Factors Affecting Kenyan Farmers` Decision to Purchase Micro-Insurance

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2010

ABSTRACT

The objective of this research was to establish factors that affect the decision by farmers in the purchase micro-insurance, with the ultimate goal of making agricultural micro-insurance providers increase their product uptake among farmers.

The research was performed in the Narok District of Kenya, which is the bread basket of Kenyan agriculture. Literature review identified 13 key attributes that then formed the composition of the proposition. The focus group method was chosen as the most appropriate research instrument. Focus Group discussions were held and key outcomes were in line with the literature review findings, but with different weights attached to the attributes.

The key recommendations are in the majority external influence factors that include: the need for agricultural micro-insurance providers to build trust among their target segment; the need to engage the government institutions as they are the trusted source by the target segment; and the need to tailor make the insurance product and make the price affordable. The individual influences include: the need for enhancement of product knowledge among the target segment; the need to build familiarity with insurance products in general and the need to simplify product offering.

The key message is that the farmers in Kenya would like to have an agricultural micro-insurance product that they understand, is reasonably priced, is easily accessible and is distributed by trusted sources.

DECLARATION

I, Lovemore Forichi, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Lovemore Forichi

Signed at ……………………………………………………

On the …………………………….. day of ………………………… 2010

DEDICATION

To Ernest Emmanuel Tawananyasha my son who was born during my MBA studies and to my whole family that had to endure my absence at some critical moments.

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to the following people:

Mrs. Yvonne Saini: Thank you for your guidance, patience and encouragement during my research.

Dr. Irene Forichi: Thank you for being a lovely wife and encouraging me throughout my studies.

Mr. Isaac Magina: Thank you for being an able moderator during the research process.

Farmers in Narok: Thank you for attending the focus group discussions.

To all my friends: Thank you for updating me on events I missed during the MBA journey.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research was to establish the factors that affect the decision by farmers to purchase agricultural micro-insurance in Kenya, with the ultimate goal of making agricultural micro-insurance providers increase their product uptake among farmers.

1.2 Context of the study

In most of the African countries, agriculture forms a vital component of the economy. In Kenya, agriculture contributes approximately 24 per cent of the country’s Gross Domestic Product (GDP) and employing about 70 per cent of the national labour force. The sector generates about 60 per cent of the country’s foreign exchange, provides nearly all the food requirements for the nation and the bulk of raw materials required in the industrial sector (GOK 2004).

The agricultural sector in Kenya is dichotomized into large and small-scale production systems, with the small-scale farmers dominating agricultural production. Small-scale farming is practiced in most areas of the country while large-scale farming is carried out mainly in the Rift Valley province and parts of Coast province. Overall, the small-scale sector contributes about 75% of the country’s total value of agricultural output and about 85% of the total employment in the agricultural sector (GOK 2004).

There are about 3 million smallholder farms in Kenya, 80% of who have less than 5 acres. Small-scale farms account for over 75% of the total agricultural production and their share of marketed production has been increasing since 1952 (GOK 2004).

1.2.1 *Risks Facing Agriculture*

According to McCord and Roth (2006) there are two main categories of agricultural risk – animal risk and plant risk.

Agricultural is an open-roof industry and as such it is exposed to many risks arising mainly out of natural factors, principally adverse weather conditions. There are a relatively large number of events that may lead to a reduction in agricultural production, like floods, hail, frost, pests, diseases, drought, and excessive heat. Their frequency of occurrence and severity of impact and the geographical spread will determine the extent of the reduction in agricultural production and hence revenue for the farmer.

Agricultural production today is characterised by a high degree of investment in expensive technology and rising costs per unit of production, leading to a squeeze on the profit margins. It is therefore more difficult for farmers to accumulate reserves on the farm to fall back on (even worse for small holder farmers), in the event of a production failure. In such instances, the transfer of a risk to an outside carrier (such as an insurer or micro - insurer) becomes a more viable alternative to safeguard the long term existence of the business.

Using insurance as a risk transfer tool, farmers can buy animal insurance as well as crop insurance.

1.3 Problem statement

1.3.1 *Main problem*

To determine factors that affect the purchase decision of agricultural micro-insurance among farmers in Kenya.

The viability of agricultural micro-insurance for the micro-insurance providers is dependent on high penetration levels. The high penetration levels ensure an adequate risk selection that has both the diverse portfolio mix, and also the requisite geographical spread. The high insurance penetration rate also ensures that there is no adverse selection in the product portfolio mix. This study is important in that it can point the agricultural micro-insurance providers to ways of enhancing the penetration rate of their product offering. Lack of knowledge about factors that affect the purchase decision can lead to either total product failure or an unprofitable product offering.

1.4 Significance of the study

The study filled a gap in that although agricultural micro-insurance as a concept is well understood the product uptake has not been up to desired levels, that is, the critical mass has been difficult to achieve, and hence there was reason to understand why the uptake is low, and how the uptake can be improved.

The study filled a gap in that there are very few perception studies on micro-insurance in general, and those that are there, tend to have a strong urban or peri-urban sampling bias. (McCord and Roth 2008).

Torkestani and Ahadi (2008) questioned if micro-insurance is a service that low income households really want.

The study provided guidance to micro-financial institutions, insurance companies and the government on how to address issues of micro-insurance product choice for the target market in order to enhance product uptake from an informed basis. The availability of micro-insurance as a risk transfer mechanism will have an impact on poverty alleviation among the target market, will reduce default payments to the micro-financiers and will ensure uninterrupted agricultural production within the small scale farming community.

1.5 Delimitations of the study

Although micro-insurance products stretch from life and health, to casualty and property, the focus of this study was on agricultural micro-insurance products targeted for small holder farmers who are mainly rural and subsistence farmers with land holdings of up to ten hectares. The farmers were involved in livestock farming or crop farming at a micro (small scale) level. The sample for the study was drawn from rural small holder farmers in the Narok District of Kenya.

1.5.1 *Why Narok*

The researcher now based in Zurich, Switzerland, works for Swiss Reinsurance Company Limited (Swiss Re) as an Agricultural Underwriter. Swiss Re in 2007 introduced the first ever agricultural micro-insurance product in Kenya. The product however suffered a very low uptake of less than 10% compared to a planned uptake of at least 25%. Narok region is the bread basket of Kenyan agricultural production and this region would be the target of any agricultural micro-insurance product. There are also high chances of scalability once the product has been successfully launched in this region. There was therefore need to understand the factors that affect the purchase decision of agricultural micro-insurance product by this target segment of the Kenyan market in order for the providers of micro-insurance (who in turn cede business to Swiss Re) to better focus their energy and strategy towards this segment on an informed basis.

1.6 Definition of terms

- Adverse (Anti) Selection – means that only high risk customers of the intended target group purchase the insurance cover (Levin and Reinhard 2007).
- Moral Hazard – a situation where the granting of an insurance contract can lead clients to reduce their use of good husbandry practices or completely alter their production practices, resulting in higher loss claims (Levin and Reinhard 2007).
- Penetration Levels – of the target segment, the amount of signed contracts as a percentage of the potential contracts in the segment (Churchill 2007).
- Index Insurance – where losses are paid on an independent and objective measure that is highly correlated with the losses (Churchill 2007).

- Basis Risk – the portion of the risk that is not correlated with the measured index (Levin and Reinhard 2007).
- Insurable Interest - A person has an "insurable interest" in something when loss or damage to it would cause that person to suffer a financial loss or certain other kinds of losses (Levin and Reinhard 2007).

1.7 Assumptions

- The respondents were farmers actively involved in agricultural production.

- The respondents had an idea of what insurance is or have at least heard about insurance products.

- The respondents were honest and unbiased in their responses, that is, there was no external influence in the responses.

- The responses were not linked to the season during which the survey was conducted, i.e. taking into consideration that there could be a forecast for natural calamities such as drought, excessive rainfall or hail.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This chapter explores the literature base associated with the research topic by firstly looking at the consumer behaviour model, then looking broadly at the factors affecting consumers` decision to purchase goods or services in general, and then narrowing the focus down to insurance and micro-insurance. Factors that affect farmers` micro-insurance purchase decision were identified through the literature review.

The structure of this chapter comprises firstly the definition of micro-insurance and agricultural micro-insurance. The next step looked at the consumer behaviour model. A further step was a look at factors that affect consumer purchase choices in general and then lastly a look at factors that affect consumers' decision to purchase micro-insurance. This chapter ends with a conclusion and a research proposition.

2.2. Background Discussion.

2.2.1 Understanding Micro-Insurance

McCord and Roth (2006) define micro-insurance as the protection of low income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. This means that low-income people can use micro-insurance, where it is available, as one of several tools to manage risks. Torkestani and Ahadi (2008) extend the definition to include the protection of assets and lives against insurable risks of target populations such as micro-entrepreneurs, small farmers and the landless, women and low income people through formal, semiformal and informal institutions. Generally, micro-insurance is for persons ignored by mainstream commercial and social insurance schemes (Churchill 2007).

In developing countries access to this market has not been easy and insurance products have remained focused on the high-end and corporate markets. Because most low-income people in developing countries are self-employed or employed in small firms, they have had little or no access to insurance products that fit their needs. The appropriate delivery channels, types of coverage, product simplicity, premiums, and premium collection methods that this market requires have generally not been available (Churchill 2007).

2.2.2 Understanding Agricultural Micro-Insurance

Agricultural micro-insurance is about providing agricultural insurance to small-scale farmers in developing countries. It involves the broad question of how low-income farmers close to or below the poverty level can be indemnified for agricultural losses due to severe weather conditions – regardless of the level of the insured (Levin and Reinhard 2007).

According to McCord and Roth (2008) the agricultural micro-insurance market typically consists of low-income people, in developing countries, with limited or no previous exposure to insurance. The implication of this is that being poor they may not be able to afford large premiums. As a consequence, providers of insurance cover have to sell large numbers policies in order to reach critical mass and break even or make a profit. This presents a challenge in terms of the distribution channels to be used as it is a deviation from the current model where individual agents are used to approach the market.

Looking at this particular low – income sector, there seems to be limited knowledge of micro-insurance and hence in addition to advertising a particular agricultural micro-insurance product, there is need to educate the market on the need for and the principles of micro-insurance.

2.2.3 The Agricultural Micro-Insurance Stakeholders

Agricultural micro insurance has several levels to its supply chain, each playing an important role.

The government is one of the pivotal stakeholders in agricultural micro insurance. Apart from overseeing all participants in the supply chain, the government is involved in the development of sound laws/regulations on insurance including training, certifying and supervising regulators. In addition they can provide subsidies, reinsurance, and often the coverage of large covariate risk, either through subsidies or, after a catastrophe, through food relief and aid.

The supply chain begins with the Reinsurer, a special type of Insurer who provides insurance companies with additional risk management and diversification. The Insurer carries the risk and has to manage the risk in order to remain viable. In many fields of insurance, the Insurer is usually the delivery channel, but this is not often the case with agricultural micro-insurance. Because of the low premiums involved, commissions are also low; so the Insurer has to find a delivery channel which gathers enough people at one time (McCord and Roth 2008). Agricultural micro-insurance is therefore volume-driven.

The micro-insurance product is sold through the delivery channel, and it is to the delivery channel that the policyholders go to conduct their insurance business. The delivery channel can be any person or organisation who interacts with low-income farmers – a school, a farm inputs retailer, a seed or fertiliser sales person, a wholesaler who collects farmers' outputs, or even an employer (since many farmers also work in formal, income-generating jobs). Micro-finance Institutions (MFIs), non-governmental organisations (NGOs) or community based organisations (CBOs) are often well suited to act as delivery channels mainly because of the resources that they tend to have such as offices, vehicles and capital.

Lastly, the farmers as purchasers of the micro-insurance product complete the list of the stakeholders. These farmers should be both willing, and able to purchase the micro-insurance product.

2.2.4 Agricultural Micro-Insurance Sales and Distribution Methods

Micro-finance Institutions (MFI's) provide the bulk of micro-insurance products that are available on a mandatory basis when the client takes out a loan. They thus function as a distribution channel. This works to the advantage of the MFI. Presumably, the availability of insurance reduces loan losses, and since all clients compulsorily take up the insurance policy, the risk of adverse selection is minimised. According to McCord and Roth (2008), it is hard to know, however, if people would voluntarily choose to use these services and whether they are designed to meet the customer's needs.

In a survey of 100 countries by Roth, McCord and Liber in 2006, the results showed that almost 80% of agricultural micro-insurance was voluntary and less than 20% compulsory (McCord and Roth 2008). Compulsory membership works in favour of micro-insurance because it helps to generate the volumes needed to make the insurance viable. It reduces the cost of sales and manages adverse selection.

Because of its low premiums, micro-insurance can only work if it achieves both high volumes and very low costs. These constraints have major implications for the way micro-insurance is sold and distributed. Standard insurance is typically sold to individuals by agents, but micro-insurance, in order to bring down costs, needs to be sold to groups. It is therefore important to first of all establish the factors that affect the farmers' purchase decision of agricultural micro-insurance, then establish the demand for agricultural micro-insurance and then finally establish the most effective distribution channels. The focus of this research will be on establishing the factors that affect the farmers' decision to purchase agricultural micro-insurance.

2.3. Consumer Behaviour

As this research project looked at factors affecting decision to make a purchase, there was need to understand some consumer behaviour tendencies.

Consumer behaviour is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires (Irwin 1970; Solomon 1999). It is a subdivision of human behaviour whereby individuals decide whether, what, when, where, how and from whom to purchase goods and services (Irwin 1970). Blackwell, Miniard and Engel (2001) present a consumer decision process model (CDP) and argue that no one buys a product unless they have a problem, a need or a want that they need to satisfy. The CDP model has seven major stages namely: pre-purchase evaluation, purchase, consumption, post consumption evaluation, and divestment. Figure 1 below depicts the CDP model up to the purchase point, which is relevant for this research study.

The first stage is the need recognition. According to Blackwell et al. (2001) consumers buy products which they believe have the ability to solve a problem which is worth more than the cost of buying it. The same authors cite influences that will most likely alter the way consumers look at the needs as family, values, health, age, income and reference groups. Consumers' buying behaviour change with changing life stages: with expectations of rising income having a positive influence on purchase behaviour. The second stage concerns searching for information internally and externally: internally from retrieving knowledge from memory, or genetic tendencies; externally from peers, family, cultural, social, business, economic, and the marketplace (Irwin 1970; Blackwell et al. 2001). The duration and depth of search depends on such variables as personality, social class, income, size of purchase, past experiences, prior brand perceptions and customer satisfaction. The third stage is about evaluation of choices which is influenced by both individual and environmental influences. In this stage consumers think of salient attributes (such as price and quality, ambience and personal attention), and determinant attributes (such as style and finish) to aid them in making the right choice. The fourth stage is the purchase decision. In this stage factors that influence the final decision to purchase include promotional events, hours of operation, location and the courtesy of the sales people (Blackwell et al. 2001)

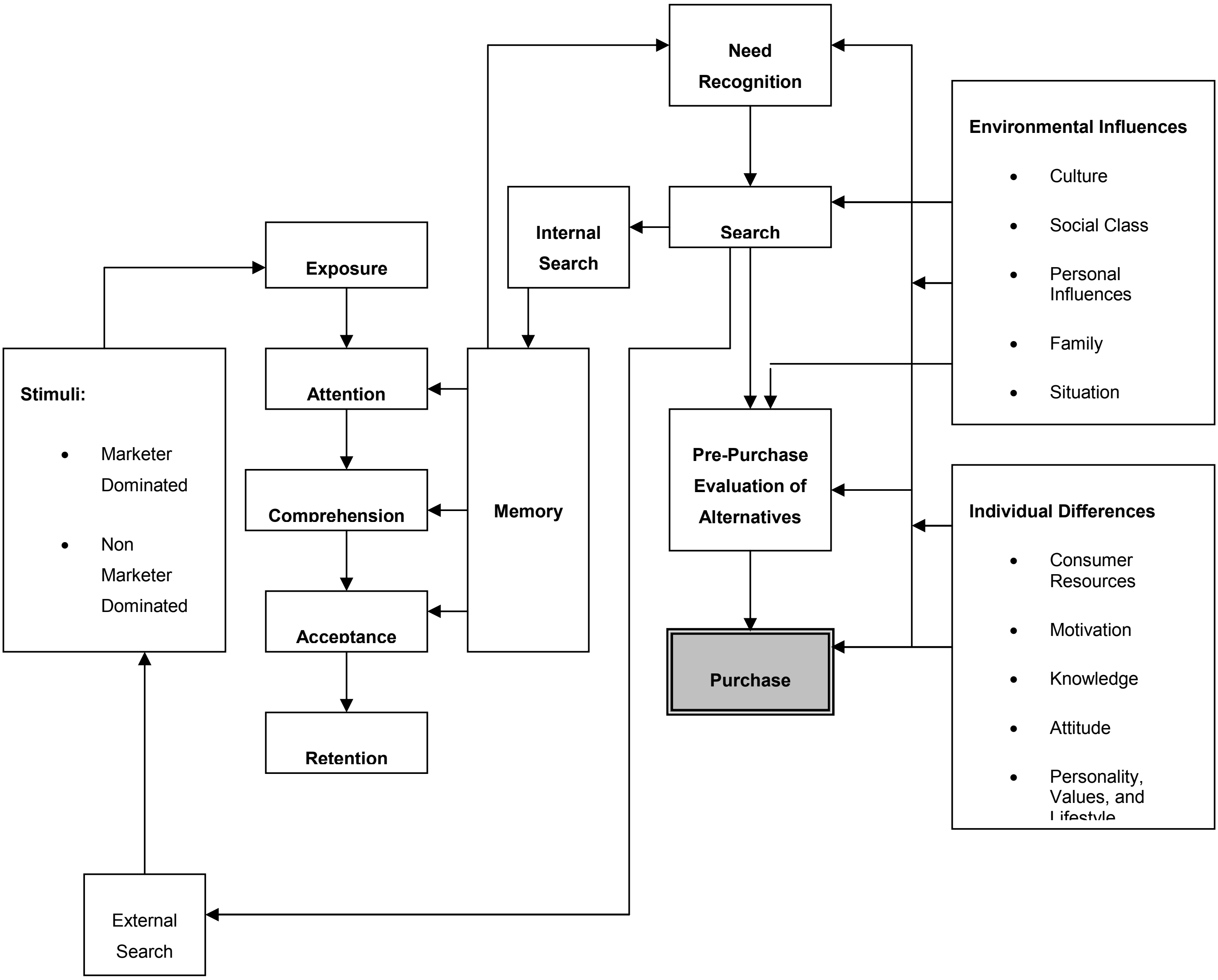

Figure 1: Consumer Decision Process Model (Adapted from Blackwell, Miniard and Engel 2001)

According to Blackwell et al. (2001), consumer decision making is influenced and shaped by many factors that fall within three broad categories: individual differences; environmental influences; and psychological processes. At the end of the day, the decision to buy or not to buy is an individual decision. The consumer takes information from the environment and integrates it into his own frame of reference. The external environment cannot be separated from the individual, because the two are interactive (Irwin 1970).

2.4. Factors Affecting Consumer Purchase Decision In General

This section of the literature review focused on consumer purchase decisions in general and cut across a variety of products that consumers purchase.

When it comes to the choice of motor maintenance services choice of maintenance provider, customers generally consider the following three attributes to be important in their decision to purchase: value for money, adherence to forecast prices and mechanical reliability (Brito, Aguilar and Brito 2007). The issue of knowledge and expertise of service provider also has prominence and so is the relationship between the customer and the attendant. Linked to price and value for money, a study about the behaviour of wood material buyers in Taiwan revealed that price was the most important factor when it came to consumers' decision to purchase wood raw materials, followed by quality (Lee and Huang 2005).

In a study to analyse Indian consumers' purchase behaviour of processed food, Choo, Chung and Pysarchik (2002) show that familiarity with processed food has a significant impact on Indian consumers' intention to buy a particular food. In addition, the consumers would also purchase the food if somebody they know is familiar with the product. The same study also reveals that consumers who are food innovators will be influenced equally by attitude and subjective norms in their purchase decision. As a result of their findings, Choo et al. (2002) recommend that marketers should focus advertising on increasing familiarity of their new products since familiarity may be able to increase favourable attitudes, subjective norms, and purchase behaviour of potential buyers. Sales promotions such as free samples and free gifts may also encourage consumers to purchase new products. Linked to familiarity is the information on product origin that also has an impact on the final product rating (Beriain, Sanchez and Carr 2009). Prior experience often influences buyers to choose suppliers who provide better trading terms, high quality wood, after-sales service, and timely delivery (Lee and Huang 2005)

Wu (2003) from a study on the relationship between consumer characteristics and attitude towards online shopping concludes that a person's buying choices are influenced by four major psychological factors: motivation, perception, learning and beliefs, and attitude. Through motivation, perception and learning, attitudes are formed and consumers make decisions. The issue of attitude was also mentioned by Myers and Alpert (1968) who feel that for every product offering to the public, there are at least two levels of evaluation done by the consumers: overall attitude toward the item, in terms of its suitability and desirability; and attitudes towards each of the item's component features or characteristics.

Product quality is another attribute that consumers consider when confronted with a purchase decision to make. In a study of consumer purchase intensions for different qualities of beef contacted in the Navarra region in northern Spain, consumers who appreciated greater quality were also more willing to pay for additional level of quality (Beriain et al. 2009). The same authors recommend that producers should take into account not only the intrinsic product attributes but also the customer acceptance of certain extrinsic marketing characteristics of the product.

In a study on consumer perception about fast food in India, Goyal and Singh (2007) conclude that consumers have the highest value for quality dimension, service delivery and product dimension. In a similar study but for consumer behaviour and preferences regarding children's clothing in Turkey, Koksal (2007) indicates that the most important factors affecting consumers decisions towards shopping for children's clothing are price, quality, convenience, payment conditions and size of clothing. The same study also identified some demographic characteristics such as gender, age, occupation, income level and number of children as affecting the purchase decision of the consumers. This demographic attribute is corroborated by Watanabe, Suzuki and Kaiser (1998) when they concluded that consumer beverage choice for milk in Japan was linked to gender characteristics, age, level of income, marital status, size of family and level of education.

In a study on patronage motives of mature consumers in the United States of America, Moschis, Curasi and Bellenger (2004) identify 14 factors that affect choice of purchase. In order of importance these are: ease of locating items, location near the residential place or work place, carry familiar brands, have fast check out registers, frequently have items on sale or special deals, location near other places of patronage, comfortable place to socialise, carry healthy products, have personnel who can assist, ease of returning goods for a refund, offer special assistance to those in need of it, special discounts, recommendation from peers, and preference for payment method.

2.5. Factors Affecting Micro-Insurance Purchase Decision

Having discussed what affects consumers' decision for product uptake other than insurance and micro-insurance, this section of the literature review narrowed the focus to insurance and micro-insurance. Pertinent issues that were raised by the various scholars and researchers on the factors that affect farmers` decisions to purchase insurance and in particular micro-insurance formed the basis of the sub-headings. The following are the sub-headings that resulted:

- Availability of Coping Mechanisms and Alternatives (Substitutes)
- Cost of Insurance / Affordability (Price)
- Product Accessibility (Place)
- Product Knowledge
- Product Design, Quality and Offering
- Product Promotion
- Distribution Channels
- Service, Relationships and Trust
- Familiarity with Product and Prior Experience

- Value of Enterprise
- Recent Past Events and Timing of Product Offering
- Demographic and Emotional Issues
- Institutional Issues

2.4.1 Availability of Coping Mechanisms and Alternatives (Substitutes)

Low income households have developed various coping mechanisms in the event of catastrophic events. In agricultural production for example, households have engaged in costly ex ante risk mitigation strategies to reduce fluctuations in agricultural income. Indian farmers near subsistence level spatially diversify their plots and devote a larger share of land to lower yielding, traditional varieties of rice and castor. These activities reduce the variability of agricultural revenues, but they do so at the cost of lower average income (Gine, Townsend and Vickery 2008). Producers can also use modern financial instruments like futures hedging, forward contracting, and spreading sales to manage market or price risks (Velandia, Rejesus, Knight and Sherrick 2009).

Rengarajan (2009) alludes to the fact that households use both formal and informal strategies to manage risk. Risk mitigation aims at decreasing the impact of a downward fluctuation through portfolio diversification and micro-insurance. Farm households generally rely on the resources and assets at hand when disaster strikes. The most common response is to turn to forms of self-insurance, or intra-household measures. After self insurance, households will seek to raise cash by other means such as borrowing or by selling assets (Anonymous 2007).

The issue still remains that while the household may employ various coping strategies, such as participation in burial societies and relying on generosity of friends and family, the informal coping mechanisms are sometimes unreliable or inadequate and can often lead to strained relationships (Cohen, Mccord and Sebstad 2005; Torkestani and Ahadi 2008). These coping mechanisms used by the low-income and poor, such as borrowing at high interest rates or relying on families and friends should risks manifest, are in themselves not effective and in the long run deepen their vulnerability to life cycle risks (Consultants 2006).

On the other hand, extreme poverty deprives people of almost all means of risk by themselves. With a few or no assets, self-insurance is impossible (Rengarajan 2009). The presence of risk tends to induce poorer households to become risk averse, even at the expense of potential returns. They may, for example, choose to grow crops with low-returns that are safe and to avoid committing resources to more productive capital in order to preserve the liquidity of their asset base (Dercon 2007; Velandia et al. 2009).

Llanto (2007) points out that, because many formal insurance companies are slow in reacting to the needs of the low income sector, many informal micro-insurance schemes have emerged, and are operating without an insurance license, in response to the demand-supply gap in micro-insurance.

2.4.2 Cost of Insurance / Affordability

Generally, insurance take up rates are higher among wealthy households and lower among households identified as credit constrained (Gine et al. 2008). The same authors also found out in their study of the BASIX product uptake, that financial constraints potentially played a key role in insurance participation decisions. For example, at the start of the monsoon season when insurance purchase decisions are made, credit constrained rural households have limited funds with which to purchase seeds, fertiliser, and other materials needed for sowing. Even if such households are risk averse and would benefit from insurance, the shadow value of liquid assets may be extremely high at such times, making the purchase of insurance unattractive.

From a study carried out on assessing opportunities for agricultural insurance and risk coping strategies in three provinces in Vietnam, Anonymous (2007) notes that some households that could readily afford health insurance did not buy it, arguing that it is not a good value for money. Respondents in two of the regions complained that the quality of communal health services, including the attitude of health workers, was not good. They preferred bank accounts or credit funds because they are easy to liquidate and the interest rates are higher.

From a study on price sensitivity for private health insurance in Australia, for every 1% increase in the price of private health insurance (PHI), a corresponding proportion of consumers were classified as "very likely" to drop their PHI cover. Access Economics is also of the view that price is a crucial factor in the uptake of PHI and has correlated PHI uptake and its affordability (Hanning 2004). In a study undertaken by ABS Health Insurance in 1998 in Australia, the findings point to the fact that 66% of those surveyed stated that the major reason for not having PHI was "can't afford it/too expensive" (Hanning 2004).

Because insurance is purchased ex ante, there is relatively high up-front cost in terms of insurance premium. These high upfront costs for some people may well explain their reluctance (Dercon 2007). The affordability of insurance, measured by the insurance premium, the burden of making regular premium payments when cash flows are irregular and earnings are meagre, and problems about physical accessibility of the insurance provider, which increases transaction costs, may dampen the demand for insurance (Llanto 2007).

In a survey conducted to study the factors affecting crop insurance purchase and coverage among farmers in Nebraska, risks associated with price uncertainties turned out to be very important in the opinion of farmers. And even though premiums were subsidised by the USDA, many producers did not feel that the purchase of crop insurance was economically justified (Jose and Valluru 1997).

Source of income was found to be one of the determining factors for price insensitivity and hence the decision to purchase insurance. From the Nebraska study, the income source had a significant (0.10% level) impact on the insurance purchase and coverage levels. Only 7.57% of the respondents, whose major source of income was from crops did not purchase insurance compared to 20.43% of respondents, whose major source of income was from the sale of livestock (Jose and Valluru 1997).

From a study of the Anidaso (which means Hope) micro – insurance product in Ghana, analysis showed that 78% of surveyed households thought that contracting an insurance product was too expensive for them (Giesbert 2008). The primary objective of the study was to assess the impact of Anidaso in reducing the poor people`s vulnerability to life cycle risks through risk management capacity strengthening.

2.4.3 Product Accessibility (Place)

From a study carried out on assessing opportunities for agricultural insurance and risk coping strategies in three provinces in Vietnam, Anonymous(2007) noted that villagers complained that the offices of the life insurance companies were far away. The greater the distance the less familiar the farmers were with the underwriters As a result farmers were afraid that it will take too long to get payouts for their claims.

2.4.4 Product Knowledge

The word insurance does not mean the same thing to everyone (Churchill 2002). Efforts to sell insurance to the poor will be more effective if they are preceded by a financial education campaign that helps poor persons understand how insurance works, what it can and cannot accomplish, and how it complements other financial services (Churchill 2007).

One of the findings by a study on patterns of rainfall insurance participation in rural India was that lack of understanding about the product was the most common explanation cited by households for not purchasing insurance, and a significant fraction of purchasers cited “advise from others” as a reason for their decisions to buy (Gine et al. 2008). The same finding was corroborated in the Anidaso Project report, where lack of understanding of the product by potential policy holders was cited as one of the reasons for low penetration of the insurance product (Consultants 2006). On the other hand, respondents who likely have lower cognitive cost of understanding and experimenting with insurance, such as young farmers and self – identified progress farmers, are more likely to purchase the insurance product (Gine et al. 2008).

From a study done on micro-insurance clients' satisfaction in Zambia, individual clients although covered by insurance, did not really understand who or what was covered. In fact some only became aware of the insurance concept during the study, but even then they still did not know the type of insurance they had or the accompanying benefits. The respondents expressed serious concerns on not being provided with clear product information regarding the insurance cover premium collection and the claims process (Manje 2007). One of the main challenges in the sale of health insurance in rural areas was that many villagers did not understand the benefits of insurance (Anonymous 2007).

Dercon (2007), points to the fact that insurance is a difficult concept for most people to understand, and taking up an insurance product can often itself be seen to increase uncertainty, given its cost and its novelty. For insurance to be successfully adopted, prospective clients need to be educated on the issue, and more research is needed to improve understanding of why uptake is often low.

One of the distinctive characteristics of the service industry is the inseparability of production and consumption, which means the consumer, has to take some part in the creation of the service. The consumer's greater participation in service delivery leads to greater knowledge about the product (Hsieh and Chang 2004).

The problem of knowledge is compounded by a general lack of understanding of micro-insurance among various players, stakeholders, and the regulatory authority. Since micro-insurance is an evolving industry, there is yet no acceptable definition of what micro-insurance is, its characteristics and features, both from the points of view of the regulator, on the one hand, and the clients' and the practitioners' side, on the other hand (Llanto 2007). The importance of product knowledge is emphasised in the report on the survey done in Nebraska about factors affecting crop insurance purchase decisions. From the survey, the operator's own analysis and personal research with insurance agencies, lenders, and extension agents are the most important factors in the insurance purchase decision process. The results stress the importance of insurance agents and agricultural lenders in educating farmers about the insurance program (Jose and Valluru 1997).

In the Anidaso product study, the experience from the field study was that, a high share of the participating non-insured households were just not informed about any insurance product being available, even though the Anidaso product would have been affordable to them. As a consequence, they did not purchase insurance cover (Giesbert 2008).

2.4.5 Product Design, Quality and Offering

Because of the demographics of the target market for micro-insurance, the micro-insurance products must be as simple as possible with a minimum of exclusions or restrictions. Churchill (2002) points to the importance of appropriate product design and emphases the need to understand first which risks are low-income households particularly vulnerable to, how often they occur, the resulting cost of losses, and what risks they are most concerned about. Tools that can enable clients to see trade-offs and voice their preferences will go a long way towards appropriate product design (Churchill 2007).

Consumers do not want to be overwhelmed with materials about the product. The simpler the product the better they understand it and that will enhance uptake. In the Florida Medicaid study, the respondents complained about being overwhelmed or annoyed by the Medicaid mailing which reportedly put some of the respondents off. All they required was one piece of paper explaining the product. Coupled to this, the information provided on health plan choices was very complex. The chart the Medicaid agency provided was assessed as being readable for people with at least 15 years of education, when most of the Medicaid consumers have health literacy skills assessed as basic or below basic (Giesbert 2008; Greene and Peters 2009).

From a study undertaken on health insurance uptake in East Africa the result was that too often users found that the claims process for formal life insurance required complex paperwork, which presented a big challenge for the illiterate (Cohen et al. 2005).

There exists a challenge for the micro-insurance institutions to provide the clients with the product that they want. The poor are desperate for more inclusive financial services that meet their needs (Manje 2007). For example in providing insurance against death, one should not ignore potential product resistance based on the individual's traditional values. In the Philippines, the micro-insurance product as presently structured has several limitations. The risk covered is not comprehensive as it covers only a few limited forms of risk which are perceived to seriously affect low-income households, like death of a family member or illness (Llanto 2007). Having more than one choice is always good. You get to choose what works for you (Greene and Peters 2009).

From an impact study carried out on the Anidaso Micro-insurance Project in Ghana, one of the conclusions reached was that the micro-insurance product is not suitable to those in the informal sector such as farmers who have unstable, irregular and seasonal income streams and are unable to pay premiums regularly especially during the lean season. Households expect micro-insurance companies to have regular interactions with policyholders to understand their needs and expectations and progressively improve the Anidaso micro-insurance product to respond to these needs and expectations (Consultants 2006). For the BASIX rainfall insurance product, some farmers cited the issue of basis risk as the constraint in their decision to purchase insurance. The rain gauges were placed too far from their fields and hence would not represent events happening on their fields (Gine et al. 2008).

Seller's product quality and market information characteristics also influence the buyer's decision on purchases (Lee and Huang 2005).

2.4.6 Product Promotion

In the Anidaso Project report, poor promotion of the product was cited as one of the main factors causing low micro-insurance penetration. A nation-wide promotion of Anidaso through print and electronic media will enhance sales and will improve the penetration rate in target communities (Consultants 2006).

From the micro-insurance client satisfaction study of Zambia, there was evidence that lack of product and marketing materials from two organisations (The Christian Enterprise Trust of Zambia; and Promotion of Rural Initiatives and Development Enterprises Zambia) charged with marketing the micro-insurance product negatively affected insurance product uptake. Knowledge of the product was dependent on what a client could remember from the product orientation session. There were no reference documents or displayed product posters at the distributors' branches to remind clients of product features (Manje 2007).

2.4.7 Distribution Channels

Simple products can be distributed by the local community. One way to earn the trust of the market and maximise efficiencies is to collaborate with community organisations (Churchill 2007).

One of the strategies that BASIX - a microfinance institution - used to sell rainfall shortage insurance in India was to first explain the insurance product to a trusted opinion leader, who then functioned as a motivator, informing other households about the product and then hold marketing meetings a few days later. BASIX provided a general introduction to the insurance product at the marketing meeting. Policies were sold at the meeting and at individual visits to interested households following the meeting. BASIX agents generally spent one day in each village to market and sell the product (Gine et al. 2008).

In the Anidaso Project, the distribution channel was the Rural Community Banks and Micro Finance Institutions. These institutions had organisational problems regarding commitment towards the sales policies. The implementation strategy of using Personal Insurance Advisors (PIAs) has been ineffective and contributed to the low sales. Most of the initial PIAs were bank staff that combined the management of Anidaso with their normal bank duties. This coupled with the high turnovers of PIAs has undermined effective management of the scheme and contributed to the low insurance uptake (Consultants 2006). A similar trend was observed from the micro-insurance client satisfaction study of Zambia, where some clients felt that credit officers from Christian Enterprise Trust of Zambia, who were used as the distribution channel, were not well suited to educating clients on insurance concepts and products due to their lack of understanding of what insurance is in the first place (Manje 2007).

In Vietnam, health and accident insurance for school children little marketing is required. School authorities deliver the information directly to pupils or their parents. The insurance is easy to understand and the payment structure is clear (Anonymous 2007). Linked to the above is the advantage of proximity as the Florida Medicaid study revealed, where several respondents mentioned picking up a particular health plan because doctors were close by, and that the plan was more accessible and respondents did not need to travel to town (Greene and Peters 2009).

2.4.8 Service, Relationships and Trust

Churchill (2002) cautions that if there is any insurance scams in the vicinity, people are likely not to trust insurance especially the poor as they have been targets of con artists. Even if there have not been fraudulent schemes, consumers tend to have unfavourable opinions of the insurance industry. Gine et al. (2008) in a study on patterns of rainfall insurance participation in rural India found out that many households were uncertain about the insurance product, and this led to less trust being placed on the insurance provider and hence low insurance take up.

Low income households may also mistrust formal insurance providers given some reported cases of failure to indemnify clients who have experienced losses. Various case studies of the Micro-insurance Centre show that the poor either lack an understanding of insurance or have a negative perception of it (distrust). The poor are unsure about paying in advance for a service that they may or may not receive in the future from an institution that they don’t know or, do not even trust (Llanto 2007).

Gine et al. (2008) argue that among the most significant determinants of insurance take up are variables measuring the household's degree of familiarity with the insurance vendor. Word of mouth also plays a big role especially when a large number of other members of the same community or the household's primary network also buy insurance. In addition, insurance take up rate could be enhanced if the insurance payout is done as soon as possible without unnecessary delays. This in some way is linked to the design of the product.

Households in Ghana require assurance from the micro-insurance agencies that claims will be paid promptly should risks manifest following previous experiences with inability of some insurance companies in the country to pay claims. These negative perceptions coupled with lack of permanent dedicated Personal Insurance Advisors and Sales Executives led to Consultants (2006) recommending the need to address these issues in order to improve the Anidaso insurance product uptake. The importance of timely disbursement of claims settlements is critical in terms of health care cover. In a study for demand and supply of insurance in East Africa, the period between receipt of the claims invoice and the payment to the health care provider was lengthening from month to month for some of the health micro-insurers. This triggered a spiral which culminated in drop outs from the clients side and had financial repercussions for the micro-insurance institution (Cohen et al. 2005).

Giesbert (2008) also points to the fact that micro-insurance policies have to be sold under clear premises. This comes from the information gathered from the Anidaso product study that some clients were lured into buying the product because they were promised loans by the sales agents. This did not turn out to be and so clients stopped paying their premiums.

2.4.9 Familiarity with Product and Prior Experience

Prior experience is the most critical factor affecting buyer behaviour (Lee and Huang 2005). From a study carried out on assessing opportunities for agricultural insurance and risk coping strategies in three provinces in Vietnam, Anonymous (2007) noted that the lower participation rates in insurance was in villages where insurance had not been available for very long.

Introduction by peers and word of mouth also influences the buyer’s decision to purchase a product (Lee and Huang 2005).

2.4.10 Value of Enterprise

In the BASIX study, the buyers of insurance reportedly owned about 50% more land and had nearly twice the liquid assets of non buyers (Gine et al. 2008).

Farm size significantly (0.10% level) influenced the crop purchase coverage level from the Nebraska study. More respondents whose farm size is below 500 acres did not purchase crop insurance as compared to the ones who has farm sizes higher than 500 acres (Jose and Valluru, 1997). This view is however contradicted by Velandia et al. (2009) who report that producers who farm more owned acres do not tend to use crop insurance.

2.4.11 Recent Past Events and Timing of Product Offering

For the BASIX rainfall shortage product, the insurance uptake had a positive correlation to the number of rainy spells before the day of the marketing (Gine et al. 2008). In a study for willingness to pay for health insurance among rural and poor persons in India using the bidding game, Dror, Radermacher and Koren (2006) observed that respondents’ recent experience with an illness that caused hospitalisation had a significant positive effect on higher levels of willingness to pay for insurance. This finding could be due to loss aversion and the wish to avoid repetition of the financial loss could motivate respondents to pay for health insurance.

On the financial side, timing of the marketing event is very important. In some villages in India, the uptake for the BASIX product was high because farmers had just received payments for their milk delivery and therefore had cash on hand. In other villages, government subsidies for groundnut seeds had recently been made available, and so most of the farmers had spent their savings purchasing the seed. Hence the insurance uptake was low (Gine et al. 2008).

Sometimes there is a mismatch between cash flow and premium payments. In Dong Thap, insurance is sold at a time of the year when farmers do not have money, and they must pay the entire premium at once. The consumers found the payment procedures for the insurance unsatisfactory. Survey respondents suggested that insurance should be available at various times during the year, particularly in the months when farmers have money (after harvests), and even better still, divide the premium payment into smaller more affordable instalments (Anonymous 2007).

Consultants (2006) recommend the exploration of proactive and innovative ways such as collecting premiums during the harvesting season in the case of farmers or through the daily “Susu” system for the traders and other informal sector employees if increased product uptake is to be achieved.

2.4.12 Demographic and Emotional Issues

Churchill (2002) alludes to the fact that the poor, because of their wealth status, tend to want to get the most out of their meagre resources. So when they pay premiums, they expect to be paid back in the form of a claim. But when a claim does not happen, then they feel they have wasted their meagre resources and hence they will not renew their subscription.

In a study for willingness to pay for health insurance among rural and poor persons in India using the bidding game, Dror et al. (2006) observed that the more people in the household, the less the willingness to pay and vice versa. Single person households were willing to pay 0.98% of annual household income per person, compared to 0.77%, 0.50%, 0.43%, 0.37%, and 0.32% for two, three, four, five and six or more persons per household respectively.

Gohmann, McCrickard and Deck (2008) in their paper on insurance coverage transitions and the use of preventive services, note that for the consumer, when out of pocket costs increase, one of the easiest and more expensive costs for them to avoid is that of preventive medical care.

Shin, Song, Kim and Probst (2005) quote Brown et al. (2000) and Carrasquillo et al. (2000) commenting that in America, many studies have found that ethnic minority groups are less likely to have insurance coverage than non-Hispanic Whites. On average, over one third of Latinos, one fourth of Blacks, and one fifth of Asian Pacific Islanders (APIs) are uninsured. Most of the variation in uninsured rates among ethnic minorities was driven by differences in employment-based insurance. For Korean-Americans, their lack of access to employment-based insurance is a main factor contributing to the highest uninsured among the APIs.

Level of education of the farmers had little effect on the decision by the farmer to purchase insurance in the Nebraska study (Jose and Valluru 1997). This finding is contradicted by Greene and Peters (2009) who report from the 2006 Florida Medicaid customers study that there is a linkage between skills in literacy, numeracy (the ability to reason with numbers and other mathematical concepts), or health literacy (which combines literacy and numeracy in a health context) and consumers' ability to comprehend health-related information and make informed choices. Velandia et al. (2009) report a marginal negative effect for education in their crop insurance equation and conclude that farmers become less risk averse as they gain more education, thus decreasing the likelihood of using crop insurance as a risk reducing strategy.

Older farmers with larger farms tend to use all three tools of risk transfer (crop insurance, forward contracting and spreading sales) (Velandia et al. 2009).

Cohen et al. (2005), report that a few among the poor currently see formal insurance as an option. Formal insurance is viewed as the province of the rich and affordable by only the top economic levels of the population.

2.4.13 Institutional Issues

In the developing countries, state-provided social security or more basic safety nets are often limited or unavailable for particular widespread disasters (Dercon 2007). For example in Ghana, there is an absence of a specific policy in place for promotion and regulation of micro-insurance, even though the Commission considers it as a viable alternative to the existing general life insurance products on the market targeted at the low income and poor (Consultants 2006). On the other hand insufficient understanding of micro-insurance may bring about a regulatory environment that is not conducive for micro-insurance, which might stifle innovation and the flow of micro-insurance products to the poor. A restrictive regulatory environment may constrain efforts to provide insurance to low-income households (Llanto 2007).

In Vietnam, a variety of government assistance plans exist to support rural households cope with shocks, big and small. The government, often with the assistance of local people, undertakes programs that prevent or mitigate some of the devastating consequences of natural disasters (Anonymous 2007). From the Nebraska study, Jose and Valluru (1997) report that the majority of respondents (55.35%) agree that a government supported crop disaster / insurance program is necessary.

The institutional capacity is challenged by the lack of good infrastructure in areas where most of the low-income house-holds can be found increase the costs to collect premium payments, file and process claims, register and renew membership, keep members informed, and recruit new members. The transaction costs associated with insurance delivery to low income households are very large (Llanto 2007).

2.6. Conclusion of Literature Review

It is within reason to conclude that insurance is increasingly appealing to low income groups as a risk mitigation strategy. However the poor are concerned about the way the financial products are sold to them. Micro-insurance providers need to increase their responsiveness to the needs of the low income people. Access which is limited to insurance products that are deemed less valuable (less relevant) to low income clients, negatively influences their appreciation of insurance in general (Manje 2007).

The target beneficiaries should be enlightened on the demand side responsibilities which include various procedural aspects right from application, mode of premium, safe maintenance of documents or materials linked to insurance, claims procedures, reporting authorities and period for claims settlement procedures, documents required for claiming, their rights and ethical practices (Rengarajan 2009).

Micro-insurance institutions need to understand that business survival in dynamic and competitive environments depends on an ability to analyse consumption information and determine which products consumers want. Collecting consumption data, hence, becomes a primary activity for product and marketing strategy development (Hsieh and Chang 2004).

Llanto (2007) cites factors affecting the demand for micro-insurance as including perception of and attitude towards insurance, risk management substitutes (product-demand match), affordability (premiums, income level), and institutional rigidities (high transaction costs, accessibility).

Llanto (2007) also quotes Siegel et al. (2001), outlining six conditions for micro-insurance to succeed. These are: simple insurance instruments (through contract standardisation and lower premiums); low transaction costs (through instituting cost minimising monitoring systems and efficient incentive schemes); affordability (through transparent benefits system and flexible payment schedules that improve participation); Location (by being close to the clients base to obtain information and build confidence); financial literacy (facilitated through group involvement in management decisions); and, role of government (through information provision, appropriate regulatory framework, education and political, technical and financial support).

Service providers should master the stages of preparation, relationship building, and information exchange to build a good relationship with consumers and to decrease consumers' price sensitivity (Hsieh and Chang 2004). Furthermore, creating a viable micro-insurance programme requires innovation in designing products and services that are appropriate in terms of coverage, timeliness, accessibility and affordability (Cohen et al. 2005).

Giesbert (2008) recommends that if providers of micro-insurance are to reach out to more potential clients, they should expand advertising through public channels and also by going out into the field and do advertisement and insurance education programmes directly where the people live.

2.5.1 Proposition

Based on the consumer behaviour model and the literature on micro-insurance and agricultural micro-insurance, factors affecting farmers` decision to purchase micro-insurance can be generally divided into two segments: the individual differences or influences; and the environmental influences. Table 1 below presents a split on the attributes pertaining to the two influences cited above. These attributes affect the decision by farmers to purchase micro-insurance and form the proposition.

Table 1: Determinants of Micro-Insurance Purchase Decision: The Proposition

Attribute	Source	
Availability of coping mechanisms and alternatives	(Cohen et al. 2005; Consultants 2006; Anonymous 2007; Dercon 2007; Llanto 2007; Gine et al. 2008; Torkestani and Ahadi 2008; Rengarajan 2009; Velandia et al. 2009)	Individual Differences or Influences
Product knowledge	(Hsieh and Chang 2004; Consultants 2006; Churchill 2007; Dercon 2007; Llanto 2007; Gine et al. 2008).	
Familiarity with the product and prior experience	(Lee and Huang 2005; Gohmann et al. 2008)	
Product design, quality and offering	(Cohen et al. 2005; Churchill 2007; Llanto 2007; Manje 2007; Giesbert 2008; Gine et al. 2008)	
Value of enterprise	(Jose and Valluru 1997; Gine et al. 2008)	
Cost of Insurance / affordability	(Jose and Valluru 1997; Hanning 2004; Lee and Huang 2005; Anonymous 2007; Dercon 2007; Llanto 2007; Gine et al. 2008)	Environmental Influences
Product Accessibility (Place)	(Moschis et al. 2004; Anonymous 2007)	
Product Promotion	(Consultants 2006; Llanto 2007; Manje 2007)	
Distribution channels	(Consultants 2006; Llanto 2007; Manje 2007)	
Service, relationships and trust	(Churchill 2002; Cohen et al. 2005; Llanto 2007; Giesbert 2008; Gine et al. 2008)	
Recent past events and timing of product offering	(Dror et al. 2006; Gine et al. 2008)	
Demographic and emotional issues	(Churchill 2002; Shin et al. 2005; Dror et al. 2006; Velandia et al. 2009)	
Institutional issues	(Jose and Valluru 1997; Anonymous 2007; Dercon 2007; Llanto 2007)	

CHAPTER 3: RESEARCH METHODOLOGY

This section describes the methodology followed in order to address the research problem, as well as test the proposition discussed at the end of the literature review. The section starts off with a description and explanation of the choice of research paradigm and will also cover the implications that the chosen method has on the research. Then the research design will be discussed followed by discussions of the research population, the sample sizes and the sampling methods. This is followed by a discussion of the research instruments and the analysis methodology that was used to determine the factualness of the stated proposition. Lastly, the section will be concluded with a discussion on the validity and reliability implications for the research.

3.1 Research methodology /paradigm

The choice of research approach was affected by the research problem, personal experiences, and the audiences (Creswell 2003). There are three approaches to research that can be adopted – quantitative, qualitative and mixed methods research (Creswell 2003). In addition there needs to be a match between the research problem and the research approach (Creswell 2003). A quantitative approach is best suited for a research problem which requires key factors affecting an outcome to be researched (Creswell 2003). If a phenomenon needs to be understood because little research has been done on this topic then a qualitative approach is more suitable (Creswell 2003). Both the qualitative and the quantitative approaches can be used to capture the best of both in a mixed method approach (Creswell 2003). A mixed method design approach involves the collection, analysis and the integration of quantitative and qualitative data in a study (Hanson, Creswell, Clark and Petska 2005).

Qualitative research provides insights and understanding of the problem setting (Churchill 1995; Malhotra 1999). The main objective of this research was to gain a qualitative understanding of the underlying reasons and motivations. The main purpose of focus groups was to gain insights about issues of interest to the researcher through listening to a group of people from the appropriate target market (Malhotra 1999).

The research problem for this study was to determine factors that affect the Kenyan farmers` decision to purchase micro-insurance based on a sample of farmers obtained from the Narok District of Kenya with the ultimate goal of making micro-insurance providers increase agricultural micro-insurance product uptake. The focus group qualitative approach was taken as it is best suited for this research as the research problem had not been done before in this particular context.

3.2 Research Design

Methods of data collection and analysis had to be more or less appropriate to the research proposition. After formulation of the research proposition, the researcher needed to make a decision about how to collect the sort of data that could address that proposition (Willig 2008).

The research design took the form of focus group discussions technique. The researcher engaged a moderator (an expert in focus group interviews). Five focus groups with a minimum of 6 farmers in each group were engaged. The great strength of the focus group technique is its capacity to produce surprise and fresh perspectives through the spontaneous , unrestricted interaction among group members during the discussion (Hair, Bush and Ortinau 2000; McQuarrie 2006). It has got the ability to unify and polarise the participants. The major disadvantage of the focus group approach is the sample size. Because the sample is small, it may not reflect the sentiments from the larger population of consumers in the market and so the kinds of conclusions one can draw from focus group research are limited (Parasuraman 1991; Hair et al. 2000; McQuarrie 2006).

Table 2 below shows the advantages and disadvantages of the focus group method adapted from the listing of advantages and disadvantages of the focus group method by Malhotra and Birks (2003).

Table 2: Advantages and Disadvantages of the Focus Group Method

Advantages	Disadvantages
Synergy: Putting people together produced wider range of information , insight and ideas than would individual responses secured privately	Misjudgement: Through the approach used in questioning and probing, a bias could have emerged and hence the analysis may not be accurate
Snowballing: through chain reactions, new ideas could be developed, justified and critically examined.	Moderation: Depending on the chemistry of the group, moderation could have been very difficult. The quality of the results depends upon how well the discussion was managed and ultimately on the skills of the moderator.
Stimulation: After a brief introductory period the respondents wanted to express themselves and gained a general level of excitement.	Messiness: Due to the unstructured nature of the responses, coding, analysis and interpretation became difficult compared to the quantitative approach.
Security: When feelings were mutual with other participants, the level of comfort increased as will the sense of security.	Misrepresentation: Because focus groups concentrated on specific target groups, generalising them to a larger group may be misleading.
Spontaneity: Because respondents were not required to answer specific questions, they tended to be spontaneous in their response and this brought out an accurate idea of their views.	Meeting: There were problems in getting all respondents to fit a particular schedule and have a timely meeting due to other constraints such as time, transport and commitments.
Serendipity: Unexpected ideas arose from the group interview. The interviewees themselves raised other issues that the moderator was reluctant to ask.	
Specialisation: Because of the nature of group dynamics, a specialised interviewer had to be engaged	
Scientific Scrutiny: The researcher witnessed the session and recorded it for later analysis	
Structure: The group discussions allowed for flexibility in the topics covered and the depth with which they were treated.	
Speed: Because several individuals were simultaneously interviewed, data collection and analysis proceeded relatively quickly.	

3.3 Population and sample

3.3.1 Population

A set of all members about which a study intends to make inferences defines a population (Albright, Winston and Zappe 2006). The population for this research was all the small scale farmers who are involved in agricultural production in the Narok District of Kenya. Small holder farmers are those farmers with a land holding of fifty acres or less. One acre of land is equivalent to 4,000 square meters of land.

3.3.2 Sample and sampling method

A subset of the population, which is often randomly chosen and preferably representative of the population as a whole defines the sample (Albright et al. 2006). There are more than three thousand small scale farmers in the Narok region of Kenya (GOK 2004). For the sake of this research, a random sample of 37 farmers was selected and organised into focus groups. Before the focus groups were formulated, the researcher obtained a list of farmers and their land holdings from the local agricultural extension officer. The farmer names were assigned numbers. A random number generator (excel) was used and the sample was then be obtained in this manner. In collaboration with the local focus group expert, the respondents were briefed about the survey and its purpose. Five focus groups of at least six farmers each were engaged.

Table 3: Profile of Respondents

Respondent	**Number sampled**
Active Farmers from the Narok Region of Kenya	37
Agricultural Underwriters (Underwriters from Active Insurance Companies)	2
Government Extension Officer	1

3.4 The research instrument

A focus group is a particular kind of group interview supported by a specialised infrastructure. This infrastructure includes: the facility, the market vendor, and the moderator (McQuarrie 2006).

The facility: in this case was a local hotel at a business centre in a centrally convenient location for the farmers. The facility was large enough to accommodate the group, had a desk and chairs and had the capacity to video-tape the group.

The market vendor: in this case was the local agricultural extension officer who provided the names of the potential participants and then was able to coordinate the entire focus group. The tasks of the vendor were to help identify the facility, mobilise the group participants and coordinate with the researcher and the moderator.

The moderator: in this case was an agricultural management specialist who had extensive experience in carrying out focus group discussions from his career profile. The need for a locally based moderator was the fact that the focus group discussions were conducted in the Kiswahili language, which the researcher had limited comprehension of. So the moderator had to be fluent in Kiswahili. The moderator was supplied with the research problems and objectives of the focus groups by the researcher as per the research proposition. The moderator then conducted the focus group discussions in the presence of the researcher. The moderator's profile is attached in Appendix C. Moderators draw from the participants the best and most innovative ideas about the assigned topic (Hair et al. 2000). As the moderator was the central figure in the whole research, the following are among the attributes or qualities that the moderator had to have:

- Kindness with firmness: The moderator had to be empathetic in order to ease the nerves of the participants. At the same time the moderator had to be firm to avoid a drift in the discussion (Churchill 1995; Malhotra and Birks 2003).

- Excellent memory: The moderator had to be able to remember the names of the participants, be able to link previous findings from early discussions and findings to the current discussion (Churchill 1995; Hair et al. 2000)

- Permissiveness: The moderator had to show flexibility and allowed natural flow of discussions, whilst also being mindful that the purpose did not disintegrate (Churchill 1995; Hair et al. 2000; Malhotra and Birks 2003).

- Friendliness: The moderator had to develop a rapport with the respondents, was friendly, courteous, enthusiastic, adaptive and had a sense of humour (Churchill 1995; Hair et al. 2000).

- Involvement: The moderator encouraged and stimulated intense personal involvement (Malhotra and Birks 2003).

- Sensitivity: The moderator asked follow-up questions, demonstrated respect and sensitivity for the participants and their opinions and feelings (Hair et al. 2000; Malhotra and Birks 2003).

- A bigger picture thinker: The moderator was able to separate important and significant observations from the less important ones (Churchill 1995).

- A good writer: The moderator was able to give a concise summary of the sessions and provided appropriate action oriented conclusions (Churchill 1995).

The list of attributes that guided the moderator in his conduct with the focus group was as per the research proposition and is attached in Appendix A.

3.5 Procedure for data collection

The researcher collaborated with the local government extension officer and local focus group specialist to arrange for engagement dates. The researcher then attended the focus group discussions; video recorded the proceedings and observed any emotional attributes within the sample. Once the focus group discussions were concluded, the researcher carried out the analysis. The following procedure was followed as recommended by Malhotra and Birks (2003):

Marketing research problems and objectives were clarified

↓

The role of focus groups in fulfilling the objectives were clarified

↓

The issues to be developed in the focus groups were specified

↓

The Narok farmers were specified as the target respondents

↓

The local hotel was specified as location to conduct the focus groups

↓

Group members were recruited

↓

Focus groups were conducted

↓

Data was analysed and findings presented including plan follow –up research and action

Figure 2: Procedure for Planning and Conducting Focus Groups (adapted from Malhotra and Birks 2003)

3.6 Data analysis and interpretation

Because of the wealth of disparate comments obtained, analysis and interpretation of the results was complicated and the researcher had to find something that agreed with his viewpoint of the problem. The moderator had to keep several features of group interaction in mind during the analysis (Kumar, Aaker and Day 2002).

According to Hair et al. (2000), there are two types of analysis that can be carried out: debriefing analysis and content analysis. The debriefing analysis allowed the moderator and the researcher to exchange notes. Insights and perceptions were expressed concerning major ideas, suggestions, thoughts and feelings from the session. Content analysis allowed the researcher to implement a systematic procedure of taking individual responses and categorising them into larger theme categories or patterns.

For this research, both the debriefing analysis and the content analysis were carried out. The analysis was done according to the guidelines given by Hair et al. (2000) page 237, as given in the Table 4 below.

Table 4: Important Analysis and Interpretive Factors When Analysing Focus Group Discussions

Analysis / Interpretive Factors	Description and Comments
Consider the words	Thought was given to both the words used by the participants and the meanings of those words. Because there was a variety of words and phrases used by the group members, the researcher had to determine the degree of similarity and classify them accordingly.
Consider the text	The researcher had to gain an understanding of the context in which participants expressed key words and phrases. The context included the actual words as well as their tone and intensity (voice inflection). Nonverbal communication (body language) also provided meaningful bits of data worth analysing.
Consider the frequency	In most situations, some of the topics presented in the session were discussed by more participants (extensiveness) and some comments made more often (frequency) than others. The researcher did not assume that the extensiveness and frequency of comments were directly related to their importance.
Consider the intensity of comments	Sometimes group members talked about specific aspects of a topic with passions or deep feelings. While left undetected in transcript alone, video tapes uncovered the intensity factor by changes in voice tone, talking speed, and emphasis placed in certain words or phrases.
Consider the specificity of responses	Those responses that were associated with some emotional firsthand experience were more intense than responses that were vague and impersonal.
Consider the big picture	Because data from focus groups came in many different forms (words, body language, intensity, etc.), the researcher needed to construct an aggregate theme or message of what was being portrayed. Painting a bigger picture of what group members were actually saying, provided preliminary insights in how consumers viewed the agricultural micro-insurance product. Caution was used when trying to quantify the data.

Source: Adapted from Krueger, R. (1994) Focus Groups: A Practical Guide for Applied Research, 2nd ed. Thousand Oaks, CA: Sage Publications pp.149-151

3.7 Limitations of the study

- The time and cost dictated that the research mainly take place in the Narok District on Kenya. The responses obtained are from this geographic area and potential responses from other areas in Kenya may be different.

- Generalisation of findings to other countries or markets may present a challenge as the different proposition attributes may have different impacts in different countries.

- The study may not have considered all the factors affecting consumer decision when it comes to choice to purchase agricultural insurance.

- The composition of the focus groups may have brought in other inherent conflicts between the farmers that may have resulted in some farmers not feeling free to fully engage.

- The participant's views from the focus group discussions may be different from the views of the entire population they were drawn from.

3.8 Validity and reliability

Validity is concerned with the congruence or goodness of fit between the research details, the evidence, and the conclusions drawn by the researchers (Kalof, Dan and DIetz 2008). For this research, validity was ensured by taking a representative sample, ensuring consistency in approach during the research process, using an experienced moderator, video-recording proceedings for transparency in approach, and ensuring open ended discussion approach. Two types of validity were used: internal and external validity and they will be further expanded in sections 3.8.1 and 3.8.2 below.

Reliability is about accuracy and precision, stability, equivalence and internal consistency. Research findings are considered reliable if similar findings are revealed time after time in repeated application of the research (Kalof et al. 2008). For this research the focus group discussion approach was used with a consistent approach of leading discussions and allowing the participants to open up, while at the same time keeping focus on the research topic.

3.8.1 External validity

External validity is the ability of the research to be generalised across persons, settings and times (Kalof et al. 2008).

- The sample size of 37 farmers may not represent the entire farming community of Kenya. However, the sample was taken from the most agriculturally productive area in Kenya (GOK 2004) and as such will serve the purpose of this research.

- Increasing the number of attributes for the focus group discussions resulted in a better understanding of factors that affect customers` choice to purchase agricultural micro-insurance and this can be extrapolated to the population.

3.8.2 Internal validity

Internal validity is the extent to which the measuring instrument provides adequate coverage of the topic under study. It means that the study is drawing appropriate conclusions from the data at hand (Kalof et al. 2008).

The study aimed to increase the internal validity of the research through the following:

- A representative sample of the population was used for the focus group discussions.

- The same procedure was followed by the researcher when communicating with all focus groups.

- The moderator ensured consistency in the approach to all discussions to ensure the same discussions proceeded in the same order for all focus groups.

- The discussion questions were completely unstructured and open ended to ensure the full expression from the interviewees.
- The focus group participants were chosen randomly.

3.8.3 Reliability

According to Bagozzi (1994), there are two types of reliability: the internal consistency; and the test-retest reliability or stability.

For internal consistency, two or more measures of the same theoretical concept are obtained at the same point in time after which the degree of agreement between the measurements is ascertained. In this research, the focus group discussions were conducted within the same month and at the same location. The outcome of the discussions could also be ascertained.

The test and re-test reliability or stability addresses the consistency of measures that are repeated and are of the same theoretical concept over time and can also be estimated with the correlations between the measures across time. In this research, stability was ascertained by ensuring a consistent approach in the contact of focus group discussions, and also using the same moderator for all focus group discussions.

CHAPTER 4: PRESENTATION OF RESULTS

The purpose of this chapter is to present and describe the results of the data analysis.

4.1 Introduction

In this chapter a summary of the results obtained from the research analysis is presented. This chapter begins with the description of the demographic profile of the respondents, followed by presentation of the results from the proposition. Finally, the chapter concludes with a summary of the results chapter.

4.2 Demographic profile of respondents

The initial plan was to engage in 5 group discussion with at least 6 participants giving a minimum number of respondents as 30. This target was achieved as eventually, 37 participants were engaged. The list of names of the 37 participants is attached in Appendix D.

In terms of age, the youngest respondent was 25 years old and the oldest respondent was 65 years old. The bulk of the respondents (17) were between the ages of 36 and 45 as indicated in Table 5 below.

Table 5: Age Distribution of Respondents

Age Band	Number
18 to 25	1
26 to 35	7
36 to 45	17
> 45	12
Total	**37**

Men formed the majority of respondents (32) in all focus groups as indicated in Table 6 below.

Table 6: Gender Profile of Respondents

Focus Group	Gender		Response Count
	Male	Female	
1	7	0	7
2	7	1	8
3	6	1	7
4	5	1	6
5	7	2	9
Total	32	5	37

All respondents were literate with the majority of them (79%) having at least gone through secondary education, which is Grade 12 or Metric - in the South African context - or higher. Figure 3 shows the distribution of the educational profile of the respondents.

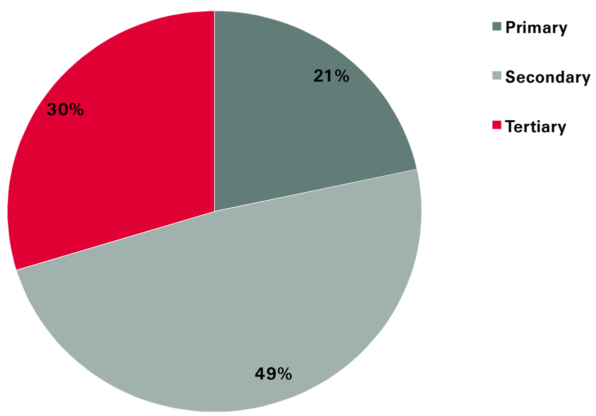

Figure 3: Educational Background of Respondents (%)

In terms of land holding, the majority of the respondents (18) had between 20 and 30 acres of land. An acre of land is equivalent to 4,000 square meters of land. Figure 4 below shows the distribution of the land holding profile of respondents.

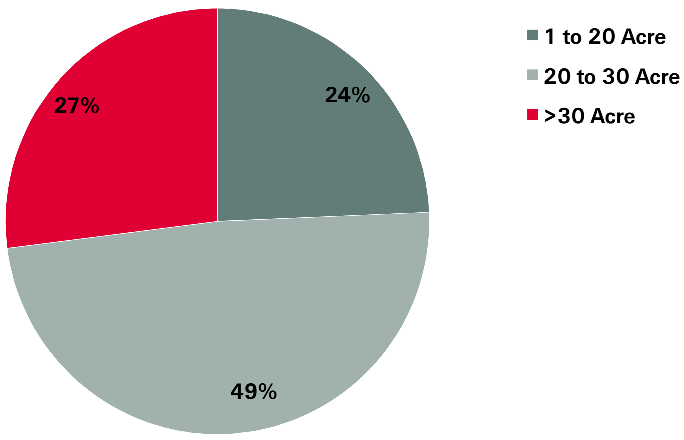

Figure 4: Land Holding Profile of Respondents

The bulk of the respondents were farmers with at least 6 years of experience in farming as indicated in Figure 5 below.

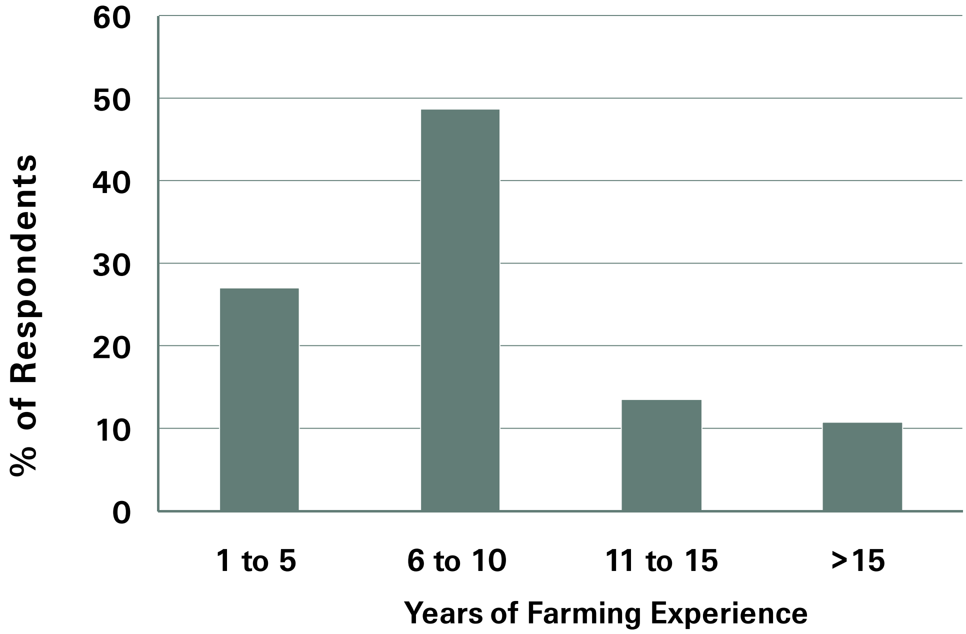

Figure 5: Farming Experience of Respondents

4.3 Results Pertaining to the Determinants of Micro-Insurance Purchase Decision

Focus group discussion method was used for the analysis of the proposition. Under this section, results from discussions within the group are presented followed by a comparison of inter-group results as they pertain to the proposition attributes.

4.3.1 Service, Relationships and Trust

Presented below are the results pertaining to the service, relationships and trust attribute.

Results from Focus Group 1 Discussions

This attribute was cited by 7 out of 7 (100%) of the respondents. The respondents conveyed their concerns through the comments they made. These include:

- *"Nowadays there is too much fraud in insurance companies that we are afraid to pay up our premiums."*

Results from Focus Group 2 Discussions

Service, relationship and trust topped the agenda in focus group 2 with 8 out of the 8 (100%) respondents citing this attribute as a factor that affects their decision to purchase agricultural micro-insurance. As one respondent put it: *"…sometimes we also fear that after paying premiums, when you have problems, it gets really hard to get paid. We are also afraid of some conditions set by the company (small print). These are only read to us after a claim has happened."*

Results from Focus Group 3 Discussions

Again, service, relationships and trust topped the agenda from focus group 3 discussions with 7 out of 7 (100%) of the respondents agreeing mentioning that the insurance companies have to earn their trust before they can make decisions to purchase agricultural micro-insurance. As one of the respondents put it, *“We have to trust that the company is not here to steal from us, and we would be happy to join.”*

Results from Focus Group 4 Discussions

Service, relationship and trust was the most cited attribute in focus group 4, except that it was not unanimous as 5 out of 6 (83%) of the respondents felt that this attribute would affect their decision to purchase agricultural micro-insurance. One of the respondents had some good experience with the insurance providers and had this to say: *“To be frank, yes, last year they paid me insurance money, and right now I have already insured my crops.”* The whole group was a little stunned as this was the only time insurance was quoted in a positive light.

Results from Focus Group 5 Discussions

Focus group 5 was the largest of all groups with 9 respondents. The level of debate and deliberations was more heated than the other four groups. It also took a little longer for respondents to get some consensus on issues surrounding the factors that may influence them to decide whether or not to purchase agricultural micro-insurance.

Once again the service, relationship and trust attribute came up tops with 7 out of 9 (78%) of the respondents expressing their reservation on the way the insurance agents distribute the product. There was a feeling that insurance agents show off in their expensive suits and flashy cars when they approach the farmers and then they disappear when the farmers lodge claims. *“When they come to talk to us about insurance, they sweet talk us into buying the product. However, when we experience difficulties, we do not see them at all”,* said one respondent in a very emotional manner. Another respondent agreed and also shared his experience when he had an accident with his car and could not locate the agent who sold him the insurance policy. He ended up going to Nairobi (the capital city) to the insurance company head office to get assistance.

Response from Agricultural Extension Officer

The officer has been working in the Narok Region for the past 6 years and has a very frequent interaction with the farmers, as he is locally based. According to him, the service, relationship and trust attribute plays an important role in influencing farmers` decision to purchase micro-insurance. *"Through discussions with farmers, I get a feeling that they do not trust the insurance agents. I too, do not trust them, but I feel that the micro-insurance product is important for the farmers",* he said.

Response from Agricultural Underwriter 1

The underwriter felt that farmers do not trust the insurance agents, who in the majority of cases are brokers or other intermediaries. *"… Another problem is that the farmers do not trust the insurance companies and their agents as they think that we hide information from them. And then when it comes to claims, the settlement takes a bit more time because of the intermediaries,"* he said. There was therefore need for the brokers and intermediaries to establish trust with the farmers.

Response from Agricultural Underwriter 2

Agricultural Underwriter 2 felt the same way as Underwriter 1 with regards to the service, relationships and trust attribute. He felt that even though the insurance companies are genuine about providing a risk management solution for the farmers, there was "bad blood" between the farmers and the insurance companies and their intermediaries. He attributed this to a bad experience that some farmers would have encountered when they took their first insurance policy.

4.3.2 Product Knowledge

Presented below are the results pertaining to the product knowledge attribute.

Results from Focus Group 1 Discussions

Product knowledge was not a major issue for focus group 1 as only 2 out of 7 (29%) of the respondents cited this attribute. *"…like last season, rain destroyed our crops and there is no one who had insured this crop. If we had someone who had told us about it, we would have insured our crops",* said one respondent.

Results from Focus Group 2 Discussions

In focus group 2, 5 out of 8 (63%) of the respondents cited this attribute as a deterrent to their decision to purchase micro-insurance. *"We either get too scanty information or none at all"*, said one of the respondents. *"When they sell us the product, they make assumptions that we already know what they are talking about"*, said another respondent.

Results from Focus Group 3 Discussions

Product knowledge was cited by 5 out of 7 (71%) of the respondents. *"Most of us know about insurance, but we have never found a company that is ready to educate us about insurance. So long as we shall be told about how insurance works, we are willing to insure",* said the respondents.

Results from Focus Group 4 Discussions

In this focus group, 4 out of 6 (67%) of the respondents felt product knowledge was hindering them from choosing to purchase micro-insurance. *"…insurance is very important. In the past people suffered a lot because we did not know that you could insure crops like wheat", said one respondent.*

Results from Focus Group 5 Discussions

Product knowledge appeared to also be a big challenge as 6 out of the 9 respondents felt that they needed to get more informed about what the agricultural micro-insurance product is all about, what it offers, what it does not offer and exactly what the benefits are. *"What if the baboons come and steal my maize, will I get compensated, or is it just to do with rainfall and fire?"* asked one respondent. *"We need clarity on all these issues before taking up insurance",* he continued.

Response from Agricultural Extension Officer

Lack of product knowledge is a hindrance to the uptake of the micro-insurance product according to the local Agricultural Extension Officer. *"To be honest with you I am also not sure what this product is all about. There is no information that I can refer to that can tell me about this product",* he said in apparent reference to product knowledge. *"I believe once we in government know how the product works, we can be able - through our structures and influence – to enlighten the farmers on the benefits of the agricultural micro-insurance product.*

Response from Agricultural Underwriter 1

The underwriter believed that people have knowledge about the micro-insurance product, *"Through the intermediaries we inform and educate the farmers about the micro-insurance product. Maybe what we do not do enough is to test whether people have fully understood the product features, and maybe that leads to confusion and hence the decision not to purchase the micro-insurance product."*

Response from Agricultural Underwriter 2

Agricultural Underwriter 2 felt that the product knowledge was the stumbling block in terms of agricultural micro-insurance product uptake. He compared the small holder sector to the commercial farmers. *"Both commercial farmers and small scale farmers are exposed to the same weather elements. But the commercial farmer insures because he has access to the knowledge about the product. Well maybe he also has more capital but that is beside the point. I strongly believe that we have to educate our small scale farmers about the* *features of the product, the pros and cons, and do it as transparently as possible,"* he said.

4.3.3 Familiarity with the Product and Prior Experience

Presented below are the results pertaining to the familiarity with the product and prior experience attribute.

Results from Focus Group 1 Discussions

Issues to do with familiarity with the insurance product were mentioned and agreed to by 6 out of 7 (86%), with some respondents mentioning that they had motor and life insurance from some service providers and they would be happy to add agricultural micro-insurance to their portfolio if the product is explained properly to them by the agents they already had relationship with.

Results from Focus Group 2 Discussions

Familiarity with the product and prior experience was cited by 6 out of 8 (75%) of the respondents. Some of them would even entrust their peers experience, like one respondent said: *"…but when you have one or two people you know like Njoya (one of the respondents), who has been into it, you will know whether the company is registered and you can easily make a decision:"*

Results from Focus Group 3 Discussions

5 out of 7 (71%) of the respondents mentioned that they were not familiar with insurance in general. *"We have never heard about insurance*", said one of the respondents.

Results from Focus Group 4 Discussions

Lack of familiarity with the insurance and micro-insurance product was cited by 4 out of 6 (67%) of the respondents in focus group 4. Some of the respondents said they had never taken an insurance policy in their life.

Results from Focus Group 5 Discussions

This attribute was cited by only 4 out of 9 (44%) of the respondents in focus group 5. Most of the respondents had some experience with life and motor insurance.

Response from Agricultural Extension Officer

The Extension Officer did not see this attribute as a major factor that could influence choice of micro-insurance purchase. "Although most farmers do not have agricultural micro-insurance, the majority of them have at least one insurance product, especially life insurance", he said.

Response from Agricultural Underwriter 1

The Underwriter did not view this attribute as an obstacle to the decision to purchase micro-insurance.

Response from Agricultural Underwriter 2

The Underwriter linked the lack of familiarity with the product to the issue of lack of product knowledge and stressed the need for an outreach program to educate the farmers.

4.3.4 Institutional Issues (Government Influence

Presented below are the results pertaining to the institutional issues attribute.

Results from Focus Group 1 Discussions

All the 7 (100%) respondents felt that the government had a role to play in influencing their decision to purchase micro-insurance. *"I will trust my local government agent more than the insurance agent. If government tells us to insure, we will oblige,"* said one respondent.

Results from Focus Group 2 Discussions

Government influence had 75% of the respondents paying attention: *"Did you talk to the government before coming here because the government should know what insurance can offer. If it comes from the government, then we can consider buying insurance."*

Results from Focus Group 3 Discussions

Government influence also topped the agenda with 7 out of 7 (100%) of the respondents agreeing that the government has influence on their decision to purchase micro-insurance. One of the respondents said, *"When we have disaster such as drought and floods, government comes and helps us, although sometimes too little too late…so if they want us to buy insurance, then we ask them what their contribution would be."* The respondent went on further to stress the need to channel new products that could help the farmers through the government as they are a trusted source within the rural farming community.

Results from Focus Group 4 Discussions

3 out of 6 (50%) of the respondents in focus group 4 felt that the government could influence their decision to purchase micro-insurance, although they did not believe that it was solely the role of government to be involved in insurance issues.

Results from Focus Group 5 Discussions

Only in this group out of the five groups was the role of the government not given a "thumps up" by the majority. 4 out of 9 (44%) of the respondents felt the intervention of government was necessary for them to make a decision on the purchase. The other 5 (56%) were not happy with the government`s way of doing business and felt that the government should actually stay away of this product and allow the private sector to run with it. *"We pay taxes, day in and day out, and vote people into power so that they can spend our tax money, and we get nothing out of it year in and year out. I don`t see how those clowns can help in this respect"*, complained one respondent.

Response from Agricultural Extension Officer

The Agricultural Extension Officer felt that government could, through its structures, influence the mindset of the farmers and make them start to view micro-insurance as part of their risk mitigation tools.

Response from Agricultural Underwriter 1

The Underwriter felt that government assistance and influence could come in the form of a premium subsidy.

Response from Agricultural Underwriter 2

The Underwriter concurred with Underwriter 1 on the need for the government to subsidise insurance premiums and felt that this would lure more farmers to take up micro-insurance.

4.3.5 Distribution Channels

Presented below are the results pertaining to the distribution channels attribute.

Results from Focus Group 1 Discussions

Emanating from lack of trust, 6 out of 7 (86%) of the respondents felt that the distribution channel such as through insurance agents was not in their favour. They would rather have people they know and trust do the product distribution.

Results from Focus Group 2 Discussions

Same as in focus group 1, emanating from the trust issue was the issue of who the distribution channel for the micro-insurance product is. Because of lack of trust with the insurance agents, 7 out of 8 (88%) of the respondents cited this attribute as one of the key determining factors affecting their decision to purchase agricultural micro-insurance. As one respondent explained, *"We have our local veterinary officer here. Why can`t insurance be obtained from there just like the way we register our cattle for dipping?"*

Results from Focus Group 3 Discussions

Distribution channel, was a concern for focus group 3 with 5 out of 7 (71%) of the respondents citing this attribute as an important factor affecting their choice to purchase micro-insurance.

Results from Focus Group 4 Discussions

Distribution channels were also topical with 4 out of 6 (67%) of respondents getting actively involved in the discussion. *“Why don’t you make it simple and give us insurance through the agro-vet shops, or through the cooperative structures. At least that way I know who to approach in times of trouble”,* said one respondent. *“First we need to know who the insurance company is, then we have a little investigating to do to find out if the company has a firm foundation. If they are “briefcase agents” we are afraid of them”,* said another.

Results from Focus Group 5 Discussions

For focus group 5, the distribution channel was not top of the agenda with only 3 out of 9 (33%) of the respondents citing this attribute as a concern.

Response from Agricultural Extension Officer

The Officer felt that the government could act as distribution channel if aided. *“We can act as a distribution channel to a limited extend as we do not have the requisite resources to handle the product”* he said.

Response from Agricultural Underwriter 1

Agricultural Underwriter 1 said that he believed in the involvement of government agencies as a possible distribution channel as they are well trusted by the farmers. He believed that this would act as a catalyst that would enhance the micro-insurance product uptake.

Response from Agricultural Underwriter 2

The Underwriter also felt that the distribution channel played a very critical role in the farmer`s decision to purchase micro-insurance.

4.3.6 Product Accessibility / Place

Presented below are the results pertaining to the product accessibility attribute.

Results from Focus Group 1 Discussions

Accessibility of insurance in terms of where to purchase the product was discussed at length, with 5 out of 7 (71%) of the respondents mentioning that due to the location of the insurance distribution offices in urban and peri-urban areas, farmers would have to board buses to buy this product, which already adds a cost to their shrinking margins. This then presented a difficulty and would affect their decision to purchase micro-insurance.

Results from Focus Group 2 Discussions

Accessibility of insurance was cited by 6 out of the 8 (75%) of the respondents with the same reasons as those in focus group 1, that is, the distance required to be covered by bus and the time it takes the respondents to get hold of the insurance product: *“Not only do I need one thousand bobo (one thousand Kenya Shillings), but I also need to leave my fields unattended so that I can go and get this micro-insurance,”* said one respondent.

Results from Focus Group 3 Discussions

Same concerns as those raised in focus groups 1 and 2 were expressed in focus group 3 with 6 out of 7 (86%) of the respondents citing this attribute as a bottleneck to their decisions to purchase micro-insurance.

Results from Focus Group 4 Discussions

3 out of 6 (50%) of the respondents raised concern about the difficulty of accessing the product as it was not really clear to them who they had to approach for the micro-insurance product.

Results from Focus Group 5 Discussions

In focus group 5, product accessibility was not a major concern as only 3 out of 9 (33%) of the respondents cited this attribute.

Response from Agricultural Extension Officer

The Extension Officer felt that once the issue of distribution channel has been solved, then the problem of accessibility will be automatically taken care of because the government has offices within the locality of the farmers.

Response from Agricultural Underwriter 1

Accessibility was not a concern for Underwriter 1 as he felt that his insurance company had a good network of offices all over Kenya.

Response from Agricultural Underwriter 2

Underwriter 2 also did not view accessibility as a big concern as insurance could also be obtained via the postal services.

4.3.7 Cost of Insurance / Affordability

Presented below are the results pertaining to the cost of insurance and affordability attribute.

Results from Focus Group 1 Discussions

The cost of insurance was not a major concern for focus group 1 as only 3 out of 7 (43%) respondents cited this attribute. The rest felt that if the right product is presented to them, they will be prepared to pay for it.

Results from Focus Group 2 Discussions

For focus group 2, the cost of insurance was a concern as 5 out of 8 (63%) of the respondents felt that in a lot of cases they are not able to afford the cost of insurance. They viewed the price of insurance as exorbitant and not value for money.

Results from Focus Group 3 Discussions

In this focus group, as in focus group 1, only 3 out of 7 (43%) of the respondents cited this attribute as of concern, with the rest also prepared to pay the price for a quality product that would meet their needs.

Results from Focus Group 4 Discussions

Cost of insurance was third most important attributes for focus group 4 with 4 out of 6 (67%) of the respondents citing this. One of the respondents mentioned that the margins for farmers are already stretched due to cost of inputs, and also fending for the family (health, school fees, food), and so now to add insurance on top would just be another extra expense. *"Furthermore, even if there is no catastrophe for two or three years, you never get the premium back",* said one respondent.

Results from Focus Group 5 Discussions

Cost of insurance was a major issue for discussion with 6 out of the 9 (67%) of the respondents having a general feeling that insurance is a "rip off", obviously in relation to the service offering that then follows. Worse still, the premiums keep on increasing even in a claim free year. *"I have had household insurance for the past 5 years but never got any premium discount. All I keep hearing is that some other people are claiming too much and that affects the amount of premium the insurance companies charge",* said one disgruntled respondent.

Response from Agricultural Extension Officer

The Extension Officer also felt that the insurance premium he has heard being quoted by insurance agents was beyond the reach of most farmers. He felt that the government should chip in and provide some premium subsidy; however he was quick to mention that the major constraint was that the government did not have the money for premium subsidies.

Response from Agricultural Underwriter 1

The Underwriter voiced concern about the cost of insurance. *"Generally, whenever I provide an insurance quotation, the clients always complain that the product is too expensive and hence they cannot afford it,"* he said. He however felt that if something can be done on the cost of insurance, more uptakes could be attained.

Response from Agricultural Underwriter 2

Underwriter 2`s experience was the same as that of Underwriter 1, that most farmers felt the product was beyond their affordability range and also that there was need for the government to be involved in one form or another.

4.3.8 Product Promotion

Presented below are the results pertaining to the product promotion attribute.

Results from Focus Group 1 Discussions

Product promotion was overwhelmingly cited by 7 out of 7 (100%) of the participants as a factor that would influence them choose the micro-insurance product. *"We often hear about the product when we are about to plant or when we have just planted. That is the only time we hear about the product,"* said one respondent. *"We never hear them talking about this product at our seasonal meetings,"* said another.

Results from Focus Group 2 Discussions

For this focus group, promotion was not a major issue as only 3 out of 8 (38%) of the respondents cited this attribute. Most of the respondents indicated that they hear about the micro-insurance product through the radio and also through the television. Some of them see advertisements on bill boards when they go to town, they said.

Results from Focus Group 3 Discussions

Promotion was a big concern for this focus group as 6 out of 7 (86%) of the respondents cited this attribute and felt that more had to be done to bring awareness to the local communities about this micro-insurance product.

Results from Focus Group 4 Discussions

Product promotion was cited by 5 out of 6 (83%) of the respondents as they felt that the micro-insurance providers were not doing enough to promote the product. *"All we have ever seen on bill boards is car insurance, life insurance and homeowners insurance. But never agricultural micro-insurance, and yet this could be the most important thing to us as farmers,"* said one of the respondents.

Results from Focus Group 5 Discussions

Product promotion was not a major concern for focus group 5 with 4 out of 9 (44%) of respondents citing this attribute. The majority of the respondents said they heard about the product on radios and televisions. They however felt that more could be done with regards to this attribute.

Response from Agricultural Extension Officer

The Extension Officer felt that a lot more could be done regarding product promotion through distribution of brochures for example, and also the presence of insurance agents at farmers` conferences.

Response from Agricultural Underwriter 1

The Underwriter felt that the distribution channel is not doing enough to promote the product: *"I feel that the brokers are also not doing a good job promoting the product and explaining the product in plain language to the farmers,"* he said.

Response from Agricultural Underwriter 2

Underwriter 2 felt that enough was being done to promote the product through such media as radio and television. *"People can also obtain brochures when they visit our offices,"* he said.

4.3.9 Product Design, Quality and Offering

Presented below are the results pertaining to the product design, quality and offering attribute.

Results from Focus Group 1 Discussions

The product design, quality and offering attribute was one of the topical attributes for focus group 1 with 7 out of 7 (100%) of respondents citing the attribute. There was a strong feeling that the product was too complex to comprehend and yet at the same time it did not address all the problems that the farmers faced. *"They claim to give you comprehensive cover, but just wait for a claim, then they start explaining to you what is covered and what is not. We do not think that the product addresses our real concerns,"* said one emotional respondent

Results from Focus Group 2 Discussions

The importance of this attribute was balance as 4 out of 8 (50%) of the respondents cited it as a factor that would affect their choice to purchase micro-insurance. Same sentiments as those expressed in focus group 1 were also expressed in focus group 2.

Results from Focus Group 3 Discussions

This attribute was not a big concern for focus group 2 respondents as only 3 out of 7 (43%) of them cited this as a factor that would affect their choice to purchase micro-insurance. The general feeling among others was that this attribute was linked to product knowledge and once this is solved, the benefits will cascade to the understanding of product design and offering.

Results from Focus Group 4 Discussions

Results from focus group 4 mirrored those from focus group 3 with 2 out of 6 (33%) of the respondents citing this attribute as an influential one.

Results from Focus Group 5 Discussions

Only 4 out of the 9 (44%) participants in focus group 5 were concerned by this attribute with similar response to focus group 3

Response from Agricultural Extension Officer

The Extension Officer did not have much to say about this attribute as he also linked it to product knowledge.

Response from Agricultural Underwriter 1

Predictably, the Underwriter, in apparent defence of the product did not feel that the product was deficient in its offering. *"The customers will always complain about inadequate cover, but that is the way insurance is. You cannot change that otherwise you get out of business,"* he said.

Response from Agricultural Underwriter 2

Underwriter 2 also defended the product design, but acknowledged that this could be of concern to the fairly illiterate segment of the market.

4.3.10 Recent Past Events and Timing of Product Offering

Presented below are the results pertaining to the recent past events and timing of product offering attribute.

Results from Focus Group 1 Discussions

Only 2 out of 7 (29%) of the respondents cited this attribute as an important factor influencing their decision to purchase micro-insurance. There was mixed feeling with the rest. Some resorted to divine intervention as a solution, while others felt that if a product is good enough, there will be no need to wait for unfortunate events first before one decides to purchase the product.

Results from Focus Group 2 Discussions

Recent past events and timing of product offering was the least cited with only 1 out of the 8 (13%) participants indicating that in a year after a major catastrophe such as drought, she would always wish she had insurance, and if offered soon after disaster she would seriously consider taking up the product. The rest of the group put the disasters in the hands of God and also the government.

Results from Focus Group 3 Discussions

As in focus group 2, recent past events and timing of product offering was least cited with only 1 out of 7 (14%) of the respondents mentioning that if the insurance company would approach him soon after he gets paid for his produce, then he can seriously consider buying insurance as he sees the benefits: *"Insurance is something that can help the farmer according to the gains he gets and if the crops are spoilt one can be compensated for the damage he has incurred and I know of comprehensive insurance to help the farmer in case of anything happening. There is also insurance for the cows. This insurance becomes a guarantor if anything happens…however the problem is that all the premium is required upfront and it presents a difficulty to us because we don`t always have the cash."*

Results from Focus Group 4 Discussions

This attribute was cited by only 2 out of 6 (33%) of the respondents in focus group 4 as a factor that would affect their choice of the micro-insurance product. One of the respondents mentioned that if the insurance agents could approach him when he gets paid for the produce in a good year, then he might consider purchasing insurance.

Results from Focus Group 5 Discussions

5 out of 9 (56%) of the respondents cited this attribute as an important factor in their decision to purchase micro-insurance. Issues such as drought and floods would always send their minds rolling. The issue of premium instalments was mentioned with farmers suggesting that the insurance agents should accept part payments with the balance being paid after marketing of the product.

Response from Agricultural Extension Officer

The Extension Officer felt that past events can have a positive influence on the farmers` decision to purchase micro-insurance. So too would the synchronisation of micro-insurance sales with the crop marketing time have a positive effect on the decision to buy micro-insurance.

Response from Agricultural Underwriter 1

Underwriter 1 concurred with the Agricultural Extension Officer, on the positive effect of proper timing of product offering especially with regards to post catastrophic events.

Response from Agricultural Underwriter 2

Underwriter 2 expressed same sentiments as the other Underwriter.

4.3.11 Value of Enterprise

Presented below are the results pertaining to the value of enterprise attribute.

Results from Focus Group 1 Discussions

The least concern from focus group 1 was the value of enterprise attribute, with only 1 out of 7 (14%) of respondents mentioning that, *“Because my farm is big (35 acres), I have to take insurance, otherwise I lose big time if a drought happens.”*

Results from Focus Group 2 Discussions

Only 2 out of 8 (25%) of the respondents cited this attribute as an important factor that would influence their decision to purchase micro-insurance.

Results from Focus Group 3 Discussions

Only focus group 3 had the majority of the respondents citing this attribute. 4 out of 7 (57%) of respondents strongly felt that the fact that commercial farmers are taking out insurance is because of the size of their operation. Once an enterprise reaches a certain threshold, then it makes sense to purchase insurance and added to that, most likely the income from such an enterprise would make insurance premiums affordable too.

Results from Focus Group 4 Discussions

The least cited item was value of enterprise with only 1 out of 6 (17%) of the respondents mentioning that if their land holdings would increase – through purchase or inheritance – then they would definitely consider insuring to safeguard their investment.

Results from Focus Group 5 Discussions

The least important attribute for the group was the value of enterprise with only 2 out of 9 (22%) of the respondents opting to wait for their enterprise to grow before they can take out insurance. The rest believed that one should take insurance no matter the size of the enterprise, as long as the product was well tailored and was value for money, and was being administered by trusted agents.

Response from Agricultural Extension Officer

This attribute was not of importance to the Extension Officer.

Response from Agricultural Underwriter 1

Underwriter 1 expected the uptake of micro-insurance to increase as the value of the enterprise increased, but only to a certain threshold. After this threshold, farmers would also then self insure due to a strong balance sheet.

Response from Agricultural Underwriter 2

Underwriter 2 believed that insurance is a culture and therefore, those people not inclined to take up insurance will still have reservations, even if their enterprise grows.

4.3.12 Availability of Coping Mechanisms and Alternatives

This attribute looks at what alternatives respondents have to micro-insurance. This includes but is not limited to use of other financial instruments, use of loss mitigation measures, financial help from friends and relatives, self insurance, and relying on mystic powers. Presented below are the results pertaining to the value of enterprise attribute.

Results from Focus Group 1 Discussions

3 out of 7 (43%) of the respondents cited this attribute with the rest not having trust with the genuineness of their neighbours and relatives when they offer the help. *"After offering you assistance, they either go around telling everybody, or they will want big favours from you every time,"* complained one respondent.

Results from Focus Group 2 Discussions

Only 2 out of 3 (25%) of the respondents in focus group 2 cited this attribute as a factor that would inhibit them from purchasing micro-insurance. *"I would rather borrow from my brother and pay him back without interest than pay the insurance the money,"* said one of the respondents.

Results from Focus Group 3 Discussions

In this focus group, 2 out of the 7 (29%) participants viewed this attribute as important in influencing their decision to purchase micro-insurance. *"It is better* *to pay insurance money, and then you do not have a problem with your neighbour. Not all neighbours are good neighbours,"* said one respondent.

Results from Focus Group 4 Discussions

Focus group 4 also had 2 out of 6 (33%) of the participants feeling that having good neighbours and relatives might act as some form of insurance.

Results from Focus Group 5 Discussions

Availability of coping mechanisms and alternatives was mentioned by 5 out of 9 (56%) of the respondents, as a factor that affects their decision to purchase micro-insurance. Within the group there were 3 members of the same cooperative, and they told the group that through their cooperative, they could get some valuable help in case of a catastrophe. They were supported by two other respondents who believed that by sharing good year proceeds with their relatives, they too could also come to their aid in the event of a mishap.

Response from Agricultural Extension Officer

The Extension Officer did not see how this attribute would play a big role in influencing the farmers` decision to purchase micro insurance. He quoted the level of mistrust that existed among the farming community and could not see how they could come to each other`s rescue especially in times of real catastrophic events like drought.

Response from Agricultural Underwriter 1

Underwriter 1 saw no big influence of this attribute just like the Extension Officer. In addition, due to limited knowledge of the financial market tools, coupled with meagre financial resources, farmers could also not use financial tools such as hedging as alternatives for micro-insurance.

Response from Agricultural Underwriter 2

Underwriter 2 also saw no big influence, mentioning that even though one might have a good neighbour, *"…but a good neighbour with nothing is not good enough in hard times,"* he said.

4.3.13 Demographic and Emotional Issues

All the five focus groups had people from different age groups with varying levels of income and education. The tendency was for the more literate members to be more vocal as they tended to understand the product better than the others. There was no observed difference in the responses between those with a higher income and those with a lower income. In terms of age, the older respondents tended to be more critical of the product than the younger ones.

4.4 Summary of Focus Group Discussions

Focus group discussion method was used. There were five focus groups of at least 6 participants each. Separate interviews were held with 1 agricultural extension officer and 2 agricultural insurance underwriters. Responses to attributes of the proposition that were raised by the three sub sectors - farmers; underwriters; and government official - have been highlighted in the preceding section. Each focus group had its own different dynamics, and different weights to the factors that could influence the farmers purchase decision.

Taking a positive citation as that where at least 50% of the respondents in the focus group cited the attribute: service, relationships and trust, topped the list with 5 out of 5 (100%) of all focus groups having cited the attribute.

This is followed by product knowledge; familiarity with product and prior experience; institutional influence; distribution channel; and product accessibility, all tied with 4 out of 5 (80%) of focus groups citing these attributes as factors that can influence their purchase decision.

Price of insurance, and product promotion are tied with 3 out of 5 (60%) of the focus groups citing these attributes as factors that can influence their purchase decision.

At the bottom, having been cited by 1 out of 5 (20%) of the focus groups, are the following attributes: recent past events and timing of product offering; value of enterprise; and availability of coping mechanisms and alternatives.

It is important to mention that all attributes had at least 1 respondent citing them in every focus group. There was no attribute that was not mentioned at all in any one of the focus groups.

Table 7 below summarises the findings from the focus group discussions as they pertained to the various attributes cited under the proposition. A positive response means at least 50% of participants within the group cited the attribute.

Table 7: Summary of Responses from All Five Focus Groups

Proposition Attribute	**Citation from Focus Group**					**Total**
	1	**2**	**3**	**4**	**5**	
Service, Relationship and Trust	√	√	√	√	√	5
Product Knowledge		√	√	√	√	4
Familiarity with Product and Prior Experience	√	√	√	√		4
Institutional Issues	√	√	√	√		4
Distribution Channels	√	√	√	√		4
Product Accessibility / Place	√	√	√	√		4
Cost of Insurance		√		√	√	3
Product Promotion	√		√	√		3
Product Design, Quality and Offering	√	√				2
Recent Past Events and Timing of Product Offering					√	1
Value of Enterprise			√			1
Availability of Coping Mechanisms and Alternatives					√	1

CHAPTER 5: DISCUSSION OF THE RESULTS

In this chapter there is the discussion of results obtained in terms of the stated proposition attributes as obtained from the literature review.

5.1 Introduction

This chapter begins with the discussion and explanation of the demographic profile of the respondents of this research study. This is then followed by a detailed discussion of the findings from both the literature review and the focus group discussions and the interviews with the agricultural extensions officer and the two agricultural underwriters from the insurance industry. This chapter discusses the similarities and differences in findings from the literature review and the focus group discussions. A conclusion for the research is then drawn at the end of this chapter.

5.2 Demographic profile of respondents

It would have been preferable to have a good gender mix, however, due to the busy farming season; the majority of the respondents were male, as the females were out in the fields. In terms of age, this ranged from 25 year old to well over 46 year olds. All the respondents were married and had at least some primary education. All the respondents were actively involved in farming and had at least five years experience in farming with a minimum land holding of 1 acre.

The intended number of at least 30 respondents was achieved as eventually 37 participants were involved in the focus group discussions. In terms of gender balance, 86% of the participants were male and 14% were female. This skewedness could be attributed to two factors: firstly the time of the focus group discussions was in the morning and most women were out in the fields; secondly, since there was some remuneration for participating in the focus group discussions, the men naturally volunteered ahead of their wives to participate in these discussions.

In terms of the marital status, 100% of the respondents were married.

The age distribution of the respondents was given in Table 5 above.

All the farmers were engaged in full time farming with 32% of them having other enterprises on the side such as tuck shops, transportation, and some form of consultancy services.

In terms of land holding, 24% of the farmers had land holdings between 1 acre and 20 acres; 49% had land holdings between 20 and 30 acres; and 27% had at least 30 acres of land. This makes the respondents suitable to be classified as small holder farmers and they are the target for this research.

Annual income distribution saw 38% earning between Kshs10, 000 and Kshs100, 000; and 62% earning more than Kshs100, 000. These levels of income can allow respondents to afford some form of insurance premium.

In terms of education and literacy, 21% of the respondents had primary education, 49% had secondary education and 30% had tertiary education. This means that the respondents could participate in the discussions and could give valuable input.

5.3 Discussion Pertaining to the Determinants of Micro-Insurance Purchase Decision

The following were the outcomes of the discussions:

5.3.1 Service, Relationship and Trust

This attribute was the most cited in all the 5 (100%) of the focus groups and there was a unanimous feeling that the distribution agents were not trustworthy. This feeling was also pointed out by all three professionals who suspected that there was lack of trust between the farmers and the distribution agents.

Churchill (2002), Cohen et al. (2005) Llanto (2007), Giesbert (2008), and Gine et al. (Gine et al. 2008) all pointed out this attribute as one of the most important factors that could affect the choice on a micro-insurance product by the farmers. Several reasons were cited why there was mistrust. The first one was the fact that the agents were located in urban and peri-urban areas they were not in touch with the happenings on the ground and hence would not empathise with the farmers. The second issue was the “small print” within insurance contracts. So there is insufficient explanation of what the insurance covers and what it does not cover. There is lack of explanation of the product features and what the accruing benefits are. As a result some disputes arise when a claim situation materialises. Some farmers got very emotional when they gave examples of how the insurance agents travel in “Porsche” cars clad in expensive suits, but decline to pay what some farmers feel would be legitimate claims. Another source of mistrust is the lack of dedicated insurance advisors. Coupled to this is the seemingly high turnover of insurance personnel which breaks the continuity of personal relationships. This attribute drew a huge amount of emotions. The agricultural extension officer and the two agricultural underwriters interviewed concurred that this attribute is a pivotal factor influencing the micro-insurance purchase decision of farmers.

5.3.2 Product Knowledge

Lack of product knowledge was cited in 4 out of 5 (80%) of the focus groups and the respondents showed a lot of passion about this attribute. Most respondents had very limited knowledge about insurance in general, let alone agricultural micro-insurance. The respondents pointed out that it would be very difficult for anyone to purchase a product that they are not familiar with. They therefore appealed for some type of product awareness campaign so that the farmers could get to know what the product offering was. Product knowledge is a fundamental pillar for the successful rolling out of the micro-insurance product (Hsieh and Chang 2004; Consultants 2006; Churchill 2007; Dercon 2007; Llanto 2007; Gine et al. 2008). Apart from the focus group respondents being passionate about this attribute, the local agricultural extension officer and also one of the insurance underwriters pointed to the importance of product knowledge as a contributing factor to farmers' willingness to purchase micro-insurance.

5.3.3 Familiarity with the Product and Prior Experience

Lee and Huang (2005) argue that once an individual has prior experience with a product, they are likely to purchase similar products. This attribute is linked to product knowledge and 4 out of 5 (80%) of the groups acknowledged that if they had some experience with one form or other of insurance, they would most likely be in a better position to make decisions with regards to the purchase of micro-insurance. In a farming community set up, there are also opinion leaders that, if they believe in a product, they can influence the rest of the community to follow suit. These can be the elite members of the community, community leaders or just good farmers with a good rapport. The agricultural extension officer and one of the underwriters also acknowledged the importance of prior experience with insurance products as a catalytic factor in the decision to purchase micro-insurance. Within the focus groups, those farmers who had life and motor insurance were also contemplating buying agricultural micro-insurance if other factors had been cleared, such as the availability of a trusted distribution channel. The problem is that the insurance companies that offer motor and life insurance do not necessarily offer agricultural micro-insurance. Otherwise it would have been easier to package the products and offer them to the farmers who were already familiar with one form of insurance or another.

5.3.4 Institutional Issues (Government Influence)

The level to which farmers expect government to be involved with their farming enterprises as well as ensure their risks are taken care of was a very emotional issue in the focus group discussions. In 4 out of 5 (80%) of the focus group discussions, farmers felt that the government should take a leading role in protecting their enterprises, because the farmers voted them into power. The respondents felt that the government should bring awareness about micro-insurance to them, through workshops and other similar vehicles. They also felt that the government should either pay 100% of the premium or at least subsidise the premium as is done in the USA and Europe. Added to that, the farmers said they would trust dealing with a government agent as a distribution channel than an insurance agent. An interview with the local government extension officer and the two insurance underwriters revealed that there were no legislative obstacles that prohibited the sale and distribution of the micro-insurance product in Kenya. However when it came to possible premium subsidies, the professionals felt that this would be a difficult undertaking by the government without the assistance of the donor community. Jose and Valluru (1997), Dercon (2007), and Llanto (Llanto 2007) feel that the government should put in place an enabling regulatory environment in order for the micro-insurance product to work. They also feel that a government supported disaster program would be necessary to cover farmers against natural calamities.

5.3.5 Distribution Channels

This attribute emanated from the discussions in the focus groups and was a topical issue in 4 out of 5 (80%) focus groups. Farmers felt that if the micro-insurance product had to be sold to them, then it had to come through their traditional protocols such as through the chief, headman or chairman of an association, or even through their cooperative structures. Some felt that the government extension services outlets such as the agro-vet shops could act as trusted distribution channels. These are the structures that they trust and these would be effective distribution channels for them. These sentiments were also echoed by the government extension officer and the two insurance underwriters who felt that successful uptake of the micro-insurance product would have to somehow involve the local traditional protocol. This finding is in agreement with Llanto (2007) and Manje (2007, who point stress the importance of having distribution channels that are tried, tested and trusted by farmers.

5.3.6 Product Accessibility / Place

In 4 out 5 (80%) of the groups, the respondents felt that the micro-insurance product is difficult to access. This makes sense as the insurance company offices and branch offices are often located in urban or peri-urban areas only.

Farmers have to fin time and money to travel to these centres to purchase the micro-insurance product. Because of the distance between the micro-insurance provider and the farmers, there is a feeling among most farmers that the service levels will be compromised especially with regards to claims. This view was also expressed by Anonymous (2007) who cited that the distance between the product provider and the product recipient affects the recipient's choice of product uptake. The Agricultural Extension officer concurred with the farmers and emphasised the need to solve the distribution channel issues first as these would automatically resolve the accessibility of the product. The two Underwriters did not see this as a hindrance as they felt that their respective companies were doing enough to make the product accessible in ways such as the use of postal services to apply for insurance cover. This may seem logical to the literate and mobile segment of the market, but to the majority this is not necessary easy and cheap.

5.3.7 Cost of Insurance / Affordability

Due to the narrow margins form small scale farmers, linked to the rising cost of inputs and lack of government subsidy for most of the African continent farmers, the cost on insurance has been widely quoted in studies as one of the major prohibiting factors for micro-insurance product uptake. Affordability of the premium is one of the most important factors affecting farmers' choice to purchase micro-insurance (Jose and Valluru 1997; Hanning 2004; Anonymous 2007; Dercon 2007; Llanto 2007). Contrary to the researcher's expectation that this attribute would take centre stage, in only 3 out of 5 (60%) of the focus groups was the cost of insurance a major topic for discussion. Most of the respondents felt that as long as the micro-insurance product was value for money, they would not mind purchasing the product. Value for money to them was concerning the service that follows the purchase of insurance, with regards especially to claims settlement. However, the response from the agricultural extension officer and the two agricultural insurance underwriters was as expected. They felt that farmers would buy micro-insurance if the premiums were lower than the prevailing level. When the researcher asked, what would be the correct level of premium, the response was not forthcoming, which points to the difficulty involved when deciding what the correct level of insurance premium should be, in order to attract a larger segment of the farming enterprises.

5.3.8 Product Promotion

Literature has suggested that product advertising and marketing are key in influencing the consumers' decision to make a purchase. Manje (2007) points to the importance of posters and brochures in reminding clients of product features. From the focus group discussions, 3 out of 5 (60%) of the groups pointed out that there was no promotion material that was readily available to the target segment. They even made comparisons with the coca cola beverage whose adverts can be seen in every corner of the country. Lack of product promotion is also linked to the lack of product knowledge as has been indicated in 5.3.2. The agricultural extension officer also pointed to the fact that even though he had peripheral knowledge of micro-insurance, he found it difficult to communicate with farmers without at least some brochures or pamphlets to give to them. On the contrary, the two underwriters felt that the product promotion was adequate, citing programs such as airing on the radio and also on television. Unfortunately the researcher could not establish how many farmers had radio and television receivers in their households. Some of the farmers even suggested that micro-insurance providers could take advantage of agricultural shows and field days to exhibit and sell their product to the farmers.

5.3.9 Product Design, Quality and Offering

In 2 out of 5 (40%) of the groups, there was the view that the micro-insurance product was complex and at times did not address the farmer's concerns. The concerns were revolving around the fact that the information on the product contained "small print" that only surfaced when a claim arose. As a result, the farmers felt that the design of the product was not transparent. The second issue was to do with the way the premium was arrived at and the way also the loss assessment and the quantum of loss settlement were arrived at. The respondents felt that the computations were complex and left the farmers vulnerable to manipulation. It was clear from the discussions that the respondents with a lower level of education were the ones most vocal about this attribute, while the more educated ones seemed unperturbed. The Extension Officer had nothing much to say on this attribute as he felt that it was linked to the problem with product knowledge. The two Underwriters were on the defensive and so did not view the product complicated and also felt that the product offering was clear. Churchill (2007) emphasises the importance of simplifying the micro insurance product given the fact that the target segment is mostly illiterate. This assertion is supported by Cohen et al. (2005), Llanto(2007), Manje(2007), and Gine et al. (2008).

5.3.10 Recent Past Events and Timing of Product Offering

In only 1 out of 5 (20%) of the focus groups was this attribute mentioned as a factor affecting the choice to purchase micro-insurance. In this group, farmers felt they needed some protection especially every time they experienced a drought or some excessive rainfall. They also felt that if the micro-insurance providers could approach them soon after marketing their produce, they would consider purchasing insurance because they would be a bit more liquid. All the three professionals interviewed concurred in different forms to with the farmers` sentiments. Dror et al. (2006), and Gine et al. (2008) point to the importance of timing of product offering with regards to natural catastrophic events and also with regards to liquidity among farmers especially soon after receiving payments for their produce.

5.3.11 Value of Enterprise

In only 1 out of 5 (20%) of the focus groups was the value of enterprise raised as a factor that would affect the farmers' choice to buy micro-insurance. This is understandable as most of the farmers have small holdings whose values are not that much plus added to the low value, most farmers do not have title deeds where they leave and farm. Therefore the concept of enterprise value is not one that they put a weight on. The Extension Officer had no input on this attribute. One of the underwriters felt that as value of enterprise increases, so would the propensity to take up insurance up to a certain threshold, beyond which farmers would self insure. The other underwriter pointed to culture of insurance as a more determinant factor than the value of enterprise. From the literature review, Jose and Valluru (1997); and Gine et al (2008) point to the fact that with more value attached to the enterprise, an individual will be obliged to protect the enterprise through some form of insurance.

5.3.12 Availability of Coping Mechanisms and Alternatives

The issue of using substitutes and other coping mechanisms such as borrowing from relatives when disaster strikes or forming a “harambee” (cooperative) - as the locals would call it - as a way of managing risk was pointed out by only 1 out of 5 (20%) of the focus groups. There is general animosity and mistrust among the neighbouring farms with some respondents alluding to issues of witchcraft and jealousy as the prohibitor to some form of shared grief. Most respondents turned to divine powers as their alternative for micro-insurance. In other words, the heavens would look after the farming enterprises and if disaster strikes, that will be the will of the divine powers. The only respondents who cited this attribute had belonged to some form of cooperative union and so could turn to the union for help in case of disaster. The agricultural extension officer and the two agricultural underwriters interviewed felt that there was either lack of trust among neighbours, or the neighbours would not be able to bail out the others due to lack of affordability. They also pointed to the fact that due to lack of knowledge about other financial instruments such as hedging and derivatives, farmers had little choice except to accept micro-insurance. Hence they felt that this attribute was not a key factor in influencing the farmers` micro-insurance purchase decision. Findings in the literature review point out to the fact that the availability of coping mechanisms could be a factor that can influence the farmers’ decision to purchase micro insurance (Cohen et al. 2005; Gine et al. 2008; Torkestani and Ahadi 2008; Rengarajan 2009; Velandia et al. 2009). Therefore, contrary to the findings in the literature, this attribute is not a very important factor that would affect the farmers’ decision to purchase micro-insurance.

5.3.13 Demographic and Emotional Issues

The researcher found out that the older farmers were more receptive to the idea of a micro-insurance product than the younger farmers. This is in line with Valendia et al. (2009) finding as well. In addition, the respondents with a higher literacy level (tertiary) were more receptive to the idea of micro-insurance and were also less vocal about lack of product information. A possible explanation to this would be that the more literate respondents possibly had more exposure to other forms of insurance and hence understood the insurance products better than their peers.

5.4 Reflection on the Determinants of Micro-Insurance Purchase Decision for the Kenyan Farmers

From the literature review, 13 attributes were identified as possible factors that could affect farmers` decision to purchase micro-insurance. These are: availability of coping mechanisms and alternatives; cost of insurance; product knowledge; product accessibility; product design, quality and offering; product promotion; distribution channels; service, relationships and trust; familiarity with the product and prior experience; value of enterprise; recent past events and timing of product offering; demographic and emotional issues; and, institutional issues.

From this research on the Kenyan farmers, the results indicate that not all the attributes are of equal importance to all the farmers in Kenya. The researcher summarises the findings from the research in comparison to the literature review and also ranks the attributes in order of importance. Demographic and emotional issues are not ranked as they were not part of the focus group discussion but more of an observation only. The order of importance was derived from: the number of citations of the attributes in the focus groups; the interview with the professionals; as well as, the observed emotional indicators attached to the attributes.

Overwhelmingly, the service, relationships and trust attribute outweighed all the attributes. Kenyan farmers view this attribute in very serious light. Hence the need for insurance companies and their agents to look at ways to capitalise on this attribute to their benefit.

The second attribute in terms of importance was product knowledge, which all stakeholders including government can play a role in.

The third most important attribute according to the Kenyan farmers engaged is the issue of familiarity and previous experience with insurance in general. Kenyan farmers are generally not exposed to the insurance products.

The fourth important attribute was the institutional issues, where the Kenyan farmers feel that the government has to intervene in terms of premium subsidy as well as act as a distribution channel.

The distribution channel came fifth, with the Kenyan farmers opting to have the product distributed by known and trusted institutions and agents such as the agro-vet shops and cooperative structures.

Sixth in line was the product accessibility attribute. In general Kenyan farmers have to travel long distances to urban areas in order to access the micro-insurance product. This is an issue that insurance companies and their agents have to address.

In seventh place was the cost of insurance attribute. The middle ranking of this attribute seems to suggest that the Kenyan farmers do not rank the issue of cost of insurance very highly and that they are prepared to pay for the micro-insurance product through one form or another.

The product promotion attribute came in eighth place. Kenyan insurance companies and agents appear not to be doing enough to promote the micro-insurance product according to the Kenyan farmers engaged.

The complexities inherent in the product design came ninth, with Kenyan farmers expressing the need to simplify the product offering and making it relevant to their needs. This is an attribute that the insurance companies and their agents can work on.

In tenth place was the attribute of recent past events and timing of product offering. This was not a very important attribute to the Kenyan farmers. Less energy therefore would need to be devoted to this attribute.

Eleventh place was taken by the value of enterprise attribute. Kenyan farmers do not rank this attribute highly, and so it is of little relevance to the Kenyan market.

Availability of coping mechanisms and alternatives ranked least among the Kenyan farmers. This is good news for the insurance companies and their agents as it acts in their favour.

5.5 Conclusion

By carrying out the focus group discussions and conducting interviews with the professionals, the researcher found out that not all the attributes which emanated from the literature review had equal weighting in as far as they affect the Kenyan farmers' decision to purchase micro-insurance. Although all attributes had some bearing on the decision to purchase micro-insurance, some had more weight than others. The researcher has ranked these attributes according to perceived importance, based on three criteria: citations in focus groups; citations by the professionals; and, observed emotional expression. The following attributes had more agreement with the literature: service, relationship and trust; product knowledge; familiarity with the product and prior experience, institutional issues; distribution channels; and product accessibility.

The following attributes had an average agreement with the literature: cost of insurance; and product promotion.

The least agreement with literature was observed with the following attributes: product design, quality and offering; recent past events and timing of product offering; value of enterprise; and availability of coping mechanisms and alternatives.

In summary, all the attributes cited in the proposition are accepted, but in varying degrees.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter summarises the research findings and puts forward recommendations to all stakeholders, particularly the insurance and reinsurance companies on what steps to take in order to convince Kenyan Farmers to increase the micro-insurance product uptake.

6.2 Conclusions of the study

The research was undertaken in order to identify factors that affect Kenyan farmers' decision to purchase agricultural micro-insurance. The aim of the research was to make recommendations to micro-insurance providers on ways they can increase the product uptake among farmers in Kenya, taking cognisance of the limitations inherent in the study of this nature.

Through the literature review on the consumer behaviour model and on possible factors that affect consumer choice and choice of micro-insurance products in particular, several attributes were identified that eventually formed the composition of the proposition. The attributes were broadly classified into individual influences and environmental influences. From the study, the environmental influences showed a greater impact in influencing the Kenyan farmers' decision to purchase agricultural micro-insurance, than personal influences. The proposition was accepted with the attributes having a varying degree of influence on the purchase decision. The most influential attribute came out as the service relationships and trust, followed by product knowledge. The most cited factor in the literature is the cost of insurance. However from this study this factor only came out as the 7th most important factor. The least important factor was the availability of coping mechanisms and alternatives.

6.3 Limitations

- The study was conducted in July 2010 when the farmers were at the peak of their production season and there was also ongoing education on a national referendum. At a different time setting, the importance of attributes in the proposition may change due to changes in the environment.
- The study focused on the Narok District of Kenya, which is the “bread basket” of Kenyan agricultural production. The factors identified and their ranking may not be the same in other districts of Kenya.
- The factors identified in literature may not be exhaustive. There could be other factors that influence farmers’ decision to purchase agricultural micro-insurance that could not be captured during the literature review.
- As the focus groups were conducted on different days of the week, the input from the groups could have brought in some inherent weaknesses attributed to the day of the week.
- Inherent limitations of the focus group method.

6.4 Recommendations

The objective of this research report was to direct findings to the micro-insurance providers on ways to enhance the micro-insurance product uptake. Below are the recommendations aimed at achieving the objective.

6.4.1 Service, Relationship and Trust

There is need to ensure that the agents are knowledgeable with the product features, that they explain clearly to the recipients and that they exercise empathy and be efficient in product offering. The issue of “small print” or “hidden agenda” came out very clear in the discussions and hence there is need for the agents to explain clearly what the product offers, and what it does not offer. In the event of a claim, the agents should try to speedily settle the claim without unnecessary delays. One of the farmers in focus group 3 mentioned that he got payment the last season and had already quickly bought the product for the coming season.

6.4.2 Product Knowledge

There is need to clearly explain what the product features are to the farmer in a language that they understand. This cannot be done overnight. This has to be a carefully planned process that also should involve the local agricultural extension officers and the “foxes” within the target segment.

6.4.3 Familiarity with Product and Prior Experience

As a quick win, there is need to target those farmers who at least have an insurance product, such as motor and life insurance. From the discussions it was clear that these would be more receptive to an additional product such as agricultural micro-insurance. To these a packaged deal would be most appropriate. For those famers who are champions, or early adopters, it is essential that service to them is efficient so that they can recommend the product to their peers. This can be done through speedy settlement of claims for example.

6.4.4 Institutional Issues (Governmental Influence)

Farmers trust information channelled through the ministry of agriculture. The good thing is that the government officers are well distributed within the country and if there is buy in from the government on the benefits of the agricultural micro-insurance product, then it will be easier to convince the farmers to take up the product. Field days organised by the ministry could be a good way of educating the farmers. Apart from creating an enabling legislative environment for the insurance companies to effectively distribute their micro-insurance product, the Government should also be lobbied to consider premium subsidy option as is normal practice in the United States of America and the greater part of Europe. The Insurance and Reinsurance companies should engage government and forge some form of collaboration.

6.4.5 Distribution Channels

Farmers trust the agro-vet shops as they are linked to the government. There are also input distributors at cell level who have won the trust of farmers. These can also be used as distribution channels. Use existing distributors for farmers with existing insurance policies such as motor and life insurance. Packaging of products to include agricultural insurance would be easier to accomplish in this case since the farmers will already be familiar with their current distributors. With the increasing use of cell phones in Kenya like the Mpesa cell phone banking system, the cell phones can also be used as distribution channels as would be internet for those farmers who will have access.

6.4.6 Product Accessibility

This is in a way linked to the above point. Further to that the insurance and reinsurance companies can try to decentralise their branch structures so that they have offices at local business centres where farmers can easily access their micro-insurance product.

6.4.7 Cost of Insurance

Apart from collaborating with the government for some form of premium subsidy, there is nothing much that can be done about this issue. The cost of insurance is a perception built by the farmers. One way of defraying this perception would be to explain premium payable in terms of the production units, e.g. 1 cow to protect 20 cows, instead of saying 5%. This is a more familiar language than percentages and shillings and farmers can visualise this much better.

6.4.8 Product Promotion

Radio and television advertisements are not enough. There is need to reach out to farmers in a more effective way, like using people that farmers trust to disseminate the information. Brochures and posters can also be used, together with road shows. Another effective way would be to advertise any substantial claim payment so that other non participants can witness the payments and can then take up the insurance. Word of mouth potential can be a potential weapon in this case. Farmers have regular agricultural shows and cooperative meetings. The insurance companies can attend these shows/gatherings and showcase their product.

6.4.9 Product Design Quality and Offering

There is need to engage the farmer and find out exactly what covers they require, and then tailor make the product to their needs. Even within Narok itself, the farmers pointed out that they suffered from different perils and therefore needed different types of cover. By abandoning the “one size fits all” approach currently used by most insurance companies, a more relevant and affordable product can be offered to the farmer with a high probability that it will be taken up.

6.4.10 Recent Past Events and Timing of Product Offering

In a season following a natural catastrophe such as a drought or excessive rainfall, product promotion should be intensified when the events are still fresh in the farmers` minds. Coupled to this, when making a claim payout, the micro-insurance providers can make a lot of noise through coverage in the local press. This will lure farmers into choosing micro-insurance.

6.4.11 Value of Enterprise

A deliberate early target can be set for the segment with higher value enterprises as these will be more worried about their investment and also are more likely to be able to afford the premiums.

6.4.12 Availability of Coping Mechanisms and Alternatives

The micro-insurance product offering should be in such a way that the barriers to entry for alternatives are raised. Farmers should not see borrowing from relatives and neighbours as a more viable alternative to micro-insurance. Micro-insurance companies should make the product part of the farmer`s household. By making micro-insurance easy to understand, affordable and easily accessible, the barriers of entry for alternatives will be raised.

6.5 Suggestions for further research

Having learnt about the factors affecting farmers` choice of micro-insurance in the Narok Region of Kenya, and bearing in mind the limitations inherent in the focus group method, a quantitative or mixed method can be used for further research covering the following topics:

- Establishing demand for agricultural micro-insurance
- Investigating effective distribution methods for the agricultural micro-insurance product.
- Investigating appropriateness of the current agricultural micro-insurance distribution channels.
- Investigating effective ways of engaging the government in agricultural micro-insurance provision.

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APPENDIX A

Actual Research Instrument

Section A : **Demographics of Respondents**

Focus Group	Name	Sex	Marital Status	Education	Source of Income	Annual Income	Size of Land Holding
1							
2							

Section B

FOCUS GROUP DISCUSSIONS

Focus Group Number:_____________________

Attributes around which the discussions will focus:

Factors affecting Kenyan farmers' decision to purchase micro-insurance:

A. Cost of Insurance and Affordability
B. Accessibility of Insurance
C. Knowledge of Insurance
D. Design of the Insurance Product, Quality and Offering
E. How the Insurance Product is Promoted
F. Who the distribution agents are
G. The level of service
H. Relationship with the sales agents
I. Trust with the sales agents
J. Familiarity with the product
K. Previous experience with the Insurance product
L. Recommendations from Peers
M. Recent past events like drought
N. Government's influence

Steering Questions:

1. What do you understand by insurance?

2. What types of insurance do you know?

3. Do you think insurance is good for you?

4. Who do you think should buy insurance?

5. Why would people buy insurance?

6. Would you buy insurance for your crops and livestock?

7. What would you consider as factors that would influence you to buy agricultural insurance?

Recording Responses:

Main Points Raised

Observation of Body Language and Emotions

End Time:

Sample Confirmation / Invitation Letter to Focus Group Members

Dear ______________

Thank you for accepting our invitation to attend the discussion on Factors affecting Farmers` Decision to Purchase Agricultural Micro-Insurance on ___/___/____ at _____hrs. The venue for the discussion will be ___________.

Since we have a limited number of participants, the success and quality of the discussion will be based on the cooperation and participation of the people who attend. Your opinions and feelings are very important, and attendance at the session will help make the research project a success.

The discussion will focus on several critical issues and topics concerning Agricultural Micro-Insurance, and we would like to get your opinions and feelings on this topic. Your candid thoughts on the topic will be very important to the success of the study. Remember, this session is strictly a research project, and no sales or solicitations will be made. At the conclusion of the discussion session, we will be giving you Kshs1,000 to cover your expenses in attending.

We look forward to meeting you on ____/____/_____ and thank you for your participation.

Sincerely

Lovemore Forichi

***Some parts of the letter adapted from Hair, Bush and Ortinau (2000) page 230.**

APPENDIX B

Consistency matrix

To determine factors that influence the purchase of agricultural micro-insurance among farmers in the Narok District of Kenya with the ultimate goal of making micro-insurance providers increase agricultural micro-insurance product update.					
Problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of data**	**Type of data**	**Analysis**
To determine factors that influence the purchase of agricultural micro-insurance among farmers of making micro-insurance providers increase micro-insurance product uptake.	Churchill (2002) Churchill (2007) Valendia, Rejesus, Knight and Sherrick (2009) Cohen, Mccord and Sebstad (2005) Giesbert (2008) Mccord and Roth (2006)	Factors affecting consumers' decision to purchase Micro-Insurance are: the availability of coping mechanisms and alternatives; the cost of insurance; accessibility to the product; product knowledge, information and familiarity; product design and complexity; promotion and distribution channels; service, relationships and trust; recent past events and timing of product offering; value of enterprise; demographic and emotional issues; and institutional issues.	Active Farmers in Focus groups Insurance service providers	Group Discussions Qualitative data	Debriefing Analysis Content Analysis Use of interpretive factors for analysis. Conclusion. Drawing/Verification

APPENDIX C

Moderator`s Curriculum Vitae

Curriculum Vitae

Isaac Magina

P.O. Box 56243-00200, NAIROBI

TEL: **+254 722 224 415**, +254 727 676 277

Email: iojuk@yahoo.com

Date of Birth: 28-10-1974

PERSONAL PROFILE:

I am dedicated to achieving professional and personal goals through commitment to excellence, detail and people. Having been actively involved in developing and promotion of Agriculture products, good communication skills, ability to relate to all levels of commercial and social contacts, as well as value for team work are my greatest assets. I am goal oriented and passionate about my contribution to improving the well fare of agro-based rural economies.

SKILLS PROFILE:

- Good understanding of issues affecting East African farmers acquired through; Direct conduct, Seminars, Field days and Focus Group Discussion with Cotton, Horticulture, Floriculture, Wheat, Barley, Tea, Coffee, Sugar cane, Maize farmers, Livestock producers and pastoralists.
- Developed good skills in handling Focus Group discussions with farmers and stakeholders on pertinent topics including; Crop husbandry, Agrochemical product use, Production & Marketing of Horticulture and Floriculture Produce, Agriculture Finance and Agriculture Insurance products.
- Good Business leadership skills acquired through Development and Implementation of a Marketing strategies, Product stewardship including Positioning, Differentiation and Promotion of reputable brands in Agriculture Sector.
- Strong analytical and Market diagnostic skills, Data Collecting and interpretation, with excellent Multimedia presentation skills.

WORK EXPERIENCE:

Independent Consultant – April 2010 – Current

During this period I have been engaged in Market Research Consultancy for Equity Bank. Focus Group Discussions were part of the brief and continue to be.

UAP Insurance Company Ltd.: 2007- April 2010

***Head of Agriculture Insurance**:* Providing departmental leadership through a consultative effort in Development, Marketing and underwriting of Crop and Livestock Insurance products for Kenya Market. Was involved in designing and overseeing implementation of Agriculture Insurance Product concepts for Banks, Micro Finance Institutions, Input Dealers, Out-grower schemes and Individual farmers.

Bayer East Africa Ltd.: 2006-07

Product Manager; Herbicides: Initiating and Managing Marketing programs and efforts aimed at increasing sales volume of Herbicide and Seed treatment Brands in specific crop sub sectors. I gained valuable exposure in Multinational Corporate Business Operations, Product Communication and Portfolio management.

Asego Holdings Ltd.: 2001-05

Assistant Operation Manager: Coordinating Seed cotton collection, farmer's payments and ginning activities. I was directly involved in providing Extension services to Cotton farmers, establishing collaboration linkages with the Ministry of Agriculture.

Farmchem Ltd.: 2000-01

Area Sales Representative: Selling and Marketing Seed and Agrochemical products to farming enterprises. I learned to work under pressure and developed an intensive commercial flare.

PERTINENT SKILLS:

- Moderation capabilities
- Proficiency in Ms Office applications, particularly Ms Excel and Ms PowerPoint.
- Languages spoken; English & Kiswahili

EDUCATION/QUALIFICATIONS:

2003: Kenya Institute of Management

Diploma: Marketing Management

1998: Egerton University

Bsc. Agriculture (Second Class Honours-Upper Division)

Main Subjects: -Agriculture Economics

-Agriculture Extension

-Agronomy

2005-06: I did undertake a one year internship program at the **Horticultural Crops Development Authority**. I gained practical exposure and understanding of Production, Marketing and Trade issues in Local and Export Horticulture.

1992: KCSE, Ingotse Secondary School-Mean Grade B (Plain)

WORKSHOPS AND SHORT COURSES ATTENDED

- Crop Loss Assessment and Adjustment Training- Bloemfontein S. Africa-2008
- Certificate of Proficiency in Insurance-COP; College of Insurance - Nairobi-2008
- Corn Seed Treatment Seminar-Monheim, Germany-2006

I have made presentation and Contribution on Agro –based topics in global and regional Seminars/Conferences including, The World Conference on

Conservation Agriculture-**Nairobi-2006**, Poverty Trap -Insurance-**The Hague-2009**, International Agriculture Insurance Conference-**Zurich -2009**, Global Micro Insurance Summit- **Paris France-2010**.

HOBBIES AND INTEREST:

I have always been interested in Ball games, particularly Football and Rugby. Rugby is uniquely sociable, physical, and mentally exciting. I have also special interest in classical Art and enjoy watching wild animals.

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Nairobi, Kenya

3) Paul Okwemba

Personnel & Human Resource Manager

Mount Kenya Bottlers Ltd.

Tel: + 254 61-30634/41

Nyeri, Kenya

APPENDIX D

List of Focus Group Discussion Participants

Name of Participant	Number of Years in Farming
Kailet Tompo	15
Solomon Yenko	10
Clement Yiapa	8
Isaac Yiaile	18
James Pareiyo	20
Stephen Sururun	10
Simon Sankui	5
Joseph Masinkote	7
Benson Soyiatent	20
A. Ole Sordo	10
Moses Saol	10
Ripas Ole Riavyai	10
Hellen Kodonyo	8
Laban Kipchirchir	5
John Maina	3
Thomas Supuko	5
Timothy Kaonyo	4
Stephen Yenko	3
Douglas P. Ntaine	5

Name of Participant	Number of Years in Farming
Silas Sempelo	3
Kaitet Nchoe	15
Stephen Nkowun	7
John Maina	6
Jonah Kasura	10
Joseph Sadera	9
Josiah Nakola	10
Zakazo Naeku	8
Joseph Nchoe	20
David Ololdapash	5
John Koileken Sempele	7
Moses Ole Kekempe	7
John Ole Kodoosi	10
John Ole Masikonde	7
John Maina	10
Joseph Ole Masikande	12
Philip Njapit	3
Nixon Njapit	11