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Research Article

Assessing the Effectiveness of Product Development in Promoting Business Growth: A Study on Selected Insurance Firms in Lusaka

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About Article

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ABSTRACT

This research explores the impact of product development on business growth within the insurance sector in Lusaka, Zambia. The study aims to assess how innovative product strategies influence market expansion, customer retention, and overall financial performance. In companies where new product development plays an important strategic role, managers necessarily contend with a portfolio of projects that range from high technology, new-to-the world, innovations to relatively simple improvements, adaptations, line extensions, or imitations of competitive offerings. This study aims to understand the effectiveness of product development in promoting business growth specifically in the Insurance Sector. The specific objectives of the research are, (i) To evaluate the role of product development in the growth of Insurance companies in Lusaka, (ii) To evaluate the impact of product development on business growth in Lusaka, (iii) To assess business growth outcomes on insurance firms in Lusaka. The research will be a mixed approach design with a target of 50 respondents with a sampling procedure of simple random sampling. Further, the research instruments to be used in this research are the questionnaires and interview guide. This will help to get in-depth data that helped with the research findings. The researcher's proposed data analysis method is Microsoft Excel and, STATA and qualitative the thematic analysis method. The findings for this study will enhance the understanding of insurance on innovation and product development on how it contributes to business growth.

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1. INTRODUCTION

1.1. Overview

The city of Lusaka serves as a burgeoning hub for both established manufacturing firms and a thriving community of SMEs. These entities play pivotal roles in the local and regional economies, contributing to employment, economic development, and technological advancements. Amidst the challenges posed by globalization, technological disruptions, and market uncertainties, the need for sustained innovation and product development has become imperative for businesses in Lusaka to stay relevant and thrive. While the importance of innovation in business is widely acknowledged, understanding the specific impact of business innovation and product development on the growth trajectory of manufacturing firms and SMEs specifically Insurance firms in Lusaka. There remains a gap in the existing literature therefore this research seeks to address this gap by examining the effectiveness of these strategies and their contribution to business growth on Insurance Companies within the unique socio-economic and cultural context of Lusaka.

1.2. Background

Years back, in developing countries, large firms were considered to be the only corner stone of the economy; meanwhile small-scale enterprises were signs of technology backwardness. Recent studies have however shown an increase in the recognition of the significant role played by small, medium, and micro enterprises (SMMEs) in economic growth worldwide (Ates, 2013). SMMEs have become important sources of employment and generate important domestic output in developing countries. The improved competitiveness of SMMEs contributes to economic and social development, and poverty reduction Brammer (2012). They are described as job creators, the foundation of big businesses, and the fuel of national economic growth. SMMEs represent over 90% of private businesses, and they contribute to more than 50 percent of employment and of Gross Domestic Product (GDP) in most African countries. Thus, it is believed that the performance of the SMMEs sector is closely associated with the performance of the economy of any nation. This assumption has led to the present focus of academic and policy circles on the factors that impede the growth of small businesses). The growth of SMMEs is highly dependent on the business legislation that the country makes. Their level of success can be used to evaluate the effectiveness of government policies in nurturing and encouraging the entrepreneurial culture. Zambia just like every other developing country has its SMMEs impacting significantly on the country's economy, especially through employment. Businesses in the country belong to two large businesses and the SMMEs.

To provide initial insights into when firms can utilize customer participation as a more effective strategy, we conceptually integrate a variety of factors that influence the effectiveness of customer participation in NPD and empirically examine the moderating effects of contextual factors between customer participation and NPD performance through a meta-analysis of 123 correlations from 39 independent samples. This study substantially contributes to the literature on customer participation in the innovation process. First, drawing on a knowledge management perspective, we provide a comprehensive conceptual synthesis of contingency factors in the customer participation–NPD performance link. From an extensive literature review, we identify four critical contingency factors, contextual factors, customer participation design factors, relationship factors, and organizational factors (Theme 1 of the Web Appendix)—that can independently or jointly influence the effectiveness of customer participation. Aside from a few conceptual integrations about the drivers and outcomes of customer participation (Almeida *et al.*, 2014), there is a surprising lack of synthesis about contingency factors in the customer participation–NPD performance relationship. Thus, our conceptual integration advances a more complete understanding of customer participation by addressing the current lack of knowledge on the contingency factors. Second, we describe the first systematic empirical synthesis, a meta-analysis of the contextual moderating factors of NPD projects, industry, offerings, and country in the customer participation–NPD performance association. These results offer guidance about the contexts in which firms should more actively engage customers for successful NPD. Finally, we present evidence that in some situations, customer participation actually damages or generates non-significant impacts on NPD performance, which calls for a reassessment of the oft-dominant assumption that customer participation always leads to new product success.

1.3. Statement of the Problem

The insurance sector in Lusaka, Zambia, experiences a changing landscape influenced by technological progress, shifting consumer preferences, and strict regulations. In turn, companies significantly allocate resources to product development to stay competitive and foster growth. Nevertheless, the efficacy of these approaches in achieving business success remains uncertain. Product development must aim to draw in new customers while also improving satisfaction and retention for those already present. This study seeks to evaluate how product development contributes to business growth by examining internal strategies, market conditions, and customer requirements, thereby providing insights to enhance resource allocation and maintain growth in Lusaka's insurance sector.

1.4. Objectives of the Study

1.4.1. General objectives

The main objective of this study is to assess the effectiveness of product development in promoting business growth on Insurance Firms.

1.4.2 Specific objectives

i. To evaluate the role of innovation and product development in the growth of insurance firms in Lusaka

ii. To evaluate the impact of product development on Insurance growth on insurance firms in Lusaka

iii. To Evaluate the Impact of Recent Product Development Initiatives

1.4.3. Research Questions

The research questions guiding this study are:

i. What roles does innovation and development play in the growth of insurance firms in Lusaka?

ii. What impact has product development made on insurance firms?

iii. What Impact has Recent Product Development Initiatives done?

1.5. Ttheoretical frame work

The study was be guided by three theories, the Diffusion of Innovation Theory, Resource based theory and the Schumpeters theory of innovation. By integrating these theories, we can develop a comprehensive framework to assess the effectiveness of business innovation and product development in promoting business growth on SMEs.

1.5.1. Diffusion of innovation theory

The Diffusion of Innovation Theory was first discussed historically in 1903 by the French sociologist Gabriel Tarde (Toews, 2003) who plotted the original S-shaped diffusion curve, followed by Ryan and Gross who introduced the adopter categories that were later used in the current theory popularized by Everett Rogers. Katz is also credited for first introducing the notion of opinion leaders, opinion followers and how the media interacts to influence these two groups. The Diffusion of Innovation theory is often regarded as a valuable change model for guiding technological innovation where the innovation itself is modified and presented in ways that meet the needs across all levels of adopters. It also stresses the importance of communication and peer networking within the adoption process.

1.5.2. Resource based theory

Resource-Based Theory (RBT) was first put forward by (Barney, 1991) who proposed a model on the effective management of firms' resources, diversification strategy, and productive opportunities. Penrose’s publication was the first to propose conceptualizing a firm as a coordinated bundle of resources to address and tackle how it can achieve its goals and strategic behavior RBT began to take shape in the 1980s.The antecedent of RBT was the Theory of the Growth of the Firm. Later, during the 1990s, Jay Barney’s work was critical to the emergence of RBT and became the dominant paradigm in strategic management and strategic planning.

RBT provides a framework to highlight and predict the fundamentals of organization performance and competitive advantage. The focus of RBT on the firm’s performance based on mesa perspectives was a reaction to the earlier managerial interest in the industry structure, a more macro perspective. RBT addresses an internally-driven approach by focusing on internal organization resources, as opposed to externally driven approaches to understanding the accomplishment or failure of leveraging organizational activities. It aims to elaborate on imperfectly imitable firm resources that could potentially become the source of sustained competitive advantage (Barney, 1991).

Categorization of company resources on RBT can also build upon two groups of tangible and intangible assets (Barney, 1991). Tangible resources refer to all the assets, which include economic gains and visible business contributions, such as products and commodities (Lyons & Brennan, 2019). Intangible resources comprise all the assets possessed by a company related to the access to capabilities and knowledge as well as organizational, strategic, and social benefits. Tangible and intangible resources have different features in terms of deterioration of use, the ability for simultaneous utilization and immateriality that are only obtained by intangible resources. Intangibles resource do not deteriorate with use, they can be used simultaneously by multiple managers, and are difficult to exchange (e.g. business process know-how, employee skills) (Molloy *et al.*, 2011). On the other hand, tangible resource can deteriorate with use, may or may not have the ability to be used simultaneously by different managers, and can be exchanged (e.g. material goods, commodities).

The second central construct of RBT, namely capabilities, represents a subset of the company’s non-transferable company-specific resources that aim to improve the productivity of obtaining other resources. Capabilities can manifest themselves in various forms and generally consist of tangible or intangible processes and information that help a company to create efficiency and improve its productivity. However, a new concept of dynamic capabilities was introduced by Teece *et al.* (1997), which can “continuously create, extend, upgrade, protect, and keep relevant the enterprise’s unique asset base” in a changing environment. Dynamic capabilities have enriched RBT research more recently by analyzing the changes in the capabilities of addressing the rapid shifts in the organization’s environments (internal and external). The conceptualization of capabilities has been extended with the introduction of dynamic capabilities, which refers to resources that can be managed not only when it comes to modifying other resources, but also for value creation (Barney, 2003). Such resources represent, for example, alliance capabilities, big data deployment, and product development practices. Alliance capabilities appear to be a crucial part in the firm’s strategies by co-operating and combining resources in the most effective and efficient manner. Product development practices could also be an example of dynamic capabilities by creating capabilities to specialize and practice routines to increase company performance (Adner & Helfat, 2003).

1.5.3. Schumpeter’s theory of innovation

Joseph Alois Schumpeter is regarded as one of the greatest economists of the first half of the twentieth century. At that time, he took part in the most important economic debates. After his death, he had been (more or less) forgotten for around three decades. In the early 1980s Schumpeterian economics were considered extremely broad after a period when traditional economic approaches were increasingly criticized. Nowadays when economies struggle with banking and debt crises, parallel they are “knowledge based” economies with globalization and increasingly importance of intangible resources. According to Schumpeter innovation is a "process of industrial mutation, that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one". Schumpeter described development as historical process of structural changes, substantially driven by innovation. He divided the innovation process into four dimensions: invention, innovation, diffusion and imitation. Then he puts the dynamic entrepreneur in the middle of his analysis. In Schumpeter's theory, the possibility and activity of the entrepreneurs, drawing upon the discoveries of scientists and inventors, create completely new opportunities for investment, growth and employment. In Schumpeter's analysis, the invention phase or the basic innovation have less of an impact, while the diffusion and imitation process have a much greater influence on the state of an economy. The macroeconomic effects of any basic innovation are hardly noticeable in the first few years (and often even longer). What matters in terms of economic growth, investment and employment, is not the discovery of basic innovation, but rather the diffusion of basic innovation, which is the period when imitators begin to realize the profitable potential of the new product or process and start to invest heavily in that technology. It is worth noting that according to Schumpeter invention is not the cause: discovery and execution are "two entirely different things". In this point it has to be clearly marked that entrepreneurship cannot be confused with the four complementary functions of invention: risk-taking, error-correction and administration (which in Schumpeter's economics of evolution are separate), distinctive and non-entrepreneurial in nature. In Schumpeter's work on entrepreneurship we can select two phases: an "early phase" – First Entrepreneurship theory, and "late phase" -Second Entrepreneurship theory.

1.6. Scope of the Study

Understanding the impact of business innovation and product development allows firms to make informed decisions. Strategic choices related to innovation can shape the trajectory of a manufacturing firm's growth. Competitive Advantage, New offerings can open up untapped markets, increase sales, and boost overall revenue.Innovations often streamline processes, reduce costs, and enhance productivity.Efficient product development cycles enable quicker time-to-market, improving competitiveness. this study provides insights into how manufacturing firms in Lusaka can strategically leverage innovation and product development for sustainable growth. It informs both practitioners and policymakers on fostering business success within the manufacturing sector.

2. LITERATURE REVIEW

This chapter will describe by thematic area developed from objective one, the thematic area developed from objective two, the thematic area developed from objective three, a personal critique of literature review and establishments of research gaps Understanding Product Development: Strategies, Challenges, and Implications for Business Growth Product development is a critical aspect of business strategy, encompassing the process of creating, refining, and bringing new products or services to the market. It plays a pivotal role in driving innovation, enhancing competitiveness, and fostering business growth across various industries. This essay delves into the intricacies of product development, exploring its key concepts, strategies, challenges, and implications for business growth, drawing upon relevant literature and empirical evidence.

2.1. Concepts of Product Development

Product development involves a systematic approach to transforming ideas or concepts into tangible offerings that meet the needs and preferences of target customers. According to Ulrich and Eppinger (2020), the product development process typically comprises several stages, including idea generation, concept development and testing, design and engineering, prototyping, testing and validation, and finally, commercialization. Each stage involves a series of activities aimed at refining the product idea, identifying market opportunities, mitigating risks, and optimizing product performance and functionality.

Another important strategy is the integration of technology and design thinking into the product development process. Rapid advancements in technology, such as artificial intelligence, machine learning, and data analytics, have revolutionized the way products are conceived,

Designed, and delivered to market (Carter 2008). By leveraging these technologies, companies can gain valuable insights into customer behavior, streamline design processes, and accelerate time-to-market.

Furthermore, collaboration with external partners, including suppliers, distributors, and research institutions, can facilitate access to specialized expertise, resources, and market insights, thereby enhancing the efficiency and effectiveness of product development efforts. Strategic alliances and partnerships enable companies to leverage complementary strengths, share risks, and access new markets or distribution channels.

Despite its importance, product development is fraught with various challenges and complexities that can impede success. One of the primary challenges is the inherent uncertainty and risk associated with innovation and market dynamics. Developing new products involves considerable investment of time, resources, and capital, with no guarantee of success (Girotra & Netessine, 2014). Market volatility, changing consumer preferences, and technological obsolescence further compound these risks, requiring companies to adopt agile and adaptive approaches to product development.

Another challenge is aligning product development initiatives with overall business objectives and market demands. Product development efforts must be closely aligned with corporate strategy, market trends, and customer needs to ensure relevance and competitiveness. Failure to align product development with strategic priorities can result in wasted resources, missed opportunities, and ultimately, business failure.

2.2. Implications for Business Growth

Effective product development has profound implications for business growth, encompassing revenue generation, market expansion, and competitive advantage. Introducing new products or improving existing ones can drive revenue growth by tapping into new market segments, increasing market share, or commanding premium prices (Griffin, 2019). Furthermore, successful product launches can enhance brand reputation, customer loyalty, and market visibility, positioning the company for sustained growth and profitability.

Moreover, product development plays a crucial role in fostering innovation and differentiation, enabling companies to stand out in crowded markets and outmaneuver competitors. By continuously innovating and introducing new features or functionalities, companies can create barriers to entry, defend against competitive threats, and sustain long-term growth (Christensen, 2016). Additionally, product development can serve as a catalyst for business transformation, enabling companies to adapt to changing market conditions, consumer preferences, and technological disruptions. Embracing innovation and agility in product development can position companies for success in an increasingly dynamic and uncertain business environment.

In conclusion, product development is a multifaceted process that requires strategic vision, customer focus, and cross-functional collaboration to drive innovation and foster business growth. By adopting customer-centric approaches, leveraging technology and design thinking, and fostering strategic partnerships, companies can overcome challenges and capitalize on opportunities in the marketplace. Despite its inherent complexities and uncertainties, effective product development has the potential to unlock new revenue streams, enhance competitiveness, and drive sustainable business growth. As companies continue to navigate evolving market dynamics and consumer preferences, product development will remain a cornerstone of their growth strategy, enabling them to thrive in an increasingly competitive and dynamic business landscape.

2.3. Product Development Strategies in Insurance Firms

Product development is a strategic process through which insurance firms identify market opportunities, design innovative solutions, and bring them to market effectively (Brown & White, 2021). Successful product development strategies enable insurers to differentiate their offerings, attract new customers, and enhance customer loyalty and retention. Several key strategies have emerged in product development within the insurance industry, including diversification, digitalization, and collaboration.

Diversification involves expanding the product portfolio to cater to different market segments and risk profiles, thereby reducing concentration risk and enhancing revenue streams (Oberholzer & Pfeifer, 2019). For example, insurers may offer a mix of life insurance, health insurance, property and casualty insurance, and investment-linked products to meet the diverse needs of customers in Lusaka. Digitalization, on the other hand, involves leveraging technology to streamline processes, improve customer experiences, and enable new distribution channels (Lwin & Wann, 2018). Insurers can invest in digital platforms, mobile apps, and online portals to facilitate seamless interactions, simplify transactions, and provide access to real-time information and services. Furthermore, collaboration and partnerships play a crucial role in driving product innovation and accelerating time-to-market for new offerings. By collaborating with Insurance startups, technology vendors, and other industry stakeholders, insurers can access external expertise, leverage emerging technologies, and experiment with new business models. These partnerships enable insurers to stay agile, respond to market trends, and deliver value-added solutions that address the evolving needs of customers.

2.4. Challenges and Opportunities

Despite the benefits of innovation and product development, insurance firms in Lusaka face several challenges in effectively executing their strategies and realizing their full potential. One such challenge is the complex regulatory environment, which governs product design, pricing, distribution, and consumer protection. Compliance with regulatory requirements adds complexity and uncertainty to the product development process, limiting insurers' flexibility and innovation capabilities.

Innovation and product development play a vital role in driving the growth and competitiveness of insurance firms in Lusaka. By embracing innovation, insurers can design products that meet the diverse needs of customers, streamline processes, and enhance customer experiences. However, navigating regulatory complexities, meeting customer expectations, and adapting to technological disruptions pose challenges that require strategic planning, collaboration, and continuous adaptation. Ultimately, insurers that prioritize innovation, customer-centricity, and agility will be best positioned to succeed in the rapidly evolving insurance landscape in Lusaka.

2.5. To Evaluate the Impact of Recent Product Development Initiatives

Nowadays, driven by the increasingly pressing concerns raised around environmental, social, and economic issues, the multifaceted constructs of sustainability emerge as high priority for the business world and all the key players in the various chains of production. In this regard, the notion of organizational sustainability has received considerable interest by practitioners and researchers alike, describing proactive activities aiming to contribute to sustainability equilibria. Such equilibria pertain to the integration of socio-economic and environmental performance aspects, as well as underlying inter-relations within and throughout the time dimension while addressing the organizational system as a whole and its critical stakeholders (Lozano, 2012; Lozano *et al.*, 2015). Indeed, since the 1990s, the concept of sustainability and the various aspects comprising its agenda for action have become increasingly widespread in the business community. Such integration of environmental and social aspects with profit-seeking goals, also defined as a triple-bottom-line (TBL) performance towards organizational sustainability (Elkington, 2004), is becoming increasingly relevant to the managerial practice and decision making of businesses in terms of redefining operations management (Drake & Spinler, 2013) as well as its supply chains. Reflecting a systems thinking approach and intertemporal tensions, the concept of sustainability is consistent with the notion of long-term planning and impact. In this respect, organizational sustainability refers to the configuration of business strategies and practices that contribute to sustainable development by endorsing social cohesion and environmental conservation in the long-term while simultaneously meeting the economic imperatives of profitability and growth (Seuring & Muler, 2008). Sustainability in a business entity context indicates a company‘s activities, voluntary by definition, demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders. In this context, and from a macro-level perspective, SMEs have a key role in sustainable development as they dominate the business sector of any country and, therefore, their cumulative impact is far from negligible (Cassells & Lewis, 2011; Revell *et al.*, 2010). Several empirical studies 3 suggest that sustainability practices and performance is of great importance and should be part of companies ‘operational strategies. Such considerations are no longer confined to large corporations and multinational business entities. Under the scope of an ever-increasing globalized economy and through the complex and extensive supply chain networks, they are expanding to small and medium-sized enterprises and posing significant managerial and operational risks as well as. While securing shareholder value remains the overarching tenet of for-profit organizations, today‘s business environment presents additional challenges to SMEs which usually respond reactively to emerging and pressing stakeholder expectations or demands (Lewis *et al.*, 2015). Indeed, over the past few years business research has established the need for framing and developing effective performance-related measures (Shepherd & Gunter, 2006) with formal modeling and decision support systems to offer win-win solutions in terms of economic results and sustainability outputs. Carter and Rogers assert that actively engaging in sustainability practices is no longer optional but rather sheer necessity involving the long-term amelioration of economic results and helping managers formulate a long-term vision for their enterprise.

2.6. Research gaps

Mechanisms of Business Model Change: While existing literature highlights various avenues for business model innovation, the specific mechanisms by which firms can effectively change their business models remain underexplored. Investigating the processes, triggers, and barriers associated with business model transformation would provide valuable insights. Simultaneous Changes in Multiple Elements: Most studies focus on individual elements of business models (e.g., value proposition, operational processes). However, little guidance exists on how firms can strategically change multiple elements simultaneously. Research could delve into the interplay between different components during business model innovation. External Factors and Contextual Influences: Understanding the external factors (such as market dynamics, regulatory environment, and industry trends) that drive or hinder business model changes is crucial. Exploring the contextual nuances specific to manufacturing firms in Lusaka would enhance our understanding of effective strategies. Long-Term Impact and Sustainability: While short-term effects of innovation and product development are often studied, there’s a need to assess their long-term impact on business growth. Examining sustained performance improvements and the durability of innovative practices would be valuable. Integration of Sustainability Goals: Investigating how sustainable business innovation aligned with the Sustainable Development Goals (SDGs) contributes to growth is an emerging area. Research could explore how firms balance economic growth with environmental and social considerations. Individual-Level Knowledge Sourcing: For emerging market firms, understanding how individual-level knowledge sourcing influences innovation performance remains relatively unexplored. Investigating knowledge-seeking behaviors and their impact on overall business growth would be insightful.

These research gaps provide fertile ground for scholars and practitioners to advance our understanding of business model innovation and its impact on organizational success. Researchers can address these gaps through empirical studies, case analyses, and cross-industry comparisons.

3. METHODOLOGY

This section outlines the methodology used to gather data for the study, covering research design, population, sample, sampling method, data collection instruments, and data analysis techniques. It adopts a mixed-methods approach, integrating both qualitative and quantitative data to provide comprehensive findings.

3.1. Research Design

Research design refers to the overall strategy for addressing research questions through data collection and analysis. According to Creswell (2014), research designs include quantitative, qualitative, and mixed methods. The study will employ a mixed-methods approach, combining both quantitative and qualitative techniques to gather data and ensure a robust analysis.

3.2. Target Population

The target population consists of insurance companies in the study area, selected randomly. This population is deemed suitable for the research as it provides the necessary information to answer the research questions effectively (Cassells & Lewis, 2011).

3.3. Sample Size

A sample is a subset of the population selected to represent the larger group. For this study, 50 respondents will be selected from the target population to ensure that the sample is representative and offers accurate insights (White, 2003).

3.4. Sampling Technique

Simple random sampling will be the primary technique used, ensuring each individual in the population has an equal chance of being selected. Additionally, stratified, purposive, and convenience sampling may be applied at different stages of data collection, particularly to address subgroup differences and ensure diversity (Mugenda & Mugenda, 1999).

3.5. Instruments of Data Collection

The main data collection tools will be questionnaires and interviews. Questionnaires, both open-ended and closed, will allow for large-scale data collection, while semi-structured interviews will capture deeper insights from staff and the general public.

3.6. Data Analysis

Data analysis will differentiate between qualitative and quantitative approaches.

Qualitative Data Analysis: Thematic content analysis will be used to categorize and interpret data into key themes (Kombo

& Tromp, 2006).

Quantitative Data Analysis: Statistical methods, including SPSS and STATA, will be employed to analyze numerical data, generating frequencies, percentages, pie charts, and tables.

3.7. Triangulation
Triangulation involves using multiple data sources to enhance the validity of findings. The researcher will use both primary data (collected through questionnaires and interviews) and secondary data from literature to triangulate the results, ensuring a comprehensive understanding of the research topic.

3.8. Ethical Considerations
Ethical principles will guide the study, ensuring that participants' rights and views are respected throughout the research process. Informed consent will be obtained from all participants, and their privacy will be protected (White, 2003). The research will be conducted with full transparency and integrity.

3.9. Confidentiality
Confidentiality will be maintained throughout the study, ensuring that personal information and identifiable data, such as names or locations, will not be disclosed. The researcher will ensure that respondents' anonymity is protected, and no discrimination or disadvantage will result from their participation.

4. RESULTS AND DISCUSSION
This part presents the findings of the study based on the data collected from respondents. The analysis is organized around the general and specific objectives of the study, which aimed to assess the effectiveness of product development in promoting business growth in insurance firms in Lusaka. The chapter includes both quantitative and qualitative data analysis, with results presented in the form of tables, graphs, and descriptive narratives. A total of 50 respondents were targeted for the survey, with a response rate of 86%, meaning that 43 valid responses were analyzed.

4.1. Demographic Characteristics of Respondents
The demographic data of the respondents are essential in understanding the background of the sample population. The respondents' demographic details, including gender, age, and education level, were collected and analyzed to understand their perspectives on product development in insurance firms.

4.2. Gender Distribution
The sample consisted of both male and female respondents. Out of the 43 respondents, 60% were male (n=26), and 40% were female (n=17), as shown in Table 1.

Table 1. Gender Distribution

Gender	Frequency	Percentage
Male	26	60%
Female	17	40%
Total	43	100%

4.3. Age Distribution
The age distribution of the respondents was categorized into four groups. The largest group of respondents (41%) was aged between 26 and 35 years, followed by 36 to 50 years at 30%, as shown in Table 2.

Table 2. Age Distribution

Age group	Frequency	Percentage
18 – 25 years	5	12%
26 – 35 years	18	41%
36 – 50 years	13	30%
Above 50 years	7	17%
Total	43	100%

4.4. Academic Demography
The chart below shows the results above.

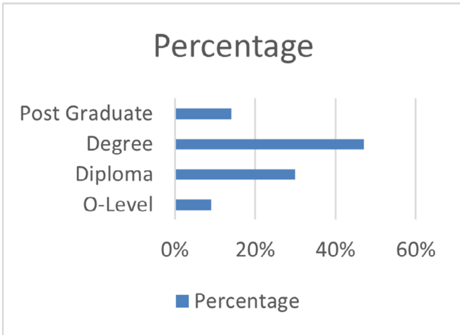

Figure 1. Academic Distribution

The Role of Innovation and Product Development in the Growth of Insurance Firms The first objective of the study aimed to evaluate how innovation and product development contribute to the growth of insurance firms in Lusaka. Respondents were asked to rate the extent to which they believed innovation significantly impacted the growth of insurance firms.

4.5. Objective one: Innovation and Growth
As shown in Figure 2, 70% of the respondents agreed that innovation significantly contributes to the growth of insurance firms to a very large extent, while 18% indicated it does so to a large extent. Only 2% felt innovation had a limited role.

Table 3. Assessing the extent to which respondents agree innovation to contributes to the growth of insurance companies

	Frequency	Percentage
To a very large extent	30	70%
To a large extent	8	18%
To some extent	3	7%
To a small extent	1	2%
To no extent at all	1	2%
Total	43	100%

Respondents noted that product development plays a key role in creating competitive advantages, improving customer satisfaction, and expanding service delivery. Firms that prioritize product innovation tend to experience higher growth rates. As shown by the figure below.

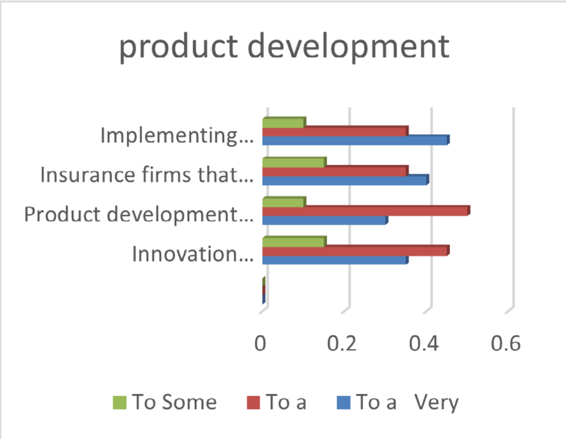

Figure 2. Role of Innovation and Product Development in Growth

Respondents highlighted the importance of innovation in achieving a competitive edge in the industry. Many emphasized that innovation allows firms to tailor products to meet evolving customer needs, thereby enhancing growth prospects.
"*Innovation is key to staying relevant in this competitive market*," one respondent stated. Another added, "*Without product development, firms cannot keep up with the fast-changing landscape of the insurance industry*."

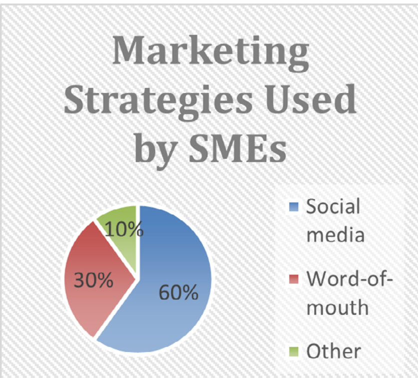

Figure 3. Marketing Strategies Used by SMEs

The following chart shows how Insurance firms communicate their new policies and products to their target market in order to promote business growth.
However, some respondents pointed out challenges related to investment costs and the difficulty in measuring the immediate return on investment from product development initiatives.

4.6. Objective two: The Impact of Product Development on Insurance Growth

The second objective sought to assess the impact of product development on the growth of insurance firms. Respondents rated the impact of recent product development initiatives on insurance growth.

4.7. Impact of Product Development

As summarized in Table 4.3, 65% of respondents felt that recent product development initiatives led to significant growth in the insurance sector in Lusaka to a very large extent, with 23% indicating a large extent. Only 12% felt the impact was moderate or minimal.

Table 4. Assessing the extent to which respondents felt that recent product development initiatives led to significant growth in the insurance sector

Response	Frequency	Percentage
To a very large extent	28	65%
To a large extent	10	23%
To some extent	4	9%
To a small extent	1	2%
To no extent at all	0	0%
Total	43	100%

Respondents highlighted that firms introducing new insurance products, such as tailored life insurance and digitized claims processing, saw increases in market share and improved customer satisfaction.

Table 5. Impact of Product Development on Insurance Growth

Statement	To a Very Large Extent	To a Large Extent	To Some Extent	To a Small Extent	Not at All
Recent product development initiatives have led to significant growth.	40%	35%	20%	5%	0%
Firms that introduce new products have seen an increase in market share.	45%	30%	15%	10%	0%
New insurance products have enhanced customer satisfaction.	35%	40%	20%	5%	0%
Product development is a key driver of revenue growth.	50%	30%	15%	5%	0%

Respondents mentioned several successful product development initiatives in the past five years, which significantly impacted growth. For example, one firm introduced a microinsurance product that saw immediate uptake in rural areas, improving its market penetration.
"Product development has directly influenced our revenue stream and increased customer loyalty," said one respondent.

4.8. Objective three Recent Product Development Initiatives
The third objective focused on evaluating the recent product development initiatives undertaken by insurance firms and their influence on customer satisfaction and retention. Respondents were asked to evaluate specific product development initiatives and their effects on customer satisfaction, retention, and overall business performance. Table 6 displays the results.

Table 6. Impact of Recent Product Development Initiatives

Statement	To a Very Large Extent	To a Large Extent	To Some Extent	To a Small Extent	Not at All
Recent initiatives have increased customer satisfaction.	35%	40%	15%	10%	0%
New initiatives have contributed to higher customer retention.	30%	45%	20%	5%	0%
Product development initiatives have positively influenced the firm's overall growth.	40%	35%	15%	10%	0%
Product development is a key driver of revenue growth.	50%	30%	15%	5%	0%

From the study the following are the finding from the study according the respondents based on initiatives used on product development.

i. Customer Satisfaction and Retention: Qualitative responses indicated that recent initiatives, such as mobile-friendly insurance applications, microinsurance products, and more responsive customer service options, have positively influenced customer satisfaction. Several respondents mentioned that retention rates increased by over 20% due to these innovations.

ii. Challenges and Opportunities: Respondents also cited several challenges faced during the implementation of product development initiatives, including regulatory barriers, high operational costs, and technological limitations. However, many believed that addressing these challenges would create new opportunities for growth and differentiation in a competitive market.

4.9. Analysis of the results
The correlation matrix in this study highlighted the strong interconnectedness between innovation and product development in driving business growth among insurance firms in Lusaka. A strong positive correlation was found between innovation's contribution to growth and product development's impact on growth, suggesting that firms that prioritize innovation tend to experience higher growth rates. This aligns with global studies and emphasizes that firms fostering innovation are better equipped to adapt to market changes and improve their product offerings.
Moderate correlations were observed between innovative products and competitive advantage, indicating that while innovation enhances market positioning, factors such as timing, customer demand, and execution also play critical roles in determining success. Similarly, customer retention and satisfaction showed a moderate positive correlation with product development, demonstrating that new and tailored products improve customer loyalty. However, customer service quality, pricing, and accessibility remain significant factors. The analysis confirms that innovation and product development are highly interconnected and critical to business success. Insurance firms that focus on continuous innovation are better positioned to meet market demands, retain customers, and maintain a competitive edge. This integrated approach to innovation is crucial for sustained growth and customer loyalty in the insurance sector.

4.10. Discursion of Findings
The importance of innovation and product development in fueling business growth is vital in fast-changing sectors, especially in insurance. This research, carried out with insurance companies in Lusaka, emphasizes the considerable advantages these firms have received from ongoing product innovation. The results correspond with Schumpeter's (1942) concept of "creative destruction," in which companies that innovate can disrupt markets and oust rivals. In Lusaka, the insurance sector has demonstrated innovation by offering customized products like microinsurance aimed at low-income individuals, thus broadening the customer base and meeting social requirements, aligning with Hoffman's "bottom of the pyramid" approach for catering to underserved markets.
The regulatory landscape, especially the modifications made by the Pensions and Insurance Authority (PIA), has impacted product innovation. Although recent regulations have accelerated the approval process for innovative products, adhering to them continues to be expensive and labor-intensive, occasionally redirecting resources from ongoing innovation. This indicates a conflict between regulatory systems and innovation, as observed in comparable sectors (Gomber *et al.*, 2018).

Technological advancements, especially in digital platforms, have been crucial in spreading new insurance products. Companies that embraced mobile and digital platforms for issuing policies, making premium payments, and processing claims secured a competitive advantage. Digital transformation within the insurance sector lowers administrative expenses and satisfies the demands of technology-oriented clients (Eling & Lehmann, 2018). In Lusaka, mobile insurance has increased access for rural and low-income urban clients, facilitating the development of microinsurance products.

The development of products has also aimed at tackling certain risks, like agricultural insurance, which has become increasingly popular among farmers. This corresponds with worldwide trends aiming for customized insurance offerings tailored to customer risk assessments (Gomber *et al.*, 2018). Through providing customized products that address sector-specific risks such as those in agriculture, businesses in Lusaka have enhanced customer satisfaction and retention, leading to business growth.

The research revealed that 80% of participants thought that product development played a crucial role in business expansion, corroborating earlier studies that associate product innovation with better financial results in the insurance industry (Datta, 2007). Tailoring products to address the unique requirements of customer segments like SMEs and farmers has been a significant factor in driving growth. Customized insurance offerings for rising risks, such as climate-related issues, have additionally facilitated business growth (Baines *et al.*, 2009). In a competitive marketplace, product innovation has enabled companies in Lusaka to set themselves apart and access new markets, including targeting young people and women, who were earlier neglected by conventional insurance products. Innovation has not only broadened customer bases but has also directly led to higher revenue. The launch of microinsurance, for instance, has resulted in increased policy sales, especially among low-income populations, thereby driving business expansion (Cooper & Bansa, 1995). ongoing innovation in product creation, the utilization of digital platforms, and an emphasis on tailored and risk specific products have been essential for the expansion of insurance companies in Lusaka. These strategies not only enhance market presence and boost revenue but also aid social progress by offering insurance solutions to marginalize communities.

5. CONCLUSION

The research aimed to assess how product development contributes to business growth in Lusaka's insurance sector. Using a mixed-methods approach, combining both qualitative and quantitative techniques, data were collected from 50 respondents and analyzed using statistical tools like ANOVA and correlation analysis. The study explored how product innovation affects business performance, challenges faced in the product development process, and the impact of innovations on growth. The findings revealed that 80% of respondents believe product development has a "large" or "very large" impact on firm performance. The introduction of new products, such as microinsurance, was found to enhance market penetration and revenue growth. Additionally, a positive correlation of 0.68 was found between product development and business growth, indicating that firms actively engaged in innovation experienced significant improvements in market share and profitability. Challenges such as regulatory hurdles and limited investment in R&D were identified, while digital transformation, particularly mobile technology, was recognized as a key driver in expanding market reach, especially in underserved regions. The research concluded that product development is essential for sustained growth, but it must be accompanied by greater investment in R&D and regulatory collaboration to unlock its full potential.

RECOMMENDATIONS

Based on the research findings, several recommendations are proposed to enhance the growth of insurance firms in Lusaka through product development. First, insurance firms should increase investment in research and development (R&D). The study found that firms with a strong R&D focus are better positioned to develop innovative products that meet evolving customer needs. Allocating more resources to R&D can help firms create differentiated products, especially for underserved market segments. Second, the study suggests a need for closer collaboration between insurance firms and regulatory bodies, such as the Pensions and Insurance Authority (PIA). Regulatory challenges, particularly the time and costs associated with compliance, were identified as barriers to innovation. A more collaborative approach could help streamline the approval process, such as creating a regulatory sandbox to test new products before full approval. Third, insurance companies should continue to prioritize digital transformation. The research indicated that firms using digital platforms, especially for policy issuance and claims processing, had a competitive edge. As digital technology evolves, firms should integrate new tools to improve operational efficiency and enhance customer experience. Fourth, insurance firms should focus on developing personalized products, such as microinsurance and agricultural insurance, which were identified as key drivers of business growth. Tailoring products to specific customer needs can help firms attract new customers and improve retention. Lastly, improving customer service, especially in claims processing, is crucial. Delays in claims settlements were a major source of dissatisfaction, and automating claims processing systems was shown to improve service delivery and customer retention. By addressing these areas, insurance firms can enhance competitiveness and ensure sustained growth in the market.

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