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Innovation Strategies and Performance of Insurance Brokerage Firms in Nairobi County, Kenya

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Abstract

The insurance industry in Kenya has been recognized as a major player in the Kenyan economy. The insurance brokerage industry remains one of Kenya's most flamboyant financial sectors, especially in Nairobi County. However, there has been the saturation of intermediaries in the insurance sector, especially in Nairobi County. Thus, the study sought to examine the influence of innovation strategies on the performance of insurance brokerage firms in Nairobi County, Kenya. The study used the descriptive survey technique. The target population constituted 216 insurance Brokers companies within Nairobi as per the year 2019 (Commissioner of Insurance, 2018). The sample size was 140 institutions found using the Yamane (1967) formula. The questionnaire was used for primary data collection. Secondary data sources included IRA publications, company financial statements and company websites. Descriptive statistics and inferential statistics were used for the data analysis. The study established that product innovation, service innovation and market innovation had a positive and significant influence on the performance of insurance brokerage firms in Nairobi. The study concluded that the importance of product innovation in the company's growth and development could not be overstated. A new service idea is considered an innovation if it is a deliberate change in the service provided, provides a new or significantly improved benefit to the customer, significantly improves the service firm's profitability, and can be replicated from customer to customer. Market innovation improves the organization's performance because it operates at a lower cost as there is no need for inventing anything new. The study recommended that the organizations develop winning products, which are products that are in an appealing market, target a profitable customer segment, address the suitable unmet needs, and assist customers in getting the job done better than any competing solution. The organization should aim their marketing innovations to better address customer needs, open up new markets, or newly positioning a firm's product on the market to increase its sales.

Keywords: *Product innovation, service innovation, marketing innovation, performance, insurance brokerage companies, Nairobi County, Kenya*

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1.0 Introduction

Insurance industry has been highly credited for its economic development globally in the past few decades. Many countries world over is seeking to enhance this sub-sector as a concern of the growing evidence that it contributes to economic growth and development (Eijdenberg & Masurel, 2013). However, the sustainability of positive influence of insurance brokerage on the fight against unemployment in Africa generally and Kenya specifically is in doubt (Mwangi, 2014). One major concern in this area is the level of innovation adoption in the insurance brokerage firms. According to Kiraka, Kobia and Katwalo (2013), innovation strategies greatly impact on the growth of firms in diverse economies. Swiss (2017) noted that Insurance brokerage performance is in question. This is due to the immerging challenges associated with brokerage firms across the world.

In the United Kingdom Swiss (2017) noted a decline in insurance brokerage business due to the use of non-modernized information while underwriters adopt online-based technology. In a global business environment, innovation is prerequisite for market success, and often for the survival of the insurance company (American Management Association, 2014). However, innovation is risky and uncertain process (Dewulf, 2013). Although high cost and risk have been suggested as barriers for innovation adoption in insurance brokerage industry, minimal data exists to support this claim (Stevanovic, Marjanovic & Storga, 2013). As such, literature regarding innovation in insurance brokerage firms is limited, while few empirical researches on innovation have been done on large insurance firms (PKF Littlejohn, 2019). Insurance brokerage in the UK led by British Insurance Brokers' Association (BIBA) has come up with new guidelines and regulations to regulate the uptake of insurance amongst them. Unfortunately, Insurance regulators are still faced with the challenge formulating policies on innovation adoption (Bernard, 2016). Elsewhere in India, insurance brokerage penetration stood at 3.69% as at June 2019 (Alamelu, 2020). With over 500 insurance brokers operating in Indian economy, there has been major competition amongst the players in the insurance brokerage industry. As a result, high failure rates remain an unsolved problem. About 50% of new insurance products launched in the market fail (Nagano, 2018) and there has been little improvement over the last two decades.

Insurance growth in Africa has been steady but remains below the global penetration at 3.65%. Total premium underwritten was at US$ 60.7 billion as at 2017 (Bernard, 2017). South Africa remains Africa's largest insurance market generating over US$44 billion of premiums. Just as it is the case in the developed counties, South Africa insurance brokerage market experience various challenges, top of which was lack of innovation adoption. Moreover, lack of product innovation, technology innovation, market innovation and service innovation make it difficult for market to consistently grow in some part of the country. Extant literature has documented that although insurance business has existed for many years world-wide, insurance penetration is minimal, largely in Africa and specifically in Kenya (Osero, 2009). According to Sigma (2014), insurance penetration in East Africa stands at 3.2% as at 2018, which is lower than the Africa average of 3.65%. In Kenya, however, the problem is very serious given that over eighty percent of adults lack any form of insurance cover (Anja, Doubell, Herman, Sandisiwe & Chelwa, 2010). Compounding this problem further, insurance companies lack strategies to fully tap this market (Onemus, 2009). It was noted from past literature that the contribution of insurance sub-sector to the creation of employment and development is still minimal and thus eliciting research quest for possible influence of innovation adoption on the growth of insurance brokerage businesses in Nairobi County.

The key actors in the insurance business are reinsurance firms, insurance firms, insurance sub-groups such as risk managers, insurance brokers and loss Adjusters (IRA, 2019). Brokerage Company refers to an intermediary that connects buyers and sellers to facilitate a transaction. An insurance broker understood as an expert who acts on behalf of clients in their pursuit for the most appealing insurance policy (Association of insurance broker Kenya, 2018). Dissimilar with confined and self-regulating agents, who acts for one or more insurance firms, a broker's basic responsibility is to the customer. Unlike agents, brokers have no authority to bind insurance policies. To effect representation on a customer's interest, an agent may request an underwriter at the insurer to offer an insurance binder. The agent/broker may offer the binder and then seek for a signature from an underwriter. A binder given by a broker will not be official until approved by a representative of the insurer body and thereafter appends his/her signature on the document. Brokers earn from commission paid to them by the insurers once they close a business with an insurer. They also earn from investment funds (Maingi 2019). Brokers are the primary administrator of a client's policy and insurance firms are required to contact the client via the brokers.

Insurance brokerage firms are registered companies under the company registration act. The insurance regulatory commission regulates them (IIK, 2019). United Kingdom and United States being the pioneer countries in the insurance industry, they hold the largest insurance brokerage market globally with Marsh & McLennan Companies leading the pack with $14.95 billion in overall income. Marsh and McLennan (MMC) has been heading the list globally since 2017 as the biggest insurance brokers (Karanja, 2019). In Africa, South Africa insurance brokerage industry has continued to dominate the region. The dismal insurance acceptance in Africa can be blamed to the low -income status, less education and low level of innovation and service adoption. In East Africa, Kenya leads in the Insurance brokerage industry Nairobi being the key success factor for the region. In Kenya, we currently have about 216 registered insurance brokers (IIK, 2019). The insurance regulatory authority Kenya (IRA) regulates insurance brokers in Kenya. The AIBK is the umbrella Professional Association for all Insurance Brokers in Kenya. The organization has been in existence since the year 1970 after it joined the Association of Insurance Brokers of East Africa (AIBEA), with branches throughout East Africa, but later transferred its total operations to Kenya with the dissolution of the East African Community in 1977.

1.1 Statement of the problem

Insurance brokerage worldwide is considered a key pillar in the economy. This is because it has continued to employ high numbers of youth and contributed to growth of revenue basis for most nations. However, the sector faces major uncertainty on the future. In order to remain relevant, most firms across the globe have adopted various ways to remain profitable (James, 2017). Efforts have been made to adopt technology and innovation by various brokers in different continents. Various countries have adopted new laws to regulate competition while others have improved the brokerage services and products offered to consumers. Moreover, there still exist a concern on the steady changing business

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environment across the globe, growth in technology and customers' awareness has prompted brokers to adopt new techniques to market their services (Hook, 2017). However, despite the adoptions of new techniques to adapt to the changing dynamics, there exist no long-term solution formulated to handle the predicted market saturation and stiff competition in the brokerage sector in the near future (Harry 2017). Therefore, there is need to examine the impact of prices and products innovation on the performance and sustainability of insurance brokerage businesses in Nairobi, Kenya.

With high competition in the industry, insurance brokerage firms have opted for different management strategy to remain afloat. Brokers with poor products strategy especially for the general insurance products have been faced with closure reality due to unsustainability (Ansoff, 2016). Although the business of insurance has been in existence for over a millennium globally, insurance coverage is still very low especially in Kenya (Gitau, 2017). This calls for an accelerated research concerns in an attempt to determine the reasons as to why the insurance uptake in Nairobi remains minimal and suggest ways/strategies that can be embraced to boost insurance product and uptake. This enquiry attempted to seek answers to fill that knowledge gap. Wanjai (2018) noted even though insurance industry faces had previously experienced numerous challenges on both short and long terms that have emanated from relaxing market, pricing stress, and accelerated global business rivalry, there are still exist remarkable business opportunity for firms that follow both development approaches and cost efficiencies. There is need to ascertain the strategies that can be utilized by various brokerage firms to enhance the increased local competitive insurance brokerage industry, especially in Nairobi County. The study helped in determining the effect of insurance stakeholders' competence on the sustainability of insurance brokerage firms in Nairobi, Kenya.

There has been a major research focus among scholars on the Insurance Industry in Kenya. However, diverse contexts emerge from these studies. For instance, Wangechi (2017) concentrated on Strategies adopted by Kenyan insurance firms to alleviate low insurance penetration. Karanja (2017) analysed innovation approaches utilized by insurance firms in Kenya. Wairegi (2016), endeavored to determine the Strategic reactions by Life Insurance firms in Kenya against alterations in the ecology. However, none of them looked in to the innovation strategies being implemented by the insurance brokers in Nairobi and Kenya in general to get new business and maintain existing business. Moreover, none of the previous studies has described the current innovation products in the insurance industry. Therefore, there is need to examine the innovative strategies being employed by the insurance brokers in Nairobi Kenya to get new business and hold existing businesses. None of the previous researchers analyzed insurance companies and brokerage firms' ability of identified and customize several products; such as motor insurance, domestic insurance, medical insurance, liability insurances among others by increasing scope of cover, reducing premiums and rates as well as increasing of benefits and salient features. Moreover, past researchers failed to identify the effects of increasing scope of cover, reducing premiums and rates as well as increasing of benefits and salient features on the growth of the insurance brokerage companies. With this in mind, there is need for further investigations to understand the innovation strategies being practiced by various brokers to penetrate to already very densely populated market. The study determined the impacts of products differentiation on sustainability of insurance brokerage firms in Nairobi.

1.2 Research objectives

i. To find out the influence of product innovation on the performance of insurance brokerage firms in Nairobi.
ii. To assess the impact of service innovation on performance of insurance brokerage companies in Nairobi.
iii. To establish the influence of marketing innovation on performance of insurance brokerage companies in Nairobi.

2.0 Literature Review

2.1 Theoretical Review

2.1.1 Resource Based View of the Firm

Wernerfelt (1984) came up The Resource Based view (RBV). It was revised by numerous authors (Barney, 1991; Penrose, 1959; Peteraf, 1993; Mata, Fuerst & Barney, 1995). Architects of Resource-based View (RBV) reveal that it is more considerable and practicable to utilize exterior opportunities using prevailing resources in a novice method rather than making efforts to obtain fresh skills for every dissimilar opportunity. When a business plans to formulate and use strategies such as cost governance and client relationship control, the RBV of the company is a vital strategy method (Maingi, 2017). RBV of the organization sees resources as an opener to greater firm growth. Organizations develop competitive advantage by accumulating piles of resources that are difficult to match (Barney, 2001). Barney (1991) further advised that a business enhances growth by obtaining and developing, consolidating and efficiently organising its resources in expertise that put in an exclusive worth that are hard for business rivals to duplicate.

A firm with the correct resources has the ability to develop and devise suitable techniques that will allow the firm acquire and uphold a worthwhile competitive edge (Kamau, 2017). According to O'Sullivan (2011), it is note able to adventure novel opportunities by spending resources that are currently accessible in an organisation without having to acquire fresh skills or capability for each and every diverse opportunity. The RBV is based with the link among strategy, inner resources and the growth of the firm. But, formation of this proficiency is difficult and an inaccessible to some firms for diverse understandings. Generating proficiency may hinge on on some past benefit that no longer exists or they may be long-term learning process, which might not be available, due to this, a firm might not be able to create its proficiency and may turn to innovation adoption as a performance option (Rodríguez, 2006).

The competition between various insurance brokerage firms in Nairobi Kenya is an appropriate illustration of in what ways the firms that work in the same business are subjected to the similar outside forces and can realize dissimilar business performance as a result of variance in resources (AIBK, 2017). Some prefer selling life products that they have expertise in selling; while others sell general products due to their expertise in that sector, thus their performance and long-term survival will depend on their knowledge, competences and other items that firms own. Firms contrast from business-to-business skills and experience are taken into account. The Resource based view RBV was considered in this research as it reveals the importance of company's resources, which include, information

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technology resources, financial capabilities and innovation capabilities concerning growth of a firm and this was the major focus of this enquiry.

2.1.2 Knowledge-Based View Theory (KBV)

It originated from strategic management literature and it was documented in Kogut and Zander (1992) research work. As such Knowledge-Based View Theory (KBV) is based on the resource-based view of the firm (RBV) that was mooted by (Penrose, 1959) and later revised other scholars (Barney, 1991; Wernerfelt, 1984 & Conner, 1991). The KBV Theory of a business reflects knowledge as the greatest strategically noteworthy resource of the company. The knowledge is entrenched and passed over various units with organizational culture not being unexceptional with distinctiveness, guidelines, habits, documents, schemes, and workers (Nickerson, Zenge, 2004). Although the RBV of the business distinguishes the vital part of knowledge in companies that accomplish a competitive edge, advocates of the KBV contend that the RBV is shallow in focus. In particular, the RBV considers knowledge as a general resource, instead of possessing distinct features (Leidner, 2001). Just as portrayed in actual icebergs, the major truth that permits the business to grow is positioned beneath the surface of the water and concealed in the intangible assets of the firm, and it involves the capabilities of what the business partakes, the way it is carried out, and the reason it is performed in that way (Zack, 2003).

From the KBV, the company is a bundle of knowledge-based resources; Individual organizational members specialize in specific knowledge domains. Awareness is basically interpersonal it is intertwined and shaped in unbroken social relations among the staff of a company, against existing in the thoughts of personalities or in databanks (Kogut and Zander, 1993). They further noted that different from resources, competences are founded on carrying, evolving and sharing data through the organization human resources. Skills occur on various stages in the firm, and vary from personal knowledge, active skills, and functional skills. For the purposes of the study, it was noted that many insurance organizations compare that deed with worth in today's economy, it is important for them to develop to a competence-based firm (Curado, 2016). Each brokerage firm has its own unique knowledge about its industry, with this is mind, the firms are therefore supposed to counter attack their challenges with new their unique knowledge gap they possess. This was important in ensuring sustainability of their business.

2.1.3 Diffusion of Innovation Theory (DIT)

The DIT was formulated in the year 1962 by E. Rogers. It began by passing a message to clarify in which way, over an interval, a knowledge or product acquires energy and is distributed through a particular social structure. Rogers (1962) posits that the final outcome of this diffusion is that persons, as portion of a social fabrics, acquires a different knowledge, behaviour, or product. Diffusion is the process through which an innovation is transferred over an interval amongst the participants in a social scheme. Acceptance assumes that an individual operates contrarily to what they were doing before (Rogers, 1962). Rogers further asserts that there exist four key components that affect the distribution of a new concepts. This includes the innovation, communication channels, measure of duration, and a societal structure. This practise borrows greatly on human capital because it is broadly embraced in for it to endure itself. Rogers contends that the traits and features of innovation are important in influencing the way of its diffusion and the rate of its acceptance. Pauly (2012) noted that what probable utilizers recognise as the traits of an innovation is what counts. Embracing of a first-hand knowledge, conduct, or invention does not occur at the same time in a social structure; but however, it is a method where communities are more appropriate to embrace the innovation against others. Scholars have noted that individuals who accept an innovation promptly have diverse features than persons who embrace an innovation afterwards (Richard R. Nelson & Sidney G. Winter, 1962).

Rogers (1962) outlined two semi features that can be deliberated: a hardware aspect comprising of an instrument that symbolizes the technology as a touchable entity, and a software part consisting of this tool data base. As identified by Rogers (1962), there exists 5 reputable embracer sorts, and where most of populace seems to lean in the medium groups, it is essential to appreciate the features of the group under considerations. In the event of popularizing an innovation, there exists diverse approaches that can be adopted to be attractive to the various adopter groupings. This includes Innovators as individuals who try innovation the first. These people adventurous and concerned with novice creativity. They are also risk takers, and they are frequently the initial developers of new ideas. Little can be undertaken to charm to this populace. We then have the Early Adopters. These are opinion leaders who represent the people. They are happy with governance roles, and they welcome transformation chances. They have awareness because a change is required with much eager to embrace new concepts and ideas.

There are many Strategies and methods pen to this group and they are not limited to guidebooks and data sheets on application. Another category is Early Majority and these people are never managers, but however they embrace new ideas before the typical individuals. They characteristically want evidence that innovation functional prior to accept it. Methods that apply to this group include victory fictions and indications of the innovation's efficiency. We also have Late Majority and these individuals are doubtful of transformation, and will only embrace an innovation after it has undergone trials by others. The methods that make this group satisfied is data on the number of individuals who have attempted the innovation and succeeded. Finally, we have Laggards and this category of individuals are enslaved by customs and very old-fashioned. They doubt and resist any change and are the most rigid group to be innovators. They use figures, fear petitions, and pressure from individuals in the other enhancer groups as a Strategy (Richard R. Nelson & Sidney G. Winter, 1962). In relation to the insurance industry, there is different level of adoption of the trending technologies amongst insurance brokers. It is observed that some of the brokers in Nairobi are very quick to adopt new ideas and implement them in their systems. However, we still have other who are laggards and would be the hardest group to bring on board.

2.2 Empirical review

Karaiya (2013) noted that product planning and design is the means of strategically making the progress, market promotion, and constant helping and enhancement of a firm's products. Karanja (2009) noted that products differentiation by a firm is the capability to trade its distinguished product at an amount that surpasses cost to generate it and permits the company to outdo its competitors and generate above-normal revenues. Many ways are

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available to differentiate a product. These are uncommon characteristics, approachable client service, swift invention of products and hi-tech management, alleged reputation and eminence, varying preferences, industrial plan and growth. Karanja (2009) noted that the brokerage insurance firms have customarily perceived themselves as a producer of products, with the greatest products giving good differentiation. This adjusts slowly as consumers start to ask for an additional unified method to their issues. This effect has triggered major adoption of innovation and new technology (Rehab, 2016). Slow adoption of products innovation by insurance brokers has led to decline in profits and growth, the sector is faced with a hug demand for innovation and products differentiation due to the rapid changing business environment, however, there still exist a laxity among the brokers. Insurance brokering industry faces a major uncertainty due to the low adoption of online and customised insurance products (Anim, 2018).

Mahmoud, Hinson and Anim (2018) research on service innovation and customer satisfaction, noted that a service company's capability to realize consumer fulfilment is reliant in what way information handlers tap and arrange their service innovation undertakings. Further, the enquiry indicated that client worth formation intermediates the link between service innovation and consumer fulfilment. Thus, service innovation should proof significant for clients so as to boost client gratification. Insurance brokerage directors can advance the energy of their service assistances to attain client fulfilment by utilizing extra on customer enquiry, market study and augmented client collaborations (Hinson, 2018). Meyer (2008) noted every technology-based firm should frequently innovate so as to remain relevant. Insurance brokers today are motivated to maintain and improve their service technology and systems so as to create an economical worth. Brokers in the current world are faced with major competition on service innovation and technology. Most firms currently concentrating on products innovation are also challenged to develop new service systems to deliver the products to the target population. Considering the increased literacy level in today's world, insurance customers tend to adopt and prefer modern technology to purchase and search for various insurance quotations (Jobs, 2009).

Danielle (2019) in her article on the future of insurance noted a major worry on the survival of brokerage firms in the insurance industry; she confirmed that several insurer providers are currently working on alternative insurance creativity to develop business worth globally. One particular case of such a firm that is converting their current products into a different form is a specialty insurance firm wishing to execute a novel design permitting them to eradicate middlemen and in its place deal straight to clients. Eliminating the broker and vending straight to the purchaser, the insurer reduces the cost of products and offers new inexpensive value since the charge on transactions declines. Consequently, income of the firm improves. Insurance brokers in Nairobi are faced with the challenge to develop new modern marketing strategies that would enable them to remain relevant with the modern world. This is indeed one of the most determinant factors for survival in insurance companies in Nairobi.

2.3 Conceptual Framework.

In this study, it conceptualizes the association among variables. It also unpacks the sub-variables of both the dependent and independent variables.

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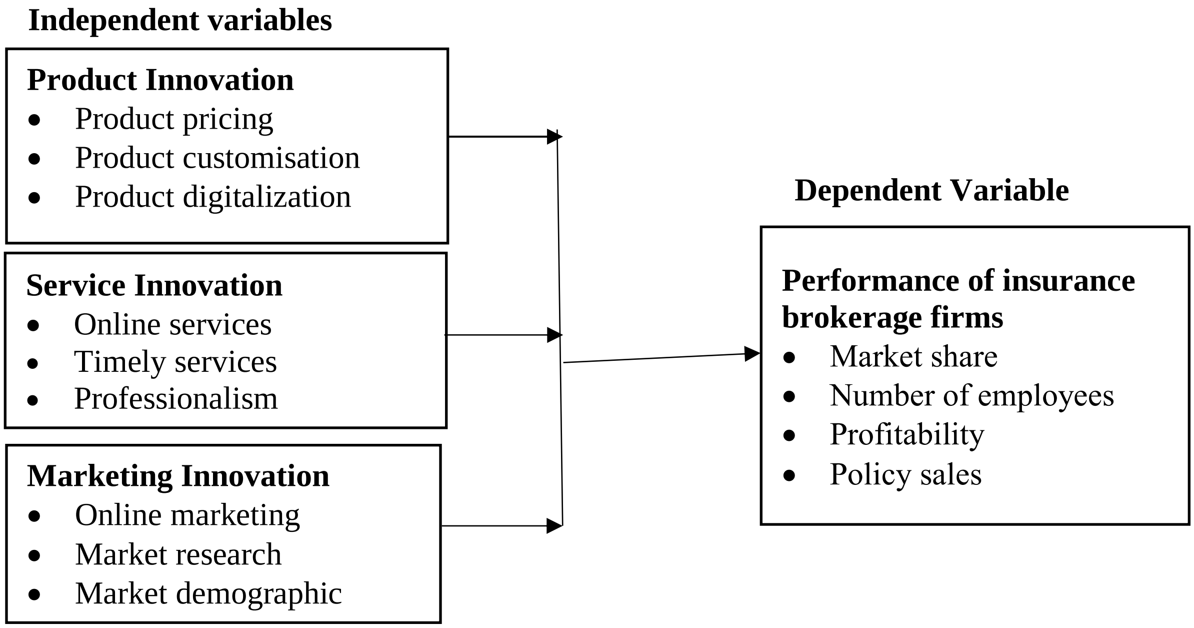

Figure 1: Conceptual Framework;
Source: Researcher, (2020)

3.0 Research Methodology

The study used the descriptive survey technique. A descriptive survey is designed to acquire data to elucidate a state of concern by probing from participants their opinions, attitudes, conducts, and value scheme (Mugenda & Mugenda, 2003). The descriptive survey design was applied in this study due to the simple fact of getting data in its current condition regarding study variables. The target population constituted 216 insurance Brokers companies within Nairobi as per the year 2019 (Commissioner of Insurance, 2018). The sample size was 140 institutions found using the Yamane (1967) formula. The questionnaire was used for primary data collection. Secondary data sources included IRA publications, company financial statements and company websites. Descriptive statistics and inferential statistics were used for the data analysis. A one-way ANOVA was used to compare the impact of innovation strategies on the growth of varying insurance brokerage companies.

4.0 Research Findings and Discussions

4.1 Response Rate

For this study, the investigator administered 420 questionnaires to the target respondents. Table 1. displays the results

Table 1: Response Rate

Details	No. of Respondents	Percentage of Responses (%)
Questionnaires returned	415	98.8%
Questionnaires not returned	5	1.2%
Total	**420**	**100**

Source: Field data, 2021

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From Table 1, the proportion of completed questionnaires was 98.8%. On the other hand, participants did not return 1.2% of the questionnaires. The response rate was sufficient for generalisation and conclusion. This agreed with Mugenda and Mugenda (2003) that, "a response rate of 98.8% and above is very good for data analysis."

4.2 Descriptive Analysis

Presentation of descriptive data was done in terms of Standard Deviation (SD), Mean (M) and percentages (%) and finding displayed as below:

4.2.1 Product Innovation

The research tried to find out the influence of product innovation on the performance of insurance brokerage firms in Nairobi. The results are in Table 2

Table 2: Product Innovation

Statement	M	SD
This firm normally enhances its product creativity to Performance in the market	4.94	0.06
The company continually reviews its product prices to beat with business rivals	4.84	0.16
The firm changes non-performing products with moving products to improve its business returns	3.68	1.32
The organization introduces new products before competitors	4.23	0.77
Product digitalization has become part and parcel of the firm's long-term strategy	4.13	0.87
The firm is not threatened by adoption products customization	3.55	1.45
Aggregate Score	**4.23**	**0.77**

Source: Research data, 2021

The findings indicates that participants agreed that product innovation influences insurance brokerage firms' performance in Nairobi as displayed by 4.23 mean and 0.77 SD. The finding corresponds to Karaiya (2013) who noted that product planning and design is the means of strategically making the progress, market promotion, and constant helping and enhancement of a firm's products. The participants agreed strongly that; the firm normally enhances its product creativity to performance in the market and that the company continually reviews its product prices to beat with business rivals as demonstrated by the respective 4.94 and 4.84 mean with respective 0.06 and 0.16 SD. These findings concur with Maingi (2015) that disclosed that insurance firms and their counterpart brokers must check disorderly concepts and they convey commercial worth speedily by aiming towards the product innovation.

The respondents agreed with the statements that; The organization introduces new products before competitors, product digitalization has become part and parcel of the firm's long-term strategy, the firm changes non-performing products with moving products to improve its business returns and that the firm is not threatened by adoption products customization as shown by mean score 4.23, 4.13, 3.68 and 3.55 respectively and 0.77, 0.87, 1.32 and 1.45

SD respectively. This finding is consistent with a study that was done by Karanja (2009) that noted that products differentiation by a firm is the capability to trade its distinguished product at an amount that surpasses cost to generate it and permits the company to outdo its competitors and generate above-normal revenues.

4.2.2 Service Innovation

The study sought to assess how performance of insurance brokerage companies in Nairobi is impacted by service innovation. The results are presented below:

Table 3: Service Innovation

Statement	M	SD
Adoption of services innovation is encouraged in the organization	4.48	0.52
Customers are sensitive on how professionally they are served	4.48	0.52
Firm's reputation on customer service will greatly affect inflow of new business	2.61	2.39
Profitability of the firm is largely affected by Service innovation	1.97	3.03
Modern technology is highly utilized on dealing with customers	2.00	3.00
Customer satisfaction is key to the company objectives	2.52	2.48
Aggregate Score	**3.01**	**1.99**

Source: Research Data, 2021

The findings indicates that participants were neutral that service innovation influences insurance brokerage firms' performance in Nairobi as displayed by 3.01 mean and 1.99 SD. This finding contradicts with Mahmoud, Hinson and Anim (2018) who noted that a service company's capability to realize consumer fulfilment is reliant in what way information handlers tap and arrange their service innovation undertakings. The respondents agreed on the statements that; Adoption of services innovation is encouraged in the organization and those customers are sensitive on how professionally they are served as shown by 4.48 mean and 0.52 SD respectively. The findings agree with Meyer (2008) who that noted every technology-based firm should frequently innovate so as to remain relevant. Insurance brokers today are motivated to maintain and improve their service technology and systems so as to create an economical worth.

The respondents indicated to a moderately that neutral on the statements that; Firm's reputation on customer service will greatly affect inflow of new business, Customer satisfaction is key to the company objectives, modern technology is highly utilized on dealing with customers and that profitability of the firm is largely affected by Service innovation as shown by mean score of 2.61, 2.52, 2.00 and 1.97 respectively and standard deviation of 2.39, 2.48, 3.00 and 3.03 respectively. This finding do not concur with a study conducted by VanArk (2003) that noted that it is also a fresh or noticeably altered service notion, service conveyance method, consumer contact network or technological thought that personally leads to a unit or a group of different service tasks that are fresh to the company and can alter the good or service presented to the customers and may entail mechanically different technological, human or firm competences of the service structure.

4.2.3 Marketing Innovation

The study sought to ascertain the influence of marketing innovation on insurance brokerage companies' performance in Nairobi. The results are presented below:

Table 4: Marketing Innovation

Statement	M	SD
This type of innovation assisted in the formation of worth through proper rated price	4.48	0.52
The adoption of this innovation has resulted to a boosted new Markets	4.55	0.45
This innovation enhances ecological scrutiny and responds well to changes	4.32	0.68
This firm partakes to tactical rival marketing promotions and lobbying	3.74	1.26
Digital marketing is key to the organization performance	3.65	1.35
Market research has been a key success factor in obtaining new businesses	3.87	1.13
Aggregate Score	**4.10**	**0.90**

Source: Research data, 2021

The findings indicates that participants agreed that marketing innovation influences insurance brokerage firms' performance as displayed by 4.10 mean and 0.90 SD. This finding agrees with the findings of Viliam (2013) who examined innovation strategy and economics and noted that producing innovation scheme in commerce, mostly insurance brokerage sector, is an intricate practice that needs comprehensive information of the insurance business setting. The participants strongly agreed that; this type of innovation assisted in the formation of worth through proper rated price and that the adoption of this innovation has resulted to a boosted new market as displayed by 4.55 and 4.48 mean respectively with a a respective 0.45 and 0.52 SD. This finding agrees with Danielle (2019) in her article on the future of insurance noted a major worry on the survival of brokerage firms in the insurance industry; she confirmed that several insurer providers are currently working on alternative insurance creativity to develop business worth globally.

The respondents agreed on the statements that; this innovation enhances ecological scrutiny and responds well to changes, Market research has been a key success factor in obtaining new businesses, this firm partakes to tactical rival marketing promotions and lobbying and that Digital marketing is key to the organization performance as illustrated by of 4.32, 3.87, 3.74 and 3.65 mean and respective 0.68, 1.13, 1.26 and 1.35 SD. This finding concurs with the Huub (2012) who observe that market innovation entails an array of innovative practices and actions that market link fresh services to a special cluster of clients. The innovative approach is the fundamental technique that controls the innovation course of the trade. This Innovation method is grounded on corporate planning and planned objectives of firm.

4.2.4 Performance of Insurance Brokerage Firms

The study sought to ascertain how innovation strategies influenced on performance of insurance brokerage companies in Nairobi. Below are the results:

Table 5: Performance of Insurance Brokerage Firms

Statement	M	SD
Increased insurance policy sales resulting from innovation strategies has increased gross premiums	4.61	0.39
The market share of the firm has grown from market related innovations strategies	4.52	0.48
The revenue base of the firm has grown from product related innovations	3.90	1.10
The firm has expanded its revenue due to a combination of varied innovations strategies	3.73	1.27
Increased Investment returns occasioned by innovation strategies has increased earnings	4.10	0.90
The firm has continuously registered significant increase in profits due to innovation strategies	4.35	0.65
The firm has increased its customer base in the past one year due to use of various innovation strategies	4.18	0.82
Aggregate Score	**4.19**	**0.81**

Source: Research data, 2021

The findings indicates that participants agreed that innovation influences insurance brokerage firms' performance as displayed by 4.19 mean and 0.81 SD. This finding is in line with Carmichael (2019) in his research on insurance innovation noted that approximately 82% of respondents are pursuing innovation to improve the customer experience and engagement, while 73% are focused on improving operational efficiency. More than half are using innovation to introduce novice products and services that satisfies customer wellbeing. The respondents strongly agreed on the statements that; increased insurance policy sales resulting from innovation and that strategy has increased gross premiums and that the market share of the firm has grown from market related innovations strategies as shown by 4.61 and 4.52 mean respectively and 0.39 and 0.48 respective SD. This finding is supported by the finding of a study done by Drucker (1958) noted that we live in a transformative age, an age of change. New competitors, new thinking, new ways of doing things and new challenges are challenging traditional insurance business models.

The respondents agreed on the statements that; the firm has continuously registered significant increase in profits due to innovation strategies, the firm has increased its customer base in the past one year due to use of various innovation strategies, increased Investment returns occasioned by innovation strategies has increased earnings, the revenue base of the firm has grown from product related innovations and that the firm has expanded its revenue due to a combination of varied innovations strategies as illustrated by 4.35, 4.18, 4.10, 3.90 and 3.73 mean respectively. Kariuki (2017) noted that innovation continue to be a dissatisfying pursuit in numerous firms. Innovation started regularly fails, and fruitful innovators have a rough time maintaining their performance. In this regard, organization has created an innovation department to handle various innovation activities.

4.3 Results of Inferential Statistics

4.3.1 Correlation Analysis

The variables' association was quantified by undertaking correlation analysis and findings presented below:

Table 6: Correlation Analysis

		Product innovation	Service innovation	Market innovation	Organizational performance
Product innovation	Pearson Correlation	1.000			
	Sig. (2-tailed)				
	N	415	415		
Service innovation	Pearson Correlation	.159	1.000		
	Sig. (2-tailed)	.392		.000	
	N	415	415	415	
Market innovation	Pearson Correlation	-.004	.593**	1.000	
	Sig. (2-tailed)	.983	.000		
	N	415	415	415	
Organizational performance	Pearson Correlation	.896	.551**	.706**	1.000
	Sig. (2-tailed)	.000	.001	.004	
	N	415	415	415	415

Source: Research Data, 2021

Table 6 shows the correlation coefficient for the various pairs of study variables as per the three objectives. In table 6, it can be deduced that all the correlation coefficients are statistically significant at a 0.01 level of significance for the two-tailed test. Therefore, given the values of correlation between the pairs of variables. The correlation coefficient for product innovation and organizational performance was found to be 0.896, indicating that there is a strong positive linear relationship between product innovation and organizational performance.

The correlation coefficient for service innovation and organizational performance was found to be 0.551 demonstrating that there is a moderate positive linear relationship between service innovation and organizational performance. Similarly, the correlation coefficient for market innovation on organizational performance was 0.706 respectively confirming that there was a strong positive linear relationship between market innovation and organizational performance.

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4.3.2 Regression Analysis

This was undertaken to determine how one variable affected the other. This was realised by regressing product innovation, service innovation and market innovation on organizational performance. The joint regression analysis results as follows.

Table 7: Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.821[a]	.673	.623	.590	.673	13.394	4	411	.000

a. Predictors: (Constant), product innovation, service innovation and market innovation

Source: Research Data, 2021

The outcomes indicate that 0.623(62.3%) as the adjusted R square value showing the extent to which performance of insurance brokerage firms in Nairobi was determined by the product innovation, service innovation and market innovation. Hence, variables not investigated account for the remaining 37.7%.

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.678	3	4.669	212.23	.000[b]
	Residual	9.064	411	.022		
	Total	27.742	414			

a. Dependent Variable: Organizational performance

b. Predictors: (Constant), product innovation, service innovation and market innovation

Source: Research Data, 2021

The value 0.001[b] shows the significance level is less than 0.05 showing a statistical significance of the model on how product innovation, service innovation and market innovation influenced the performance of insurance brokerage firms in Nairobi. The F calculated value (212.23) is greater than the value of F tabulated (4.669) at 5% significance level confirming the significance of the model.

Table 9: Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	0.573	2.182		2.181	.000
	Product innovation	0.633	0.445	0.268	1.422	.000
	Service innovation	0.731	0.179	0.363	4.084	.000
	Market innovation	0.921	0.129	1.045	7.139	.000

a. Dependent Variable: Organizational performance

Source: Research data, 2021

The results revealed that a constant value at 0.573 show the amount by which performance of insurance brokerage firms in Nairobi changes when product innovation, service innovation and market innovation are held constant.

The following was the established regression equation;

$Y = 0.573 + 0.633X_1 + 0.731X_2 + 0.921X_3$

Where, Y = Organizational Performance

X_1= Product innovation

X_2 = Service innovation

X_3 = Market innovation

The study observed that a 0.633 represented the amount by which performance of insurance brokerage firms in Nairobi changes when product innovation is changed by one unit keeping service innovation and market innovation constant. The research ascertained that product innovation significantly and positively impacted the performance of insurance brokerage firms in Nairobi as illustrated by t-value ($t= 1.422$, $p < 0.05$). The findings correspond to a finding of a study done by Karaiya (2013) that noted that product planning and design is the means of strategically making the progress, market promotion, and constant helping and enhancement of a firm's products.

The study observed that a 0.731 represented the amount by which performance of insurance brokerage firms in Nairobi changes when service innovation is changed by one unit keeping product innovation and market innovation constant. The study established that service innovation significantly and positively influenced performance of insurance brokerage firms in Nairobi as demonstrated by t-value ($t= 4.084$, $p < 0.05$). The findings contradict Mahmoud, Hinson and Anim (2018) research on customer satisfaction and Service

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innovation, noted that a service company's capability to realize consumer fulfilment is reliant in what way information handlers tap and arrange their service innovation undertakings.

The study observed that a 0.921 represented the amount by which performance of insurance brokerage firms in Nairobi changes when market innovation is changed by one unit keeping product innovation and service innovation constant. The study ascertained that market innovation significantly and positively influenced the performance of insurance brokerage firms in Nairobi as demonstrated by t-value ($t= 7.139$, $p < 0.05$). These findings concur with Viliam (2013) who examined innovation strategy and economics and noted that producing innovation scheme in commerce, mostly insurance brokerage sector, is an intricate practice that needs comprehensive information of the insurance business setting.

5.0 Conclusion

The study concludes that the importance of product innovation in the company's growth and development cannot be overstated. By developing innovative products, businesses can achieve their goal of having a global presence. New products are critical for a company's growth and efficient use of its resources. The new product can be used as a weapon to effectively compete, the innovative product is an indication of managerial abilities, and innovation is also required to recover losses caused by product failures. The study concludes that a new service idea is considered an innovation if it is a deliberate change in the service provided, provides a new or significantly improved benefit to the customer, significantly improves the service firms profitability and can be replicated from customer to customer. New or improved production, delivery or distribution methods, often involving incorporating new information technologies, are examples of innovative service processes. Significant changes in employees' roles, strategic partners, and/or customers may be required for innovation.

The study concludes market innovation improves the performance of the organization because it operates at a lower cost as there is no need for inventing anything new. The organization is able to minimize risk and the whole business into a wider basis. After a successful market innovation, the organization is able to operate in several sectors, more than it has ever done before. The opportunities for rapid growth in new markets are favourable because the organizations' technologies are novel and superior to those currently in use. This gives them a significant competitive advantage over the players who have already established themselves in the new market.

6.0 Recommendations for Policy and Practice

The study recommends that the organizations should develop winning products – products which help clients in getting the job done, address the right unmet needs, target a profitable customer segment and are in an appealing market than any competing solution. The organization should determine the activities that are needed to deliver that product. The study also recommends that organization should look at the whole market using its clients' lens in determining the actual potential and make sure that it has comprehensive parameters against which new product ideas are screened.

The study recommends that the main goal of the organization should be to develop and build trust with its current and/or potential customers, shift focus to the main products the organization is using and start producing them as supplementary products to broaden the area of its business operation, and also gives an opportunity to merchandise these goods alongside the service. Because the service cannot be separated from the person who provides it, the organization must have a well-trained staff. Listening to customers and creating a space for them to reach out to the organization with their ideas and feedback is another excellent source of new ideas for improving the service innovation process. The study recommends that the organization aim their marketing innovation to address customer needs, open up new markets, or newly positioning a firm's products on the market to increase its sales. The organization should implement its marketing method not previously used by the firm, which must be part of a new marketing concept or strategy that significantly departs from the firm's existing marketing methods.

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