INFLUENCE OF STRATEGIC PARTNERSHIPS ON PERFORMANCE OF INSURANCE COMPANIES IN KENYA

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DECLARATION

This proposal is my original work and has not been presented for a degree in any other University or any other award**.**

Signature ………………….. **Date ………………..**

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This proposal has been submitted for examination with my approval as the University Supervisor.

Signature ………………….. **Date ………………..**

Prof. Justus Munyoki
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DEDICATION

I would like to dedicate this work to my supportive and inspirational family who always stood by me and whose strength, determination and faith makes everything look effortless. Special dedication also goes out to my friends in the industry for the key role they played in furnishing me with the resources I so much required

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ABSTRACT

Strategic partnerships are arrangements between two companies to work together, to make it easier for each of them to achieve their objectives. They offer a middle ground enabling organizations to attain some purely in-house options. Strategic partnerships are increasingly becoming popular in the business world in a bid to gain competitive advantage; firms combine their assets and capabilities to achieve this. Meaningful partnerships are the foundation for success. They allow companies to share the risk and resources required to dominate a specific market. They give a company a degree of flexibility not afforded by doing business on their own. To offer quality and achieve competitiveness; insurance companies have embraced strategic partnership. This study sought to establish the influence of strategic partnerships on the performance of insurance companies. This research was conducted through a survey study targeting operation managers for the 51 insurance companies licensed by IRA to operate in Kenya. The study collected primary data by use of a questionnaire. Data collected was analyzed through descriptive statistics, multiple linear regressions was undertaken with a view of examining the cumulative effect of the independent variables (Strategic partnerships and effectiveness of strategic partnerships) on the dependent variable (Organizational performance). Strategic partnerships contributed towards organizational performance of the insurance firms in Kenya. Higher profitability, wider distribution of insurance products, higher retention rates of customers were some outcomes identified as a result of the partnerships between insurance companies and various partners. The results concluded that there is a positive influence of each independent variable on dependent variable with the other independent variables held constant.

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ABBREVIATIONS AND ACRONYMS

AKI - Association of Kenya Insurers.

RBV- Resource Based View

IRA - Insurance Regulatory Authority

CHAPTER ONE INTRODUCTION

1.1 Background of the study

Strategic partnerships are increasingly becoming popular in the business world in a bid to gain competitive advantage; firms combine their assets and capabilities to achieve this. Meaningful partnerships are the foundation for success (Nyakango, 2013). Partnerships are what enable many companies to make continuous improvements. In the 21st century, the business environment has been very turbulent that has lead to most organization to transform, adopt new technologies, and improve innovation and cultural change. By sharing with others, you can direct your resources and capabilities to projects you consider most important. The rapid pace at which the world is changing is forcing mangers to develop new strategies to protect their competitive advantage (Mungai, 2008). In a bid to beat competition, mangers are continuously evaluating how well their products are meeting customers' needs and engaging in thorough systematic planning to find new strategies to better meet those needs (Nafula, 2009).

The resource based view of the firm acknowledges the importance of company specific resources and competencies, yet it does so in the context of the competitive environment (Gathirua, 2013). It sees capabilities and resources as the heart of a company's competitive position. A number of recent books according to have suggested that the most important resource of the firm is the knowledge embedded within the organizational people and systems. Strategy then being the link between the organization's strengths and weaknesses and its external environment which offers opportunities and threats, there is therefore a critical need to establish sustainable strategic partnerships which will act as a catalyst for improved performance (Wu, 2010).

The importance of the insurance sector is high for any developing country and Kenya is no exception. It allows for a range of financial instruments for different purposes; from meeting diverse needs from health costs or long term fund accumulation for investment among others. It provides for continuous inflow of capital and long-term investible funds. There is a growing need for insurance products both life business and general business. Insurance firms have been constantly coming up with innovative products so as to constantly meet the demands of the customers. Customer satisfaction and retention are critical for insurance firms. Service quality is a major determinant of customer satisfaction, and is increasingly being seen as a key strategic differentiator within the financial services sector worldwide. It is for this reason that most companies are seriously engaging each other to help each other or work together. Insurance firms have engaged into very serious strategic partnerships to support their business operations and to improve on their service delivery which would overall translate to increased profits.

1.1.1 Concept of strategy

Strategy refers to management's action plan for running the business and conducting operations. It represents a managerial commitment to pursue a particular set of actions growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance (Rono, 2013).

Strategy is defined by Johnson and Scholes (2005) as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholders' expectation'. Strategy consists of the common threads of thought for facing risks and uncertainty, seizing the opportunities presented by the environment and using the distinctive competences of the resources of the organization (Massie 2010).

Chandler (1962) defines strategy as the determination of the basic long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals.

Jones and George (2011) observe strategy as a cluster of related managerial decisions and actions that help an organization to attain its goals. It is the plan that integrates an organization's major goals, policies and action sequences into a cohesive whole. (Mintzberg, Lampel, Quinn Ghoshal 2003).Jay and William, (2008) defines strategy as being a theory about how to gain competitive advantage. A good strategy is a strategy that actually generates such advantages. A well formulated strategy helps to marshal and allocate an organization's resources based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by competitors.

1.1.2 Strategic Partnerships

Strategic partnerships have become increasingly popular in recent years. It refers to a range of collaboration arrangements between two or more organizations. They allow companies to share the risk and resources required to dominate a specific market. They give a company a degree of flexibility not afforded by doing business on their own. Cambridge dictionary defines strategic partnership as an arrangement between two companies or organizations to help each other or work together, to make it easier for each of them to achieve the things they want to achieve. They offer a middle ground enabling organizations to attain some purely in-house options (Daft 2010).

Kluyver (2010) highlights the several reasons why companies seek strategic partnerships as to facilitate market entry, risk and reward sharing, technology sharing, joint product development and conforming to government regulations. Thompson et al (2008) observes that more companies are forging strategic partnerships in efforts to reduce inventory and logistics costs, speed the availability of next generation components, enhance the quality of the parts and components being supplied and reduce defect rates and finally squeeze out important cost savings for both companies.

1.1.3 Organization performance

Organization performance is a measure of how efficiently and effectively managers use available resources to satisfy customers and achieve organization's goals. (Jones and George 2011) Organizational performance is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure.

It also refers to how well or badly a firm is performing both financially and non-financially. Organizational performance is a measure of effectiveness against set standards such as profitability and efficiency. It refers to the business's ability to achieve predetermined outcomes or targets within a given time frame (Jonathan and Diane 2004). As noted by Thompson et al (2007), there are two very distinct types of performance yardsticks: those relating to financial performance and those relating to strategic performance outcomes that indicate a company is strengthening its marketing standing, competitive vitality and future business prospects.

Some commonly used financial objectives include having a 10% increase in annual revenues, to have strong bond and credit ratings and to achieve larger profit margins. Some Strategic objectives include focusing on winning 20% market share, strengthening the company's brand name appeal, consistently getting new or improved products to the market ahead of competition among others. Organization performance is the measure of how well organizations do their jobs. It is the measure of how efficient and effective an organization is and how well it achieves its objectives. (Stoner, Freeman and Gilbert 2003)

1.1.4 The Insurance industry in Kenya

In Kenya insurance industry is governed by the Insurance Act and regulated by the Insurance Regulatory Authority (IRA). IRA is mandated with regulating, supervising and developing the insurance industry in Kenya. The statue regulating the industry is the Insurance Act, Law of Kenya, and Chapter 487.

The office was established to strengthen the government regulation under the Ministry of Finance. There is also self regulation by the Association of Kenya Insurer (AKI). The insurance industry in Kenya consists of a number of players namely; insurance companies and reinsurance companies, intermediaries and other service providers. During the last few years, the insurance industry has undergone a series of changes through financial reforms, advancement of communication and information technologies, globalization of financial services and economic development.

The Insurance Industry grew by 20.3% in 2014 however the penetration of insurance in Kenya is still low at 2.92%. Investment earnings and other income increased by 6.5% from Ksh 42.76 billion to Ksh 45.55 billion. Insurance Industry total assets increased by 16.3% to Ksh 417.43 billion from Ksh 358.82 billion in 2013.

Emerging risks such as Micro insurance, oil & gas and initiatives such as adoption of alternative distribution channels (banc-assurance) and use of technology are some of the measures put in place to improve insurance penetration level in Kenya

The insurance industry in Kenya has been going through tumultuous times especially because the sector is extremely dependent on the performance and outlook of other sectors in the economy and in particular, Agriculture, Transport, Health, Aviation, and Construction among others. The industry also provides in the stability of the economy through invisible earnings and provision of consumer benefits directly by way of insurance products. It therefore supports business activities through policy coverage of various risks, financial credit, investment and advice. The industry has been faced by various challenges key among them being fraud, low intake of insurance products and premium rate undercutting brought about by an increasingly competitive environment.

1.1.5 Insurance companies in Kenya

IRA records that there are51 authorized companies to transact insurance business as insurers for the year 2015. 25 companies wrote non-life insurance business only, 15 wrote life insurance business only while 11were composite (both life and non-life) however there only 47 companies registered with the association. There are 196 licensed insurance brokers, 28 medical insurance providers (MIPs) and 5,155 insurance agents. Other licensed players included 133 investigators, 108 motor assessors, 26 loss adjusters and 29 insurance surveyors. The Kenyan insurance industry experienced a wave of mergers and acquisitions in 2014 as local insurance firms and financial services firms flexed their acquisition muscle in order to grow their revenues, consolidate their market share and expand regionally.

Some of the notable mergers and acquisitions completed in 2014 include Mercantile Insurance Company Limited by Saham Group from Morocco, Real Insurance Group East Africa by Britam Investment Group, Kenya and Cannon Assurance Company Limited by Metropolitan Insurance from South Africa.

1.2 Research problem

The global environment, within which insurance companies compete, is increasingly more competitive. In a bid to sustain and gain market share, companies are devising strategies aimed at counteracting competitors, spurring growth and ensuring that the companies remain market driven. It is therefore of great importance that insurance firms engage in various strategic partnerships to ensure that the targeted results are achieved. Various studies have been carried out in the insurance sector in Kenya.

For instance, Evelyn (2013) researched on strategic business networking and competitive advantage in large insurance firms in Kenya. She established that there is a strong and direct positive correlation between the extents to which a business is strategically networked to other business and the extent of the competitive advantage which it enjoys. Her study however did not address the impact of strategic partnerships on performance.

On the other hand Mbuuko (2013) researched on the factors influencing choice of unrelated diversification strategies in the insurance industry in Kenya. His findings indicated that the insurance industry has been employing unrelated diversification strategies which have led to their success in their operations. This study too failed to address the influence of strategic partnerships on performance. Wanyama and olweny (2013) studied the effect of corporate governance on financial performance of listed firms in Kenya.

They established that board size negatively affected the financial performance of insurance companies listed in the Nairobi Securities Exchange hence establishing a positive relationship between board composition and financial performance of insurance companies listed at the NSE. Finally Mwangi (2013) did an investigation into factors that determine financial performance on insurance companies in Kenya.

The study aims at establishing and indentifying the possible factors and possible solutions to them. This research thus endeavors to find out the impact as well the influence of strategic partnerships on performance within the insurance industry in Kenya. Research Objectives

The study sought to establish the influence of strategic partnerships on performance of insurance companies in Kenya.

1.3 Value of the study

The study shall provide information to be used by the various insurance firms in Kenya to formulate positive fiscal policies and appropriate strategies which will be relevant to influencing the insurance sector performance and penetration in Kenya.

The findings will also be useful to the government and other regulatory institutions involved in the country's policy formulation to come up with guidelines on how to propel growth and insurance uptake in the country and the region. The study provides information to potential and current scholars on the influence of strategic partnerships on the performance of insurance firms. This would expand their knowledge on impact of such partnerships in the insurance industry and also identify areas of further study.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature from other researchers who have carried out their research in the same and closely related fields of study. The literature will explore theoretical, empirical, critical reviews and derive a conceptual framework for the study.

2.2 Theoretical Foundation

The study will be based on the Resource Based View (RBV), the dynamic capabilities theory, and the Michael porter's general strategies.

2.2.1 Resource Based View

The Resource Based View (RBV) argues that the competitiveness of a firm is achieved through deliverance of superior value to customers and make returns to its stakeholders (Musya, 2013). The businesses must strategically identify and utilize resources of a firm in order to sustain competitive advantage. The RBV theory argues firms have three categories of resources that are physical capital, human capital and organizational capital (Mutuvi, 2013). The other critical component of the RBV theory is the concept of capability. A capability is a capacity for a set of resources to perform a stretch task of an activity. Each organization is a collection of unique resources and capabilities that provides the basis for its strategy and the primary source of its returns (Kavoo, 2013). The strategic partnership between firms enables the utilization of these capabilities.

2.2.2 Dynamic Capabilities Theory

The dynamic capabilities theory is based on the notion that the firms need to competitively achieve their objectives (Bartai, 2014). For the firms to gain and sustain the competitive advantage, they must strive to continually rearrange their internal resources and capabilities that is dynamic capabilities (Ndanu, 2014).

In this context, the dynamic capabilities are defined as a firm's strategy to constantly integrate, reconfigure, renew, and recreate internal and external resources in response to dynamic and rapidly shifting market environments in order to attain and sustain competitive advantage (Kulundu, 2014). The strategic partnership enables firms to utilize their dynamic capabilities to the benefits of both firms.

2.2.3 Porter's Generic Strategies

Michael Porter (1998) identified five forces that shape an organization's competitiveness and thus its organizational performance. These forces include the threat of new entrants, the bargaining power of the buyers, the bargaining power of suppliers, the threat of substitute products or services and the rivalry among the existing competitors. An organization can utilize these forces to gain sustainable competitive advantage in broad (industry wide) or narrow (market segment) scope either by gaining cost advantage or differentiation (product uniqueness) strength

After analyzing the forces that shape the organization's competitive forces, Porter identified three generic strategies that is cost leadership, differentiation and focus strategies (Karumbi, 2013). The cost leadership strategy involves the organization to be the low cost producer in the industry for the given level of quality. This is informed by the fact that the organizations price either their services or products above the average industry prices to earn higher prices than the competition or below the average industry prices with a view of expanding the market share.

The firm’s success in cost leadership is achieved through internal strengths such as access to enough capital that represents barrier to entry that many firms may not overcome, high production skills and efficient distribution channels (Kairu, 2013).

In the context of differentiation, this strategy entails the development of a product or service that offers unique attributes that customers place a premium on and that the customer perceive to be better than or different form the products of the competition (Kairu, 2013).

This strategy enables the organizations to charge a premium price for its products as the customers are not able find close and quality substitutes for the products. Successful organizations in this strategy possess internal strengths such as highly skilled and creative product development team, strong sales team, corporate reputation for quality and innovation.

The focus strategy involves the organization concentrating on the narrow segment and within that segment attempt to achieve either a cost advantage or differentiation (Babajide, 2011). This leads to a situation where the organizations achieve high degree of customer loyalty while discouraging other firms from direct competition. For the organization to succeed in the focus strategy, the organization must be able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well.

2.3 Influence of Strategic Partnerships on Organization Performance

The empirical review will examine the context of strategic partnership and organizational performance.

2.3.1 Strategic Partnerships

Strategic partnership is a contractual, temporary relationship between companies remaining independent, aimed at reducing the uncertainty around the realization of the partners' strategic objectives by means of coordinating or jointly executing one or several of the companies' activities (Jepchumba, 2013). Strategic partnership must be undertaken carefully as it involves measures such as co-inventorship, intellectual property ownership, technology transfer, exclusivity, competition, hiring away of employees, rights to business opportunities created in the course of the partnership, splitting of profits and expenses, duration and termination of the relationship, and many other business issues (Chemwei, 2014).

There are several business factors leading to the need of the strategic partnership such as regulatory requirements, general economic conditions and the institutional frameworks in countries of operation, including legal requirements, macro-economic policies, price controls, financial capital markets, distribution channels, and methods of contract enforcement (Kasina, 2012).Other factors leading to the strategic partnership include industrial and institutional factors. The firms may seek organizational efficiencies and competitive advantage while avoiding market uncertainties and hierarchical rigidities. The organizational factors that lead to the need for the strategic partnership include company-specific properties as their sizes, visible and tacit assets, collaborative histories, ownership forms, corporate social capital networks, product ranges and diversification, market shares, and market penetration through distribution channels. Corporate social capital influences partner creation, as new ties build on existing inter firm relations. The strategic partnerships make critical contribution to the organizational performance in terms of profitability and productivity.

The benefits that lead to the improved organizational performance include knowledge sharing, improved market share, improved quality, inventory reductions, short product development cycle and improved delivery service (Njakai, 2011). The knowledge sharing among the firms is a critical component as it enables the firms to share on their core competencies, specializations, and skills they have acquired over time. The strategic partnership also helps the organizational performance due to the improvement in the logistics arrangement and distribution channels leading to improved market share. The strategic partnership leading to the improvement in the logistics improvement enables a wider range of customers to access the products and services of one firm which they would have otherwise not gained. The strategic partnership is also critical in the supply chain management which is achieved through cooperation and sharing of information between partners.

The information sharing between the strategic partners leads to new products, process improvement, gaining of new skills and identification of new opportunities (Waema, 2013). Sharing of information facilitates buyers and suppliers in identifying ways of effective coordination and reducing relevant costs so as to ensure competitive advantage. The strategic partnership has also been critical in the area of the cost management among the strategic partners.

The strategic cost management among the firms supports improvements in decision making and analysis, helps set priorities, improves an organization’s competitive advantage and results in a better allocation of resources. There are several methods that can be used to support the strategic partnerships including parties cost management techniques. The cost management increases the organizational competitive advantage among the firms.

The joint cost management leads to the value creation through information sharing among the strategic partners leading to the sharing of capabilities and expertise. The strategic partnership leads to the pursuit of strategic targets through an ongoing, long term joint programs, where the skills and expertise are extremely critical. The firms therefore adapt business processes leading to joint process and product development leading to the firms' control of the related costs to ensure the competitive advantage (Nkirote, 2014). The partnership also enables improved customer service aspects as there is faster cooperation services and goods production leading to improved customer service elements.

2.3.2 Organisation Performance

Organization performance is the measure of how well organizations do their jobs. It is the measure of how efficient and effective an organization is and how well it achieves its objectives. (Stoner Stoner, Freeman and Gilbert 2003).

It is as a measure of how well an organization achieves its own vision through the fulfillment of its set goals and objectives that may be financial and/or non- financial that is a measure of organization's actual output or results against its intended outputs. The concept of the organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for achieving a shared purpose.

Mbithi (2014) defines organizational performance as the achievement of high levels of performance, profitability and customer satisfaction by enhancing skills and engaging the enthusiasm of employees. The organizational performance has been conceptualized from two perspectives; financial perspective and the non-financial perspectives. The traditional means of measuring the organizational performance was through the financial measurements only (Gitau, 2014).

The financial performance approach examines indicators such as sales growth, profit rate, return on investment, return on sales, return on equity, and earnings per share. However, Muriithi (2010) note that the financial performance as a measure of organizational performance has become inadequate for the new reality of organizations given accelerated changes in technology, needs for innovation, flexibility, shortened product life cycles.The non-financial performance approach focuses on market share, new product introduction, product quality, marketing effectiveness and technological efficiency. Some scholars have further expanded the non-financial matrix of organizational performance. In this context, Nyongesa (2014) argues that there are four classifications of the company's performance. This includes the financial performance, internal business process performance, client performance and learning growth performance. The internal business process performance is involved with the improvement of the innovation and operational process.

The learning growth performance is concerned with the improvement of the personnel capability, improvement of the information system capability, personnel development and compatibility. There are two broad ways of measuring organizational performance including the use of performance management systems and the consensual measurement of performance (Kuria, 2013).The performance management systems provide the foundation to develop strategic plans, assess an organization's completion of objectives, and remunerate managers. On the other hand, the consensual measurement of performance promotes scholarly investigations and can clarify managerial decisions. New performance measurement frameworks that accommodate both the financial and non-financial measurements have been introduced.

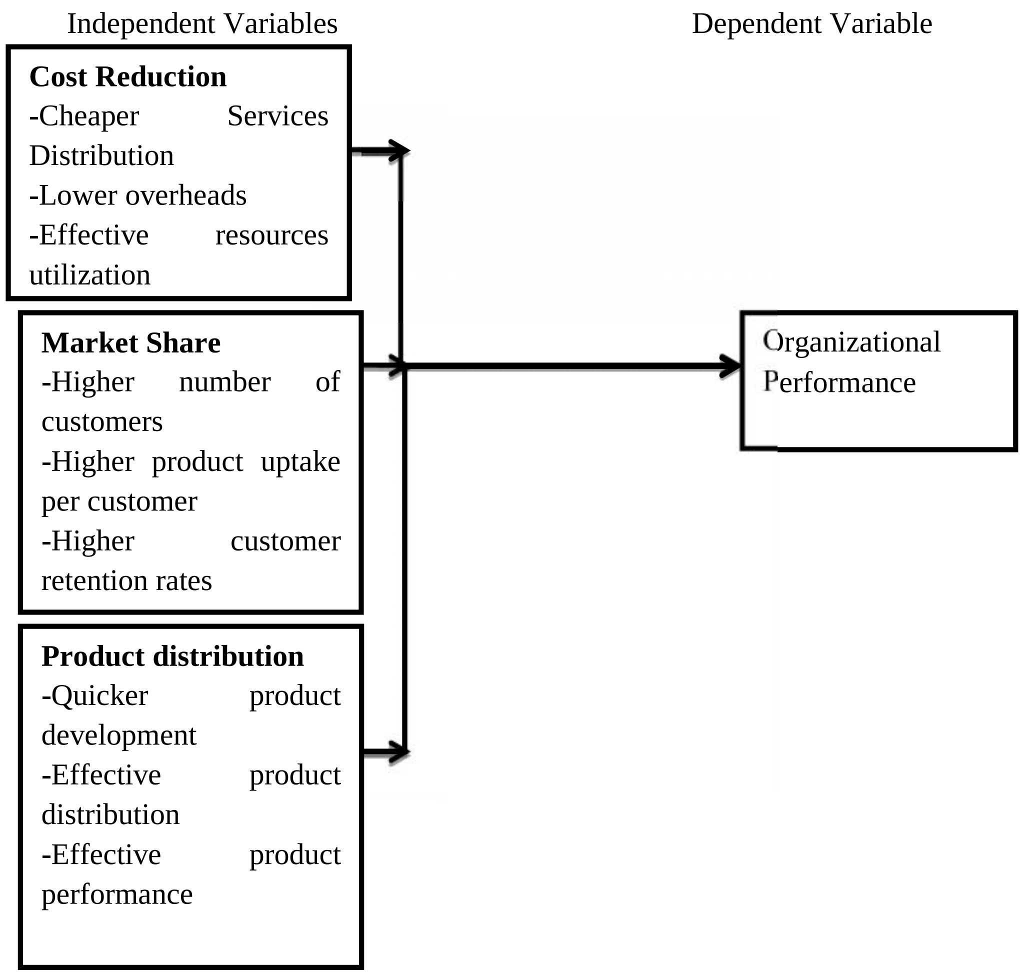
This includes the balanced score card, integrated performance measurement, shareholder model and the performance management framework. Some scholars have advocated for a mixture of the financial and non-financial performance measures. This mixture recommended the organizational performance to be measured through one financial and seven nonfinancial metrics namely Profitability, Market share, Productivity, Product leadership, Public responsibility, Personnel development, Employee attitudes and Balance between short-range and long-range objectives (Mwandebe, 2009).

2.4 Conceptual Framework

The study examined the influence of strategic partnerships on performance of insurance companies in Kenya. Key performance indicators were identified and mainly focused on cost reduction, market share and product distribution forming the independent variables for the study. Cost as a variable was measured through effective resource utilization, reduction of overheads, cheaper distribution of products and efficiency in service delivery. Market share as a variable was measured through the number of customers, customer retention rates and the overall profitability of the company.

Finally product distribution was measured through efficiency in product delivery, wider distribution networks and levels of customer satisfaction as presented in figure 2.1.

Figure 2.1**Conceptual Framework**



2.5 Summary

This chapter provided an in-depth review of literature from other researchers who have carried out their research in the fields of strategic partnerships and performance. This provided a good base through which strategic partnerships and organisation performance was made clear and enhanced the understand ability of the topic. The study based its arguments and discussions on three management theories that were resource based view theory, dynamic capabilities theory and porter's generic strategies.

CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This section deals with the methodology that was used to collect the required data for the research. It explains the research design, the target population, the sampling method, data collection instruments and the method of analysis.

3.2 Research Design

The study used a descriptive survey approach in collecting data from the respondents whose aim was to examine the influence of strategic partnerships on performance of insurance firms in Kenya. The data was organized, tabulated, depicted and described by use of visual aids like graphs and charts. This design gave an incisive analysis of the influence of strategic partnerships on performance of insurance firms in Kenya.

3.3 Population of the Study

Population of study refers to the entire group of individuals or objects from which the study seeks to generalize its findings (Cooper and Schindler, 2008). Based on this definition, the population from which the conclusion for the study was made up of all the insurance 51 companies operating in Kenya. These are the companies that have been licensed by IRA to write both life and general business in Kenya for the year 2015.

3.4 Data Collection

The study used both secondary data from other sources and primary data collected using questionnaires to carry out the study. The questionnaires consisted of structured and unstructured questions and was administered through drop and pick method to respondents. The study was conducted by a census as questionnaires were administered to the operations manager of all the 51 insurance companies in Kenya.

Similarly secondary data sources was employed whereby use of previous document or materials to support the data received from questionnaires that included newspapers, Insurance industry reports and company magazines available in the libraries and online information through websites will be visited.

3.5 Data Analysis

The data was analyzed, then coded and finally tabulated. Descriptive statistics such as means, standard deviation, factor analysis and frequency distribution was used to analyze the data. The data was tabulated with the help of the Statistical Package for Social Sciences (SPSS 17.0) that has data handling and statistical analysis capability that can analyze data statistics and generate descriptive statistics such as frequency, percentages, means and standard deviations. Data presentation was done by the use of percentages and frequency tables. This enhanced clarity and understandability of the gathered information.

3.6 Summary

The chapter provided an outlook of the research methodology employed by the researcher. The population of the study was made up the 51 insurance companies licensed by IRA to write both life and general business in Kenya for the year 2015. A descriptive survey approach design was used in collecting data whereby primary data was collected using questionnaires. Finally the data collected was analyzed by use of descriptive statistics which was tabulated with the help of the Statistical Package for Social Sciences.

CHAPTER FOUR DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter examines the research findings and the interpretation of the research findings of the study that is the influence of strategic partnerships on performance of insurance companies in Kenya.

4.2 Response Rate

The sample size of the study was 51 respondents and therefore 51 questionnaires were distributed. Out of the distributed questionnaires, 45 questionnaires were returned representing 88.24% return rate. The returned questionnaires were checked for consistency, errors in filling, completely filled, and adherence to the set instructions before analysis. A further four questionnaires were eliminated due to the incompleteness of the questionnaires. Therefore, 41 questionnaires were analyzed representing a response rate of 80.39 %. According to Mugenda (2003), a response rate of above 80% is deemed sufficient for the study and therefore this response rate at 83.67 % was considered sufficient for the study.

4.3 Demographic Characteristics

The respondents' characteristics were examined through position held in the institution, education level, experience in the organization, and the size of the insurance firm.

Table 4.1: Demographic Characteristics

Distribution By Position Held	Frequency	Percent
Insurance Officer	11	26.8
Supervisor	17	41.5
Manager	13	31.7
Total	41	100.0
Distribution By Education Level		
Graduate	31	75.6
Post Graduate	10	24.4
Total	41	100.0
Distribution By Experience Level		
0-5 Years	22	53.7
6-10 Years	9	22.0
11-15 Years	7	17.0
Over 15 Years	3	7.3
Total	41	100.0
Distribution By Insurance Firm Size		
Medium	22	53.7
Large	19	46.3
Total	41	100

As illustrated in the table 4.1 above, majority of the respondents (51.2%) indicated that they are insurance officers while 48.8% indicated that they are supervisors in their firms. The aspect of the position held in the organization was of critical concerns as it was indicative of the quality of the information given and the reliability of the data. In the context of the education level, 75.6% of the respondents had graduate education level while 24.4% had post graduate education level. In the context of the experience level, 53.7% of the respondents had less than 5 years experience level, 22% had 6-10 years' experience, 17% had 11-15 years' experience and 7.3% of the respondents had over 15 years' experience. The aspect of the experience of the respondents is correlated to the reliability of the data provided. In the context of firm size, 53.7% of the firms were of medium size while 46.3% of the firms were large.

4.4 Descriptive Statistics

The descriptive statistics will be examined in three subsections that is the reasons for strategic partnerships, the organizational performance of insurance firms and the effectiveness of strategic partnerships.

4.4.1 Strategic Partnerships

The reasons for strategic partnerships were examined through various reasons that is the management and minimization of costs/risks, provision of superior customer value, maximization of profits for the company, share and gain of tacit knowledge, protection and enlarging of market share, compliment/gain resources and capabilities, and acquisition of technology. A likert scale of Strongly Disagree (SD), Disagree (D), Uncertain (U), Agree (A) and Strongly Disagree (SA) was used.

Table 4.4; Distribution Frequency for Strategic Partnerships

	SA	**A**	**U**	**D**	**SD**
To manage and minimize costs/risks	26.8%	65.9%	7.3%	0.0%	0.0%
To provide superior customer value	56.1%	26.8%	12.2%	4.9%	0.0%
To maximize profits for the company	68.3%	24.4%	7.3%	0.0%	0.0%
To share and gain tacit knowledge	48.8%	24.4%	26.8%	0.0%	0.0%
To protect and enlarge market share	63.4%	26.8%	9.8%	0.0%	0.0%
To compliment/gain resources and capabilities	46.8%	26.4%	26.8%	0.0%	0.0%
To acquire technology	24.4%	24.4%	51.2%	0.0%	0.0%

The results for different metrics were as follows; to manage and minimize costs/risks had 26.8% (SA), 65.9% (A), and 7.3% (U). For the reason to provide superior customer value the results were as follows 56.1% (SA), 26.8% (A), 12.2%

(U) and 4.9% (D). The reasons the maximization of profits for the company had 68.3% (SA), 24.4 %(A) and 7.3% (U). On the reason for to protect and enlarge market share, the results were 46.8% (SA), 26.4% (A), and 26.8% (U).

The results for the compliment/gain resources and capabilities, the results were 48.8% (SA), 24.4% (A) and 26.8% (U). Finally, the reasons for the acquisition for the technology were 24.4% (SA), 24.4 % (A) and 51.2% (U).

Table 4.5; Descriptive Statistics for Strategic Partnerships

Reasons for gaining strategic partnerships	**N**	**Mean**	**Std. Dev**
To manage and minimize costs/risks	41	0.8049	0.55765
To provide superior customer value	41	0.6585	0.88345
To maximize profits for the company	41	0.3902	0.62762
To share and gain tacit knowledge	41	0.7805	0.85183
To protect and enlarge market share	41	0.4634	0.67445
To compliment/gain resources and capabilities	41	0.7805	0.85183
To acquire technology	41	1.2683	0.83739
Valid N (list wise)	**41**		

To enable a better understanding of the reasons for strategic partnerships, table 4.5 above summarizes the descriptive statistics through provision of the means and the standard deviation. The descriptive statistics correspond to the SPSS coding; strongly agree (0), agree (1), uncertain (2), disagree (3) and strongly disagree (4). The means of the various metrics were between 0 and 2 indicating that there was a tendency to strongly agree or agree. The metrics that had respondents tending to agree include to manage and minimize costs/risks (0.8049), to provide superior customer value (0.6585), to maximize profits for the company (0.3902), to share and gain tacit knowledge (0.7805), to protect and enlarge market share (0.4634), and to compliment/gain resources and capabilities (0.7805). On the other hand, the metric to acquire technology had a mean of 1.2683.

4.4.2 Organizational Performance

The organizational performance of the insurance firms as a result of strategic partnerships were examined through the strategic partnerships leading to higher profitability, wider distribution of insurance products, new product developments, new process innovation, new market access, higher product uptake per customer, and higher customer retention levels. A likert scale of Strongly Disagree (SD), Disagree (D), Uncertain (U), Agree (A) and Strongly Agree (SA) was used.

Table 4.6; Distribution Frequency for Organizational Performance

	SA	A	U	D	SD
Strategic partnership with different service providers has resulted into higher profitability of the insurance company	53.7%	36.6%	9.8%	0.0%	0.0%
Strategic partnership with different service providers has resulted into a wider distribution of insurance products	41.5%	48.8%	9.8%	0.0%	0.0%
Strategic partnership with different service providers has resulted into new products developments	48.8%	24.4%	26.8%	0.0%	0.0%
Strategic partnership with different service providers has resulted into new processes innovation	22.0%	34.1%	24.4%	17.1%	2.4%
Strategic partnership with different service providers has resulted into new markets access	29.3%	31.7%	29.3%	9.8%	0.0%
Strategic partnership with different partners has led to higher uptake of products per customer	12.2%	36.6%	39.0%	12.2%	0.0%
Strategic partnership with different partners has resulted into higher customer retention rates	24.4%	24.4%	26.8%	24.4%	0.0%

As illustrated in the table 4.6, 53.7% of the respondents strongly agreed that strategic partnership lead to higher profitability.

41.5% of the respondents strongly agreed that strategic partnership resulted into wider distribution of insurance products. 48.8% of the respondents strongly agreed that strategic partnership with different service providers in deed resulted into new products developments. 34.1% of the respondents agreed that strategic partnerships lead to new process innovation however 24.4% were uncertain of this. 31.7% of the respondents agreed that strategic partnerships resulted into new market access. 39.0% of the respondents were uncertain that Strategic partnerships lead to higher uptake of products per customer. 26.8% of the respondents were uncertain that Strategic partnerships with different partners has resulted into higher customer retention rates however 24.4 % of the respondents disagreed with this.

Table 4.7; Descriptive Statistics for Organizational Performance

	N	Mean	Std. Dev
Strategic partnership with different service providers has resulted into higher profitability of the insurance company	41	0.5610	0.67264
Strategic partnership with different service providers has resulted into a wider distribution of insurance products	41	0.6829	0.64958
Strategic partnership with different service providers has resulted into new products developments	41	0.7805	0.85183
Strategic partnership with different service providers has resulted into new processes innovation	41	1.4390	1.09656
Strategic partnership with different service providers has resulted into new markets access	41	1.1951	0.98029
Strategic partnership with different partners has led to higher uptake of products per customer	41	1.5122	0.86954
Strategic partnership with different partners has resulted into higher customer retention rates	41	1.5022	1.12076
Valid N (list wise)	41		

To enable a better understanding of the reasons for strategic partnerships, table 4.7 below summarizes the descriptive statistics through provision of the means and the standard deviation. The descriptive statistics correspond to the SPSS coding; strongly agree (0), agree (1), uncertain (2), disagree (3) and strongly disagree (4).

The means of the various metrics were between 0 and 2 indicating that there was a tendency to strongly agree or agree. The metrics that had respondents tending to strongly agree include the strategic partnerships led to higher profitability levels with mean of 0.5610, wider distribution of insurance products (0.6829), and new products development (0.7805). On the other hand, the metrics with the respondents tending to agree included strategic partnership leading to new process innovation (mean of 1.4390), new markets access (mean of 1.1951), higher product uptake per customer (mean of 1.5122), and higher customer retention rates (mean of 1.5022).

4.4.3 Effectiveness of Strategic Partnerships

The effectiveness of strategic partnerships in the insurance industry was examined through the strategic partnerships leading to higher number of customers relative to peers in the industry, increase in overall competitiveness in the industry, keeping and expanding of the market position, greater product awareness, cheaper cost of service distribution, acquisition of specific competencies, cutting down on costs, effective product distribution, and achievement of high level of customer satisfaction

Table 4.8: Distribution Frequencies for Strategic Partnerships

	SA	A	U	D	SD
Strategic partnership with different partners has led to a higher number of customers relative to peers in the industry	39.0%	36.6%	17.1%	7.3%	0.0%
Strategic partnership with different partners has led to overall competitiveness in the industry	61.0%	24.4%	14.6%	0.0%	0.0%
Strategic partnership helps the company to keep and expand its market position in the competitive industry	26.8%	51.2%	22.0%	0.0%	0.0%
Strategic partnership with different partners has led greater product awareness among customers	22.0%	39.0%	17.1%	14.6%	7.3%
Strategic partnership with different partners has resulted into cheaper cost of services distribution	24.4%	48.8%	26.8%	0.0%	0.0%
Strategic partnerships help the firm acquire specific competencies in the insurance industry	24.4%	75.6%	0.0%	0.0%	0.0%
Strategic partnerships help the firm cut down on costs	24.4%	51.2%	24.4%	0.0%	0.0%
Strategic partnership with different partners has enable a more effective product distribution	36.6%	36.6%	19.5%	7.3%	0.0%
Strategic partnership with different partners has contributed towards achieving high levels of customer satisfaction.	43.9%	39.0%	12.2%	4.9%	0.0%

A likert scale of Strongly Disagree (SD), Disagree (D), Uncertain (U), Agree (A) and Strongly Disagree (SA) was used. The strategic partnership resulting into higher number of customers had the results as 39.0% (SA), 36.6% (A), 17.1% (U) and 7.3% (D). The strategic partnership leading to overall competitiveness in the industry results were 61.0% (SA), 24.4% (A), and 14.6% (U). The strategic partnerships helping the company keep and expand its market position results were 24.4% (SA), 48.8% (A), and 26.8% (U).

The strategic partnership leading into greater product awareness had the following results 22.0% (SA), 39.0% (A), 17.1% (U), 14.6% (D), and 7.3% (SD).

Table 4.9 Descriptive Statistics for Strategic Partnerships

	N	Mean	Std. Dev
Strategic partnership with different partners has led to a higher number of customers relative to peers in the industry	41	0.9268	0.93248
Strategic partnership with different partners has led to overall competitiveness in the industry	41	0.5366	0.74490
Strategic partnership helps the company to keep and expand its market position in the competitive industry	41	0.9512	0.70538
Strategic partnership with different partners has led greater product awareness among customers	41	1.4634	1.20618
Strategic partnership with different partners has resulted into cheaper cost of services distribution	41	1.0244	0.72415
Strategic partnerships help the firm acquire specific competencies in the insurance industry	41	0.7561	0.43477
Strategic partnerships help the firm cut down on costs	41	1.2439	1.09042
Strategic partnership with different partners has enable a more effective product distribution	41	0.9756	0.93509
Strategic partnership with different partners has contributed towards achieving high levels of customer satisfaction.	41	0.7805	0.85183
Valid N (list wise)	41		

Table 4.9 summarizes the descriptive statistics through provision of the means and the standard deviation. The descriptive statistics correspond to the SPSS coding; strongly agree (0), agree (1), uncertain (2), disagree (3) and strongly disagree (4). The means of the various metrics were between 0 and 2 indicating that there was a tendency to strongly agree or agree with set questions. The metrics that responded agreed that the strategic partnerships strongly lead to higher number of customers (mean of 0.9268), overall competitiveness in the industry (mean of 0.5366), maintenance and expansion of market share (mean of 0.9512), acquisition of specific competencies (0.7561), creation of effective product distribution (mean of 0.9756), and achievement of high levels of customer satisfaction (mean of 0.7805).

4.5 Inferential Statistics

The inferential statistics will be undertaken through the use of the principal factor analysis.

4.5.1 Strategic Partnerships

The factor analysis was conducted to find the factors that were critical in the choices for the strategic partnerships in the insurance industry.

Table 4.10 Total Variance Explained for Strategic Partnerships

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.357	47.954	47.954	3.357	47.954	47.954
2	1.458	20.829	68.782	1.458	20.829	68.782
3	0.943	13.470	82.252			
4	0.616	8.805	91.057			
5	0.337	4.818	95.876			
6	0.245	3.497	99.373			
7	0.044	0.627	100.000			

Extraction Method: Principal Component Analysis.

Table 4.10 shows that seven factors were identified in relations to the reasons for entering strategic partnerships that is minimization of costs/risks, provision of superior customer value, maximization of profits for the company, sharing and gain of tacit knowledge, protection and enlarging of the market share, compliment/gain of resources, and acquisition of technology. This indicates that the seven metrics that compose the strategic partnerships can be divided into two factors or groups indicating reasons for forming strategic partnerships.

Table 4.11 Component Matrix for Strategic Partnerships

	Component	
	1	2
To manage and minimize costs/risks	-0.889	-0.027
To provide superior customer value	0.362	0.044
To maximize profits for the company	-0.386	0.759
To share and gain tacit knowledge	0.843	-0.165
To protect and enlarge market share	0.545	-0.600
To compliment/gain resources and capabilities	0.908	0.336
To acquire technology	0.674	0.616

Extraction Method: Principal Component Analysis.
a. 2 components extracted.

Table 4.11 showed how components were loading into two factors that is factors 1 and 2. Factor 1 was composed of sharing and gaining of tacit knowledge (factor loading of 0.843), to protect and enlarge market share (factor loading of 0.545), to compliment/gain resources and capabilities (factor loading of 0.908), and to acquire technology (factor loading of 0.674). On the other hand, factor 2 was composed of to maximize profits for the company (factor loading of 0.759). The items with a factor loading of less than 0.3 were not considered. Therefore in the order of significance, the reasons for entering into strategic partnerships included; to compliment/gain resources and capabilities (factor loading of 0.908), sharing and gaining of tacit knowledge (factor loading of 0.843),maximize profits for the company (factor loading of 0.759), acquire technology (factor loading of 0.674), and to protect and enlarge market share (factor loading of 0.545).

4.5.2 Organizational Performance

The factor analysis was conducted to find the factors that were critical in the organizational performance in insurance industry.

Table 4.12 Total Variance Explained on Organizational Performance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.105	30.075	30.075	2.105	30.075	30.075
2	1.566	22.371	52.446	1.566	22.371	52.446
3	1.007	14.393	66.839	1.007	14.393	66.839
4	0.992	14.171	81.010			
5	0.770	10.996	92.006			
6	0.395	5.641	97.647			
7	0.165	2.353	100.000			

Extraction Method: Principal Component Analysis.

Table 4.12 shows that seven factors that were used to check on the organization performance of the insurance firms in strategic partnerships. These factors are the strategic partnership leading to higher profitability of insurance company, wider distribution of insurance products, new products development, new processes innovation, new markets access, higher uptake of products per customer, and higher customer retention rates. The factors with eigenvalues of greater than 1 were extracted in this case there were two factors with eigenvalues of 2.105, 1.566, and 1.007 accounting for 30.075%, 22.371% and 14.393% of the variance respectively. This indicates that the seven metrics that measured organizational performance could be divided into three groups for measuring the organizational performance.

Table 4.13 Component Matrix of Organizational Performance

	Component		
	1	2	3
Strategic partnership with different service providers has resulted into higher profitability of the insurance company	-0.175	0.827	0.254
Strategic partnership with different service providers has resulted into a wider distribution of insurance products	0.047	-0.792	0.420
Strategic partnership with different service providers has resulted into new products developments	0.844	-0.267	-0.294
Strategic partnership with different service providers has resulted into new processes innovation	0.627	0.251	0.530
Strategic partnership with different service providers has resulted into new markets access	0.525	0.063	0.495
Strategic partnership with different partners has led to higher uptake of products per customer	0.158	-0.164	0.014
Strategic partnership with different partners has resulted into higher customer retention rates	0.817	0.298	-0.393

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

Table 4.13 shows how components were loading into three factors that is factors 1, 2 and 3. Factor 1 was composed of the strategic partnerships leading to new products development (factor loading 0.844), new process innovation (factor loading of 0.627), new market access (factor loading of 0.525), and higher customer retention rates (factor loading of 0.817). The factor 2 was composed of the strategic partnership leading to higher profitability (factor loading of 0.827) while factor 3 was composed of wider distribution of insurance products (factor loading of 0.420).The order of importance of the organizational performance of the insurance firms included;new products development (factor loading 0.844), higher profitability (factor loading of 0.827), higher customer retention rates (factor loading of 0.817), new process innovation (factor loading of 0.627), new market access (factor loading of 0.525), and wider distribution of insurance products (factor loading of 0.420).

4.5.3 Effectiveness of Strategic Partnerships

The effectiveness of strategic partnerships was examined through the principal component analysis. There were nine factors that were used to check on the effectiveness of strategic partnerships in the insurance industry. These nine factors included strategic partnerships leading to higher number of customers relative to peers in the industry, overall competitiveness in the industry, keeping and expanding on the market position, greater product awareness among customers, cheaper cost of services distribution, acquisition of specific competencies in the insurance industry, cutting down on costs, effective product distribution and achievement of high levels of customer satisfaction. The factors with eigenvalues of greater than 1 were extracted in this case there were three factors with eigenvalues of 3.362, 1.554, and 1.245 accounting for 37.355%, 17.263% and 13.835% variance respectively. This indicates that the nine metrics that measured strategic partnerships could be divided into three groups for measuring the effectiveness of strategic partnerships.

Table 4.14 Total Variance Explained on Strategic Partnership Effectiveness

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.362	37.355	37.355	3.362	37.355	37.355
2	1.554	17.263	54.618	1.554	17.263	54.618
3	1.245	13.835	68.453	1.245	13.835	68.453
4	0.843	9.372	77.825			
5	0.782	8.684	86.508			
6	0.563	6.251	92.759			
7	0.352	3.906	96.665			
8	0.257	2.857	99.522			
9	0.043	0.478	100.000			

Extraction Method: Principal Component Analysis.

Table 4.17 showed how components were loading into three factors that are factors 1, 2 and 3. Factor 1 was composed of the strategic partnership leading to keeping and expanding market position (factor loading of 0.810), cheaper cost of services distribution (factor loading of 0.821), acquisition of specific competencies in the insurance industry (factor loading of 0.928), cutting of costs (factor loading of 0.713). Factor 2 was composed of the strategic partnership leading to higher number of customers relative to peers (factor loading of 0.610) while factor 3 was composed of leading to overall competitiveness (factor loading of 0.607) and contribution of achievement of higher levels of customer satisfaction (factor loading of 0.503). In the context of the order of significance in the effectiveness of strategic partnerships the factors included acquisition of specific competencies in the insurance industry (factor loading of 0.928), cheaper cost of services distribution (factor loading of 0.821), keeping and expanding market position (factor loading of 0.810), cutting of costs (factor loading of 0.713), higher number of customers relative to peers (factor loading of 0.610) while factor 3 was composed of leading to overall competitiveness (factor loading of 0.607) and contribution of achievement of higher levels of customer satisfaction (factor loading of 0.503).

Table 4.15 Component Matrix on Strategic Partnership Effectiveness

	Component		
	1	2	3
Strategic partnership with different partners has led to a higher number of customers relative to peers in the industry	-.261	.610	.320
Strategic partnership with different partners has led to overall competitiveness in the industry	.388	-.175	.607
Strategic partnership helps the company to keep and expand its market position in the competitive industry	.810	-.036	-.335
Strategic partnership with different partners has led greater product awareness among customers	-.574	-.182	-.379
Strategic partnership with different partners has resulted into cheaper cost of services distribution	.821	-.314	.163
Strategic partnerships help the firm acquire specific competencies in the insurance industry	.928	-.117	-.162
Strategic partnerships help the firm cut down on costs	.713	.465	-.340
Strategic partnership with different partners has enable a more effective product distribution	-.027	-.736	.311
Strategic partnership with different partners has contributed towards achieving high levels of customer satisfaction.	.336	.496	.503

Extraction Method: Principal Component Analysis.

4.6 Conclusion

The multiple linear regressions was undertaken with a view of examining the cumulative effect of the independent variables (Strategic partnerships and effectiveness of strategic partnerships) on the dependent variable (Organizational performance). The R (multiple correlation coefficients) of 0.664 measures the strength of the effect of the independent variables on dependent variable. There is a strong positive relationship between the independent variable and the dependent variable. The coefficient of determination (R square) indicates that the independent variables account for 44% of the variance in organizational performance (dependent variable).

Table 4.2 Linear Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.664[a]	.440	.411	.34451

a. Predictors: (Constant), eff, strategic

The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable, F (2, 38) = 14.949, p < .0005 (i.e., the regression model is a good fit of the data).

Table 4.3 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.549	2	1.774	14.949	.000[a]
	Residual	4.510	38	.119		
	Total	8.059	40			

a. Predictors: (Constant), Effectiveness of Strategic Partnerships, Strategic Partnerships

b. Dependent Variable: Organization Performance

The table below indicates the coefficients which indicate the variance of the dependent variables with an independent variable when all other independent variables are held constant. The results conclude that there is a positive influence of each independent variable on dependent variable with the other independent variables held constant.

Organization Performance = 0.141+ 0.341 (Strategic Partnerships) + 0.734 (Effectiveness of Strategic Partnerships)

Table 4.18 Linear Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.141	.188		.750	.458
	Strategic Partnerships	.341	.207	.254	1.650	.107
	Effectiveness of Strategic Partnerships	.734	.237	.476	3.095	.004

a. Dependent Variable: Organization Performance

CHAPTER FIVE SUMMARY, CONCULSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary, conclusions and recommendations in relations to the objective of the study that is influence of strategic partnerships on performance of insurance companies in Kenya. Based on the findings in chapter four, the study gives suggestion for further research and limitations of the study. From the analysis and data collected, the following discussions, conclusions and recommendations were made.

5.2 Summary

The study established that there were varied reasons for entering the strategic partnerships. One of the reasons identified was that most companies undertook partnerships to enhance and compliment their resources and capabilities which in turn maximized profits for the company (factor loading of 0.759). This was evidenced by the type of partnerships entered into which include and are not limited to banks, hospitals, loss adjustors and the various garages that provided services on behalf of the insurance companies. Acquiring technology was also cited as one of the key reasons for partnerships by the insurance companies as this aided in their operations ensuring efficiency and effectiveness in service delivery to its clients. Banks and the telecommunication firms like Safaricom and Airtel offered a platform that enabled the insurance companies to collect premiums and also financing for those who were not able to pay a lump sum amounts required for one to be on cover.

The study established that strategic partnerships influenced the process of product development that aided in developing and enhancing the various products available in the company to be able to meet the needs of the customer.

The study also identified that partnerships enhanced their customer retention rates which is a key factor in the insurance business, higher customer retention rates ensures that renewal premium income is collected which improves the performance of the company. Wider distribution of insurance products was also identified as an outcome of the various strategic partnerships which in turn enhanced performance of the companies. A higher level of customer satisfaction was achieved as result of the various partnerships, which enhanced overall competitiveness of the insurance companies entering into partnerships.

5.3 Conclusion

The study examined the influence of strategic partnerships on the performance of insurance companies in Kenya. The major motivating factor for the strategic partnership included the gaining of complement resources and capabilities and that the strategic partnership contributed towards organizational performance of the insurance firms in Kenya.

There were varied reasons for entering the strategic partnerships which in the order of importance included to compliment/gain resources and capabilities (factor loading of 0.908), sharing and gaining of tacit knowledge (factor loading of 0.843) and to maximize profits for the company (factor loading of 0.759). The significance of the effectiveness of strategic partnerships the factors included acquisition of specific competencies in the insurance industry (factor loading of 0.928), cheaper cost of services distribution (factor loading of 0.821), keeping and expanding market position (factor loading of 0.810), cutting of costs (factor loading of 0.713), higher number of customers relative to peers (factor loading of 0.610) while factor 3 was composed of leading to overall competitiveness (factor loading of 0.607) and contribution of achievement of higher levels of customer satisfaction (factor loading of 0.503).

The results concluded that there is a positive influence of each independent variable on dependent variable with the other independent variables held constant. Organization Performance = 0.141+ 0.341 (Strategic Partnerships) + 0.734 (Effectiveness of Strategic Partnerships)

5.4 Limitations of the study

The researcher encountered various challenges that tended to hinder access to information sought by the study. The respondents approached were reluctant in giving information fearing that the information sought would be used by competitors in the industry. Some respondents' feared victimization and therefore were not willing to participate in the study. To counter that limitation, the researcher carried an introduction letter from the University and assured them that the data collected was for academic purposes only and that their responses will be treated with anonymity and confidentiality.

5.5 Recommendations

The study established that strategic partnerships between insurance companies and various service providers influenced the overall performance of the insurance companies. The study recommends than insurance companies should seek to improve on its partner's selection so that to ensure the various partnerships are beneficial to the company. Proper terms should be agreed upon to ensure sustainable quality service delivery.

Further, insurance companies should continuously evaluate the levels of service being delivered by the partners on their behalf so as to ensure that the services are being delivered according to the agreements between the company and its partners.

5.6 Suggestions for Further Study

The study established that strategic partnerships between insurance companies and various service providers influenced the overall performance of the insurance companies. Majority of the respondents identified that the partnerships lead to minimization of overall costs which in turn improved their overall competitiveness and eventually maximization of profits to enhance the performance of the companies. It is in this regard that the study recommends that another study should be done to establish the challenges faced by insurance companies in implementing partnership agreements with various partners. This will help to point out the various challenges that exist in engaging with the various strategic partners which in turn will enhance their efficiency in operations.

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APPENDICES

Appendix I: Questionnaire

Instructions: Please complete the following questionnaire appropriately.

Confidentiality: The responses you provide will be strictly confidential. No reference will be made to any individual(s) in the report of the study.

Please tick or answer appropriately for each of the Question provided.

PART A: BACKGROUND INFORMATION

1) What position do you hold in the organization?

   Insurance officer [ ] Supervisor [ ] Manager [ ]

2) Please indicate your level of education

   Secondary [ ] Graduate [ ] Post Graduate [ ]

3) How long have your worked at Insurance Industry?

0-5 Years	
6-10 Years	
11-15 Years	
Over 15 years	

4) Is it a locally owned or international company?

5) Please indicate how old is the insurance firm?

0-5 Years	
6-10 Years	
11-15 Years	
Over 15 years	

6) What is the size of the insurance firm in terms of the customer base?

   Small [ ] Medium [ ] Large [ ]

7. PART B: STRATEGIC PARTNERSHIPS

What is the main objective for the company to enter into partnerships?
For each of the following items, please tick the extent in which you agree with the given likert scale

SA=Strongly Agreed A =Agreed U= Uncertain D=Disagree SD= Strongly Disagree

STATEMENT	**SA**	**A**	**U**	**D**	**SD**
To manage and minimize costs/risks					
To provide superior customer value					
To maximize profits for the company					
To share and gain tacit knowledge					
To protect and enlarge market share					
To compliment/gain resources and capabilities					
To acquire technology					

What factors does your firm consider when entering into strategic partnerships?
Please list

Kindly list any key strategic partners that the company has engaged with.

No	Partner	Partner description

Kindly list areas/ departments where strategic partnerships are in place in the company.

Areas/ Departments	Brief description of the areas of partnerships

8. PART C: ORGANIZATIONAL PERFORMANCE

For each of the following items, please tick the extent in which you agree with the given likert scale

SA=Strongly Agreed A =Agreed U= Uncertain D=Disagree SD= Strongly Disagree

STATEMENT	SA	A	U	D	SD
Strategic partnership with different service providers has resulted into higher profitability of the insurance company					
Strategic partnership with different service providers has resulted into a wider distribution of insurance products					
Strategic partnership with different service providers has resulted into new products developments					
Strategic partnership with different service providers has resulted into new processes innovation					
Strategic partnership with different service providers has resulted into new markets access					
Strategic partnership with different partners has led to higher uptake of products per customer					
Strategic partnership with different partners has resulted into higher customer retention rates					

9. PART D: EFFECTIVENESS OF STRATEGIC PARTNERSHIPS

For each of the following items, please tick the extent in which you agree with the given likert scale

SA=Strongly Agreed A =Agreed U= Uncertain D=Disagree SD= Strongly Disagree

STATEMENT	SA	A	U	D	SD
Strategic partnership with different partners has led to a higher number of customers relative to peers in the industry					
Strategic partnership with different partners has led to overall competitiveness in the industry					
Strategic partnership helps the company to keep and expand its market position in the competitive industry					
Strategic partnership with different partners has led greater product awareness among customers					
Strategic partnership with different partners has resulted into cheaper cost of services distribution					
Strategic partnerships help the firm acquire specific competencies in the insurance industry					
Strategic partnerships help the firm cut down on costs					
Strategic partnership with different partners has enable a more effective product distribution					
Strategic partnership with different partners has contributed towards achieving high levels of customer satisfaction.					

Appendix II: Introduction letter from the University of Nairobi

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 15/09/15

TO WHOM IT MAY CONCERN

The bearer of this letter OGAMA PAUL OBIANGIU

Registration No. D61/64027/2013

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
15 SEP 2015
P.O. Box 30197 - 00100, NAIROBI

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

Appendix III: List of Insurance Companies in Kenya

	NAME OF COMPANY	TYPE OF COMPANY
1	AAR Insurance Company Ltd	General Insurance
2	Africa Merchant Assurance Ltd	General Insurance
3	AIG Kenya Insurance Company Ltd	General Insurance
4	APA Insurance Company Ltd	General Insurance
5	APA Life Assurance Ltd	Life Insurance
6	British American Insurance Company (K) Ltd	Life Insurance
7	Britam General Insurance (Formerly Real Insurance)	General Insurance
8	Barclays Life Assurance Kenya	Life Insurance
9	Cannon Assurance Ltd	Composite
10	Capex Life Assurance Company Ltd	Life Insurance
11	CIC General Insurance Company Ltd	General Insurance
12	CIC Life Assurance Company Ltd	Life Insurance
13	Corporate Insurance Company Ltd	Composite
14	Directline Assurance Company Ltd	General Insurance
15	EA Assurance Company Ltd	General Insurance
16	Fidelity Shield Insurance Company Ltd	General Insurance
17	First Assurance Company Ltd	Composite
18	GA Insurance Company Ltd	General Insurance
19	GA Life Assurance Ltd	Life Insurance
20	Gateway Insurance Company Ltd	General Insurance
21	Geminia Insurance Company Ltd	Composite
22	Heritage Insurance Company Ltd	General Insurance
23	ICEA LION General Insurance Co Ltd	General Insurance
24	ICEA LION Life Assurance Co Ltd	Life Insurance
25	Intra Africa Assurance Company Ltd	General Insurance
26	Invesco Assurance Company Ltd	General Insurance
27	Jubilee Insurance Company Ltd	Composite
28	Kenindia Assurance Company Ltd	Composite
29	Kenya Orient Insurance Company Ltd	General Insurance
30	Kenya Orient Life Assurance Ltd	Life Insurance
31	Kenyan Alliance Insurance Company Ltd	Composite
32	Liberty Life Assurance Ltd	Life Insurance
33	Madison Insurance Company Ltd	Composite
34	Mayfair Insurance Company Ltd	General Insurance
35	Metropolitan Cannon Life Assurance Company Ltd	Life Insurance
36	Monarch Insurance Company Ltd	Composite
37	Occidental Insurance Company Ltd	General Insurance

38	Old Mutual Life Assurance Company Ltd	Life Insurance
39	Pacis Insurance Company Ltd	General Insurance
40	Pan Africa Life Assurance Ltd	Life Insurance
41	Phoenix of E. A. Assurance Company Ltd	General Insurance
42	Pioneer Life Assurance Company Ltd	Life Insurance
43	Prudential Assurance Company Ltd	Life Insurance
44	Resolution Insurance Company	General Insurance
45	Saham Assurance Company Ltd	Composite
46	Takaful Insurance of Africa Ltd	Composite
47	Tausi Assurance Company Ltd	General Insurance
48	Trident Insurance Company Ltd	General Insurance
49	UAP Insurance Company Ltd	General Insurance
50	UAP Life Assurance Company Ltd	Life Insurance
51	Xplico Insurance Company Ltd	General Insurance