

**GROWTH STRATEGIES AND PERFORMANCE OF GEMINIA  
INSURANCE COMPANY LIMITED**

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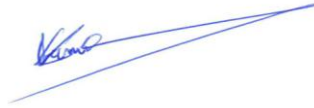
**A RESEARCH PROJECT SUBMITTED IN PARTIAL  
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## DECLARATION

I hereby declare that this research project is my original work and has not been presented in any other institution.

Signature



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This research project has been submitted for examination with my approval as the University supervisor.

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## **DEDICATION**

This research project is dedicated to my parents Mr. James Kamura Githu and Mrs. Charity Njeri Kamura for their love of education which inspired this work.

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## **ABBREVIATIONS AND ACRONYMS**

<b>CBD</b>	Central Business District
<b>CSR</b>	Corporate Social Responsibility
<b>IRA</b>	Insurance Regulatory Authority
<b>IT</b>	Information Technology
<b>ICT</b>	Information and Communication Technology
<b>KCPE</b>	Kenya Certificate for Primary Education
<b>NGO</b>	Non-Governmental Organization
<b>NSE</b>	Nairobi Securities Exchange
<b>RBV</b>	Resource Based View
<b>ROA</b>	Return on Assets
<b>ROI</b>	Return on Investment
<b>SME</b>	Small and Medium Enterprises
<b>SPSS</b>	Statistical Package for Social Sciences
<b>WIBA</b>	Work Injury Benefits Act



## **ABSTRACT**

Growth strategy is a well-thought out vision of the direction a business pursues and the manner in which it is to be done. Growing a business means formulating and adopting strategies that will generate the business more profit, attract and please customers, enable the business to compete successfully with similar companies in the industry, conduct operations and improve the organization's financial and market performance. This formed the foundation of this study as it sought to establish how growth strategies influence performance of Geminia Insurance Company Limited. The agency theory, the resource-based theory and the theory of the growth of the firm formed the theoretical foundation. A historical research design was adopted. Both primary and secondary data was used. The primary data was collected using an interview guide. The targeted respondents for this research were the general manager, general manager-life insurance, head of marketing and business development, underwriting manager- general insurance, underwriting manager- life insurance and the operations manager giving a total of six respondents who are expected to have an in-depth understanding of Geminia growth strategies. On the other hand, secondary data was also collected from annual reports, performance evaluation reports, strategic plans and other reports of Geminia Insurance Company Limited. The data obtained was analyzed qualitatively using content analysis. The study concluded that growth strategies influenced the performance of Geminia Insurance Co Ltd. The specific growth strategies included product development strategy, market development strategy, market penetration strategy and diversification strategies. The study concluded that adoption of these strategies has influenced performance positively. Specifically, the performance of Geminia Insurance Co Ltd had improved in terms of improved customer satisfaction, improved profitability, increased market share and improved efficiency in service delivery. Based on the study findings, it was recommended that Geminia Insurance Company Limited should explore and adopt more growth strategies as they impact performance positively. Particularly, the company should allocate a larger budget to advertisement so that it manages to advertise exhaustively across all platforms. Additionally, the company should put more emphasis on automation of its processes as technology advancement is changing the way of business operations. Hence, to remain relevant in the market, the company should leverage on the power of technology. The study also recommended that Geminia Insurance Company Limited should improve its customer care services.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

For many years, researchers have attempted to interrogate why some organizations achieve higher levels of performance than others. Organizational performance is dependent on many factors among them; the strategy of the firm, structure, resources and capabilities of the firm (Krishnan, 2015). Growth strategies among other strategy choices can influence the performance of organizations (Purkayastha, 2014). Growth strategy and business environment have been hypothesized and empirically demonstrated to have significant effects on performance (Neffke & Henning, 2013). According to Storey (2016), strategies involving growth are made in an effort to improve organizational performance. They are specifically meant to reduce an organization's risks and improve performance.

Several theories explain growth strategies. The theory of the growth of the firm by Penrose (1959) is the anchor theory and it posits that primarily growth originates from the perception of managers concerning opportunities to utilize resources that are under-leveraged. Through centering on the internal determinants of growth, Penrose stressed on the heterogeneity of resources amongst firms. Jensen and Meckling (1976) posit that following the divergent views amongst agents and principals, the firm may embark on various growth strategies for different reasons. In order to form a harmonious combination of the objectives of managers on one hand and the shareholders on the other, it is necessary to incur certain agency costs for a vigorous performance in those firms. Agency theory is also relevant to this study as it asserts that the effect that growth

strategies have on performance is the outcome of the management adopted by a firm and the efficacy of collective governance mechanisms. The resource based view theory by Penrose (1959) asserted that firm at any moment firm have productive resources that are useful when taking advantage of opportunities which enable it to successfully grow.

Kenya's insurance industry is amongst the fastest growing faced by stiff competition in Africa (IRA, 2019). The sector has witnessed a persistent rise in numbers of insurance and re-insurance firms over the years making competition stiff. The customers have equally become more enlightened demanding better services at a lower cost. Other firms such as banks have come in to offer services that were initially a preserve of insurance firms. In such a dynamic market, firm managers have to explore new opportunities by entering new markets or expanding the existing ones in new regions. Growth strategies might therefore be a better move to be adopted by insurance firms in the face of such level of competition in a bid to enhance performance.

### **1.1.1 Growth Strategies**

Growth is the process by which key measures of firm success are continuously improving. Achievement in growth is acquired through boosting the core business or revenues of an entity by increasing product sales or service or increasing the profitability of operations by lowering costs (Insalaca, 2017). Growth strategy is a well-thought out vision of the direction a business pursues and the manner in which it is to be done (Berman & Hagan, 2016). Globally, such strategies are made with the goal of acquiring a bigger market share, by sacrificing short term revenues. Storey (2016), states that growth is a multi-dimensional phenomena that is linked to the survival of an entity, achievement of the goals of the entity, its success or expansion of the scale of its activities. Strickland

and Thompson (2015) on the other hand posit that growing a business means formulating and adopting strategies that will generate the business more profit, attract and please customers, enable the business to compete successfully with similar companies in the industry, conduct operations and improve the organization's financial and market performance.

Agnihotri (2014) posits that there are two kinds of growth strategies that an organization can utilize. These growth strategies can be organic (internal) or inorganic (external) strategies. Apart from measuring their success on financial metrics, companies adopting organic strategies also consider other internal measures such as meeting customer expectation, in-house competencies and product quality. Additionally, inorganic strategies are associated with raising output and business reach through mergers and acquisitions. The generation of organic growth is accomplished by, for example, offering more products to current consumers and this is referred to as market penetration or concentration, selling products to new customers which is called market development or developing a new product and selling it to current customer base. Firms that rely on organic growth generally expand internally, through the enhancement of current client relations and making new ones (Arasa & Gathinji, 2014).

In terms of operationalization, different researchers have measured growth strategies differently. Agnihotri (2014) classifies growth strategies into both internal and external. Companies adopting internal strategies also consider other internal measures such as customer satisfaction, in-house competencies and product quality. Additionally, inorganic strategies are associated with raising output and business reach through mergers and acquisitions. As indicated by Ansoff's Matrix, there are four growth strategies namely

market penetration, product development, market development and diversification (Timmons & Spinelli, 2014). This study adopted the Ansoff's matrix in operationalizing growth strategies.

### **1.1.2 Firm Performance**

Firm performance is the achievement of an entity's mission using superior management, continuous efforts and good governance to meet goals (Richard, Yip, Johnson & Devinney, 2009). The performance of a firm is determined by the kind of operations that it accomplishes in fulfillment of its mission. The observable aspects that determine an organization's performance are the final results (Valmohammadi & Servati, 2011). Thompson, Friedlander and Pickle (1968), consider performance as a theme that continuously happens in paradigm of management.

There is no unanimity that has been arrived at concerning perfect measure performance of a firm. The reason behind this is due to the fact that many opposing views exist pertaining what is regarded as the appropriate result of effectiveness of a firm and at times both the purpose and the theory of the research usually characterize what performance is. Measures of performance centre around the internal procedures to establish how effective as well as efficient an action is, with regard to the metrics given. The performance indices are the proxies for the phenomena of the organization (Henri, 2003).

Financial measures are used by some as a standard to measure the effectiveness or failure of an action or decision. Richard et al. (2009), argue that an organization's performance involves the following firm outcome areas that are specific: financial performance by

profits, product market performance through sales, Return on Investment (ROI), Return on Assets (ROA), shareholder return that comprises of the additional economic value as well as total shareholder return and the market share. However, limitation pertaining to use of these measures exists whereby in most startups, many managers or business owners fail to give access to financial records to researchers and therefore you find that many studies available are based on the perceived results as opposed to the actual results. There are also other additional limitations of utilizing financial measures and they comprise of; inconsistent annual savings, the continually dynamic environment poses a deeper challenge in comparison of savings many years following contract outsourcing against inside cost of operations which had previously been stopped and for other organizations they outsource services from the beginning meaning there exists no way of comparing (Bryce & Useem, 1998). The study adopted customer satisfaction, market share, profitability and efficiency as measures of firm performance.

### **1.1.3 Insurance Industry in Kenya**

The Insurance Act (CAP 487 of the Laws of Kenya) regulates the Insurance industry in Kenya as the principal legislation and the Insurance Regulatory Authority (IRA) is the regulatory body in charge of regulating the industry. The Insurance industry comprises of different players that includes insurance companies, reinsurance companies, intermediaries (medical insurance providers, brokers and agents) and insurance service providers (loss adjusters, claims settling agents, risk managers, surveyors and investigators) all of whom are licensed and regulated by IRA. Currently in the Kenyan insurance market there are 59 insurance underwriters that are regulated by IRA which includes 5 reinsurance companies and 54 insurance companies. Of the 54 insurance

companies, 25 insurers are licensed to underwrite general (non-life) insurance business, 18 underwrite long term (life) business while 11 companies operate as composites (underwriting both life and non-life business) (IRA Annual Report, 2019).

The future of the insurance industry with wide untapped market appears to be very bright, with advanced technology, research and product development and also use of other distribution channels. Insurance industry performs a critical part in the growth of the economy and contributes towards the achievement of vision 2030. The insurance industry service providers have diversified their operations into related and unrelated activities. Several insurance companies have diversified their operations outside our borders into other markets including Uganda, Tanzania, Southern Sudan, Rwanda and others regions (AKI, 2018).

#### **1.1.4 Geminia Insurance Company Limited.**

Geminia Insurance Company Limited is an insurance firm that is Kenyan owned and provides both General and Life Insurance. The institution was founded in July 1981 and commenced its activities in April 1982, offering general insurance, and later started providing life insurance in 1992. Their Head Office is at Le'Mac Building, Church Road, off Waiyaki Way, Nairobi. They have branches in Mombasa, Eldoret, Kisumu, Nakuru, Kisii, Nyeri, Thika, Meru, Nairobi CBD and Upperhill Nairobi. There are also plans in place to open more branches in other towns in Kenya and the region (Geminia Insurance Annual Report, 2018).

Some of the growth strategies the company has undertaken include; Geminia's motor insurance policy was repackaged in a unique way 5 years ago in order to attract more

customers. The differentiation involved adding an extension on the policy to provide life insurance cover for the owner of the vehicle for an amount equivalent to the sum insured of the vehicle. This extension is only offered by Geminia in the market. Other differentiation extensions adopted by Geminia on its motor policy are excess protector and loss of use cover. Further, in the last 3 years, Geminia has expanded its product range in both life and general businesses in order to reach out to a bigger market that was previously untapped. The Life section started an investment product called Twinsave which offers very attractive interest rates. In General insurance, Geminia has ventured into agriculture/livestock as well as travel insurance (Geminia Insurance Annual Report, 2018).

Geminia diversified its business in 2017 into a new area of pension administration. Also, in the last 5 years, Geminia's branch network has grown from 3 to 9. This has enabled the company to establish its foothold in most parts of the country. Further, until 5 years ago, Geminia was a very conservative company that had little risk appetite. This meant that the company was very selective in taking business from customers it did not know. However, Geminia adopted a mass marketing strategy which saw it recruit multiple insurance agents and brokers who were previously unknown to it. This has seen the company grow exponentially (Geminia Insurance Annual Report, 2018).

## **1.2 Research Problem**

Central in the field of finance is firm performance. The need to explain how two firms operating within the same environment perform differently is a concern and several research works in finance have been devoted towards understanding this (Burns, 2015). This led to studies which focus on various internal factors as well as external issues



thought to be the cause of differing firm performance (Eisenhardt & Schoonhoven, 2018). A number of strategies can be adopted so as to overcome the challenges that face an organization's performance. However, it is not clear which strategy has the largest weight on improvement of performance. Theoretical and empirical evidence have supported the argument that improvement in business performance is linked to the adoption of superior growth strategies (Yogo, 2013). However, many of the studies have been done in reference to large firms and made several conditions for the benefits of such strategies to be seen (Arasa & Gathinji, 2014).

Geminia Insurance Company Limited has developed strategies aimed at enhancing their performance in line with their strategic plan. Some of the strategies in place comprise of, market development, diversification, market penetration and product development. In the last 3 years, Geminia has expanded its product range in both Life and General business in order to reach out to a bigger market that was previously untapped. In addition, Geminia diversified its business 3 years ago to include pension administration which was not there before. Further, in the last 5 years, Geminia's branch network has grown from 3 to 9 (Geminia Insurance Annual Report, 2018). This has enabled the company to establish its foothold in most parts of the country. There is therefore need to establish whether these strategies translate to improved performance.

Most of the present researches on growth strategies have been carried out in developed countries, and there is inadequate literature on the insurance industry. Local studies have tended to lean more on other areas influencing insurance industry performance, for example (Kyengo, Ombui & Iravo, 2016) focused on competitive strategies, (Munyoroku, 2016) on business intelligence systems and customer relationship

management, (Ihiga, 2016) on capital structure, and (Magaju, 2017) on financial innovation issues thereby not attending to growth strategies. In a close study on insurance firms' performance in Kenya by Nduki (2016) on the role that growth strategies play on performance of Kenyan insurance firms, it was discovered that diversification, product development and market development had a substantial influence on insurance firms' performance. Kyalo (2016) concluded that there existed limited differences in performance between firms chasing market penetration, product development, market development strategies among large oil companies.

From the review, there exists conceptual, contextual and methodological gaps. Conceptually, most of the previous studies have focused on other variables that influence performance of insurance firms in Kenya. Contextually, none of the local studies was on how growth strategies influenced performance of Geminia Insurance Company Ltd. Methodologically, Nduki (2016) assumed a descriptive and causal method. Munyoroku (2016) adopted a descriptive statistics, multiple analysis and correlation. Considering this, even though studies on the insurance industry have been expansive, there exists a limited amount of literature on how growth strategies influence performance of companies within this industry and specifically at Geminia Insurance Company Ltd. The aim of this study was to bridge this existing gap in knowledge by answering the following research question, what is the effect of growth strategies on performance of Geminia Insurance Company Limited?

### **1.3 Research Objective**

The study's objective was to establish how growth strategies influence performance of Geminia Insurance Company Ltd.

#### **1.4 Value of the Study**

The study will provide insights to regulators and policy makers on the growth strategies enhancing the sector's growth and functioning, which will help in regulation and policy formulation. Development of new policies and reviewing of existing ones will be possible thus achievement of synergy in the insurance industry.

The study results will be applied by other scholars, students and researchers in future as a platform for executing further studies in the same field. The findings will also be applied by researchers and scholars to identify further research areas on the related topics addressing the same matter through conducting a review of the existing literature so as to identify the research gaps.

For management practice, this study is expected to enhance the understanding on how to improve business that can lead to superior performance. The findings of this study will aid managers to focus on critical success factors for growth within their organizations hence improving the performance of their institutions. By establishing that growth strategies contribute more to performance, managers will need to focus more on these strategies if they are to improve their performance.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Theoretical review was covered in this section and also growth strategies together with their relationship with the performance of organizations. The chapter further outlined both local and global empirical reviews and research gaps.

#### **2.2 Theoretical Foundation**

There are various theories that endeavor to discuss the impact of strategies of growth on firm performance. In this study, the theory of the growth of the firm, the agency theory and the resource-based view theory attempt to synthesize those factors that influence performance in organizations.

##### **2.2.1 The Theory of the Growth of the Firm**

The theory of the growth of the firm was formulated by Penrose (1959). The theory of firm growth exemplified internal incentives to expand beyond external factors. More specifically, while Penrose acknowledged the position of external factors, like demand, she also contended that growth stems mainly from the perception of managers to utilize the resources that are under leveraged. The heterogeneity of resources between firms has been emphasized by Penrose through concentrating on the internal determinants of growth.

It is also argued that the heterogeneity of such firms result to the different firms seeking diversified opportunities for expansion. Penrose (1959) and (Garnsey, Stam, &

Heffernan, 2006) asserted that conducting various activities required different types of resources and amounts. Penrose (1959) perceived growth to be originating from the voluntary decisions of firm to grasp expansion opportunities and by doing so they needed to acquire more resources. These resources for growth and expansion could be obtained through corporate acquisitions. Penrose basically believed that a company either upholds an expansion opportunity by itself or forgoes that opportunity entirely.

Penrose (1959) observed that growth was an intrinsic process that is embedded in the firm's statement of intent. The firm is assumed to be in a state of permanent flux, driven by the need to maximize value. This then motivates the urge to grow through growth strategies such as diversification, product development, market development and market penetration. As such, this theory has been used to hypothesize the association amongst growth strategies and performance of firms.

### **2.2.2 Agency Theory**

Jensen and Meckling (1976) hold that due to the distinction amongst the shareholders and the management of a firm, there emerges agency principal association that requires to be taken care of so as to produce improved results. Because of the diverging interest amongst the agents, that are referred as management and the owners who are the principals, an organization might be committed to different growth strategies for diverging motives (Pratt & Zeckhauser, 1985). For the purpose of blending the objectives of the owners and that of the managers, it is mandatory for an organization to incur various agency costs for robust performance in the organizations. The theory contends that the impact growth strategies have on performance is a consequence of the capability

of the managers of a firm and the combined efficiency of governance approaches. The theory further advances to say that the manager individual objective creates the purpose for the growth of firms. It further contends that due to asymmetric information, shareholders are unable to gain access, assess and understand all records and information regarding the selfish behavior of managers.

In order to avoid disagreements arising from a situation whereby managers are pursuing personal interests while shareholders are focusing on profitability, it is necessary to put in place proper governance measures. Shareholders can therefore adopt appropriate governance approaches for instance forming boards of directors. This assists in monitoring the management to ensure that they refrain from increasing the agency cost to a large extent and too much diversification together with conducting affairs for their egocentric gains. Another measure that shareholders can adopt is to compel firms to fund new projects with debt finance as opposed to equity. Mole (2002) asserts that agency theory offers an explanation on firm performance decision via factors for instance company size, liquidity, ROE and growth. The theory is relevant since it envisages the different interests of managers and shareholders and therefore the need to monitor whether the growth decisions being made by managers are in the best interest of shareholders.

### **2.2.3 Resource Based View Theory**

This theory was pioneered by Penrose (1959) and it has been said to provide the earliest theoretical arguments favouring growth. Thompson, Strickland and Pickle (1968) pointed out that at any moment a firm has particular productive resources, useful for exploiting

opportunities that are productive that will enable successful growth of the firm. Researchers have established a number of resources that offer a firm an exceptional benefit through sharing them with companies. Goold and Campbell (2008) for instance provides the advantages of sharing knowledge and tangible resources, vertical integration, coordinated strategies and pooling negotiating power. With the resources, organizations are able to take advantage of economies of scale and scope through being efficient when utilizing its resources (Contractor, Kundu & Hsu, 2009). Therefore, according to the resourced based view firms ought to take advantage of the available resources to the maximum.

According to Foss (1998), resource-based theory is not exempted in the common problem of identifying the suitable unit of analysis. From the various RBV contributions, the individual resources are regarded as the applicable unit of analysis while studying firm performance. Furthermore, Foss (1998) states that this decision can only be legitimized if the necessary resources are properly specified and autonomous. If comparatively the resources have complementarily strong relations, the way in which they are grouped and how they relate and suit into the system is what is important when understanding performance. Foss (1998) appreciates the fact the competences and capabilities are aimed on seizing this interplay and clustering. This problem is addressed in the conceptual framework through relating performance to strategy as opposed to individual resources.

The resource-based theory is crucial because it gives ways of improving a firm's performance and also gives suggestions on how to diversify by expanding resource capability to infiltrate new markets a mechanism called the sequential entry strategy (Wernerfelt, 1984). By diversifying their resource capabilities, firms will be able to

diversify their incomes by entering into new markets. Therefore, resource positioning by firms is beneficial in two ways; by erecting barriers to entry of new firms and also aiding in the diversification of associated activities which will be beneficial and minimizing costs incurred by businesses and eventually lead to diversification of the income earned.

## **2.3 Growth Strategies and Firm Performance**

Burns (2015) gives a discussion on the different options for growth and organic strategies that are chosen by an entrepreneur depending on how they are appropriate to current firm circumstances. Such options are market penetration, product development, market development and diversification. They have been derived from the Ansoff's Matrix. These strategies are discussed in this section.

### **2.3.1 Diversification Strategy and Firm Performance**

Diversification being the basis of growth has become the main point of concern to most scholars (Zhou, 2015). The best characterization of diversification strategy is a firm entering into a new market or introducing a new product or service that is different from its current activities (Afza, Salhudin & Nazir, 2015). According to Ogutu and Samuel (2012), diversification either helps a firm generate new business opportunities or reduce investment risk that is associated with a certain business. Therefore, diversification is positively related with performance. Adner and Zemsky (2016) argue that firms that diversify have unique and valuable resources which can be used in different industries as alternatives and whose benefits cannot be realized if used in firms that are not dependent.



Vertical diversification is among the first strategies which an organization considers in its effort to advance from being a single-product company. Vertically integrated firms employ value addition, offer diversified products using the same input materials and compliment their produce from other sources as a method of take full advantage of their return on investment (Neffke & Henning, 2013). Horizontal diversification strategy is implemented when the existing customers are provided with products that are new and unrelated and the current channels of distribution are used to distribute the products to customers. Concentric is a diversification methodology in which companies acquire or develop new products or services that are associated to the business core to penetrate one or more new markets and in essence enhance performance (Bausch & Pils, 2019).

### **2.3.2 Product Development Strategy and Firm Performance**

As indicated by Ulrich and Eppinger (2016), product development strategy is the way toward growing new items or adjusting the officially existing results of the firm so they look new. For product development, the firm is trying to increase sales by availing new or modified products in the market. These are then sold to consumers through existing channels of distribution. The ultimate motivation behind product development is for the companies to protect their overall market share (Ittner & Larcker, 2016). In pursuing a product development strategy, the management attempts to sell a new product to current customers with an aim to enhance firm performance (Lee & Grewal, 2015).

Product innovation may be considered as the production and introduction of a good or service which is either new or improved from the former goods and services. Such innovations focus on the market and are majorly customer driven. This type of innovation

requires firms to assimilate customer wants, variations in demographic elements and discover new ways of entering markets (Miller, 2017). Rono (2015) argues that process innovation is about substantially improving production and logistic methods or through a substantial improvement in support functions like purchasing, accounting, and maintenance and computing. Process innovation refers to substantial improvement in equipment, technology and software related to production and delivery. Both product and process innovation aims at enhancing firm performance.

### **2.3.3 Market Penetration Strategy and Firm Performance**

Market penetration occurs where the firm tries to expand sales in the current market. Such products are availed to current customers. No modifications are made to the products but the firm seeks to increase revenues through the promotion or repositioning of its products. The aim of this strategy is to enhance firm performance. The strategy is useful to firms in increasing sales without shifting from the conventional product-market strategy (Ittner & Larcker, 2016). Kotler (2013) found out that promotions are becoming a crucial factor in product marketing mix that mainly comprise of a certain mix of advertising, sales promotion, public relations, personal selling and direct marketing tools which are used by the company in promoting its advertising and marketing objective.

The impact of pricing strategy on performance has been validated in prior studies. Yogo (2013) empirical findings confirmed an existing association amongst pricing strategy and performance of a firm, and showed a strong positive linkage amongst pricing strategy and overall performance. Distribution strategy is crucial in a marketing strategy mix since it provides and avails products to several export markets. These structures ensure that

products produced in one country penetrate into global markets, thereby achieving sales performance (Ratcheva, 2013).

#### **2.3.4 Market Development Strategy and Firm Performance**

In market development, a firm aims to increase financial performance through the introduction of its current products to new markets. A variety of existing products are introduced in new markets. In this scenario, no modifications are made to the product, it is just availed to new market. Through the consideration of cultural differences, the products can have minor modifications. The move could be aimed at maintaining or increasing current market share of products and this can be done by combining competitive pricing strategies, advertising, sales promotion, and dedicating additional resources to personal selling (Eisenhardt & Schoonhoven, 2018).

Kotler and Armstrong (2016) argued that by adopting market development strategies, the management attempts to sell greater volumes of existing current products to new markets, this may involve increasing revenue which is likely to induce a high growth rate. To enjoy maximum benefits from a market development strategy, firms ought to ensure that the gains made through revenue increase are not taken away by increased operating expenses in the new markets. Retention of customers, different distribution channels and ecommerce have been used as measures of market development strategy (Ondari et al. 2016).

## **2.4 Empirical Review and Knowledge Gaps**

There are several local and global empirical investigations which have been done on growth strategies and related areas. The findings of the said studies have been delved into in this section and knowledge gaps identified. Hussain, Khattak, Rizwan and Latif (2014) investigated the impact that several Ansoff growth strategies had on growth of organizations and the moderating effect that the market environment plays among such relations in fast food sector of Pakistan. The study was descriptive and targeted 12,600 fast food restaurants. Primary data was gathered using questionnaires. Descriptive and inferential statistics were applied in data analysis. Findings showed that the Ansoff matrix strategies had a substantial contribution to firm growth with the exception of diversification. Furthermore, in addition to the above, the capabilities and resources of a firm influence the type of growth strategies to be utilized. This study focused on growth as the dependent variable which differs from firm performance. Further, the study was conducted in a different context and therefore the findings cannot be generalized in the current study.

Kyalo (2016) aimed at establishing how growth strategies adopted by major Kenyan oil companies in influencing organization performance. A cross sectional survey of all major oil firms based in Kenya was used. A total sample of 45 respondents were used and were from selected departments which were customer service, operation and strategic departments. A semi-structured questionnaire was the main tool used in data collection. Regression analysis was applied in data analysis. The results revealed that market development, market penetration, diversification, product development, turnaround, and strategic alliance strategies were all significant strategies determining performance of oil

companies. This study was quantitative in nature while the current study will be qualitative in nature.

Elefachew and Hrushikesava (2016) conducted another research on the effect of diversification on profitability of Ethiopian banks. The data covered 6 years period from 2008/09-2013/14 for 10 private and 2 government commercial banks. Their findings showed that the banks could be said to have diversified their loan portfolios among different industries in Ethiopia. Fixed model was used to determine the regression and the results revealed that diversification had a negative significant effect on both return on asset and equity. This study only considered one market growth strategy. Further, the study was conducted in a different context and therefore the findings cannot be generalized in the current context.

Nduki (2016) undertook an investigation on the effect that growth strategies have on insurance companies' performance in Kenya. The investigation utilized descriptive survey method research design in collecting and analyzing the data which was obtained by use of questionnaires. The study targeted the total 47 registered Kenyan insurance companies. Data coding and analysis was performed using SPSS. Descriptive statistics were obtained and the data summarized in form of tables and figures. To a great extent, it was found that growth strategies influence performance of Kenyan insurance firms and hence most of these firms have adopted several strategies for growth. However, whereas Nduki (2016) focused on the entire industry in which some firms had recorded negative or minimal growth, this study will narrow down to only one firm which has recorded extra ordinary growth when compared with the others in the industry.

Phung and Mishra (2016) studied the impact that corporate diversification had on firm performance in companies listed in Vietnam from 2007 to 2012. An econometric estimation methodology and specifically the fixed effect selection model and system generalized method of moments were utilized in the study. The results showed that corporate diversification was negatively associated to firm performance. Furthermore, the study findings exhibited that the inadequate efficient governance system may drive firms into following diversification strategies that would impede firm performance. This study focused on only one growth strategy leaving a gap on how other growth strategies affects performance.

Mwania (2017) sought to ascertain the linkage amongst growth strategy and performance. The research targeted all banks in Kenya. Data was obtained from the senior managerial staff. Questionnaires were used in collecting the primary data which was analyzed using descriptive statistics. From the findings it was revealed that Kenyan banks utilized numerous growth strategies in order to improve performance. Product development, market growth, penetration and diversification strategies were included. The research concluded that the four strategies in Kenya have a significant positive relationship with banks' success. This study was done among commercial banks and therefore cannot be used to represent Geminia insurance.

Abubakar (2017) studied commercial banks listed at the NSE during the period 2012 to 2016 to establish how diversified income had impacted the performance of the banks. By use of descriptive research, a statistical analysis of the listed commercial banks at NSE was conducted. This study utilized the regression model. Herfindahl-Hirshman index was

used to measure income diversification and three control variables were used, namely; capital adequacy size and liquidity. The finding was that there exists a negative relationship between income diversification and performance. It also found that, capital adequacy and size had a positive effect which was statistically significant while liquidity had a negative impact on performance and was not statistically significant. This study focused on only one growth strategy leaving a gap on the influence of other growth strategies on performance. Further, the context was commercial banks while the current study focuses on Geminia Insurance Company Ltd.

Ferreira, Zanini and Alves (2019) investigated the effect that revenue diversification had on risks and returns to Brazilian banks. By use of dynamic panel data generalized method of moments; a sample was analyzed for the period 2003 to 2014. The findings reveal that diversification into non-interest income plays a big part in the performance of the studied banks.; Financial intermediaries activities analysis in loans operations revealed better results compared to trading operations. This confirmed the hypotheses proposed that there is a general positive impact between noninterest income and return and risk adjusted returns for the banks in the study. However, contrary to the expectation, noninterest income and risk for the banks studied are positively related (although not statistically significant). This study only considered one growth strategy leaving a gap on the influence of others on firm performance.

Kamau (2019) sought to determine how growth strategies influence financial performance of Safaricom Plc. This study applied descriptive design, and a population of 100 out of which the stratified sampling selected a sample of 88 respondents. A structured

questionnaire was useful in data collection and the findings were analyzed through descriptive statistics using; mean and standard deviation while on inferential statistics, correlation and regression analysis were used. SPSS version 22 was applied in analyzing data. The findings indicated that growth strategies are significant to financial performance of Safaricom Limited. This study was quantitative in nature while the current study will be qualitative in nature. Further, the study was done in a different context and therefore the findings cannot be used to represent Geminia Insurance Company Ltd.

From review of previous studies done, it is evident that there are previous studies done on growth strategies. However, there exists both methodological and contextual gaps and that is what the current study seeks to leverage on. The local studies conducted were mainly quantitative in nature while the current study will be qualitative. In addition, they were conducted in different contexts and so their findings cannot be generalized to reflect Geminia Insurance Company Limited. This thus justifies the necessity of carrying out further research on this particular area.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

So as to address the research objective of the study, a research methodology is necessary. This chapter consists of the research design adopted, tools adopted for data collection and how the data analysis was conducted.

#### **3.2 Research Design**

The study was based on a mix of case study and historical research designs. A case study is an in-depth analysis of an individual, group institution or event (Cooper & Schindler, 2014). The core reason for carrying out a case study is to determine the factors as well as relationship among these factors which have resulted in the phenomena under study. Historical research design on the other hand enables the investigator to gather and analyze information. The researcher collects data and then seeks to make them relevant. Put differently, the design allows the researcher to confirm the facts through use of other data sources (Cooper & Schindler, 2014). Yin (1998) argues that the purpose of a historical research design is to gather, verify and synthesize past evidence to identify facts which advocate or refute the hypothesis. The design helps to describe what occurred in the past. It mostly depends upon data observed by others rather than the investigator.

#### **3.3 Data Collection**

The study relied on both primary and secondary data. The primary data was collected using an interview guide shown in appendix I. The interview guide was preferred for this

study because of its capacity in obtaining information from respondents and providing better insight and understanding of the results from the study. The interview guide enabled the researcher elicit information that might not have been captured with the other data collection techniques. The targeted respondents for this research were the general manager, general manager-life insurance, head of marketing and business development, underwriting manager- general insurance, underwriting manager- life insurance and the operations manager giving a total of six respondents who are expected to have an in-depth understanding of Geminia growth strategies.

The interview guide covered several aspects ranging from the respondent's demographic information to the study research objectives. To ensure that the research instrument captured information from the respondent as intended, the researcher asked open ended questions that gave room for further prodding if any response is not clear. The researcher personally conducted the interviews.

Secondary data was also collected from annual reports, performance evaluation reports, strategic plans and other reports of Geminia Insurance Company Limited as well as industry reports. The obtained secondary data was collated with the interviews to enable achievement of credible findings. According to Cooper and Schindler (2014), this method of collecting data is called triangulation which is defined as a way of assuring research validity by using more than one data collection methods on the same research.

### **3.4 Data Analysis**

The data obtained was analyzed qualitatively using content analysis since it enables one to make general conclusions on how data categories are related. The study adopted

qualitative analysis since the researcher was able to describe, interpret and provide a critical review of the subject matter of the research because of the difficulty of doing this numerically. Qualitative analysis was done by use of content analysis.

As indicated by Khan (2008), content analysis entails analysis of documentary materials for example newspapers, magazines, books and face-to-face information obtained in the course of the interviews that can be printed or spoken. Additionally, Burns and Burns (2008), states that content analysis is organized qualitative description of the study's materials or objects.

## **CHAPTER FOUR**

### **DATA ANALYSIS, FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

The research objectives were to establish how growth strategies influence performance of Geminia Insurance Co Ltd. This chapter presents the analysis and findings in line with study topic. The data was collected from 6 officers who are expected to have an in-depth understanding of Geminia growth strategies. This included the general manager, general manager-life insurance, head of marketing and business development, underwriting manager- general insurance, underwriting manager- life insurance and the operations manager. All the 6 respondents were interviewed. This represents a response rate of 100% which was considered adequate for the study as it was above 50%.

#### **4.2 Background Information of the Informants**

The researcher requested the key informants so state the period they had held their positions and for how long they had been involved in strategic management decisions. The general manager stated that he had held the position for four years and had been involved in strategic management decisions for two times. The general manager-life insurance stated that he had held the position for six years and had been involved in strategic management decisions for the entire period. The head of marketing and business development stated that she had held the position for five years and had been involved in strategic management decisions for the five years while the underwriting manager-general insurance stated that she had held the position for six years and had been involved in strategic management decisions for entire period. Further, the underwriting

manager- life insurance stated that she had held the position for four years and had been involved in strategic management decisions for the four years while the operations manager stated that he had held the position for three years and had been involved in strategic management decisions for one time. Results indicate that all respondents had been in their positions for a period ranging from 4-6 years and had been involved in strategic management decisions. This implies that they were experienced enough to give the relevant information required for the study.

### **4.3 Growth Strategies used by Geminia Insurance**

The researcher asked the key informants to state what strategies are used by Geminia Insurance Company Limited in pursuit of growth in various areas. According to the responses, the most used strategies were product development strategy, market development strategy and market penetration strategy while the least used strategy was the diversification strategy. The results indicate that Geminia Insurance Company Limited puts more effort on developing new products, exploring new markets and enlarging their scope of coverage to reach out to more customers. The results also indicate that the company has not delved so much into diversification of its products. The implication of these findings is that Geminia Insurance Limited is cognizant of the fact that growth strategies are useful in driving the company's profitability upwards.

#### **4.3.1 Product Development Strategies adopted by Geminia Insurance**

The key informants were requested to state the specific product development strategies adopted by Geminia Insurance Company Limited. Results indicate that the company has developed new products with an aim of retaining existing clients as well as attracting new

customers. These products have leveraged on adding innovative attributes to existing products. For instance, the company has included a life cover as part of the motor, personal accident and domestic package insurance policies. This allows for the policy to cover the insured, spouse and other named dependants in the event of death arising from either accident or illness. This has attracted many new customers as they are getting more value from one package. Geminia Insurance Company Ltd has introduced a trade credit and bonds guarantee insurance policy which focuses on government projects whereby policy holders are insured against any losses that they may incur when a company fails to abide by the agreed credit payment terms.

Results also demonstrate that Geminia Insurance Company Ltd had developed a Twinsave Investment product which is a product that offers secure investment or savings while enjoying a fixed, guaranteed and competitive rate of return on the investment or savings. Additionally, the product has an extended age limit of up to 85 years with provision of covering one's last expenses. Further, the key informants stated that Geminia Insurance Company Ltd offers a combined solution which is a new product, for employers who wish to offer group life benefits to their employees and comply with WIBA (Work Injury Benefits Act) at the same time.

These findings confirm that Geminia Insurance Company Ltd has been on the right trajectory with regard to achieving its strategic objectives. As stated in the 2016-2018 strategic plan, Geminia Insurance had targeted to develop new products which will suit the customers' needs within their existing market. Geminia Insurance Company Limited had also targeted to repackage some products to suit the changing needs of their existing customers. This will contribute to its growth positively.

#### **4.3.2 Market Development Strategies adopted by Geminia Insurance**

The key informants were requested to state the specific market development strategies adopted by Geminia Insurance Company Ltd. The key informants' responses pointed out that the company has for the last two years focused on the growth of the private sector which it was not previously sourcing for business and seen the quadrupling the annual turnover from 1.6 Billion in 2015 to 5.2 Billion in 2019. This can be confirmed by the Geminia Annual report which points that in the past Geminia Insurance Company Ltd only targeted the government and large corporates and had little interest in the mass market which incorporates small and medium enterprises as well as individuals. This made the company benefit from getting many clients from the mass market who included owners of small and medium enterprises. At the same time, the company continued leveraging from high value clients from large corporates and the government who took up high premium policies. Through this, Geminia Insurance ensured an upward growth trajectory since having clients from the mass market cushioned it from huge losses in the event that a high value client defaulted to pay their premiums or opted out.

Results also showed that Geminia Insurance Company Ltd has opened up new markets to address Parastatals, Public and County Governments and banks insurance needs. To ensure success in this, officers have been recruited in charge of these business lines. Other market development strategies stated include offering business incentives based on production targets which has played a critical role in spearheading growth, co-branding intermediaries in various parts of the country and delegating authority of service delivery to selected intermediaries such as issuing of motor certificates and appointing of service providers on behalf of Geminia Insurance Company Ltd.

It was also established that Geminia Insurance Company Ltd has expanded its coverage through opening up new branches. Particularly, the advent of devolution opened many opportunities for insurance companies. In order to tap into this developing market, Geminia Insurance Company Ltd opened new branches. Additionally, the company has invested heavily in IT in a bid to automate its processes. This has aided in increasing its scope of coverage as potential customers can access their services regardless of their location.

The results also demonstrate that Geminia Insurance Company Ltd is working towards moving from the red ocean to the blue ocean through the use of analytics and insight to shape decision making and allocate resources which would ensure that they direct more resource on the more promising and profitable opportunities. Thus, Geminia Insurance Company Ltd is exploring emerging markets in insurance and providing insurance solutions as opposed to sticking to offering traditional insurance covers. This has enabled the company to venture into new markets such as offering domestic package insurance to home owners and agricultural insurance covers to farmers and pastoralists. The increased levels of home ownership amongst the Kenyan middle class coupled with rising need for security has led to the need for domestic insurance while adverse weather conditions have created the need for agricultural and animal insurance.

Further, the results also revealed that the company has embarked on building out differentiated sales capability in the general business and drives productivity through market leading people practices and process efficiencies. Results showed that Geminia Insurance Company Ltd has targeted small importers through issuing them with affordable marine insurance covers. This was particularly important since it is



compulsory for all sea and river going vessels to have an insurance cover. This has presented a great business opportunity.

The responses by the key informants depict that Geminia Insurance Company Ltd has achieved its strategic objectives outlined in the 2016-2018 strategic plan. Geminia Insurance Company Ltd had targeted to expand branches and satellite offices in strategic locations with an aim of reaping from the economic growth brought about by devolution. Additionally, Geminia Insurance Company Ltd had intended to re-invent the insurance ICT system with an aim of increasing direct sales. Currently, the company has increased its direct sales using the ICT system which was not possible in the past. Additionally, the company has expanded its scope of coverage through its network branches which was not possible in the past.

#### **4.3.3 Diversification Strategies adopted by Geminia Insurance**

The key informants were requested to state the specific diversification strategies adopted by Geminia Insurance Company Ltd. The feedback from the key informants overlaps with the product development strategies since some of the new products introduced to the market to cater for customers changing needs came as a way of diversification. For instance, results showed that the company had introduced combined solution products that address general and life needs such as coming up with a Group life cover which includes Group personal accident, WIBA and Employers liability. Similarly, Geminia Insurance Company Ltd has introduced Twinsave Investment product which is a combination of an investment product and last expense. The product targets a new market

segment that is persons beyond the insurable age of 65 years as the product has created an opportunity for people up to the age of 85 years.

Geminia Insurance Company Ltd has also diversified its products by introducing a pension administration cover targeting a new market segment of people who don't have retirement plans such as the self-employed or people employed by organizations that don't offer retirement options. Other products include the Area Yield Index Insurance cover designed to cover farmers from losses incurred due to poor yields accruing from poor weather conditions. Taking up this insurance cover has helped farmers prove that insuring crops and livestock makes commercial sense as farmers and pastoralists are able to concentrate on their activities as well as invest heavily without fear of suffering irreparable losses.

The responses by the key informants depict that Geminia Insurance Company Ltd has achieved its strategic objectives outlined in the 2016-2018 strategic plan. Geminia Insurance Company Ltd diversified its portfolio to capture non-motor insurance and strengthen its brand through targeting segments.

#### **4.3.4 Market Penetration Strategies adopted by Geminia Insurance**

The key informants were requested to state the specific market penetration strategies adopted by Geminia Insurance Company Ltd. Results showed that Geminia Insurance Company Ltd has penetrated the market by adopting various strategies including opening new branches to reach out clients and appointing local representatives such as agents and brokers to carry the flag of Geminia Insurance Company Ltd. Specifically, the company has opened 5 new branches in a span of 3 years (2017 – 2019). This has resulted to

increased visibility and presence in major counties in Kenya. The company also offers production-based incentives to business providers that are run on monthly, quarterly and annual basis.

Results also revealed that advertisement has played a big role by creating awareness about Geminia Insurance Company Ltd products. It was also noted that the company has leveraged greatly on increased technological advancement and rising use of social media. This has made it possible to provide most of the services available to the customers via online platforms which has aided in reaching to a wider scope of clientele.

The results also showed that the company has invested in consumer education to create awareness. The company has also adopted a continuous recruitment approach mechanism as opposed to only recruiting when there are open positions. This has ensured continuity even in the event of resignation of some of the employees and also creates room to hire the best talent. Additionally, the human resource department has been tasked with the responsibility of conducting continuous training so as to acquaint the employees with new skills needed to cater for the evolving needs of the customers. Taking care of the customers and ensuring that there is no gap in the human resource results to improved customer satisfaction and thereby improved customer retention. The end result is improved growth.

#### **4.3.5 Geminia Insurance Company Ltd Brand Positioning**

The key informants were requested to comment on how Geminia Insurance Company Ltd promotes itself as a brand and by extension, its offering. Results showed that Geminia Insurance Company Ltd produces merchandise such as note books, bags and calendars that are given away to clients and institutions free of charge. The company sponsors national programs like Teachers and Doctors annual conventions, sponsors primary schools by providing newspapers to pupils for enhancing their reading skills as well as creating more awareness with parents and the general public. For instance, the company sponsored over 100 schools countrywide in 2018 and 2019 with most of the schools posting very good grades in KCPE examinations. This leaves a good impression of Geminia Insurance among the larger population which makes them choose it as a company of choice when the need to purchase insurance products arises. This impacts on growth positively.

Results also showed that the company runs advertisements in the local print media and digital and social media platforms as well as runs loyalty programs for intermediaries that are done quarterly and annually across all the branches. The company also holds luncheons and dinners for business partners to appreciate them. This has helped in customer acquisition as well as retention of existing customers which impacts of growth positively.

Engagement in corporate social responsibility activities like participating in events such as Mater Heart Run and Bima Ya Mabadiliko (with Nation Media Group), and donations to children's homes has also helped to position Geminia Insurance as a brand. This

impacts on growth as engagement in CSR activities builds a strong brand to the people which make them want to associate with the company thereby making Geminia Insurance the company of choice on matters insurance.

Results also showed that Geminia Insurance Company Ltd was keen to ensure that the claims payments process is seamless. This is due to the fact that relative to the industry, claims payment is crucial in maintaining any relationship/trust with the clients and intermediaries. Further, it was also noted that Geminia Insurance has ensured that the infrastructure in all branches is uniform. The high level of standardization has driven Geminia Insurance Company Ltd business both internally and externally. These findings reflect that Geminia Insurance Company Ltd has succeeded in strategy implementation as the various brand positioning strategies outlined in the strategic plan have been utilized optimally.

#### **4.3.6 Suggestion for Additional Strategies that Geminia Insurance can Adopt**

The key informants were asked to give suggestions for additional growth strategies that Geminia Insurance Company Ltd can adopt. Results indicate that the company should develop an efficient online sales portal and an interactive WEB page. This would help to create an interactive environment where they can address the customers' queries in real time. It was also suggested that the company should consider establishing partnerships with Professional bodies, NGOS, various Government institutions and Ministries to ensure growth of life and general business. It was also established that the company should consider increasing partnership with more intermediaries by way of franchising to

reach out all the counties. Additionally, treating intermediaries as partners is more profitable to an insurance company as opposed to treating them as customers.

Results also indicate that the company should put more emphasis on direct marketing and use of technology. The two are interrelated in the sense that use of technology facilitates direct selling. This would go a long way in reducing operational costs as the company sells directly to the customers and thus evades brokers who at times set high profit margins. It was also suggested that Geminia Insurance Company Ltd should engage in more corporate social responsibility activities and advertisements with an aim of increasing brand visibility. Further, results suggested that the company should invest more in consumer education so as to erase the notion that insurance is a luxury or a regulatory requirement like in the case of motor insurance and sell the narrative that insurance is a solution to risk.

Results also suggested that Geminia Insurance Company Ltd should look at technology as key driver to business success. Thus, a larger budget should be allocated so as to ensure that most processes are automated. This would improve on service delivery and overall efficiency. However, the company should leave room for human interaction with customers as some services such as customer service would require one on one interaction.

The company should also increase use of data analytics to aid in market segmentation and targeted marketing. Another suggestion was that the company should leverage more on the use of testimonials from both employees and customers to portray employee and customer satisfaction to the public. Through this the company can manage to attract the

best talent as most job seekers will seek for opportunities in the company while at the same time customers looking for insurance solutions will be attracted to buy insurance covers offered by the company.

#### **4.4 Effect of Adoption of Growth Strategies on Customer Satisfaction**

The key informants were asked to state the effect of adoption of growth strategies on customer satisfaction. Results revealed that the adoption of growth strategies has raised the level of transparency in insurance covers issued, improved pricing on insurance covers, improved efficiency in customer service, brand recognition and trust. Other effects include increased innovation whereby customers can access services seamlessly through mobile and online platforms; quick processing of valid claims; personalization of services offered to customers; and decentralization of services which has ensured that customers access services quicker. The high customer retention rate attests to this.

#### **4.5 Effect of Adoption of Growth Strategies on Market Share Ranking**

The key informants were asked to state the effect of adoption of growth strategies on Geminia Insurance market share. Results show that Geminia Insurance is now among the top ten general underwriters in Kenya, up from number 25 out of 41 insurance companies about 4 years ago (Deloitte, 2020).

Results also showed that Geminia market share has grown significantly over this period. The percentage growth in market share as shown by IRA end year reports, 2018 and 2019 for life Business were 0.68 % (2018) vs 1.16% (2019) while that of general business was 3.38 % (2018) vs 3.93% (2019). Results also showed that Geminia general insurance

business has grown its Gross Written Premium at a compounded annual growth rate of 28%. This is indicative of management's commitment to growing the business. Particularly, it was noted that motor insurance grew at 37% while non-motor insurance grew at 20%.

#### **4.6 Effect of Adoption of Growth Strategies on Geminia Insurance Profitability**

The key informants were asked to state the effect of adoption of growth strategies on Geminia Insurance Company Ltd profitability. The results indicated that growth strategy has increased the overall company's profitability. This was realized through increase in distribution channels and business acquisition and increase in market penetration/share. Despite the fact that incorporation of various changes such as upgrading the IT system, opening up new branches and hiring experienced employees was costly, they are non-recurrent and they will translate to continuous sales over a long period of time.

This can be supported by the chairman's statement on the 2019 annual report that "am delighted to report that the company attained a Gross Earned Premium of Kshs. 6.152 Billion, up from Kshs. 4.552 Billion in 2018, which represented a 35% growth. The profit before tax increased to Kshs. 450 Million being a 40% growth over the previous year, which was a reflection of the effects of increased premiums and investment income. The total assets grew by 16% to close at Kshs. 9.544 Billion. The return on investment on the shareholders capital during this period was 55.9%. The positive results were achieved in a competitive environment through the diversification of the company's product mix, building sustainable business partnerships, expansions into new markets and, growth in specialized classes of insurance such as trade credit and agriculture. These initiatives



coupled with prudent underwriting, optimal reinsurance programmes, management of claims and a focused investment strategy provided the company with an avenue for profitable growth”.

#### **4.7 Effect of Adoption of Growth Strategies on Efficient Service Delivery**

The key informants were asked to state the effect of adoption of growth strategies on efficient service delivery. The key informants stated that efficiency has been improved in service delivery by upgrading the ICT system. This was actually necessitated by the growth in business because the previous system could not support the growing business. A lot of manual work in the previous regime got automated with the new system. Massive renewal notices and reports are easily generated. Premium allocation and premium payment via M-pesa that is interlinked to the business system is now possible.

Results also showed that through the growth of branch network, customers are able to be efficiently serviced at any point in Kenya. Similarly, the increase in workforce has resulted to reduced turnaround times for clients servicing. Further, results stated that decentralization of processes and decision making to regional offices has made the underwriting process seamless and thereby improving the overall efficiency.

Compared to the past, customers had to wait longer to access the services. Additionally, sometimes the process of accessing Geminia Insurance services was costly for the customers as they had to travel for long hours to access the insurance company offices. In some instances, before Geminia Insurance expanded its branch network, customers ended up looking for companies providing similar services that were within their reach implying that Geminia Insurance Company Limited ended up losing business to their competitors.

#### **4.8 Discussion of Findings**

Based on the study findings it is evident that growth strategies affected the performance of Geminia Insurance Company Limited positively. These findings are consistent with those of Kyalo (2016) who aimed at establishing how growth strategies impact on the performance on an organization. The results revealed that market development, market penetration, diversification, product development, turnaround, and strategic alliance strategies were all significant strategies determining performance of oil companies. These findings are also consistent with those of Nduki (2016) who undertook an investigation on the effect that growth strategies have on insurance companies' performance in Kenya. To a great extent, it was found that growth strategies influence performance of Kenyan insurance firms and hence most of these firms have adopted several strategies for growth.

Geminia Insurance Company Limited has adopted various growth strategies namely product development strategy, market development strategy, market penetration strategy and diversification strategies. The development of new products with an aim of retaining existing clients as well as attracting new customers related to the theory of firm growth which emphasized internal inducements to expand over external factors. This entails having management commitment to stir growth through various ways such as use of unutilized resources and giving existing resources new uses. For instance, results showed that Geminia Insurance Company Ltd has ensured sustained growth by offering new products to existing customers as well as enlarging its scope and selling its existing products to new customers.

In a bid to penetrate the market, Geminia Insurance Company Ltd has enlarged its branch network and engaged various intermediaries such as brokers, agents, and banks. Geminia Insurance Company Ltd takes into consideration the interests of these intermediaries ensuring that there is no collision of interest. This relates to the agency theory which contends that due to the distinction amongst the shareholders and the management of a firm, there emerges agency principal association that requires to be taken care of so as to produce improved results.

The study findings also relate to the resource-based view theory which contends that a firm has certain productive resources, useful for exploiting productive opportunities to allow the firm to grow successfully. The results demonstrate that Geminia Insurance Company Limited has ensured optimal use of the available resources so as to achieve increased growth. This took the form of targeting new markets to increase its market share, developing innovative products which meet the changing needs of its customers and digitizing its services so as to ensure efficient service delivery to the customers. These findings align with the assertion of Ittner and Larcker, (2016) who stated that the ultimate motivation behind product development is for the companies to protect their overall market share. In the same way Lee and Grewal (2015) stated that pursuing a product development strategy, the management attempts to sell a new product to current customers with an aim to enhance firm performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter outlines the summary of the findings, the conclusions and the recommendations. This is done in line with the objectives of the study.

#### **5.2 Summary of Findings**

The general objective of the study was to establish how growth strategies influence performance of Geminia Insurance Co Ltd. The study revealed that Geminia Insurance Co Ltd has adopted various growth strategies namely product development strategy, market development strategy, market penetration strategy and diversification strategies. The study findings also illustrated that adoption of these strategies has influenced the performance. Specifically, the performance of Geminia Insurance Co Ltd had improved in terms of improved customer satisfaction, improved profitability, increased market share and improved efficiency in service delivery.

The results show that Geminia Insurance Company Limited had adopted various product developments strategies. This took the form of repackaging existing products to suit the needs of the current customers and repackaging existing products to meet the changing needs of the existing customers. These included products like the Twinsave Investment product and the Group Life Insurance product. The study also showed that Geminia Insurance Company Limited has adopted various market development strategies with an aim of increasing sales. These included value addition to existing products to increase their attractiveness and designing products for small businesses and small importers.

Further, the study results revealed that Geminia Insurance Company Limited had adopted market penetration strategies to increase its market share. Among the strategies adopted included increasing its branch network and increased partnership with intermediaries such as agents, brokers and banks.

The study results also show that Geminia Insurance Company Limited had adopted diversification strategies to capture new market segments. This entailed designing products for particular segments such as agricultural insurance covers for farmers and Twinsave Investment Product which covers the insured past the insurable age of 65 years. The product has an allowance of up to 85 years. Further, the study results showed that Geminia Insurance Company Limited has actively engaged in various corporate social responsibility activities, increased advertisements as well as automated its processes with an aim of positioning its brand properly in the market.

Results also reveal that Geminia Insurance Company Ltd has been keen to correctly position its brand in the market. This has been achieved through engaging in various corporate social responsibility activities such as sponsorships, investing in advertisements across all platforms namely radios, newspaper and social media. Other ways include producing merchandise such as note books, bags and calendars that are given away to clients and institutions free of charge as well as holding luncheons and dinners for business partners to appreciate them.

### **5.3 Conclusion**

The study concludes that growth strategies influenced the performance of Geminia Insurance Co Ltd. The specific growth strategies included product development strategy,

market development strategy, market penetration strategy and diversification strategies. The study also concludes that adoption of these strategies has influenced the performance. Specifically, the performance of Geminia Insurance Co Ltd had improved in terms of improved customer satisfaction, improved profitability, increased market share and improved efficiency in service delivery.

#### **5.4 Recommendations for the study**

Based on the study findings, the study recommends that Geminia Insurance Company Limited should explore and adopt more growth strategies as they impact the performance. Particularly, the company should group their customers in such a way that they identify customers to whom they can directly sell their products without engaging brokers and agents. This can be realized through full automation of its operations such that these customers can access all their services online without having to engage an intermediary regardless of their location. On the other hand, brokers and agents can aid in rendering their services to customers who are not tech savvy and thus would need assistance using automated platforms.

The study also recommends that Geminia Insurance Company Limited should improve their customer service. With increased availability of information, today's customers are well informed and are aware of what they want. Hence, it will be of paramount importance to ensure that all the customer needs are understood and met so as have a competitive advantage over the competitors in the market.

Further, the study recommends that human resource managers should be keen to ensure that their human resources have the right skills as highlighted by the respondents that the

company has challenges of acquiring best talent in the market. This is due to the fact that adoption of innovation may require different skills from the ones possessed by a particular workforce. Hence, they should be prepared to continually train their workforce. This would thus translate to improved employee productivity and thereby improved organization performance.

### **5.5 Implication for Policy and Practice**

The study findings provide useful insights to the Insurance Regulatory Authority (IRA) on how adoption of growth strategies impacts the performance of insurance companies positively. Hence, the findings will guide them when formulating policies such as those regarding the use of technology, establishment of branch networks, and engagement of intermediaries. Additionally, the findings will also inform their decision on whether to review some existing policies and regulations so as to create room for easier adoption of growth strategies by insurance companies.

The study findings are useful to the management of insurance companies as the findings inform them on the effect of growth strategies on performance. Particularly, the findings point to what they should put more emphasis on so as to realize increased growth resulting to superior performance. Hence, they can be in a position to realign their company goals and objectives such that they allow for easier adoption of the growth strategies that have the greatest impact on performance.

## **5.6 Limitations of the Study**

This study experienced various limitations. To begin with, due to the sensitive nature of the information, the study was hampered by getting the right information from the managers at Geminia Insurance Company Limited. Further, the suspicion normally associated with research was experienced but was solved by assuring the respondents of utmost confidentiality and disclosing the academic purpose and intention of the study.

Secondly, there was a challenge in accessing the targeted respondent. The limitation was moderated by booking appointments with the respondents and conducting the interviews at their time of choice. This helped improve the response rate. Additionally, some respondents may have been biased in giving the right information to the researcher which may have resulted to inaccurate information that could not be relied on by the study. To counter this challenge, the researcher compared the responses with past literature related to this study, although the area of study is unique.

The researcher also experienced hesitance by respondents to give their feedback as they feared it would be used against them. To mitigate this, the researcher acquired a letter of introduction from the university that guaranteed the respondents that the feedback would be utilized for scholarly purposes and would be held in confidence. The researcher also sought permission from the management of the Geminia Insurance Company Limited before conducting the interviews.



## **5.6 Recommendations for Further Research**

Since this study was qualitative, the study recommends that a similar study be conducted but adopt a quantitative approach. This would help to clearly define the magnitude of effect of growth strategies on organization performance of insurance companies. This would thus help companies to have an understanding on what type of growth strategy has greater impact on organization performance and thus aid in making informed decisions on what strategy they should put more emphasis on.

The study also recommends that a study seeking to establish the effect of growth strategies on other aspects such as competitive advantage should be conducted. This would help to establish whether there is a variance of the effect of growth strategies on various aspects other than organization performance.

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## **APPENDIX: INTERVIEW GUIDE**

- 1) What is your current position in the firm?
- 2) For how long have you been with the firm overseeing this function?
- 3) How long have you been involved in strategic management of the firm?
- 4) What strategies are used by Geminia in pursuit of growth in various areas?
- 5) Which are some of the product development strategies that Geminia has adopted?
- 6) Which are some of the market development strategies that Geminia has adopted?
- 7) Which are some of the diversification strategies that Geminia has adopted?
- 8) Could you please elucidate on some of the ways Geminia has adopted market penetration as a practice?
- 9) Please comment on how Geminia promotes itself as a brand and by extension, its offering.
- 10) Please suggest additional growth strategies you feel that Geminia could engage in to enhance its presence in the market.
- 11) How has the adoption of growth strategies improved customers' satisfaction?
- 12) How has Geminia's ranking in market share been affected by these growth strategies?
- 13) What would you say is the relationship between growth strategies adopted by Geminia and its profitability?
- 14) Have growth strategies in Geminia resulted in efficiency in service delivery? Explain.