

**ATTITUDES OF PARASTATAL EMPLOYEES TOWARDS THE PROPOSED
INCREASE IN PREMIUMS BY THE NATIONAL HOSPITAL INSURANCE
FUND**

BY

DON MANOAH OCHIEL

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF
NAIROBI.**

OCTOBER 2012

DECLARATION

This project is my original work and has not been submitted for a degree in any university.

Signed 

Date

DON MANOAH OCHIEL

Reg. no.: 1)61/70188/2007

This project has been submitted with my approval as the University Supervisor.


Signed Da

PROF. F.N. KIBERA

Department of Business Administration

University of Nairobi

ACKNOWLEDGEMENT

I thank God for giving me the wisdom and courage and for guiding me throughout my life for without Him I would not have come this far. I would also like to acknowledge the following for their contributions which facilitated the completion of this project.

Special thanks go to my supervisor, Prof. F.N. Kibera, for providing unlimited, invaluable and active guidance throughout the study. His immense command and knowledge of the subject matter enabled me to shape this research project to the product that it is now.

I also thank my family for letting me use their valuable time to work on this project. It is my hope that their sacrifice has finally paid off.

Finally, I owe my gratitude to a number of people who in one way or another contributed towards completion of this project especially my colleagues at work and fellow students.

DEDICATION

This work is dedicated to my family

ABSTRACT

In July 2010, a new proposal was passed for the implementation of a new premium contribution structure. This contribution structure proposed an increase of total premium collections from the then Kshs.5 billion to a projected Kshs.10 billion. This increase was estimated to be between 500% and 600% resulting in the lowest income group (earning Kshs.5,999 or less) being required to contribute Kshs.150 monthly, while those earning an income of over Kshs.30,000 would contribute Kshs.1000 monthly.

The broad objective of the study was to investigate customer attitudes towards the proposed increase in the insurance premiums. The specific objectives were to assess parastatal employees' level of awareness of the proposed insurance premiums by the National Hospital Insurance Fund (NHIF); establish the parastatal employees' attitudes towards the proposed insurance premiums; identify the factors influencing parastatal employees' towards the proposed increase in medical insurance premiums by the NHIF; and to determine the influence of parastatal employees and their willingness to contribute more premiums to NHIF.

The study used a descriptive cross-sectional survey research design. The population was 84,400 employees in the parastatal bodies. A sample of 384 was selected using convenience sampling method. Primary data was collected using a semi-structured questionnaire which was administered both personally by the researcher and through email. The questionnaires were administered to staff of parastatals in Nairobi. Data was analysed using descriptive statistics.

The results of the study revealed that the employees were very aware of the proposed insurance premiums and most of them learnt of the increases through the mass media.

The study also revealed that the employees do not support the proposed increases in premiums. It was further revealed that the factors that influence attitudes towards the proposed increases are their job groups, having another health cover, and the amount paid annually for the insurance cover. In addition, the study found that most employees were unwilling to contribute more premiums to the Scheme. The study concluded that the employees had negative attitudes toward the proposed increases in premiums by the NHIF.

The study recommended that there is need for NHIF to improve the awareness of the proposed premium increases by using the employers to communicate the information. The study further recommended that the NHIF Scheme should implement policies geared towards improving the quality of services they offer. This is the principal strategy that would enhance customers' confidence in NHIF and its services. Finally, the study showed that there is need to review the rates as the employees perceive them to be very high, hence the negative attitudes towards them.

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENT.....	iii
DEDICATION.....	iv
ABSTRACT.....	
LIST OF TABLES.....	ix
LIST OF FIGURES.....	x
ABBREVIATIONS AND ACRONYMS.....	xi
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the study.....	1
1.1.1 Customer Attitudes.....	2
1.1.2 Insurance Premium.....	3
1.1.3 Health Insurance Sub-Sector in Kenya.....	3
1.1.4 National Hospital Insurance Fund.....	4
1.2 Statement of the Research Problem.....	6
1.3 Research Objectives.....	8
1.4 Value of the Study.....	8
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 Introduction.....	10
2.2 Customer Attitudes.....	10
2.3 Attitude Theory and Measurement.....	13
2.3.1 Beliefs as Indicants of Attitudes.....	14
2.3.2 Opinions as Indicants of Attitudes.....	14
2.3.3 Behaviour as Indicant of Attitudes.....	15
2.4 Customer Attitudes and Purchase Decisions.....	15
2.5 Factors Influencing Customer Attitudes.....	18
CHAPTER THREE: RESEARCH METHODOLOGY.....	21
3.1 Introduction.....	21
3.2 Research Design.....	21
3.3 Population.....	21
3.4 Sample Design.....	21

3.5	Data Collection Methods.....	22
3.6	Data Analysis.....	22
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND INTERPRETATION....		23
4.1	Introduction.....	23
4.2	Sample Characteristics.....	23
4.3	Customer attitudes towards proposed NHIF premiums.....	26
4.3.1	Awareness of Proposed Insurance Premiums.....	26
4.3.2	Attitudes towards the Proposed Insurance Premiums.....	28
4.3.3	Influence of Customer Attitudes on Premium Contributions.....	30
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS..		32
5.1	Introduction.....	32
5.2	Summary of Study Findings.....	32
5.3	Conclusion of the Study.....	33
5.4	Recommendations.....	34
5.5	Limitations of the Study.....	34
5.5	Suggestion for Further Research.....	34
REFERENCES.....		35
APPENDICES.....		40
	Appendix I: Letter of Introduction.....	40
	Appendix II: Questionnaire.....	41

LIST OF TABLES

Table 4.1:	Age of the respondents by category.....	24
Table 4.2:	Amount paid for insurance cover annually.....	25
Table 4.3:	Rating of NHIF's insurance cover and other covers.....	25
Table 4.4:	Awareness of proposed insurance premiums.....	27
Table 4.5:	Attitudes towards the proposed insurance premiums.....	29
Table 4.6:	Influence of customer attitudes towards premium contribution.....	31

LIST OF FIGURES

Figure 4.1:	Gender of the respondents.....	23
Figure 4.2:	Other health covers.....	24

ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
COTU	Central Organisation of Trade Unions
FKE	Federation of Kenya Employers
GMF	Genetically Modified Foods
NHIF	National Hospital Insurance Fund
NPA	New Product Adoption
TRA	Theory of Reasoned Action
USA	United States of America

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

It is difficult to imagine a psychological world without attitudes. Our environment would make little sense to us; the world would be a cacophony of meaningless blessings and curses. Existence would be truly chaotic and probably quite short (Fazio & Olson, 2003) Using dramatic words, the authors paint the picture of how the world would look like if mankind were spared of its attitudes towards everything. This makes it easy to see the importance of understanding how and why people feel and act in a certain manner to a situation, object or anything that surrounds them.

Attitude research has been popular beginning in the 1900s. One of the main reasons for this, as described by Wicker (1969), is that theorists have believed and have seen a real connection between attitudes and behaviour. The idea is strengthened by recent authors (Jansson, 2010) who affirm that attitude explains consumer behaviour, better than other factors including demographics.

The recent growth of NHIF in discharging its mandate and being self sufficient has mainly been through legislation that ensures that all employed persons submit a contribution based on their monthly income. The contributions from members are pivotal in the Kenyan social health financing system as NHIF is not allowed to engage in any other business to source for funding nor does it receive any fiscal support from the government. The contributions are intended to ensure that NHIF is self sustaining in discharging healthcare finance activities.

1.1.1 Customer Attitudes

An attitude is a person's enduring favourable or unfavorable evaluation, emotional feeling, and action tendencies toward some object or idea (Kotler & Keller, 2006). According to Onkvisit and Shaw (2004), an attitude is learned tendency to respond to an object in a consistently favorable or unfavorable way. It is a complex and multidimensional concept. The construct consists of three components: cognition, affect, and conation (behavioural intention) (Onkvisit & Shaw, 2004). Based on this definition, a few properties of attitudes can be identified. First, the relationship between an individual and an object is not neutral: the reaction to the object is either favourable or unfavourable. Second, attitudes are relatively enduring and patterned and not temporary or transient. Finally, attitude is not innate - it must be learned. A person's attitude about an object is formed by one's experience of the object, either directly or indirectly.

According to Onkvisit and Shaw (2004), attitudes affect consumer purchase behaviour. They lead people to behave in a fairly consistent way toward consumption objects. Because attitudes economize on energy and thought, they can be very difficult to change. A company is well-advised to fit its product into existing attitudes rather than to try to change attitudes (Kotler & Keller, 2006).

An attitude in marketing terms can be defined as a general evaluation of a product or service formed over time (Solomon, 2008). It satisfies a personal motive and at the same time, affects the shopping and buying habits of consumers. Consumer attitude is simply a composite of a consumer's beliefs, feelings, and behavioural intentions toward some object within the context of marketing (Perner, 2010). A consumer can hold negative or

positive beliefs or feelings toward a product or service. A behavioural intention is defined by the consumer's belief or feeling with respect to the product or service.

The importance of customer attitudes is in its acceptance or rejection of an organization's effort to generate acceptance of changes in its marketing efforts. The wall of defence (often resulting in rejection of marketing efforts), relative to caution, is constructed entirely of past experience, thoughts and impressions and represents a mental resistance to being pushed, pressured, or fooled into anything that is not wanted or needed (Maier, 1980).

1.1.2 Insurance Premium

Price is expressed in different terms including fee, fare, tax, rent, and premium among others. According to Wong et al. (2004), ten factors influence price setting. These factors are pricing objectives, price flexibility, discounts and allowances, legal environment, geographic pricing terms, markup chain in channels, competition, cost, demand, and price of other products in the line.

Kotler and Keller (2006) group the factors affecting price decisions as internal factors and external factors. Internal factors include marketing objectives, marketing mix strategy, costs and organisational considerations. The external factors are nature of the market and demand, competition, and other environmental factors such as the economy, resellers, and government.

1.1.3 Health Insurance Sub-Sector in Kenya

The health insurance sub-sector involves players both in the public sector as well as in the private sector. The public sector health insurer is the National Hospital Insurance

Fund. Numerous other insurance companies also offer health insurance covers and these include Apollo, British American, Cannon Insurance, Kenyan Alliance, Pioneer, Old Mutual, UAP Life, Madison, and Metropolitan, and Resolution Health.

Basic primary care in Kenya is provided at primary healthcare centres and dispensaries. Dispensaries are run and managed by enrolled and registered nurses who are supervised by the nursing officer at the respective health centre. They provide outpatient services for simple ailments such as the common cold and flu, uncomplicated malaria and skin conditions. Those patients who cannot be managed by the nurse are referred to the health centres (Allianz, 2012).

Sub-district, district and provincial hospitals provide secondary care, i.e. integrated curative and rehabilitative care. Sub-district hospitals are similar to health centres with the addition of a surgery unit for Caesarean sections and other procedures. District hospitals usually have the resources to provide comprehensive medical and surgical services. Provincial hospitals are regional centres which provide specialised care including intensive care, life support and specialist consultations. Third level care is provided at the general hospitals Moi and Kenyatta, both located in Nairobi. Gaps, which regularly appear in the system, are filled by private and church run facilities (Allianz, 2012).

1.1.4 National Hospital Insurance Fund

Since the inception of the National Hospital Insurance Fund (NHIF) in 1966 through an act of Parliament (Cap 255 of the Laws of Kenya) the Fund has grown by leaps and bounds in an effort to meet its legal mandate. NHIF is an autonomous public institution

that has been mandated to enable all Kenyans to access quality and affordable health care services, and is financed by mandatory contributions from all salaried employees as well as voluntary contributions from self employed persons and indigents. This growth is characterized in its membership, coverage and revenue collection. Between 1998 and 2008 the membership grew by 306%, while between the 2003/4 and 2007/8 financial years the revenue grew by 155% (NHIF, 2009).

The National Hospital Insurance Fund has funded its activities through collection of mandatory and more recently voluntary premiums from the Kenyan citizens. To spur its growth, the method, amount and means of collection has changed over the years to create a larger pool of resources that it uses to finance its health care operations. Prior to 1965 the Kenyan citizens were eligible to paying five (5) shillings for outpatient care at government hospitals and dispensaries. After Independence financial gaps began to emerge as a result of more Kenyans moving into informal and small scale agricultural sectors where livelihoods are often insecure and incomes are low and uncertain. This implied that these vulnerable groups needed relatively more healthcare, leaving them out of the system negates the government's objective of making health services affordable and accessible to the majority of Kenyans. Among other recommendation it created the premium framework where salaried employees earning over Ksh.1000 were charged Ksh.5 a month. By 1990 a graduated scale for premiums was introduced, with a salary cap at Ksh. 15000 with premiums were ranging from a minimum of Ksh.30 to a maximum of Ksh.320. This premium structure has persisted until early 2010 where there have been discussions of changing the amount and structure of premiums collected (NHIF, 2009).

In legal notices numbers 107 and 108 of July 2010 a revised schedule of NHIF contributions was brought into effect. This essentially allowed NHIF to raise its rates, in effect charging higher premiums to all its contributors effective 2nd July 2010. Member sentiments towards this legislation lead to a court case being filed by the Central Organisation of Trade Unions (COTU). The increase was stayed and the case is still pending in court. The Kenyan employees through COTU expressed scepticism towards the implementation of the new rates, which is a stumbling block towards unanimous acceptance of the new rates. The Federation of Kenya Employers (FKE) also raised issues relating to governance, transparency of the fund and the increased financial burden placed on the employer to effect the adjustments.

1.2 Statement of the Research Problem

Attitudes have been known to affect customers' purchase behaviour (Onkvisit & Shaw, 2004). Therefore, it is important that marketers understand the attitudes of customers towards their products in order to effectively devise appropriate marketing strategies. Favourable attitudes towards a product or service are good to marketers as they usually lead to more purchases or use of goods and services while unfavourable attitudes are detrimental.

As mentioned earlier, in July 2010 a new proposal was passed for the implementation of a new premium contribution structure. This contribution structure proposed an increase of total premium collections from the then Kshs.5 billion to a projected Kshs.10 billion. This increase was estimated to be between 500% and 600% resulting in the lowest income group (earning Kshs.5,999 or less) would contribute Kshs.150 monthly, while

those earning an income of over Kshs.30,000 would contribute Kshs.1000 monthly (NHIF, 2010).

A number of studies have been conducted on customer attitudes towards various products and services in Kenya. These include Somya (1993) on airline marketing, Owino (2009) on mobile phone service, Wanjohi (2002) on online advertising, Thiong'o (2007) on brands, Kiriinya (2009) on Tobacco Control Act, Gaceri (2003) on advertising, Nyambok (2005) on banking, Kipchillat (2006) on promotion mix, Auma (2007) on nuts, Nyambane (2009) on e-marketing, and Mwangi (2011) on traditional vegetables. These studies found that attitudes were an important predictor of customer purchases.

As can be observed, none of these studies focused on the attitudes towards pricing of a product or service. On the other hand, studies on NHIF are also numerous yet none has focused so far on the insurance premiums charged by the firm. These studies include Koech (2011), Njau (2011), Mumbi (2011), and Ooko (2011) all on strategy; Mutua (2011) on reward management; Mutinda (2010) on management practices, and Mulinge (2007) on corporate governance. There is however one study by Kibor (2008) on the perception of consumers in Mombasa on the quality of service offered by the NHIF. It is therefore clear that whereas Kibor (2008) tried to study perception of consumers of NHIF, it focused on the quality of service offered and not on the pricing of products. Since the proposal by NHIF to increase the premiums paid by employees towards the fund, no study known to the current researcher has been conducted on the attitudes of consumers towards premium increments. The proposed study is therefore an attempt to fill this gap. The research question for this study is: what are the attitudes of customers towards the proposed insurance premium increments by the NHIF?

1.3 Research Objectives

The broad objective of the study is to investigate the customer attitudes towards increase in insurance premiums. The specific objectives of the study are to:

1. Assess parastatal employees' level of awareness of the proposed insurance premiums by the NHIF.
2. Establish the parastatal employees' attitudes towards the proposed insurance premiums.
3. Identify the factors influencing parastatal employees' towards the proposed increase in medical insurance premiums by the NHIF.
4. Determine the influence of parastatal employees on the intention to contribute more premiums to NHIF.

1.4 Value of the Study

The study will be important to the National Hospital Insurance as it will allow the Fund to understand the importance of customer centric approaches in developing its various policies. This will help the Fund overcome its current challenges as regards the attitudes of customers towards its services.

The study will provide scholars and marketing practitioners with an appreciation of customer attitudes especially with respect to price adjustments of services and products. Other public institutions especially the Kenya Revenue Authority and National Social Security Fund will benefit from this study as it will provide insights into customer attitudes especially with respect to increases in statutory deductions.

Researchers will benefit from this study as it will add to their understanding of customer attitudes with respect to one of the aspects of the marketing mix variables. More studies can then be conducted.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the related literature on customer attitudes and health insurance premiums as presented by various researchers, scholars, analysts and authors.

2.2 Customer Attitudes

Consumer attitudes are defined as an overall evaluation that expresses how much we like or dislike an object, issue, person or action. Attitudes are learned, and they tend to persist over time (Hoyer & Maccins, 2007). Attitudes also reflect our overall evaluation of something based on the set of associations linked to it. Attitudes are also considered as a person's overall evaluation of a concept (Peter & Olson, 2010). An attitude is also defined as a lasting, general evaluation of people (including oneself), objects, and advertisements or issues (Solomon, 2008). An attitude is also defined as a state of readiness to respond in a certain manner when confronted with particular stimuli. Social psychologists consider that attitudes arise from deeply rooted personality characteristics and value systems within individuals, and they become manifest in forms of opinions (Ross, 2005).

Attitudes are important for any organization to understand because they guide consumers thoughts (Cognitive function), influence their feelings (affective function), and affect behaviour (connative function.) In other words how a consumer reacts to components of the marketing mix is determined to some extent by the attitudes that an individual has acquired over time.

The fact that attitudes are long term and learned poses an interesting opportunity to marketers faced with resistance towards specific marketing drives that are intended to serve some strategic purpose. The characteristics of attitudes assist in distilling the belief system of a consumer and allowing specific interventions to be initiated to guide the consumer towards some favorable direction. These characteristics are favourability, attitude accessibility, attitude confidence, persistence and resistance.

Favourability of an attitude describes the extent to which an individual likes or dislikes an attitude object. Attitude accessibility refers to how easily and readily an attitude is from the memory of an individual. Attitude confidence describes the strength with which an attitude is held while persistence (endurance) describes the length of time with which the attitude is held. Finally resistance describes the extent to which an individual is willing to hold onto an attitude. All these characteristics provide an organization with the platform from which to access individual's attitudes and to figure out which will negatively or positively impact a change in the marketing mix.

A marketer is not only interested in attitudes for its own sake but in knowing whether, when, and why attitudes predict behaviour (Hoyer & Maccins, 2007). According to psychologist Katz (1937), attitudes exist because they serve a particular function in a person towards determining their motives. Consumers who believe that they will need to deal with similar information at a future time will more likely to start forming attitudes in anticipation of this event. The pragmatic approach held by Katz (1937) lead to the development of the functional theory of attitudes. This theory forms a foundation for marketers to understand why an attitude is held before trying to change it (Solomon, 2008). This theory helps marketers determine the dominant function an attitude plays in

the mind of the consumer. Marketers can therefore focus their attention to this dominant function.

The theory of reasoned action (TRA) as proposed by Martin Fishbein and revisions and expansions made thereafter by Fishbein and leek Azjen have focused on a person's intention to behave in a particular way. This model provides an expanded picture of how, when and why attitudes predict human behaviour. The model proposes that behaviour (what we do) is a function of a persons behavioural intentions (what we intend to do) which in turn is determined by the persons attitude towards the act and the subjective norms (how others feel about our doing something) that operate in the situation (Hoyer & Maccins, 2007.) According to TRA our attitudes toward a particular behaviour are influenced by a combination of two related factors: our beliefs about the outcome of the behaviour and our evaluation of the potential outcome.

TRA is important because it focuses on cognitive factors (values and beliefs) that are important considerations in a person's decision making process. It is further useful in designing interventions because it can tease out whether a particular behaviour is most significantly influenced by a person's attitudes, perceived subjective norms, or both. Interventions targeting specific attitudes would look quite different from those targeting subjective norms held within a particular community or population.

Research carried out focusing on other statutory bodies in Kenya, namely the Kenya Revenue Authority (Marti, Wanjohi, Magutu and Mokoro, 2010) on how taxpayers attitudes influence compliance behaviour among small and medium sized business income earners in Kerugoya town, Kirinyaga district demonstrated that attitudes differ

among different individuals and most importantly a strong relationship exists between taxpayers attitudes and tax compliance in Kenya. The results of this study demonstrate that it is important to understand the attitudes of individuals as this has a direct impact on behaviour. This study therefore seeks to evaluate the attitudes of NHIF members towards the proposed increase in premiums.

Schiffman and Kanuk (2007) identified four structural models of attitudes. These are tri-component attitude model, multi-attribute attitude model, the trying-to-consume model, and the attitude-toward-the-ad model. The tri-component model has three components: cognitive, affective, and conative components. Multi-attribute models examine the composition of consumer attitudes in terms of selected product attributes or beliefs. This has three types of models: the attitude-toward-object model, the attitude-toward-behaviour model, and the theory-of-reasoned-action model. These theories form the basis of this study.

2.3 Attitude Theory and Measurement

Doob (1947) stated that attitude measurement has been discussed and demonstrated for more than 25 years, and the general concept of attitude measurement is still one of intense debate and discussion. This clearly shows that it is of interest to many stakeholders to know what the consumers' attitude is toward a product (Blythe, 1997). Attitudes play a major role in regard to consumer behaviour. Thus one may consider that measuring consumer attitudes can be a good way of making a connection between the consumer (and his/her attitudes) and the product or service (and a specific behaviour) with the purpose of having a better understanding of this relationship.

Attitude measurement is related to an evaluative dimension in most of the cases. Fishbein & Ajzen (1975) discuss that two of the main attitude measurements are a person's preference for a given object (such as like-dislike) or his/her favourability with respect to the object (for instance favourable-unfavourable, approve-disapprove). Attitudes will always be measured toward different entities that may be objects, persons, or institutions. There are several ways of measuring attitudes: measuring one's beliefs, opinions, or the actual behaviour.

2.3.1 Beliefs as Indicators of Attitudes

Beliefs are a matter of associating an object and an attribute, so the key to measuring a belief is to identify the attribute that is linked to the object. Thus any judgement linking an object to an attribute category or to a position on an attribute dimension constitutes a measure of belief content. It can be viewed that a person's attitudes can be assessed by considering beliefs about the attitude object and evaluations of attributes associated with the object. It can be concluded that attitudes are a function of an individual's beliefs (Fishbein & Ajzen, 1975). The author considers beliefs as the only way to measure attitudes, but there is research that adds other ways as alternative or complementary measures.

2.3.2 Opinions as Indicators of Attitudes

The relevance of opinions as measures of attitudes has been discussed by several authors. Thurstone (1928) and Doob (1947) say that the opinion symbolizes/expresses the attitude. In his study, Thurstone (1928) specifically uses opinions as a measurement method of attitudes. However, he acknowledges that the use of opinions is a considerable limitation

to this measurement type due to the possibility that a person can intentionally or unintentionally avoid presenting his/her real attitude.

2.3.3 Behaviour as Indicant of Attitudes

Another possibility that has been discussed is whether attitudes can be measured by analyzing one's behaviour. One would assume that behaviour will show what the attitudes of the person were before the actual behaviour. Thurstone (1928) says that this method is actually invalid because a person may hide his/her real attitude for various reasons and perform a behaviour that is in contradiction with the attitude. Thus it makes no real connection or proof that behaviour will be guided by attitudes.

One of the most conclusive studies that used behaviour as attitude measurement was LaPiere (1934), who travelled with two Chinese nationals in the US. During that period, they were accepted at all hotels and restaurants, with 2 minor exceptions. However, 6 months later, LaPiere sent out a survey to the visited establishments and surprisingly the results showed that 98% of respondents would not accept Chinese clients in their hotels or restaurants. This shows that having a certain attitude toward something will not mean that the person will act congruently with the attitude.

2.4 Customer Attitudes and Purchase Decisions

The Guardian (2010) reported on the findings of a study on consumer attitudes and perceptions on sustainability. The research dealt with the impact of environmental and ethical considerations on consumer buying behaviour, and was based on the survey responses of 766 members of the Guardian News and Media consumer Brand Aid Panel. Respondents indicated strong concerns about environmental and ethical issues. The study

found that consumers do think about the environmental and ethical aspects of their purchase, although the emphasis varies according to the type of purchase. However, environmental sustainability was only one factor in the decision to buy, with price, quality and availability being more important. Thus from the results of this study, it can be noted that perceptions and attitudes are important determinants of purchase decisions. It can also be observed that perception about price was a major determinant of purchase decisions.

An exploratory study by Beneke (2010) sought to investigate the perceptions of fast moving private label brands in the South African grocery food sector. Insights into the industry were gleaned through four experience interviews with marketing professionals across the retail and supply platforms. This included representatives from the two largest supermarket groups in South Africa. The findings from these interviews informed the quantitative research design. A non-probability, convenience sampling technique was used to administer a consumer survey. In the study, 163 questionnaires were deployed using the self administered, mall intercept method at local shopping centres in Johannesburg, Durban, Limpopo and Cape Town. An online questionnaire was also setup, from which a further 178 respondents contributed their views. The data from both online and self-administered questionnaires was then captured, cleaned, coded and analysed. Finally, the data was tested for normality and this was confirmed to be in order. The study found that South African consumers seem hesitant to embrace private label brands to the full. There appears to be scepticism surrounding the quality of the entire spectrum of such brands, with significant heterogeneity between specific private label brands.

Lili and Tong (2007) studied the consumer perception of organic food in Urumqi. The objective of the study was to gain knowledge about consumer attitudes toward organic food in Urumqi which is the capital of Xinjiang Uygur Autonomous Region. The consumers' attitudes were collected by means of a face-to-face survey. Attitudes, purchasing frequency, supply satisfaction and beliefs about organic food were studied with a sample of 720 consumers. The data obtained from the survey were analyzed with univariate analysis, chi square test, ANOVA and correlation analysis. About 44.9% of Urumqi consumers had never heard of organic food. Urumqi consumers who knew organic food considered organically-grown products as very healthy, of good quality and tasty. The study found that some groups of consumers had more positive attitudes towards organic food, and they expressed an increased willingness to pay higher prices for these foods. The study therefore reveals that customers who have positive attitudes towards a product can pay higher prices for such goods. The reverse therefore could also be true. Thus it would be important to find out whether the attitudes towards increases in NHIF premiums are positive or not and whether such attitudes would lead to acceptance or rejection of such increases.

Samsudin et al. (2011) sought to determine customers' perception on the icon-based nutrition labels of McDonald's food products. The study was conducted at McDonald's outlets within Shah Alam area and the data was gathered through self-administered questionnaires. A sample of 385 customers was selected using random sampling method and 500 questionnaires were distributed towards the same. The study collected 392 usable questionnaires. From the analyses, the results showed that customers positively perceived McDonald's icon-based nutrition labels as a good effort and step towards

healthier lifestyle as people nowadays are more conscious and aware of their health and nutritious food intake.

2.5 Factors Influencing Customer Attitudes

Kayabas and Mucan (2011) sought to analyse consumers' perceptions and behaviours about genetically modified foods (GMFs). The study was designed as a descriptive and relational research model. Survey method was used for data gathering. The study found that labelling was one of the leading issues that the consumers attached importance to and the level of perceived risk pointed out that they were sensitive to GMF. It was also revealed that attitudes pointed out a negative relation in terms of perceived environmental risk, perceived benefit, long term effects on human health, benefits for the world food problem, labelling and purchase attitude, attitudes regarding cultural- spiritual and moral values whereas the level of knowledge and the level of perceived risk presented a positive but low relation. From the regression analysis, it was noted that eagerness to buy was determined by perceived benefit, knowledge level, purchase attitude, attitudes regarding cultural spiritual and moral values and the perception dimensions as regards the world food problem.

Watson and Wright (2000) investigated the relationship between consumer ethnocentrism and consumer attitudes toward foreign manufactured products in product categories in which domestic alternatives are not available. It was hypothesised that individuals with high levels of consumer ethnocentrism would have more favourable attitudes toward products from culturally similar countries in comparison to products from culturally dissimilar countries. The attitudes of a representative sample of New Zealand consumers were assessed using a nation-wide mail survey. The sampling frame consisted of 1,000

individuals systematically drawn from the New Zealand electoral roll. Usable questionnaires were completed and returned by 42 per cent of those sampled (n = 421). The study found that cultural similarity is an important consideration for highly ethnocentric consumers in the evaluation of foreign products.

Wang et al. (2008) sought to further the understanding of the relationship between consumption attitudes and new product adoption and how the relationship may be contingent upon consumers' other characteristics. Following a contingency framework, five consumption attitudes derived from Schwartz's value systems framework were examined, along with demographic variables, for their associations with consumer new product adoption (NPA). Negative binominal regression models were estimated using syndicated data from a large urban Chinese consumer sample to test the main and interactive effect hypotheses. The study found that consumption attitudes have significant effects on NPA. Consumers' adoption of market innovations was associated negatively with their attitude toward existing products and positively with independent decision making and preference for high-tech products. The study also found that the magnitude of the effects of consumption attitudes depended on consumers' demographic characteristics. The effects were stronger among consumers who were older and had lower income.

Pumomo and Soekartawi (2010) sought to evaluate the customer's attitude toward marketing mix among distinct market segments of livestock input industry, and secondly, to examine the influence of demographic variables on customer attitude toward marketing mix. The methodology used in this study was survey method through distribute of questionnaire to respondents. Respondent of this study was poultry livestock

farmer who had used company feed product and kept livestock in Java Island, Indonesia. The findings of this study revealed that, first, the three market segments were perceived differently and second, there was no significance difference among various demographic variables. This finding provided guidance for agribusiness managers to investigate deeply the customers understanding, preferences and perception.

De Matos et al. (2007) proposed and tested a model that integrates the main predictors of consumers' attitude and behavioural intentions toward counterfeits. This was done in order to help companies understand the main factors influencing consumer behaviour toward counterfeits and create effective anti-piracy strategies. A survey with 400 consumers was conducted in the Brazilian market and the Structural Equation Modeling technique was used to test the hypothesized relationships. The study found that consumer intentions to buy counterfeited products were dependent on the attitudes they had toward counterfeits, which in turn were more influenced by perceived risk, whether consumers had bought a counterfeit before, subjective norm, integrity, price-quality inference and personal gratification. The paper reinforced the mediator role of attitude in the relationship between these antecedents and behavioural intentions. Moreover, previous experience with counterfeits consumption did not have a direct effect on behavioural intentions, but only an indirect effect through attitude.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the methodology that was used to conduct the study. The chapter discusses proposed research design, population of the study, sample design, data collection approach, and the methods that were used in data analysis.

3.2 Research Design

The study used a descriptive cross-sectional research design. This design is suitable for determining the what, when, where, how, and who of a phenomenon. The design has been used by other scholars including Kibor (2008) and Koech (2011).

3.3 Population

The population under consideration was parastatal employees in Nairobi who are contributors towards NHIF. According to Kenya National Bureau of Statistics data, there are 84,400 employees in the parastatal bodies. These formed the target population.

3.4 Sample Design

The formula provided by Mugenda and Mugenda (2003) was used to calculate the sample size. Applying the formula, the sample is therefore 384. This sample was selected using convenience sampling method from the employees in parastatals. The calculations are presented below:

$$n = \frac{z^2 pq}{d^2}$$

$$\sim d^2$$

Where:-

n = is desired sample size

Z= standard normal deviate, which corresponds to 95% confidence level (1.96)

P=Proportion in the target population that is estimated 50% (prevalence of non established previous data)

q = is (1-p)= 1-0.5=0.5

d is degree of accuracy desired set at 0.05

$$1.96^2(0.5)(0.5)$$

= 384

3.5 Data Collection Methods

Primary data was collected in this study. Data was collected using a semi-structured questionnaire which was administered both personally by the researcher and through email. The questionnaires were administered to staff of parastatals in Nairobi. The questionnaire was divided into two parts. Part 1 sought responses to questions regarding personal data of the respondents. Part 2 of the questionnaire sought responses on the employee attitudes towards the proposed premiums.

3.6 Data Analysis

The questionnaire was coded into the SPSS version 20 data analysis software and all the completed questionnaires were keyed in. Descriptive statistics (mean scores and percentages) were computed.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND INTERPRETATION

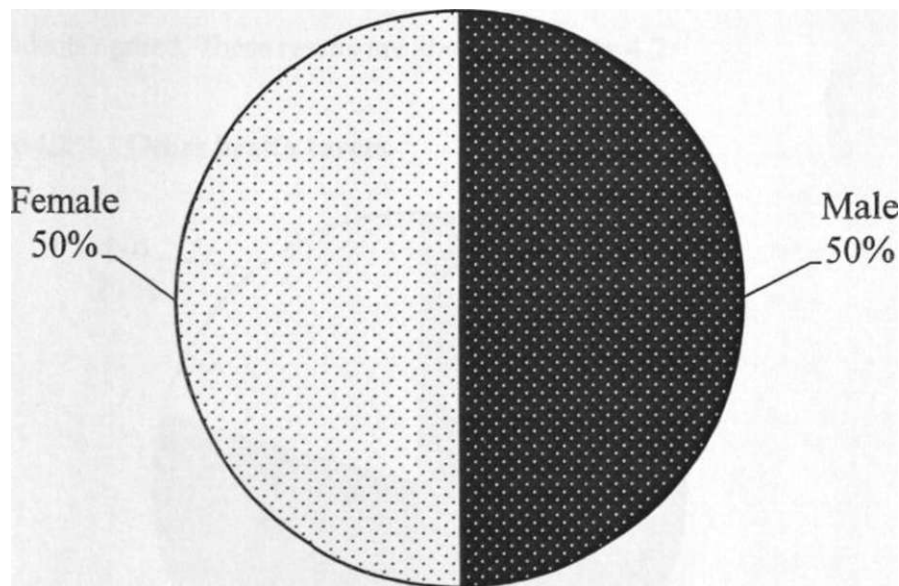
4.1 Introduction

This chapter presents the data analysis. This chapter is organized as follows. Section 4.2 presents the results of the sample characteristics where as section 4.3 show the results on the customers' attitudes towards proposed insurance premiums.

4.2 Sample Characteristics

The respondents were asked to state their gender. The study found that 50 percent of the respondents (n=190) were males whereas another 50 percent of the respondents were females. The result of the study is shown in Figure 4.1 below.

Figure 4.1: Gender of the respondents



Source: Primary Data

The respondents were also asked to state their age. Their responses are summarised in Table 4.1. The results in Table 4.1 show that 68% of the respondents were between 30 and 39 years.

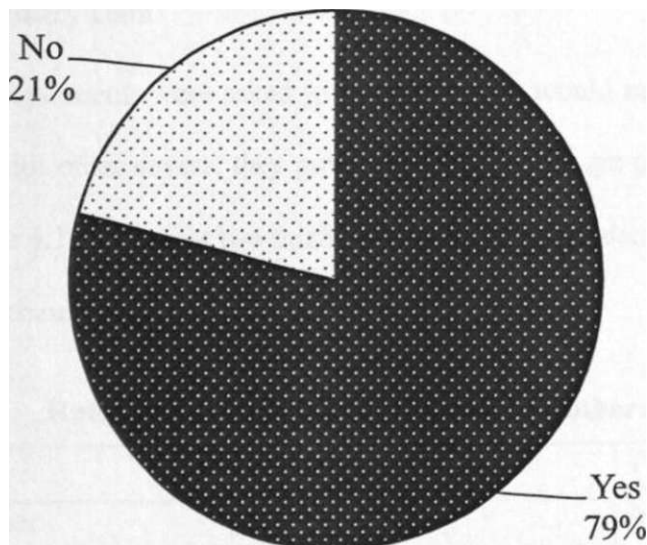
Table 4.1: Age of the respondents by category

Age	Frequency	Percent
20-29	10	3
30-39	260	68
40-49	70	18
50-59	20	5
Above 59	20	5
Total	380	100

Source: Primary Data

When asked to indicate whether they had any health insurance cover, 79% of the respondents agreed. These results are shown in Figure 4.2.

Figure 4.2: Other health covers



Source: Primary Data

The respondents were asked to state if they had any health covers. 70 percent of the respondents said they had while 21 percent of the respondents said they had no health covers. This is tabulated below.

The respondents were further asked to state the amount they paid annually for the insurance cover. Their responses are tabulated in Table 4.2. As shown in Table 4.2, some 42% of the respondents said they paid above Ksh 15,000 per annum.

Table 4.2: Amount paid for insurance cover annually

	Frequency	Percent
Below Ksh 5,000	50	13
Ksh 5,001-10,000	0	0
Ksh 10,001- 15,000	30	8
Above Ksh. 15,000	160	42
Not applicable	110	29
Total	380	100

Source: Primary Data

When the respondents were asked to state how they would rate NHIF's insurance cover compared with other covers, they gave responses which are presented in Table 4.3. The data in Table 4.3 shows that two thirds (66%) of the respondents consider the NHIF cover to be worse than other insurance covers.

Table 4.3: Rating of NHIF's insurance cover and other covers

	Frequency	Percent
NHIF is better	0	0
NHIF is the same	30	8
NHIF is worse	250	66

Not applicable	100	26
Total	380	100

Source: Primary Data

4.3 Customer attitudes towards proposed NHIF premiums

The respondents were asked to rate the extent to which they agreed with several statements which relate to the customers' attitudes towards the proposed NHIF premiums. The pertinent results are discussed next.

4.3.1 Awareness of Proposed Insurance Premiums

Table 4.4 shows the results on the awareness of proposed insurance premiums. The results are presented in terms of percentages as well as mean scores. As shown in Table 4.4, more than two-thirds (69%) indicated that they were aware of the proposed premium increases. Again, they were asked to state the extent to which they agreed that they were aware of the premiums they were supposed to pay. Slightly less than two-thirds (63%) of the respondents stated that they were aware of the premium they were supposed to pay. The respondents were then asked to state to what extent they learnt of the proposed premium increases through media. An overwhelming majority (82%) responded in the affirmative. Finally, when the respondents were asked to indicate to what extent they agreed with the statement that they learnt of the proposed premium increases through NHIF firm, 84% of them responded in the negative. In summary, the results show that the respondents were aware of the proposed premium increases (mean = 4.06). They were also aware of the premiums they were supposed to pay (mean = 3.82). Most of them had learnt of the proposed increases through media (mean = 4.26) but they did not learn of the proposed premium increases through their firms (mean = 1.66).

Table 4.4: Awareness of proposed insurance premiums

Statement	N	Strongly Disagree (%)	Disagree (%)	Moderate [%]	Agree (%)	Strongly agree (%)	Total [%]	Mean	SD
I am aware of the proposed premium increases	380	8	8	16	11	58	100	4.06	1.17
I am aware of the premiums am supposed to pay	380	13	13	11	5	58	100	3.82	1.19
I learnt of the proposed premium increases through media	380	11	3	5	16	66	100	4.26	1.38
I learnt of the proposed premium increases through our firm	380	71	13	0	11	5	100	1.66	0.26

Source: Primary Data

4.3.2 Attitudes towards the Proposed Insurance Premiums

Table 4.5 shows the results of the respondents' attitudes towards the proposed increase in the insurance premiums. As shown in Table 4.5, 63% of the respondents said they do not support the increase in insurance premiums. Further, 61% of them said the proposed insurance premiums were very high while almost half of the respondents (44%) said the NHI should maintain the previous monthly insurance premiums. Lastly, almost half the number of respondents (48%) did not think that the quality of service would improve with the increased insurance premiums.

In summary, the results show that the respondents did not support the increase in insurance premiums (mean = 2.15). They do not think that the quality of service will improve with increased premiums (mean = 2.36). They also perceived the insurance premiums as very high (mean = 3.74) and advised that NHIF should maintain previous monthly insurance premiums (mean = 3.26).

Table 4.5: Attitudes towards the proposed insurance premiums

Statement	N	Strongly Disagree [%]	Disagree [%]	Moderate [%]	Agree [%]	Strongly agree [%]	Total [%]	Mean	SD
I support the increase in insurance premiums	380	50	13	18	5	13	100	2.15	0.19
The proposed insurance premiums are very high	380	16	11	13	8	53	100	3.74	1.06
NHIF should maintain previous monthly insurance premiums	380	21	13	24	3	39	100	3.26	0.76
Quality of service will improve with increased premiums	380	34	14	39	8	5	100	2.36	0.39

Source: Primary Data

4.3.3 Influence of Customer Attitudes on Premium Contributions

Table 4.6 shows the results of influence of customers' attitudes towards premium contribution. The results show that slightly over half (52%) of the respondents were not willing to contribute towards the proposed Scheme. Further, slightly over half (53%) of the respondents were not willing to contribute more to the Scheme in the future. The results further show that 53% of the respondents noted that they were better off contributing to another Scheme than to the NHIF. However, about a third (63%) of the respondents noted that they were willing to contribute more to the Scheme when services improve.

In summary, the results show that most of the respondents were not willing to contribute towards the new Scheme (mean = 2.58). They were also not willing to contribute more towards the Scheme (mean = 2.48). The respondents were better off contributing to other Schemes than NHIF (mean = 3.60). They agreed that should the services improve, they would be willing to contribute more towards the new Scheme (mean = 3.67).

Table 4.6: Influence of customer attitudes towards premium contribution

Statement	N	Strongly disagree 【%】	Disagree (%)	Moderate (%)	Agree (%)	Strongly agree 【%】	Total 【%】	Mean	SD
I am willing to contribute towards the proposed scheme	380	39	13	13	16	18	100	2.58	0.25
I am willing to contribute more to the scheme in the future	380	32	21	29	8	11	100	2.48	0.22
I am better off contributing to another scheme than NHIF	380	11	11	26	16	37	100	3.60	0.69
If services will improve then I shall be willing to contribute more	380	18	8	11	15	48	100	3.67	0.94

Source: Primary Data

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of research findings, conclusion of the study, recommendations for policy and practice, limitations of the study, and offers suggestions for further research.

5.2 Summary of Study Findings

The parastatal employees were aware of the proposed insurance premiums as 69 percent of them agreed that they were aware of the proposed premium increases. Furthermore, they were aware of the premiums they were supposed to be paying (63%) of which many of them learnt partly or fully through the media (82%).

The parastatal employees did not support the proposed insurance premium increases (63%) as many of them agreed to some extent that the proposed increases were very high (61%). They agreed to some extent that NHIF should maintain the previous monthly insurance premiums (44%) as they were indifferent in the improvement of the quality of service with increased premiums, 48 percent of them disagreed that the quality of service would improve.

The quality of services offered by the Scheme is a major factor influencing employees' attitudes towards contributing to the proposed scheme. The study found that 63 percent of the employees agreed that they would be willing to contribute more if the quality of services improved. If things remain as they are in terms of service quality, 53% of the

respondents noted that they were better off contributing to another Scheme other than the NHIF.

5.3 Conclusion of the Study

This study has revealed that the customers' attitudes influence to a greater extent the contribution towards the NHIF Scheme. The employees were not satisfied with the quality of services offered by NHIF and they would only increase their contributions to the NHIF premium if the quality of services offered improved.

On the issue of awareness of the proposed insurance premiums by the NHIF, the study concluded that the employees were very aware of the proposed insurance premiums and most of them had learnt of the increases through the media.

The study has also concluded that the employees do not support the proposed increase in premiums. The premiums were perceived to be very high and the respondents did not anticipate the quality of service to improve.

In addition, the study concluded that the factors that influence attitudes towards the proposed increases are the employees' ownership of other health covers, and the amount paid annually for the insurance cover.

On the question of the influence of parastatal employees on the intention to contribute more premiums to NHIF, the study concluded that most employees were unwilling to contribute more premiums to the scheme. They were however willing to contribute more if improved quality of service was guaranteed.

5.4 Recommendations

The study advances a number of recommendations. First, there is need for NHIF to improve the awareness of the proposed premium increases by using the employers to communicate the information. As it stands now, NHIF has relied on the mass media.

Secondly, the study recommends that the NHIF Scheme should implement policies geared towards improving the quality of services they offer as this would be the only way that would increase customers' confidence in their firm and its services.

NHIF should carry out research on areas deemed necessary for improving the quality of services they offer.

Lastly, the study recommends that there is need to revise the rates downwards as the employees view them as being very high hence the negative attitude. A research therefore needs to be carried out by the NHIF to establish the best rates to charge. This process should involve all the key stakeholders.

5.5 Limitations of the Study

This study focused on employees in parastatals only. The results are therefore limited to the parastatals and any attempt to interpret the results outside this scope must be approached with care.

5.5 Suggestion for Further Research

There is need to carry out a study on the proposed NHIF rates especially to establish whether other employees other than the parastatal employees perceive them as high and their attitudes.

REFERENCES

- Ajzen I. (2005). *Attitudes, Personality and Behaviour* (2nd Ed.) Berkshire, England: Open University Press.
- Allianz World Care (2012). *Healthcare in Kenya*. Retrieved on September 1st 2012, from <http://www.allianzworldwidecare.com/healthcare-in-kenya>
- An, T.H., Chang, W. (2004). The effect of consumer participation on price sensitivity, *The Journal of Consumer Affairs*, 38 (2), pp. 282-296.
- Auma, M. (2007). Attitude of consumers in Nairobi towards the quality of nuts offered by Kenya Nut Company. *Unpublished MBA Project*, University of Nairobi.
- Beneke, J. (2010). Consumer perceptions of private label brands within the retail grocery sector of South Africa. *African Journal of Business Management*. 4(2), 203 - 220.
- Blythe, J., (1997). *The Essence of Consumer Behavior*, Prentice Hall Europe.
- De Matos, C.A., Ituassu, C.T., & Rossi, C.A.V. (2007). Consumer attitudes toward counterfeits: a review and extension. *Journal of Consumer Marketing*. 24 (1), 36-47.
- Doob, L.W. (1947). The behaviour of attitudes, *Psychological Review*, 51, 135-156.
- Fazio, R. H., & Olson, M. A. (2003). Attitudes: Foundations, functions, and consequences. In M. A. Hogg & J. Cooper (Eds.), *The Handbook of Social Psychology*. London: Sage.
- Fishbein, M., & Ajzen, I. (1975). *Belief Attitude, Intention, and Behavior: An Introduction to Theory and Research*. Reading, MA: Addison-Wesley.
- Gaceri, L.K. (2003). A survey of the attitude of consumers towards retail media advertising. *Unpublished MBA Project*, University of Nairobi.
- Hoyer D. W. & MacInnis (2010). *Consumer Behavior* (8th Ed.) Manson, OH: South Western Cengage Learning.
- Jansson, J., Marell, A., Nordlund, A., (2010). Green consumer behavior: determinants of curtailment and eco-innovation adoption, *Journal of Consumer Marketing*, 27/4, pp. 358-370.
- Katz, D. (1937). Attitude measurement as a method in social psychology. *Social Forces*, 15(4), 479-482.

- Kayabas, A. & Mucan, B. (2011). An Empirical Study of Consumer Attitudes and Perceptions Toward Genetically Modified Foods (GMF). *European Journal of Social Sciences*. 25 (1), 52 - 65.
- Kibor, A.J. (2008). Perception of consumers in Mombasa on the quality of service offered by National Hospital Insurance Fund. *Unpublished MBA Project*, University of Nairobi.
- Kipchillat, N. (2006). A survey of attitude of consumers towards the promotion mix by coop bank of Kenya on jumbo junior product. *Unpublished MBA Project*, University of Nairobi.
- Kiriinya, S.N. (2009). Consumer attitudes towards Tobacco Control Act (2007) in Nairobi. *Unpublished MBA Project*, University of Nairobi.
- Koech, L.C. (2011). Challenges of strategy implementation at the National Hospital Insurance Fund, Kenya. *Unpublished MBA Project*, University of Nairobi.
- Kothari, C.R. (1985). *Research Methodology-Methods and Techniques*, New Delhi, Wiley Eastern Limited.
- Kotler, P., Bowen, J., Makens, J. (1997). *Marketing for Hospitality and Tourism*, New Jersey: Prentice Hall.
- LaPiere, R. T, (1934). *Attitudes vs. Actions*. *Social Forces*, J3, 2300.37.
- Lili, Z. & Tong, C. (2007). *Consumer Perception of Organic Food in Urumqi*. Contributed Paper prepared for presentation at the 105th EAAE Seminar 'International Marketing and International Trade of Quality Food Products', Bologna, Italy, March 8-10.
- Lumumba O. M., Migwi S. W., Magutu O. P., Mokoro J. M, (2010). Taxpayers' Attitudes and Tax Compliance behaviour in Kenya. *African Journal of Business & Management*, AIBUMA Publishing.
- Maxwell S. (2008). *The price is wrong: Understanding what makes a price seem fair and the true cost of unfair pricing*. Hoboken, NJ: John Wiley & Sons Inc.
- Mulinge, D.W. (2007). Corporate governance in the public sector: the case of NHIF. *Unpublished MBA Project*, University of Nairobi.

- Mumbi, R.S.W. (2011). Competitive positioning strategies adopted by the National Hospital Insurance Fund (Kenya). *Unpublished MBA Project*, University of Nairobi.
- Mutinda, J.M. (2010). Factors affecting the adaptability of international health management practices by the National Hospital Insurance Fund (NHIF) in Kenya. *Unpublished MBA Project*, University of Nairobi.
- Mutua, R.W. (2011). Reward management and employee performance in National Hospital Insurance Fund, Kenya. *Unpublished MBA Project*, University of Nairobi.
- Mwangi, W.J. (2011). Consumer attitude towards the quality of traditional African vegetables sold in Uchumi supermarkets. *Unpublished MBA Project*, University of Nairobi.
- Nagle, T., Holden, R.K. (2002). *A Guide to Making Profitable Decisions*, Madrid: Pearson Prentice Hall.
- NHIF Senior Management Team. (2010), *OPC Board Paper*. NHIF.
- Njau, H.W. (2011). Strategy implementation challenges faced by National Hospital Insurance Fund in Kenya. *Unpublished MBA Project*, University of Nairobi.
- Nyambane, E.K. (2009). An investigation of attitudes of medical doctors toward e-marketing practices of pharmaceutical firms in Nairobi. *Unpublished MBA Project*, University of Nairobi.
- Nyambok, G. A. (2005). The influence of branding on employee attitude & perceptions in the banking industry in Kenya: a case study of four banks. *Unpublished MBA Project*, University of Nairobi.
- Onkvisit S, Shaw, JJ (2004). *International Marketing, Analysis and Strategy*.4th Edition. Routledge. New York.
- Ouko, P.O. (2011). Strategic approaches to increasing the utilization of National Hospital Insurance Fund subscription by Kenyatta National Hospital departments. *Unpublished MBA Project*, University of Nairobi.
- Owino, L.E. (2009). Determining customer attitude towards orange mobile service in Nairobi: A case of Telkom Kenya Ltd. *Unpublished MBA Project*, University of Nairobi.

- Pemer, L. (2010). *Consumer behavior: the psychology of marketing*. Retrieved October 2, 2010, from <http://www.consumerpsychologist.com/>
- Peter J. P. & Olson J. C. (2010), *Consumer Behavior and Marketing Strategy* (9th Ed.) New York, NY: McGraw-Hill Irwin
- Pumomo, S.H. & Soekartawi, Y.L. (2010), Why is understanding customer attitude toward 4Ps marketing mix important? The case of the livestock input industry in Indonesia. *Journal of Development and Agricultural Economics*. 2 (4), 107-114.
- Ross K. N (2005), *Quantitative Research Methods in Education Planning*, Paris: International Institute of Education Planning/UNESCO
- Samsudin, A., Jusoff, K., Zaini, Z., Musa, M., Khalid, K., Ngali, N., Rahmat, N., Ramli, N., Ghani, F., & Hamid, M. (2011), Customer's perception towards Mcdonald's icon-based nutritional labels. *World Applied Sciences Journal* 12,1-7.
- Schiffman LG, Kanuk LL (2007), *Consumer Behavior*, Pearson Education International Press.
- Solomon, M. (2009), *Consumer behaviour buying, having, and being* (8th ed.). Upper Saddle River, NJ: Pearson Prentice Hall.
- Somya, C. (1993), Index of customer attitude toward airline marketing. *Unpublished MBA Project*, University of Nairobi.
- The Guardian (2010), *Consumer attitudes and perceptions on sustainability*. Available at <http://www.guardian.co.uk/sustainable-business/16>
- Thiong'o, E.N. (2007), The influence of commercial sponsorships on consumer attitudes towards brands: a case study of Nairobi residents. *Unpublished MBA Project*, University of Nairobi.
- Thurstone, L. L., (1928), Attitudes Can Be Measured, *The American Journal of Sociology*, 33, (4), 529-554
- Vails, J.F. et al (2008), *The Low-cost Phenomenon. Impact on the Price Factor*, Barcelona: Deusto.
- Wang, G., Dou, W., & Zhou, N. (2008), Consumption attitudes and adoption of new consumer products: a contingency approach. *European Journal of Marketing*. 42 (1/2), 238-254.

- Wanjoga, N.E. (2002), Consumer attitudes towards online advertising: the case of internet users in Nairobi. *Unpublished MBA Project*, University of Nairobi.
- Watson, J.J. & Wright, K. (2000), Consumer ethnocentrism and attitudes toward domestic and foreign products. *European Journal of Marketing*. 34 (9/10), 1149-1166.
- Wicker, A. W. (1969), Attitudes versus actions: The relationship of verbal and overt behavioural responses to attitude objects. *Journal of Social Issues*, 25(4), 41-78
- William C.H. & Paul, R.S. (2007), *Social Health Insurance in developing Nations*. Washington DC : The World Bank

APPENDICES

Appendix I: Letter of Introduction

Don Manoah Ochiel

School of Business, University of Nairobi,

P.O. Box 30197-00100, Nairobi

September, 2011.

Dear Respondent,

I am a postgraduate student at the University of Nairobi pursuing a Masters of Business Administration degree.

I am conducting a research project on **Attitudes of Parastatal Employees Towards the Proposed Increase in Premiums by the National Hospital Insurance Fund**. The focus on my research is on individual members of NHIF.

The information provided will be treated with the utmost confidentiality; neither your name nor any personal details shall appear in the final report. Your assistance will be highly appreciated.

Thank you in advance.

Yours faithfully,

Don Ochiel

(Student)

Prof F. N. Kibera

(Supervisor)

Appendix II: Questionnaire

Section One: Personal Data

Please give answers in spaces provided by ticking (**V**) the box that reflects your views and opinions.

1. Gender: Male() Female ()
2. Age in years: 20 - 29 () 30 - 39 () 40 - 49 () 50-59 () Above 59 ()
3. Do you have any other health cover: Yes () No ()
4. How much do you pay annually for your insurance cover? Tick the appropriate box
 - Below Ksh 5,000 p.a ()
 - Ksh 5001-10,000 p.a ()
 - Ksh 10001-15,000 p.a ()
 - Above Ksh 150,001 p.a ()
5. How do you compare NHIF's insurance cover with other cover(s) that you have?
 - NHIF is better ()
 - NHIF is same ()
 - NHIF is worse ()
 - Not Applicable ()

Section 2: Customer Attitudes towards proposed NHIF premiums

The statements below relate to the attitudes towards the proposed NHIF premiums.

Kindly state the extent to which you agree with the statements on a scale of 1 (strongly disagree), 2 (Disagree), 3 (Moderate), 4 (Agree) to 5 (strongly agree).

	Statement	1	2	3	4	5
	Awareness of proposed insurance premiums					
11	I am aware of the proposed premium increases					
12	I am aware of the premiums am supposed to pay					

13	I learnt of the proposed premium increases through media					
14	I learnt of the proposed premium increases through our firm					
	Attitude Towards Proposed Insurance Premiums					
15	I support the increase in insurance premiums					
16	The proposed insurance premiums are very high					
17	NHIF should maintain previous monthly insurance premiums					
18	Quality of service will improve with increased premiums					
	Influence Of Customer Attitudes Towards Contribution					
19	I am willing to contribute towards the proposed scheme					
20	I am willing to contribute more to the in the future					
21	I am better off contributing to another scheme than NHIF					
22	If services will improve then I shall be willing to contribute more					

Thank you for your cooperation