. The study recommended that future researchers analyze the impact of the two variables with different indicators and in other contexts to account for conceptual and contextual differences.

Informed consent
Obtained.

Ethics approval
The Publication Ethics Committee of the Canadian Center of Science and Education.

The journal and publisher adhere to the Core Practices established by the Committee on Publication Ethics (COPE).

Provenance and peer review
Not commissioned; externally double-blind peer reviewed.

Data availability statement
The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

Data sharing statement
No additional data are available.

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