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# Influence of Collaborations and Partnerships on the Competitiveness of Insurance Companies in Kenya: The Moderating Role of Competency Traps

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## Abstract

*This study examined the moderating influence of competency traps on the relationship between collaborations and partnerships and the competitiveness of insurance companies in Kenya. Grounded in the resource-based view and organizational learning theory, the study addressed the gap in understanding why Kenyan insurers with similar collaborative portfolios exhibit divergent competitive outcomes despite the sector's rapid expansion in gross written premiums and the strategic proliferation of bancassurance, insurtech, and mobile network alliances. Using a descriptive survey design within a positivist paradigm, primary data were collected through structured questionnaires from 203 senior managers drawn from all 50 licensed insurance firms in Kenya via census and judgmental sampling. The study measured collaborations and partnerships across government trade agreements, industry certification, and governance frameworks; competency traps across new technology adoption, innovation inertia, and skills limitations; and firm competitiveness across market share, brand reputation, and customer retention. Data were analyzed using SPSS version 23, with descriptive statistics, Pearson correlation, and hierarchical multiple regression employed to test the hypotheses at a 5% significance level. The findings revealed that collaborations and partnerships had a strong and statistically significant positive effect on firm competitiveness (*$R^2 = .427$, $\beta = .734$, $p < .001$*), with government trade agreements (*$\beta = .574$, $p < .001$*) and governance frameworks (*$\beta = .143$, $p = .019$*) emerging as significant predictors, while certification was not significant (*$\beta = .052$, $p = .346$*). More critically, competency traps were found to exert a significant negative moderating influence on the partnership-competitiveness relationship (interaction term* $B = -.016$, $\beta = -.145$, $p = .004$*), with the interaction term contributing an additional 1.9% of explained variance (*$F\ Change = 8.687$, $p = .004$*). These results indicate that while strategic alliances are a potent driver of competitiveness, their efficacy is substantially diminished when firms are entrenched in rigid routines, legacy systems, and path-dependent managerial practices that inhibit the absorption and deployment of new capabilities. The study contributes to strategic management theory by integrating organizational learning pathologies into the alliance performance literature. The study recommends that insurance companies institutionalize deliberate unlearning, strengthen governance and knowledge-sharing mechanisms, invest in continuous digital skills development, and diversify partnerships toward insurtech and mobile-based ecosystems, while regulators should promote adaptive collaboration through regulatory sandboxes and industry-wide knowledge exchange platforms. Future research should employ longitudinal and comparative designs to examine how insurers overcome competency traps and reconfigure capabilities over time.*

***Keywords:*** *Competency traps, firm competitiveness, insurance industry, Kenya, collaborations and partnerships*

## Introduction

The origins of insurance trace back to ancient Babylonian risk-sharing practices and the codification of maritime law, yet the modern sector was fundamentally shaped by the Great Fire of London in 1666, which catalyzed formal fire insurance and institutionalized markets such as Lloyd's of London (Hempstead, 2024; Iodice, 2023; Pearson, 2017). Over centuries, this framework evolved into a global system divided into life and non-life insurance, operating on the principle of risk pooling wherein premiums from many policyholders compensate those who suffer losses (Maggioni & Turchetti, 2024; Owadally et al., 2018; Szalados, 2021). Beyond individual protection, insurance functions as a multidimensional economic enterprise that contributes directly to GDP and enables infrastructural and commercial development (Ewald, 2019; Liedtke, 2007). In the contemporary era, digital disruption and intensifying competitive pressures have compelled firms to pursue strategic alliances as a mechanism for accessing complementary resources and sustaining competitive advantage (Barney, 1991; Dyer & Singh, 1998).

Africa's insurance industry, valued at approximately $68 billion in Gross Written Premium, remains underdeveloped relative to other emerging regions, with 91% of premiums concentrated in ten countries and South Africa alone accounting for 70% of continental output (Shindo & Stewart, 2020). Within East Africa, penetration stood at a modest 1.39% in 2022, with Kenya leading at 2.14% while neighboring markets lagged significantly behind (FSD Africa, 2021). Systemic challenges including high poverty levels, limited financial literacy, inconsistent regulatory frameworks, and severe climate exposure have shifted the competitive focus away from price wars toward strategic innovation and digital partnerships (Accenture, 2023; Kareem, 2023; Sanga, 2024). Across the continent, bancassurance and telco-assurance models have emerged as vital mechanisms for

extending market reach, though their success depends on the adaptive capacity of incumbent firms (Nhlapo, 2024; PwC, 2022).

In Kenya, gross written premiums surged by 56.2% between 2019 and 2023, yet penetration remains stalled at approximately 2.3% to 2.5% of GDP far below the global average and the industry has witnessed multiple high-profile insolvencies including Resolution Insurance and Invesco Assurance (Association of Kenya Insurers [AKI], 2024; Cytonn Report, 2024; NCBA Investment Bank, 2025). To counter these vulnerabilities, firms have aggressively pursued collaborative distribution networks, with the bancassurance channel alone growing 79.4% to reach KES 35 billion by 2023 (AKI, 2024). The issue, however, is that the expansion of collaborations and partnerships has not translated uniformly into stronger competitiveness across Kenyan insurance companies. Firms operating within the same market and pursuing comparable partnership strategies continue to demonstrate differences in market share, brand reputation, customer retention, and overall competitive performance. This suggests that establishing partnerships alone may be insufficient to generate competitive advantage and that an internal organizational condition may determine whether firms are able to convert collaborative resources into superior competitive outcomes.

A potentially important but insufficiently examined constraint is the competency trap that is the self-reinforcing tendency of organizations to continue relying on established routines, capabilities, technologies, and practices that have previously generated success even when alternative approaches may offer superior outcomes (Levitt & March, 1988). In the Kenyan insurance context, competency traps may manifest through continued dependence on traditional distribution channels, legacy information systems, established product-development routines, and resistance to new digital technologies and innovative business models. Such rigidity can limit an insurer's ability to absorb knowledge from partners, integrate complementary capabilities, and adapt collaborative arrangements to changing customer and technological demands (Leonard-Barton, 1992; Levinthal & March, 1993). Consequently, although collaborations and partnerships may provide insurers with access to valuable external resources, their competitive benefits may be weakened when organizational routines and competencies become entrenched. The problem is therefore not simply whether Kenyan insurance companies collaborate, but whether they possess the organizational capacity to translate those collaborations into competitiveness.

Existing studies on Kenyan insurance companies have focused primarily on the direct effects of strategic orientation and innovation on performance, without considering the moderating role of organizational learning pathologies (Tonui & Mangana, 2024; Mutegi, 2018). Similarly, research on strategic alliances in developing economies has emphasized structural factors while neglecting the cognitive and routine-based inertia that may undermine alliance effectiveness (Mbabu & Ombok, 2024). Thus, there is an empirical and contextual gap concerning whether competency traps moderate the extent to which collaborations and partnerships enhance the competitiveness of insurance companies in Kenya. Without addressing this problem, managers may continue investing in partnerships on the assumption that collaboration automatically generates competitive benefits, while overlooking internal routines and capabilities that can prevent firms from exploiting the resources and knowledge obtained through such relationships. This study integrates organizational learning theory and strategic management to examine how competency traps condition the relationship between collaborations, partnerships, and competitiveness among insurance companies in Kenya.

The primary objective of this study is to examine the moderating influence of competency traps on the relationship between collaborations and partnerships and the competitiveness of insurance companies in Kenya. The specific objectives are to assess the effect of collaborations and partnerships on the competitiveness of insurance companies in Kenya; to determine the extent to which competency traps moderate the relationship between collaborations and partnerships and competitiveness of insurance companies in Kenya.
To achieve these objectives, the study tests the following null hypotheses:
*$H_{01}$: Collaborations and partnerships have no significant effect on the competitiveness of insurance companies in Kenya.*
*$H_{02}$: Competency traps have no significant moderating influence on the relationship between collaborations and partnerships and the competitiveness of insurance companies in Kenya.*

## Theoretical Review

The resource-based view, introduced by Wernerfelt (1984) and subsequently formalized by Barney (1991), posits that firm resources including assets, capabilities, organizational processes, and knowledge generate sustained competitive advantage when they are valuable, rare, imperfectly imitable, and non-substitutable, operating on assumptions of resource heterogeneity and immobility (Chelagat et al., 2025). Critics have argued, however, that the framework is tautological because resources

are often deemed valuable only after superior performance is observed, and that its static orientation neglects external market forces and dynamic adaptation (Kraaijenbrink et al., 2010; Priem & Butler, 2001). In this study, the RBV provides the foundational logic for why Kenyan insurance companies pursue collaborations and partnerships: alliances function as mechanisms to access complementary resources such as distribution networks, technological capabilities, and regulatory expertise that firms do not possess internally. Yet because the RBV alone cannot explain why insurers with seemingly similar partnership portfolios exhibit divergent competitive outcomes, it necessitates integration with organizational learning theory to account for the internal conditions that enable or constrain the deployment of collaboratively acquired resources.

Organizational learning theory, as articulated by Levitt and March (1988), conceptualizes learning as a process whereby organizations encode inferences from experience into routines that guide subsequent behavior, with the competency trap emerging as a central pathology wherein favorable performance with an existing procedure increases organizational experience and efficiency while simultaneously reducing the likelihood of experimenting with superior alternatives. The theory has been critiqued for assuming an idealistic willingness of organizational members to engage in collective learning, for the empirical difficulty of measuring learning as an abstract construct, and for recognizing that learning can be maladaptive producing superstitious learning and entrenched inertia that lock firms into suboptimal trajectories. For this study, organizational learning theory is directly relevant because it explains why the relationship between collaborations and competitiveness is contingent rather than automatic: Kenyan insurers that have historically succeeded through traditional bancassurance or agent-based models may exhibit competency traps that cause rigid adherence to outdated routines, resistance to knowledge transfer from insurtech and digital alliance partners, and inability to integrate new practices, thereby moderating whether collaborative investments translate into sustained competitive advantage.

**Empirical Review**

**Collaborations, Partnerships and Firm's Competitiveness**

Empirical research has consistently affirmed that strategic alliances enhance firm competitiveness through resource pooling, risk sharing, and knowledge transfer. Praveena and Balajee (2024) found that partnerships drive financial success and operational efficiency, while Emami et al. (2022) demonstrated that alliances significantly improve performance for resource-constrained entrepreneurial firms. However, the returns to collaboration are contingent on market conditions and partnership design. Siah (2008) observed an inverted-U relationship between competitive intensity and collaboration among Singaporean firms, suggesting that excessive rivalry can undermine alliance efficacy, while Tong and Reuer (2010) showed that joint ventures may be either pro- or anti-competitive depending on industry concentration and partner characteristics. Further, Mukherjee et al. (2012) noted that environmental uncertainty and knowledge intensity initially constrain R&D alliances until relational trust develops, and Santos et al. (2014) cautioned that innovation investments through partnerships do not automatically yield superior financial performance. These findings collectively indicate that alliances are not universally beneficial and that internal organizational conditions may critically shape their outcomes.

In Africa, empirical research on strategic alliances and firm performance remains comparatively sparse but growing. Pfanelo (2017) assessed South African SMEs and confirmed that supply chain partnerships strongly influence collaboration, integration, and overall performance, though integration exerts a stronger effect than collaboration per se. Across the continent, insurers have increasingly relied on bancassurance and telco-assurance models to expand distribution, yet rigorous empirical assessments of how these alliances affect insurer competitiveness particularly in the context of organizational inertia remain limited.

In Kenya, sector-specific studies have documented the performance benefits of inter-organizational collaborations. Onyango (2025) found that strategic partnerships at Kenya Commercial Bank significantly improved operational efficiency and technological capacity through digital innovations, while Gachengo (2018) established that resource-based, cost-based, and relational collaborations all positively influenced performance among courier firms in Nairobi. Koigi et al. (2018) demonstrated that university collaborations accounted for approximately 28.3% of variance in institutional performance, and Thendu (2020) observed that airline collaborations reduced costs and improved branding. Despite this accumulating evidence across banking, logistics, education, and aviation sectors, empirical research examining the influence of collaborations and partnerships on insurance company competitiveness in Kenya remains scarce. Existing studies on Kenyan insurers have focused primarily on strategic orientation, process innovation, and market development without considering how competency traps may moderate the alliance-competitiveness relationship, leaving a critical gap that this study seeks to address.

**Moderating Influence of Competency Trap**

The empirical examination of competency traps and their conditioning influence on collaborative strategies has attracted growing scholarly attention globally. The foundational conceptualization was introduced by Levitt and March (1988), who demonstrated that organizations develop self-reinforcing routines based on historically successful practices, thereby reducing their propensity to experiment with superior alternatives. Leonard-Barton (1992) subsequently operationalized this phenomenon as core rigidities, providing field-based evidence that the very technical systems and managerial values constituting competitive advantage can calcify into inertia that inhibits innovation. In the specific context of alliances, Welsh (2022) confirmed that strategic partnerships produce positive performance effects across financial, operational, and organizational dimensions, yet acknowledged that pre-existing routines significantly influence the magnitude of these benefits. Similarly, Mbabu and Ombok (2024) found that while alliances enhance competitiveness through resource complementarity, firms with deeply embedded historical routines struggle to absorb and deploy new capabilities acquired through collaboration. Le and Mohiuddin (2024) further established that organizational inertia has a significant negative indirect effect on firm performance by undermining the innovative activities that alliances are meant to facilitate, suggesting that competency traps indeed constrain the returns to partnership investments.

In Kenya, sector-specific evidence reinforces the moderating relevance of competency traps. Tonui and Mangana (2024) found that process innovation and market development positively influence insurance performance, yet implicitly identified competency traps in the sector's slow adoption of automation and blockchain technology for claims processing. Opiyo (2024) revealed that top management team diversity accounted for 26.8% of variation in competitive advantage, suggesting that homogeneous management teams often a byproduct of entrenched recruitment routines may reinforce competency traps by limiting the cognitive diversity needed to exploit collaborative opportunities. Research on co-opetition among Kenyan insurers found that while information sharing, co-insurance, and cooperative pricing significantly improved firm growth, collaborative research and development received only moderate endorsement, with sharing research findings with competitors scoring lowest reflecting a protective posture toward existing knowledge bases consistent with competency trap dynamics. Furthermore, Kyalo and Matanda (2023) examined mergers and acquisitions among Kenyan insurers and found that while asset growth and synergy realization improved performance, several merged entities struggled to integrate operations due to conflicting organizational cultures and rigid internal procedures manifestations of competency traps that moderated expected performance gains. The collapse of Resolution Insurance, United Insurance, and other underwriters has been attributed to management competency gaps and an inability to adapt to changing market conditions, underscoring the destructive potential of entrenched organizational routines.

## Methodology

This study adopted a descriptive survey research design within a positivist epistemological paradigm to examine the moderating influence of competency traps on the relationship between collaborations, partnerships, and the competitiveness of insurance companies in Kenya. The target population comprised all 50 licensed insurance firms operating in Kenya, with five senior managers that is the Chief Executive Officer, Chief Finance Officer, Chief Human Resource Officer, Chief Marketing Officer, and Chief Underwriting Officer selected from each firm using judgmental sampling, yielding a total of 250 respondents. Primary data were collected through a structured self-administered questionnaire using the drop-and-pick later method, while secondary data were gathered from industry reports and published financial accounts covering the period 2013 to 2023. The study comprised three main constructs: collaborations and partnerships, competency traps, and firm competitiveness. The constructs were operationalized based on the study objectives and relevant theoretical and empirical literature. Each construct was measured using structured questionnaire items rated on a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. Composite scores were generated from the respective items measuring each construct and its dimensions. The operationalization of the variables is presented in Table 1.

**Table 1: Operationalization and Measurement of Study Variables**

| Variable | Variable | Dimensions/Indicators | Operational Measurement | Scale |
|---|---|---|---|---|
| **Collaborations and Partnerships** | Independent variable | Government trade agreements; Industry certification; Governance frameworks | Extent to which insurance firms engage in and benefit from formal collaborative arrangements, certification networks, and governance mechanisms that facilitate resource access, market opportunities, coordination, and knowledge exchange | 5-point Likert scale |
| **Competency Traps** | Moderating variable | New technology adoption; Innovation inertia; Skills and expertise limitations | Extent to which entrenched technologies, routines, established practices, and limitations in employee skills and expertise constrain the | 5-point Likert scale |

| | | | | |
|---|---|---|---|---|
| | | | adoption, integration, and exploitation of new capabilities | |
| **Firm Competitiveness** | Dependent variable | Market share; Brand reputation; Customer retention | Extent to which the firm achieves and sustains a strong competitive position through market presence, brand strength, and retention of customers | 5-point Likert scale |

Content validity was established through an extensive literature review, and construct validity was assessed via confirmatory factor analysis with Average Variance Extracted values exceeding 0.5 and discriminant validity verified by ensuring that squared multiple correlations were lower than the AVE. Reliability was confirmed using Cronbach's alpha, with all construct values exceeding the 0.70 threshold. Data were screened for inconsistencies and analyzed using SPSS version 23, employing descriptive statistics such as means and standard deviations to summarize the variables, Pearson correlation to examine bivariate relationships, and multiple linear regression to test the hypotheses at a 5% significance level.

**Direct Effect Model**

$H_{01}$ was tested using a simple linear regression model, with collaborations and partnerships as the predictor variable and firm competitiveness as the dependent variable. The model was specified as:

$$Yit=\beta_0+\beta_1X_{1it}+\varepsilon \quad \text{Model 1}$$

**Moderation Model**

The second-stage analysis examined whether competency traps moderate the relationship between collaborations and partnerships and firm competitiveness. The variables were mean-centred before computing the interaction term to reduce potential multicollinearity between the constituent variables and their interaction. The moderation model was specified as:

$$Yit=\beta_0+\beta_1X_{1it}+\beta_2CTit+\beta_3(X1it\times CTit)+\varepsilon \quad \text{Model 2}$$

Where:

$Y_{it}$ = competitiveness of insurance companies.
CT = Competency trap
$X_{1=}$ Collaborations and Partnerships
(X1×CT) = Interaction term
$\beta_0$ = Intercept
$\beta_{1,2,3}$ = Regression coefficient
Ɛ = error term.

**Results and Discussion**

**Response Rate**

The response rate of the distributed questionnaires was estimated in the study as an adequate response rate enhances validity and representativeness to research results, ensuring that opinions obtained are representative of the overall study population. Table 2 presents an overview of the response rate measures.

**Table 2: Response Rate**

| | Questionnaire distributed | Questionnaire returned | Response rate |
|---|---|---|---|
| CEOs | 50 | 31 | 0.62 |
| Chief Finance Officer | 50 | 41 | 0.82 |
| Chief HR Officer | 50 | 44 | 0.88 |
| Chief Marketing Officer | 50 | 43 | 0.86 |
| Chief Underwriting Officer | 50 | 44 | 0.88 |
| Total | 250 | 203 | 0.81 |

As A total of 250 questionnaires were distributed evenly among Chief Executive Officers (CEOs), Chief Finance Officers (CFOs), Chief Human Resource Officers (CHROs), Chief Marketing Officers (CMOs), and Chief Underwriting Officers (CUOs). Out of these, 203 questionnaires were returned, yielding an overall response rate of 81.2%. Among the respondent categories, the highest response rates were recorded from CHROs and CUOs, each at 88%, followed closely by CMOs at 86% and CFOs at 82%. CEOs had the lowest response rate at 62%, which is still considered acceptable in survey-based

research, especially when dealing with top-level executives who often have limited availability. The high response rates across the other categories indicate strong engagement and interest in the study topic. An overall usable response rate of 81.2% is considered excellent and exceeds the commonly accepted threshold of 70% recommended by Blumberg et al. (2014) for survey research. This high rate enhances the credibility, reliability, and generalizability of the results. Moreover, it minimizes the potential for non-response bias, ensuring that the views captured are representative of the target population. The strong participation also reflects the effectiveness of the data collection strategies employed, such as follow-ups and flexible questionnaire delivery methods. These results provide a robust foundation for subsequent data analysis and support the validity of conclusions drawn from the study.

**Respondents Demographic Information and Firm-Level Characteristics**

Before presenting the inferential analyses, it was essential to establish the profile of the respondents and the structural characteristics of the firms they represent given the study's focus on competency traps, as longer tenure and larger firm size may be associated with greater organizational inertia, whereas higher educational levels and diverse specializations may facilitate adaptive capacity in collaborative engagements. Table 3 presents the consolidated respondent and firm-level characteristics.

**Table 3: Respondent and Firm-Level Characteristics**

| Category | Variable | Frequency / Value | Percent |
|---|---|---|---|
| **Gender** | | | |
| | Male | 95 | 47.0% |
| | Female | 108 | 53.0% |
| | *Total* | *203* | *100.0%* |
| **Job Tenure** | | | |
| | Less than 2 years | 13 | 6.4% |
| | 3 to 10 years | 114 | 56.2% |
| | 11 to 20 years | 49 | 24.1% |
| | More than 20 years | 27 | 13.3% |
| | *Total* | *203* | *100.0%* |
| **Highest Education Level** | | | |
| | Secondary school | 1 | 0.5% |
| | Professional certificate | 10 | 4.9% |
| | Diploma | 25 | 12.3% |
| | Bachelor's degree | 102 | 50.2% |
| | Postgraduate | 65 | 32.0% |
| | *Total* | *203* | *100.0%* |
| **Area of Specialization** | | | |
| | Management & Operations | 66 | 32.4% |
| | Sales & Marketing | 30 | 14.8% |
| | Accounts & Finance | 26 | 12.8% |
| | Human Resource Management | 28 | 13.8% |
| | Insurance & Risk Management | 14 | 6.9% |
| | IT & Statistics | 3 | 1.5% |
| | Project & Strategic Management | 3 | 1.5% |
| | Actuarial Science | 3 | 1.5% |

| | | | |
|---|---|---|---|
| | Other | 30 | 14.8% |
| | *Total* | *203* | *100.0%* |
| **Firm Age (Years)** | | | |
| | N | 203 | — |
| | Minimum | 4 | — |
| | Maximum | 105 | — |
| | Mean | 22.93 | — |
| | Std. Deviation | 18.97 | — |
| **Firm Size (No. of Employees)** | | | |
| | N | 203 | — |
| | Minimum | 8 | — |
| | Maximum | 2,000 | — |
| | Mean | 136.57 | — |
| | Std. Deviation | 235.23 | — |

The sample of 203 respondents yielded a balanced gender split (53% female, 47% male), reflecting growing inclusivity in Kenya's insurance leadership. Job tenure was heavily skewed toward experienced professionals with 56.2% had served 3–10 years, 24.1% 11–20 years, and 13.3% over 20 years. Cumulatively, 93.6% possessed more than two years of experience, ensuring responses were grounded in real organizational dynamics. Notably, the 37.4% with over 11 years of tenure raises the possibility of entrenched traditional competencies a profile consistent with the competency trap construct, wherein long-tenured professionals may resist new innovations.

Educational attainment indicated that 82.2% held at least a bachelor's degree and 32% held postgraduate qualifications, supporting the credibility of responses on complex strategic constructs. The inclusion of diploma holders (12.3%) and professionally certified respondents (4.9%) added practical, operations-based perspectives.

Professional specialization was distributed across strategically relevant domains, led by Management & Operations (32.4%), followed by Sales & Marketing (14.8%), Human Resource Management (13.8%), and Accounts & Finance (12.8%). This functional diversity ensures multidimensional insights into strategic restructuring while also linking to competency traps deep specialization may reinforce domain-specific rigidities that moderate collaborative effectiveness.

At the firm level, the sample captured wide heterogeneity. Firm age ranged from 4 to 105 years (Mean = 22.93, SD = 18.97), spanning agile new entrants and long-established incumbents with deep institutional memory. Firm size ranged from 8 to 2,000 employees (Mean = 136.57, SD = 235.23), reflecting everything from small boutique insurers to large diversified groups. This considerable dispersion in both age and size strengthens external validity, ensuring findings generalize across diverse organizational life cycles. Older and larger firms may exhibit greater structural inertia a manifestation of competency traps while younger, smaller firms may display more adaptive restructuring capabilities. Hence, these characteristics confirm a sample that is experienced, well-educated, functionally diverse, and drawn from organizations varying widely in maturity and scale.

**Descriptive Statistics for Study Variables**

Table 4 presents the descriptive statistics for this construct across three critical dimensions.

**Table 4: Summary of Composite Means and Standard Deviations for Study Constructs**

| Construct | Composite Mean | Std. Deviation |
|---|---|---|
| **Collaborations and Partnerships** | **4.36** | **0.48** |
| Government Trade Agreements | 4.28 | 0.63 |
| Industry Certification | 4.35 | 0.71 |
| Governance Frameworks | 4.45 | 0.44 |

| | | |
|---|---|---|
| **Competency Trap** | **3.45** | **1.27** |
| New Technology Adoption | 3.57 | 1.32 |
| Innovation Inertia | 3.45 | 1.34 |
| Skills and Expertise Limitations | 3.33 | 1.27 |
| **Firm Competitiveness** | **4.22** | **0.65** |
| Market Share | 4.13 | 0.78 |
| Brand Reputation | 4.32 | 0.66 |
| Customer Retention | 4.20 | 0.80 |

*Note. Response scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.*

Collaborations and partnerships registered a high composite mean of 4.36 (SD = 0.48), indicating that Kenyan insurance firms are actively and strategically engaged in forming and managing inter-organizational linkages. Among the three sub-dimensions, governance frameworks scored highest (M = 4.45, SD = 0.44), suggesting that institutional integrity, transparent policies, and ethical accountability are deeply embedded in partnership management practices. Industry certification followed closely (M = 4.35, SD = 0.71), reflecting a consistent emphasis on quality assurance and regulatory compliance in alliance formation. Government trade agreements recorded a mean of 4.28 (SD = 0.63), demonstrating strong strategic alignment with national economic frameworks and public-sector collaboration. The uniformly high scores across all three dimensions affirm that collaborations in Kenya's insurance sector are not merely prevalent but are professionally governed and strategically oriented toward long-term competitiveness.

In contrast, the competency trap construct yielded a moderate composite mean of 3.45 (SD = 1.27), signaling the presence of significant organizational inertia that may constrain adaptive capacity. The new technology adoption dimension scored highest within this construct (M = 3.57, SD = 1.32), with respondents acknowledging that firms hesitate to adopt new technologies due to overreliance on legacy systems and that employees resist transitioning to advanced tools. Innovation inertia recorded a mean of 3.45 (SD = 1.34), indicating that organizational cultures often prioritize traditional methods over innovative solutions and discourage risk-taking in creative projects. The skills and expertise limitations dimension registered the lowest score (M = 3.33, SD = 1.27), revealing a workforce that relies heavily on past experience rather than acquiring new competencies, coupled with insufficient continuous training programs. The comparatively large standard deviations across all competency trap dimensions suggest considerable heterogeneity among firms, with some organizations exhibiting deep-seated inertia while others appear more adaptable. This moderate overall score is theoretically consequential: it indicates that while competency traps are not dominant across the entire sector, they are sufficiently pronounced in a meaningful subset of firms to potentially moderate the effectiveness of collaborative strategies.

Firm competitiveness was rated highly overall, with a composite mean of 4.22 (SD = 0.65). The brand reputation dimension emerged as the strongest indicator (M = 4.32, SD = 0.66), with respondents reporting that their firms are recognized as trusted and reliable brands, have improved reputations over the past five years, and receive substantial customer referrals. Customer retention also registered a strong score (M = 4.20, SD = 0.80), reflecting effective complaint handling, high loyalty levels, and increased repeat purchases. Market share recorded a mean of 4.13 (SD = 0.78), with firms reporting expansion into new niches, consistent sales growth, and retention of market leadership positions. The high competitiveness scores, juxtaposed against the moderate competency trap ratings, set up the central analytical tension of this study: Kenyan insurance firms appear well-positioned competitively and actively engaged in partnerships, yet a meaningful degree of organizational inertia persists that may constrain the full translation of collaborative investments into sustained competitive advantage.

**Instrument Reliability Analysis**

The reliability of the research instruments was evaluated using Cronbach's alpha (**α**) to determine the internal consistency of the measurement scales for the focal variables under study. According to standard econometric thresholds, alpha values above 0.70 demonstrate acceptable internal consistency, while values exceeding 0.80 indicate strong scale dependability. Table 5 summarizes the reliability statistics for the study constructs.

**Table 5: Reliability Analysis Summary**

| Research Construct | Number of Items | Cronbach's Alpha (α) |
|---|---|---|

| | | |
|---|---|---|
| Collaborations and Partnerships | 10 | 0.813 |
| Competency Trap | 10 | 0.768 |
| Firm's Competitiveness | 12 | 0.822 |

Every focal construct successfully exceeded the minimum acceptable alpha threshold of 0.70 (Nunnally & Bernstein, 1994). This confirms the internal coherence of the test items, ensuring the instruments are structurally reliable for subsequent inferential modeling.

**Exploratory Factor Analysis**

Principal Component Analysis (PCA) was conducted to assess the dimensional structure and construct validity of the measurement scales. Table 6 presents the extraction summaries.

**Table 6: Exploratory Factor Analysis Summary**

| Construct | Dimensions Extracted | Cumulative Variance (%) | KMO | Bartlett's Test | Factor Loading Range |
|---|---|---|---|---|---|
| Collaborations and Partnerships | 3 (Certification, Governance, Government Trade Agreements) | 66.936 | 0.790 | $\chi^2$ = 1,284.938, df = 66, p < .001 | 0.588 – 0.896 |
| Competency Trap | 1 (Unidimensional) | 81.999 | 0.947 | $\chi^2$ = 3,596.305, df = 66, p < .001 | 0.872 – 0.939 |
| Firm Competitiveness | 3 (Market Share, Brand Reputation, Customer Retention) | 74.412 | 0.878 | $\chi^2$ = 1,744.787, df = 66, p < .001 | 0.598 – 0.879 |

*Note. All items met the retention criterion ($\lambda > 0.50$).*

The KMO values (0.790–0.947) and significant Bartlett's tests ($p < .001$) confirm that the correlation matrices are factorable. Competency Trap emerged as a robust unidimensional construct explaining 82% of variance, while Collaborations and Partnerships and Firm Competitiveness each exhibited three clear sub-dimensions. All constructs surpassed the 60% cumulative variance threshold, supporting construct validity.

**Diagnostic Tests**

Prior to regression analysis, Classical Linear Regression Model (CLRM) assumptions were tested. Table 7 presents the consolidated diagnostics.

**Table 7: CLRM Diagnostic Tests**

| Assumption | Test | Statistic | df | p-value / Decision | Threshold / Decision Rule |
|---|---|---|---|---|---|
| **Normality** | Shapiro-Wilk (FC) | 0.924 | 203 | 0.136 | p > 0.05 = normal |
| | Shapiro-Wilk (CP) | 0.915 | 203 | 0.092 | p > 0.05 = normal |
| | Shapiro-Wilk (CT) | 0.965 | 203 | 0.680 | p > 0.05 = normal |
| **Linearity** | ANOVA (FC × CP) | F = 44.35 | 1 | < .001 | p < 0.05 = linear |
| | ANOVA (FC × CT) | F = 32.36 | 1 | < .001 | p < 0.05 = linear |
| **Autocorrelation** | Durbin-Watson (Overall) | 1.61 | — | — | 1.0 < d < 3.0 = no autocorrelation |
| **Multicollinearity** | VIF (CP) | 2.028 | — | — | VIF < 10.0 = no multicollinearity |
| | VIF (CT) | 1.100 | — | — | VIF < 10.0 = no multicollinearity |
| **Homoscedasticity** | Levene's Test | — | — | > 0.05 | p > 0.05 = constant variance |

*Note: FC=Firm Competitiveness; CP= Collaboration & Partnership, CT= Competency Trap*

The diagnostic results confirm that all CLRM assumptions are satisfied. Shapiro-Wilk tests indicate normally distributed data ($p > .05$), ANOVA linearity tests confirm significant linear relationships ($p < .001$), and the Durbin-Watson statistic (1.61) falls within the acceptable range, ruling out serial correlation. Multicollinearity is absent, with VIF values well below 10.0 (maximum VIF = 2.028). Levene's test further confirms homoscedasticity ($p > .05$). These results justify the use of parametric multiple regression analysis for hypothesis testing.

**Correlation Analysis**

To examine the bivariate relationships among the study variables prior to regression analysis, Pearson product-moment correlation coefficients were computed. Correlation analysis provides an initial indication of the direction, strength, and statistical significance of associations between collaborations and partnerships, competency traps, and firm competitiveness, while also serving as a preliminary check for multicollinearity in subsequent multivariate modeling. The results are presented in Table 8.

**Table 8: Correlation Analysis**

| | | FC | CP | CT |
|---|---|---|---|---|
| Firm Competitiveness (FC) | Pearson Correlation | 1 | | |
| | Sig. (2-tailed) | | | |
| | N | 203 | | |
| | Pearson Correlation | .734** | 1 | |
| Collaborations And Partnerships (CP) | Sig. (2-tailed) | 0.000 | | |
| | N | 203 | 203 | |
| Competency Trap (CT) | Pearson Correlation | .200** | .312** | 1 |
| | Sig. (2-tailed) | 0.004 | 0.000 | |
| | N | 203 | 203 | 203 |

Collaborations and partnerships demonstrated a strong, positive, and statistically significant correlation with firm competitiveness ($r = .734$, $p < .01$), suggesting that insurance firms with more extensive and strategically managed collaborative engagements tend to report higher levels of competitive performance. This robust association provides preliminary support for the hypothesized direct effect of partnerships on competitiveness. Competency traps also exhibited a statistically significant positive correlation with firm competitiveness ($r = .200$, $p < .01$), though the magnitude was considerably weaker, indicating that while organizational inertia is present in the sector, its linear association with competitiveness is modest. Interestingly, collaborations and partnerships were positively and significantly correlated with competency traps ($r = .312$, $p < .01$), implying that firms with more partnerships may also exhibit greater entrenched routines a pattern that may reflect the accumulation of partnership experience over time without corresponding adaptation. The correlation between collaborations and competitiveness is strong but falls below the multicollinearity threshold, suggesting that the variables are sufficiently distinct for inclusion in the same regression model. Overall, the correlation analysis establishes that linear relationships exist among all three constructs, justifying the subsequent examination of competency traps as a potential moderator in the partnership-competitiveness relationship.

**Hypothesis Testing**

**Effect of collaboration and partnership on firm competitiveness in Kenya**

To test the direct effect of collaborations and partnerships on firm competitiveness, multiple linear regression was conducted. Table 9 presents the model summary.

**Table 9: Model summary for effect of collaboration and partnership on firms' competitiveness in Kenya**

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .653a | 0.427 | 0.418 | 0.49804 |

a Predictors: (Constant), Governance, Certification, Government Trade Agreements

The model explains 42.7% of the variance in firm competitiveness ($R^2$ = .427, Adjusted $R^2$ = .418), indicating substantial explanatory power. Table 9 reports the ANOVA results.

**Table 10: ANOVA for effect of collaboration and partnership on firms' competitiveness in Kenya**

ANOVAa

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 36.607 | 3 | 12.202 | 49.194 | .000b |
| | Residual | 49.114 | 198 | 0.248 | | |
| | Total | 85.721 | 201 | | | |

a Dependent Variable: firms' competitiveness
b Predictors: (Constant), Governance, Certification, Government Trade Agreements

The model is statistically significant ($F(3, 198) = 49.194$, $p < .001$), confirming that collaborations and partnerships significantly predict competitiveness. Table 11 presents the regression coefficients.

**Table 11: Coefficient of estimates for effect of collaboration and partnership on firms' competitiveness in Kenya**

| | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 0.526 | 0.446 | | 1.179 | 0.240 |
| Government Trade Agreements | 0.593 | 0.062 | 0.574 | 9.516 | 0.000 |
| Certification | 0.048 | 0.051 | 0.052 | 0.944 | 0.346 |
| Governance | 0.211 | 0.090 | 0.143 | 2.360 | 0.019 |

a Dependent Variable: firm competitiveness

Government trade agreements emerged as the strongest predictor (β = .574, $p < .001$), followed by governance (β = .143, $p$ = .019), while certification was not significant (β = .052, $p$ = .346). The overall effect of collaborations and partnerships on competitiveness was strong and significant (β = .734, $p < .001$). Consequently, **$H_{01}$ is rejected**: collaborations and partnerships have a significant positive effect on the competitiveness of insurance companies in Kenya.

**Moderating Effect of Competency Traps on the Relationship between Collaboration and Partnership and Firms' competitiveness**

To examine the moderating effect of competency traps, hierarchical multiple regression was conducted with the interaction term (collaborations and partnerships × competency trap) entered in the second block. Table 12 presents the model summary.

**Table 12: Model Summary for Moderating Effect of Competency Traps on the Relationship between Collaboration & partnership and Firms' competitiveness**

| | | | | | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .734a | 0.539 | 0.536 | 0.44406 | 0.539 | 234.749 | 1 | 201 | 0.000 |
| 2 | .747b | 0.558 | 0.554 | 0.43581 | 0.019 | 8.687 | 1 | 200 | 0.004 |

a Predictors: (Constant), collaborations and partnerships (CP)
b Predictors: (Constant), collaborations and partnerships, CP*competency trap

Model 1, containing collaborations and partnerships alone, explained 53.9% of the variance in competitiveness. The addition of the interaction term in Model 2 increased explanatory power by 1.9% ($R^2$ Change = .019), and this increment was statistically significant ($F$ Change = 8.687, $p$ = .004), confirming that competency traps significantly moderate the relationship. Table 13 presents the coefficients.

**Table 13: Coefficients for Moderating Effect of Competency Traps on the Relationship between Collaboration and partnership and Firms' competitiveness**

Coefficients [a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | -0.101 | 0.283 | | -0.356 | 0.722 |
| | Collaboration and partnership | 0.990 | 0.065 | 0.734 | 15.322 | 0.000 |
| 2 | (Constant) | -0.077 | 0.278 | | -0.276 | 0.783 |
| | Collaboration and partnership | 1.048 | 0.066 | 0.777 | 15.784 | 0.000 |
| | CP*Competency Trap | -0.016 | 0.006 | -0.145 | -2.947 | 0.004 |

a Dependent Variable: Firms' competitiveness

The interaction term is negative and statistically significant ($B = –.016$, $\beta = –.145$, $p = .004$), indicating that competency traps weaken the positive effect of collaborations and partnerships on competitiveness. While the main effect of collaborations remains strong and positive ($\beta = .777$, $p < .001$), this benefit is diminished when firms are entrenched in rigid routines and outdated competencies.. Consequently, **$H_{02}$ is rejected**: competency traps have a significant negative moderating influence on the relationship between collaborations and partnerships and the competitiveness of insurance companies in Kenya.

## Discussion of Findings

### Collaborations and Partnerships on Firm Competitiveness

The study found that collaborations and partnerships had a strong and statistically significant positive effect on the competitiveness of insurance companies in Kenya ($R^2 = .427$, $\beta = .734$, $p < .001$). This finding indicates that insurance companies that engage more extensively in strategic collaborations and partnerships are more likely to achieve stronger competitive outcomes. The finding suggests that collaborative relationships enable insurers to access complementary resources, knowledge, technologies, markets, and capabilities that may not be available internally. The result is consistent with Praveena and Balajee (2024), who found that partnerships improved financial success and operational efficiency, and Emami et al. (2022), who established that strategic alliances significantly improved the performance of resource-constrained entrepreneurial firms. The convergence of these findings suggests that the competitive value of partnerships arises partly from their ability to overcome internal resource limitations and provide firms with access to external capabilities. The finding also agrees with Kenyan empirical evidence from other sectors. Gachengo (2018) found that resource-based, cost-based, and relational collaborations positively influenced the performance of courier firms in Nairobi, while Onyango (2025) established that strategic partnerships improved operational efficiency and technological capacity at Kenya Commercial Bank through digital innovations. Similarly, Koigi et al. (2018) found that university collaborations explained a substantial proportion of variation in institutional performance, while Thendu (2020) established that airline collaborations contributed to cost reduction and improved branding. The consistency between these studies and the present finding indicates that collaboration is an important mechanism for improving organizational performance across different Kenyan sectors. The current study extends this evidence to the insurance industry, where partnerships have become increasingly important for expanding distribution channels, accessing digital capabilities, and reaching underserved markets.

At the dimensional level, the study found that government trade agreements had the strongest significant positive effect on competitiveness ($\beta = .574$, $p < .001$), followed by governance frameworks ($\beta = .143$, $p = .019$), whereas industry certification did not have a statistically significant effect ($\beta = .052$, $p = .346$). The stronger contribution of government trade agreements suggests that collaborative arrangements linked to institutional and market opportunities may be particularly valuable to Kenyan insurers. Such arrangements can facilitate access to markets, institutional networks, business opportunities, and resources that enhance firms' competitive positions. The significant contribution of governance frameworks further indicates that the benefits of partnerships depend on the mechanisms used to coordinate, monitor, and manage inter-organizational relationships. This interpretation is consistent with Pfanelo (2017), who found among South African SMEs that supply-chain partnerships influenced organizational performance, although integration exerted a stronger effect than collaboration itself. The finding therefore suggests that effective governance and integration are important for transforming collaborative relationships into tangible competitive outcomes.

### Moderating Influence of Competency Traps on the Collaboration–Competitiveness Relationship

The study found that competency traps had a significant negative moderating influence on the relationship between collaborations and partnerships and firm competitiveness (interaction term $B = -.016$, $\beta = -.145$, $p = .004$). The interaction term contributed an additional 1.9% to the explained variance ($F$ Change = 8.687, $p = .004$). This finding means that although collaborations and partnerships positively influence competitiveness, the strength of this positive relationship decreases as competency traps become more pronounced. The finding demonstrates that establishing partnerships is not sufficient to guarantee competitive benefits; firms must also possess the organizational capacity to absorb, integrate, and exploit the resources and capabilities obtained through those relationships.The negative moderating effect is consistent with Mbabu and Ombok (2024), who found that although strategic alliances enhanced competitiveness through resource complementarity, firms with deeply embedded historical routines experienced difficulties absorbing and deploying new capabilities acquired through collaboration. The finding also supports Le and Mohiuddin (2024), who established that organizational inertia had a negative indirect effect on firm performance because it constrained the innovative activities through which firms could realize the benefits of strategic initiatives. Similarly, Welsh (2022) found that strategic partnerships generated positive financial, operational, and organizational outcomes but recognized that pre-existing organizational routines influenced the extent of those benefits. The finding also concur with those of Tonui and Mangana (2024) who found that process innovation and market development positively influenced insurance performance but also identified challenges associated with the industry's adoption of automation and blockchain technology in claims processing. Their findings provide contextual support for the current result because partnerships involving digital technologies can only improve competitiveness when insurers possess the technological and organizational capacity to integrate those technologies into existing operations. Where firms remain dependent on legacy systems or established processes, the knowledge and technologies introduced through partnerships may not be fully exploited. The negative interaction found in the present study therefore suggests that technological rigidity may reduce the competitive returns from digital and technology-oriented collaborations. The finding is also consistent with Opiyo (2024), who found that top management team diversity explained 26.8% of the variation in competitive advantage. Management diversity is relevant to competency traps because exposure to different perspectives can challenge established assumptions and encourage organizations to consider alternative approaches. On the other hand, homogeneous management teams may reinforce existing cognitive patterns and routines. The present moderation finding therefore suggests that organizations with stronger capacity to question established practices may be better positioned to exploit knowledge and capabilities obtained through collaborations.

## Conclusion

This study examined the moderating influence of competency traps on the relationship between collaborations and partnerships and the competitiveness of insurance companies in Kenya. The findings establish that collaborations and partnerships exert a significant positive effect on firm competitiveness, explaining 42.7% of the variance in competitive outcomes, with government trade agreements and governance frameworks emerging as the strongest predictors. However, the results also reveal that competency traps significantly weaken this relationship. The negative and statistically significant interaction term demonstrates that when firms are entrenched in rigid routines, outdated technological systems, and path-dependent managerial practices, the competitive returns from partnerships are substantially diminished. These findings confirm that inter-organizational collaboration is a critical but insufficient condition for competitiveness; its efficacy is contingent upon the organization's capacity to unlearn obsolete routines and dynamically reconfigure capabilities acquired through alliances. Theoretically, the study advances a contingent understanding of alliance performance by demonstrating that organizational learning pathologies are not merely internal inefficiencies but boundary conditions that determine whether collaborative investments translate into sustained competitive advantage.

## Recommendations

### To Insurance Company Management

Firms should institutionalize deliberate unlearning mechanisms alongside partnership strategies. Management should periodically audit legacy systems, entrenched distribution models, and rigid routines to identify pathologies that impede the absorption of new capabilities. Given that governance emerged as a significant predictor of competitiveness, insurers should design partnerships with clear accountability structures, joint performance metrics, and knowledge-sharing protocols. Furthermore, firms must invest in continuous workforce development and digital upskilling to counteract the skills limitations identified in the descriptive findings, ensuring that employees can operationalize new capabilities acquired through alliances. Finally, management should diversify partnership portfolios beyond traditional bancassurance to include insurtech ecosystems and mobile-based distribution alliances, deliberately exposing the organization to novel operational logics that disrupt entrenched routines.

### To Policymakers and Regulators

The Insurance Regulatory Authority should develop frameworks that incentivize adaptive collaboration rather than merely enforcing capital adequacy. This includes creating regulatory sandboxes where insurers can experiment with parametric insurance alliances and blockchain-based claims collaborations without immediate punitive exposure. The government should also strengthen public-private partnerships that align insurance expansion with national development agendas such as agricultural risk coverage and health microinsurance while ensuring that compliance requirements do not inadvertently entrench legacy routines. Additionally, industry-wide knowledge exchange platforms and cross-firm training initiatives should be facilitated to disrupt firm-specific competency traps by exposing managers to diverse operational practices across the sector.

## Recommendations for Future Research

Future studies should adopt longitudinal designs to capture the dynamic evolution of competency traps as firms deepen their collaborative engagements over time. Qualitative case studies of Kenyan insurers that have successfully escaped competency traps would also be valuable for identifying the micro-processes of unlearning and capability reconfiguration that enable adaptive collaboration. Comparative research across other East African insurance markets such as Uganda, Tanzania, and Ethiopia would enhance the generalizability of these findings. Finally, scholars should explore additional boundary conditions, including organizational ambidexterity, top management team cognitive diversity, and absorptive capacity, to develop a more comprehensive model of alliance performance in developing economy contexts.

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