

**INTERNAL MARKETING STRATEGIES AND THE GROWTH OF
NEW PRODUCTS WITHIN INSURANCE FIRMS IN KENYA**

BY

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DECLARATION

This research proposal is my original work and has not been submitted for examination to any other university.

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This research project is submitted for examination with my approval as the University supervisor

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DEDICATION

To my late parents who would have been pleased to see this project completed and the milestone achieved in my academic walk.

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LIST OF ABBREVIATIONS

AKI	:	Association of Kenya Insurers
DMU	:	Decision Making Unit
GDP	:	Gross Domestic Product
IIK	:	Insurance Institute of Kenya
IM	:	Internal Marketing
IRA	:	Insurance Regulatory Authority
MIPs	:	Medical Insurance Providers
SET	:	Social Exchange Theory
SPSS	:	Statistical Package for Social Sciences
UK	:	United Kingdom

ABSTRACT

This research was conducted to establish the influence of internal marketing strategies on growth of new products within insurance firms in Kenya. The paper assumed a descriptive enquiry design with the theoretical population for the analysis consisting of forty (40) registered insurance companies headquartered in Nairobi but with operations in Mombasa County. The study targeted the top-level executives, line managers and cross-departmental employees to enable collection of representative data. Primary and secondary data was gathered and utilized to generate both qualitative and quantitative data. The quantitative data was examined using descriptive data analysis where data obtained from the questionnaires was processed via editing, coding and keying into the processor using SPSS. From these data, it emerged that low growth of insurance products in Kenya is indeed a factor of minimal application or total absence of internal marketing strategies that are instrumental in motivating employees who are the internal customers of the firm. The study concluded that employees in the insurance industry were keen on motivation, training and development as well as empowerment, attributes that are key in making them competent and armed with the vital skills to dispense insurance products to the external market. The study recommends that insurance firms apply internal marketing strategies in order to provide an enabling environment for employees to thrive and stay motivated to propagate the company's product offerings with value addition to the external customers. Focus on registered insurance firms was considered a limitation as more information could be gathered from other distribution channels hence, the study suggested a further investigation incorporating all the distribution channels of insurance products that is, the brokers and agencies to enable comprehensive findings with all stakeholders' contributions taken into consideration.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Internal marketing (IM) is a theory that was advanced originally in marketing of services with its use primarily singling out training privations and culture setbacks at the point-of-sale of service jobs like public transportation and banking (Berry, 1981; Flipo, 1986; Gummesson, 1987; Grönroos, 1981). Cahill (1996) defines IM as the way of life of handling human resources as clients and the policy of modeling tasks as products that fit social requirements. Internal marketing is viewed as the act of positioning and motivating customer contact staffs and supporting service people to collaborate in providing customer satisfaction (Kotler & Armstrong 2010). Understanding that customer satisfaction in services is defined primarily by the excellence functioning of the workforce, it makes sense that gratifying the needs of employees is indispensable for a remarkable customer satisfaction (Ballantyne, 2000). The inevitability to regard personnel as a company's primary customers emerged, becoming the foundation of internal marketing as a managerial process which entails appealing to, cultivating, inspiring, and retaining competent employees through job-products that make them contented (Aburoub et al., 2011).

The study is guided by Social Exchange Theory (SET) which entails the trade-off between tangible and intangible resources of symbiotic parties with an expected benefit to both of them (Cropanzano & Mitchell, 2005). Its associations hinge on the feeling of completeness between different parties of a specific relationship and its fulfilment

(Gouldner, 1960). The parties are likely not to fulfil their responsibility in the exchange relationship unless they identify that the other party has something of value to offer (Chiaburu & Marinova, 2006). Favourable actions directed at employees by the company and its spokespersons facilitate the establishment of superior exchange relationships that generate duties for employees to reciprocate affirmatively (Settoon, Bennett & Liden, 1996). The study is also guided by Equity Theory, another major IM philosophy which represents its focal point through the formation of effective relationships between managers and employees. The theory asserts that employees appraise their work by relating their inputs with associated outputs (Huseman & Hatfield, 1990). Equity theory constitutes the theoretical background of the benefits derived from IM adoption, as employee perceptions that when the firm's management acknowledges their individual needs, their perceptions of in-service value will be enhanced occasioning growth in willingness to reciprocate the firm through higher motivation and organizational identification generating more favourable customer outcomes. The study also delves into the diffusion and innovation theory by Roger, (1971) which illustrated the diffusion of new ideas and products in a social and commercial setting.

According to the insurance industry annual report (2015), there are fifty one (51) registered insurance companies in Kenya. Mombasa County is represented by forty (40) out of the fifty one (51) registered insurance companies besides fifty five (55) registered insurance agents and brokers. Insurance dissemination, defined as the percentage of premium underwritten in a given year to gross domestic product (GDP) has remained low not only in Mombasa County but nationally. In Kenya, insurance grew by 0.21% from 2.63% in 2008 to 2.84% in 2009 while in South Africa with a population of 44 million, it

grew by 12.9% (AKI, 2009). Insurance is one of the means used for ages by people and organizations to deal with the consequences of risks, disasters and many other damages which befall them to alleviate their impact or to avoid them totally. It safeguards most economic activities such as commerce, industry, and agriculture.

1.1.1 The Concept of Internal Marketing Strategies

The fundamental nature of strategy is choosing an exceptional and significant position rooted in systems of activities that are much more difficult to match. Scholes et.al (2008) defines strategy as objective and capacity of an organization in the long run, which realizes gain in a varying surrounding via its arrangement of capital and capabilities with the view of gratifying stakeholder anticipations. Pearce & Robinson (1997) define strategy as a set of choices and proceedings occasioning formulation and enactment of plans designed to accomplish the purposes of an organization. Internal marketing strategies are the unique and valuable propositions undertaken by organizations in their marketing efforts aimed at delivering unmatched services to their target market. Internal marketing necessitates that each person in the company subscribes to perceptions and objectives of marketing and participates in selecting, delivering as well as transferring consumer significance (Cronin & Taylor, 1992). Marketing strategies directed at the internal customer involve among others; creation of a culture that resonates with the members of the organization. Culture is 'the way things are done over here'. It could be linked to a nation (national culture), a different part of the community (sub-culture), or a firm (corporate culture). Generally, it is accepted that people do not naturally possess a culture, instead they learn it. Thus it comprises all that is absorbed in relation to morals and norms, customs and habits, beliefs and faiths, rituals and artefacts (i.e. tangible

symbols of culture). Values and attitudes vary between employees, therefore, to ensure they consume a product or service produced within, the organization must ensure a good grasp of these by promoting creative culture projects.

An internal marketing strategy is analogous to an external marketing strategy in that it essentially tells a story that prevail upon the target audience to be decisive. The organization must create messages that resonate with and educate employees on what the current external marketing strategy entails and cause them to be willing to help it meet specific business goals. Sound internal marketing programs hinge on; recruiting suitable people, preparing and developing them through hosting professional development programs for leaders/managers and developing brand ambassadors, motivating them, communicating with them through a well develop internal communications system (newsletters, meetings, updates), and co-opting them (persuading them to subscribe into the organization and its plans).

1.1.2 Growth of New Products

Diffusion methods of new products and services have progressively become more involving and multidimensional in modern years. End users today are subjected to a variety of stimuli that include word-of-mouth interactions, network externalities, and social pointers. In order to realize novel successes for patrons and satisfy their demands and desires, firms ought to incessantly seek out the progress of their product and services around marketing innovation and originality. According to Rogers (1995), diffusion of innovations is the means by which they are conveyed over time amongst the adherents of a social structure. This process when successfully implemented will be critical in

achieving competitive advantage in the insurance industry which is characterized by extreme competition, through the powers of transformation brought into the industry by change in a company's capital structure and association (Business Monitor International, 2012). New products and services are the very essence of business. However, over 80 per cent of new products fail.

Diffusion modeling has been explored broadly and as a subject of study it still has more to submit in relation to defining current market trends, which comprise the unlocking of markets in budding financial systems, web-enabled services, internet social networks, and intricate product–service formations. The main sequence of diffusion representations has been based on the Bass model (1969). An entity in this linkage accepts the innovation as a result of external influences such as public relations and other broadcasts by the organization and inner market stimuli ensuing from an interface linking adopters and prospective adopters in the public organization. These relations existed from word of mouth and relational interactions (Mahajan, Muller, & Wind 2000; Mahajan, Muller & Bass 1990).

The mounting number of recently introduced products and services, alongside the growth of market developments and intensified rivalry has pushed dissemination procedures past the traditional situation of a solitary market domination of goods in an identical, fully linked social system. Many insurance products hold network externalities such that their usefulness for one person depends on the sum of other people who have previously embraced the product. Thus, the likelihood focus on development drivers that transcend word-of-mouth or direct consumer interactions related diffusion models. According to the Bass model (Bass, 1969) which has been cited over 600 times since its publication in

Management Science, no relational statement is automatically necessary for relational externalities to operate. Prospective fore-runners can discover product diffusion level from broadcasts or by monitoring trade offerings. Naturally, system externalities are believed to possess a clear-cut effect on a creation's sales and saturation (Nair, Chintagunta, & Dube 2004). Social interpretation on the other hand correlates with social indications that people deduce on or after the acceptance of an invention by other adopters. In making their buying decisions, people seek to uphold communal dissimilarities and to hint collective distinctiveness (Bourdieu 1984). These pointers are conveyed to other persons who follow the expenditure actions of people in their aspiration group (Van den Bulte & Wuyts 2007, Van den Bulte & Joshi 2007).

1.1.3 Internal Marketing Strategies and Growth of New Products

Internal marketing strategies encompass the use of promoting, human capital management, and associated ideas, methods, and philosophies to motivate, mobilize, co-opt and manage personnel at all stages of the company to unceasingly improve their service to external consumers and each other (Joseph, 1996). IM strategy has its roots in the basic concepts of internal marketing and strategy. Successful internal marketing acts in response to employee needs as it progresses the firm's mission and goals. Four broad strategies for progress include; Market permeation, Market enlargement, Product enlargement, and Diversification. These are components of Ansoff's Product and Market Growth Matrix.

Ansoff's growth matrix is a selling projection instrument which supports firms in establishing their product and market growth by concentrating on whether the products are recent or existing and whether the market is recent or existing. Invented by H. Igor Ansoff principally a mathematician with a skillful understanding into business administration, market penetration typically includes products that are present and also those present in a prevailing market, in product development growth strategy, new products are initiated into current markets. It can vary from the launch of an unfamiliar product in an existing market or it can include the alteration of a current product replacing its presentation, boosting the products functioning and / or quality. Market Growth also known as Market Extension on the other hand is a strategy by which the establishment sells its existing produce to new markets. It can be made achievable through additional market dissection to help in finding a new customer base and the strategy supposes that the existing markets are fully utilized thus the need to undertake new markets. Diversification absorbs an organization marketing latest products to unfamiliar markets and is the most uncertain strategy as it involves two unknowns, new product offerings and the uncertainty of development challenges.

1.1.4 The Insurance Sector in Kenya

The Kenyan insurance sector's main players are insurance companies, reinsurers, brokerage firms and insurance agents, reinsurance brokers, risk managers, loss adjusters, MIPs, Insurance investigators, Motor assessors, Insurance surveyors, Claim settling agents, and Banc-assurance insurance agents (Annual Insurance Industry Report, 2015). The insurance Act of Kenyan Laws, Chapter 487 is the statute regulating the industry. The office of the commissioner of insurance was initiated to reinforce the government

supervision under the Finance Ministry. The Insurance Regulatory Authority (IRA) is the regulator of all insurance companies in Kenya, with a mandate to regulate, regulate and develop the insurance industry (Cytonn Insurance Sector Report, 2015). Besides, Kenya insurer's association (AKI) founded in 1987 to give advice to insurance firms and enlisted in the Society Act Cap 108 of Kenyan laws aids in self-regulating insurance companies. The Insurance Institute of Kenya (IIK), on the other hand is the industry's professional body that dispenses training and professional education.

As at December 2015, Kenya's Insurance Industry Report submitted fifty one (51) registered insurance companies up from fifty (50) in 2014, 49 in 2013 and 47 in 2010 operating in Kenya. Out of the 51 companies, Mombasa County has 40 operating within its precinct. Insurance trade transacted can largely be categorized into short-term and long-term with the distinct groups of insurance dealings being viewed as areas of business along the strategic business unit theory. The General insurance business is steered by the following business lines; Private Motor, Motor Commercial, Personal Accident, fire and domestic, Industrial fire and Manufacturing, aviation, theft, workmen's injury benefit, liability, marine, and sundry while life/long-term insurance on the other hand is mainly driven by Individual Life and Retirement, including Group business and supervision of deposits viz; industrial and bond savings (Kenya Insurance survey, 2004). What is evident is that the target customers are concentrated in the major towns while the insurance products have majorly remained traditional.

Poor and inefficient corporate governance in practice has upset the growth of many insurance companies as well as contributed to the lack of faith within the target population. Companies are finding it challenging to appeal to the masses due to low

levels of capitalization, nevertheless, innovation of new insurance products is being embraced in an effort to tap the untapped client base. Insurance companies have been active and fast in adopting to the new unconventional channels for both delivery and premium collection. Banc-assurance, mobile and internet platforms have been the primary alternative channels driving down the cost of premium collection. The banking sector is also emerging as a player in insurance since the amendment of the Insurance Act which has further allowed foreign banks to run the banc-assurance model. Recent developments in the insurance sector have seen several mergers, acquisitions and restructuring activities emerge with Global brands such as Saham Group and Prudential Financial Company (UK) entering the market through mergers and acquisitions. The trend in the insurance sector is towards Micro-insurance with high expectations by insurance players progressing towards tapping into this segment. The informal sector offers a rich platform with increasing disposable incomes. It is thus expected of the industry players to innovate on products that will be affordable and relevant to this segment. With the establishment of a devolved system of governance, it is envisaged that insurance uptake will increase at the county level with the county government taking up insurance services driven by more economic activities at the county level.

1.2 Research Problem

An enterprise's marketing outcomes are inspired not only by the quality of the marketing division, but by its entire workforce, who must recognize their role and duty for attracting, serving and delighting clients (Kotler and Keller, 2008). In service marketing, repeated buying results in growth of lasting associations amid consumers and service providers thus ideas and processes of internal marketing have great significance. The

concept of internal marketing and the strategies surrounding it has achieved wide acceptance in companies globally, nonetheless few scholars have examined the existence and implementation of this theory in Kenyan insurance firms hence the need to study this phenomenon further.

The acceptance of insurance products, at commercial and individual level, remains principally in general insurance, fire-industrial and personal accident categories. This demonstrates a deprived feeling towards individual insurance generally (Mbogo, 2010). One of the objections facing the progress of the insurance business in relation to market share, product offering diversification amid other actions is low insurance penetration. What is evident is that the target customers are concentrated in the major towns with insurance products majorly remaining traditional. Product innovation is thus necessary to leverage a new surge in the uptake of insurance products both in major towns and the rural areas.

Previous studies done delving into the subject of insurance include a study on the regulation of the insurance industry in Kenya, by Koima (2003) which addressed issues concerning rampant cases of unethical competition, low market capitalization, a drop in the level of professionalism and the winding up of insurance companies as result of mismanagement. The study was designed to identify factors considered as problems and emerging contests in the control of the insurance industry in Kenya. Another study was by Kamanda, (2006) aiming at establishing the issues that impact insurance regional development strategy, Ouma (2008) researched the association between value chain and competitive edge in Kenya's insurance sector establishing that intense competition resulted in companies resorting to undercutting and price wars as the main strategy to

gain and retain customers when all they needed was to look for potential areas to develop sustainable competitive advantage by employing other effective competitive strategies through the value chain activities to enable them achieve their objectives without resorting to price wars. A study on the World Wide Web as a basis for competitive advantage in Kenya's insurance firms was done by Kitua (2009). The researcher's objective was to establish the internet based products and services used by insurance firms in Kenya and the extent to which the internet is being used as a source of competitive advantage. Scanty information is available on the concept of internal marketing strategies and their relationship to growth of new products in the insurance sector in Kenya. The study aims at filling this gap by answering the question; what internal marketing strategies have insurance companies employed and how have these strategies impacted the growth of new insurance products within Kenya?

1.3 The Research Objectives

The objectives of the study were: -

- i. To establish the effect of internal marketing strategies on growth of new products within insurance companies in Kenya.
- ii. To determine internal marketing strategies pursued by insurance companies in Kenya.

1.4 Value of the Study

These research contributes to academic debate on the topic and will improve the public's understanding of the relevance of the effects of internal marketing strategies on the growth of new products in insurance firms. The paper justifies the need for insurance

firms to give priority to internal marketing strategies in an effort to achieve growth of products, external marketing goals and firm performance as IM today is viewed as a means of lessening departmental seclusion, in-house resistance and disabling opposition to change. The study is further useful to insurance firms in creating an enabling environment for innovation and growth of products which has been otherwise postulated to be very low. It is beneficial to future scholars as it forms a base for further research, providing an understanding of the responses that can be adopted by insurance firms due to competition and market penetration challenges in the economic environment.

Following its integration of diverse contemporary theories and borrowing from a myriad of intellectuals, the study brings out the critical areas that can be adopted by industry players in their pursuit to gain a competitive edge. It is expected that the stakeholders, who include the regulators and investors in the insurance industry will gain a superior perception of the adequacy of internal marketing strategies and the growth of new products to enable formulation of policies that will be pivotal in increasing the penetration and uptake of insurance products. Last but not least, the government of Kenya will benefit from the study since growth in insurance uptake secures economic activities that in turn lead to economic growth. These will be instrumental in the achievement of Vision 2030 as insurance is one of the financial aspects of the economic pillars of Vision 2030.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter examines existing information relating to the objectives of the study. The literature focuses on the association between internal marketing strategies and the growth of new products in the insurance industry. Additionally, this chapter reviews theoretical and empirical literature on studies related to the research.

2.2 Theoretical Foundation of the Study

To achieve considerable market penetration and growth of new products, it is imperative that insurance firms embrace the concept of internal marketing and apply its strategies to their internal market through training and development, motivation of the sales agents as well as employees from other departments, incentivization of performance, building of a corporate culture that resonates well with everyone in the organization and job security. To sustain the advantage that comes with proper employment of internal marketing strategies, insurance firms need to further delve into research and development to enable continued innovation of new products in order to reduce reliance on traditional products, and speed up their diffusion process both to the internal and external markets of the firms. This will enhance performance through productivity and growth.

2.2.1 The Social Exchange Theory (SET)

SET can be hypothesized as an extended game matrix (Rolloff, 1981). It asserts that people think about their associations in economic terms and then count up the costs to compare them to the seeming rewards that are offered (West & Turner, 2000). The theory presumes that we can accurately predict the payoffs of a range of interactions. Social exchange theory presents two standards of contrast by which to appraise a given outcome, the first benchmark deals with comparative satisfaction, how happy or sad a relational outcome makes a participant feel. Gratification depends on expectation, which is molded by preceding experience, especially fascinating events of the recent past. For instance, a series of successes increases the appetite for a gourmet feast. A second standard by which outcomes received are evaluated is the assessment level of options and the level is attached by the best payoffs available outside the current relationship. Which is the most horrible outcome a person will consent to and still remain in a relationship.

2.2.2 Equity Theory

In a work setting, Equity Theory centers on workforce work-compensation association or trade association as well as their effort to abate any sense of injustice that might occur. It is involved with social associations, fairness/unfairness and is referred to as Social Comparisons Theory or Inequity Theory (Gogia, 2010). Having been advanced in the 1960's by J. Stacey Adams, Equity Theory of motivation recognized that motivation can be adopted through an entity's opinion of nondiscriminatory treatment in social interactions. When equated to other people, people want to be rewarded justly for their inputs that is, the results they encounter complement their inputs. An individual's views

in connection with what is just and what is unjust can influence their enthusiasm, viewpoints, and actions. Equity Theory aids in clarifying how highly paid union workers can go on strike when no one else seems to comprehend why. In the same way, well remunerated athletes feel they are not fairly remunerated in comparison with their contemporaries. This theory displays that one's opinion is comparative to their own reality.

Equity theory is supported by some other major theories that have been put forward to understand employee motivation. These major theories include; Maslow's Need-Hierarchy Theory. Five stages of employee's needs put forward by Maslow include physiological, safety, belonging, esteem, and self-actualizing. He argues that the lower level needs of employees precedes the next higher level in satisfaction to motivate them. These motivation was classified into factors by Herzberg's motivators and hygiene, motivators include inherent factors like accomplishment and recognition which help to create job contentment. The hygiene or non-inherent factors like salary and job security steer job discontentment. According to Redmond (2010), Equity Theory proposes that a person's motivation is grounded on what he or she believes to be reasonable when compared to others. Vroom's Theory on the other hand, is based on the conviction that employee effort leads to implementation which leads to rewards whether be positive or negative. Positive rewards lead to a more optimistic employee who is highly motivated whereas negative rewards lead obviously to a demotivated employee. Additionally, Skinner's Theory asserts that the irrefutable outcomes will be replicated but behavior that lead to disapproving outcome won't be replicated. Thus, managers should strengthen the

employee conduct, such that it culminates to positive outcomes. Negative fortification by managers will lead to negative results.

2.2.3 The Internal Marketing Framework

Gronroos (2000) believes Internal marketing is concerned with ensuring employees are constantly aware of delivering service quality. The model features how internal marketing should be reinforced by management with information exchange, staffing and training and employee decision making (Rafiq and Ahmed, 2002). It stresses the importance of interactive marketing in conjunction with internal marketing and how by improving the service encounter through internal marketing, customer fulfilment and employee motivation can be enhanced. The elements of internal marketing identified by Rafiq and Ahmed (2000) include: Employee motivation and satisfaction, Customer orientation and customer satisfaction, interventional co-ordination and integration, marketing like approach to the above implementation of specific corporate and functional strategies.

Another important element - Job satisfaction, is incorporated due to the belief that if the internal customer is satisfied in the service position this satisfaction will be transferred to the external customer. Empowerment is also integrated into the model to highlight the importance of allowing the employee flexibility in terms of decision-making during the service encounter. Internal marketing requires that everyone in the establishment believes the concepts and goals of marketing and gets involved in selecting, providing and communicating customer value. In current situations enhancing customer experience with the service offered is a combined effort of each employee working in the organization

even though the degree to which they are associated with the particular service may contrast.

2.2.4 Diffusion of Innovation Theory

A diffusion study assesses how concepts and products are distributed amid clusters of people. It goes past the two-step flow theory, concentrating on the conditions that escalate or lessen the probability that an invention, a new concept, product or method, will be embraced by adherents of a given civilization. In multi-step diffusion, the front-runner still applies a large effect on the actions of people called adopters, although there are other mediators amid the media and the audience's decision-making. One mediator is the change agent, someone who inspires a front-runner to adopt or discard an innovation (Infante, Rancer, & Womack, 1997). Inventions are not espoused by all persons in a social system at the same period. Instead, they have a tendency to adopt in a time succession and can be categorized into adopter classes based on the duration it takes for them to commence expending the new idea or product. It's useful for a change agent to be able to recognize which group certain individuals belong to, since the short-term goal of most change agents is to accelerate the adoption of an innovation. Adoption of a new idea is triggered by human interaction through interpersonal linkages. If the primary adopter of an innovation confers it with two members of a given social system, and these two turn out to be adopters who pass the innovation along to two peers, and so on, the ensuing distribution follows a binomial expansion. Hence, adopter distributions follow a bell-shaped curve over time (Rogers, 1971).

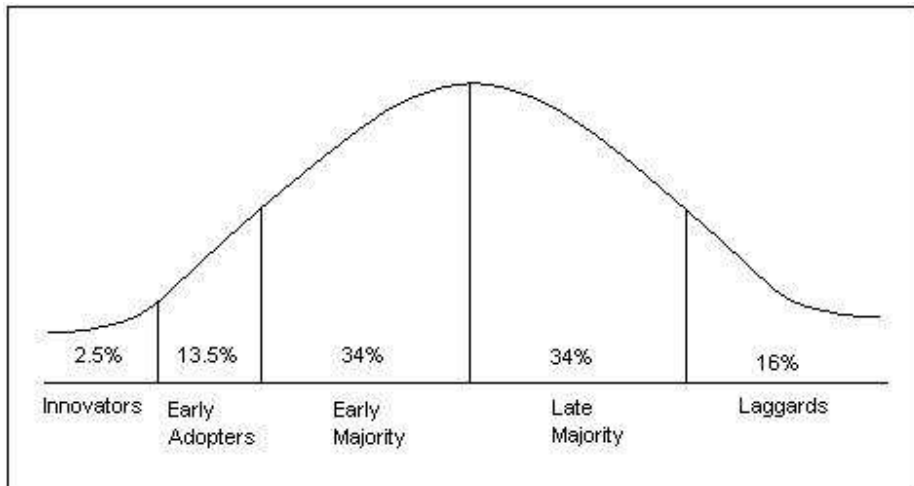


Fig. 2.1 - Adopter categorization on the basis of innovativeness

Source: Diffusion of Innovations, 5th edition by Everett M. Rogers.

According to Rogers (1971), trend-setters are keen to judge new concepts, to an extent where their venturesomeness develops into passion. Their concern in innovative ideas leads them out of a confined circle of equals and into shared interactions more cosmopolite than ordinary. Generally, innovators have extensive financial resources, and the capability to understand and relate complex technical know-how. While others may deem the innovator to be rash or daring, it is the dangerous risk-taking that is of noteworthy value to this type of individual. The innovator is also eager to accept the infrequent setback when new ideas prove unsuccessful. Early adopters have a habit of being integrated into the native social system more than innovators. The early adopters are believed to be localites, versus the cosmopolite innovators. Groups in the early adopter class seem to have the highest degree of judgement leadership in most social systems. They offer advice and data sought by other adopters about an innovation. Change agents will pursue out early adopters to help speed the diffusion process. The

early adopter is usually esteemed by his or her peers and has a reputation for a flourishing and discrete use of new ideas (Rogers, 1971). Participants of the early majority category will adopt new ideas earlier than the average member of a social system. They network regularly with peers, but are not often found owning leadership positions.

As the connection between very early adopters and late adoptors, early majority adopters perform a crucial part in the diffusion process. Their innovation-decision time is fairly longer than innovators and early adopters, since they consider before completely adopting a new idea. Rarely leading, early majority adopters readily follow in adopting innovations (Rogers, 1971). The late majority are a doubtful group, adopting new ideas later. Their adoption may be assumed out of monetary requirement and in response to growing social pressure. They are careful about innovations, and are unwilling to adopt until most others in their social system do so. An innovation must certainly possess the weight of system norms behind it to persuade the late majority. While they may be convinced about the usefulness of an innovation, there must be solid pressure from colleagues to adopt. Laggards are traditionalists and the last to adopt an invention. Having almost no opinion leadership, laggards are localites and are isolated compared to the other adopter groups. They are obsessed by the past, and all judgments must be made in terms of preceding generations. Individual laggards mainly interact with other traditionalists. An innovation finally adopted by a laggard may at present be rendered out-dated by more recent ideas in use by innovators. Laggards are likely to be mistrustful not only of inventions, but of innovators and change agents as well (Rogers, 1971).

2.3 Internal Marketing Strategies

These are approaches functional areas of organizations employ in aligning, motivating and empowering employees at all supervisory levels to reliably deliver a gratifying customer experience. They include employee motivation, organizational communication, training and development, employee empowerment, job satisfaction and performance incentivization. Employee motivation is defined by Mark et al. (1998) as the drive of employees to reason in a preferred way. Turner (1995) defines motivation as the voluntary use of sophisticated self-controlled studying tactics such as attentiveness, association, organization, and supervising. Broussard & Garrison (2004) defines motivation as the trait causing individuals to act or fail to act.

Naude et al. (2002) submits that organization-wide interaction is a fundamental requirement for a well-performing IM culture. The absence of interaction amidst employees can lead to deficiency of inter-divisional co-ordination. Dwyer (2005) defines communication as the means within which people in an establishment convey and obtain messages. Communal stories are another road that communication travels. These would be stories of glorious moments within the establishment, renowned tales through which executive ideology is relayed and company policy strengthened. These stories go from one person to another through the grapevine and are seldom stories that are communal in a large audience corporate setting rather, they are handed down from senior members within the corporation.

Training increases or develops the executive competences (Rosti & Shipper, 1998). Abiodun (1999) proposed that training is a methodical development of information,

abilities and viewpoints required by employees to function adequately on a given chore (Abiodun, 1999, as cited by Saleem et al. 2011). It is also defined as a set of approaches and processes that aim at making available and developing the skills and knowledge of individuals employed in a given company in order to increase functioning level, which will realize positive outcomes for the organization and employees themselves (Lebd & Ryan, 2013). Employee empowerment on the other hand is a non-monetary motivation instrument which can satisfy the employee's inherent pursuit. It is characterized by employees' contribution in decision making, more autonomy in work, extra authority, self-supervision, together with supporting their competences, skills, and affording them adequate resources in an appropriate work environment.

When employees are endowed with decision making capabilities based on the circumstances the customer is in, the employee will be competent to provide improved fulfilment instead of forwarding each decision making situation to the manager or other specialists concerned. Involvement is a practice by which influence is apportioned among parties that are hierarchically dissimilar (Locke & Schweiger, 1979; Wagner, 1994). Empowerment is depicted as an avenue for supporting workers to make judgments (Bowen & Lawler, 1992) and also an individual experience where they take liability for their own activities (Pastor, 1996). Job Satisfaction is clearly connected to constructive task execution. Various researchers have different attitudes in their definition of job fulfilment (Vroom, 1964; Spector, 1997; Statt, 2004; Armstrong, 2006). For instance, Locke (1979) outlined job gratification and displeasure as the enjoyable expressive state stemming from the assessment of one's work as understanding or enabling one's job morals. Spector (1997) labelled Job satisfaction as the degree to which people enjoy

(satisfaction) or detest (dissatisfaction) their jobs. Suzuki et al. (2006); Shimizu et al, (2005) describe job satisfaction as a pleasurable emotional state about work while Vroom (1964) referred to it as sentimental alignments on the part of individuals concerning work tasks presently occupied. Job fulfillment is understood by many researchers as the common mindset which is the outcome of many specific mindsets (Reddy & Rajasekhar, 1990). Kaliski (2007) indicates that it is the vital component that goes before respect, earnings, advancement, and the attainment of other aspirations that lead to a feeling of self-actualization. (Aziri, 2011) alludes to job satisfaction as one of the main features of efficiency and effectiveness of business organizations and a very important component for their expansion.

Additionally, a performance incentive approach is able to inspire employee motivation from a business perspective and propel a company towards improved employee productivity and achievement of organizational goals. Various methods collectively christened the incentive system can be adopted. Different scholarly views on the incentive system include: Robbins (2001) who argues that it involves intrinsic and extrinsic compensations with intrinsic compensations entailing contribution in decision-making, job independence, greater accountability and personal growth while extrinsic compensations can be divided into the monetary rewards (e.g. bonuses) and the non-monetary rewards (such as welfare and breaks). Urbanski (1986) envisaged the incentive system to be divided into four categories, namely, money-based incentive system, travel system, the system of four prizes and commendations system whereas Abrantt & Smythe (1989) divide the incentive system into monetary remuneration (e.g. commissions, bonuses, profit sharing and other cash rewards) and the other a non-cash reward (such as

prizes, travel grants and sales competitions). For Greenberg & Liebman (1997), the incentive system will be divided into three categories viz; the substance-based reward, the social-based reward and the activity-based reward in order to meet needs at diverse levels.

2.4 Empirical Studies on Internal Marketing Strategies

Implementing internal marketing strategies and philosophies in the organization provides a way through which the organization influences its external markets and is the means by which the organization fosters its competitive position in these markets. This is reflected constructively on the organization's functioning, profitability and goals (Aldmour, 2005). Dish (2002) argued that internal marketing targets overseeing employees and reinforcing their enthusiasm in order to advance their performance and behavior in a manner that ensures the victory of internal and external agendas carried out by the organization through integrating internal marketing objectives in external marketing goals and in its overall objectives. Studies in this area advocate that the impact of internal marketing strategies motivates employees to advance their competitiveness and heighten their competency (Ahmed et al, 2003). Bansal et al, (2001) in their study highlighted IM strategies as including job guarantee, widespread training, substantial rewards, information distribution, employee empowerment and lessened status distinction. They argued that job security mitigates loss of personnel and proposed employing them in other divisions possible other than having them laid off. They also show that secure personnel exude satisfaction, loyalty and trust in management and that knowledge development through training of personnel can help the organization to attain a

competitive advantage. These enables them solve problems, generating necessary changes in field processes and work procedures as well as boosting after-sales service.

On rewards, Bansal et al, (2001) point out that companies that pay employees above average benefits record higher personnel fulfilment levels and more dedication to the organization. In addition, a well laid information flow for decision-making and a proper mechanism for feedback is critical for timely decision-making. Employee empowerment guarantees freedom of action and influence as well as raising the bar on their hopes and responsibility. Reduced status distinction on the other hand constricts the status gap between employee classes and instead urges them to articulate their ideas and creativity, honesty, self-confidence increasing their job satisfaction in the process. A holistic marketing approach undertaken by a firm can drive growth of new products as customers become loyal to a firm that provides quality customer service and satisfaction. Aldmour, (2005) reckons that adopting internal marketing strategies and thinking in the organization is the way through which it reaches its external markets and the means by which the organization fosters its competitive position in these markets. This is replicated positively on the organization's performance, profitability and objectives.

Implementing a broader variety of IM strategies cannot be attained as marketing's task alone. It necessitates marketers to collaborate with non-marketers (senior managers and cross functional groups of employees) to access and conjointly re-interpret what they know and assume, and do so in a suitably structured learning and knowledge creating

atmosphere. This is parallel to the views of Varey & Lewis (1999) when they claim that IM is the association and knowledge management vital for the new organization.

2.5 Summary and Research Gaps

This chapter has explored several theories that can be adopted to propel the industry towards growth. Some strategic viewpoints have also been researched in order to offer insight into adoption of an organization-wide approach to service delivery. A notable challenge for IM strategies is to find a way of achieving a sustainable competitive advantage over competition both at organization and product level in a given market by positioning one's firm as a cut above the rest. Empirical literature studied reveals that not much has been done in the area of IM strategies that can relate to growth of new insurance products in general. While information on insurance appears more conventional, in a backdrop like Kenya and other Sub-Saharan African nations, the thought of insurance happens in a tough context. Several unofficial and communal networks instituted on the extended household systems every so often extend assistance to finance some grave demands. These have the ability to reduce a person's sense of susceptibility to monetary shocks.

Whereas the concept of internal marketing may not be new, what is clear is that the consideration of its strategies as a strategic need in the context of real integration of the IM concept at the organizational level in insurance firms is scarcely researched. These firms are categorized by high salesforce turnover, low development and growth of new products and average or slightly above average performance. Performance is no longer a

choice, but a necessity to survive in competition conditions that are tougher than ever which companies are not always ready to face. The consumption and employee pressures add to this picture a lot of intricacies that must be governed harmoniously by employing the right strategies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the process that was used to execute the research in this study. Research methodology is a systematic and scientific way of finding a solution to a problem. It defines the research design and procedure that was used. This chapter makes clear the composition of the population, sampling procedures, sample size as well as the data collection tools and analysis that was employed.

3.2 The Research Design

According to Kothari (2004), research design denotes the organization of requirements for assemblage and analysis of data in a manner that aims to coalesce relevance to the research rationale with economy in procedure. This research adopted a descriptive cross-sectional survey design to allow for a one-time collection of data from the population. Borrowing from Sekeran and Boujje (2009), a descriptive inquiry is undertaken to communicate the features of the variables of importance in a situation. Cooper and Schindler (2003) postulate an illustrative study as one related with finding the what, where and how of an occurrence. Chandran (2004) describes descriptive studies as those depicting a precise outline of individuals, events or circumstances, describing the predominant situations and opinions through analysis and interpretation methods. The enquiry was both qualitative and quantitative employing descriptive statistics. The survey was carried out on registered insurance firms operating in Kenya.

3.3 Population of the Study

The population of the study comprised fifty one (51) registered insurance companies operating in Kenya. The target population consisted forty (40) registered insurance companies operating within Mombasa County.

3.4 Data Collection

Primary data was obtained through semi structured questionnaires with both open ended and closed questions rated on a Likert scale. The questionnaires featured three major sections with the first section comprising of the respondent's bio data and general information, the second highlighted the concept of internal marketing strategies as employed by the insurance firm and the third section focused on the growth of new products within the insurance firm. The study targeted the top management, heads of departments and selected employees from different departments to ensure the data collected was representative of the organization. The research was administered through the questionnaire via "drop and pick" to respondents of the study while telephone communication was used to make follow-ups to the respondents confirming the conclusion of the data gathering processing.

3.5 Data Analysis

The data collected in this survey was subjected to identification of errors to exclude them from the analysis report. The data will then be coded and analyzed through the use of descriptive statistics to obtain frequencies of response aided by Statistical Package for Social Sciences (SPSS). This has a broad data processing ability and abundant statistical analysis ways that enable analysis of minute to enormous data statistics. The quantitative

data regarding internal marketing strategies used by insurance firms was presented using tables and pie charts while the qualitative data was categorized into themes and presented in form of narratives that help facilitate description and explanation of the study findings. Descriptive analysis is important due to its provision of the basis on which correlational and investigational reviews materialize while also providing clues regarding the issues that should be focused on leading to further studies.

Measures of association (Correlation) which provides a value for the relationship between variables were used in the study to enable understanding of the strength and direction of the relationship (Szafran, 2012) with the help of multiple correlation coefficients (R) and the coefficient of determination (R^2). Multiple linear regression evaluation was used to assess the strength of association amid internal marketing strategy variables and the growth of new products using the regression model;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \epsilon$$

Where Y is the dependent variable (Growth of new products), β_0 = constant (intercept of the variable), X_1 = Employee motivation, X_2 = Organizational Communication, X_3 = Training & Development, X_4 = Employee Empowerment, X_5 = Job Satisfaction, X_6 = Performance incentives and ϵ is the error term. The findings of these analyses was interpreted in the succeeding chapter to bring out the teachings from the research that enabled the results to be used in drawing conclusions and recommendations.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents an analysis of data collected and discusses the findings on internal marketing strategies and the growth of new products within insurance firms in Kenya.

4.2 Demographic Characteristics of the Respondents

The respondents provided their bio data, general information about internal marketing strategies and development and growth of new insurance products within their respective firms.

4.2.1 Respondents Response rate

Table 4.1 show the respondent's response rate. From 120 targeted respondents in 40 companies, 103 from 36 companies filled and returned the questionnaires. This represents a response rate of 85.8%.

Table 4.1 Questionnaire Response Rate

Response	Frequency	Percentage (%)
Returned	103	85.8
Unreturned	17	14.2
Total	120	100

Source: (Research Data, 2016)

4.2.2 Respondent's Age

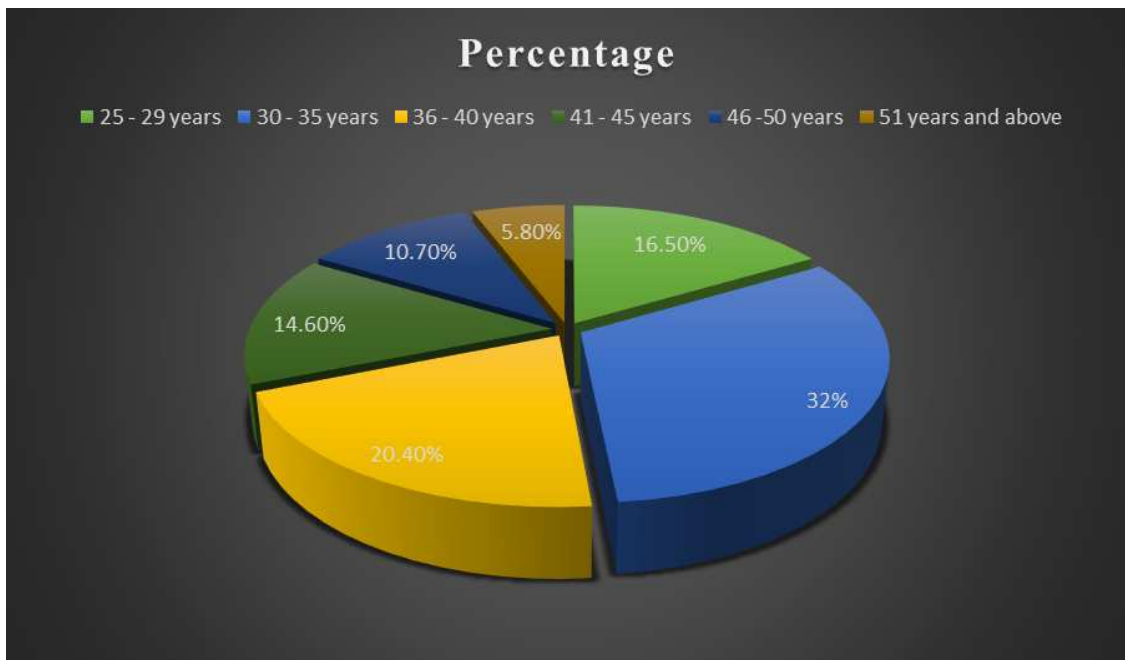
Table 4.2 contains information on the respondents' age, the results show that 17 (16.5%) of the respondents are aged between 25 – 29 years, 33 (32%) are aged between 30 – 35 years, 21 (20.4%) are aged between 36 – 40 years, 15 (14.6%) are aged between 41 – 45 years, 11 (10.7%) are aged between 46 – 50 years, and only 6 (5.8%) are aged 51 years and above.

Table 4.2 Respondent's Age

Age Bracket (in years)	Frequency	Percentage (%)
25 – 29	17	16.5
30 – 35	33	32.0
36 - 40	21	20.4
41 - 45	15	14.6
46 – 50	11	10.7
51 and above	6	5.8
Total	103	100

Source: Research Data, 2016

From Table 4.2 it is clear that majority of the respondents are aged between 30 – 35 years.



Source: Research Data, 2016

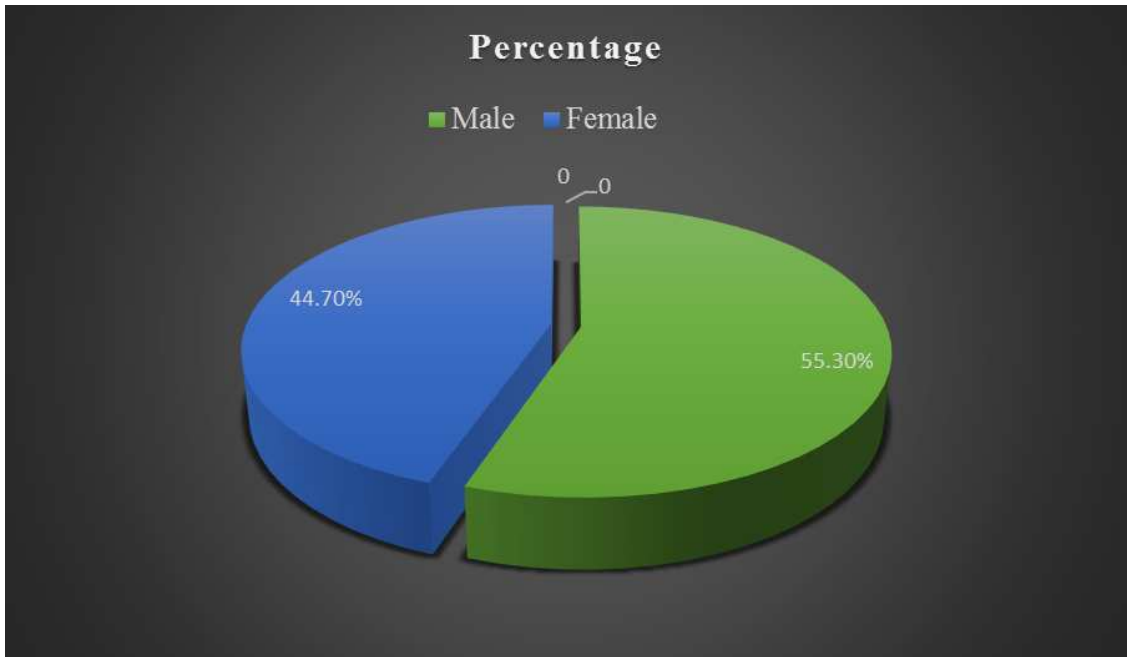
4.2.3 Respondents Gender

Table 4.3 contains information on the respondents' gender, the results show that 57 (55.3%) of the respondents are male while 46 (44.7%) are female.

Table 4.3 Respondent's Gender

Gender	Frequency	Percentage (%)
Male	57	55.3
Female	46	44.7
Total	103	100

Source: Research Data, 2016



Source: Research Data, 2016

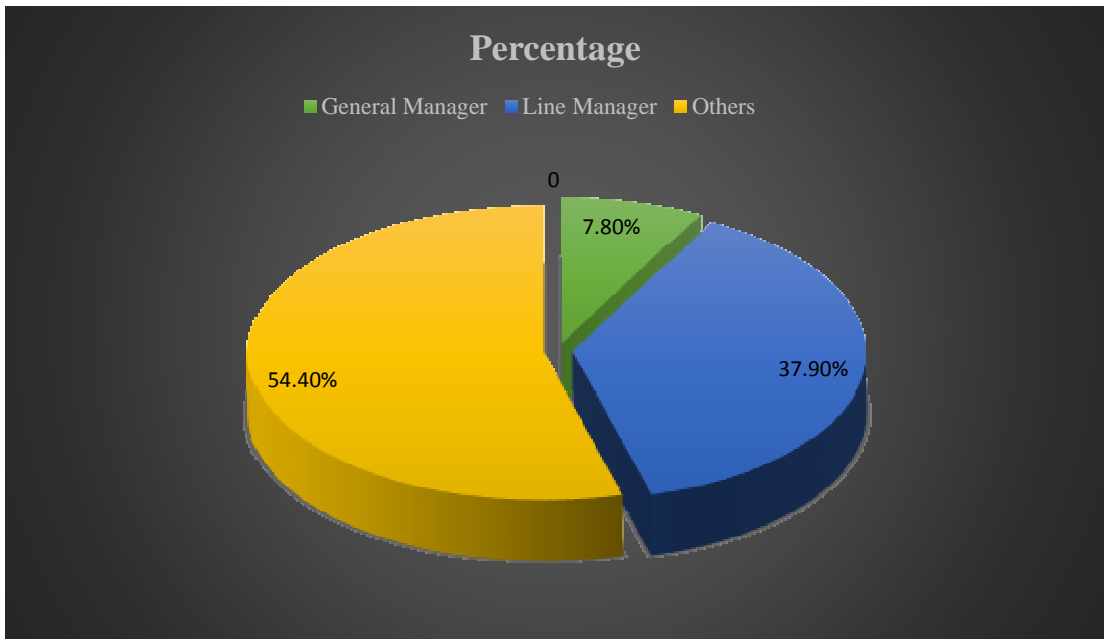
4.2.4 Respondent's Designation

Table 4.4 contains information on the respondents' job designation. The results show that only 8 (7.8%) who participated in the study are general managers, while 39 (37.9%) are line manager and the majority, 56 (54.4%) hold other job designations.

Table 4.4 Respondent's Designation

Designation	Frequency	Percentage (%)
General Manager	8	7.8
Line Manager	39	37.9
Others	56	54.4
Total	103	100

Source: Research Data, 2016



Source: Research Data, 2016

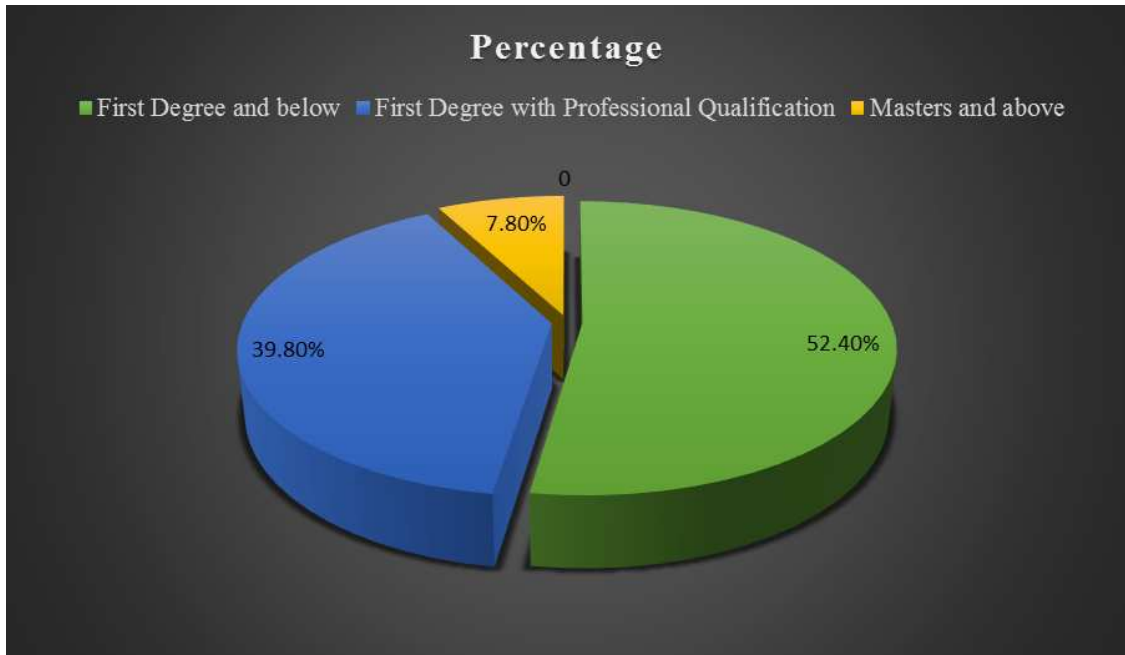
4.2.5 Respondents Academic Qualification

Table 4.5 contains information on the respondents' academic qualification, the results indicate that 54 (52.4%) of the respondents have at least a first degree or below qualification, 41 (39.8%) have a first degree with professional qualification, while only 8 (7.8%) have a Master's degree or more.

Table 4.5 Respondent's Academic Qualification

Academic Qualification	Frequency	Percentage (%)
First Degree and below	54	52.4
First Degree with professional Qualification	41	39.8
Master's Degree and above	8	7.8
Total	103	100

Source: Research Data, 2016



Source: Research Data, 2016

4.3 Internal Marketing Strategies Analysis

To enable inferential examination of the relationship between internal marketing strategies and growth of new insurance products, respondents were asked to show the extent to which internal marketing strategies applied in their companies had contributed to growth of new insurance products. The mean responses for employee motivation, organizational communication, training and development, employee empowerment, job satisfaction, performance incentives, and development & growth of new insurance products were regressed to determine how they relate to each other. Table 4.6 explains the overall relationship.

4.3.1 Employee Motivation

Table 4.6 Respondent Score on Employee Motivation

	N	Mean	Std. Deviation
Am given due recognition at work	103	4.02	.840
I am well remunerated	103	4.14	4.355
The quality of my efforts is duly rewarded	103	3.77	.899
I daily look forward to come to work	103	4.25	.653
Valid N (listwise)	103		

Source: Research Data, 2016

Respondents were required to rate the degree of agreement on employee motivation. The drive to go to work daily scored highly with a mean of 4.25, followed by good remuneration 4.14, due recognition at work 4.02 and quality of efforts being duly rewarded 3.77. However the remuneration attribute had a standard deviation of 4.355 which indicates disparity in salaries between different pay brackets of employees. This is because management salaries and emoluments are higher than other employees. Generally, the degree of agreement on employee motivation was high at a mean score of 4.05.

4.3.2 Organization-wide Communication

Table 4.7 Respondent Score on Organization-wide Communication

	N	Mean	Std. Deviation
Information communication on what is going on in my department and the whole organization is always timely	103	3.83	.841
A two way organization-wide communication model is employed (i.e. top-down and vice versa)	103	3.90	.834
Communication channels are clear to employees	103	4.06	.654
There is a good atmosphere for exchange of information and ideas within the organization.	103	3.98	.767
Valid N (listwise)	103		

Source: Research Data, 2016

The respondents were also required to rate the extent of agreement on organization-wide communication performed. Clear Organization-wide Communication Channels to employees was ranked highest at 4.06 mean score, followed by good atmosphere for exchange of information and ideas within the organization 3.98, a two way organization-wide communication model 3.90, and timely information on what goes on in departments 3.83. The general rating for this internal marketing strategy had a mean score of 3.94.

4.3.3 Employee Training and development

Table 4.8 Respondent Score on Employee Training and Development

Descriptive Statistics

	N	Mean	Std. Deviation
I have a clear path for career advancement.	103	4.12	.796
I am treated as someone of value to the organization.	103	4.04	.713
The company holds periodical trainings to develop employees.	103	3.85	.901
My job makes good use of my skills and abilities.	103	4.08	.685
Valid N (listwise)	103		

Source: Research Data, 2016

A clear path for career advancement scored highly on training and development at 4.12, My job makes good use of my skills and abilities came second with 4.08, I am treated as someone of value to the organization 4.04 and The Company holds periodical trainings to develop employees 3.85. The overall mean score for training and development was 4.02 which indicates that respondents agreed the strategy was functional in the organization.

4.3.4 Employee Empowerment

Table 4.9 Respondent Score on Employee Empowerment

Descriptive Statistics

	N	Mean	Std. Deviation
I experience personal growth such as updating skills and learning different jobs.	103	3.92	.750
I'm empowered to come up with new and better ways of doing things.	103	3.70	.922
I'm empowered to make decisions and solve customer problems	103	4.08	.813
I respond quickly and courteously to meet customers' needs.	103	4.44	.763
Valid N (listwise)	103		

Source: Research Data, 2016

The respondents indicated they were empowered to respond quickly and courteously to meet customer needs with a mean score of 4.44, empowered to make decisions and solve customer problems 4.08, personal growth, updating skills and learning different jobs 3.92, empowered to come up with new and better ways of doing things 3.70. The general mean score for this strategy was 4.04 denoting respondents' agreement to employee empowerment.

4.3.5 Job Satisfaction

Table 4.10 Respondent Score on Job Satisfaction

Descriptive Statistics

	N	Mean	Std. Deviation
My company avails the tools & resources to do my job well.	103	4.04	.803
The Company keeps employees informed about matters affecting them and provides possible solutions.	103	3.83	.864
I'm involved in decisions that affect my work	103	3.80	.797
My work gives me a feeling of personal accomplishment	103	4.06	.739
Valid N (listwise)	103		

Source: Research Data, 2016

The scores on job satisfaction showed the respondent's work gave them a feeling of personal accomplishment 4.06, their respective companies availed tools and resources to aid work 4.04, they are kept abreast about matters affecting work and provided with possible solutions 3.83, they are involved in decisions that affect their work 3.80. Overallly, job satisfaction scored a 3.93 mean which lies between disagree 3.0 and agree 4.0 but more inclined towards agree. This can be interpreted to mean a section of respondents are uncertain about the level of satisfaction acquired on the job.

4.3.6 Performance Incentives

Table 4.11 Respondent Score on Performance Incentives

Descriptive Statistics

	N	Mea n	Std. Deviation
I have the full support of management in meeting target quotas and goals.	103	3.86	.817
It's a company tradition to award bonuses annually for good business persistency	103	3.80	1.088
The company extends fully paid local and international holidays to top performance achievers	103	3.19	1.205
I fully trust in management to honor performance based promises.	103	3.65	1.118
Valid N (listwise)	103		

Source: Research Data, 2016

Performance incentives as an internal marketing strategy rated low below a mean of 4.0 compared to other strategies. Management support in meeting target quotas and goals scored 3.86, Awarding annual bonuses for good business persistency 3.80, trusting management to honor performance based promises 3.65 and lastly, Extension of fully paid local and international holidays for top performance achievers rated the least at 3.19. This showed that respondents disagreed on ever receiving this form of incentive and hence a low of 3.19. The study also showed large deviations on annual bonus awards, fully paid local and international holidays and honouring of performance based promises which can be as a result of the difference in job levels with managing directors accessing these benefits but not ordinary employees.

Table 4.12 Respondent Score on Growth of New Insurance Products

Descriptive Statistics

Statement	N	Mean	Std. Deviation
Product innovation is always encouraged.	103	4.05	1.004
Participation in idea generation for product development is a companywide practice.	103	3.53	.927
The company is always innovating new products.	103	3.77	.899
The company prefers traditional products to new products.	103	3.01	.995
Product innovation is the work of the product development department.	103	3.65	1.100
Employee's consumption of new products is advocated.	103	3.71	1.006
New products receive quick acknowledgement by employees.	103	3.61	.910
New products easily capture the market's interest.	103	3.52	.958
New products consistently achieve all set performance targets.	103	3.32	.910
The recent new product launch flopped.	103	2.23	1.308
Customers prefer new product to traditional ones.	103	3.39	1.190
Growth of new products is rather unpredictable.	103	3.67	1.248
Valid N (listwise)	103		

Source: Research Data, 2016

4.4 Regression Diagnostic Tests

4.4.1 Multi-collinearity Test

This test explains Multi-collinearity as a problem that you can run into when you're fitting a regression model. It refers to predictors that are correlated with other predictors in the model.

Table 4.13 Regression Analysis Results

Coefficients^a

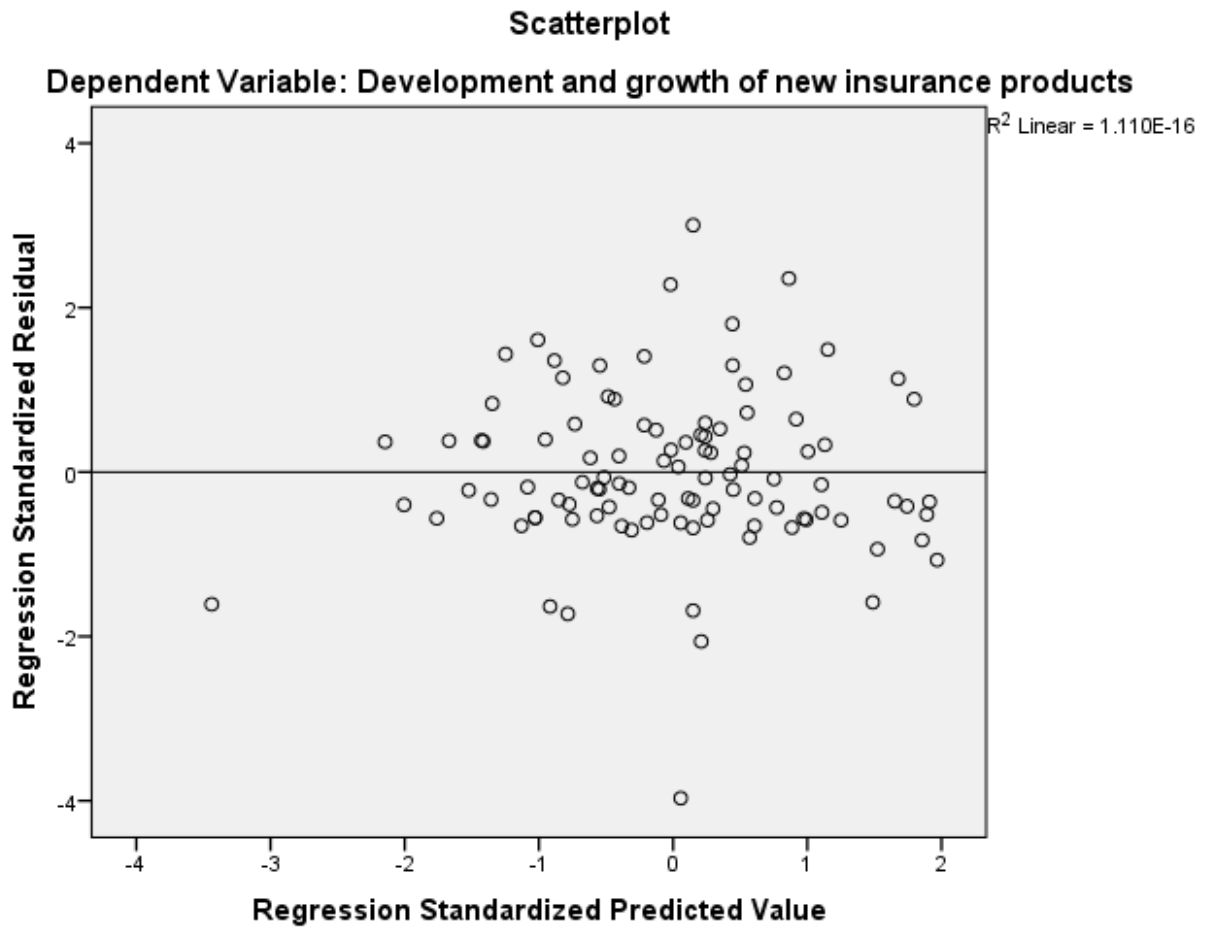
Model	Collinearity Statistics	
	Tolerance	VIF
Employee Motivation	.769	1.300
Organizational Communication	.625	1.599
Training and development	.362	2.763
Employee Empowerment	.408	2.448
Job Satisfaction	.349	2.865
Performance Incentives	.566	1.767

a. Dependent Variable: Growth of new insurance products

Based on the collinearity statistics, the Variance Inflation Factor (VIF) which measures the impact of collinearity among the variables in a regression model obtained were between 1-10. These include; Employee Motivation (1.3), Organizational Communication (1.599), Training and development (2.763), Employee Empowerment (2.448), Job Satisfaction (2.865) and Performance Incentives (1.767). This indicates the absence of multi-collinearity on the predictors in this model.

4.4.2 Homoscedasticity Test

Residual scatter plots provide a graphic assessment of the assumption homoscedasticity between the predicted dependent variable scores and the errors of prediction. The diagram below displays a random movement of scores that take on a rectangular shape with no systematic arrangement.



This plot shows the standardized predicted variable and the standardized residuals. The pattern in this plot indicates the assumption of homoscedasticity is met, thus absence of heteroscedasticity among the variables.

Table 4.14 Regression Model Summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.571 ^a	.326	.284	5.971

a. Predictors: (Constant), Employee Motivation, Organizationwide Communication, Training and development, Employee Empowerment, Job Satisfaction, Performance Incentives.

b. Dependent Variable: Growth of new insurance products

The R-square tells the “goodness of fit” of the model. R-square for this model is .326, which means that the X variables can explain about 32.6% of the change in Y.

Table 4.15 Analysis of Variance

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1657.334	6	276.222	7.748	.000 ^b
Residual	3422.297	96	35.649		
Total	5079.631	102			

a. Dependent Variable: Growth of new insurance products

b. Predictors: (Constant), Employee Motivation, Organizationwide Communication, Training and development, Employee Empowerment, Job Satisfaction, Performance Incentives.

The ANOVA table above reveals that the model can predict Y using X. The implication is $p < 0.000$, which is a smaller amount than 0.05, so we can reject the null hypothesis

that “The internal marketing strategies do not influence growth of new insurance products”.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	19.544	4.498		4.346	.000
Employee Motivation	.152	.128	-.113	-1.187	.238
Organization-wide Communication and Training development	.004	.298	.001	.013	.990
Employee Empowerment	.446	.400	.156	1.117	.267
Job Satisfaction	.079	.349	-.030	-.227	.821
Performance Incentives	.148	.386	.054	.382	.703
	1.110	.252	.490	4.404	.000

a. Dependent Variable: Growth of new insurance products

The first coefficient, “(Constant)”, is the intercept term. In this case, the intercept is 19.544, so when X=0, Y will equal 19.544. We can plug the coefficients into the formula

to predict Y using a value of X.

$$Y = 19.544 + 0.154X_1 + 0.004X_2 + 0.446X_3 + 0.079X_4 + 0.148X_5 + 1.11X_6 + \epsilon$$

Where Y is the dependent variable (Growth of new products), β_0 = constant (intercept of the variable), X1 = Employee motivation, X2 = Organization-wide Communication, X3 = Training & Development, X4 = Employee Empowerment, X5 = Job Satisfaction, X6 = Performance incentives and ϵ is the error term.

According to the equation, bearing all factors (Employee Motivation, Organization-wide Communication, Training and development, Employee Empowerment, Job Satisfaction, Performance Incentives) constant at zero, growth of new products will be 19.544. The data results also indicate that a unit increase in employee motivation will lead to a 0.152 increase in growth of new insurance products; a unit increase in organization-wide communication will lead to a magnitude of 0.004 increase in growth of new insurance products; a unit increase in training and development will lead to a magnitude of 0.446 increase in growth of new insurance products; a unit increase in employee empowerment variable will lead to a 0.079 increase in growth of new insurance products; a unit increase in job satisfaction will lead to a magnitude of 0.148 increase in growth of new insurance products; and lastly a unit increase in performance incentives will lead to a magnitude of 1.110 increase in growth of new insurance products. This indicates that the most significant factor in accelerating growth of new insurance products is performance incentives followed by training and development, employee motivation, job satisfaction, employee empowerment, and lastly organization-wide communication.

4.5 Discussions

This chapter aimed at analyzing the influence of internal marketing strategies in six dimensions namely; employee motivation, organization-wide communication, training and development, employee empowerment, job satisfaction and performance incentives, on growth of new products within insurance firms and the findings demonstrate that these six dimensions of internal marketing have a positive relationship to growth of new products. The findings in the analysis support established findings in the literature review. Ahmed et al, (2003) hypothesized that internal marketing strategies steer employees to advance their competitiveness and heighten their competency levels. This is evident in the chapter analyses as each internal marketing strategy highlighted positively influences the growth of new insurance products. Bansal et al, (2001) postulated that companies that pay employees above average benefits record higher personnel fulfilment levels and more dedication to the organization. With a beta coefficient of 1.110, performance incentives stood out as a significant internal marketing strategy that is instrumental in driving growth of new products followed by training and development. The findings in the analysis further provide empirical evidence linking distinguished internal marketing practices to high employee satisfaction, and in the long run improved organisational performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter submits a summary dissertation on internal marketing strategies and the growth of new products within insurance firms in Kenya. It highlights the general findings of the research followed by recommendations built on the outcomes of the study. Limitations pursuant to the study and suggestions on areas of further research are discussed at the end of the chapter.

5.2 Summary

The study targeted a sample of 40 registered insurance companies operating in Mombasa County with each company required to provide data at three levels vis; from senior management, a line manager or departmental head and any other employee to aid in determining the internal marketing strategies pursued by the insurance company. From the analysis, it emerged that most insurance firms practice the following internal marketing strategies; Employee Motivation which had a mean score of 4.05 with respondents in agreement that they were given due recognition at work, were well remunerated, their efforts were dully rewarded hence each indicated they daily looked forward to go to work. Training and Development scored a mean average of 4.04 with respondents indicating they had a clear path for career development, they were considered valuable to the firm, and they are often trained to upgrade their skills and abilities which are put to good use.

Employee Empowerment also scored highly, employees were empowerment to make decisions and solve customer problems, respond quickly to customer concerns, be innovative in ways of doing things. This rated at a mean score of 4.04. On the other hand, some internal marketing strategies were scarcely evident in the companies. This is evidenced by the low mean score below the 'agree' score of 4.0 mean average points attributed to them. They include Organization-wide Communication which stood at 3.94 this could imply that employees were not given timely information on what was happening in the organization, that a double-way communication model (top-down and vice versa) was not employed but rather a one way model with superiors issuing out orders, communication channels were unclear and there was no good atmosphere for exchange of ideas within the organization. Job Satisfaction also rated at 3.93 average score which implies that companies do not always avail tools and resources necessary for work, that there is information asymmetry hence employees are least informed on the happenings within the firm, decision making is a preserve of the decision making unit (DMU) thus the responsibilities laid on employees do not make them feel a sense of personal accomplishment.

Lastly, the study found out that most companies do not incentivize performance as indicated by a lower mean rating of 3.63. This indicates little support from management in meeting target quotas and objectives, inexistence of consideration for the award of annual bonuses even with good business persistency, lack of fringe benefits such as fully paid holidays of both local and international nature, and finally lack of trust in management to honor performance based promises.

In relation to the second objective of the study, it emerged that internal marketing

strategies have an effect on the growth of new products in insurance companies in Kenya. From the ANOVA table, it is clear that the regression model used can predict Y (growth of new insurance products) using X (internal marketing strategies). When employees are motivated in an environment where information communication is timely and they are well trained and developed to understand their company's goals, they are empowered with ability to represent the company's product offerings and image to the external customer. These coupled with a feeling of job satisfaction will drive growth of new products and by extension increase the level of insurance penetration in the country.

5.3 Conclusions

The study concludes that the low growth of insurance products in Kenya is indeed a factor of the minimal application or total absence of internal marketing strategies that are instrumental in motivating employees who are the internal customers of the firm. These include organization-wide communication, job satisfaction and incentivization of performance which rated low across all companies. The study also concludes that employees in the insurance industry are keen on motivation, training and development as well as empowerment, attributes that are key in making them competent and equipped with the necessary skills to administer insurance products to the external market.

5.4 Recommendations of the Study

Subject to the findings and conclusions, the survey recommends that insurance firms apply internal marketing strategies so as to provide an enabling environment for employees to thrive and stay motivated to propagate the company's product offerings with value addition to the external customers. The study also recommends that those

strategies that have rated low viz; organization-wide communication, job satisfaction and performance incentives be implemented alongside training and development, employee empowerment and motivation. The study further recommends that product innovation should be an ongoing consideration within insurance firms in order to catch up with growing and ever dynamic market demands and that when insurance companies invest more in their internal notable strengths, they will deliver more value addition to customers and a robust distinction from competition.

5.5 Limitations of the Study

The Study concentrated on fully fledged registered insurance companies and left out Brokers who are authorized distributors of insurance products in Kenya. About 198 brokerage firms distribute insurance products and they would have had some input, based on acquired feedback from customers as they market products.

5.6 Suggestions for further Studies

This study focused on registered insurance companies leaving out other players in the industry. It is therefore important to have a study that incorporates all the distribution channels of insurance products that is, the brokers and agencies to enable comprehensive findings with all stakeholders' contributions taken into consideration in an effort to propagate growth of insurance products in Kenya.

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APPENDICES

Appendix 1: INTRODUCTION LETTER



UNIVERSITY OF NAIROBI MOMBASA CAMPUS

Telephone: 020-2059161
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsities
Our Ref: D61/74495/2014

P.O. Box 99560, 80107
Mombasa, Kenya

DATE: 24TH OCTOBER 2016

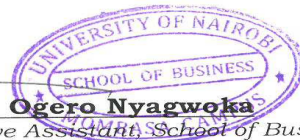
TO WHOM IT MAY CONCERN

The bearer of this letter, **Wakah Wanjiku** of Registration Number **D61/74495/2014** is a Master of Business Administration (MBA) student of the University of Nairobi, Mombasa Campus.

She is required to submit as part of her coursework assessment a research project report. We would like the student to do her project on ***Internal Marketing Strategies and the Growth of New Products Within Insurance Firms in Kenya***. We would, therefore, appreciate if you assist her by allowing her to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.



Zephaniah Ogero Nyagwoka

Administrative Assistant, School of Business-Mombasa Campus

Appendix 2: QUESTIONNAIRE

Instructions

- This questionnaire is part of a study on internal marketing strategies and the growth of new products within insurance firms in Kenya. The success of the study will depend on your genuineness when answering the questionnaire.
- The questionnaire does not bear your name thus the information will not only be treated as confidential but will be used on the basis of this study only.

SECTION I: BIO DATA

1. Age: (i) 25-29 (ii) 30-35 (iii) 36-40
(iv) 41-45 (v) 46-50 (vi) 51 +
2. Gender: - (i) Male (ii) Female
3. Respondent's experience: -
(i) 0-5 (ii) 6-10 (iii) 11-15 (iv) 15 +
4. Designation: -
General Manager Line Manager Others
If others, state
5. Educational Qualification: -
First Degree and Below
First Degree with Professional Qualification
Masters and above

SECTION 2: INTERNAL MARKETING STRATEGIES

6. Please answer the following questions by ticking or writing the correct answer where applicable. Where 5-Strongly agree, 4-Agree, 3-Disagree, 2-Strongly disagree 1-Do not know

Statement		1	2	3	4	5
Employee Motivation						
1.	Am given due recognition at work					
2.	I am well remunerated					
3.	The quality of my efforts is duly rewarded					
4.	I daily look forward to come to work					
Organizational Communication						
5.	Information communication on what is going on in my department and the whole organization is always timely.					
6.	A two way organizational communication model is employed (i.e. top-down and vice versa)					
7.	Communication channels are clear to employees					
8.	There is a good atmosphere for exchange of information and ideas within the organization.					
Training and development						

9.	I have a clear path for career advancement.					
10.	I am treated as someone of value to the organization.					
11.	The company holds periodical trainings to develop employees.					
12.	My job makes good use of my skills and abilities.					
Employee Empowerment						
13.	I experience personal growth such as updating skills and learning different jobs.					
14.	I'm empowered to come up with new and better ways of doing things.					
15.	I'm empowered to make decisions and solve customer problems.					
16.	I respond quickly and courteously to meet customers' needs.					
Job Satisfaction						
17.	My company avails the tools & resources to do my job well.					
18.	The Company keeps employees informed about matters affecting them and provides possible					

	solutions.					
19.	I'm involved in decisions that affect my work.					
20.	My work gives me a feeling of personal accomplishment					
Performance Incentives						
21.	I have the full support of management in meeting target quotas and goals.					
22.	It's a company tradition to award bonuses annually for good business persistency.					
23.	The company extends fully paid local and international holidays to top performance achievers					
24.	I fully trust in management to honor performance based promises.					

SECTION 3: DEVELOPMENT AND GROWTH OF NEW INSURANCE

PRODUCTS

7. Please rate the following factors by ticking. Where 5-Strongly agree, 4-Agree, 3-Disagree, 2-Strongly disagree 1-Do not know

Statement		1	2	3	4	5
1.	Product innovation is always encouraged.					
2.	Participation in idea generation for product development is a companywide practice.					
3.	The company is always innovating new products.					
4.	The company prefers traditional products to new products.					
5.	Product innovation is the work of the product development department.					
6.	Employee's consumption of new products is advocated.					
7.	New products receive quick acknowledgement by employees.					
8.	New products easily capture the market's interest.					
9.	New products consistently achieve all set performance targets.					
10.	The recent new product launch flopped.					
11.	Customers prefer new product to traditional ones.					
12.	Growth of new products is rather unpredictable.					

Q7) ii. Comment on the response given in (Q7i) above

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Appendix 3: REGISTERED INSURANCE COMPANIES IN KENYA

LIST OF REGISTERED INSURANCE COMPANIES IN KENYA – 2015			
	COMPANY	LINE OF BUSINESS	ADDRESS
1.	AAR Insurance Kenya Limited	General	P.O BOX 41766-00100, NAIROBI
2.	APA Insurance Limited	General	P.O BOX 30065-00100, NAIROBI
3.	Africa Merchant Assurance Company Limited	General	P.O BOX 61599-00200, NAIROBI
4.	Apollo Life Assurance Limited	Life	P.O BOX 30389-00100, NAIROBI
5.	AIG Kenya Insurance Company Limited	General	P.O BOX 49460-00100, NAIROBI
6.	British-American Insurance Company(Kenya) Limited	Composite	P.O BOX 30375-00100, NAIROBI
7.	Cannon Assurance Limited	Composite	P.O BOX 30216-00100, NAIROBI
8.	Capex Life Assurance Company Limited	Life	P.O BOX 12043-00400, NAIROBI
9.	CFC Life Assurance Limited	Life	P.O BOX 30364-00100, NAIROBI
10.	CIC General Insurance Limited	General	P.O BOX 59485-00200, NAIROBI

11.	CIC Life Assurance Limited	Life	P.O BOX 59485-00200, NAIROBI
12.	Continental Reinsurance Limited	Composite	P.O BOX 76326-00508, NAIROBI
13.	Corporate Insurance Company Limited	Composite	P.O BOX 34172-00100, NAIROBI
14.	Directline Insurance Company Limited	General	P.O BOX 40863-00100, NAIROBI
15.	East Africa Reinsurance Company Limited	Composite	P.O BOX 20196-00200, NAIROBI
16.	Fidelity Shield Insurance Company Limited	General	P.O BOX 47435-00100, NAIROBI
17.	First Assurance Company Limited	Composite	P.O BOX 30064-00100, NAIROBI
18.	GA Insurance Limited	General	P.O BOX 42166-00100, NAIROBI
19.	GA Life Assurance Limited	Life	P.O BOX 42166-00100, NAIROBI
20.	Gateway Insurance Company Limited	General	P.O BOX 60656-00200, NAIROBI
21.	Geminia Insurance Company Limited	Composite	P.O BOX 61316-00200, NAIROBI
22.	ICEA LION General Insurance Company Limited	General	P.O BOX 30190-00100, NAIROBI
23.	ICEA LION Life Assurance Company Limited	Life	P.O BOX 46143-00100, NAIROBI

24.	Intra Africa Assurance Company Limited	General	P.O BOX 43241-00100, NAIROBI
25.	Invesco Insurance Company Limited	General	P.O BOX 52964-00200, NAIROBI
26.	Kenindia Assurance Company Limited	Composite	P.O BOX 44372-00100, NAIROBI
27.	Kenya Orient Insurance Company Limited	General	P.O BOX 34530-00100, NAIROBI
28.	Kenya Reinsurance Corporation Limited	Composite	P.O BOX 30271-00100, NAIROBI
29.	Madison Insurance Company Limited Kenya	Composite	P.O BOX 47382-00100, NAIROBI
30.	Mayfair Insurance Company Limited	General	P.O BOX 45161-00100, NAIROBI
31.	Mercantile Insurance Company Limited	Composite	P.O BOX 20680-00200, NAIROBI
32.	Metropolitan Life Insurance Kenya Limited	Life	P.O BOX 46783-00100, NAIROBI
33.	Occidental Insurance Company Limited	General	P.O BOX 39459-00623, NAIROBI
34.	Old Mutual Life Assurance Company Limited	Life	P.O BOX 30059-00100, NAIROBI
35.	Pacis Insurance Company Limited	General	P.O BOX 1870-00200, NAIROBI

36.	Pan Africa Life Assurance Limited	Life	P.O BOX 44041-00100, NAIROBI
37.	Phoenix of East Africa Assurance Company Limited	General	P.O BOX 30129-00100, NAIROBI
38.	Pioneer Assurance Company Limited	Life	P.O BOX 20333-00200, NAIROBI
39.	Real Insurance Company Limited	General	P.O BOX 40001-00100, NAIROBI
40.	Resolution Insurance Company Limited	General	P.O BOX 4469-00100, NAIROBI
41.	Shield Assurance Company Limited	Life	P.O BOX 25093-00100, NAIROBI
42.	Takaful Insurance Of Africa Limited	General	P.O BOX 1811-00100, NAIROBI
43.	Tausi Assurance Company Limited	General	P.O BOX 28889-00200, NAIROBI
44.	The Heritage Insurance Company Limited	General	P.O BOX 30390-00100, NAIROBI
45.	The Jubilee Insurance Company Of Kenya Limited	Composite	P.O BOX 30376-00100, NAIROBI
46.	The Kenya Alliance Insurance Company Limited	Composite	P.O BOX 30170-00100, NAIROBI

47.	The Monarch Insurance Company Ltd	Composite	P.O BOX 44003-00100, NAIROBI
48.	Trident Insurance Company Limited	General	P.O BOX 55651-00200, NAIROBI
49.	UAP Insurance Company Limited	General	P.O BOX 43013-00100, NAIROBI
50.	UAP Life Assurance Limited	Life	P.O BOX 23842-00100, NAIROBI
51.	Xplico Insurance Company Limited	General	P.O BOX 38106-00623, NAIROBI

Source: Association of Kenya Insurers report, 2015