Growth Strategies and Performance of Micro Health Insurance in Kirinyaga County, Kenya

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Abstract:- This study focuses on reviewing how intensive growth strategy influences the micro health insurance performance in Kirinyaga County. The design of this study was descriptive design. Self-administered questionnaires with open and closed questions were utilized as main tool for gathering data achieving a response rate of 95%. Content and construct validity was ensured through double check and operationalization of terms. Reliability of the data was assessed and ensured utilizing Cronbach' s alpha with a cut-off point of 0.7 achieved, the study realizing an overall reliability scale of 0.863. Analysis of variance indicated that model was acceptable at a confidence level of 95% since the P – Value was 0.000b and hence <0.05. The R – Squared of the study model was able to explain 55.6% of changes in performance of Micro Health Insurance being influenced by intensive growth strategies. The study concludes that market development and penetration are statistically significant in affecting the performance of Micro Health Insurance.

I.INTRODUCTION

A. Background of the Study

Over the past decade, micro insurance has progressed significantly and has established a mark among the development community for the benefits it can offer low-income populations and among the insurance sector for its ability to access a market that has not yet been tapped into (Roth, McCord, & Liber, 2007). According to the Kenya National Health Accounts (2011), African health micro insurance is prevalent in Central and West Africa, where community-based health mutual abound. The availability of property micro insurance is almost entirely limited to West and East Africa, with some reported from Southern Africa, and most of the agricultural micro insurances are located in East Africa (Thomas & Daniel, 2011).

In Kirinyaga County, the rural population is the bulk of the micro insurance target market because of their low incomes. These schemes have elaborate structures that enable them to recruit members and manage health risks on behalf of the target members. These schemes are listed under the ministry of Gender and social services as Community based organization (CBO), 2018. The CBHF program is implemented by Afya Yetu Initiative (A.Y.I) which is a Non-Governmental Organization registered under section 10 of NGO Act in Kenya.A.Y. I designs and promotes the micro health insurance products and proposes them to the CBHF schemes. However, the organization does not have a mandate to collect money from the community. Therefore, the schemes are left to manage the program independently for them to attain autonomy.

B. Statement of the Problem

Kirinyaga County has 20 administrative wards covering five sub counties. CBHF schemes are visible in 36 sub locations out of the 81 sub locations. This translates to 44% in terms of geographical coverage. In 2017, total membership in the schemes stood at 14,400 beneficiaries against a target of 220,000. This represents a penetration rate of 6.5% in the target area. In 2018 the membership dropped to 11,400 beneficiaries. This represents 21% drop which shows a negative growth of the organization considering the huge budget the organization has set aside for marketing. By Jan 2019, the membership further dropped to 10,100 beneficiaries. Despite having a wide schemes/groups network, aggressive advertisements in the local Medias and developing segmented low-priced products, this has not translated into significant take up/ penetration rate, tremendous growth of schemes and schemes autonomy.

C. Objectives of the Research
(i) To evaluate the impact of market penetration of CBHF program on Micro health insurance performance in Kirinyaga County
(ii) To examine the impact of new product development on micro health insurance performance in Kirinyaga County
(iii) To determine the impact of diversification on micro health insurance performance in Kirinyaga County
(iv) To evaluate the impact of market development on Micro health insurance performance in Kirinyaga County

D. Research Questions
(i) What was the impact of market penetration on performance of micro health insurance in Kirinyaga?
(ii) Did the new product development impact the performance of micro health insurance in Kirinyaga?
(iii) How did diversification impact the performance of Micro health insurance in Kirinyaga?
(iv) How did the market development impact the performance of Micro health insurance in Kirinyaga?

II. LITERATURE REVIEW

A. THEORETICAL REVIEW
a. Michael Porters Five Forces Model

The theory can be used as a tool to establish a strategic advantage within organizations that are competing in a competitive and environment that is healthy (Porter, 1998). In health insurance sector, the buyer is the customer, in the logic that they purchase insurance product from a health insurance institution. Martinez & Wolverton(2009a) argue that the Health Insurance sector is not a flawless market, and choices and information are two strictures used in reviewing the bargaining power of buyers. Information permits buyers to conduct a comparison of services by focusing on breadth of offering and quality. Choice is intricately connected to the profile of the players in the industry. In an industry where there are many options, consumers have more choices and there is an increase in buyer power (Martinez & Wolverton, 2009a).

C. EMPIRICAL REVIEW

Market penetration is a growth technique that is founded on growing the firm' s existing share of markets and products. The strategy focus at increasing the present product' s sale in the current market by initiating forceful promotion. The company aims at penetrating deeper into the market to increase its market share. According to Mascarenas (2006), growth requires expanding its current operations to more potential customers. Howard and James (2013) suggested that when uncontainable environmental aspects dominate market penetration managers have a tendency of going for market penetration plans with external orientations which allow them to avoid the probable risk that would come their way. Market penetration method was found to be one of the best and reliable marketing procedures available to any business organization.

Product development can be explained as the attention on the needs of the current business customers and the wider consumer markets (Ansoff, 1987). Kotler (2001) argue that in product development, a company focus on its current dominant markets but establish new products for these markets. In the notion that new products are useful to the financial health of supporting firms is well anchored by scholars. Product development is done to attain effective market development. According to the Porter (1998), market development is a growth technique where the firm concentrates on selling its current products into new developed markets. There are various potential avenues of looking at this approach, like exporting the existing product to new counties, new geographical markets, new product packaging or attributes, new distribution channels.

A diversification strategy is sought after as indicated by Priem and Butler (2009), when firms' openings are implanted in innovation and market structures and additionally open doors for development in the association's essential business. Because of the way that key topographical development examples are less clear and new markets seem more lucrative and alluring on the face, numerous safety net providers have confronted huge challenges both entering these business sectors and securing a gainful position. Firms will seek after this methodology trying to expand their Rate of return furthermore to guarantee there is proficient utilization of assets.

D. Conceptual Framework
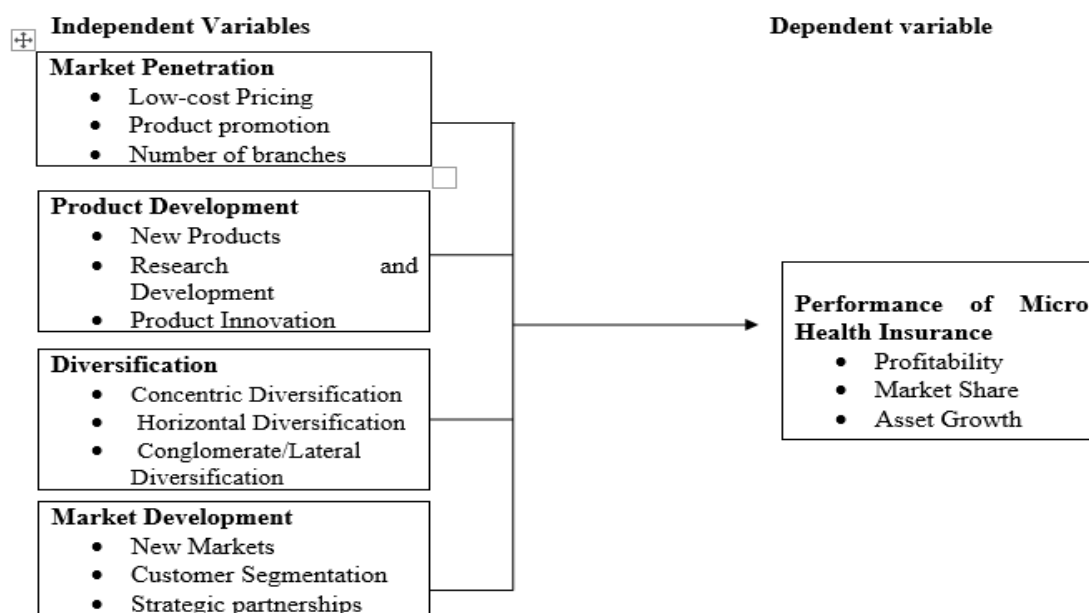
Source: (Author, 2020)

III. RESEARCH METHODOLOGY

A. Research Design

The researcher concentrated on using descriptive research design. For the fact that the target population size is big, the researcher sampled the population to give the representatives of the entire leaders' chance to air their views. The main method for distributing the questions was via a person. It was a convenient method and easy to administer (Kothari, 1998)

B. Target Population

The research targeted the community-based health financing scheme leaders in Kirinyaga region. The region is made up of 36 schemes with the total number of leaders being one hundred and Eighty as shown below.

Table 3.1: Population Distribution

Sub County	Population	No of
Kirinyaga East	12	60
Kirinyaga	14	70
Kirinyaga Central	10	50
Total	**36**	**180**

Source: AYI (2019)

C. Sample Size and Sampling Techniques

In the study a stratified sampling method that segmented population from the three sub counties where the schemes are based. Thus, in every sub county, four schemes were selected randomly, and all the five leaders were interviewed. The individual schemes per Sub County was given numbers from which four schemes were picked randomly.

Table 3.2: Sampling Frame

Sub County	Population	Sample Size	No of Leaders
Kirinyaga East	12	4	20
Kirinyaga West	14	4	20
Kirinyaga Central	10	4	20
Total	**36**	**12**	**60**

Source: (Author, 2020)

D. Data Collection Instrument and Procedure

In the study, questionnaires were administered as the chosen tool for data collection, since it is easier to analyze and time saving. A number of choices was given to choose from, and the respondents given two weeks to complete them.

a. Validity of the Instruments

Once the questionnaire had been developed, validation was done by subjecting it to individual experts in insurance industry to assess the validity. Comments from the experts was then incorporated into the instruments before being used in the field.

b. Reliability of Instrument

A pilot study was undertaken on CBHF programs of Micro health insurance in Kirinyaga County to test the suitability of the questionnaires. Table 3.1 below indicates the Cronbach alpha values for the study variables:

Table 3.3: Cronbach Alpha Values

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Cronbach's Alpha if Item Deleted
Market Penetration	15.0842	5.511	.812
Product Development	15.2421	6.081	.851
Diversification	15.0947	5.717	.845
Market Development	15.0632	5.855	.818
Performance	15.0807	5.113	.824

From the results in Table 3.3 above, all the study variables had met the minimum acceptable alpha value of 0.7 and hence we conclude that the research questionnaire used was reliable. Table 3.4 below indicates the aggregate Cronbach's alpha value of the research:

Table 3.4: Aggregate Cronbach Alpha Values

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.860	.863	5

Source: (Author, 2020)

The results in Table 3.4 above, the aggregate Cronbach's alpha value was 0.863. This further provides the evidence that the research instrument used was reliable.

E. Data Analysis and Presentation

Generally, quantitative and qualitative data analysis methods were applied. Qualitative data was subjected to content analysis where data was grouped into broad themes connected to the goals of the study. Descriptive statistics was utilized in the analysis of the quantitative data. In order to allow quantitative analysis, raw data was changed into numerical codes to represent measurement of variables or attributes. A computer software Statistical Package for Social Sciences (SPSS) was employed to analyze and generate data arrays that were then be further used for next data analysis. Descriptive output was percentages, frequencies tables, charts and graphs to present the collected data, for understanding and analyzing easily. The regression analysis of the mutual effect of the four independent variables against dependent variable was employed to assess the connection between the variables.

The regression model to be estimated.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where,
Y = Growth of Micro Health Insurance (Dependent Variable)
β_0 = Constant (Coefficient of Intercept)
x_1 = Market penetration
x_2 = Product development
x_3 = Diversification
x_4 = Market development
ϵ = Error term

F. Research Ethics

A research permit (NACOSTI) was used to inform the respondents of the intended study. The researcher asked for the consent of the respondents to engage in the research; the participants were given all information about rights of participation and data use. The Participants were notified on the importance of the research and they were guaranteed of the information privacy.

IV. DATA ANALYSIS AND PRESENTATION OF RESULTS

A. Response Rate

From each Insurance Company, the study reached out to 5 leaders making the target respondents for this study 60. Table 4.1 below indicates the response rate:

Table 4.1: Rate of response

Category	Targeted Sample Size	Response Rate	% Response
Respondents	60	57	95
Total	**60**	**57**	**95**

Source: (Author, 2020)   n= 57

B. Demographic Characteristics of the Respondents

a. Gender Composition

The research focused on establishing the respondents' gender and the findings as well as the analysis revealed that 21.05% or 12 respondents were female whereas 78.95% or 45 respondents were male. This is outlined in table 4.2 below:

Table 4.2: Gender Composition

	Frequency	Percent	Cumulative Percent
Male	45	78.95%	78.95%
Female	12	21.05%	100
Total	**57**	**100**	

Source: (Author, 2020)

b. The Respondents Age Bracket

The research focused on establishing the age bracket of the participants and the results are shown in Table 4.3 below:

Table 4.3 Respondents Age Bracket

Age	Frequency	Percent	Cumulative Percent
18 – 24 Years	0	0.0%	0.0%
25 – 30 Years	0	0.0%	0.0%
31 – 34 Years	3	5.26%	5.26%
35 – 40 Years	7	12.28 %	17.54%
41 – 44 Years	16	28.07%	45.61%
46 – 50 Years	12	21.05%	66.66
51 years and above	19	33.34%	100.00%
Total	**57**	**100.00%**	

Source: (Author, 2020)

c. Level of Education

The study focused on establishing the uppermost level of education of the participants and the results are outlined in the Table 4.3 below.

Table 4.4: Level of Education

Education level	Frequency	Percent	Cumulative Percent
University Degree	8	15.69%	15.69%
College Diploma	9	15.79%	31.48%
College Certificate	12	21.05%	52.53%
Secondary Level	17	29.82%	82.35%
Primary Level	11	19.30%	100.00%
TOTAL	**57**	**100**	

d. Occupation of the Respondents

The research focused on establishing the occupation of the participants and the results are outlined in the table 4.5 below.

Table 4.5 Occupation of the respondents

Occupation	Frequency	Percent	Cumulative Percent
Farmer	15	26.31%	26.31%
Businessperson	20	35.09%	61.40%
Government Employee	14	24.56%	85.96%
Private Organization Employee	8	14.04%	100.00%
TOTAL	57	100.00%	

Source: (Author, 2020)

e. Position held by the Respondents

The study focused on establishing the positions held by the study participants and the results are outlined in the table 4.6 below.

Table 4.6 Position held by the respondents

Position Held	Frequency	Percent	Cumulative Percent
Chairperson	13	28.81%	28.81%
Secretary	10	17.54%	46.35%
Vice	11	19.30%	65.65%
Vice secretary	10	17.54%	83.19%
Treasurer	13	28.81%	100.00%
TOTAL	57	100.00%	

Source: (Author, 2020)

f. Work Experience

This research focused on establishing the total number of years worked by the participants and the results are outlined in the table 4.7 below.

Table 4.7: Work Experience

Years Worked	Frequency	Percent	Cumulative Percent
1 year	0	0.0%	0.0%
2 years	5	8.77%	8.77%
3 Years	8	14.04%	22.81%
4 Years	21	36.84%	59.65%
5 Years and above	23	40.35%	100.00%
TOTAL	57	100.00%	

Source: (Author, 2020)

C. Market Penetration Vs Performance

The study focused on establishing the impact of market penetration of CBHF program on performance of Micro health insurance in Kirinyaga County, Kenya and the replies are as outlined in Table 4.8 below.

Table 4.8: Market Penetration

Descriptive Statistics						
	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Product promotional activities	57	2.00	5.00	229.00	4.0175	.81265
Development of schemes	57	2.00	5.00	224.00	3.9298	.86313
Low-Cost Pricing	57	1.00	5.00	218.00	3.8246	1.01985
Embracing new technology	57	2.00	5.00	210.00	3.6842	.86928
Promotion Budget	57	1.00	5.00	204.00	3.5789	1.08475
Aggregate Score					3.807	0.92993
Valid N (listwise)	57					

Source: (Author, 2020)

The results indicate that performance of Micro Health Insurance is highly dependent on product promotional activities (mean score=4.0175) and Development of schemes (mean score=3.9298). This can be explained by the fact that promoting the schemes products promote awareness to the community and hence reaching out to a wider market of the scheme products. In development of schemes in all sub locations ensures that the outreach of Micro Health Insurance covers to the community thereby improving performance of the organization.

The findings further show that embracing new technology (mean score=3.6842) and promotion budget (mean score=3.5789) have the lowest impact on the performance of Micro Health Insurance.

D. Product Development Vs Performance

The research established the effects of product development on performance of micro health insurance in Kirinyaga County, Kenya and the responses are as shown in shown in shown in Table 4.9 below:

Table 4.9: Product Development

Descriptive Statistics						
	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Technology Use	57	1.00	5.00	219.00	3.8421	.92175
Establishing new products	57	1.00	5.00	214.00	3.7544	.96881
Continuous improvement	57	1.00	5.00	211.00	3.7018	.99937
Research and development	57	1.00	5.00	201.00	3.5263	1.03691
Product innovation	57	1.00	5.00	195.00	3.4211	.99906
Aggregate Score					3.64914	0.98518
Valid N (listwise)	57					

Source: (Author, 2020)

The results indicate that performance of Micro Health Insurance is highly dependent on technology use (mean score=3.8421) and establishing new products (mean score=3.7544). This can be expounded by the fact that using technology in product development can yield high number of new products that are tailor made for different communities. This in turn will lead to improved performance. Establishing new products is highly recommendable to meet the various needs of community members.

The findings further indicate that research and development (mean score=3.5263) and product innovation (mean score=3.4211) have the lowest impact on performance of Micro Health Insurance. This can be elaborated by the fact conducting research and development in community-based schemes requires highly trained personnel which could be a hindrance since the community schemes cannot afford the cost to hire the experts. However, it's advisable to the Micro Health Insurance to venture into research and development since its high mean score of 3.5263 is an evident sign that it has an influence on the performance of Micro Health Insurance.

E. Diversification Strategy Vs Performance

The research focused on establishing the effects of diversification on micro health insurance performance in Kirinyaga County, Kenya and the replies are as shown in shown in Table 4.10.

Table 4.10: Diversification Strategy

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Initiating benevolent services	57	2.00	5.00	229.00	4.0175	.83434
Initiated other unrelated products	57	1.00	5.00	222.00	3.8947	.99434
Working with organized groups	57	2.00	5.00	217.00	3.8070	.78918
New health insurance services	57	1.00	5.00	214.00	3.7544	.95020
New related products	57	2.00	5.00	200.00	3.5088	1.05429
Aggregate Score					3.7968	0.92447
Valid N (listwise)	57					

Source: Author

The results indicate that performance of Micro Health Insurance is highly dependent on initiating benevolent services (mean score=4.0175) and initiating other unrelated products (mean score=3.8947). This can be clarified by the fact that Micro Health Insurance is community based and hence initiating benevolent services is a key corporate social responsibility activity that endears the organization to the community hence resulting to improved uptake of its products. Initiating other unrelated products is highly recommendable since the tastes and preferences of different individuals in the community are not the same and hence it is important for Micro Health Insurance managers to satisfy these tastes and preferences.

The findings further indicate that new health insurance services (mean score=3.7544) and new related products (mean score=3.5088) have the lowest impact on performance of Micro Health Insurance. This shows that in the Kenyan context especially in Kirinyaga, introducing new health insurance services and new related products resulted to low performance of the schemes.

F. Market Development Strategy Vs Performance

The study concentrated on establishing the impacts of Market Development Strategy on performance of micro health insurance in Kirinyaga County, Kenya and the responses are as demonstrated in shown in table 4.11:

Table 4.11: Market Development Strategy

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Strategic partnerships	57	3.00	5.00	234.00	4.1053	.69909
Customer segmentation	57	2.00	5.00	234.00	4.1053	.81688
Expanding sales	57	3.00	5.00	232.00	4.0702	.79865
New Geographical markets	57	2.00	5.00	223.00	3.9123	.87179
Launching new products	57	1.00	5.00	168.00	2.9474	.95284
Aggregate Score					3.79648	0.92447
Valid N (listwise)	57					

Source:(Author,2020)

The results show that performance of Micro Health Insurance highly relies on strategic partnerships (mean score=4.1053) and customer segmentation (mean score=4.1053). This can be elaborated by the fact that Micro Health Insurance managers see the need to partner with key stakeholders in the community to realize improved outreach of community members. These partners may include religious organizations, government agencies among other stakeholders. In addition, customer segmentation helps Micro Health Insurance managers to provide various similar customer groups with suitable products and services. This in turn results in improved performance since it is easier to address the needs of customers with relatively similar needs.

The findings further indicate that new geographical markets (mean score=3.9123) and launching new products (mean score=2.9474) have the least impact on performance of Micro Health Insurance. This is an evident depiction that in the Kenyan environment and particularly in the Micro Insurance Health scheme, that new geographical markets and launching new products have a minimal effect on performance of Micro Health Insurance. However, since the new geographical market has a high mean score of 3.9123, the scheme leaders have to keep establishing new geographical markets to develop on the market for their services and products since it is clear that it has a great influence on organizational performance.

V. CONCLUSIONS AND RECOMMENDATIONS

a. Conclusions
It can be concluded that market penetration is numerically agreeable in determining the performance of Micro Health Insurance in Kirinyaga County,product development is not numerically significant in affecting performance of Micro Health Insurance in Kirinyaga County,diversification is not numerically significant in affecting performance of Micro Health Insurance in Kirinyaga county and market development is numerically significant in affecting performance of Micro Health Insurance in Kirinyaga County.There also exists a positive connection between performance of Micro Health Insurance and market penetration.

b. Recommendations
The research recommends that CBHF program should adopt growth strategies that have a noteworthy impact on the performance of the Micro Health Insurance. On market penetration of CBHF program, the study recommends that Micro Health Insurance managers should ensure that market penetration strategies such as low-cost pricing, establishing enough product promotional activities, development of schemes that would reach majority of members in the community, proper allocation of promotion budget and embracing new Technology among other initiatives are adopted. On product development, the study recommends that Micro Health Insurance managers should support use of technology in product development, establishing of new products and continuous improvement. Technology will enable Micro Health Insurance organizations to develop innovative products that can be provided efficiently to the customers thereby improving the organizational performance. Continuous improvement strategy ensures that the organizational services and products remain relevant to consumers and this is bound to achieve sustainable competitive advantage of the Micro Health Insurance. On diversification, the study recommends that Micro Health Insurance managers should initiate benevolent services, develop other products not related to health insurance and also work with organized groups in offering their services. On market development, the study recommends that Micro Health Insurance managers should adopt strategies such as establishing of new geographical markets, expanding sales level through promotional activities, customer segmentation, establishing strategic partnerships, as well as launching new products. Managers should ensure that the market share is not only retained by expanded to enhance the sustainability of the organizational performance.

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