



THE NIGERIAN JOURNAL OF MANAGEMENT RESEARCH



Volume 6. No. 1

**A PUBLICATION OF THE DEPARTMENT OF
BUSINESS ADMINISTRATION, UNIVERSITY OF JOS**

MARCH, 2016

THE NIGERIAN JOURNAL OF MANAGEMENT RESEARCH

ISSN: 1119- 4316

Volume. 6: No. 1, March, 2016

A publication of the Department of Business Administration,
Faculty of Management Sciences, University of Jos.

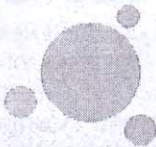
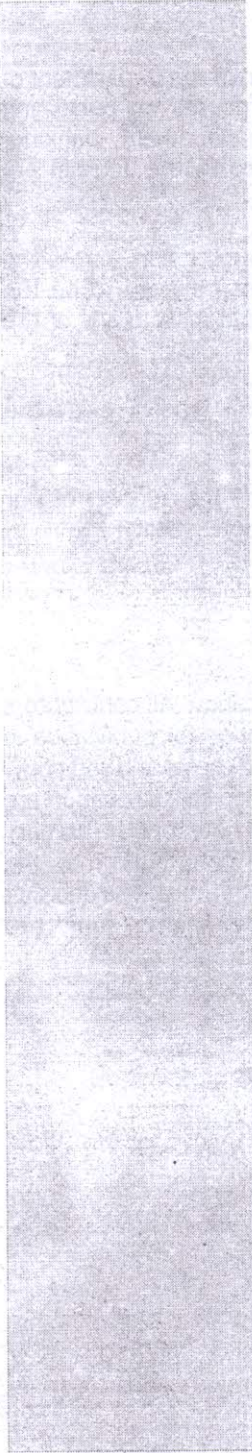
All Rights Reserved. Without Limiting the copyright above, no part of this publication may be reproduced, stored or introduced into a retrieval system, or transmitted, in any form or by any means (electronics, mechanical, photocopying, recording or otherwise), without the prior written permission of the copyright owner and the publisher of this book.

ISSN: 1119 - 4316

Copyright © TNJMR 2016

Published in Nigeria in 2016 @
Eriba Publishing Company
Suite 25, Area 11
Garki - Abuja.
08036275833

www.eribapublishingcom.tk



EDITORIAL BOARD

Prof. S. S. Maimako	Editor-in-chief
Dr. E. U. Oki	Editor
Dr. M. G. Goyit	Member
Dr. C. O. Adewole	Member
Dr. P. E. Arinze	Member

PANEL OF REVIEWERS

Prof. S. S. Maimako	Chairman
Prof. A. A. Okwoli	Member
Prof. S. K. Msheliza	Member
Prof. T. M. Nmadu	Member
Dr. M. G. Goyit	Member
Dr. C. O. Adewole	Member
Dr. P. E. Arinze	Member
Dr. E. U. Oki	Secretary

EDITORIAL

The Nigerian Journal of Management Research is a publication of the Department of Business Administration University of Jos. The Journal focuses on publishing scholarly researched academic Papers in the fields of management, banking, finance, marketing, accounting and insurance. Papers published in the Journal are subject to blind-peer review by scholars in the relevant fields.

Volume 6 No.1 March 2016 contains a total of Fifteen articles from scholars across the nation. The board in this edition received and published articles believed to be the original works of the contributors and not liable for any intellectual theft in any of the article.

We appreciate the special effort of the panel of Reviewers who took time to review the contributions of all the authors in this edition.

Finally, the Editorial Board wishes to acknowledge with gratitude the support of our esteemed readers, colleagues and all those who made this publication a reality.

Prof. S.S. Maimako
Editor in Chief

E.U. Oki Ph.D
Editor

The Nigerian Journal of Management Research is an annual publication. All contributors of articles, book reviews, research notes, etc intend for consideration for publication in this journal should be in English and should be submitted in two hard copies and soft copy. Articles, book reviews and research notes intended for consideration for publication are subjected to reviews by experts in the related field. It is pertinent to note that the primary criterion for publication in the journal is the significance of contribution to the advancement of the science of management research and related literature. The decision of the Editorial Board, based on the advice of the reviewers, is final and not subject to negotiation.

All correspondence, enquires, contributions and research notes should be submitted to:

The Editor;

The Nigerian Journal of Management Research
Department of Management Sciences
Faculty of Social Sciences
P.M.B. 2085 Jos
Plateau State, Nigeria.
www.unijosmtscience.com

Subscription Rates:

Nigeria – (Exclusive of postage)
Outside Nigeria – (Exclusive of Postage)

CONTENTS

1. Test of Critical success factors in the Nigerian Food Industry. <i>Clement Adewole FCIB, PhD</i>	1
2. Environmental Accounting Disclosure by Manufacturing Sub Sector in Nigeria <i>Lucky O. Onmonya</i>	23
3. Evaluation of the Effects of Chief Executive Officers (CEO) Tenure and Bank Performance in Nigeria <i>Emmanuel U. Oki, PhD</i>	35
4. Improving insurance Business in Nigeria Through effective Marketing Communication Mix Strategies: A Case Study of Union Assurance Company PLC, Lagos. <i>Malikat Abdulraheem Ebun O. Imouokome, Rotimi A. Gabdeyan PhD</i>	46
5. Impact of Monetary and Fiscal Policies on the Performance of Manufacturing Sector in Nigeria. <i>Barde E. Barnabas, Naburgi Musa Mohammed, Mallami Keffi Muhammed</i>	67
6. The Role Of Micro Finance Bank In Financing Small And Medium Scale Enterprises In Nigeria (A Study Of Plateau State) <i>Mr. Wetnwan Setle, Mrs. Izang Cecilia David</i>	78
7. Innovation Inflation: A Conceptual Model <i>Mang, Niri Job, Theresa Uchechi Ejikeme, John, Osemudiambe Ibadin</i>	88
8. An Assessment of the Role of Agriculture in Rural Poverty Reduction in Nigeria: An Empirical Analysis <i>Onuoha Oyinyechi Josephine, Kairo Chinonso Innocent</i>	100
9. Effectiveness Of Electricity Generation And Supply On The Growth Of Entrepreneurship Activity In Nigeria <i>Sani B.A. Tende, PhD Ezie Obumneke</i>	113
10. Marketing of social services: An evaluation of the effectiveness of Hiv/Aids Campaign programmes in North Eastern Nigeria <i>Ruth Haruna Wazis, PhD</i>	130
11. Assessment of the Effect of Marketing Strategy on Organizational Performance in Nigeria. <i>Barde E. Barnaba, PhD</i>	142
12. Empirical Survey of Marketing Ethics Practices in Nigeria <i>Ango Nuhu Aliyu, PhD</i>	155

13. Effects of Internal Risk factors on Entrepreneurial Growth in Nigeria.

Adebayo Isaac Adio

167

**14. Finance for Small medium scale enterprises in Nigeria
constrains and recommendations**

Akintunde Olawarde Ayemi,

Fada Kodun Abiah,

Tsembe Wummen

179

**15. Promoting Small And Medium Enterprises (SMEs) through
Petroleum Industry In Nigeria**

Sam B.A. Tende, PhD,

Ezie Obumneke

196



The Nigerian
Journal of
Management
Research

Volume 6 No. 1,
March 2016

IMPROVING INSURANCE BUSINESS IN NIGERIA THROUGH EFFECTIVE MARKETING COMMUNICATION MIX STRATEGIES: A CASE STUDY OF UNION ASSURANCE COMPANY PLC, LAGOS.

Mulikat AbdulRaheem Egun O. Imouokome,
Department of Marketing, Faculty of Management Sciences,
University of Ilorin, P.M.B 1515, Ilorin

Rotimi A. Gabdeyan, Ph.D.
Department of Management Studies, School of Business,
University of Cape Coast Ghana

Abstract

Insurance business activity has been at the lowest ebb in Nigeria in the recent time. This poor performance has called for urgent measures that will need to bring about improve business activities in this once promising industry in the early 60' in Nigeria. The study is thus, designed to examine how insurance business can be improved through effective marketing communication mix. The study examines the marketing communication mix used by Union Assurance Company Plc to bring about improvement in her business activities. Two set of questionnaires are designed for the study: one for the staff and the other one for the customers or clients of the company. The questionnaires were administered to the respondents in Lagos and data collected were analysed using frequency count, percentages and regression statistical technique. The result of the findings revealed that: (i) Promotion and Advertising are important Marketing Communication Mix elements that bring about improved business activities to Insurance companies. (ii) Effective Marketing Communication has brought about improved insurance business activities in Nigeria ($P = 0.01$; $df = 80$). The Paper concludes that effective marketing communication mix is essential factor to be considered by insurance business to boost their business performance. The study recommends that Insurance Companies should embark upon public awareness about their products or services benefit to the people. They should make effort to build good image about their company to the Public through prompt payment of claims to their clients.

Keywords: Business, Word of Mouth Communication, Insurance, Marketing Communication Mix and Consolidation.

1.0 INTRODUCTION

The significance of insurance in the life of any nation cannot be denied most especially, in these trying times fraught with several risk factors for both individuals and corporate bodies (The

Nation, 2014). Insurance is a defensive measure used against future conditional losses to hedge the possible risks of the future. It is a legal contract that protects a person from contingent risk of losses through financial means

and provides a means for individual and corporate bodies to handle some of the risks faced in daily life (Sadaf, 2008).

There is sometimes occurrence of events in life when it is impossible to avoid losses. These instances are for example when people become ill; they die of illness or accidents or their homes or other property become damage or stolen. In such cases they have to face the loss of income or savings. Insurance has brought about relief that if such an incident comes about, then the loss does not affect the present well being of the person. This is also applicable to corporate bodies, they may suffer losses from fire, theft, natural disaster etc. with insurance cover, they will have something to fall back to. However, despite the usefulness of insurance to national development, patronization of insurance business in the Nigeria is still low. Its contribution to the economy is still less than one percent because the insurance companies have only succeeded in reaching out to mostly corporate organizations (Nike, 2014). The low insurance penetration in Nigeria is due to factors like unawareness, low level of disposable income and the inability of government to build and grow the industry. Survey revealed that most Nigerians do not know where the closest insurance company, broker or agent is located and that users of insurance have the highest level of dissatisfaction with providers of financial services. There is no enough awareness about insurance

in Nigeria; people see it as cheat on the society. The insurance activities are mostly directed to only the monthly income earners and government workers leaving the petty trader aside (The Nation 2014). It was further reported that available records indicate that 86.6 million Nigerians have no form of insurance, while 1.3 million adults, representing 1.5 per cent of the entire Nigerian adult population, maintain some category of formal insurance cover. This situation has spurred the need to carry out this study in order to bring about improve formal insurance business in Nigeria through effective marketing communication mix.

1.1 Statement of the Problem

Insurance business cannot be ignored by any nation that wants to stand the test of time, especially in this risky environment where we find ourselves. Insurance business must be able to create awareness through the use of effective marketing strategies to reach out to individuals and corporate bodies. It is not just enough for insurance companies to focus only on monthly income earners and government workers but reaching out to every Nigerian should be of great concern to them. The situation is further worsen by the little effort being made in creating awareness by these insurance companies about their services, this has made most Nigerian still reluctant to take insurance policy because they do not see the need for it.

It is unfortunate that many insurance businesses in Nigeria have not been making adequate use of the available marketing tools to reach out to people. The insurance business should be able to explore effective marketing tools like advertising, personal selling, public relation and direct marketing to reach out to the people. Also, sending out messages on the benefit of insurance to individual and corporate bodies would go a long way to encourage these people to patronize their services. This study therefore, seeks to provide answer to the following research questions:

- i. What are the elements of marketing communication mix used by insurance business in Nigeria?
- ii. How does effective marketing communication mix improve insurance business in Nigeria?
- iii. What are the marketing strategies needed to bring improve insurance business in Nigeria?

1.2 Objective of the Study

The main objective of the study is to examine how insurance business in Nigeria can be improved through effective marketing while specific objectives include:

- i. To examine the elements of marketing communication mix used by insurance business in Nigeria.
- ii. To determine how

effective marketing communication has brought about improved insurance business in Nigeria.

- iii To ascertain the marketing strategies that are needed to bring about improved Insurance business in Nigeria.

1.3 Reasearch Hypothesis

The hypothesis tested was based on the data drawn from the research questions. Based on the research problem the null research hypotheses formulated was:

Hypothesis One:

H₁: Effective marketing communication mix has not brought about improve insurance business in Nigeria.

2.0 Literature Review

2.1 Concept of Insurance

Running a business is a very challenging task and as a result of this individuals and corporate bodies usually put their finances at risk. It makes sense for the Individuals and corporate bodies to manage risk; reduce uncertainty and protect their life and property.

Insurance provides financial support to business that is unable to operate following an unexpected event such as fire or disaster. Many contemporary authors have defined the concept of

insurance in various ways. Marriam(2015), define insurance as an agreement in which a person makes regular payments to a company and the company promises to pay money if the person is injured or dies, or to pay money equal to the value of something (such as a house or car) if it is damaged, lost or stolen.

According to Dorfman (1994), Insurance is a contractual agreement whereby one party agrees to compensate another party for losses. Beena (2009) describes the phenomenon as a tool which reduces the cost of loss or effect of loss caused by variety of risk. He further said that it accumulates funds to meet individual losses and it is not a device to prevent unwanted event of happening or cause of loss but protect them against that loss by compensating which was lost.

Ajaja (2001), pointed out that insurance is a means by which risk is transferred by a person, business or organization to an insurance company which reimburses the insured for sharing in the costs of losses among all the insured. It could be seen from these definitions that insurance business is a system of compensation for loss, damage, sickness, death and other unforeseen circumstances in return for regular payment of a predetermined premium by the insured. Business insurance policies have been developed to cover virtually any risk that a business could possibly face. It is possible most businesses would not meet every type of policy but each company will need specific once

depending on the nature of their business, the type of operation that is being insured, rates e.t.c.

Development of Insurance

The main origins of insurance business started during fourteenth century due to practice adopted by Italian merchants. The practice of medieval insurance started through maritime risks (the risk of losing ship and cargos), in the sixteenth century this practice spread to London merchants. During this time, there were no separate insurers, groups of merchants agreed between them to bear their risks jointly amongst themselves. (Tag Archives, 2009).

The J.C. Obande commission report of 1961 resulted in the establishment of a Nigeria Department of Insurance in the Federal Ministry of Trade, which was later transferred to the Ministry of Finance. The Insurance Companies Act of 1961 classified insurance business into various classes for registration and provided forms for record keeping. The National Insurance Commission was established in 1997 with the responsibility of regulating and supervising insurance in Nigeria. The commission has been the main insurance regulator in Nigeria. The insurance special supervisory fund decree in 1989 strengthened the insurance supervisory Board and included a mandatory provision that all insurance companies' sales should contribute 1% percent of their gross earning to the fund. The results of the

Insurance Decree and Development since 1964 had indicated, that the insurance industry in Nigeria has been growing steadily.

However, today there have been reductions in the number of approved Insurance Operators to 49, including two Re – insurance Institutions; as a result of consolidation and recapitalization exercise in the sector (Komolafe, 2008).

The Important Roles of Insurance

Beena (2009) identify the following as the role and importance of insurance.

i. Insurance provides security

Insurance provides safety and security against the loss on particular event .Life insurance provide security against death and old age suffering, fire insurance protect against loss due to fire while marine insurance provides protection and safety against loss of ship and cargos, for personal accident and sickness insurance, financial protection is given where the individual is unable to earn.

ii. Insurance reduces business risk or losses

In business, commerce and industry, huge properties are employed. Because of slight negligence, the property may be turned into ashes. A person may not be sure of his life, health and cannot continue the

business up to the longer period to support his dependence. By the help of insurance, he can be sure of his earning, because the insurance company will pay a fixed amount at the time of death, damage by fire, theft, accident and other perils. The Federal Government of Nigeria has put in place the Contributory Pension Scheme for all it employees and most state governments are being encouraged to follow this example.

iii. Insurance provides peace of mind

Insurance remove the tensions, fear, anxiety; frustration or weaken of human mind associated with the future uncertainty. It provides peace of mind and stimulates more and better work performance of an individual.

iv. Life insurance encourages saving:

The insured has an obligation to pay premium regularly and cannot be withdrawn easily before the expiry of the term of policy. Life insurance encourages the habit of regular and systematic saving through premium and after a certain period, it would be a part of necessary saving of the insured person.

v. Insurance accelerates the economic growth of the country

To develop the economic growth of the country, insurance provides strong hand and mind, with protection against lost of property and capital to produce more wealth. It provides protection against different kinds of loss caused by

risk. It accumulates the capital from the insured and utilizes for the development of country.

vi. Insurance provides credit facilities

The insured person can get loan by pledging insurance policy and the interest will not exceed the cash value of policy charged by insurer. In case of death of insured person, the policy can be utilized for setting of the loan with interest. Business person can take loan on the basis of insurance document from the bank also.

vii. Insurance helps to reduce inflation

Inflation created from oversupply of money and on loss production entities, Insurance can help to reduce the inflation or pressure in two ways. Firstly, it collects money as an amount of premium which controls over supply of money and secondly, it provides sufficient funds for increase production entities. Thus, it reduces the impact of inflation.

viii. Insurance helps to promote foreign trade by providing protection against trade risk.

Types of Business Insurance

Business insurance limits your risks as a business owner. The coverage to be obtained by prospective entrepreneur or business owner depends on the types of company he/she runs and the number of employees who work there. Julia (2015), identifies four types of Business Insurance amongst which

include:

1. General liability insurance:

This covers costs that business owners may incur in cases of accidents and injuries that involve the company. If a client or employee is injured in a company's premises and the company is sued, the ramifications can be costly. The expenses of paying for legal defense, resulting damages and any appeals mount up. General liability insurance can offset or cover partially or completely these costs.

2. Product liability insurance:

Most Products on the market have manufacturers, distributors and retailers. Therefore any company that is involved with any of those processes might consider purchasing product liability insurance. If the product a business is responsible for cause harm or loss of business, the company could be held accountable, product liability insurance thus cover these cases.

3. Commercial Property insurance:

Commercial Property insurance is broad, but serves as important type of coverage. Risk is inherent in operating a business. At the least, this type of insurance should cover causes of damaged property, lost income and business interruption which are the basic risks of owning and operating a business. Commercial property insurance coverage and policies vary, and it is essential for a company to get the proper coverage for its business.

4. Worker's compensation insurance: The owners of a business are required to have worker compensation insurance, also called worker compensation. This covers cost incurred when a worker is injured on the job site or while performing work for the employer and the employer is protected from law suits and employee has his medical expenses covered and sometime receives additional benefits, including partial uninterrupted income.

Sadat (2009) identified the following types of insurance:

1. Life insurance: this insurance policy insures the life of the insured. The insurance company is legally bound to provide a monetary benefit to a decedent's family or the beneficiary after the death of the policy holder. The proceeds are paid to the beneficiary either in a lump sum amount or an annuity.
2. Medical insurance: Medical insurance is also called Medical claim. Under this policy the insurance policy pays the amount to the insured for his health purpose. This amount covers the cost of medical treatment.
3. Disability insurance: There are two types of disability insurance. One is simple

disability insurance and the other is total disability insurance. In case of simple disability insurance a financial support on monthly basis is provided by the insurer to the policy holder if he is unable to work due to an injury or an illness. But permanent disabled insurance provides the reimbursement, if a person becomes permanently disabled.

4. General insurance: It includes automobiles insurance, business insurance, property insurance e.t.c.

2.2 Concept of Marketing Communication

Marketing, more than any other business function, deals with customers. Building customer relationships based on customer value and satisfaction is at the very heart of modern marketing. Armstrong and Kotler (2005) define marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging value with others. In a business setting, marketing involves building and managing profitable exchange relationships with customers.

Insurance business should be able to use various marketing relationship with their customers.

Kotler and Armstrong (2008) identified five marketing communication tools that can be used by business organization to create awareness and build customer relationship. This include advertising, personal selling, sale promotion, public relation and direct marketing.

Advertising

Advertising is one of the elements of marketing communication mix which is considered very important in the overall marketing mix. This attribute is as a result of its visibility and pervasiveness in all the marketing communication elements (Okyere, Agyapong & Nyarku, 2011) advertising has the potential to inform the public and customers (both present and prospective consumers) about the goods and services of a company for further information and to make favourable purchase decisions. Therefore, advertisements for services should provide symbols, or tangibles clues, as concrete signals of the services (Lacobucci, 2001). In his own contribution, Osoka (1992) pointed out that insurance companies need to advertise to support and supplement their sales force and other promotional activities, especially in view of the intangible nature of their products, he added that many insurance companies

in Nigeria do not have advertising programs, as a result of reduce level of awareness.

Sales Promotion

According to Armstrong and Kotler (2005) Sales promotions are short term incentives to encourage the purchase or sales of a product or service. Blythe (2006) describes sales promotion as any activity intended to generate a temporary boost in sales promotion.

The medium had not always been used by most insurance companies because of the intangibility of their product offerings in creating values and maintaining relationship amongst various insuring populace either existing or potential.

Publicity and Public Relation

Public relation is the management of relationships and communication to establish goodwill and mutual understanding between an organization and its publics. (Arun & Meenakshi 2012). Fill (2005) was of the view that there are three major roles public relations play within the communication programme of an organization. First, the role of creating goodwill and stimulating interest, second to support the marketing of the organization's products and third to provide the means by which relationships can be developed. Insurance business can create proper awareness of their intangible product through public relations.

Personal Selling

This is personal presentation by the firm sales force for the purpose of marketing sales and building customer relationships. Armstrong & Kotler describe personal selling as the most useful communication tool at certain stages of the buying process, particularly in building buyer's first choice, certainty and proceedings. Personal selling is relevant in the Nigeria insurance business, mainly in life insurance business. This is as a result of the socio-cultural forces which influence the attitude and behaviour of the insuring populace. The level of ignorance as to the benefits of having insurance cover is still on the increase. Insurance companies can make use of personal selling to reach out to the public.

Direct marketing

This is described as the use of mail, fax, e-mail or internet to communicate directly with or solicit response or dialogue from specific customers and prospects (Kotler and Keller 2009). The internet is becoming the most important driver of strategic change for business and national government. The insurance companies in Nigeria are lagging behind to embrace the new trend in integrated marketing communication.

2.4 Theoretical frame work

This study will briefly consider two theories of Demand for Insurance.

They are the Expected utility theory and the Prospect theory.

The Expected utility theory - The Expected utility theory states that the demand for insurance is a demand for certainty because buyers of insurance prefer certain losses to actuarially equivalent uncertain ones. The theory postulated that the demand for insurance is by risk averse consumers who use insurance to avoid the risk of loss (Friedman and Savage, 1948; Arrow, 1963; Mossin, 1968; Schlesinger and Doherty, 1985; Mayers and Smith, 1983; Cook and Graham, 1977; Feldstein, 1973; Feldstein and Friedman, 1977; Feldman and Dowd, 1991; Manning and Marquis, 1996; Nyman, 2001).

Prospect Theory – this theory holds that individuals tend to prefer certainty only when gains are at stake and when losses are at stake individuals tend to prefer uncertainty. This explains that when individuals are given a choice between a certain loss of the same expected magnitude, individuals tend to prefer the uncertain loss.

The theory argues that from a given reference point, the value that individuals realize from gains in income increases with the size of the gain, but at a diminishing rate (Kahnemann and Tversky, 1979; Tversky and Kahnemann, 1988; Nyman, 2001). This theory is in

contrast to the Expected Utility theory; it suggests that certainty is not valued when losses are at stake.

According to Nyman (2001) empirical studies have shown that individuals actually prefer uncertain losses to actuarially equivalent uncertain ones. Nyman (2001) attempts to reconcile expected utility theory with this empirical evidence by suggesting that insurance is demanded to obtain an income payoff in the bad state. The Contingent Claims/ State dependent utility theory which serves as an alternative theory to the above theories has also been used to explain demand for health insurance (Zweifel and Breyer, 1997; Nyman, 1999; Mas – Colell, Whinston, Green, 1995). However, the Expected Utility theory and the Prospect theory because of their relevance to the study will be given consideration.

2.5 Empirical framework

Idris, Asokere, Ajemunigbohun, Oreshile and Olutade (2012), carried out an empirical study of the efficacy of communication mix elements in selected Insurance companies in Nigeria. They selected 20 insurance companies out of the industry capacity of 49. The sample size included 300 randomly selected employers of the target population. They employed a 3 Likert point scale. The result shows that the marketing communication mix element is very important in the service of insurance organization, it also shows

the order at which all the element are considered useful by the marketing personnel in the Nigeria insurance market environment. They concluded that significant marketing communication activities be targeted at the public so as to kindle the insuring publics' Interest in the business

Kicinger (2010), examined the employment based health insurance plans and hospice care in the US. They empirically examine the determinants of the employers' towards health insurance premiums, the price elasticity of demand in employer provided self insured health plans, and the effect of hospice ownership and certification on the length of hospice use. The result shows that union membership and self insurance predict higher amounts of employer's contribution to health insurance premiums. The obtained empirical evidence also indicated that several socio-economic characteristic (i.e, family income, poverty level, and employer's provision of fringe benefits) as well as other factors (i.e sex, the place of residence, and family coverage) have impact on the employer's contribution. The obtained estimates of the price elasticity of demand for self-insured health plans show it to be relatively inelastic. He concluded that the results reported should be relevant not only to policy makers, but also to parties directly involved in the health care system such

as employers, insured and uninsured individuals, and insurance companies.

3.0 Methodology

The Primary and secondary sources of data collection were used for this study. The study employed questionnaire and telephone calls to solicit for information from the respondents.

The targeted population of the study consists of all employees of Union Assurance Nigeria Company Plc. Lagos, which are total of one hundred and eighty six employees (186) as at June 2015 when this study was conducted. The Simple random sampling technique was used to select a sample size of one hundred (100) employees of Union Assurance Nigeria Company Plc, Lagos. The company is selected for the study because of its performance as one of the leading Insurance Companies in Nigeria. It has been recording increase premium and retail business portfolio in the recent years. The company offers life insurance and general business products. It was incorporated in 1993 and has Headquarter in Lagos, Nigeria. It operates as a subsidiary of Greenoaks Global Holdings Ltd as at December 10, 2014. The employees of the company were randomly sampled in order to get more valid responses.

There are two sets of questionnaire designed for the study: one for the staff and the other one for the customers or clients of the company. The questionnaire for the staff consists

of two sections. Section A comprises of items on the personal data of the respondents while section B seeks information on how insurance company can be improved through effective marketing communication mix. Out of the total sample size selected for the staff, Eighty one responded to both the questionnaire and telephone calls. The Questionnaire for the clients is basically designed to provide information on the marketing strategies that are required by insurance companies to improve their business activities. There are 200 clients given questionnaire but only 187 filled and returned their questionnaire. This represents 93.5 % response rate which signifies a good response rate of return.

Method of data Analysis

In this research work, one hypothesis was tested using simple regression analysis. The adoption of regression analysis method was used as a result of the need to determine the actual relationship between marketing communication mix and how it can improve insurance business. The simple regression analysis is a statistical tool that not only explores the relationship between two variables but also indicates the direction and magnitude of the effect of the independent variable (i.e marketing communication mix) on the dependent variable (insurance business)

The simple regression model is given below as:

$$Y = a + bx$$

Where:

Y is the dependent variable and X is the independent variable. Both (a) and (b) are the regression co-efficient known as the intercept and slope respectively and they are obtained as follows:

$$a = y - bx$$

Research Hypothesis

The hypothesis used in this research was tested based on the data drawn from the research questions. Based on the research problem this null research hypothesis was formulated:

$$b = \frac{n \sum_{xy} - \sum_x \sum_y}{n \sum_x^2 - \sum (x)^2}$$

Hypothesis One

H₁: Effective Marketing Communication Mix does not significantly have influence on Union Assurance Company Plc business activities.

4.0 Data Analysis and Interpretation

The Table 1 below provides information about sex and age distribution; educational qualification and staff working experience.

Sex Distribution Attribute	Frequency	Percentage %
Male	45	55.6
Female	36	44.4
Total	81	100
Age Distribution Attribute	Frequency	Percentage %
21 - 30 yrs	28	34.6
31 - 45 yrs	37	45.7
46 - 60 yrs	14	17.3
60 - and above	2	2.5
Total	81	100
Educational Qualification Attribute	Frequency	Percentage
WAEC/GCE/SSCE/NABTEB Equivalents	11	13.6
OND/NCE/ Equivalents	20	24.7
HND/BA/B.Sc/B.Ed/Equivalents	45	55.6
MA/M.Sc/MBA/Equivalent	5	6.1
Total	81	100
Experience Distribution Attribute	Frequency	Percentage
1 - 5 yrs	19	23.5
6-10 yrs	19	23.5
11-15yrs	20	24.7
16-20yrs	9	11.1
21 years and above	14	17.3
Total	81	100

Source: Researcher's computation 2015

Table 1 indicated that there are more male respondents; and majority of the respondents fall within the age of 31-45 years. This reveals that most of the respondents sampled are still having more active service years on their job. This means that they can still develop more skills in their job and bring about better performance to the organization. There are 56 % of the respondent's whose educational qualifications fall within HND/BA/BSc/B.Ed equivalents. This result indicates that the crops of their workers are first degree holders. This trend would make training and manpower development easier in the company. It would also make introduction and implementation of new policies easier in the company because the caliber of the staff can effectively adapt to any changes brought about in the company. The other categories of staff under survey are those with secondary schools certificate (13%), OND/NCE are (25%) and Master's Degree (6%). The company would need to develop the skill of those staff with school and diploma certificates for more efficiency to be achieved in the organization in terms of their productivity.

In regards to workers' years of experience, 25% of the respondents have 11-15 years experience; followed by 23.5% respondents each falling within 1 – 5 years and 6 – 10 years respectively; followed by 11% of the respondents having 16 – 20 years experience and 17% respondents with 21 years above. This indicates that

those that are working towards retirement age are very few and this is a good development for the company because the company will be able to plan for her staff retirement benefits ahead of the time.

There are 59% male respondents and 41% female respondents for the Clients Questionnaire. There are greater proportion of respondents (41%) who are of the opinion that for improve business performance to be achieved by the Insurance Companies, they must have strong customer relationship, 29 % of the respondents agreed that the Insurance companies must be able to compete effectively with other competitors in the industry to achieve improve business performance, 18% are of the opinion that the Insurance companies must be able to use their communication strategies effectively to bring about improve business performance and 12% of the respondents are of the opinion that Insurance companies should be able to measure the effectiveness of their marketing efforts for them to achieve improve business performance. The respondents were of the view that measure of effectiveness of marketing efforts can be determined by considering whether there is increase in profit or clients after promotional campaign or advertisement of their products. The respondents also believe that word of mouth communication can help the Insurance companies to maintain

strong customer relationship with their clients and hence achieve improve business performance.

4.1 Test of Hypothesis

The hypothesis for this study is tested as follows:

H_1 : Effective marketing communication mix has not brought about improve insurance business in Nigeria

In the statistical test carried out as shown in Table 2 the calculated P value is (0.010) which is less than alpha value (0.05). Therefore, the null hypothesis which states that effective marketing communication has not improve the business of insurance in Nigeria is rejected, meaning that effective marketing communication mix has significant influence on Union Assurance Company Plc. Lagos business performance. This finding is consistent with the finding of Idris et al (2012) which state that marketing communication element are important for the smooth operation of insurance business. In a similar work done by Kalaimani(2013) on 7 P's of Services Marketing in Insurance and Banking Services, he gave the following Marketing mix for Insurance business: Product, Pricing, Place, Promotion, People, Process and Physical distribution. According to Kalaimani (2013) Product for Insurance Company is service they sell to clients and Pricing is in the form of Premium rates. He gave three main factors used

for determining the premium rates under life insurance plan as mortality, expense and interest. Place is related to managing insurance personnel and locating a branch. Promotion is an important element which insurance depends upon for survival. Insurance services depend on effective promotional measure most especially in rural areas. People involve understanding the customer, this allows insurance companies to design appropriate products for their clients, for example the Union Assurance Company PLC has life insurance products such as children education endowment policies, Union Partner's business continuity plans / whole life plans, credit life policies and payment plans. All these products are designed to meet the needs of specific target customers. Training of employees and agents are also very important for efficiency to be achieved by the Insurance companies. It is very important to understand the needs of customers because of their belief and perception of Insurance business. People's belief towards loss in some community makes them to be indifferent or uninterested in taking insurance policy.

The people belief that when they suffer loss, there is more blessing coming in return for that loss and sometime they interpret loss to longevity of life and better living. The process according to Kalaimani (2013) should be customer

friendly. This is in terms of speed and accuracy of payment of indemnity. This is one of the areas that the customers perceived that Insurance has failed strongly. The non - payment of indemnity to clients contribute greatly to the problem facing insurance business in Nigeria, as a result of this, people are discouraged in doing business with the insurance companies. They see Insurance companies as fraudulent and not reliable in fulfilling their business obligation. Physical

distribution according to Kalaimani (2013) is a key determinant of success for all insurance companies. The insurance companies should have a large reach and presence not only in the urban cities but also in rural areas. Thus it can be seen from the above study that Promotion and Advertisement which are some of the elements of marketing communication mix considered important by Insurance business to survive and thrive in the right perspective (Kalaimani, 2013).

Table 2: Relationship between Effective Marketing Communication Mix and Insurance Business.

ANOVA TABLE

Model	Sum of squares	DF	Mean square	F	Sig
Regression	63.132	1	63.132	345.778	.010 ^a
Residual	14.424	79	.183		
Total		80			

Source: Researcher's computation 2015

Coefficients ^a

Model	Standardized coefficient			T	
	β	Std Error	Beta		
1.(constant)	0.30	.112		.269	.489
Effective Marketing Communication mix	.863	.046	.92	18.595	.000

Source: Researcher's computation 2015

Model summary

Model	R	R Square	Adjusted R Square	St. error of the Estimate
1	.919 ^a	.845	.843	.521

Source: Researcher's computation 2015

The Regression equation for this study is $Y = 0.30 + 0.0863x$, where Y = insurance business, x = marketing communication mix.

The model summary shows a very Strong Positive Correlation Coefficient of 0.919 with adjusted R square of 0.843 and Standard Error of the Estimate of 0.521. This strong correlation indicates that when there is increase in Marketing Communication Mix there will be Increase or improvement in Insurance Business. This result also is in line with the findings of Smith (2014) which states that organizations chalk out various marketing strategies from time to time to grapple greater market share which in return leads to improvement of such business. The respondents gave the following challenges as major ones facing insurance companies: the problem of bad reputation or image for insurance companies (47%), management problem (24%), poor innovation and lack of aggressive strategy (19%) and lack of awareness about the benefit of insurance service offering (10%). The findings above are also in agreement with some of the identified challenges faced by insurance business by Olaitan (2008).

5.0. Conclusion and Recommendations

Business organizations either directly or indirectly engage in one marketing communication mix activity or the other. Whether profit making organization or nonprofit making

organization whichever way the organization is planning to achieve its objectives, the core value is to create awareness for the organization's product in such a way that the product will meet the need of the customers. There are various ways to promote a product in different areas of business. Organizations make use of television, radio, newspaper, internet etc to promote their products. However the type of marketing communication element to be adopted by a company at a particular point in time depends primarily on the size and financial strength of the company as well as the nature and quality of the product. The summary of the findings in the study have shown that (i) Promotion and Advertising are important Marketing Communication Mix elements that bring about improve business activities of Insurance companies. (ii) Effective Marketing Communication has brought about improve insurance business activities in Nigeria ($P = 0.01$; $df = 80$) and (iii) Insurance Companies must build strong customer relationship with their clients for them to achieve improve business performance.

Based on these findings, the study concludes that effective marketing communication mix are essential factors to be considered by insurance business to boost their business performance.

The following recommendations are therefore made, based on the findings of the study:

- (i) Insurance Companies should embark upon public awareness about their

- products or services benefit to the people. They should make effort to build good image about their company to the Public through prompt payment of claims to their clients.
- (ii) The problem of management should be tackled by insurance companies through training and development of their human resources capital. The companies should train their staff and agents on skills needed to maintain a lasting customer relationship management with their clients
- (iii) Insurance Companies should be innovative to develop products and services that would meet the needs of their specific clients. This would encourage customers to choose from a wide range of specially designed product and services.
- (iv) The Insurance Companies should fully integrate into their operating system, electronic information technology that is capable of providing on-line, real time and accurate management of information, in today's competitive environment. This is necessary toward achieving success for the Industry and it facilitates improved product packaging and efficient customer service delivery.

BIO DATA OF AUTHORS:

Mulikat AbdulRaheem (Mrs) is a Lecturer with the Department of Marketing and currently doing her Ph.D degree in Business Administration at the Department of Business Administration, University of Ilorin, Nigeria. Her areas of Specialisation are Marketing of Services and General Management.

Ebun O. Imouokome (Mrs) is a Lecturer with the Department of Marketing and currently doing her Ph.D degree in Business Administration at the Department of Business Administration, University of Ilorin, Nigeria. Her areas of Specialisation are Marketing and General Management.

Rotimi A. Gbadeyan is a Senior Lecturer with the Department of Marketing, University of Ilorin Nigeria but currently a Guest Lecturer at the department of Management Studies, School of Business, University of Cape Coast Ghana. His areas of interest are Small Business Marketing, Quantitative and Health Marketing.

References

- Ajaja M.O (2001). Insurance and the Nigeria economy. *Journal of the Nigeria Insurance Association*, 3,9,16
- Amstrong G.and Kotler P. (2005). *Marketing : an introduction*. Upper Saddle River, New Jersey 07458 Perentice Hall.
- Arrow,K.J (1963). Uncertainty and the Welfare Economics of Medical Care. *American Economic Review*. 53, 941 – 973.
- Arun, K. and Meenakshi, N.(2012). *Marketing Management*. Second Edition, Vikas Publishing House PVT LTD
- Beena, S. (2009). Importance of Insurance. Retrieved from <http://onlinemoneymaking-bna.blogspot.com/2009/08> on 6/8/2015
- Blythe, J. (2006). *Marketing*. London Sage Publications.
- Cook, P and D. A. Graham (1977) The Demand for Insurance and Protection: the case of Irreplacable Commodities. *Quarterly Journal of Economics*. 91, Pp 143 – 156.
- Dorfman, M. (1994) *Introduction to Risk Management and Insurance* (5th ed). New Jersey: Prentice-Hill.
- Feldman, R and B. Dowd (1991). A New Estimate of the Welfare Loss of Excess Health Insurance. *American Economic Review*. 81, 297 – 301.
- Feldstein, M and B. Freidman (1977). Tax subsidies, the Rational Demand for Insurance, and the Health Care Crisis. *Journal of Public Economics*. 7, 155 – 178.
- Feldstein, M. S (1973). The Welfare Loss of Excess Health Insurance. *Journal of Political Economy*. 81, 251 – 280.
- Friedman, M and L.J. Savage (1948).The utility Analysis of Choices Involving Risk. *Journal of Political Economy*. 56, 279 – 304.
- Idris, A.A; A.S. Asokere; S.S. Ajemunigbohun; A. S. Oreshile and E.O. Olutade (2012). An Empirical study of the Efficiency of Marketing Communication Mix elements in selected Insurance Companies in Nigeria. *Australian Journal of Business and Management Research* . Vol. 2 No 05 Pp08-18.
- Julia,F.(2015). Types of Business Insurance. Retrieved from http://smallbusiness.chron.com/type_busisneess-insurance-3028.htm on 10/08/2015
- Kahnemann, D and A.Tversky(1979). Prospect Theory: An Analysis of Decision Under Risk. *Econometrica*. 47, 263 – 291.
- Kalaimani, G (2013) 7 P's of Sedrvce Marketing in Insurance and Banking Sevices. *Journal of Management and Science*. Pp 1 – 3.

- Kicinger, I.M. (2010). Employment based Health insurance Plans and Hospice Care. Retrieved from <http://marg.gmu.edu/health/1920/5689> on 6/8/2015
- Komolafe, O. O (2008) Recent Development in the Nigerian Insurance Industry: Challenges and Prospects.
- Kotler P. and Armstrong G. (2008). Principle of Marketing (12th ed.) London: Pearson Education limited.
- Kotler, P. and Keller, K. L. (2009). Marketing Management (13th ed.) New Jersey: Pearson Education Inc.
- Lacobucci, D. (2001). Services Marketing and Customer Service, Kellogg on Marketing. New York: John Wiley & Sons Inc. P 322.
- Manning, W.G and M. S. Marquis (1996) Health Insurance: The Tradeoff Between Risk Pooling and Moral Hazard. Journal of Health Economics. 15, 609 – 640.
- Marriam.W. (2015). Marketing of Insurance. Retrieved from <http://www.marriam-webster.com/insurance> on the 10/8/2015
- Mas – Colell, A; M.D. Whinston; J.R. Green (1995). Micro Economic Theory. New York: Oxford University Press.
- Mayers, D and C. W.Smith (1983). The Interdependence of Individual Portfolio Decisions and the Demand for Insurance. Journal of Political Economy. 91, Pp 304 – 311.
- Mossin, J (1968). Aspects of Rational Insurance Purchasing. Journal of Political Economy. 60, 151 – 158.
- Nike, P. (2014). Developing Effective Marketing Strategies for Insurance. Retrieved from www.punching.com/business/insurance/developing-marketing on 11/8/2015
- Nyman, J.A (1999) The Value of Health Insurance: The Access Motive. Journal of Health Economics. Vol. 18, No 2, Pp 141 – 152.
- Nyman, J. A (2001). The Demand for Insurance: Expected Utility Theory from a Gain Perspective. University of Minnesota.
- Obande, J.C. (1961). What is the history of development of insurance in Nigeria. Retrieved from <http://www.ask.com/history/history-development-insurance> on 6/8/2015
- Okere, NY., Agyapong, G.K. and Nyarku, K.M. (2011). The Effect of Marketing Communication on the Sales Performance of Ghana Telecom (Vodafone, Ghana). International Journal of Marketing Studies, 3(4), 50-62
- Olaitan, O.K (2008). Recent developments in the Nigeria

- insurance industry: challenges & prospects. Retrieved from [http://www.focusnigeria.com/nigerianinsurance-industry ,htm](http://www.focusnigeria.com/nigerianinsurance-industry.htm) on 3/8/2013.
- Osoka, O. (1992). Insurance and the Nigerian economy Lagos: Penache Publications limited.
- Sadaf, S. (2008). Importance of insurance, retrieved from <http://ezinearticles.com/?importance-of-insurance&id=118055> on 10/8/2015
- Sclesinger, H and N. Doherty (1985). Incomplete Markets for Insurance: An Overview. *Journal of Economics Perspectives*. 15, Pp 402 – 423.
- Smriti, C. (2004). Monetary and Non monetary Factors of Motivation. Retrieved from www.yourarticleslibrary.com/motivation on 5/7/2015
- Tag Archives (2009). Thesis on Insurance. Retrieved from <http://thesisoninsurance.com/termpapertopics> on 10/8/2015
- The Nation Newspaper (2014) Why Insurance is Hard Sell in Nigeria: Survey blames Government for low Insurance Patronage Pp 59 – 60.
- Tversky, A and D. Kahnemann (1986). The framing of Decisions and the Psychology of Choice, in *Rational Choice*. Jon Elster, Editor, New York: New York University Press. 123 – 141.
- Tversky, A and D, Kahnemann (1988). Rational Choice and the Framing of Decisions, In *Decision Making : Descriptive, Normative, and Perspective Interactions*. David E. Bell, Howard Raiffa and Amos Tversky, Editors, Cambridge: Cambridge University Press. Pp 167 – 192.
- Zweifel, P and F. Breyer (1997). *Health Economics*. New York: Oxford University Press.