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DIFFERENTIATION STRATEGY AND FINANCIAL SUSTAINABILITY OF INSURANCE FIRMS IN KENYA

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ABSTRACT

Financial sustainability remains a critical concern for insurance firms in Kenya amid increasing competition, changing customer expectations and the need for firms to maintain sustainable financial performance. Differentiation strategy provides insurance firms with an opportunity to distinguish their products and services through unique value propositions, service quality, product innovation and customer-oriented offerings. However, empirical evidence on the contribution of differentiation strategy to the financial sustainability of insurance firms in Kenya remains limited. This study examined the effect of differentiation strategy on the financial sustainability of insurance firms in Kenya. The study adopted a quantitative research approach and a correlational research design. The target population comprised senior executives from licensed insurance firms in Kenya, from whom data were collected using structured questionnaires. Financial sustainability was assessed using indicators including return on assets, return on investment and underwriting profitability. Descriptive statistics, Pearson correlation and regression analysis were used to analyse the data. The findings indicated a statistically significant positive relationship between differentiation strategy and financial sustainability of insurance firms in Kenya ($r = .485$, $p < .001$). Simple linear regression further showed that differentiation strategy explained 23.5% of the variation in financial sustainability, with the regression model being statistically significant. The findings conclude that differentiation strategy is an important strategic consideration in enhancing the financial sustainability of insurance firms in Kenya. The study contributes empirical evidence on the strategic management of insurance firms and provides a basis for strengthening differentiated products and services as firms seek to sustain their financial performance in a competitive market.

KEYWORDS*: Differentiation strategy; financial sustainability; insurance firms; competitive strategy; financial performance; Kenya.*

INTRODUCTION

Insurance firms operate in markets where sustained financial viability depends on their ability to generate income, manage claims and operating costs, and retain sufficient financial resources to meet their obligations over time. Financial sustainability therefore extends beyond short-term profitability to the capacity of a firm to maintain viable operations under changing market and financial conditions (Gleißner et al., 2022). This consideration is particularly important in insurance because premiums are collected before the ultimate cost of claims is known, while firms must simultaneously manage operating expenses, capital requirements and investment decisions. Consequently, the ability to create value for customers while maintaining financially sustainable operations remains an important strategic concern for insurers.

For many insurers, creating distinctive value provides a means of competing without relying solely on price. Differentiation strategy involves developing products, services or other attributes that customers perceive as distinct and valuable compared with competing offerings. In insurance, such differentiation may be expressed through product design, service quality, distribution arrangements, personnel capabilities, customer experience and corporate image (Kharazmi, Bordbar, & Gholampoor 2021). These attributes can influence customers' perceptions of value and their decisions to purchase or remain with an insurer. At the same time, differentiation requires investment in product development, service delivery, marketing and human resources. Its contribution to financial sustainability therefore depends on whether the value generated through distinctive offerings is sufficient to support revenue, customer retention and other financial outcomes relative to the resources committed.

The implications are particularly relevant in African insurance markets, where insurance penetration remains uneven and insurers continue to operate amid differences in economic conditions, financial inclusion and access to insurance services. Evidence from sub-Saharan Africa points to continuing differences in insurance-market development across countries, with the level of economic development and access to formal financial services influencing insurance uptake (Moss et al., 2023). Changing customer expectations and developments in insurance distribution are also creating opportunities for firms to reach previously underserved markets and tailor products to different customer groups (Deloitte, 2025). These conditions increase the importance of how insurers distinguish their products and services and whether such differentiation can contribute to financially viable operations.

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In Kenya, the insurance industry in has expanded considerably, with gross premium income increasing from KES 365.02 billion in 2023 to KES 400.59 billion in 2024, while industry assets rose from KES 1.08 trillion to KES 1.25 trillion during the same period (Insurance Regulatory Authority [IRA], 2025). However, growth in premiums and assets does not necessarily indicate sustained financial viability at firm level. Insurers continue to face claims obligations, management expenses and variations in underwriting outcomes across classes of insurance. The Kenyan market consequently raises an important strategic question: whether the ways in which individual insurers distinguish their products and services are associated with their capacity to maintain sustainable financial outcomes.

From previous studies, differentiation is already evident among Kenyan insurance firms. Kubai, Karanja and Kihara (2021) examined 55 registered insurance companies and considered strategy scope, product perception, value-based services and market experience as dimensions of differentiation. More than 85% of the firms were reported to have adopted differentiation to varying degrees, and the study found a positive association between differentiation and insurance-company performance. Although this evidence establishes the relevance of differentiation within the Kenyan insurance industry, the study examined general firm performance rather than financial sustainability as a distinct outcome.

Kimani and Kungu (2024) provide further evidence from the medical insurance segment. Their study examined product, personnel, distribution and image differentiation among medical insurance companies in Kenya and reported positive significant effects of these dimensions on organisational performance. The findings strengthen the case for examining differentiation within the insurance sector, but the study was confined to medical insurance companies and focused on performance rather than financial sustainability. The available evidence therefore provides useful support for the strategic relevance of differentiation without fully explaining its implications for the longer-term financial viability of insurance firms across the Kenyan industry.

The distinction matters because a firm may record favourable performance during a particular period without necessarily possessing the financial capacity to sustain its operations and obligations over time (Gleißner et al., 2022). Existing Kenyan studies have mainly established an association between differentiation and general insurance-company performance, leaving less evidence on whether differentiation is related specifically to financial sustainability across the wider insurance industry. The present study addresses this gap by examining the relationship between differentiation strategy and financial sustainability among insurance firms in Kenya. It focuses on whether distinctive products and services, as reflected in the firm's differentiation strategy, are associated with its capacity to maintain sustainable financial outcomes.

LITERATURE REVIEW

Differentiation Strategy and Financial Sustainability of Insurance Firms

Differentiation has been associated with financial and organisational outcomes in different industry settings, although the nature of these outcomes varies across studies. Lee and Lee (2019) examined the relationship between differentiation strategy, research and development intensity and the persistence of return on assets among Korean biotechnology firms. Using ordinary least squares regression, the study found that firms pursuing differentiation recorded higher persistence of sustainable accounting earnings, while innovation and R&D intensity also had important implications for the sustainability of those earnings. The study is important links differentiation to a financial outcome rather than limiting its assessment to market or service performance. However, its focus on biotechnology firms in South Korea limits the applicability of the findings to insurance firms, whose financial outcomes are shaped by claims, underwriting and other industry-specific factors.

Within insurance markets, differentiation has been examined mainly through service and organisational outcomes. Gyadu (2024) investigated image differentiation among selected insurance companies in Ghana, focusing on brand positioning, unique product offerings and innovation in customer service. The study employed a descriptive survey design and used descriptive and inferential statistics to examine the association between image differentiation and service delivery. A positive relationship was reported between image differentiation and service delivery. While the finding suggests that distinctive organisational and service attributes may influence outcomes in insurance firms, the study was conducted among selected companies in Accra and Kumasi. Its geographical coverage therefore provides limited evidence on insurance markets with different competitive and customer characteristics. More importantly, service delivery was the principal outcome, leaving the financial consequences of differentiation insufficiently addressed.

Image differentiation and service delivery were similarly examined by Kiprono et al. (2021) among selected insurance companies in Nairobi City County, Kenya. The study employed a descriptive survey design and reported a positive relationship between differentiation strategies and organisational performance. Its Kenyan setting makes the findings relevant to the present study, but the concentration on selected firms within Nairobi limits their generalisability to insurance companies operating across the country. The study also placed emphasis on image differentiation and service delivery rather than the financial sustainability of the firms. Consequently, its findings

indicate that differentiation may be associated with favourable organisational outcomes, but they do not establish whether such outcomes are reflected in sustained financial viability.

Broader industry coverage was achieved by Kubai, Karanja and Kihara (2021), who examined differentiation strategy among 55 registered insurance companies in Kenya. Their analysis considered strategy scope, product perception, value-based services and market experience as dimensions of differentiation. More than 85% of the firms were reported to have adopted differentiation to varying degrees, and the study found a positive association between differentiation and insurance-company performance. The wider coverage strengthens the contextual relevance of the findings for the Kenyan insurance industry. Nevertheless, the study assessed general firm performance rather than financial sustainability. Its findings therefore demonstrate the performance relevance of differentiation without resolving whether the strategy is associated with the capacity of insurance firms to maintain financially viable operations over time.

The differences in outcome measures across the studies are important when interpreting the accumulated evidence. Lee and Lee (2019) associated differentiation with the persistence of accounting earnings in biotechnology firms, while Gyadu (2024) and Kiprono et al. (2021) examined service delivery and organisational performance within insurance firms. Kubai et al. (2021) extended the evidence to a wider population of Kenyan insurers but likewise used general firm performance as the outcome. Thus, although the studies provide converging indications that differentiation can generate favourable outcomes, they do not provide a direct and consistent explanation of its relationship with financial sustainability. The variation in industry, geographical setting and outcome measures also limits the extent to which findings from one context can be directly applied to the wider Kenyan insurance industry.

Financial Sustainability of Insurance Firms

Financial sustainability refers to an insurer's ability to maintain sound financial operations, meet its obligations, withstand adverse conditions, and continue operating over time. The literature has examined related aspects of this concept through financial stability, profitability, resilience, and financial performance. These measures provide useful insights, although they do not necessarily capture financial sustainability in its broader sense.

Kharazmi, Bordbar, and Gholampoor (2021) examined the resilience of health insurance systems during the COVID-19 pandemic using qualitative-quantitative triangulation. The study identified 12 structural elements grouped into knowledge-based economy, financial stability, economic resilience, and justice. The findings linked knowledge-based infrastructure with greater economic and financial resilience during crises. Although the study provides a useful framework for understanding sustainability under uncertain conditions, its proposed model was not tested across different national settings, particularly developing economies. Its findings therefore require contextual validation in insurance markets such as Kenya.

Puławska (2021) examined financial stability among insurance companies in Germany, Italy, France, Belgium, and Poland using financial data for 2010–2020. The study considered ROA, solvency ratios, Z-scores, and receivables and found considerable differences across the five markets during the COVID-19 period. While some countries experienced declines in profitability or solvency, Poland showed greater financial resilience, and changes in Z-scores did not indicate a substantial increase in insolvency risk. The findings demonstrate that insurers may experience external shocks differently across markets. However, the study focused on developed European economies, leaving limited evidence on financial stability and sustainability in developing insurance markets.

Ben Dhiab (2021) investigated the determinants of profitability among 20 Saudi Arabian insurance firms using panel data covering 2009–2017. The study applied several panel-data estimation techniques and found that premium growth, tangibility, and the fixed-assets ratio were positively associated with profitability, whereas loss ratio, liabilities ratio, and insurance leverage were negatively associated with it. Firm size and liquidity were not statistically significant. Although the findings highlight the importance of revenue generation and financial risk management, the study focused on profitability rather than the broader capacity of insurance firms to sustain financial viability. Its Saudi Arabian context also limits direct application to the Kenyan insurance market.

Morara and Sibindi (2021) provide more relevant evidence from Kenya by examining the financial performance of 37 general insurers and 16 life insurers over the period 2009–2018. Using panel-data regression, the study assessed the effects of firm size, age, and leverage on ROA and ROE. Firm size was positively associated with financial performance, while firm age was negatively associated with performance. The study is useful in demonstrating that firm characteristics matter to the financial outcomes of Kenyan insurers, but its focus remained on financial performance rather than financial sustainability. It also concentrated on a limited set of internal firm characteristics, leaving strategic factors that may support sustained financial viability less examined.

The reviewed studies therefore provide evidence on different dimensions of insurers' financial condition, but they leave an important gap concerning the role of competitive strategy. Much of the literature has focused on profitability, solvency, firm characteristics, or

resilience to external shocks, while less attention has been given to how an insurer's strategic positioning may contribute to sustained financial outcomes. This gap is particularly evident in Kenya, where existing evidence has largely examined financial performance rather than financial sustainability as a broader outcome. The present study addresses this gap by examining the relationship between differentiation strategy and the financial sustainability of insurance firms in Kenya.

Theoretical Framework

The study was anchored on Porter's Generic Strategies Framework. This framework was developed by Porter (1980, 1985) to highlights how firms can gain competitive advantage in an industry. It identifies three main strategies: cost leadership, differentiation, and focus. Cost leadership involves competing through lower costs and prices, while differentiation involves offering products or services that customers perceive as distinct and valuable. Focus involves concentrating on a particular market segment and tailoring products or services to its specific needs. Although the three strategies provide different approaches to achieving competitive advantage, differentiation strategy provided the main basis for examining the strategic positioning of insurance firms in this study.

Differentiation strategy involves creating differences that customers value and that distinguish a firm's offerings from those of competitors. In the insurance industry, this may involve developing products for specific customer needs, improving claims handling, enhancing service quality, strengthening brand image, or providing more convenient ways of accessing insurance services. Such differences may influence customers' choice of insurer and their willingness to remain with the firm. A stronger customer base may support premium income and other financial outcomes. At the same time, differentiation can involve additional costs associated with product development, marketing, technology, and service improvement. Its contribution to financial sustainability therefore depends on whether the value created generates sufficient financial returns to justify these costs.

Porter's framework has been criticised for presenting the strategies as relatively distinct choices, whereas firms may combine elements of more than one strategy in practice (Barney & Hesterly, 2021). The framework also gives greater attention to competitive positioning than to the internal resources required to implement a strategy. Despite these limitations, it remains useful for explaining how firms can compete by creating value that customers perceive as different from competing offerings. In this study, the framework provides the theoretical basis for examining whether differentiation strategy is associated with the financial sustainability of insurance firms in Kenya.

Conceptual Framework

The conceptual framework presents the expected relationship between differentiation strategy and the financial sustainability of insurance firms in Kenya. Differentiation strategy, the independent variable, is represented by branding, product quality, product customization, and customer service quality. Financial sustainability, the dependent variable, is represented by return on investment (ROI) and return on assets (ROA). The framework therefore proposes that variations in the extent to which insurance firms apply differentiation strategy may be associated with differences in their financial sustainability.

METHODOLOGY

The study adopted a positivist research philosophy and a correlational research design to examine the relationship between differentiation strategy and financial sustainability among insurance firms in Kenya. It covered 63 insurance firms licensed by the Insurance Regulatory Authority, with a target population of 869 senior-level professionals whose responsibilities included strategic decision-making, financial management, marketing, business development, and organisational performance. Using Yamane's (1967) formula at a 5% margin of error, the sample size was determined as:

$n = N / 1 + Ne^{(2)}$

$n = 869 / 1 + 869(0.0025)$

$n = 869 / (1 + 2.1725)$

$n = 869 / 3.1725 = 274$

The sample was proportionately allocated across the identified management categories, after which respondents were selected randomly within the categories. Primary data were collected using a structured questionnaire measuring differentiation strategy and financial sustainability on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The instrument was pre-tested with 27 respondents, representing approximately 10% of the calculated sample, who were excluded from the main survey. Content, construct, and face validity were assessed through a review of the relevant literature and consultation with academic supervisors and industry experts. Reliability was evaluated using Cronbach's alpha in IBM SPSS Statistics Version 26. The overall instrument recorded an alpha coefficient of 0.918, while the coefficients for the individual constructs ranged from 0.831 to 0.908, exceeding the accepted threshold of 0.70.

All 274 questionnaires distributed were returned and usable, giving a response rate of 100%. The data were edited, coded, and analysed using SPSS Version 21. Descriptive statistics were used to summarise the responses, while Pearson's product-moment correlation was

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used to assess the direction and strength of the relationship between differentiation strategy and financial sustainability. Simple linear regression was then used to examine the extent to which differentiation strategy was associated with financial sustainability, with the findings evaluated using the regression coefficient, significance level, and coefficient of determination (R^2). Ethical considerations included informed consent, confidentiality, voluntary participation, and the right of respondents to withdraw from the study without penalty.

RESULTS AND DISCUSSION

This section presents the descriptive results and discussion for the differentiation strategy indicators, followed by Pearson correlation and simple linear regression.

Table 1: Descriptive Statistics

Statement	SA	A	N	D	SD	Mean	SD
The firm offers unique insurance products and services that stand out from competitors.	67 (24.5)	128 (46.7)	28 (10.2)	36 (13.1)	15 (5.5)	3.72	1.14
Branding and marketing efforts focus on emphasizing the distinct value of the firm's products.	126 (46.0)	111 (40.5)	4 (1.5)	16 (5.8)	17 (6.2)	4.14	1.12
Innovations in customer service delivery, such as personalized policy recommendations, set the firm apart.	115 (42.0)	79 (28.8)	43 (15.7)	31 (11.3)	6 (2.2)	3.97	1.11
Investments in research and development contribute to creating innovative insurance solutions.	65 (23.7)	82 (29.9)	64 (23.4)	60 (21.9)	3 (1.1)	3.53	1.11
Product customization is a key feature of the firm's strategy to meet diverse customer needs.	124 (45.3)	83 (30.3)	27 (9.9)	22 (8.0)	18 (6.6)	4.00	1.21
The firm actively monitors customer feedback to refine and improve its distinctive product offerings.	96 (35.0)	104 (38.0)	14 (5.1)	41 (15.0)	19 (6.9)	3.79	1.26

Table 1 shows generally favorable responses towards the use of differentiation practices, with mean scores ranging from 3.53 to 4.14. Branding and marketing recorded the highest mean (M = 4.14, SD = 1.12), followed by product customization (M = 4.00, SD = 1.21) and customer-service innovation (M = 3.97, SD = 1.11). These results suggest that differentiation among the firms surveyed is expressed more strongly through how products are positioned, communicated and tailored to customers than through investment in research and development.

The strongest response was recorded for branding and marketing. A total of 237 respondents (86.5%) either strongly agreed or agreed that their firms emphasise the distinct value of their products through branding and marketing. Product customization also received substantial support, with 207 respondents (75.6%) agreeing or strongly agreeing that it forms part of their firms' strategies for addressing diverse customer needs. Similarly, 194 respondents (70.8%) agreed or strongly agreed that innovations in customer-service delivery help distinguish their firms from competitors. These responses suggest that customer-facing aspects of differentiation are relatively well established among the insurance firms represented in the study. This pattern is broadly consistent with previous evidence linking differentiation practices with competitive positioning and organisational performance in insurance and other business settings (Gyadu, 2024; Kiprono et al., 2021; Kariuki et al., 2018).

Investment in research and development received the lowest mean score (M = 3.53, SD = 1.11). Although 147 respondents (53.6%) agreed or strongly agreed that R&D investment contributes to innovative insurance solutions, 63 respondents (23.0%) disagreed or strongly disagreed and a further 64 (23.4%) were neutral. The relatively dispersed responses suggest that R&D is less consistently emphasised across the firms than branding, customization and customer-service innovation. This finding is noteworthy because differentiation may require continuing investment in the development and refinement of products and services. Lee and Lee (2019), for instance, linked differentiation and innovation-related investment with stronger organisational outcomes. The present results suggest that, within the Kenyan insurance context, the implementation of such innovation-oriented activities may vary considerably across firms. The results for unique products and services and customer feedback were also positive, with mean scores of 3.72 and 3.79, respectively. While most respondents agreed that their firms offer distinctive products and monitor customer feedback, the proportion of disagreement was higher than for branding and customization. Overall, the descriptive evidence indicates that differentiation is present across the firms surveyed, although its application is not uniform across all dimensions

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Table 2: Correlation Analysis

Correlation Analysis		
Differentiation Strategy-2	Pearson Correlation	1
	Sig. (2-tailed)	
	N	274
Financial Sustainability-5	Pearson Correlation	.485**
	Sig. (2-tailed)	.000
	N	274
**. Correlation is significant at the 0.01 level (2-tailed).		

The correlation analysis results show a positive, moderate and statistically significant relationship between differentiation strategy and financial sustainability ($r = .485$, $p < .001$, $N = 274$). The direction of the relationship indicates that higher levels of differentiation were associated with higher levels of financial sustainability among the firms surveyed. The finding is consistent with earlier studies that have reported positive associations between differentiation and organisational performance. Kiprono et al. (2021) found a positive relationship between differentiation and performance among selected insurance companies in Nairobi, while Kubai et al. (2021) reported that differentiation was associated with improved performance among insurance companies in Kenya. Kimani and Kungu (2024) similarly found significant positive effects of product, personnel, distribution and image differentiation on the performance of medical insurance companies. The present study extends this line of evidence by examining financial sustainability rather than general organisational performance.

Regression Analysis

A simple linear regression analysis was conducted to examine the extent to which differentiation strategy was associated with financial sustainability. The null hypothesis was.

H_0: There is no statistically significant relationship between differentiation strategy and the financial sustainability of insurance firms in Kenya.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.485[a]	0.235	0.232	0.58029	1.955
a. Predictors: (Constant), Differentiation Strategy					
b. Dependent Variable: Financial Sustainability					

The regression model produced an R of 0.485, confirming the positive association observed in the correlation analysis. The R^2 of 0.235 indicates that differentiation strategy accounted for 23.5% of the observed variation in financial sustainability. The remaining 76.5% represents variation not accounted for by differentiation strategy in this model. The Durbin-Watson statistic of 1.955 was close to 2, providing no indication of problematic residual autocorrelation.

Table 4: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.184	1	28.184	83.699	.000[b]
	Residual	91.591	272	.337		
	Total	119.775	273			
a. Dependent Variable: Financial Sustainability						
b. Predictors: (Constant), Differentiation Strategy						

The ANOVA results further revealed that the regression model was statistically significant ($F(1, 272) = 83.699$, $p < .001$). This finding indicates that differentiation strategy significantly predicts the financial sustainability of insurance firms in Kenya and that the regression model provides a significantly better fit than a model without the predictor variable.

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Table 5: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.306	0.190		12.138	0.000
	Differentiation Strategy	0.443	0.048	0.485	9.149	0.000
a. Dependent Variable: Financial Sustainability						

The coefficient for differentiation strategy was positive and statistically significant (B = 0.443, β = 0.485, t = 9.149, p < .001). The estimated regression equation is: Y = 2.306 + 0.443X. Where Y represents financial sustainability and X represents differentiation strategy. Holding the model specification constant, a one-unit increase in the differentiation strategy score was associated with an estimated 0.443-unit increase in the financial sustainability score. The standardized coefficient (β = 0.485) indicates a moderate positive association between the two variables.

The result is consistent with the empirical literature. Lee and Lee (2019) found that differentiation was associated with stronger sustainable accounting earnings among Korean biotechnology firms. In the insurance sector, Kiprono et al. (2021) reported a positive relationship between differentiation and organisational performance among selected insurance companies in Nairobi, while Kubai et al. (2021) found that differentiation was associated with improved performance among insurance companies in Kenya. Kimani and Kungu (2024) likewise reported significant positive relationships between differentiation dimensions and performance among medical insurance companies in Kenya. Although these studies used different measures of organisational outcomes and were conducted in different contexts, their findings provide converging evidence that creating distinctive value through products, services, branding and customer-oriented practices can be associated with stronger organisational outcomes.

Hypothesis Testing

The regression results showed a statistically significant positive association between differentiation strategy and financial sustainability (β = 0.485, t = 9.149, p < .001). The null hypothesis was therefore rejected. The findings provide empirical support for the proposition that differentiation strategy is significantly associated with the financial sustainability of insurance firms in Kenya.

CONCLUSION AND RECOMMENDATIONS

Conclusions

Based on the findings, the study concludes that differentiation strategy is positively and significantly associated with the financial sustainability of insurance firms in Kenya. The descriptive results indicate that firms apply differentiation through practices such as branding and marketing, product customization, customer-service innovation, product uniqueness, and customer feedback. The regression results further show that differentiation strategy accounts for 23.5% of the variation in financial sustainability, with a positive and statistically significant coefficient. The findings therefore provide empirical evidence that greater application of differentiation practices is associated with higher levels of financial sustainability among the insurance firms studied.

Recommendations

Based on the positive association identified between differentiation strategy and financial sustainability, insurance firms should strengthen practices that enable them to offer distinctive value to customers. Particular attention should be given to product customization, branding and market positioning, customer-service innovation, and continuous improvement of insurance products and services. Firms should also strengthen the use of customer feedback in product development so that differentiation efforts remain responsive to changing customer needs.

Given the relatively lower emphasis on research and development observed in the descriptive results, insurance firms could also consider strengthening their investment in product development and innovation where such investment is commercially viable. Industry bodies such as the Association of Kenya Insurers can support these efforts through knowledge-sharing forums, industry learning, and dissemination of practices that have demonstrated value in product and service differentiation.

Suggestions for further Research

The regression model accounted for 23.5% of the variance in financial sustainability, suggesting that additional factors warrant investigation. Future studies could examine organisational and industry-level factors such as corporate governance, enterprise risk management, firm size, capital adequacy, regulatory conditions, and macroeconomic factors alongside differentiation strategy. Future research could also employ longitudinal or mixed-methods designs to examine how differentiation practices develop over time and how

they are associated with financial outcomes. Comparative studies across insurance subsectors and countries could further establish whether the relationship between differentiation strategy and financial sustainability varies across market contexts.

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