A SURVEY OF BUSINESS GROWTH STRATEGIES APPLIED BY MEDICAL INSURANCE ORGANIZATIONS IN KENYA

BY

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DECLARATION

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

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

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DEDICATION

The project is dedicated to my beloved dad, the late Mr. Samuel Yego he was my mentor, hero and my role model who molded me to what I am today. I also dedicate it to my Mother, Mrs. Helen Yego for her relentless struggle in raising us up.

ABSTRACT

Growth means change and proactive change is essential in a dynamic business environment. The growth of a business firm is similar to that of a human being who passes through the stages of infancy, childhood, adulthood and maturity. Growth Strategy refers to a strategic plan formulated and implemented for expanding firm's business. Businesses therefore engage in growth and expansion strategies that will enable them to respond to the environmental challenges in order to gain competitive advantage over their competitors, increase market share and indeed for continued survival in the market. Firms adopt various strategies based on the goals and objectives. The different strategies have different costs and related benefits that influence adoption. The medical insurance firms are not an exception to this regard. The increasing significance of growth strategies in these firms therefore is of paramount importance to the development of sustainable competitive advantage. The overall objective of the study was to establish the business growth strategies applied by medical insurance organizations in Kenya. This study was guided and informed by various theoretical and literature reviews. This was a cross-sectional survey research. The study used primary data which was collected using a semi-structured questionnaire. Descriptive statistics data analysis methods were employed to analyze the quantitative data obtained. The study had a response rate of 81.5%. The findings revealed that business growth strategies that are adopted by medical insurance firms in Kenya include diversification, product development and market development. These firms incorporate new features into existing products and introduce new products as forms of product development strategies. For market penetration they persistently advertise their medical insurance products and introduce new medical facilities. The adoption of business growth strategies in medical insurance firms in Kenya is influenced by availability of business opportunity, the firms' financial capacity, customer demands and competition. Price reduction, opening new medical insurance offices in other countries and diversification through medical tourism and conferencing seem not to be business growth strategies adopted by the medical insurance firms in Kenya. In light of the findings, the study recommends that these firms should focus more on market research and development so as to have a strong base for innovation and sustainable growth. These companies should also emphasis on diversification strategies.

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ABBREVIATIONS AND ACRONYMS

CBHI	Community-Based Health Insurance
IRA	Insurance Regulatory Authority
KCBHFA	Kenya Community-Based Health Financing Association
NHIF	National Health Insurance Fund
SPSS	Statistical Package for Social Scientists

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In today's competitive and dynamic business environments companies map out their plans how to sustain their business operations, their competitive advantage and increase their profitability using the concept of strategic management. Business firms engage in growth and expansion strategies that will enable them to respond to the environmental challenges in order to gain competitive advantage over their competitors, increase market share and indeed for continued survival in the market. Thompson, Strickland and Gamble (2007) argued that the main objective of any strategy in an organization is to improve its financial performance, strengthen its competitive position and to outdo its rivals. Competitive advantage describes a situation whereby a company is able to create value in a way that its competitors cannot match (Carpenter and Saunders, 2007). Appropriate growth strategies will enable organizations achieve competitive advantage. The more firms grow the more resources they can access, thus firm growth is considered as a path dependent process.

According to Ansoff (1987), companies can grow the business via existing and/or new products, in existing and/or new markets. Market penetration strategy means that companies are selling more of their existing products in existing markets. This can be achieved by taking a share from the competitors or by attracting non users. The company can also develop new products for the existing markets (product development) or enter new markets (segments) with present products (market development). The latter does not necessarily have to be done through internationalization. Finally, diversification means to enter new markets (segments) with new products.

The medical insurance firms like any other businesses need growth strategies in order to thrive. They can pursue organic growth where they plough back their profits into the businesses or inorganic growth where they strive to achieve growth through mergers with other businesses, Kimani, Ettarh, Kyobutun, Mberu & Kanyiva (2012). Both growth perspectives will require an organization endowed with financial resources and other capabilities. Medical Insurance firms must choose the right growth strategies before committing their resources. The choice of a growth strategy may be determined by changes in a segment of business. Bowen and Clarke (2002) argue that every market consist of groups or segments of customers with different needs and demands. It also important to appreciate that medical insurance firm adopts certain growth strategies in response to changes in the environment. Akan, Allen and Helmes (2006) argued that a venture can choose how it wants to compete based on the match between its type of competitive advantage and the market target pursued as the determinants of choice. Therefore, medical insurance firms must choose the best strategies to ensure that growth is maintained.

1.1.1 Business Growth Strategies

Firms evolve and develop through a lifecycle; thus they are born, they grow, they mature, they decline and sometimes they die. Business growth refers to an increase in the size or scale of operations of a firm usually accompanied by increase in its resources and output. As a matter of fact, growth is precondition for the survival of a business firm. An enterprise that does not grow may in course of time have to be closed down because of its obsolete products. The market is full of examples of very popular products disappearing from the scene for lack of growth plans. For example, pagers vanished from the market because better technology product i.e. cell phones were introduced (Dollinger, 2006).

Christensen and Michael (2008) suggest that companies have two basic options when they seek to build new growth in business. They can pursue a sustaining innovation strategy in which they bring better products to the existing customers in existing markets or they can pursue a disruptive innovation strategy that either creates a new market by targeting non-consumers or offers a 'good enough' product to 'over served' customers at lower prices. Zook (2004) argued that 75 per cent of growth strategies fail to meet the shareholders expectations. Emphasis should therefore be put on choosing growth strategies that can help organizations achieve shareholders expectations.

According to Thompson et al. (2007) growth via acquisition is perhaps the most frequently used strategy employed by ambitious runner-up companies to form an enterprise that has greater competitive strength and a larger share of the overall market. The institutions must acquire organizations that will lead to financial synergy and improve on the overall performance of the institution. Growth strategies involve exploring business opportunities for both financial and competitive advantage. (Grundy, 1995).

Factors relating to the growth of a firm are varied (Delmar et al., 2003). However, growth is a necessary driving force behind a firm's competitive advantage if it is to survive in the very long term. For a firm to grow successfully, it must be able to ascertain its limitations and strengths and leverage on those areas. Hamel and Prahalad (1994), advises that to develop effective growth strategies for firms, they must utilize their resources and capabilities appropriately. In an ever changing business environment or landscape, the firm must leverage on the appropriate combination of resources and competencies that will yield significant returns.

Growth strategies focus resources into opportunities for growth. Mungai (2010) argues that a firm's growth is important in order to attract and maintain diverse customers. The main aim that guides almost every business organization is to secure survival through growth and profitability. Profitable organizations will have the resources to support growth which in turn will lead to more profitability. The concept of growth must therefore be taken seriously by an organization striving to meet the goal of shareholders wealth maximization.

1.1.2 Medical Insurance Firms in Kenya

Health insurance in Kenya can be accessed through three health scheme programmes: public health insurance, private insurance firms and to some extent community-based health insurance (CBHI) organizations. Private health insurance is predominantly accessible to the middle and higher-income groups (Kimani, Ettarh, Kyobutun, Mberu and Kavinya, 2012). Community-based health insurance is relatively new in Kenya having been established in 1999, and, as a result, it has limited coverage. According to the Kenya Community-Based Health Financing Association (KCBHFA), currently, there are 38 CBHF schemes, with 100,510 principle members who contribute for a total of 470, 550 insured beneficiaries (Kimani et al, 2012). This is a paltry 1.2% of the total Kenyan population.

Existing studies show that the poor are more likely to get sick, less likely to use preventive and curative health care, and consequently, have higher mortality rates. According to these studies, one of the factors responsible for these challenges is high out-of-pocket payments for health care. The 2010 World Health Report and the 2010 Millennium Development Goals report underscore the importance of reducing disparities in access to health care, particularly among the poor and marginalized groups through universal health coverage. Extending access to health care to all segments of the population, including the poor is an important objective of the Kenyan government's national health sector strategic plan and national development agenda as outlined in the Kenya Vision 2030 policy framework.

According to the NHIF website (2014), the NSHIF legislation seeks to transform the current National Hospital Insurance Fund (NHIF) into a universal health coverage program, which will ensure equity and access to healthcare services by all citizens. One of the criticisms of the NHIF is its failure to reach out to the majority of Kenyans, especially the poor and those in the informal sector. For example, the NHIF imposes a penalty that is five times the contribution amount for those who do not make their payments by the due date. This regulation particularly hurts the poor, the unemployed and casual workers in the informal sector, who do not have a steady income that would enable them, pay their contributions regularly.

The NHIF was established by an Act of Parliament in 1966, as a national contributory hospital insurance scheme with the objective of providing Kenyan citizens with access to quality and affordable healthcare. Contributions and membership are compulsory for all civil servants and formal sector employees, and voluntary for those in the informal sector and retirees. Currently, the NHIF only pays for inpatient costs at selected (mostly government) hospitals. Nationally, in 2010, an estimated 2 million primary contributors and about 8 million dependents were enrolled in the NHIF program, with a majority (about 74%) residing in the urban areas. Besides the NHIF, in Kenya, individuals can access health insurance through private insurance firms and to some extent community-based health insurance (CBHI) organizations. Due to cost considerations, private health insurance is predominantly accessible to the middle and higher-income groups. Community-based health insurance is relatively new in Kenya having been established in 1999, and, as a result it has limited coverage. According to the Kenya Community-Based Health Financing Association (KCBHFA), currently, there are nine institutions offering community health financing schemes with 410,997 beneficiaries or about 1% of the population covered.

1.2 Research Problem

Organizations devise growth strategies when their objectives can no longer be adequately met within the scope of their present operating environment. The growth of a firm is a multifaceted phenomenon and the factors relating to the growth of a firm are varied. If a firm's objectives cannot be achieved in the current market, it may opt to change strategy. If opportunities are presented to the firm in new market areas than accruing from its existing market then the organization may adapt to benefit from such opportunities. A firm can adopt different strategies at different points of time, (Carpenter, and Saunders 2007). Every firm has to develop its own growth strategy according to its own characteristics and environment which has positive impacts on its growth parameters. There has been rigorous discourse on growth strategy as a subject matter for quite some time. The importance of growth strategies and the understanding of the growth concept are of paramount significance to any business entity. However, growth is a necessary driving force behind a firm’s competitive advantage if it is to survive in the very long term. For a firm to grow successfully, it must be able to ascertain its limitations and strengths and leverage on those areas.

The medical insurance industry in Kenya is currently facing increased turbulence, fast changing, uncertain situations and increased levels of competition within the industry. Many medical insurance firms are no longer stable because the environmental forces are rapidly changing. The most common forces of change in this industry include ever changing client needs, increased globalization, and changes in technology, new health products and market innovation, changes in consumer preferences, regulatory influences and government policy changes. This has therefore led to the need for medical insurance companies to adopt growth strategies to remain competitive. The liberalization of the economy and forces of globalization coupled with developments in the health sector environment have made competition stiffer in the medical industry.

Wanyande (2006) did a study on the application of Ansoff's growth strategies by internet service providers in Kenya and found out that ISPs continuously adopt business growth strategies dictated by the dynamism of the business environment in which they operate.

Gacheru (2013) did a study on the growth strategies adopted by private hospitals in Nairobi. The findings on factors influencing the choice of growth strategies indicated that the most important factor affecting choice of growth strategies was the availability of resources followed by vision and mission of the institution of the hospitals, customer needs, competition, goals and objectives, the business environment, shareholders influence, expected profits and economic stability. Medical insurance firms in Kenya craft and implement growth strategies to enable them meet their customers' needs and maximize shareholders' wealth. Existing literature has not comprehensively addressed growth strategies applied by these medical insurance firms. This study therefore seeks to answer the research questions, what growth strategies are applied by medical insurance firms in Kenya? What are factors that influence the choice of growth strategies in medical insurance firms in Kenya?

1.3 Research Objectives

The study will be guided by the following research objectives;

i. To establish the business growth strategies applied by medical insurance firms in Kenya.

ii. To identify factors considered in choosing business growth strategies by medical insurance firms in Kenya.

1.4 Value of the Study

The research will aim at determining the application of business growth strategies by medical insurance organizations in Kenya. The study will act as a reference point to various stakeholders in the medical insurance sector as they will be able to identify areas that can be improved and will propose specific measures that can enhance business competitiveness.

Policy makers will obtain knowledge on the business growth models that are suitable and sustainable and thus design appropriate policies that will regulate the sector. The medical insurance firms will use the findings to determine factors that influence the implementation of business growth strategy activities that affect their operations. For scholars the study will provide information and knowledge on business growth strategies applied among medical insurance firms in Kenya and as well as suggest areas for further study.

This study will provide an insight to business growth and development practitioners. It will also provide vital information to business firms and medical insurance firms in particular on how best business growth strategies can be adopted and how to mitigate the expected challenges. By gaining understanding of the most important business growth factors, organizations will have to organize themselves in a way that ensures success. With knowing such factors, organizations will be able to better prepare for the dynamic business environment and thus operate successfully and be able to compete in the global market.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the literature on business growth strategy and factors leading to growth strategies adoption in organizations. It will be informed by a review of relevant literature and guided by the theoretical review.

2.2 Theoretical Review

This research was centered on the theories of organizational growth. According to Bhide (2000) business growth is similar to the human life-cycle, as humans pass through stages of physiological and psychological development from infancy to adulthood, businesses evolve in the same predictable ways and encounter similar problems in their growth. Hisrich, Peters and Shepherd (2008) noted that growth makes organizations bigger and hence they are able to enjoy the benefits based on size. They added that higher volumes increase product efficiency, make the firm more attractive to suppliers and increase its bargaining power. In addition, they argued that size enhances legitimacy of an organization since larger organizations are perceived by customers, financiers and other stakeholders as being more stable and prestigious.

The study of growth strategies adopted by various institutions has been carried out by various scholars. Ansoff viewed strategy as a rationally planned and implemented strategy. This has remained in much of the practice and theory of strategic management. Mintzbeg viewed strategy as an incremental or an emergent process giving rise to unpredictable patterns of activity. However this could be argued that the complexity of addressing pluralistic problems contexts has not been fully addressed within the theory.

Confronted by increasingly turbulent and complex environments, managers have become more interested in understanding the conditions and forces that enable or disable successful changes in growth strategies. Yet, largely because of their tendency to use fuzzy definitions and inadequate methodologies, empirical studies of changes in strategy have not provided practitioners with a set of well-tested theories. To provide a basis for circumscribing, evaluating, and directing future research, this project began by developing a framework for assessing growth strategic best practices. DuBrin (2006) explained that intensive growth strategy or expansion involves raising the market share, sales revenue and profit of the present product or services. The firm slowly increases its production and so it is called internal growth strategy.

2.2.1 Ansoff's Growth Matrix Model

The Ansoff's growth strategies are well discussed using the Ansoff growth matrix. This is a marketing planning tool which was first published in the Harvard Business Review in 1957, and has given generations of marketers and business leaders a quick and simple way of thinking about growth that helps a business determine its product and market growth strategy. It suggests four alternative marketing strategies which hinge on whether products are new or existing. Within each strategy there is a differing level of risk.

Intensive growth strategies also referred to as Ansoff-Product-Market Expansion Grid involves raising the market share, sales revenue and profits of the present products or services. The firm slowly increases its production and so it is called internal growth strategy. It is a good strategy for firms with smaller share of the market. The model was proposed by Ansoff (1957) comprises most of the aspects which are assessed by many authors as major strategies for SME growth. Kotler (2002) argued that the most common model for analyzing the possible strategic direction that organizations can follow is Ansoff Matrix. The model presents strategic grids that can assist firms identify their future strategic growth direction and are used when firms are planning for growth. The matrix itemizes four basic ways in which a firm can develop its portfolio of products and markets. It also emphasizes the degree of risk of the approach. To present alternative cooperative growth strategies, Ansoff presented a matrix that focused on the firm's present and potential products and market (consumers). In this model, potential areas where competencies and generic strategies can be deployed are depicted in four broad alternatives; market penetration, market development, product development and diversification.

Market penetration is a strategy where the business focuses on selling existing products into existing markets. This increases the revenue of the organization. Market development is a growth strategy where the business seeks to sell its existing products into new markets. This means that the product is the same but it is marketed to the new audience. Product development is a growth strategy where a business aims to introduce new products into existing markets. This strategy may need the development of new competencies and requires the business to revise products to appeal to existing markets.

Diversification is the growth strategy where a business markets new products in new markets. This is an intrinsically riskier strategy because the business is moving into markets in which it has little or no experience.

Ansoff's Matrix is a relevant tool to managers who are seeking growth in their organizations. Lynch (2009) pointed out that this matrix identifies the products and market options available to the organizations including the possibility of withdrawal and movement into unrelated markets. He further added that the distinction is drawn between markets which are defined as customers and products, which are defined as items sold to the customer. It is worth noting that this model is applicable when a company chooses to introduce new products or establish new markets.

Table.1.1 Ansoff Product/Market Matrix

Product / Market	Present	New
Present	Market Penetration	Product Development
New	Market Development	Diversification

Source: Ansoff (1987)

According to Lynch (2009), a company may engage in product development to utilize the excess of product capacity, to counter competitive entry, to exploit new technology or to protect the overall market. A business introduces new products into existing markets. Pearce and Robinson (1997) argued that product development is appropriate if the management feels that the firm's existing customers would be interested in product related to its current line.

Product development can be done through incorporating new features in a product, applying quality variations, developing additional models and sizes. The ultimate focus on the above is to attract satisfied customers to new products. The new products are then introduced into the existing market. Organizations that continually engage into product development will have an edge over organizations that do not undertake product development.

Involves growth strategies where a business focusses on selling existing products into existing markets in order to maintain or increase the market share of the current products, secure dominance of growth markets, restructure a mature market by driving out competitors and increasing the usage of existing customers. Mungai (2010) argues that the ultimate objective of market penetration strategy is to increase the net income along with total revenue and also enable a firm maintain or increase the market share of current products.

Lynch (2009) explains that without moving outside the organization's current range of products or services, it may be possible to attract customers from directly competing products by penetrating the market. He adds that market penetration strategy should begin with the existing customers with such things as improvement of product quality or levels of service, advertising and promotions.

This strategy involves the organization moving beyond its immediate customer focus into attracting new customers for the existing product range. It may seek new segment of the market, new geographical area or new uses of its products or services that will bring in new customers (Lynch, 2009). Market development is chosen if the firm's strategic managers feel that its existing products would be well received by new customers (Pearce and Robinson, 2007). They further added that market development allows firms to practice a form of concentration growth by identifying new uses for existing products and new demographically, psycho-graphically and geographically defined markets. This can be achieved through opening of either new geographical markets, or through regional and international expansions and advertising.

Beyond a certain point, it is no longer possible for a firm to increase its basic product market. Diversification is one of the four broad strategic choices in Ignor Ansoff Matrix. Diversification enables an organization gain competitive advantage by developing new products for new markets. However, it is the most risky strategy as it requires both product and market development and which may be outside the firm's core competencies.

Diversification may either be concentric/related or conglomerate/unrelated (Hunger and Wheelen, 2009). Porter (1998) explains that the rationale behind diversification is that a firm can gain competitive advantage if it has skills or resources that it can transfer into new markets. According to Thompson et al. (2007), companies that strive to grow their revenues and earnings year after year have to craft a portfolio of strategic initiatives. This therefore calls for diversification for companies.

Kotler et al. (2005) argued that firms that operate in the global industry must compete on worldwide basis if they are to succeed because their strategies positions in specific markets are affected strongly by their overall global positions. Hunger and Wheelen (2009) stated that related diversification would be appropriate if a firm has a strong competitive position but current industry attractiveness is low. This means that the company will introduce new products that are related to the existing products.

One of the convincing justifications of diversification seems to be long range reducing the risks of continuing an old portfolio of a company in the light of changing environment. Lynch (2009) points out that there are good strategic reasons for diversification-for a company to be reliant on only one product or customer carries immense risk if for any reason, that product or services should fail or the customer should go elsewhere.

2.3 Business Growth Strategies

Business growth takes places in many ways and can be divided into two broad categories– organic and inorganic growth. Organic growth can also be termed as internal growth. It is growth from within. It is planned and slow increase in the size and resources of the firm. A firm can grow internally by ploughing back of its profits into the business every year leading to the growth of production and sales turnover of the business, increase in the sales of existing products or by adding new products, asset replication, exploitation of technology, better customer relations, innovation of new technology and products to fill gaps in the market place, Pasane (2006).

Internal growth is slow and involves comparatively little change in the existing organization structure. The ways used by the management for internal growth include intensification, diversification and modernization. Inorganic growth strategies refer to external growth and involve a merger of two or more business firm (Akpinar, 2009). A firm may acquire another firm or firms may combine together to improve their competitive strength. External growth has been attempted by the business houses through mergers, acquisitions and joint venture. It is fast and allows immediate utilization of acquired asset. Romer (1994), says it is less risky as it does not result in expansion in capacity. Firms that choose to grow inorganically can gain access to new markets and fresh ideas that become available through successful mergers and acquisitions (Gorman, 2001).

A firm's strategy is at its best continuously reviewed to be able to act, react and adapt to the movements in a company's business environment and sustain its competitive advantage. When a firm seeks to grow, it is also a strategic question whether to diversify or internationalize to sustain its business operations.

Growth Strategy refers to a strategic plan formulated and implemented for expanding firm's business. For smaller businesses, growth plans are especially important because these businesses get easily affected even by smallest changes in the marketplace. Changes in customers, new moves by competitors, or fluctuations in the overall business environment can negatively impact their cash flow in a very short time frame. Negative impact on cash flow, if not projected and adjusted for, can force them to shut down. That is why they need to plan for their future (Rhonda, 2010).

In many developing countries, consistent economic growth over the past decade has brought new wealth and demand for financial services while liberalization has led to increased competition in retail financial services in many places. As a result, the reach and coverage of the formal financial sector has grown (World Bank, 2008). According to Saxena (2005), there are different type of growth strategies are available each having advantage and disadvantage of its own. A firm can adopt different strategies at different points of time. Every firm has to develop its own growth strategy according to its own characteristics and environment.

Internal growth is growth from within. It is planned and slow increase in the size and resources of the firm. A firm can grow internally by ploughing back of its profits into the business every year. This leads to the growth of production and sales turnover of the business. Internal growth may take place either through increase in the sales of existing products or by adding new products. Internal growth is slow and involves comparatively little change in the existing organization structure. It can be planned and managed easily as it is slow (Ghosh, 2000).

External growth involves growth through external means such a merger and joint venture. A firm may acquire another firm or firms may combine together resources to improve their market competitive strength.

2.4 Factors Influencing Choice of Growth Strategies

The choice of suitable growth strategies in an organization is not easy. It involves consideration of many factors which may be tangible or intangible. Pearce and Robinson (2007) argue that for a strategy to be successful, it must place realistic requirements on the firm's internal capabilities. The process also calls for the involvement of many of the organizations stakeholders as lack of involvement may affect the implementation of the strategies.

Businesses adopt growth as a survival strategy. In a competitive market businesses work hard to outperform others through direct or indirect competition. Direct competition comes from other firms manufacturing the same product while indirect competition may come from availability of cheaper substitutes. To survive the competition the business has to continuously bring new versions of basic product to maintain an edge over its competitors. Severe competition forces a firm to grow and gain competitive strength. A growing concern will be an innovator and can easily face the risk of competition. Thus growth is means of survival in a competitive and challenging environment (Saxena, 2005).

Growth enables the economies of Scale. Growth of a firm may provide several economies in production, purchasing, marketing, finance, management etc. A growing firm enjoys the advantages of bulk purchase of materials, increased bargaining power, spreading of overheads, expert management etc. This leads to low cost of production and higher margin of profit. The owners of a company get the ultimate benefit of growth in the form of higher profits. Capable management may on its own like to take carefully calculated risk and expand the size of the company (Saxena, 2005).

Expansion of the market can also provide growth in that Increase in demand for goods and services leads business firms to increase the supply also. Population explosion and transportation led to increase in the size of markets which in turn resulted in mass production. Business firms grow to meet the increasing demand. The more the size of the business firm increase the more is the prestige and power of the firm. Businessmen satisfy their urge for power by increasing the size of their business firm (Rhonda, 2010).

Kimani (2011) in his study on factors influencing strategy choice in Kenyan commercial banks found out that banks consider costs of growth strategies and the expected return in their choice of strategies. The growth strategies adopted should be affordable to the business. The strategies chosen should also be in line with the organizations' short-terms and long-terms goals. According to Githegi (2011), competition is seen as the main factor that influences strategic choices. A particular growth strategy may be favored over others in order to achieve competitive advantage. However, other factors like organizational structure, leadership, culture and technological advances influence choices made by organizations.

An organization should critically analyze these factors and how a particular growth strategy may affect them. The resource-based view considers a firm's own set of resources and capabilities as the drivers of growth and states that a firm predicts the growth strategies based on its resources and competences (Otto and Low, 1998). The more firms grow the more resources they can access and hence firm's growth is considered as a path dependent process (Akpinar, 2009). This therefore calls for well thought and ambitious but realistic growth plans and strategies.

However business growth strategy adoption and implementation comes with its own challenges. Finance is major hindrance to growth strategies. Growth, especially external growth, requires additional capital investment which is sometimes difficult for a firm to arrange. Many financial institutions acquire fund through initial public offers. This allows members of the public to invest in the dynamic and fast growing sector in anticipation of good returns (Rhonda, 2010).

Human Relations Problems are also major challenges which arise when firm, management lose personal touch with employees and customers. Motivation and morale tend to be low resulting in inefficiency. Growth increases the functions and complexities of operations. As the number of functions and departments increase, coordination and control become very difficult. If the organization and management structure is not capable of accommodating them, growth may be harmful (Rhonda, 2010). Under conglomerate growth, a firm enters new industries and new markets about which the managers know little. Managers find it difficult to find and develop people who can quickly handle new units and improve their earning potential against heavy odds. From social point of view also big firms may be undesirable as they may lead to concentration of economic power and creation of monopolies which may exploit consumers. In their desire for growth firms indulge in combative advertising. The quickening growth creates a cultural gap when society finds it difficult to cope with technological change (Rhonda, 2010).

2.5 Empirical Review

A study by Quarshie and Asare (2010) on the growth strategies in the Telecommunication industry, the case of MTN operations in emerging markets conducted in Sweden revealed that there were factors that the telecommunications company could not have planned but still affect the growth strategies, factors such as government’s requirement for the registration of details of their subscribers for policy making. The study further revealed that planned strategies within the telecommunications industry have a lot of advantages such insignificant reduction in revenue regardless of competition. From this study it was evident that planned or deliberate growth strategies which are implemented with some level of flexibility have far reaching effects in terms of competitive advantages.

Based on an empirical study of 413 firms, Wiklund et al. (2009) suggest a model of business growth, in which they identify different variables affecting small business growth. Results of their research indicate that expectations of changed working conditions are the main concern for businesses when considering growth.

Baker (2008) on his study on strategic plan for growth in Indian firms posited that organizational growth has obvious upsides. It spurs job creation. It creates a stimulating and exciting environment within a firm. It creates opportunities for the business founder and others in the company to become wealthy. Organizational growth also has downsides. When growth is too rapid, chaos can prevail. In such a situation a company may see increased sales but a drop in profits. A business may outgrow the skills of its leader, its employees, and its advisers. All those involved are likely to become stressed out trying to keep up with the demands of expansion.

A study by Roberts (2004) organizational firm for performance and growth in UK firms further indicated that most entrepreneurs who are fortunate enough to experience growth soon discover that success as a business owner doesn't mean you have arrived and can now sleep at night. Expanding a company doesn't just mean grappling with the same problems on a larger scale. It means understanding, adjusting to and managing a whole new set of challenges. It often means building and managing a very different sort of business. Organizational growth almost always produces a company that's much more complex one that needs a much more sophisticated management team, and one that may well need a new infrastructure.

Kibet (2013) did a study on adoption of growth strategies by African merchant assurance company Kenya and found that not all growth strategies that an organization pursues are profitable or yields success. Sometimes growth strategy adoption it becomes a big burden to organization. The study recommended that companies make intensive but strategic use of the three Ansoff’s growth opportunities of market penetration, market development and product development.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the procedure that was followed in conducting the research. It describes the whole research process which includes research design, population of the study, data collection as well as the instruments that were used for data collection and analysis.

3.2 Research Design

The researcher utilized a descriptive census survey. A research design constitutes the collection, measurement and analysis of data (Mugenda and Mugenda, 2003). The descriptive research design was selected because the topical issue under study covers a wide geographical area and gave the researcher the opportunity to investigate the situation holistically and generate either qualitative or quantitative data. Basically, a survey is an in-depth study of a particular situation and is used to narrow down a very broad field of research into one easily researchable topic.

3.3 Population

The population for this study comprised all medical insurance firms in Kenya. According to the Insurance Regulatory Authority (IRA Kenya) as at July 2014, there were 27 medical insurance firms in Kenya. It is from the 27 medical insurance firms that the respondents were drawn. The researcher utilized a census survey where all the medical insurance firms had one participatory respondent.

3.4 Data Collection

Primary data was used for this study because of the nature of responses required by the topic under study. Data was collected using a semi- structured questionnaire drafted in line with the research objectives and which was divided into three sections. The first section comprised the basic organizational background information; the second part consists of questions assessing the application of Ansoff's growth strategies while the third part consists of questions determining the factors that influence medical insurance firms to adopt the Ansoff's growth strategies. The questionnaire had both open-ended and closed questions in which the respondents gave their ratings on a 5-point Likert Scale.

E-mail and drop-pick later method were employed in administering the questionnaires to the heads of strategy/corporate development managers of the respective medical firms as they are considered key in growth strategy application decisions. This is because of their level of involvement in the growth strategies and the business development process and therefore they are adequately informed on the topic under study.

3.5 Data Analysis

The data collected was edited for completeness, uniformity, accuracy and consistency. It was further coded to classify responses into meaningful categories to enable data to be analyzed. The coded data was analyzed using quantitative data analysis tool - Microsoft Excel. Descriptive statistics such as frequency distribution was used in order to examine the pattern of responses to each of the variables under description. Percentages, frequencies and arithmetic mean were used in order to facilitate comparisons. Tables were used in presentation of data findings.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the research findings. It discusses the medical insurance organizations' profiles, the business growth strategies and factors influencing the choice of business growth strategies in these firms. The data obtained was analyzed using descriptive statistics and the results presented in tables.

4.2 Medical Insurance Firms Profile

The study sought some background information related to the topic under investigation on the medical insurance firms in Kenya. The number of people insured, the firms' ownership and the duration of time these firms have been in operation was considered relevant to the study.

4.2.1 Number of People Insured per Firm

The respondents in the respective medical insurance firms were asked to state the number of people insured by their respective firms. This was done so as to find out whether these medical insurance firms have a good number of clients to influence the adoption of business growth strategies. This was a close ended question that gave the respondents the opportunity to tick the class in which the category of their clients fall. The results were displayed as per table 4.2.1

Table 4.2.1 Number of People Insured

Number of People Insured	Frequency	Percent	Cumulative Percent
Below 3000	2	9.1	9.1
3001-6000	5	22.7	31.8
6001-9000	8	36.4	68.2
9001-12000	4	18.2	86.4
Above 12000	3	13.6	100
Total	22	100	

Source: Research data

From the findings in Table 4.2.1, 90.9% of the surveyed firms had over 3000 people insured with only 2 firms having below 3000 people insured.

4.2.2 Medical Insurance Firms Ownership

The study sought to establish the firms' ownership. The respondents were asked to state whether their firms' are locally, foreign or both locally and foreign owned. The results were displayed in table 4.2.2

Ownership	Frequency	Percent	Cumulative Percent
Locally owned	19	86.4	86.4
Foreign owned	3	13.6	100
Both locally and foreign owned	0	0.0	100
Total	22	100	

Source: Research data

From the findings in table 4.2.2, 19 of the respondents revealed that their firms are locally owned while 3 were foreign owned.

4.2.3 Length of Medical Firm Operation

The respondents were asked to indicate the length of time their respective medical firms have been in operation. They were asked to tick the check boxes of less than five years, 5 to 10 years, 10 to 15 years and more than 15 years.

The study sought to know the duration in years the firms have been in operation so as to ensure that the study involved medical firms which have been in operation for a considerable length of time. The more the time the firms have been in operation the higher the chances they are experienced business growth strategies in the industry they are operating. The findings are displayed in Table 4.2.3

Table 4.2.3 Duration in Years Medical Firms Have Been in Operation

Duration of operation	Frequency	Percent	Cumulative Percent
Below 5 years	3	13.6	13.6
5-10 Years	5	22.7	36.3
10-15 Years	8	36.4	72.7
More than 15 years	6	27.3	100
Total	22	100	

Source: Research data

The findings as displayed in Table 4.2.3 show that 86.4% of the respondent firms had been in operation for over 5 years. This indicates that the targeted population was resourceful in the topic under study as it has encountered business growth strategies.

4.3 Business Growth Strategies

The respondents were asked to rate their responses on a scale of 1 to 5 on how they agree with the business growth strategies applied in their firms in order to achieve growth, where 1 represents strongly disagree, 2 for disagree, 3 for neutral, 4 for agree and 5 for strongly disagree. Five factors under growth strategy, four factors under product development strategies, four factors under market penetration strategies, five factor under market development strategies and three factors under diversification strategies were subjected to analysis using descriptive analysis.

4.3.1 Growth Strategies

Five factors were subjected to analysis to determine which type of growth strategies is employed by the medical insurance firms to achieve growth.

4.3.1.1 Diversification

The study sought to find out whether diversification affects the business growth strategy. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in table 4.3.1

Table 4.3.1 Diversification

Diversification	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Disagree	0	0	0
Disagree	1	4.5	4.5
Neutral	3	13.6	18.2
Agree	8	36.4	54.5
Strongly Agree	10	45.5	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.1, 8 of the respondents agreed that diversification affects the growth strategy while 10 of the respondents strongly agreed that diversification affect the business growth strategies.

This shows that diversification strongly influence the business growth strategy.

4.3.1.2 Product Development

The study sought to find out whether product development is a strategy that has been used by the medical insurance firms to achieve growth. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in table 4.3.2

Table 4.3.2 Product Development

Product Development	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	0	0
Disagree	2	9.1	9.1
Neutral	4	18.2	27.3
Agree	10	45.5	72.7
Strongly Agree	6	27.3	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.2, 10 of the respondents agreed that product development is used to achieve growth while 6 of the respondents strongly agreed that product development is used to achieve growth.

This shows that product development highly influences the growth of the medical insurance firms in Kenya.

4.3.1.3 Market Development

The study sought to find out whether market development affects the growth of medical insurance firms in Kenya. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.3

Table 4.3.3 Market Development

Market Development	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	0	0
Disagree	1	4.5	4.5
Neutral	5	22.7	27.3
Agree	13	59.1	86.4
Strongly Agree	3	13.6	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.3, 5 respondents were neutral, 13 agreed and 3 strongly agreed. This shows that the market development also influence the growth of the medical insurance firms in Kenya.

4.3.1.4 Mergers and Acquisitions

It was also important for the study to find out whether mergers and acquisitions affect the medical insurance firms' growth. The strongest factor had a score of five while the weakest factor scored 1 point. The findings are displayed in Table 4.3.4

Table 4.3.4 Mergers and Acquisitions

Mergers and Acquisitions	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	0	0
Disagree	4	18.2	18.2
Neutral	5	22.7	40.9
Agree	10	45.5	86.4
Strongly Agree	3	13.6	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.4, 4 respondents disagreed, 5 were neutral, 10 agreed and 3 strongly agreed. This shows that mergers and acquisitions influence to a lesser extent the growth of medical insurance firms in Kenya

4.3.1.5 Market Penetration

It was also important for the study to find out whether market penetration affects the medical insurance firms' growth. The strongest factor had a score of five while the weakest factor scored 1 point. The findings are displayed in Table 4.3.4

Table 4.3.5 Market Penetration

Market Penetration	Frequency	Percent	Cumulative Percent
Strongly Disagree	5	22.7	22.7
Disagree	4	18.2	40.9
Neutral	7	31.8	72.7
Agree	4	18.2	90.9
Strongly Agree	2	9.1	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.5, 5 respondents strongly disagreed, 4 respondents disagreed, 7 were neutral, 4 agreed and 2 strongly agreed. This shows that market penetration influences to a very lesser extent the growth of medical insurance firms in Kenya

4.3.2 Product Development Strategies

Four factors were subjected to analysis to determine which types of product development strategies are employed by the medical insurance firms to achieve growth.

4.3.2.1 New Features Incorporated to Existing Products

The study sought to find out whether the incorporation of new features into existing products contributes to the business growth strategy. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.6

Table 4.3.6 New Features into Existing Products

New features into existing products	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	0	0
Disagree	1	4.5	4.5
Neutral	2	9.1	13.6
Agree	12	54.5	68.1
Strongly Agree	7	31.9	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.6, 12 of the respondents agreed that new features contribute to the growth strategy while 7 of the respondents strongly agreed that this affect the business growth strategies.

This shows that the incorporation of new features into existing products strongly influence the business growth strategy.

4.3.2.2 Introduction of New Products

The study sought to find out whether the introduction of new products into the medical insurance market contributes to the business growth. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.7

Table 4.3.7 Introduction of New Products

Introduction of New Products	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	0	0
Disagree	1	4.5	4.5
Neutral	4	18.2	22.7
Agree	9	40.9	63.6
Strongly Agree	8	36.4	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.7, 4 of the respondents were neutral, 9 of the respondents agreed that new products contribute to the business growth while 8 of the respondents strongly agreed that this affect the business growth strategies. This shows that the introduction of new products into the market strongly influences the business growth strategy.

4.3.2.3 Improvement of Product Qualities

The study sought to find out whether the general improvement of product qualities in the medical insurance market contributes to the business growth. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.8

Table 4.3.8 Improvement of Product Qualities

Introduction of New Products	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Disagree	1	4.5	4.5
Disagree	2	9.1	13.6
Neutral	4	18.2	31.8
Agree	13	59.1	90.9
Strongly Agree	2	9.1	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.8, 4 of the respondents were neutral, 13 of the respondents agreed that improvement of product qualities contribute to the business growth while 2 of the respondents strongly agreed that this affect the business growth strategies.

This shows that the introduction of new products into the market moderately influences the business growth strategy.

4.3.2.3 Research on New Products

The study sought to find out whether on-going research on new products in the medical insurance market contributes to the business growth. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.9

Table 4.3.9 Research on New products

Research New Products	Frequency	Percent	Cumulative Percent
Strongly Disagree	3	13.6	13.6
Disagree	5	22.7	36.3
Neutral	7	31.8	68.1
Agree	5	22.7	90.9
Strongly Agree	2	9.1	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.9, 7 of the respondents were neutral, 5 of the respondents agreed while 2 of the respondents strongly agreed that this affect the business growth strategies. This shows that research of new products least contributes to business growth.

4.3.3 Market Development Strategies

Five factors were subjected to analysis to determine which types of market development strategies are employed by the medical insurance firms to achieve growth.

4.3.3.1 Opening New Offices in Other Parts of Kenya

The study sought to find out whether the opening up of new offices in other parts of Kenya contributes to the business growth strategy. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.10

Table 4.3.10 Opening New Offices in Other Parts of Kenya

Introduction of New Facilities	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	8	36.4	36.4
Agree	13	59.1	95.5
Neutral	1	4.5	100
Disagree	0	0	100
Strongly Disagree	0	0	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.10, 13 of the respondents agreed that opening new offices in other parts of the country contribute to the growth strategy while 8 of the respondents strongly agreed that this affect the business growth strategies.

This shows that the opening of new offices in other parts of the country into strongly influence the business growth strategy.

4.3.3.2 Giving Specific Incentives to Existing Customers

The study sought to find out whether giving specific incentives to existing customers in the medical insurance firms to the business growth strategy. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.11

Table 4.3.11 Giving Specific Incentives to Existing Customers

Giving Specific Incentives to Existing Customers	Frequency	Percent	Cumulative Percent
Strongly Agree	3	13.6	13.6
Agree	13	59.1	72.7
Neutral	4	18.2	90.9
Disagree	2	9.1	100
Strongly Disagree	0	0	100
Total	22	100	

Source: Research Data

From the findings in table 4.3.11, 13 of the respondents agreed that giving specific incentives to existing customers contribute to the growth strategy while 3 of the respondents strongly agreed that this affect the business growth strategies. This shows that giving specific incentives to existing clients influences the business growth strategy.

4.3.3.3 Establishing New Channels of Distribution

The study sought to find out whether establishing new channels of distribution in the medical insurance firms to the business growth strategy. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.12

Table 4.3.12 Establishing New Channels of Distribution

Establishing New Channels of Distribution	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	5	22.7	22.7
Agree	11	50.0	72.7
Neutral	1	4.5	77.3
Disagree	4	18.2	95.5
Strongly Disagree	1	4.5	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.12, 11 of the respondents agreed that establishing new channels of distribution contribute to the growth strategy while 5 of the respondents strongly agreed that this affect the business growth strategies. This shows that establishing new channels of distribution contribute influence the business growth strategy.

4.3.3.4 Advertising on other Media

The study sought to find out whether advertising in other media apart from those advertising media available in the firms in the medical insurance firms contribute to business growth. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.13

Table 4.3.13 Advertising on other Media

Establishing New Channels of Distribution	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	2	9.1	9.1
Agree	12	54.5	63.6
Neutral	5	22.7	86.4
Disagree	3	13.6	100
Strongly Disagree	0	0.0	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.13, 12 of the respondents agreed that advertising on other media contribute to the growth strategy while 2 of the respondents strongly agreed that this affect the business growth strategies.

4.3.3.5 Opening New Offices in other Countries

The study sought to find out whether opening new medical insurance offices in other countries contribute to business growth. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.14

Table 4.3.14 Opening New Offices in other Countries

Opening New Offices in other Countries	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	1	4.5	4.5
Agree	5	22.7	27.3
Neutral	10	45.5	72.7
Disagree	5	22.7	95.5
Strongly Disagree	1	4.5	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.14, 5 of the respondents agreed that opening new offices in other countries contribute to the growth strategy while 1 of the respondents strongly agreed that this affect the business growth strategies.

This shows that opening of new offices in other countries is not utilized much by these firms to contribute the business growth strategy.

4.3.4 Market Penetration Strategies

Four factors were subjected to analysis to determine which types of market penetration strategies are employed by the medical insurance firms to achieve growth.

4.3.4.1 Advertising of Medical Insurance Products

The study sought to find out whether advertising of medical insurance products contributes to the business growth in the medical insurance firms in Kenya. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.15

Table 4.3.15 Advertising of Medical Insurance Products

Advertising of Medical Insurance Products	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	5	22.7	22.7
Agree	15	68.2	90.9
Neutral	1	4.5	95.5
Disagree	0	0	95.5
Strongly Disagree	1	4.5	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.15, 15 of the respondents agreed that advertising of medical insurance products is used to contribute to the growth strategy while 5 of the respondents strongly agreed that this affect the business growth strategies.

This shows that advertising of medical insurance products is used widely by medical insurance firms to contribute to the business growth strategy.

4.3.4.2 Introduction of New Facilities

The study sought to find out whether introduction of new facilities contributes to the business growth in the medical insurance firms in Kenya. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.16

Table 4.3.16 Introduction of New Facilities

Introduction of New Facilities	Frequency	Percent	Cumulative Percent
Strongly Agree	7	31.8	31.8
Agree	10	45.5	77.3
Neutral	2	9.1	86.4
Disagree	2	9.1	95.5
Strongly Disagree	1	4.5	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.16, 10 of the respondents agreed that the introduction of new facilities contribute to the growth strategy while 7 of the respondents strongly agreed that this affect the business growth strategies.

This shows that the introduction of new facilities in the medical insurance firms strongly influence the business growth strategy.

4.3.4.3 Establishing of a Marketing Department

The study sought to find out whether the establishment of a marketing department contributes to the business growth in the medical insurance firms in Kenya. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.17

Table 4.3.17 Establishing of a Marketing Department

Introduction of New Facilities	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	1	4.5	4.5
Agree	9	40.9	45.5
Neutral	7	31.8	77.3
Disagree	5	22.7	100
Strongly Disagree	0	0	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.17, 9 of the respondents agreed that the establishment of a marketing department contribute to the growth strategy while 1 of the respondents strongly agreed that this affect the business growth strategies. This shows that most of the medical insurance firms do not use this as a business growth strategy.

4.3.4.4 Price Reduction

The study sought to find out whether price reduction of medical insurance products contributes to the business growth in the medical insurance firms in Kenya. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.18

Table 4.3.18 Price Reduction

Price Reduction	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	1	4.5	4.5
Agree	1	4.5	9.1
Neutral	3	13.6	22.7
Disagree	13	59.1	81.8
Strongly Disagree	4	18.2	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.18, 1 of the respondents agreed that price reduction contributes to the growth strategy while 1 of the respondents strongly agreed that this affect the business growth strategies. This shows that price reduction of medical insurance products is not used by these firms as a strategy to contribute to business growth.

4.3.5 Diversification Strategies

Three factors were subjected to analysis to determine which types of diversification strategies are employed by the medical insurance firms to achieve growth.

4.3.5.1 Medical Insurance Sensitization Programs

The study sought to find out whether initiating medical insurance sensitization programs contributes to the business growth in the medical insurance firms in Kenya. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.19

Table 4.3.18 Medical Insurance Sensitization Programs

Medical Insurance Sensitization Programs	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	2	9.1	9.1
Agree	8	36.4	45.5
Neutral	8	36.4	81.8
Disagree	4	18.2	100
Strongly Disagree	0	0	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.19, 8 of the respondents agreed that medical insurance sensitization programs contribute to the growth strategy while 8 of the respondents strongly agreed that this affect the business growth strategies.

This shows that medical insurance sensitization programs are slightly used to influence the business growth strategy

4.3.5.2 Undertaking Health Insurance Camps

The study sought to find out whether undertaking health insurance camps contributes to the business growth in the medical insurance firms in Kenya. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.20

Table 4.3.20 Undertaking Health Insurance Camps

Undertaking Health Insurance camps	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	0	0.0	0.0
Agree	3	13.6	13.6
Neutral	4	18.2	31.8
Disagree	12	54.5	86.4
Strongly Disagree	3	13.6	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.20, 3 of the respondents agreed that they undertake health insurance camps while none of the respondents strongly agreed that this affect the business growth strategies. This shows that there are few or none of the firms that undertake this as a business growth strategy.

4.3.5.3 Medical Insurance Tourism and Conferencing

The study sought to find out whether medical insurance tourism and conferencing contributes to the business growth in the medical insurance firms in Kenya. The strongest point had a score of five while the weakest point scored 1 point. The findings are displayed in Table 4.3.21

Table 4.3.21 Medical Insurance Tourism and Conferencing

Medical Insurance Tourism and Conferencing	**Frequency**	**Percent**	**Cumulative Percent**
Strongly Agree	1	4.5	4.5
Agree	2	9.1	13.6
Neutral	2	9.1	22.7
Disagree	9	40.9	63.6
Strongly Disagree	8	36.4	100
Total	22	100	

Source: Research Data

From the findings in Table 4.3.21, 2 of the respondents agreed that they conduct medical insurance tourism and conferencing to contribute to the growth strategy while 1 of the respondents strongly agreed that this affect the business growth strategies.

This shows that medical insurance tourism and conferencing does not contribute much to the business growth strategy.

4.4 Factors influencing the choice of Business Growth Strategies

A total of 11 factors that influence the choice of business growth strategies were subjected to descriptive analysis and the results displayed in Table 4.4.1

Table 4.4.1 Factors influencing the choice of Business Growth Strategies

Factors for the choice of Business Growth Strategies	Mean	Std. Deviation
Availability of business opportunity	4.36	0.658
Financial Capacity	4.32	0.716
Customer demands	4.18	0.795
Competition	4.09	1.109
Corporate policy on business	3.91	0.921
Cost benefit analysis	3.86	0.774
Staff expertise	3.86	0.889
Market Trends	3.55	1.057
Government Policy on Health Insurance	3.00	1.155
Stakeholder’s Initiative	2.73	0.883
Organizational Size	2.36	0.953

Source: Research data

Among the factors which influenced the choice of business growth strategies, availability of business opportunities was found to have the highest mean score of 4.36. The firms' financial capacity follows with a mean score of 4.32.

The next ranked component was the customer demands which dictate the choice of business growth strategies with a mean of 4.18. The others were competition, corporate policy on business growth, cost benefit analysis, staff expertise and market trends with mean scores of 4.09, 3.91, 3.86, 3.86, and 3.55 respectively.

4.5 Discussion of Findings

Out of a target population of 27 respondent firms, 22 usable questionnaires were received and analyzed, indicating a response rate of 81.5%. This study analyzed 21 strategic factors used to achieve business growth and 11 factors affecting the choice of business growth strategies in health insurance firms in Kenya.

The findings show that the medical insurance firms adopt diversification, product development and market development as forms of growth strategy. They incorporate new features into existing products and introduce new products as forms of product development strategies. For market penetration they persistently advertise their medical insurance products and introduce new medical facilities. These findings are in consistent with a study by Gacheru (2013).

Opening new medical insurance offices in other parts of Kenya apart from the city centers, giving incentives to existing customers and establishment of new channels of distribution are forms of market development strategies used while the commencement of medical insurance sensitization programs is a form of diversification strategy applied.

The adoption of business growth strategies in medical insurance firms in Kenya is influenced by availability of business opportunity, the firms' financial capacity, customer demands and competition. These findings are supported by empirical studies on business growth strategies (Akipinar 2009; Otto and Low 1998, Rhonda, 2010).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

A survey research study was conducted to establish the growth strategies applied by medical insurance organizations in Kenya, specifically to find out the growth strategies applied and the factors considered in choosing the business growth strategies in these firms. Data was collected using a semi-structured questionnaire; Appendix II.

This study had a response rate of 81.5% and this was considered sufficient for analysis. From the findings, 90.9% of the surveyed firms had over 3000 people insured at the time of the survey, 86.4 of the firms were locally owned and 86.4% of the medical insurance firms had been in operation for over 5 years. This shows that the data obtained from the respondents was rich in content and reliable for analysis.

From the 21 business growth strategies that are adopted by medical insurance firms in Kenya, diversification, product development and market development are adopted as forms of growth strategy. These firms incorporate new features into existing products and introduce new products as forms of product development strategies. For market penetration they persistently advertise their medical insurance products and introduce new medical facilities.

Opening new medical insurance offices in other parts of Kenya apart from the city centers, giving incentives to existing customers and establishment of new channels of distribution are forms of market development strategies used while the commencement of medical insurance sensitization programs is a form of diversification strategy applied.

The adoption of business growth strategies in medical insurance firms in Kenya is influenced by availability of business opportunity, the firms' financial capacity, customer demands and competition. Price reduction, opening new medical insurance offices in other countries and diversification through medical tourism and conferencing seem not to be business growth strategies adopted by the medical insurance firms in Kenya.

Respondents identified themselves with the availability of business opportunities, financial capacity (funds), increasing customer demands, stiff business competition, and corporate policy on business growth new as key factors influencing the choice of business growth strategies in their medical insurance firms. However the stakeholder's initiative and organizational size were least influencing factors in the choice of business growth strategies in these firms.

5.2 Conclusion

The medical insurance firms being key players in the stability of the health sector and by extension in the country's economy need to continually adopt up-to-date dynamic business growth strategies. These firms are embracing business growth strategies so as to attain sustainable competitive advantage and improve on performance. These business growth strategies in medical insurance firms are mainly influenced by the availability of business opportunities, financial capabilities customer demands and competition. This can generally be attributed to the increasingly knowledgeable customer, globalization and stiff dynamic and cut throat business competitive environment.

5.3 Recommendations

Though the medical insurance firms have been successful in the application of business growth strategies so far, there is need for these firms to focus on the allocation more resources to research and development (R&D) in order to continually improve on the quality of their products and develop new products. This will enable the firms achieve growth and gain sustainable competitive advantage.

It is further recommended that these firms should focus on diversification strategies that would enable them to increase their revenue base. In addition, the medical insurance firms should venture into markets outside the country and tap on the customer base in the entire Eastern Africa market. Emphasis should also be put on the areas of medical tourism and conferencing which would enable the firms increase their earnings through related diversification.

5.4 Suggestions for further research

The study focused mainly on growth strategies applied by medical insurance firms in Kenya. Notably, these firms apply other strategies in their day to day operations and hence further research in other strategies applied by these firms is suggested. Since, this research focused on the medical insurance firms in Kenya, further research targeting a wider scope like the East African region would be an interesting study as strategies can be compared country to country.

The data collection instrument used to collect data was a questionnaire. Future research should be carried out using another tool such an Interview guide. This would enable the research to probe further and seek clarifications on answers provided by the respondents. The interview guide can be designed to also seek information on whether the growth strategies adopted have been successful or what measures can be taken to improve on the adopted growth strategies.

5.5 Limitations of the study

The findings of this study should be viewed in light of a few limitations. The use of questionnaires to gather relevant information on the applicability of business growth strategies in medical insurance firms in Kenya should be noted. The use of additional data collection methods such as observation and interview guides in order to enhance the richness and depth of future studies.

In addition, access to internal organization documents like board minutes, policies and procedures which could provide more insight into the strategic thinking of the management would greatly have contributed towards a more pragmatic review and analysis. Also most of the senior managers were not available for interview or were too busy.

Finally, another major limitation was the unwillingness of the respondents to objectively articulate the topical issue under survey. Some respondents declined to provide information citing that growth strategies were a sensitive issue that could be used by their competitors. They were skeptical about the finding being used solely for academic purpose.

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APPENDICES

Appendix I: Introductory Letter

August, 2014

Dear Respondent,

I am a postgraduate student at the School of Business, University of Nairobi, currently carrying out a research titled **'A Survey of Business Growth Strategies by Medical Insurance Organizations in Kenya'**. This is in partial fulfillment to the award of Master Degree in Business Administration (Strategic Management).

You have been selected as one of the respondents in this study. I therefore request you to kindly facilitate the collection of the required data by answering the questions herein. This questionnaire is purely for academic purposes and the data collected will be treated with utmost confidentiality. A copy of the completed project report shall be availed to you upon request.

Your assistance and cooperation will be highly appreciated. Thank you in advance.

Yours faithfully,

………………….	……………………………..
Stephen Yego	Dr Jackson Maalu
Student	Research Supervisor
0720 319 185	

Appendix II: Questionnaire

Section A: Medical Insurance Organization Profile

1. Name of the Medical Insurance Organization Profile (optional)
....

2. No of people insured in your organization

a) Below 3000 [ ]

b) 3001-6000 [ ]

c) 6001-9000 [ ]

d) 9001- 12000 [ ]

e) Over 12000 [ ]

3. Ownership of the Medical Insurance Organization:

i) Locally Owned: [ ]

ii) Foreign owned: [ ]

iii) Both locally & foreign owned: [ ]

If (iii) above, please indicate % of ownership

Locally owned: [ ] …………………………..

Foreign owned: [ ] …………………………..

4. How long has the Medical Insurance Organization been in operation?

a) Below 5 years: [ ]

b) 5-10 years: [ ]

c) 10- 15 years: [ ]

d) Over 15 years: [ ]

Section B: Growth Strategies

5. There are strategies that have been used by medical insurance organizations to achieve growth. Using a rating scale of 1-5, indicate what strategies have contributed to the growth of your medical insurance organization. Strongly Agree-5 Agree-4 Neutral- 3 Disagree- 2 Strongly Disagree-1

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Growth Strategy					
Market penetration					
Product development					
Market development					
Diversification					
Mergers & acquisitions.					
Product Development Strategies					
New products have been introduced					
New features have been incorporated into existing products					
Product qualities have been improved					

On-going Research on New products					
Market Penetration Strategies					
Introduction of New facilities at the medical insurance organization					
Establishment of a marketing department					
Advertising of medical insurance products					
Price reduction					
Market Development Strategies					
Opening new medical insurance offices in other parts of Kenya					
Opening new medical insurance offices in other Countries					
Giving specific incentives to existing customers. e.g. Health promotions.					

Establishing of new channels of distribution.					
Advertising in other media (Forms).					
Diversification Strategies					
Medical tourism and conferencing					
Undertaking Health Insurance Camps					
Started medical insurance sensitization programs					

Section C: Factors to consider in choice of Business Growth Strategies

6. The main reasons for choosing business growth strategies in organization are asked in this question. Please indicate the degree of importance attached to various alternative choices by ticking 1= Not Relevant, 2=Slightly Relevant, 3=Neutral, 4= Important, 5= Very Important

Factors to consider in choice of Business Growth Strategies	**Not Relevant**	**Slightly Relevant**	**Indifferent (Neutral)**	**Important**	**Very Important**
Corporate policy on business growth strategy choice					
Availability of business opportunity					

Government policy on health insurance (Health Insurance Act)					
Cost benefit analysis					
Financial capacity (availability of funds)					
Staff expertise					
Organizational size					
Customer demands					
Market trends					
Stakeholder’s initiative					
Competition					

Appendix III: List of Medical Insurance Firms in Kenya

1	Acropolis Insurance Brokers Limited
2	Alexander Forbes Healthcare Limited
3	AON Kenya Insurance Brokers Limited
4	Bhanji and Associates Limited
5	BTB Insurance Brokers
6	Changamka Micro insurance Limited
7	Chester Insurance Brokers Ltd
8	Clarkson Notcutt Insurance Brokers Limited
9	Eagle Africa Insurance Brokers Kenya Limited
10	Executive Healthcare Solutions Limited
11	Goldstart Healthcare Limited
12	H.S. Jutley Insurance Brokers Limited
13	Healthline Solutions Limited
14	Indemnity Insurance Agents Limited
15	J.W. Seagon and Company Limited
16	KenBright Healthcare Administrators Limited
17	Liaison Healthcare Limited
18	Lifecare International Insurance Brokers Limited
19	MIC Global Risks (Insurance Brokers)Limited
20	Mutual Trust Insurance Agencies Limited
21	National Hospital Insurance Fund
22	Pacific Insurance Brokers Limited

23	Pelican Insurance Brokers Limited
24	Plan and Place Insurance Brokers Limited
25	Planned Health Care Limited
26	Sobhag Insurance Brokers Limited
27	Starlit Insurance Brokers Limited