FACTORS AFFECTING THE GROWTH OF INSURANCE PRODUCTS IN SMALL AND MEDIUM ENTREPRISES (SMES) IN KENYA. A CASE STUDY OF LEATHER INDUSTRIES OF KENYA

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University

Signature…………………….…………………… Date ………………..………………

KISOI KEVIN MUSYOKA

BCOM/27/00234/3/22

This research project has been submitted for examination with my approval as University Supervisor

Signature…………………….…………………… Date ………………..………………

CLIFF ONSONGO

THE MANAGEMENT UNIVERSITY OF AFRICA

DEDICATION

I dedicate this project to my family members for the support and environment that they have accorded me in the preparation of this project.

ACKNOWLEDGMENT

This research project is a result of support from several sources; first, I would like to give praise and honor to the almighty God for giving me sufficient grace and power to write this project. I would also like to thank my research supervisor Onsongo for his support; encouragement; patience, and continued interest in my study also have much appreciation to the management and staff of Kenya Leather Enterprise Nairobi Branch that gave me the much-needed information to make this research successful. Lastly, I would like to thank the Management University of Africa for the good and conducive learning environment during my study period thank you a lot and God bless you.

ABSTRACT

Small and Medium Enterprises (SMEs) significantly benefit from insurance coverage, particularly through protection and risk transfer. However, a substantial gap exists in understanding the factors that influence the adoption and growth of insurance products within this sector. Despite the evident advantages, the growth of insurance among SMEs remains relatively low compared to larger corporations. This raises concerns about the factors shaping SMEs' decisions regarding insurance coverage. This study specifically focused on Kenya's leather enterprises, aiming to recognize and evaluate the factors influencing the growth of insurance in SMEs. The study's objectives were to examine the impact of risk management, the nature of products, information and communication technology (ICT), and reputation on insurance growth. Using a descriptive research design, the study targeted 400 management-level employees at the Leather Industries of Kenya. Stratified random sampling selected 40 respondents, and data were collected via structured questionnaires. The findings revealed that 41% of respondents believe risk management affects insurance product growth to a great extent, while 28% see a moderate impact. This suggests that risk management is a critical factor in driving insurance growth. In terms of product nature, 87% of respondents agreed that it affects growth, with 44% believing it has a great extent of impact. Regarding Information and Communication Technology (ICT), 90% of respondents felt it positively impacts insurance growth, with 33% perceiving a great extent of influence. However, 17% believed ICT has no effect, reflecting varying levels of adoption and integration. Finally, reputation was seen as a crucial determinant of insurance growth, with 83% of respondents acknowledging its significance. Among them, 41% believed reputation affects growth to a great extent. In conclusion, risk management, the nature of insurance products, ICT, and reputation are key factors influencing insurance growth in SMEs. To enhance insurance penetration, companies should focus on robust risk management, product development, improving ICT infrastructure, and actively managing their reputation. Future research should investigate the role of digital platforms in building trust and compare traditional and new insurance models.

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OPERATIONAL DEFINITION OF TERMS

Risk Management: Risk management in the context of this study refers to the systematic process of identifying, assessing, and mitigating potential risks that could negatively affect the growth and performance of insurance products.

Nature of Product: The nature of the product refers to the inherent characteristics and features of insurance products that influence their attractiveness and suitability for consumers. This includes aspects like product design, coverage options, premium pricing, flexibility, and the overall value proposition offered by the insurance products to meet the specific needs of target customers.

Information and Communication Technology (ICT): ICT in this study refers to the use of digital tools, systems, and platforms that facilitate the efficient management and delivery of insurance services. This includes the application of technologies such as online portals, mobile apps, automated systems, data analytics, and communication networks that enhance customer engagement, streamline operations, and improve the accessibility and distribution of insurance products.

Reputation: Reputation refers to the perceived standing and credibility of an insurance company in the eyes of customers, stakeholders, and the broader market. It encompasses the firm's history, customer service quality, ethical practices, financial stability, and overall brand image, which collectively influence consumer trust and loyalty, and ultimately, the growth of insurance products.

CHAPTER ONE
INTRODUCTION

1.0 Introduction

This chapter provides background information for the study, the statement of the problem, the general objective, the specific objectives, the research questions, the significance of the study, and the summary of the chapter.

1.1 Background to the Study

The growth of insurance products within the small and medium-sized enterprise (SME) sector is a subject of global importance due to the significant role that SMEs play in the economic development of both developed and developing countries. Globally, SMEs contribute approximately 40% of GDP and employ around 60% of the total workforce, highlighting their critical role in economic growth (World Bank, 2021). However, despite their importance, SMEs often face challenges in accessing insurance products due to various factors, including financial constraints, lack of awareness, and inadequate products tailored to their needs.

In North America, particularly the United States and Canada, SMEs have shown increasing awareness and adoption of insurance products. In the United States, the availability of comprehensive insurance packages has encouraged a higher growth among SMEs, with 70% of SMEs having some form of insurance coverage (Hofmann, 2020). In Canada, government initiatives to subsidize insurance premiums for SMEs have also contributed to the growth of insurance growth in this sector (Canadian Federation of Independent Business, 2019). However, challenges remain, especially in ensuring that insurance products meet the unique needs of smaller enterprises. India and China, as emerging economies, present a mixed picture when it comes to SME insurance adoption. In India, the penetration of insurance products among SMEs remains low due to limited financial literacy and inadequate insurance products (Rao & Rao, 2020). Similarly, in China, while the government has initiated programs to increase insurance coverage, SMEs often struggle to afford the premiums and are skeptical of the benefits (Zhao & Zhang, 2019).

In Southeast Asia, Malaysia and Singapore have seen a more favorable environment for SME insurance growth. In Malaysia, government policies aimed at enhancing financial inclusion have positively impacted the adoption of insurance products among SMEs (Abdullah et al., 2017). Singapore, known for its robust financial sector, has also experienced high insurance penetration among SMEs, driven by strong regulatory frameworks and incentives for both insurers and businesses (Tan & Goh, 2019). In Europe, the UK and Germany represent contrasting scenarios in SME insurance adoption. In the UK, SMEs face barriers such as the complexity of insurance products and cost concerns, although there has been growth in niche insurance products tailored for SMEs (Brown et al., 2018). In Germany, the highly developed insurance market has facilitated better coverage for SMEs, with over 80% of SMEs having some form of insurance (Schmidt et al., 2020).

In Africa, Nigeria, Ghana, and South Africa provide a perspective on the challenges of SME insurance adoption. In Nigeria, the growth of insurance among SMEs is hindered by a lack of trust in insurance providers and limited product offerings (Adewuyi, 2019). Ghana has seen a gradual increase in SME insurance coverage, driven by public awareness campaigns and government support (Asare et al., 2021). South Africa, with its more developed financial sector, has a higher growth of insurance among SMEs, although challenges such as cost and policy clarity remain (Gumede, 2020).

In East Africa, Uganda, Tanzania, and Rwanda are at different stages of SME insurance adoption. Uganda's SME sector faces significant barriers due to limited financial literacy and the high nature of product products (Kato, 2020). In Tanzania, the government’s efforts to promote micro-insurance have started to yield results, although adoption remains slow (Mwita, 2018). Rwanda has seen positive trends in SME insurance growth, driven by collaboration between the public and private sectors (Nkurunziza, 2021).

In Kenya, SMEs are the backbone of the economy, contributing over 30% of GDP and employing more than 80% of the workforce (Kenya National Bureau of Statistics, 2023). Despite their importance, the growth of insurance products within this sector remains low. Studies indicate that factors such as high costs, lack of awareness, and mistrust of insurance providers hinder the growth of insurance products among Kenyan SMEs (Muriuki, 2017; Ndungu & Njuguna, 2020). Additionally, the absence of tailored insurance products for SMEs further exacerbates the situation (Kinyua et al., 2018). Understanding these factors is crucial for policymakers, insurers, and SME owners to develop strategies that will enhance the growth of insurance products within this vital sector.

1.2 Statement of the Problem

Although SMEs benefit from insurance coverage through protection and risk transfer, a significant gap exists in understanding the factors that influence the adoption and growth of insurance products within this sector. Despite the evident benefits, the growth of insurance among SMEs remains relatively low compared to larger corporations, raising concerns about the underlying factors shaping SMEs' decisions regarding insurance coverage (Muriuki, 2017). Exploring these factors is essential for developing strategies to promote greater adoption of insurance products within the SME segment.

One of the critical factors driving the growth of insurance in SMEs is the awareness of insurance products among business owners and key decision-makers. Unlike larger businesses that have dedicated risk management teams, SMEs often lack the tools and knowledge necessary to navigate the complex world of insurance products (Ndungu & Njuguna, 2020). This lack of awareness can result in limited knowledge about the various types of coverage available, their benefits, and how to access insurance services. According to Kinyua et al. (2018), many SME owners in Kenya are unaware of the advantages of insurance, which contributes to the low growth in this sector.

The primary obstacles to insurance adoption by most businesses were identified as high costs (34%), the young age of the company (17%), ignorance of insurance (17%), dishonesty of insurance providers (9%), excessive claim processing time (4%), and the absence of suitable products (Mwangi & Wanjiru, 2019). This study seeks to address these gaps by investigating the factors affecting the growth of insurance in SMEs, with a focus on Kenya's leather enterprises. By recognizing and evaluating these factors, policymakers, insurance companies, and SME owners can gain insights into the opportunities and challenges involved in improving insurance growth and utilization in Kenya's SME sector. This can ultimately contribute to the development of targeted strategies to enhance insurance penetration among SMEs (Kiptoo, 2022).

1.3 Objectives of the Study

1.3.1 The General Objective

The general objective of this study was to analyze factors affecting the growth of insurance products in SMEs in Kenya. A Case Study of Leather Industries of Kenya

1.3.2 Specific Objectives

The specific objectives of this study were

i. To examine how risk management affect the growth of insurance products in Kenya.

ii. To determine how Nature of Product, influence the growth of insurance products in SMEs in Kenya.

iii. To establish how Information and communication technology affects the growth of insurance products in SMEs in Kenya.
iv. To establish how reputation affect the growth of insurance products in SMEs in Kenya.

1.4 Research Questions

The research was based on the following research questions:

i) To what extent does risk management affects the growth of insurance products in Kenya?
ii) How does technological innovation influence the growth of insurance products in SMEs in Kenya?
iii) How does Information and communication technology affect the growth of insurance products in SMEs in Kenya?
iv) To what extent does reputation affect the growth of insurance products in SMEs in Kenya?

1.5 Significance of the Study

The study holds significance for various stakeholders. By offering a deeper understanding of insurance products, the findings can empower SMEs by elucidating the products' importance and the necessity of integrating insurance as a risk management method in businesses. This study can guide insurance companies in tailoring products to suit SMEs' needs and developing convenient financing methods. Additionally, the research results can aid legislators in promoting insurance penetration among SMEs, thus fostering their growth and resilience.

Insurance businesses stand to benefit from the study's recommendations regarding the factors contributing to the industry's poor insurance penetration and failure to meet customer expectations. Implementing programs and policies based on these recommendations could help insurers regain client patronage, loyalty, and confidence, thereby increasing sales and insurance penetration.

The study's findings are expected to enhance public perception of insurance products, assisting both current and potential policyholders in understanding what to expect from insurance providers and the industry as a whole. The Kenyan government's efforts to draft appropriate legislation for uniformity among insurance providers, potential policyholders, and policyholders will also be supported by the study, with implementation overseen by the Insurance Commissioner.

The Association of Kenya Insurers (AKI) can utilize the study findings to assess and enhance its market position, particularly regarding factors driving life insurance company growth. Moreover, it is anticipated that the study's findings will stimulate scholarly discussion and provide a robust framework for further research, contributing to narrowing the gap in Kenyan insurance product research and publication.

1.6 Scope

This study examined factors affecting the growth of insurance products in SMEs in Kenya. A Case Study of Leather Industries of Kenya. The study target population was 50 management level staff of the firm. The study was conducted in Thika. The research was done between May 2024 and August 2024.

1.7 Chapter Summary

This section is focused on the study background and problem under consideration. The research objectives and research questions to be answered are also captured in this section. The section ends with the significance and study scope

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, the literature review investigates the elements influencing the expansion of insurance products among SMEs in Kenya, with the goal of identifying existing knowledge gaps. The review begins with a theoretical examination, followed by an analysis of empirical studies related to the growth of insurance products. The chapter concludes with a summary of the findings.

2.1 Theoretical Literature Review

The study's theoretical review is based on three theories that explain factors influencing the expansion of insurance products among SMEs. The three theories are discussed in the following section with diffusion of innovation theory being the anchor theory.

2.1.1 Diffusion of Innovation Theory

The Diffusion of Innovation Theory, developed by Everett Rogers in 1962, provides a framework for understanding how new ideas and technologies, including insurance products, spread through cultures and markets. This theory is highly relevant for analyzing the adoption of insurance products among SMEs in Kenya, where insurance is often viewed as a financial innovation. According to the theory, the diffusion process is influenced by factors such as the innovation's perceived advantages, compatibility with existing values and practices, simplicity, trialability, and observable results (Rogers, 2003). These factors can either facilitate or hinder the adoption of insurance products within the SME sector, which may be particularly sensitive to financial decisions due to resource constraints.

The application of the Diffusion of Innovation Theory to SMEs in Kenya involves examining how these businesses become aware of insurance products and what motivates them to adopt or reject them. Awareness is a critical first step, often driven by communication channels such as media, industry associations, and peer networks. Perceived benefits, such as protection against financial risks, play a significant role in shaping SMEs' attitudes toward insurance. Social influence, including the behavior of other businesses in the same industry, also impacts decision-making (Rogers, 2003). By understanding these dynamics, researchers can identify the key barriers to insurance adoption and develop strategies to enhance awareness and perceived value among SMEs.

Key factors in the Diffusion of Innovation Theory include the classification of adopters into categories: innovators, early adopters, early majority, late majority, and laggards (Rogers, 2003). In the context of SMEs in Kenya, innovators and early adopters may be more willing to experiment with insurance products, often leading the way for others in the industry. The early and late majority follow once the benefits are more widely recognized, while laggards may resist adoption until it becomes a necessity. By segmenting SMEs based on their position in this adoption curve, policymakers and insurers can tailor their approaches to meet the specific needs and concerns of each group, ultimately promoting broader insurance growth in the SME sector.

2.1.2 Theory of Planned Behavior

The Theory of Planned Behavior (TPB), proposed by Icek Ajzen in 1985, is a valuable framework for understanding the factors that influence SMEs' decisions to adopt insurance products. The theory posits that an individual’s intention to engage in a particular behavior is the strongest predictor of whether they will actually perform that behavior (Ajzen, 1991). This intention is shaped by three key components: attitude toward the behavior, subjective norms, and perceived behavioral control. In the context of SMEs in Kenya, the TPB can help explain the varying levels of insurance growth by examining these factors.

Attitude toward insurance is a critical determinant of whether SME owners decide to adopt it. If they perceive insurance as a beneficial tool for managing risks and ensuring business continuity, they are more likely to purchase insurance products. Conversely, negative attitudes, such as viewing insurance as an unnecessary expense, can hinder adoption. Subjective norms, or the perceived social pressure to adopt or reject insurance, also play a significant role. For example, if industry practices or peer pressure from other SMEs encourage insurance adoption, owners may feel compelled to follow suit (Ajzen, 1991). This social influence can be particularly strong in tight-knit business communities where reputational considerations matter.

Perceived behavioral control reflects SME owners' beliefs about their ability to obtain insurance, taking into account factors such as affordability, accessibility, and understanding of insurance products. If SMEs believe they have control over acquiring insurance, despite financial constraints or complex application processes, they are more likely to adopt it. On the other hand, perceptions of high costs or bureaucratic hurdles can reduce their perceived control and, consequently, their intention to engage in the behavior (Ajzen, 1991). By studying these components—attitude, subjective norms, and perceived behavioral control—researchers can better predict and explain the behavior of SME owners regarding insurance growth, ultimately guiding interventions to increase adoption.

2.1.3 Resource Dependence Theory

Pfeffer and Salancik (1978) came up with the resource dependence theory to explain how the external resources in their work environment affect organizations' behavior. They say that firms change to access resources that they need in their day-to-day operations. A firm's competitive advantage over its competitors is determined by how the firm deals with external resources. Van Weele (2018) strongly believes that external resources are far more important than internal resources. For SMEs in Kenya, this would involve investigating the availability and accessibility of insurance-related products and resources such as capital, expertise, and enough information. Understanding how SMEs can access these resources in their operations can be crucial.

SMEs operating in the Kenyan market often lack these resources making them depend on external resources such as financing and the necessary workforce. SMEs can face different challenges in accessing insurance-related products such as tailored coverage, affordable premiums, and risk management support. Understanding the dynamics of resource dependence theory can help understand why SMEs struggle to purchase insurance and insurance products and how interventions to improve resource access can facilitate their growth.

2.2 Empirical Literature Review

An empirical literature review provides insights into prior research undertaken in a specific field, including the methodologies utilized, the conclusions drawn, and any recommendations put forth. It also identifies gaps in the existing literature that current or future studies should address, as well as the topics covered within the field.

2.2.1 Risk management and Growth of Insurance Products

In the study of SMEs in Kenya, (Onchoke et al., 2018) discovered that those that had established risk management procedures also had higher rates of property, liability, and employee benefits insurance. This shows that risk reduction techniques like insurance might be better understood and appreciated when established risk management methods are used.

Kabura and Murigu (2017) conducted a study on the adoption of insurance products among SMEs in Kenya. They discovered that SMEs with good risk management processes like formal risk assessments and contingency planning were likely to purchase insurance to counter identified risks. This empirical data emphasizes how crucial proactive risk management is to encouraging SMEs to purchase insurance.

In their study of SMEs in Ghana,(Cumming et al., 2013)found that companies having dedicated risk managers had a higher likelihood of having full insurance coverage. This demonstrates how crucial committed staff and risk management knowledge are to promoting the use of insurance.

In their research on the adoption of insurance in Vietnam,(Phan et al., 2008)found that SMEs' ignorance of insurance products constituted a major obstacle. He highlights the importance of focused educational campaigns and financial literacy programs to increase SMEs' understanding of and confidence in using insurance products.

2.2.2 Nature of Products and Growth of Insurance

A lack of sufficient data presents challenges in terms of risk assessment and pricing when issuing microinsurance products to low-income individuals. This poses a threat to insurers' profitability. Data availability is limited as many of the low-income population are first-time buyers. Moreover, the risk of adverse selection and moral hazard increases chances of fraud. Lack of data required to create financial models makes it difficult to set favorable pricing margins, or establish the number of policies needed to cover the associated risk. Although microinsurance products must be priced affordably, they must also be profitable (Timetric, 2015).

Mbogo (2010) finds insurance products to be general and inadequate in meeting the user needs. The product design further affects the quality of the service. Although the clients may not afford high prices, they still need high quality products with wider coverage and fewer exclusions and promise for faster settlement of claims so as to attract them to insurance (Prahalad, 2005). Other key product design issues include setting appropriate insured amounts, avoiding complex exclusions and use of simple language in the policy documents. Insurers are weary of the moral hazard risks; they lack sufficient data for prediction and the pricing risks. Offering the proper products according to the needs of the potential policyholders will help increase the demand for microinsurance (Pablo, 2014). Given the irregular and uncertain income stream of the poor, flexibility in premium collection is needed to extend the microinsurance. 8 Pricing presents a significant challenge because of the need to balance prices, costs, sustainability and affordability (Njuguna and Arunga, 2013).

Pricing is the process of applying an economic sacrifice on a product that is reflected through the monetary value assigned or the quantities required. Within the marketing matrix, price constitute the 4 p's (Brassington, 2011). A well-chosen price should achieve the financial goals of the company such as profitability, market share, growth and sustainability. The microinsurance consumers are very price sensitive. Generally, firms' use pricing as part of their positioning, employing one of the three strategic approaches: premium pricing, value for money pricing and undercut pricing (Dickman, 2009).

While financial education programs can improve people's understanding and appreciation of microinsurance and there increase growth, the product actual design and marketing is equally crucial. To develop microinsurance products that are attractive to the customer, Cohen and Sebstad (2006) noted the importance of studying the needs of the market. It is important that the client can afford the product, as credit constraints have shown to negatively impact on the microinsurance growth. However, it is not only the level of insurance premium but also the method of payment that matters to the potential client. Having to pay the premium in one lump sum may conflict with the client's cash flow and hence growth of the product (Cohen and Sebstad, 2006). A case study on a insurance product in Kenya revealed that the inability to pay premiums immediately was a key factor in people's decision not to buy the product (Mathauer , 2007).

2.2.3 Information and Communication Technology and Growth of Insurance Products

Fadun (2013) investigates the impact of Information and Communication Technology (ICT) on the profitability of insurance companies in Nigeria. Utilizing an empirical design, the study gathered data from 152 respondents across 18 insurance firms through structured questionnaires. The analysis revealed a positive correlation between ICT adoption and insurance companies' profitability, indicating that integrating ICT enhances operational efficiency and service quality, which in turn boosts profitability. The study highlights that regular updates to ICT infrastructure and ongoing training for personnel are essential for maintaining service quality and achieving profit maximization objectives. These findings underscore the critical role of ICT in improving performance and competitiveness within the Nigerian insurance sector.

A study on the information requirements of SMEs like Kenya's leather industry and their effects on insurance acceptance was carried out by Kiptoo et al. in 2019. The results showed that SMEs were uncertain and reluctant to invest in insurance since they could not find enough information on insurance products, coverage alternatives, and claims procedures. This study emphasizes how critical it is to enhance the channels through which information is disseminated to close the knowledge gap and encourage SMEs to adopt insurance.

Bayar,et al (2023) explore the impact of information and communication technologies (ICT) on the development of the insurance sector in ten new EU member states. The study uses data spanning from 2000 to 2020 to analyze how ICT penetration, including mobile cellular subscriptions and internet usage, influences insurance sector growth, as measured by insurance company assets relative to GDP. The findings reveal that internet penetration significantly promotes insurance sector development. Additionally, the research uncovers bidirectional causality between mobile cellular subscriptions and insurance sector growth in Latvia, Poland,

and Slovakia, while a unidirectional causality is observed between insurance sector development and mobile cellular subscriptions in Estonia and Hungary. This study highlights the crucial role of ICT in enhancing insurance sector performance and underscores the varying impacts across different countries.

Witherspoon (2015) explored the impact of Information and Communication Technology (ICT) adoption on the performance of microinsurance businesses in Kenya. The study, based on the Diffusion of Innovations Theory, examines how different types of ICT influence business performance within the microinsurance sector. Using both descriptive and inferential research designs, the study collected quantitative and qualitative data through semi-structured questionnaires from 35 microinsurance companies in Kenya. The findings indicate that ICT adoption significantly enhances various aspects of microinsurance firms' performance, including client appraisal, staff performance, product development, and internal processes. ICT tools have improved client data collection beyond basic requirements and streamlined claims processing, making it more efficient compared to manual systems. The study recommends that microinsurance firms in Kenya continue to invest in advanced ICT systems to further enhance operational efficiency and service delivery. Improved ICT infrastructure also facilitates the expansion of Kenyan insurance companies into East African Community (EAC) member states by leveraging mobile connectivity and other technological advancements.

2.2.4 Reputation and Growth of Insurance Products in SMEs

A study by Sukmawan and Zulganef (2023) explores the influence of insurance service reputation, customer relationship management (CRM), and price attractiveness on customer experience within the insurance industry. The study emphasizes that a positive company reputation, built on responsibility and open dialogue, significantly impacts customers' decisions and fosters loyalty. Effective CRM also plays a crucial role in maintaining trust and service standards, which are vital for customer satisfaction. Additionally, price attractiveness not only influences customer service perceptions but also serves as an indicator of service quality, further affecting customer trust and experience. The review concludes that there is a strong relationship between insurance service reputation, CRM, price attractiveness, and customer loyalty, highlighting their combined impact on overall customer experience

Odhiambo and were (2020) looked into how Kenyan SMEs' decisions to take insurance were influenced by the reputation of insurance providers. Their study brought to light how SMEs' opinions of the dependability and legitimacy of insurance providers are shaped by industry awards, positive word-of-mouth recommendations, and internet evaluations. Reputable insurance companies were more likely to draw in small and medium-sized business clients and build long-lasting relationships based on satisfaction and trust.

Njoroge and Kiarie (2018) studied how SMEs in Kenya's leather industry felt about insurance companies. Their research showed that while choosing insurance partners, SMEs gave priority to responsiveness, dependability, and trustworthiness. Insurance companies with a track record of honesty, openness, and customized care were well-liked.

A study by Gli et al. (2024) explores the impact of corporate reputation on customer loyalty within the Ghanaian banking industry, emphasizing the moderating role of the firm's country of origin. Using survey research design, data were collected from 367 customers of universal banks, and structural equation modeling was employed for analysis. The findings reveal that key elements of corporate reputation, such as corporate social responsibility, credibility, product attributes, and relationship marketing, significantly influence customer loyalty. Notably, the study highlights that the country-of-origin effect moderates the relationship between corporate reputation and customer loyalty, especially within the banking sector. This research contributes to the bank brand management literature by applying signaling theory and offering a comprehensive framework for understanding corporate reputation's role in fostering customer loyalty.

Kautish, Khare, and Sharma (2021) investigate the role of insurance company reputation, performance, and affect in customer retention for health insurance policies, with a focus on how customer inertia influences these factors. Using covariance-based structural equation modeling, the study analyzed data collected through structured questionnaires. The results highlight that company reputation, performance, and both positive and negative affects significantly impact customer retention, with positive affect showing the most substantial influence. Additionally, customer inertia was found to play a critical moderating role in the relationship between negative affect and customer retention. This research is notable for its exploration of customer inertia within the context of health insurance in India, providing valuable insights for insurers aiming to enhance customer retention through improved reputation and performance management.

2.3 Summary and Research Gaps

Research indicates that effective risk management practices within SMEs in Kenya are closely linked to increased insurance growth. Onchoke et al. (2018) found that SMEs with established risk management procedures were more likely to have comprehensive insurance coverage, including property, liability, and employee benefits. This suggests that a well-developed risk management strategy enhances the understanding and value placed on insurance. Similarly, Kabura and Murigu (2017) observed that SMEs with formal risk assessments and contingency plans were more inclined to purchase insurance to mitigate identified risks. This underscores the importance of proactive risk management in encouraging insurance adoption. In a broader context, Cumming et al. (2013) found that companies in Ghana with dedicated risk managers were more likely to have full insurance coverage, highlighting the role of knowledgeable risk management staff. Additionally, Phan et al. (2008) identified a lack of awareness about insurance products as a significant barrier in Vietnam, emphasizing the need for educational campaigns to improve SMEs' understanding and confidence in insurance.

The design and pricing of insurance products present significant challenges, particularly in microinsurance for low-income individuals. Limited data makes risk assessment and pricing difficult, affecting insurers' profitability. Timetric (2015) notes that while microinsurance products need to be affordable, they must also remain profitable amidst issues like adverse selection and fraud risks. Mbogo (2010) criticizes current insurance products as insufficiently addressing user needs, suggesting that improvements in product design, such as broader coverage and simpler language, are necessary to attract clients. Njuguna and Arunga (2013) discuss the challenge of balancing affordability with sustainability in pricing. Properly designed products that align with potential policyholders' needs, including flexible premium payment options, are essential for increasing microinsurance growth. Cohen and Sebstad (2006) emphasize the importance of understanding market needs and accommodating clients' cash flow constraints to enhance microinsurance adoption.

Information and Communication Technology (ICT) plays a pivotal role in the growth and efficiency of insurance sectors. Fadun (2013) demonstrated that ICT adoption positively impacts insurance companies' profitability in Nigeria by enhancing operational efficiency and service quality. In Kenya, Kiptoo et al. (2019) found that SMEs' reluctance to invest in insurance was partly due to inadequate information on insurance products and procedures, highlighting the need for better information dissemination. Bayar et al. (2023) observed that ICT, particularly internet and mobile usage, significantly promotes insurance sector development in the EU, with varying impacts across countries. Witherspoon (2015) highlighted the benefits of ICT for microinsurance businesses in Kenya, noting improvements in client data management, claims processing, and overall performance. Investment in advanced ICT systems is recommended to boost operational efficiency and expand into new markets.

The reputation of insurance providers significantly influences SMEs' decisions to purchase insurance. Sukmawan and Zulganef (2023) found that a positive reputation, built on responsibility and effective customer relationship management, enhances customer loyalty and satisfaction. In Kenya, Odhiambo and Were (2020) highlighted that SMEs were more inclined to choose insurance providers with strong reputations for reliability and trustworthiness, influenced by industry awards and positive recommendations. Njoroge and Kiarie (2018) noted that SMEs prioritized responsiveness and transparency when selecting insurance partners. Additionally, Gli et al. (2024) explored how corporate reputation affects customer loyalty in Ghana's banking sector, emphasizing that factors like corporate social responsibility and credibility significantly impact customer loyalty. Kautish et al. (2021) investigated the role of insurance company reputation and performance in customer retention for health insurance in India, finding that a positive reputation strongly influences customer retention, with customer inertia playing a moderating role.

2.4 Conceptual Framework

The conceptual framework outlines the connection between independent and dependent variables. An independent variable, manipulated by the researcher to determine its effect on another variable, is a focal point. Specifically addressing Leather Industries of Kenya (KLE), this study's conceptual framework integrates various theories and concepts previously discussed to understand the factors influencing the proliferation of insurance products among Small and Medium Enterprises (SMEs) in Kenya.

Figure:1 Conceptual Framework

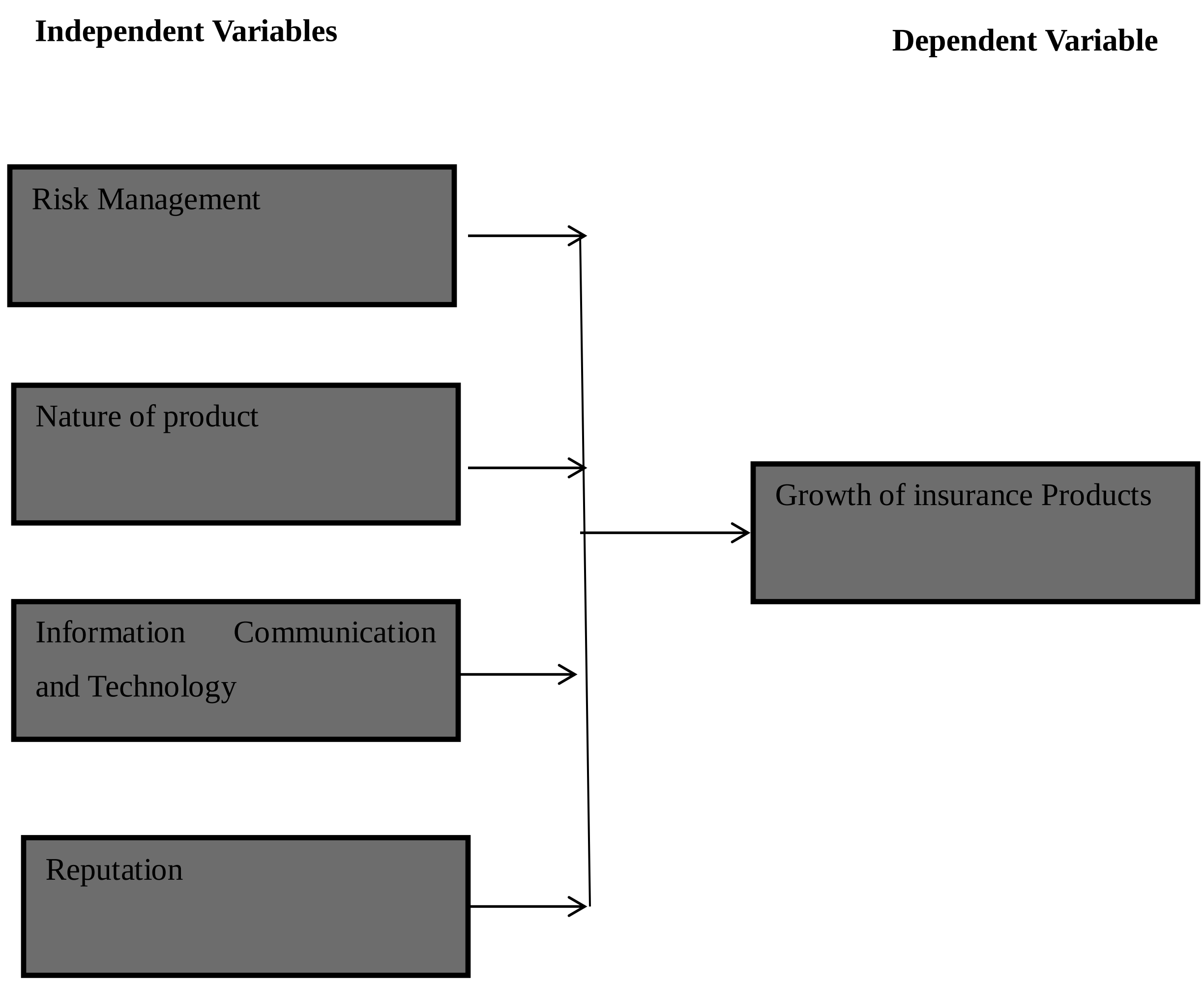


Figure 1 **:Conceptual Framework**

2.5 Operationalization of Variables

The operationalization of the above variables is as summarized shown in the table 2 below

Table 1: Operationalization of Variables

Variable	**Indicator**	**Measurement**
Risk management	• Existence of a dedicated risk management team • Implementing risk assessment models	(1 – 5) Likert scale
Nature of Product	• Using digital tools and platforms • Investment in new technologies	(1 – 5) Likert scale
Information communication technology	• Easy access to industry-specific expertise • Participation in insurance industry workshops	(1 – 5) Likert scale
Reputation	• Brand reputation of insurance companies • Brand recognition and reputation	(1 – 5) Likert scale
Insurance growth	• Number of products • Revenue	(1 – 5) Likert scale

2.6 Chapter Summary

The review of the literature is divided into the various aspects that impact the expansion of insurance products in Small and Medium-Sized Businesses (SMEs). SMEs are an essential sector of the economy that makes major contributions to job creation and economic growth. For policymakers and insurance providers to create strategies and policies that work, it is essential to comprehend the dynamics of insurance product growth and growth in this industry. In this chapter, the review was done on literature relating to the independent variables and dependent variables. The contribution of various variables to the growth of insurance products was elaborated.

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This chapter presents the research design, target population, sample and sampling technique, instruments, pilot study, validity, reliability test, data collection procedure, data analysis and presentation, ethical considerations and chapter summary.

3.1 Research design

A research design is a plan used by researchers to seek answers to their research questions (Cooper & Schindler, 2013). This study employed a descriptive research design to investigate the impact of transformational leadership on organizational performance (Kothari, 2009). According to Cooper and Schindler (2013), descriptive research aimed to uncover details about who, what, where, when, and how much. The researcher chose this design to provide an accurate depiction of the situation at the Leather Industries of Kenya.

3.2 Target Population

In research, inferences are drawn from a group of elements known as a population (Cooper & Schindler, 2013). These elements should share observable characteristics. The target population of a study represents the group to which the study's findings will be generalized (Mugenda & Mugenda, 2009). For this study, the target population comprised 400 management-level employees at the Leather Industries of Kenya, divided into top management (6), middle management (84), and lower management (310). This target population is summarized in Table 3.

Table 2:Target Population

Management Level	Number	Percentage
Top management	06	15
Middle Level	84	21
Lower Level	310	64
Total	**400**	**100**

Source: Leather Industries of Kenya (2024)

3.3 Sample and Sampling Technique

Sampling refers to the process of selecting individuals from a larger population to participate in a study. This approach is necessary because it is often impractical to include the entire population due to constraints such as time and resources (Mugenda & Mugenda, 2019). In this study, stratified random sampling was used due to the heterogeneous nature of the population. This technique involves dividing the population into distinct subgroups or strata and then randomly selecting participants from each stratum to form the final sample. According to Kothari (2014), descriptive studies typically require a sample size ranging from 10% to 30% of the target population. Therefore, a sample of 40 respondents, which represents 10% of the target population, was used in this study, as shown in Table 3.

Table 3: Sample size

Population Category	Target Population	10%
Top Management	06	01
Middle Management	84	8
Lower-Level Management	310	31
Total	**400**	**40**

3.4 Instruments

3.4 Instruments

Primary data for this study was collected using questionnaires. These tools were designed to capture crucial information from respondents relevant to the study's objectives (Kumar, 2010). A structured questionnaire was chosen due to its ability to maintain consistency in responses, ease of administration, and cost-effectiveness. The questionnaire included both open-ended and closed-ended questions to ensure comprehensive data collection.

3.5 Pilot Study

Conducting a pilot study is an essential step in research to identify potential issues and refine the data collection instruments (Yesavage, 2006). A pilot test helps in addressing any ambiguities and enhances the effectiveness of the instruments (Hassan, 2006). For descriptive studies, Mugenda and Mugenda (2009) recommend a pilot study involving 10% of the intended sample size. In this research, a pilot study was conducted with 4 from Escon Leather Company , representing 10% of the total sample size. The results of this pilot test were used to assess the validity and reliability of the research instruments (Sekaran, 2015).

3.5.1 Validity

Validity refers to the extent to which a research instrument measures what it is intended to measure (Oso & Onen, 2008). This study employed content validity, which assesses whether the data collected using a specific instrument accurately represents the content of the concept being studied. To enhance validity, the researcher consulted with the supervisor to align the instrument items with the study's objectives. The supervisor's feedback was instrumental in improving the content validity of the questionnaire (Mugenda & Mugenda, 2012).

3.5.2 Reliability Test

Reliability refers to the consistency of a research instrument in obtaining similar results under consistent conditions (Best & Kahn, 2014). The Cronbach’s alpha coefficient was calculated to measure the reliability of the study's instruments. Generally, a coefficient of 0.7 or higher is considered acceptable. For this study, the Cronbach's alpha coefficient was estimated at 0.83, indicating that the instruments were reliable (Sekaran, 2015).

3.6 Data Collection Procedure

Before data collection began, research authorization was obtained from the Dean of the School of Management and Leadership at the Management University of Africa. The researcher also sought permission from the Human Resource Manager at the Leather Industries of Kenya to distribute the questionnaires. The questionnaires were administered using the drop-and-pick-later method, allowing respondents time to complete them before they were collected for data analysis.

3.7 Data Analysis and Presentation

Data from the semi-structured questionnaires produced both quantitative and qualitative insights. The collected data was coded, edited for completeness and consistency, and entered into the Statistical Package for Social Sciences (SPSS version 20) for analysis. Descriptive statistics, including mean, standard deviation, frequencies, and percentages, were used to summarize the data, while inferential analysis was conducted to draw conclusions from the sample data.

3.8 Ethical Considerations

Ethical considerations are crucial in research to ensure that the study is conducted with integrity and respect for participants (Mackinnon, 2011). This study adhered to ethical principles such as informed consent, voluntary participation, confidentiality, privacy, and anonymity.

3.8.1 Informed Consent

Informed consent involves ensuring that participants are fully aware of the study's purpose and procedures before agreeing to participate (Silverman, 2002). The researcher explained the study's objectives and procedures to the participants, allowing them to make an informed decision about their involvement.

3.8.2 Voluntary Participation

The principle of voluntary participation ensures that no participant is coerced into taking part in the study (Trochim, 2006). The researcher emphasized that participation was entirely voluntary.

3.8.3 Confidentiality

Confidentiality involves safeguarding participants' sensitive information. The researcher obtained permission from the Management University of Africa and Leather Industries of Kenya to facilitate data collection and assured participants that their responses would be used solely for academic purposes. An introduction letter was attached to the questionnaires to further emphasize this assurance.

3.8.4 Privacy

To maintain privacy, the study ensured that respondents could not be identified through their responses. Codes and pseudonyms were used to protect participants' identities.

3.8.5 Anonymity

Anonymity was maintained by ensuring that no identifying details, such as cultural background or ethnicity, were disclosed. Respondents were not required to write their actual names on the questionnaires, further protecting their identity (Mugenda, 2009).

3.9 Chapter Summary

This chapter outlined the research methodology, including the research design, sample population, data collection tools, and data analysis methods used in the study. The chapter also addressed ethical considerations to ensure the integrity and validity of the research process.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction

This section involves the discussion and presentation of the study findings as regards factors affecting growth of insurance products. Data was obtained from the respondents using questionnaires and analyzed as follows;

4.1 Presentation of Research Findings

4.1.1 Response Rate

Table 4: Response Rate

Category	Sample Size	Percentage
Response	39	97.5
Non-response	1	2.5
Total	**40**	**100**

According to table 4 above, 92.8% of questionnaires were returned completely filled whereas 15.3% were not returned. Response rate of 50% gives green light for data analysis because it is considered adequate, more than 60% is rated good and above 70% rated excellent. The response rate for this study was 97.5% thus considered as excellent (Mugenda&Mugenda,2012). This therefore allowed for data analysis to be commenced for purposes of writing the final report.

4.1.2 Gender of the Respondents

The study sought to establish the gender of the respondents involved in the study. The data obtained from the respondents is as summarized in table 5.

Table 5: Gender

Gender	Number	Percentage
Male	29	75
Female	10	25
Total	39	100

From the data summarized in the table 6, 25% of the respondents were female whereas 75% were male.

4.1.3 Age of Respondents

Table 6:Age of Respondents

Category	Frequency	Percentage
18-25 years	16	21
26-33 years	18	23
34-41 years	10	13
42-49 years	29	37
Above 50 years	5	6
Total	**39**	**100**

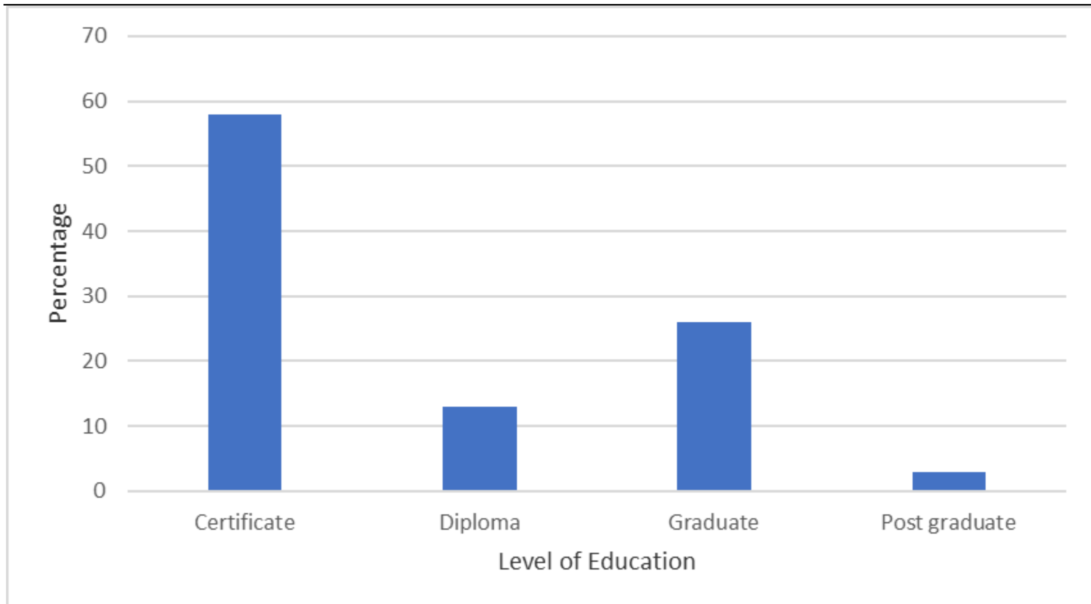
According to table 6 majority of employees were between 42 - 49 years of age at 31%. They were followed by employees that were between the ages of 26-33 years at 23%. The age bracket between 18-25 years was 21% as represented by the questionnaires. The age bracket between 34-41 years was 13% and above 50 years were 6% respectively. This showed that data gathered reflected views from different age limits of respondents.

4.1.4 Education Level

Table 7:Highest Level of Education

Levels of Education	Frequency	Percentage
O level and below	23	58
Diploma	05	13
Graduate	10	26
Post graduate	01	03

Total	39	100



According to table 7, 58 % of the respondents hold O-Level education and below,13% hold diploma,26% are graduates and 03% have a post graduate qualification.

4.1.6 Risk management

4.1.6.1 Effect of risk management on growth of insurance products

Table 8: Effect of risk management on growth of insurance products

Responses	Frequency	Percentage
Yes	36	92
No	03	8
Total	**39**	**100**

Table 8 illustrates the effect of risk management on the growth of insurance products, with 92% of respondents affirming that risk management significantly influences the growth of insurance products, while 8% disagreed. This high percentage suggests a strong consensus among respondents about the positive impact of risk management on insurance growth.

The overwhelming majority (92%) indicates that well-implemented risk management practices are crucial for the expansion of insurance products. This finding aligns with the research by Onchoke et al. (2018), who noted that SMEs with established risk management procedures were more likely to engage in comprehensive insurance coverage. Similarly, Kabura and Murigu (2017) found that SMEs with effective risk management strategies were more inclined to purchase insurance to mitigate identified risks. These studies highlight that effective risk management enhances the understanding and value of insurance, leading to greater uptake and growth of insurance products.

Conversely, the 8% of respondents who believed that risk management does not affect the growth of insurance products may reflect a differing viewpoint or a lack of awareness about the role of risk management in insurance growth. This minority perspective contrasts with findings from Cumming et al. (2013), who observed that dedicated risk managers within companies were associated with higher insurance coverage. The discrepancy could suggest that some respondents may not fully appreciate the benefits of risk management or may not have had sufficient exposure to its impact on insurance.

Overall, the data indicates a clear trend that effective risk management is perceived as having a significant impact on the growth of insurance products, supporting the conclusions drawn by previous research that highlights the positive relationship between risk management practices and insurance uptake.

4.1.6.2 Extent to which risk management affect the Growth of insurance Products.

Table 9:Extent to which risk management affect the Growth of insurance Products.

Responses	Frequency	Percentage
Great extent	16	41
Moderate extent	11	28
Low extent	04	10
No effect	08	21
Total	**39**	**100**

Table 9 reveals that 41% of respondents believe that risk management affects the growth of insurance products to a great extent, while 28% perceive its impact to be moderate. A smaller portion, 10%, feel that risk management has a low impact, and 21% believe it has no effect.

The data shows a predominant view that risk management has a substantial influence on the growth of insurance products. The majority of respondents (41%) acknowledge a great extent of impact, aligning with findings from Onchoke et al. (2018) who highlighted that SMEs with robust risk management practices tend to have higher rates of insurance coverage. Kabura and Murigu (2017) also support this, noting that effective risk management encourages insurance uptake by identifying and mitigating risks. This strong perception of risk management's impact suggests that it plays a crucial role in the insurance industry, driving growth through enhanced understanding and implementation of risk strategies.

The moderate extent reported by 28% of respondents also supports the idea that risk management has a notable effect, though not as pronounced as the 41% who see it as having a great impact. This moderate view is consistent with Cumming et al. (2013), who found that risk management practices are associated with higher insurance coverage but may not fully account for all variations in insurance growth.

On the other hand, the 10% who perceive a low impact and the 21% who see no effect might reflect differing experiences or perspectives on the role of risk management. These views could be influenced by limited exposure to effective risk management practices or varying interpretations of its impact on insurance growth. In summary, the data indicates that risk management is widely recognized as having a significant effect on the growth of insurance products, with the majority of respondents attributing a great extent of impact to it. This finding is consistent with existing literature that emphasizes the importance of risk management in fostering insurance growth.

4.1.8 Nature of product

4.1.8.1 Effect of Nature of Product on Growth of Insurance Products.

Table 10: Effect of Nature of Product on Growth of Insurance Products.

Responses	**Frequency**	**Percentage**
Yes	34	87
No	05	13
Total	**39**	**100**

According to table 10 indicate the effect of nature of product on growth of insurance products. whereby 87% of the respondents agreed that it affect the growth of insurance products. while 13% of the respondents disagreed that it does not affect it in anyway. From the study it can be deduce that nature of product affects the growth of insurance.

4.1.8.2 Extent to which nature of product affect growth of insurance products

The researcher obtained data from the field to ascertain the extent to which nature of product of growth of insurance products. The data obtained was as summarized in table 10

Table 11: Extent to which nature of product affect the growth of insurance products.

Responses	**Frequency**	**Percentage**
Great extent	17	44
Moderate extent	13	33
Low extent	07	18
No effect	02	5
Total	**39**	**100**

Table 11 shows how the nature of insurance products impacts their growth. The data indicates that 44% of respondents believe the nature of the product affects growth to a great extent, while 33% see a moderate impact. In contrast, 18% view the effect as low, and 5% believe it has no effect.

The substantial proportion of respondents (44%) who consider the nature of the product to have a great extent of impact highlights the critical role product design plays in driving insurance growth. Mbogo (2010) supports this view, noting that insurance products need to be well-designed to meet user needs and attract clients. This finding aligns with Prahalad (2005), who emphasized that insurance products must offer broad coverage and high-quality service to appeal to potential customers.

On the other hand, the 33% who perceive a moderate impact and the 18% who see a low effect suggest that while product nature is important, it is not the sole determinant of insurance growth. Njuguna and Arunga (2013) discuss the challenges in balancing affordability with sustainability in microinsurance pricing, indicating that product design must also consider other factors like pricing and coverage flexibility. The 5% who believe there is no effect may reflect a perspective that other factors, such as marketing or company reputation, are more influential. Overall, while the nature of insurance products is recognized as a significant factor in their growth, its impact varies among respondents, highlighting the interplay of multiple elements in driving insurance growth.

4.1.9 Information communication and technology

The researcher obtained data from the field to ascertain whether information communication and technology affects the growth of insurance products. The data obtained was as summarized in table 12

4.1.9.1 Effect of Information Communication and Technology on Growth of Insurance Products

Table 12: Effect of Information Communication and Technology on Growth of Insurance Products.

Responses	Frequency	Percentages
Yes	35	90
No	04	10
Total	**39**	**100**

According to table 12, the finding indicated the effect of information communication and technology on growth of insurance products. whereby 90% of the respondents agreed that information communication and technology affect the growth of insurance products. while 10%

of the respondents disagreed that it does not affect it. It can thus be deduced that information communication and technology affect growth of insurance products.

4.1.9.2 Extent to which Information Communication and Technology Affect Growth of Insurance Products

The researcher obtained data from the field to ascertain the extent to which information communication and technology affects the growth of insurance products. The data obtained was as summarized in table 13.

Table 13: Extent to Which Information Communication and Technology Affect the Growth of Insurance Products.

Responses	Frequency	Percentage
Great extent	13	33
Moderate extent	11	28
Low extent	09	22
No effect	06	17
Total	**39**	**100**

Table 13 presents the extent to which Information Communication and Technology (ICT) affects the growth of insurance products. The data reveals that 33% of respondents believe ICT has a great extent of impact on insurance product growth, while 28% perceive a moderate impact. Conversely, 22% consider ICT to have a low effect, and 17% believe it has no effect.

The finding that 33% of respondents attribute a great extent of impact to ICT underscores its significant role in enhancing insurance product growth. This aligns with Fadun (2013), who found a positive correlation between ICT adoption and profitability in the insurance sector, suggesting that ICT improves operational efficiency and service quality, which can drive growth. Additionally, Witherspoon (2015) highlighted how ICT tools have enhanced various aspects of microinsurance performance, including client data management and claims processing, further supporting the view that ICT is crucial for growth.

However, the 28% of respondents who see a moderate impact and the 22% who perceive a low effect suggest that while ICT plays a role, its influence might not be uniformly substantial across all contexts. This is supported by Kiptoo et al. (2019), who noted that information gaps can affect SMEs' investment in insurance. The 17% who feel ICT has no effect could indicate skepticism or varying levels of ICT integration within different organizations. Overall, while ICT is recognized for its positive impact on insurance product growth, the extent of its effect varies, reflecting a diverse range of experiences and the varying degrees of ICT adoption in the insurance sector.

4.1.12 Reputation

The researcher obtained data from the field to ascertain whether reputation affect the growth of insurance products. The data obtained was as summarized in table 14

Table 14: Effect of reputation on growth of insurance products.

Responses	Frequency	Percentage
Yes	32	83
No	07	17
Total	**39**	**100**

According to table 14 showed the effect of reputation on growth of insurance products. whereby it was indicated that 83% of the respondents agreed that it affect the growth of insurance products. while 17% of the respondents disagreed that it does not affect it in anyway.

4.1.13 Extent to which Reputation Affect the Growth of Insurance Products

The researcher obtained data from the field to ascertain the extent to which reputation affects growth of insurance products. The data obtained was as summarized in table 15

Table 15: Extent to which reputation affects the growth of insurance products.

Responses	Frequency	Percentage
Great extent	16	41
Moderate extent	09	24
Low extent	06	13
No effect	08	22

Total	**39**	**100**

Table 15 illustrates how reputation influences the growth of insurance products. According to the data, 41% of respondents believe that reputation affects insurance product growth to a great extent, while 24% think it has a moderate extent of impact. In contrast, 13% view reputation as having a low effect, and 22% feel it has no effect on growth.

The substantial percentage of respondents (41%) who acknowledge a great extent of impact underscores the critical role of reputation in the insurance industry. This aligns with Sukmawan and Zulganef (2023), who emphasized that a positive company reputation, characterized by responsibility and effective customer relationship management, significantly impacts customer loyalty and growth. Reputable insurance companies are likely to attract more clients and foster long-term relationships, enhancing their market presence and product uptake.

On the other hand, the 24% who perceive a moderate impact and the 13% who see a low effect suggest a more nuanced view. These findings are consistent with Njoroge and Kiarie (2018), who noted that SMEs prioritize factors like responsiveness and trustworthiness when selecting insurance providers. The 22% who believe that reputation has no effect may reflect skepticism or differing experiences, potentially indicating that other factors, such as product pricing or coverage, might play a more dominant role in some cases. Overall, while reputation is recognized as a significant factor in driving insurance product growth, its impact varies among respondents, highlighting the complex interplay of factors influencing insurance uptake.

4.2 Limitations of the study

Some employees feared that the information they gave could be accessed by their supervisors. This affected their willingness to fill all the questions honestly. To mitigate this problem, a cover letter was written to the management and to the specific respondents and the researcher assured them of confidentiality of the information given and that the data was to be used specifically for academic purposes.

The time available for the study was also short as the study was required to submit the project early enough for graduation. It was therefore necessary for the researcher to ask for two weeks leave for purposes of data collection, analysis and report writing

4.3 Chapter Summary

Of the 40 questionnaires given to the respondents, 39 of them were retuned. This indicates that 97.5% of questionnaires were returned completely filled whereas 2.5% were not returned. This was considered as excellent and therefore data analysis was commenced for purposes of writing the final report.

CHAPTER FIVE
SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

This section contains the summary of findings for the study, recommendations and conclusion

5.1 Summary of Findings

5.1.1 Risk Management on the Growth of Insurance Products

The survey revealed that 41% of respondents believe risk management affects insurance product growth to a great extent, with 28% perceiving a moderate impact. This suggests that risk management is widely recognized as a critical factor in driving insurance growth, consistent with studies like those of Onchoke et al. (2018) and Kabura & Murigu (2017). However, 10% of respondents reported a low impact, and 21% saw no effect, indicating a range of experiences and perspectives on the importance of risk management.

5.1.2 Nature of Product and Insurance Growth

A significant majority (87%) of respondents agreed that the nature of insurance products affects their growth, with 44% believing it has a great extent of impact. This finding underscores the importance of product design in the insurance industry, as supported by Mbogo (2010) and Prahalad (2005), who emphasize that well-designed products that meet user needs are more likely to drive growth. However, 13% of respondents disagreed, and 5% felt the product nature had no effect, suggesting that other factors, such as pricing or company reputation, might also play a role.

5.1.3 Information Communication and Technology (ICT) and Insurance Growth

The survey results indicate that 90% of respondents believe that Information Communication and Technology (ICT) positively impacts the growth of insurance products, with 33% perceiving a great extent of influence. This finding is consistent with studies by Fadun (2013) and Witherspoon (2015), who highlighted the significant role of ICT in improving operational efficiency and service quality, which in turn drives growth in the insurance sector. However, 28%

of respondents noted a moderate impact, and 22% saw a low extent of influence, suggesting that while ICT is critical, its effect may vary depending on the context. Additionally, 17% of respondents believed ICT has no effect, which could reflect varying levels of ICT adoption and integration across different organizations. Overall, ICT is recognized as a key factor in insurance growth, but its impact may be influenced by other contextual factors.

5.1.4 Reputation on Insurance Growth

According to the findings, 83% of respondents agree that reputation significantly affects the growth of insurance products, while 17% disagree. This overwhelming agreement underscores the importance of reputation in shaping the success of insurance firms. Table 15 further details that 41% of respondents believe reputation affects insurance growth to a great extent, with 24% viewing it as having a moderate impact. These perceptions align with Sukmawan and Zulganef (2023), who found that a positive reputation, driven by responsibility and effective customer relationship management, greatly enhances customer loyalty and business growth. Additionally, reputable firms are more likely to attract and retain clients, thereby boosting market presence and insurance uptake.

However, 13% of respondents perceive a low impact of reputation on growth, while 22% see no effect. This divergence in views may suggest that while reputation is crucial, other factors like product pricing, service quality, and coverage options also play significant roles in influencing insurance product growth. Njoroge and Kiarie (2018) similarly highlight that trustworthiness and responsiveness are key considerations for SMEs when selecting insurance providers, further emphasizing the multifaceted nature of factors affecting insurance growth. Therefore, while reputation is acknowledged as a critical factor, its impact may vary depending on specific market dynamics and customer priorities.

5.2 Conclusion

Based on the above findings, the following conclusions were arrived at:

Risk management is widely regarded as essential to the growth of insurance products, with a significant proportion of respondents (41%) acknowledging its strong influence. However, the diversity of opinions suggests that its importance may vary depending on individual experiences and specific contexts.

The nature of insurance products significantly influences their growth, as evidenced by the strong agreement among respondents (87%). Effective product design that meets customer needs is crucial in driving insurance uptake, though other factors like pricing and reputation may also contribute.

Information Communication and Technology (ICT) plays a pivotal role in enhancing the growth of insurance products. While most respondents (90%) recognize its positive impact, the varying degrees of perceived influence indicate that the effectiveness of ICT may depend on how well it is integrated into organizational processes.

Reputation is a crucial determinant of insurance product growth, with a majority of respondents (83%) acknowledging its significance. However, the varying perspectives on its impact highlight that other element, such as pricing and service quality, may also be important in influencing customer decisions.

5.3 Recommendations

Based on the findings of this study, several key factors were identified as crucial to the growth of insurance products. To address these factors effectively, the following recommendations are proposed to help insurance companies enhance their market presence and improve product uptake

Insurance companies should prioritize the implementation of robust risk management strategies to capitalize on its recognized importance in driving growth. This includes regularly assessing and mitigating potential risks and ensuring transparency in risk-related communications to build customer trust.

To foster insurance growth, companies should invest in designing and developing products that are tailored to meet the specific needs and preferences of their target market. Regular market research should be conducted to identify emerging trends and customer demands, enabling the creation of relevant and attractive insurance products.

To maximize the benefits of Information Communication and Technology (ICT), insurance firms should focus on enhancing their ICT infrastructure. This includes adopting advanced technologies that streamline operations, improve service delivery, and offer digital solutions that meet customer needs, thereby increasing product uptake.

Companies should actively manage and enhance their reputation by maintaining high standards of responsibility, customer service, and relationship management. Positive reputation-building efforts, such as transparency, reliability, and customer-centric approaches, should be emphasized to attract and retain clients, thereby boosting growth in the competitive insurance market.

5.4 Suggestions for further research

Future studies should explore how digital platforms influence trust in insurance companies. This includes online reviews, social media interactions, and digital customer service. Additionally, research is needed on best practices for transparency, communication, and customer engagement strategies to build trust. Comparing traditional and new insurance models could offer valuable insights into consumer reputation.

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APPENDICES

APPENDIX 1: INTRODUCTORY LETTER

Kevin Musyoka Kisoi

Management University of Africa

P.O BOX 30129-00100, Nairobi

2ND March 2024

Dear Sir/Madam

RE: REQUEST FOR DATA COLLECTION IN YOUR FACILITY

I am writing to request permission to collect data at your institution. I am a student at the Management University of Africa researching factors affecting the growth of insurance products in small and medium enterprises, and I have featured your organization as the focus of my research.

I will treat any data collected with the utmost confidentiality and use it solely for academic research. Additionally, I will comply with any requirements or protocols established by Kenya Leather Enterprise regarding data collection and confidentiality. I kindly request your permission to access the necessary data from your organization for my research project. If you require any further information or clarification regarding my research project or data collection process, please do not hesitate to contact me at kevinkisoi78@gmail.com

Thank you for considering my request.

Sincerely,

Yours Sincerely,

Kevin Kisoi

APPENDIX II: QUESTIONNAIRE

Kindly answer the questions by putting a tick in the appropriate box or by writing in the space provided.

SECTION 1: PERSONAL INFORMATION

1. **Gender**

Male ( ]

Female ( ]

2. **Age**

21-30 **( ]**

31-40 **( ]**

41-50 **( ]**

51-60 **( ]**

3. **Level of Education**

Secondary **( ]**

Undergraduate **( ]**

Postgraduate (**]**

4. **Work Experience**

Below 2 years ( )

3-10 ( ]

11-18 ( ]

Over 20 years ( ]

SECTION 2: RISK MANAGEMENT BY SMES

5. Are you familiar with risk management within your SME?

Yes( ]

No( ]

6. Does your SME currently have a risk management strategy in place?

Yes( ]

No( ]

7. Do you believe that robust risk management affect your decision to purchase insurance products?

Yes( ]

No( ]

Section 3: Nature of Product

8. Does your SME adopt the use of technology in its operations?

Yes( ]

NO( ]

9. Have you considered how Nature of Product affect your risk profile?

Yes( ]

No( ]

Kindly Explain

…………………………………………………………………………………………………

……………………………………………………………………………………………….......................

SECTION 4: INFORMATION COMMUNICATION TECHNOLOGY

10. Do you have Information and communication technologyregarding various insurance products available in the market**?**

Yes( ]

No( ]

11. Have you encountered challenges in accessing relevant information about insurance products suitable for your business?

Yes( ]

No( ]

Kindly List those challenges

…………………………………………………………………………………………………

…………………………………………………………………………………………………

12. Do you think that improving Information and communication technology could positively impact the insurance purchasing process for SMEs?

Yes( ]

No( ]

SECTION 5: REPUTATION

13. Do you consider the reputation of insurance companies when selecting insurance products for your SME?

Yes( ]

No( ]

14. Do your research about the financial stability and reputation of insurance companies before purchasing their products.

Yes( ]

No( ]

15. Do you think that building trust with insurance companies is essential for long-term business relationships and insurance coverage?

Yes( ]

No( ]

Thank you for your continued cooperation

APPENDIX III: PLAGIARISM REPORT

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Summary